

CITY OF CARMEL INDIANA



Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2015



FILED
09/05/2017

CITY OF CARMEL, INDIANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2015

Prepared by:
Board of Public Works and Safety





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CITY OF CARMEL, INDIANA
Comprehensive Annual Financial Report
 For the Fiscal Year Ended December 31, 2015

TABLE OF CONTENTS

INTRODUCTORY SECTION	Pages
Letter of Transmittal	8–15
Organizational Chart	16
List of Elected and Appointed Officials	17–18
FINANCIAL SECTION	
Independent Auditor's Report	20–21
Management Discussion and Analysis	23–32
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	33
Statement of Activities	34
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet - Governmental Funds	35
Reconciliation of the Balance Sheet - Governmental Funds to the Government-wide Statement of Net Position	36
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	37
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Government-wide Statement of Activities	38
Proprietary Funds:	
Statement of Net Position - Proprietary Funds	39–40
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	41
Statement of Cash Flows - Proprietary Funds	42–43
Fiduciary Funds:	
Statement of Fiduciary Net Position	44
Statement of Changes in Fiduciary Net Position	45
Notes to the Financial Statements	46–80
Required Supplementary Information:	
Schedule of Funding Progress - Postemployment Healthcare Plan	81
1925 Police Officers' And 1937 Firefighters' Pension Plans:	
Schedule of Actuarially Determined Contributions	82
Schedule of Net Pension Liability And Related Ratios	83
Schedule of Changes In Net Pension Liability	84
Notes to Schedules	85
Defined Benefit Pension Plans - Multiple Employer Plans:	
Schedule of the City's Proportionate Share of the Net Pension Liability	86–87
Schedule of City Contributions	88
Notes to Schedules	89

CITY OF CARMEL, INDIANA
Comprehensive Annual Financial Report
 For the Fiscal Year Ended December 31, 2015

TABLE OF CONTENTS (CONTINUED)

	Pages
Budgetary Comparison Schedules - General Fund	90–93
Budgetary Comparison Schedules - Motor Vehicle Highway Fund	94
Notes to the Required Supplementary Information - Budgetary Comparison Schedules	95
Supplementary Information:	
Nonmajor Governmental Funds - Information	96–98
Budgetary Comparison Schedules - Nonmajor Governmental Funds	99–102
Combining Balance Sheet - Nonmajor Governmental Funds:	
Special Revenue Funds	103–105
Capital Projects Funds	106
Debt Service Funds	107
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds:	
Special Revenue Funds	108–110
Capital Projects Funds	111
Debt Service Funds	112
Combining Statement of Net Position – Nonmajor Enterprise Funds	114
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds	115
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	116–117
Combining Statements of Fiduciary Net Position - Pension and Agency Funds	119
Combining Statement of Changes In Fiduciary Net Position - Pension Funds	120
 STATISTICAL SECTION	
<hr/>	
Financial Trends:	
Net Position by Component	122
Changes in Net Position	123–124
Fund Balances - Governmental Funds	125
Changes in Fund Balances - Governmental Funds	126–127
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	128
Property Tax Rates – Direct and Overlapping Governments	129
Principal Property Taxpayers	130
Property Tax Levies and Collections	131
Debt Capacity:	
Legal Debt Margin Information	132
Ratios of Outstanding Debt by Type	133
Direct and Overlapping Governmental Activities Debt	134
Pledged-Revenue Coverage	135
Demographic and Economic Information:	
Demographic and Economic Statistics	136
Principal Employers	137
Operating Information:	
Full-Time Equivalent Employees by Function	138
Operating Indicators by Function	139

INTRODUCTORY SECTION



Named after famed American novelist and dramatist Booth Tarkington, the Tarkington is a 500-seat proscenium theater, primarily used for drama, musicals, dance, lectures and variety presentations.

Introductory Section:

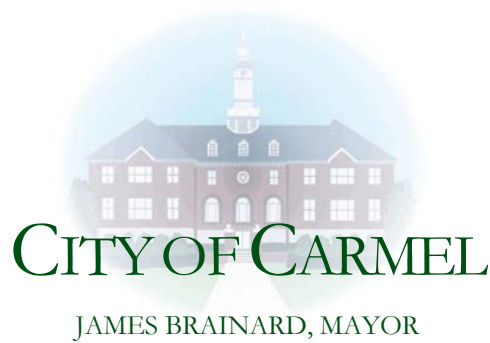
Letter of Transmittal

City of Carmel Organization Chart

List of Principal Officials



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July 27, 2017

To the Honorable Members of the Carmel City Council, and
Citizens of the City of Carmel, Indiana:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Carmel (the City) for the year ended December 31, 2015. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of my knowledge, the enclosed data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

This report presents management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the costs of internal controls should not outweigh the benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Indiana law requires an annual audit of the financial records and transactions of all City functions. The Indiana State Board of Accounts performed the City's audit for 2015. Their audit was conducted in accordance with generally accepted governmental 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, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section, on page 20 of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of management's discussion and analysis (MD&A). The MD&A complements this letter of transmittal and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

CITY PROFILE

The City of Carmel was incorporated in 1874, and it is located in Hamilton County, directly north of Indianapolis. The City occupies over 47 square miles, with over 482 miles of public roadways. The City has experienced tremendous growth within the past few decades and serves mainly as a residential and commercial area for both Carmel and Indianapolis professionals.

Carmel has an estimated population of 88,713 according to 2015 Census estimates. Personal income statistics are above national and State of Indiana averages. The median household income level is \$107,505, and the average price of a home is \$293,600. Hamilton County ranks first in the State of Indiana for median household income and second in the State for per capita personal income. The unemployment rate in Hamilton County has been substantially lower than that of the State of Indiana during the past 10 years.

The City is recognized for its sound corporate environment, high-quality residential neighborhoods, outstanding schools, cultural amenities, well-developed infrastructure, and strong economy. The City was ranked as the number one best place to live in America and number three best place to live in America for cities with a population of 50,000 to 300,000 by Money Magazine in 2012 and 2014, respectively. The proximity of Carmel to Indianapolis provides increased employment and higher education opportunities for local residents.

City Structure

The City operates under a Mayor, Clerk-Treasurer, Judge of the City Court, and a seven-member Common Council pursuant to Indiana law. The Mayor serves as the chief executive of the City and serves a four-year term. The Clerk-Treasurer, also elected to a four-year term, is responsible for the financial and other records of the City. The legislative and fiscal body for the City is the Common Council. The seven-member Council is comprised 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 is responsible for bidding infrastructure projects as well as other duties prescribed by Indiana state law.

The City provides services in the following areas: public safety (police, fire, EMS, and emergency communications), community services (planning, code enforcement, and economic development), parks and recreation, transportation (streets and sidewalks), engineering, stormwater drainage, 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, Department of Redevelopment, 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.

The City employs a total of approximately 534 full-time and 15–20 part-time employees with union representation as follows:

Carmel Professional Firefighters / IAFF #4444
Firefighters 155

Fraternal Order of Police
Police 111

Planning and Zoning

The Carmel Plan Commission promotes orderly growth throughout the City and other areas of Clay Township. The eleven-member Plan Commission is appointed by the Mayor (5), City Council (1), Park Board (1), City Engineer (1), Board of Public Works (1) and County Commissioners (2). The Board of Zoning Appeals has five members appointed by the Mayor, City Council, and Plan Commission.

Component Units

Certain financing and economic development functions are provided by a legally separate redevelopment authority and a 501(c)(4) corporation for which the City is financially accountable. 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 can be found in Note I.B of the notes to the financial statements.

CITY ECONOMIC CONDITION

The City has experienced extensive residential and commercial development in recent years and has been one of the fastest growing areas in the Indianapolis Metropolitan Area. More than 125 companies have international, national, or regional headquarters located in the City. More than 2,300 jobs have been added since October 2015. The newest or expanded businesses

in Carmel include Allied Solutions, Delta Faucet expansion, Demand Jump, Eleven Fifty Consulting, enVista, Flix Brewhouse, Geico, GyanSys-relocation, HDR Advisory, Kroger, Market District, Next Gear, Orchard Software, Policy Stat, Stratice Healthcare, and Theta Chi relocation.

Along US Highway 31, known as the Meridian Corporate Corridor, numerous modern multi-story office complexes have been built in recent years. The corporate headquarters and offices of major corporations such as Delta Faucet, Allied Solutions, American Specialty Health, Blue Horseshoe Solutions, CNO Financial Group, Inc., Monster.com, and Liberty Mutual Insurance are among the many office complexes that form the Meridian Corridor. In addition to these corporate headquarters, the Corridor's strength as a provider of medical services is attested to by numerous healthcare facilities, including St. Vincent Carmel Hospital and its newly built Women's Center, St. Vincent Heart Center, I.U. Health North Hospital (formerly Clarian North Medical Center), and Franciscan St. Francis Health.

One of the City's largest employers is CNO Financial Group, Inc., a life insurance holding company that was founded in 1979 and acquired numerous insurance companies in the 1980s and 1990s. According to company officials, the number of employees in Carmel currently numbers approximately 1,700.

Liberty Mutual Insurance, which began operations in 1912, employs 1,200 according to company officials. The employment trend has been steady in the past year and is expected to remain steady in the upcoming year. Midcontinent Independent Transmission System Operator, Inc. (MISO) located its corporate headquarters in Carmel in 2002, constructed a second building in 2012, and just announced another expansion of offices and jobs in a new facility it will build adjacent to its existing structure. The company employs approximately 854 according to company personnel and expects employment to increase by 50 to 70 employees by the end of 2016.

Several other established major employers in the City include GEICO, with more than 1,200 employees; Resort Condominium Int'l. (RCI), a resort hotel exchange network, with 1,100 employees; The Capital Group, a financial services management company, with approximately 1,000 employees; Next Gear Capital with 877 employees; KAR Auction with 850 employees; American Specialty Health with 650 employees; Duke Realty with 475 employees; Allegion, the headquarters for a security technology company, with 400 employees; and Delta Faucet, with 360 employees in Carmel.

QUALITY OF LIFE

During the past ten years, park land in Carmel has increased from 20 to over 1,000 acres through purchases and gifts. Central Park, which opened in 2007, provides many recreational opportunities for residents of the City. The park includes a 146,000-square-foot community recreation center, which houses a three-court gymnasium, an indoor walking/jogging track, a workout center, meeting rooms, a banquet facility, park offices, and outdoor and indoor aquatic

centers. Another unique Carmel recreational feature is the Monon Greenway, a five-mile paved trail built on a former rail corridor, which extends through the center of Carmel and links into the 10.5-mile Monon Trail system that extends all the way to downtown Indianapolis. The trail system is very popular with joggers, walkers, bicyclists, and rollerbladers.

Cultural activities are provided by the \$175-million Center for the Performing Arts in City Center, which includes the Palladium – a state-of-the-art, 1,600-seat concert hall; the Tarkington, a 500-seat proscenium arch theater, and the 200-seat Studio Theater. The Center is home to many local arts organizations including The Booth Tarkington Civic Theatre and the Carmel Symphony Orchestra.

The Carmel Arts and Design District, located in the heart of Old Town Carmel, is comprised of galleries, eateries, boutiques, gift and interior design shops, antique stores, and other retail establishments geared toward the arts. It is also home to the Indiana Design Center, a premier destination for design in the Midwest.

The Carmel Clay Public Library serves residents of the City. The library provides students, teachers, and residents of the City access to books, other resource materials, and programs located in the library as well as a new mobile library service. The library is consistently ranked in the top ten libraries in the country by Hennen's American Public Library Ratings ("HAPLR"). The present 116,000-square-foot facility provides state-of-the-art technology, group study rooms, and two technology centers.

EDUCATION

Carmel Clay Schools serves the residents of the City and surrounding Clay Township. Currently, the school system has one high school, three middle schools, and eleven elementary schools. The superintendent's office reports 2015–2016 enrollment for the School Corporation at 15,855 students, with approximately 1,069 certified and 1,315 non-certified employees.

Special studies in the areas of Gifted & Talented, English as a New Language, Special Education, and Title 1 services are provided by the School Corporation. In addition, the J. Everett Light Career Center provides vocational programs in auto mechanics, computers, construction trades, dental occupations, electronics, machine trades, and radio/television production, among others.

REDEVELOPMENT EFFORTS

In 1998, the City of Carmel and its Redevelopment Commission began an aggressive effort to redevelop and revitalize the center of the City, including the historic downtown, into a cultural and civic center, undergoing a tremendous amount of new construction, including offices, restaurants, retail, upscale apartments, condominiums, townhomes, and public spaces and monuments designed to create a vibrant urban atmosphere.

The oldest part of this area is known today as the Carmel Arts & Design District, home to more than 100 arts- and design-related businesses, including art galleries, design studios, and the Indiana Design Center, where professional designers maintain offices and showrooms.

The City Center redevelopment project is home to the Center for the Performing Arts and several mixed-use buildings, including the Carmel City Center, the James, the Nash, the Mezz on the Monon and nearly a dozen more buildings scheduled to be constructed in the next few years.

The City also recently approved a new redevelopment area known as Midtown, which will include mixed-use buildings and has already attracted two corporate headquarters in buildings that will be under construction this year.

Finally, the City has approved a redevelopment project area on the southern border of the City government center known as the Proscenium. It is in the beginning stages of transforming under-utilized land into a mixed-use project with six buildings, located along a heavily traveled roadway.

Development has also occurred in Carmel in an area called Clay Terrace. This upscale open-air retail environment includes approximately 500,000 square feet of retail space, dining options, 70,000 square feet of second-story office space, and an area for shows and concerts. The \$100-million development opened in October 2004.

Due to substantial growth in Carmel, the City saw the need to redesign Keystone Parkway, one of two main north–south thoroughfares passing through the City. The City took State Road 431 over from the State and transformed it into free-flowing Keystone Parkway. Carmel received \$90 million from the State for reconstruction. The unique and award-winning design with double roundabout interchanges allows traffic to travel more easily through this previously congested thoroughfare.

In 2011, construction began on a project to upgrade 13 miles of existing highway on US Highway 31 between I-465 in Indianapolis to State Road 38 north of the City. Now substantially completed, the reconstruction of US Highway 31 has added new roundabout interchanges and reconstructed ramps and bridges and has reduced congestion and improved safety in the area. Additionally, the creation of new interchanges has helped spur additional economic development on Main Street.

PENSION PLANS

The City of Carmel has five pension plans for its 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 a cost-sharing, multiple-employer defined benefit plan and acts 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 actuarially determined 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 III.G in the notes to the financial statements.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The City currently provides other post-employment benefits (OPEB) in the form of healthcare benefits for retirees. Such benefits are self-funded by the City and administrated by a third party. The retiree healthcare plan is not a contractual obligation that extends beyond the current budget year. The City is under no obligation to continue to offer similar benefits for future new hires. Additional information regarding anticipated future payments can be found in Note III.G. in the notes to financial statements.

FINANCIAL INFORMATION

City Budget & Budgetary Controls

The City Council is required to adopt a final budget through the passage of an ordinance no later than November 1, following a public hearing process conducted to obtain taxpayer comments.

This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, department (e.g., police), and major category (e.g., personal services). City administrators are generally authorized to transfer limited budgeted amounts within departments between line items within any major category; however, any revisions that alter the total expenditures of any major category must be approved by the City Council. Transfers between funds must also be approved by the City Council. At the end of the fiscal year, encumbered appropriations are carried forward and become part of the following year's budget while appropriations that have not been encumbered lapse.

Accounting System

The City's accounting records for general government operations are maintained on a cash basis, with the revenues being recorded when received. Expenditures are recorded when claims are approved and paid. Accounting records for the City's proprietary activities are maintained on the full accrual basis, with revenues recorded when earned and expenses when incurred. In maintaining the City's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable assurance regarding the safeguarding of assets and to ensure the reliability of financial records and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires continuing estimates and judgments by City management. I believe that the City's system of internal accounting controls continues to adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

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 builder's risk and flood insurance for the Wastewater Treatment Utility.

ACKNOWLEDGEMENTS

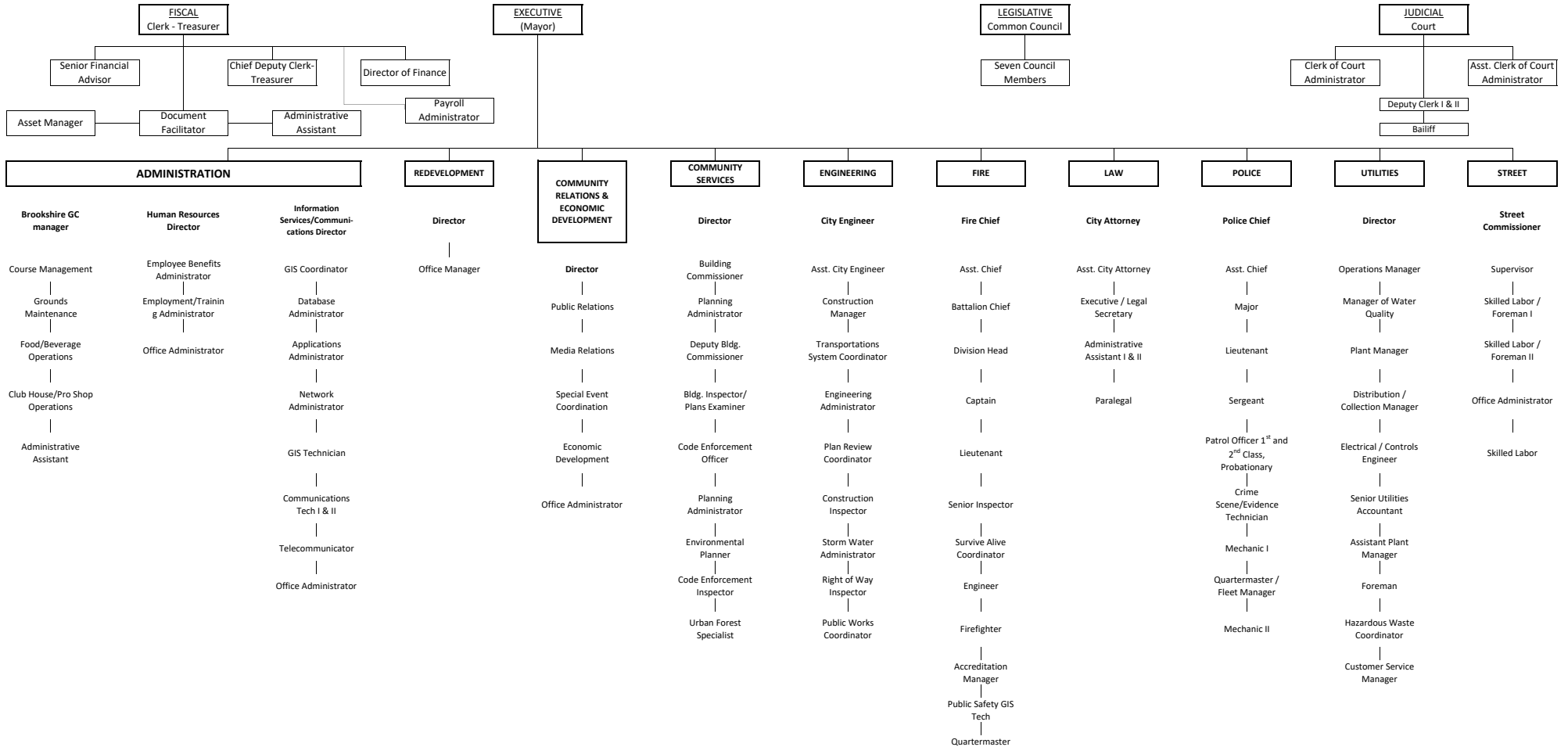
The preparation of this report involved many dedicated people across the organization. In particular, I would like to express appreciation to Linda Harvey and Ann Bingman of the Clerk-Treasurer's office, whose support and dedication made the report possible. I would like to express appreciation to the State Board of Accounts for their professionalism and support. Furthermore, I would like to thank C.L. Coonrod and Company, CPAs, for consulting on the application of GAAP and other technical requirements of the CAFR and to Kieser Consulting Group, LLC, for their professional assistance in preparing the City's assets ledgers. Finally, I would like to thank the Clerk-Treasurer and the City Council, without whose leadership and support the preparation and results of this report would not have been possible.

Respectfully submitted,

A handwritten signature in black ink that reads "James Brainard". The signature is written in a cursive style with a large, prominent initial "J".

James Brainard
Mayor

CITY OF CARMEL, INDIANA ORGANIZATIONAL CHART



CITY OF CARMEL, INDIANA
List of Elected and Appointed Officials
For the Fiscal Reporting Year Ended December 31, 2015

Elected Officials



Mayor
[Jim Brainard](#)

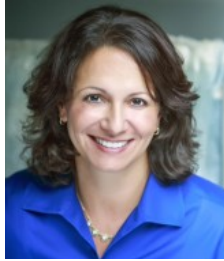


Clerk-Treasurer
[Christine Pauley](#)



City Court Judge
[Brian Poindexter](#)

Council Chaplain
Northwest District
[Laura Campbell](#)



Council President
Northeast District
[Sue Finkam](#)



City Council-At-Large
[Ron Carter](#)



Central District
[Bruce Kimball](#)



Council Vice President
City Council-At-Large
[Kevin "Woody" Rider](#)

Southwest District
[Anthony \(Tony\) Green](#)



Council Parliamentarian
Southeast District
[Jeff Worrell](#)



CITY OF CARMEL
List of Elected and Appointed Officials
For the Fiscal Reporting Year Ended December 31, 2015
(Continued)

Appointed Officials

Board of Public Works
(Appointed by the Mayor)

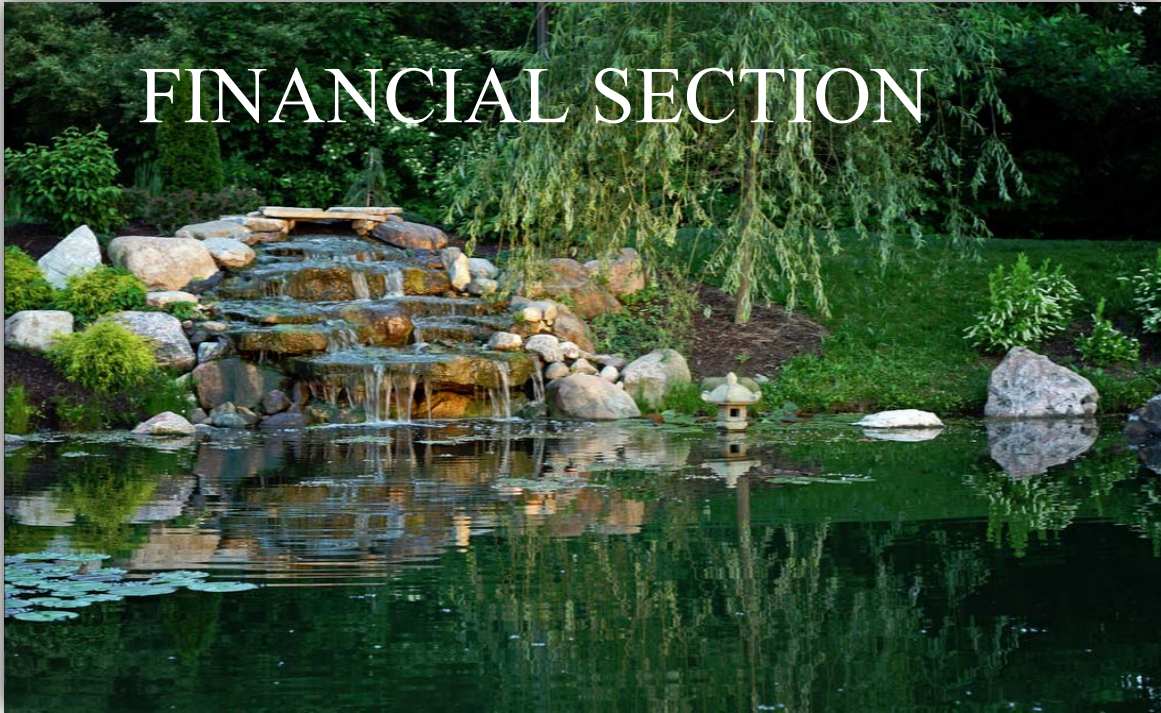
Mayor James Brainard
Lori Watson
Mary Ann Burke

Carmel Redevelopment Authority
(Appointed Officials)

Robert Bush
Debra Zipes
John Getz

Carmel Redevelopment Commission
(Appointed Officials)

William Hammer
David C. Bowers
Henry Mestetsky
Jeff Worrell
Bill Brooks
Michael Kerschner



Nestled between the Carmel City Hall and the Monon Trail is a traditional Japanese garden dedicated to the City's sister city of Kawachinagano, Japan.

Financial Section:

Independent Auditor's Report

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

*Combining and Individual Fund Financial
Statements and Schedules*



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Matters

Required Supplementary Information


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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory Section, combining nonmajor funds statements, other budgetary schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor funds statements and other budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor funds statements and other budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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


Paul D. Joyce, CPA
State Examiner

July 27, 2017



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CITY OF CARMEL
MANAGEMENT DISCUSSION & ANALYSIS
For the Fiscal Year Ended December 31, 2015

As management of the City of Carmel, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. 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 page 8 of this report, and the transactions, events, and conditions reflected in the City's financial statements, beginning on page 33 of this report.

The City did not publish financial statements in accordance with generally accepted accounting principles or publish a comprehensive annual financial report for the year ended December 31, 2014. Accordingly, amounts related to that year are not presented here.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the fiscal year by \$409,974,503 (net position).
- The City's overall net position increased \$12,319,711 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$59,359,965, a decrease of \$5,722,448 in comparison with the prior year. Approximately \$8,342,479 of this amount (14.1%) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$10,008,489 or 15.4% of total General Fund expenditures.
- The City's total outstanding long-term debt decreased by \$18,804,238 during the current year.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused personal leave).

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate redevelopment authority and a 501(c)(4) corporation for which the City is financially accountable. These components, although legally separate, function for fiscal purposes as departments of the City and therefore have been included as integral parts of the primary government.

The government-wide financial statements begin on page 33 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, 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 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 assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains forty-four 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 Fund, Redevelopment Authority Debt Service Fund, Redevelopment Authority Capital Projects Fund, and Motor Vehicle Highway Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic governmental fund financial statements begin on page 35 of this report.

Proprietary Funds. The City 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 uses enterprise funds to account for its utility and office rental operations. The enterprise fund financial statements provide separate information for the water and sanitary sewer utilities, both of which are considered to be major funds of the City. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of certain retained risks. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements begin on page 39 of this report.

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

The City maintains two different types of fiduciary funds. *Pension trust funds* are used to report resources held in trust for retirees and beneficiaries covered by the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan. *Agency funds* report resources held by the City in a custodial capacity for individuals, private organizations, and other governments.

The fiduciary fund financial statements begin on page 44 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 46 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information*. This information includes budgetary comparison schedules as well as more detailed information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found beginning on page 81 of this report.

The City adopts an annual appropriated budget for its General and Motor Vehicle Highway Funds, as well as several nonmajor funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

Government-wide Overall Financial Analysis

As noted earlier, net position, over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$409,974,503 at the close of the fiscal year.

City of Carmel's Net Position

	Governmental Activities <u>2015</u>	Business-type Activities <u>2015</u>	Total <u>2015</u>
Current and other assets	\$ 90,485,882	\$ 10,616,533	\$ 101,102,415
Capital assets	<u>688,112,828</u>	<u>256,060,231</u>	<u>944,173,059</u>
Total assets	<u>778,598,710</u>	<u>266,676,764</u>	<u>1,045,275,474</u>
Total deferred outflows of resources	<u>33,893,243</u>	<u>2,086,745</u>	<u>35,979,988</u>
Other liabilities	10,690,710	1,851,793	12,542,503
Long-term liabilities outstanding	<u>490,718,836</u>	<u>154,361,620</u>	<u>645,080,456</u>
Total liabilities	<u>501,409,546</u>	<u>156,213,413</u>	<u>657,622,959</u>
Total deferred inflows of resources	<u>13,170,960</u>	<u>487,040</u>	<u>13,658,000</u>
Net position:			
Net investment in capital assets	314,601,738	113,210,726	427,812,464
Restricted	31,045,877	-	31,045,877
Unrestricted	<u>(47,736,168)</u>	<u>(1,147,670)</u>	<u>(48,883,838)</u>
Total net position	<u>\$ 297,911,447</u>	<u>\$ 112,063,056</u>	<u>\$ 409,974,503</u>

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

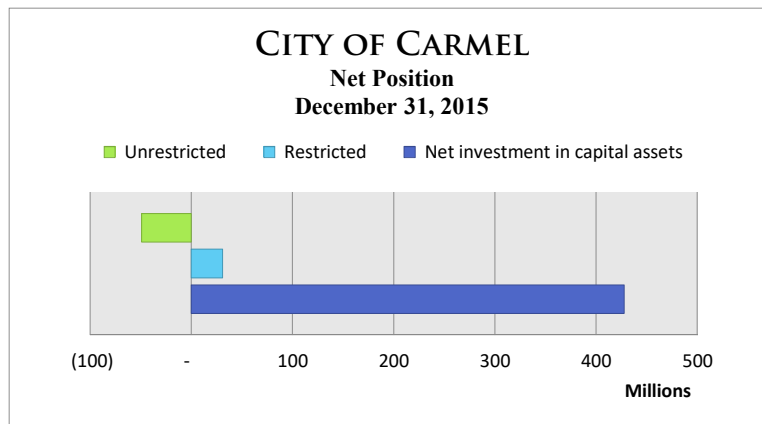
An additional portion of the City's net position represents resources that are subject to external restriction on how they may be used. The remaining balance of spendable net position is a deficit of \$48,883,838.

The City reported significant negative unrestricted net position of \$47,736,168 in governmental activities and \$1,147,670 in business activities, totaling \$48,883,838. These deficits are due in part to unfunded pension and retiree health care liabilities of \$39.9 million, as follows:

Other post employment benefits – retiree health care obligation	\$ 9,871,857
Non-uniform public employee retirement plan obligation	9,018,491
'37 firefighters pension plan obligation	10,958,342
'25 police pension plan obligation	10,031,227
	<u>\$ 39,879,917</u>

Notwithstanding the City's ultimate liability for the '25 and '37 plans, the State of Indiana has established a practice of appropriating funds to cover these benefits. The State of Indiana is not obligated to continue making these payments, but it has done so every year since 2009. Consequently, the City has incurred no cost from its own resources to service these plans. Also, the retiree healthcare plan is not a contractual obligation that extends beyond the current budget year. The liability is shown in the statements because it has been the City's consistent practice to provide this benefit. However, the City believes it is not legally obligated to do so.

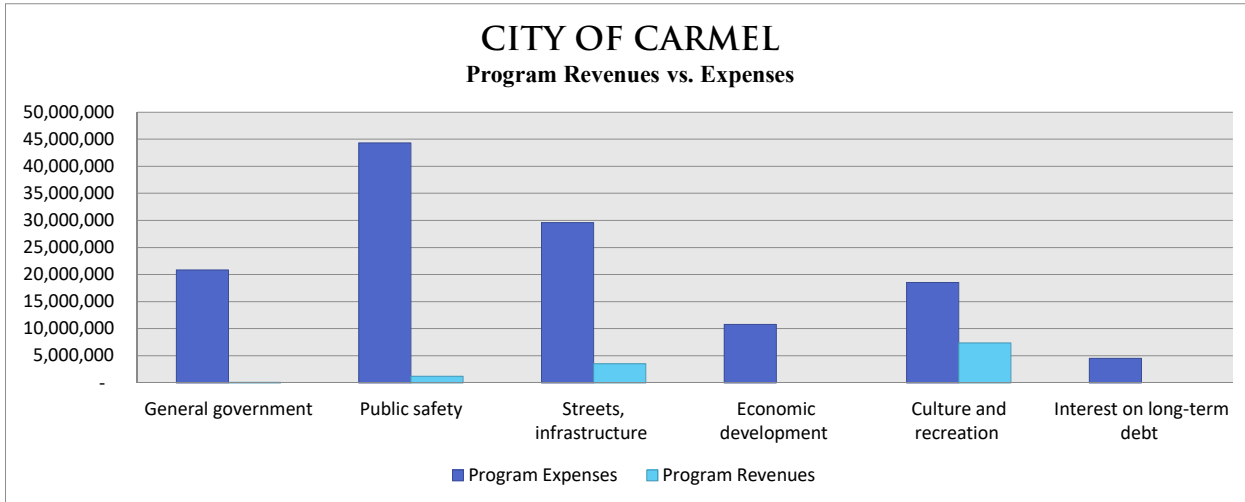
The remainder of the deficit can be attributed to the City's growth and aggressive acquisition of capital assets for infrastructure and other amenities. This growth and improvement have been financed with debt, resulting in significant transaction costs and amortization of deferred outflows. The City views these acquisitions as positive indicators. They reflect the City's effort to attract and retain as residents the most productive people in Central Indiana, and also to attract corporate headquarters and regional offices from all over the world. The success of this effort has resulted in a rich commercial tax base, yielding one of the lowest local tax rates in Indiana, in spite of the cost of debt.



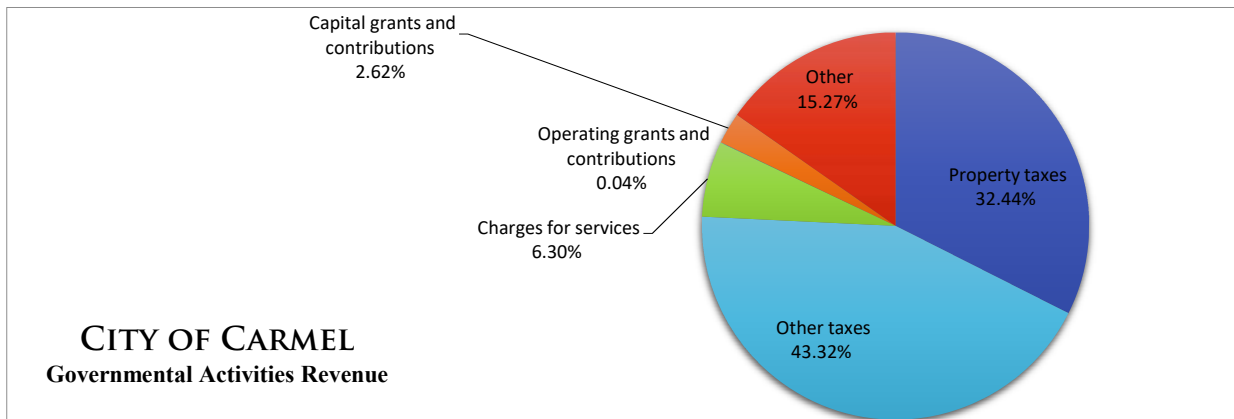
The City's overall net position increased \$12,319,711 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$8,369,931 from the prior fiscal year for an ending balance of \$297,911,447. The increase was less than five percent, indicating a relatively stable and healthy net position.

The following chart displays Program Revenues and Expenses by function for the City's Governmental Activities.



The following chart displays the revenue composition for the City's Governmental Activities funds.



Changes in Net Position

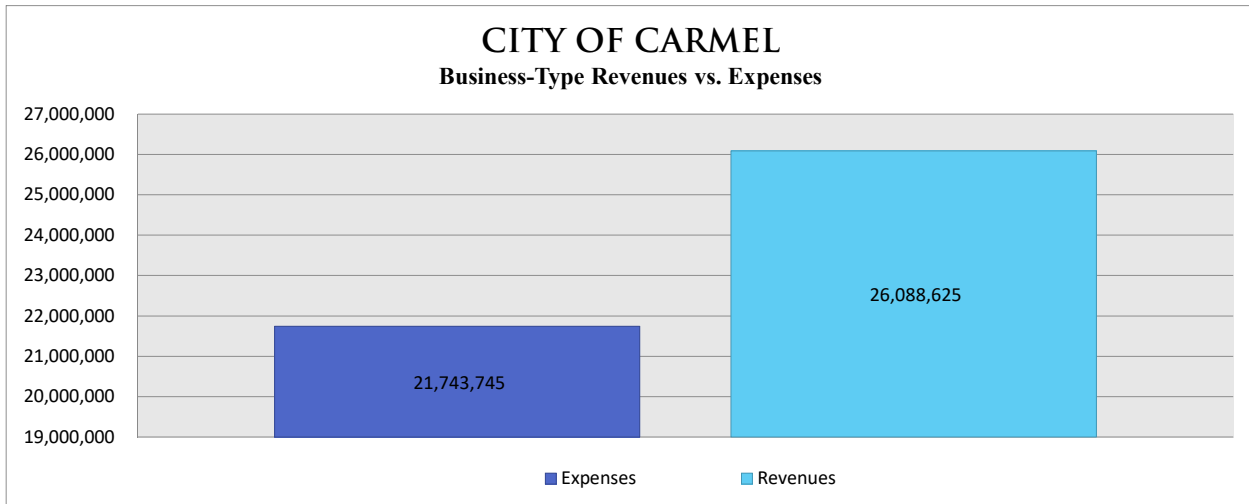
	Governmental Activities 2015	Business-type Activities 2015	Total 2015
REVENUES:			
Program revenues:			
Charges for services	\$ 8,570,357	\$ 26,011,545	\$ 34,581,902
Operating grants and contributions	60,618	-	60,618
Capital grants and contributions	3,566,549	-	3,566,549
General revenues:			
Property taxes	44,104,576	-	44,104,576
Other taxes	58,899,865	-	58,899,865
Grants and contributions not restricted to specific programs	-	-	-
Other	20,757,571	77,080	20,834,651
Total revenues	135,959,536	26,088,625	162,048,161

EXPENSES:

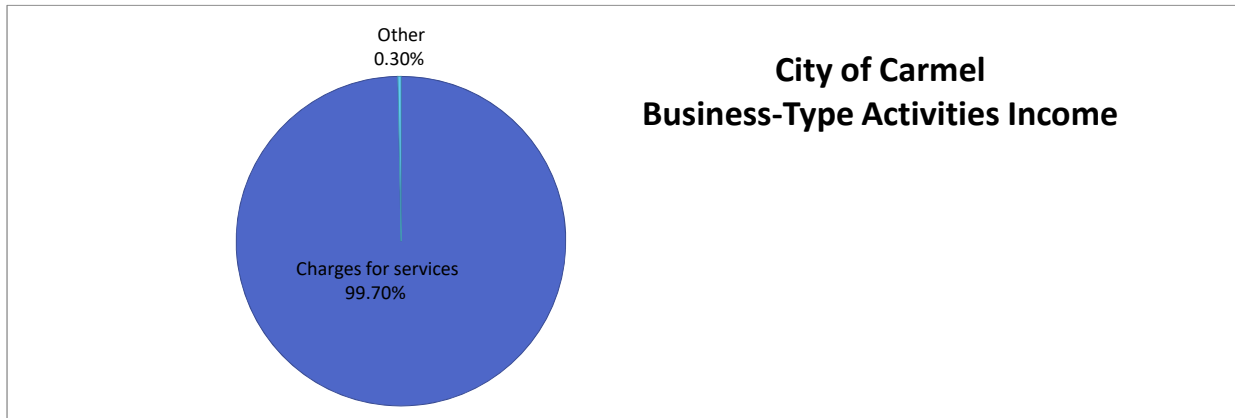
General government	20,841,943	-	20,841,943
Public safety	44,313,645	-	44,313,645
Streets, infrastructure	29,584,125		29,584,125
Water distribution	-	13,542,037	13,542,037
Waste water collection	-	7,305,928	7,305,928
Economic development	10,771,611	-	10,771,611
Culture and recreation	18,549,674	-	18,549,674
Interest on long-term debt	4,542,707	-	4,542,707
Other	-	895,780	895,780
Total expenses	128,603,705	21,743,745	150,347,450
Change in net position before special item and transfers	7,355,831	4,344,880	11,700,711
Special item	-	619,000	619,000
Transfers	1,014,100	(1,014,100)	-
Increase (decrease) in net position	8,369,931	3,949,780	12,319,711
NET POSITION - beginning	289,541,516	108,113,276	397,654,792
NET POSITION - ending	\$ 297,911,447	\$ 112,063,056	\$ 409,974,503

Business-type Activities. For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to an ending balance of \$112,063,056. The total increase in net position for business-type activities (water, sanitary sewer, and stormwater drainage) was \$3,949,780 or 3.5% from the prior fiscal year. The increase is mainly attributable to a net amount of \$2,120,359 generated by the new stormwater utility.

The following chart displays program revenues and expenses by function for the City's Business-Type Activities.



The following chart displays the revenue composition for the City's Business-type Activities funds.



Financial Analysis of Governmental Funds

Governmental Funds. The focus of the City'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use, as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group of individuals that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At December 31, 2015, the City's governmental funds reported combined fund balances of \$59,359,965, a decrease of \$5,722,448 in comparison with the prior year. Approximately 14.1% of this amount, \$8,342,479, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either restricted, committed, or assigned, indicating that, legally, it is required to be maintained intact or used for particular purposes (\$48,485,694), it is committed for particular purposes (\$1,115,637), or it is assigned for particular purposes (\$1,416,155).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,592,334 while the total fund balance was \$10,008,489. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 13.2% of total general fund expenditures while total fund balance represents 15.4% of that amount.

The fund balance of the City's General Fund decreased by \$4,436,607 during the year, indicating a budget variance within approximately 3% of revenues and expenditures.

The Motor Vehicle Highway (MVH) Fund, a major fund, is the operating fund for the City's Street and Engineering Departments. It is funded by property taxes along with revenue shared by the State of Indiana, mostly derived from motor fuels taxes. At the end of the current fiscal year, fund balance of the MVH Fund was \$3,420,955, all of which was restricted for the purpose of constructing and maintaining streets. During the year, fund balance increased \$970,015.

The Redevelopment Commission Fund, a major fund, accounts for tax increment revenue, which is restricted for certain economic development projects. The fund had a \$4,148,143 decrease in fund balance during the year, which put the overall fund balance at \$10,674,937. The reduction was caused by an increase in the amount spent on redevelopment projects.

The Redevelopment Authority Debt Service Fund, a major fund, had a \$2,061,194 increase in fund balance during the current fiscal year, representing normal variations in the amount of debt service due each year. The ending balance was \$17,439,817, all of which was restricted for debt service.

The Redevelopment Authority Capital Projects Fund, a major fund, had a \$1,286,306 decrease in fund balance during the current fiscal year, representing progress on construction projects. The ending balance was \$2,142,359, all of which was restricted for capital projects.

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 position of the Water Utility at the end of the year was a deficit of \$6,927,922; for the Sewer Utility, it was an excess of \$2,747,690; and for the nonmajor funds, it was an excess of \$2,550,567. Water Utility net position, before capital contributions, decreased \$6,233,968. The Water Utility deficit and decrease were due to unusually wet summers in 2014 and 2015, which drove down water sales during the grass-watering season. Sewer Utility net position, before capital contributions, decreased \$707,498, which is within a normal range. Unrestricted net position of the nonmajor enterprise funds increased by \$2,131,314, due primarily to the beginning of operations of a new nonmajor utility receiving revenue but not yet incurring commensurate expenses.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, there was no need for any significant amendments to increase the original estimated revenues and only one significant amendment to original budgeted appropriations. A decrease of \$1,258,614 was made in the original estimate of revenues from services and charges in recognition of the fact the Water Utility would be unable to pay the City its usual management fee. Water revenues were down for the reasons explained above.

Final General Fund Budget Compared to Actual Results.

The most significant differences between estimated revenues and actual revenues were as follows:

Revenue source	Final Estimated Revenues	Final Actual Revenues	Difference
Property tax	\$ 32,670,657	\$ 32,636,213	\$ (34,444)
Income tax	28,585,760	28,847,934	262,174
Licenses and permits	2,059,052	2,119,764	60,712
Intergovernmental	484,884	288,842	(196,042)
Charges for services	930,668	969,793	39,125
Fines and forfeits	615,556	644,577	29,021
Miscellaneous	1,517,353	1,441,815	(75,538)
Township joinder agreements	1,032,225	834,401	(197,824)
Investment earnings	6,063,979	5,741,283	(322,696)
Total	<u>\$ 73,960,134</u>	<u>\$ 73,524,622</u>	<u>\$ (435,512)</u>

The shortfalls in the above revenue sources net to less than 1% and were not considered significant.

The differences by department between estimated expenditures and actual expenditures were as follows:

Department	Final Estimated Expenditures	Final Actual Expenditures	Difference
Clerk-Treasurer:	\$ 1,170,501	\$ 862,813	\$ (307,688)
Mayor's Office:	678,854	659,285	(19,569)
City Council:	3,698,563	3,552,034	(146,529)
Board of Public Works:	11,657,678	9,284,167	(2,373,511)
Administration:	2,227,523	2,048,928	(178,595)
Brookshire Golf Course:	1,453,349	1,110,347	(343,002)
Building Operations:	2,617,700	2,465,174	(152,526)
City Court:	833,864	684,895	(148,969)
Law Department:	936,294	726,063	(210,231)
Community Services:	3,103,767	2,597,025	(506,742)
Human Resources:	381,290	368,557	(12,733)
Information Systems:	1,535,757	1,424,874	(110,883)
City Property Maintenance:	659,044	422,815	(236,229)
Community Relations:	2,033,852	1,767,669	(266,183)
Fire Department:	21,905,498	21,687,316	(218,182)
Police Department:	18,408,830	17,763,062	(645,768)
Communication Center:	2,563,274	2,480,372	(82,902)
Parks Department:	2,885,099	2,716,864	(168,235)
Redevelopment Department:	580,379	310,367	(270,012)
Total	\$ 79,331,116	\$ 72,932,627	\$ (6,398,489)

Actual expenditures did not exceed final appropriations in any category.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounts to \$944,173,059 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, and the water treatment plant. The total decrease in capital assets for the current fiscal year was 0.9%.

Capital Assets

	Governmental Activities 2015	Business-type Activities 2015	Total 2015
Land	\$ 140,317,663	\$ 117,691	\$ 140,435,354
Construction in progress	14,840,708	14,536,492	29,377,200
Buildings	163,562,602		163,562,602
Machinery, equipment, and vehicles	24,604,481	-	24,604,481
Infrastructure	344,787,373	-	344,787,373
Water distribution system	-	168,786,307	168,786,307
Sewer system		72,619,741	72,619,741
Total	\$ 688,112,827	\$ 256,060,231	\$ 944,173,058

Additional information on the City's capital assets can be found in Note II.C on pages 55 - 56 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$569,440,574. Of this amount, \$298,876,072 is debt backed by an unlimited ad valorem property tax levy, \$89,740,000 is debt backed by income tax, \$5,860,000 is debt backed by tax increment, and \$146,524,502 is debt backed by utility revenues. The remainder of the City's long-term obligations comprises post-employment benefit debt, compensated absences, contract purchases, and capital leases.

Outstanding Debt

	Governmental Activities <u>2015</u>	Business-type Activities <u>2015</u>	Total <u>2015</u>
Bonds and contract purchases	\$ 422,916,072	\$ 146,524,502	\$ 569,440,574
Unamortized bond premium	21,064,939	593,205	21,658,144
Compensated absences	629,638	396,863	1,026,501
OPEB	9,871,857	1,773,512	11,645,369
Pension related debt	30,008,060	4,872,549	34,880,609
Capital leases	<u>6,228,269</u>	<u>200,985</u>	<u>6,429,254</u>
Total	<u>\$ 490,718,835</u>	<u>\$ 154,361,616</u>	<u>\$ 645,080,451</u>

The City's total debt decreased by \$18,804,238 (2.92%) during the current fiscal year.

The City maintains a "AA+" rating from Standard & Poor's on all bonds secured with an ad valorem property tax pledge. The City has one outstanding 2005 lease bond issue with a property tax pledge that has a split rating: S&P "AA+" / Moody's "Aa3".

Additional information on the City's long-term debt can be found in Note III.D on pages 57 - 61 of this report.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City and were considered in developing the 2016 fiscal year budget.

- The unemployment rate for the City was 3.3% at the close of the fiscal year, which is significantly below the national rate and also below the rate of other communities nearby.
- An increase in water rates beginning in 2016, which will address the problem, described above, in which a wet summer depresses summer water sales and causes the Water Utility to be unable to cover its expenses.
- The City successfully appealed to the appropriate State of Indiana agency to recover \$4,526,216 in property tax revenue that had been under-billed in past years. That revenue will be received in 2016. Also, the increase in property tax revenue will affect the distribution formula for the county-wide income tax, and the City's share will increase, beginning in 2017.
- Recent trends have been favorable with regard to increases in taxable assessed value and increases in taxable income.
- The City enjoys favorable relationships with employee unions and no history of significant contract disputes.
- As explained more fully in Note III.K, in 2016, the State of Indiana made a one-time revision in the formula for distributing the countywide income tax. As a result the City will receive an extraordinary distribution of \$15,374,140.
- As explained more fully in Note III.K, in May of 2016, the City issued \$214,455,000 of debt to finance infrastructure improvements, \$29,720,000 of debt in August of 2016, to acquire capital assets, and \$53,745,000 in November of 2016, to be paid from water utility user fees.

Request for Information

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

CITY OF CARMEL
STATEMENT OF NET POSITION
December 31, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and investments	56,913,526	3,052,844	59,966,370
Receivables (net of allowances for uncollectibles):			
Accounts	274,150	3,333,125	3,607,275
Taxes	21,021,560	-	21,021,560
Intergovernmental	1,363,785	-	1,363,785
Other	-	1,980,262	1,980,262
Internal balances	3,580,498	(3,580,498)	-
Inventories	-	515,173	515,173
Prepaid expenditures	3,810,538	198,061	4,008,599
Cash, restricted for debt service	-	5,019,133	5,019,133
Net pension asset	3,521,825	-	3,521,825
Other	-	98,433	98,433
Capital assets:			
Not being depreciated: land, improvements, and construction in progress	155,158,371	14,654,183	169,812,554
Other capital assets, net of depreciation	532,954,457	241,406,048	774,360,505
Total assets	778,598,710	266,676,764	1,045,275,474
DEFERRED OUTFLOWS OF RESOURCES:			
Bond refunding	21,198,213	-	21,198,213
Pensions	12,695,030	2,086,745	14,781,775
Total deferred outflows of resources	33,893,243	2,086,745	35,979,988
LIABILITIES:			
Accounts payable	2,513,497	702,492	3,215,989
Claims payable	793,596	-	793,596
Accrued payroll and withholdings payable	2,032,282	206,288	2,238,570
Compensated absences	629,638	396,865	1,026,503
Accrued interest payable	5,351,335	715,334	6,066,669
Customer deposits	-	105,064	105,064
Other current payables	-	122,615	122,615
Noncurrent liabilities:			
Due within one year:			
Bonds payable	17,307,515	4,713,597	22,021,112
Capital leases payable	1,658,294	79,060	1,737,354
Due in more than one year:			
Bonds payable	426,673,496	142,404,111	569,077,607
Capital leases payable	4,569,976	121,926	4,691,902
Net pension liability	30,008,060	4,872,549	34,880,609
Other post-employment benefits	9,871,857	1,773,512	11,645,369
Total liabilities	501,409,546	156,213,413	657,622,959
DEFERRED INFLOWS OF RESOURCES:			
Bond refunding	340,185	-	340,185
Pensions	12,830,775	487,040	13,317,815
Total deferred inflows of resources	13,170,960	487,040	13,658,000
NET POSITION:			
Net investment in capital assets	314,601,738	113,210,726	427,812,464
Restricted:			
General government	223,080	-	223,080
Public safety	2,840,612	-	2,840,612
Streets and other infrastructure	5,927,228	-	5,927,228
Economic development	12,925,125	-	12,925,125
Culture and recreation	9,129,832	-	9,129,832
Unrestricted	(47,736,168)	(1,147,670)	(48,883,838)
Total net position	297,911,447	112,063,056	409,974,503

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

CITY OF CARMEL
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2015

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
FUNCTIONS/PROGRAMS:							
Governmental activities:							
General government	\$ 20,841,943	\$ 72,056	\$ -	\$ -	\$ (20,769,887)	\$ -	\$ (20,769,887)
Public safety	44,313,645	1,152,600	60,618	-	(43,100,427)	-	(43,100,427)
Streets and other infrastructure	29,584,125	480	-	3,516,506	(26,067,139)	-	(26,067,139)
Economic development	10,771,611	-	-	-	(10,771,611)	-	(10,771,611)
Culture and recreation	18,549,674	7,345,221	-	50,043	(11,154,410)	-	(11,154,410)
Unallocated interest expense	4,542,707	-	-	-	(4,542,707)	-	(4,542,707)
Total governmental activities	<u>128,603,705</u>	<u>8,570,357</u>	<u>60,618</u>	<u>3,566,549</u>	<u>(116,406,181)</u>	<u>-</u>	<u>(116,406,181)</u>
Business-type activities:							
Water	13,542,037	13,500,929	-	-	-	(41,108)	(41,108)
Sewer	7,305,928	8,471,996	-	-	-	1,166,068	1,166,068
Other	895,780	4,038,620	-	-	-	3,142,840	3,142,840
Total business-type activities	<u>21,743,745</u>	<u>26,011,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,267,800</u>	<u>4,267,800</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 150,347,450</u>	<u>\$ 34,581,902</u>	<u>\$ 60,618</u>	<u>\$ 3,566,549</u>	<u>(116,406,181)</u>	<u>4,267,800</u>	<u>(112,138,381)</u>
GENERAL REVENUES AND TRANSFERS:							
Property tax					44,104,576	-	44,104,576
Income tax					32,745,504	-	32,745,504
Other taxes					26,154,361	-	26,154,361
Unrestricted investment earnings					78,381	77,080	155,461
Other					20,679,190	-	20,679,190
Transfers					1,014,100	(1,014,100)	-
Total general revenues and transfers					<u>124,776,112</u>	<u>(937,020)</u>	<u>123,839,092</u>
CHANGE IN NET POSITION BEFORE SPECIAL ITEMS					8,369,931	3,330,780	11,700,711
SPECIAL ITEM: gain					-	619,000	619,000
CHANGE IN NET POSITION					8,369,931	3,949,780	12,319,711
NET POSITION: beginning					<u>289,541,516</u>	<u>108,113,276</u>	<u>397,654,792</u>
NET POSITION: ending					<u>\$ 297,911,447</u>	<u>\$ 112,063,056</u>	<u>\$ 409,974,503</u>

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

CITY OF CARMEL
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015

	<u>General Fund</u>	<u>Redevelopment Commission Fund</u>	<u>Redevelopment Authority Debt Service Fund</u>	<u>Redevelopment Authority Capital Projects Fund</u>	<u>Motor Vehicle Highway Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total</u>
ASSETS:							
Cash and investments	\$ 9,522,386	\$ 5,438,262	\$ 17,439,817	\$ 2,142,359	\$ 3,728,452	\$ 16,647,900	\$ 54,919,176
Receivables:							
Taxes:							
Property	1,214,685	-	-	-	392,242	65,891	1,672,818
Income	19,348,742	-	-	-	-	-	19,348,742
Accounts	-	-	-	-	-	274,150	274,150
Intergovernmental	799,349	-	-	-	-	564,436	1,363,785
Due from other governmental funds:	246,209	5,416,552	-	-	-	-	5,662,761
Due from related utility	3,499,678	-	-	-	80,820	-	3,580,498
TOTAL ASSETS	<u>\$ 34,631,049</u>	<u>\$ 10,854,814</u>	<u>\$ 17,439,817</u>	<u>\$ 2,142,359</u>	<u>\$ 4,201,514</u>	<u>\$ 17,552,377</u>	<u>\$ 86,821,930</u>
LIABILITIES:							
Accounts payable	1,448,248	179,877	-	-	184,943	698,729	2,511,797
Due to other Funds	5,416,552	-	-	-	-	246,209	5,662,761
Accrued payroll and withholdings payable	1,683,451	-	-	-	203,374	145,106	2,031,931
Total liabilities	<u>8,548,251</u>	<u>179,877</u>	<u>-</u>	<u>-</u>	<u>388,317</u>	<u>1,090,044</u>	<u>10,206,489</u>
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue	16,074,309	-	-	-	392,242	788,925	17,255,476
Total deferred inflows of resources	<u>16,074,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>392,242</u>	<u>788,925</u>	<u>17,255,476</u>
FUND BALANCES:							
Restricted:							
General government	-	-	-	-	-	223,080	223,080
Public safety	-	-	-	-	-	2,840,612	2,840,612
Highways and streets	-	-	-	-	3,420,955	1,773,996	5,194,951
Drainage and other capital assets	-	-	-	-	-	732,277	732,277
Economic development	-	10,674,937	-	2,142,359	-	107,829	12,925,125
Culture and recreation	-	-	-	-	-	9,129,832	9,129,832
Debt service	-	-	17,439,817	-	-	-	17,439,817
Committed:							
General government	-	-	-	-	-	105,302	105,302
Public safety	-	-	-	-	-	618,798	618,798
Highways and streets	-	-	-	-	-	372,403	372,403
Economic development	-	-	-	-	-	19,134	19,134
Assigned:							
General government	1,265,296	-	-	-	-	-	1,265,296
Public safety	27,176	-	-	-	-	-	27,176
Economic development	55,714	-	-	-	-	-	55,714
Culture and recreation	67,969	-	-	-	-	-	67,969
Unassigned	8,592,334	-	-	-	-	(249,855)	8,342,479
Total fund balances	<u>10,008,489</u>	<u>10,674,937</u>	<u>17,439,817</u>	<u>2,142,359</u>	<u>3,420,955</u>	<u>15,673,408</u>	<u>59,359,965</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 34,631,049</u>	<u>\$ 10,854,814</u>	<u>\$ 17,439,817</u>	<u>\$ 2,142,359</u>	<u>\$ 4,201,514</u>	<u>\$ 17,552,377</u>	<u>\$ 86,821,930</u>

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 POSITION
December 31, 2015

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

Fund Balance - governmental funds		\$ 59,359,965
Prepaid expenditures represent the unamortized cost of bond insurance and similar credit enhancements and are not financial resources and, therefore, are not reported in the funds.		3,810,538
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds:		
Land and construction in progress	\$ 155,158,371	
Machinery, equipment, and vehicles	673,720,684	
Accumulated depreciation	<u>(140,766,227)</u>	688,112,828
Certain internal service fund balances and transactions reflect differently in the Statement of Net Position than in the funds:		
The excess of internal service fund revenue over expenses is eliminated in the Statement of Net Position.	\$ 1,105,620	
Internal service fund investment earnings are not reflected in the funds.	3,784	
The working capital balance in the internal service fund is not reflected in the funds.	<u>89,299</u>	1,198,703
Certain receivables are not expected to be collected within the time needed to liquidate expenditures of the current years and therefore are not considered available in the funds:		
Property tax	\$ 1,672,619	
Income tax	14,322,275	
Ambulance fees	158,598	
Ambulance fee supplemental	537,548	
Grants	564,436	17,255,476
Certain pension and other post employment benefits that are not due and payable in the current period are not recognized in the funds:		
Pension liability	\$ (30,008,060)	
Other post employment benefit liability	<u>(9,871,857)</u>	(39,879,917)
The net pension asset is not an available resource and, therefore, is not reported in the funds.		3,521,825
Deferred inflows and outflows of resources are not financial resources and, therefore, are not reported in the funds:		
Unamortized cost of bond refunding and defeasement	\$ 21,198,213	
Unamortized inflows on bond refunding and defeasement	(340,185)	
Pension-related inflows	(12,830,775)	
Pension-related outflows	<u>12,695,030</u>	20,722,283
Other noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated absences	\$ 629,638	
Accrued interest payable	5,351,335	
Unamortized value of capital leases	6,228,270	
Unamortized premiums on bonds outstanding	21,064,939	
Unamortized principal on bonds outstanding	<u>422,916,072</u>	<u>(456,190,254)</u>
Net position of governmental activities		<u>\$ 297,911,447</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, 2015

	General Fund	Redevelopment Commission Fund	Redevelopment Authority Debt Service Fund	Redevelopment Authority Capital Projects Fund	Motor Vehicle Highway Fund	Total Nonmajor Funds	Total
REVENUES:							
Property tax	\$ 32,636,213	\$ -	\$ -	\$ -	\$ 9,672,203	\$ 1,735,498	\$ 44,043,914
Income tax	28,847,934	-	-	-	-	-	28,847,934
Other local tax	3,347,333	21,339,600	-	-	1,086,944	380,484	26,154,361
Charges for services	972,093	-	-	-	-	7,598,264	8,570,357
Investment income	15,807	27,190	3,117	-	2,903	25,580	74,597
Licenses and permits	2,119,764	-	-	-	-	39,470	2,159,234
Fines and forfeits	644,609	-	-	-	-	143,995	788,604
Intergovernmental:							
Grants	-	-	-	-	-	3,062,731	3,062,731
State shared revenue	653,771	-	-	-	2,961,277	1,255,453	4,870,501
Fire service contract	1,116,639	-	-	-	-	-	1,116,639
Contributions	-	-	-	-	-	286,716	286,716
Other	3,357,919	806,550	-	-	171,971	6,578,750	10,915,190
Total revenues	<u>73,712,082</u>	<u>22,173,340</u>	<u>3,117</u>	<u>-</u>	<u>13,895,298</u>	<u>21,106,941</u>	<u>130,890,778</u>
EXPENDITURES:							
Current:							
General government	19,673,926	-	-	-	-	461,973	20,135,899
Public safety	39,648,640	-	-	-	-	5,377,744	45,026,384
Streets and other infrastructure	421,608	-	-	-	13,362,880	-	13,784,488
Economic development	380,051	3,904,532	-	-	-	-	4,284,583
Culture and recreation	3,856,776	-	-	-	-	9,575,802	13,432,578
Debt service:							
Principal	635,000	1,990,000	13,143,608	-	-	-	15,768,608
Interest	124,758	2,422,024	15,927,209	-	-	-	18,473,991
Capital outlay:							
General government	119,885	-	-	-	-	-	119,885
Public safety	75,760	-	-	-	-	3,634,933	3,710,693
Streets and other infrastructure	-	-	-	1,286,306	176,503	2,982,940	4,445,749
Economic development	-	2,439,830	-	-	-	-	2,439,830
Culture and recreation	182,050	-	-	-	-	240,338	422,388
Total expenditures	<u>65,118,454</u>	<u>10,756,386</u>	<u>29,070,817</u>	<u>1,286,306</u>	<u>13,539,383</u>	<u>22,273,730</u>	<u>142,045,076</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,593,628</u>	<u>11,416,954</u>	<u>(29,067,700)</u>	<u>(1,286,306)</u>	<u>355,915</u>	<u>(1,166,789)</u>	<u>(11,154,298)</u>
OTHER FINANCING SOURCES AND (USES):							
Transfers in, governmental funds	350,097	5,036,000	29,878,150	-	-	700,000	35,964,247
Transfer in from enterprise funds	-	400,000	-	-	614,100	-	1,014,100
Transfers out, governmental Funds	(13,380,332)	(21,001,097)	-	-	-	(1,582,818)	(35,964,247)
Bond issuance	-	-	1,250,744	-	-	-	1,250,744
Capital leases	-	-	-	-	-	3,167,006	3,167,006
Total other financing sources and uses	<u>(13,030,235)</u>	<u>(15,565,097)</u>	<u>31,128,894</u>	<u>-</u>	<u>614,100</u>	<u>2,284,188</u>	<u>5,431,850</u>
NET CHANGES IN FUND BALANCES	<u>(4,436,607)</u>	<u>(4,148,143)</u>	<u>2,061,194</u>	<u>(1,286,306)</u>	<u>970,015</u>	<u>1,117,399</u>	<u>(5,722,448)</u>
FUND BALANCES: beginning	<u>14,445,096</u>	<u>14,823,080</u>	<u>15,378,623</u>	<u>3,428,665</u>	<u>2,450,940</u>	<u>14,556,009</u>	<u>65,082,413</u>
FUND BALANCES: ending	<u>\$ 10,008,489</u>	<u>\$ 10,674,937</u>	<u>\$ 17,439,817</u>	<u>\$ 2,142,359</u>	<u>\$ 3,420,955</u>	<u>\$ 15,673,408</u>	<u>\$ 59,359,965</u>

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, 2015

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 \$ (5,722,448)

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 recorded as depreciation. Following is the amount by which capital outlay expenditures exceeded (were less than) depreciation:

Capital outlays	\$	8,990,420	
Depreciation expense		<u>(15,880,505)</u>	(6,890,085)

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 position. 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. The following items reflect these differences in the treatment of long-term debt and related items:

Decrease in bonds payable	\$	14,517,864	
Amortization of certain bond-related prepaid expense and deferred inflows and outflows		(1,745,674)	
Amortization of premium on bonds outstanding		1,780,868	
Principal payments on capital leases		(300,705)	
Compensated absences		<u>(12,346)</u>	14,240,007

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Property tax	\$	60,662	
Income tax		3,897,570	
Ambulance fees		4,758	
Ambulance fee supplemental		537,548	
Grants		<u>564,436</u>	5,064,974

Expenses in the Statement of Activities for pension and other post employment benefits are not recognized as expenditures in the funds:

1925 Police Officers' plan	\$	40,898	
1937 Firefighters' plan		39,538	
1977 Firefighters' plan		1,514,500	
1977 Police Officers' plan		1,100,385	
Civilian public employee retirement plan		(342,422)	
Other post-employment benefits - retiree health insurance		<u>(1,693,336)</u>	659,563

The excess of internal service fund revenue over expenses is eliminated in the Statement of Activities 1,105,620

Internal service fund investment earnings are not reflected in the funds 3,784

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. (91,484)

Change in net assets of governmental activities (Statement of Activities) \$ 8,369,931

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

CITY OF CARMEL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Enterprise Funds				Internal Service Fund
	Water Utility	Sewer Utility	Nonmajor	Total Enterprise	Self Insurance
ASSETS:					
Current assets:					
Cash and investments	\$ -	\$ 281,208	\$ 2,289,641	\$ 2,570,849	\$ 2,476,345
Accounts receivable (net of allowance)	2,897,516	210,179	225,430	3,333,125	-
Other receivables	-	1,980,262	-	1,980,262	-
Due from associated utility	-	778,599	268,015	1,046,614	-
Inventories	254,732	260,441	-	515,173	-
Prepaid items	81,923	116,138	-	198,061	-
Total current assets	3,234,171	3,626,827	2,783,086	9,644,084	2,476,345
Noncurrent assets:					
Restricted cash, debt service	2,046,333	2,972,800	-	5,019,133	-
Other	24,562	73,871	-	98,433	-
Capital assets:					
Land, improvements to land and construction in progress	10,393,586	4,260,597	-	14,654,183	-
Utility plant in service, net of depreciation	168,786,307	72,619,741	-	241,406,048	-
Total noncurrent assets	181,250,788	79,927,009	-	261,177,797	-
Total assets	184,484,959	83,553,836	2,783,086	270,821,881	2,476,345
DEFERRED OUTFLOW OF RESOURCES: pension	1,097,585	989,160	-	2,086,745	-

Continued on next page

CITY OF CARMEL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2015
(Continued)

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Enterprise Funds				Internal Service Fund
	Water Utility	Sewer Utility	Nonmajor	Enterprise	Self Insurance
LIABILITIES:					
Current liabilities:					
Accounts payable	\$ 474,670	\$ 203,477	\$ 24,345	\$ 702,492	\$ 1,700
Accrued wages payable	107,003	99,285	-	206,288	350
Compensated absences	236,568	160,297	-	396,865	-
Claims payable	-	-	-	-	793,596
Due to associated governmental funds	3,499,678	-	80,820	3,580,498	-
Due to associated utility	1,046,614	-	-	1,046,614	-
Rent paid in advance	42,600	-	62,464	105,064	-
Revenue bonds payable, current portion	3,457,294	1,256,303	-	4,713,597	-
Capital leases payable, current portion	-	79,060	-	79,060	-
Accrued interest payable	616,896	98,438	-	715,334	-
Other	57,725	-	64,890	122,615	-
Total current liabilities	<u>9,539,048</u>	<u>1,896,860</u>	<u>232,519</u>	<u>11,668,427</u>	<u>795,646</u>
Noncurrent liabilities:					
Bonds payable	122,582,987	19,821,124	-	142,404,111	-
Capital leases payable	-	121,926	-	121,926	-
Retiree health care	922,111	851,401	-	1,773,512	-
Pension liability	2,562,861	2,309,688	-	4,872,549	-
Total noncurrent liabilities	<u>126,067,959</u>	<u>23,104,139</u>	<u>-</u>	<u>149,172,098</u>	<u>-</u>
Total liabilities	<u>135,607,007</u>	<u>25,000,999</u>	<u>232,519</u>	<u>160,840,525</u>	<u>795,646</u>
DEFERRED INFLOW OF RESOURCES: pension	<u>256,173</u>	<u>230,867</u>	<u>-</u>	<u>487,040</u>	<u>-</u>
NET POSITION:					
Net investment in capital assets	56,647,286	56,563,440	-	113,210,726	-
Unrestricted	(6,927,922)	2,747,690	2,550,567	(1,629,665)	1,680,699
Total net position	<u>\$ 49,719,364</u>	<u>\$ 59,311,130</u>	<u>\$ 2,550,567</u>	<u>111,581,061</u>	<u>\$ 1,680,699</u>

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time. 481,995
\$ 112,063,056

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

CITY OF CARMEL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Enterprise Funds				Internal Service Fund
	Water Utility	Sewer Utility	Nonmajor	Total Enterprise	Self Insurance
OPERATING REVENUES:					
Residential sales	\$ 9,992,734	\$ 4,480,349	\$ -	\$ 14,473,083	\$ -
Commercial and industrial sales	3,079,330	3,991,647	-	7,070,977	-
Stormwater fees	-	-	3,070,501	3,070,501	-
Rent	-	-	968,119	968,119	-
Insurance premiums received	-	-	-	-	12,166,744
Other	428,865	-	-	428,865	-
Total operating revenues	13,500,929	8,471,996	4,038,620	26,011,545	12,166,744
OPERATING EXPENSES:					
Source of supply and expense - operations and maintenance	1,314,542	-	-	1,314,542	-
Water treatment expense - operation and maintenance	3,248,455	-	-	3,248,455	-
Building maintenance operating expenses	-	-	328,148	328,148	-
Drainage projects	-	-	338,616	338,616	-
Transmission and distribution	2,932,299	-	-	2,932,299	-
Collection system - operations and maintenance	-	833,957	-	833,957	-
Pumping - operations and maintenance	-	158,024	-	158,024	-
Treatment and disposal expense - operation and maintenance	-	3,327,002	-	3,327,002	-
Customer accounts	669,188	600,949	-	1,270,137	-
Administration and general	525,630	875,977	-	1,401,607	-
Payroll tax expense	230,747	206,913	-	437,660	-
Insurance claims and premiums	-	-	-	-	10,579,128
Utility receipts tax expense	191,187	-	-	191,187	-
Depreciation and amortization	4,470,617	2,252,493	-	6,723,110	-
Other	255,481	380,456	229,016	864,953	-
Total operating expenses	13,838,146	8,635,771	895,780	23,369,697	10,579,128
OPERATING INCOME (LOSS)	(337,217)	(163,775)	3,142,840	2,641,848	1,587,616
NONOPERATING REVENUES (EXPENSES):					
Interest and investment revenue	38,077	36,429	2,574	77,080	3,784
Miscellaneous revenue	309,189	12,264	-	321,453	-
Interest expense	(6,158,188)	(562,869)	-	(6,721,057)	-
Loss from disposition of property	(85,539)	(47,643)	-	(133,182)	-
Transfers to associated city	-	-	(1,014,100)	(1,014,100)	-
Other	(290)	18,096	-	17,806	-
Total nonoperating revenue (expenses)	(5,896,751)	(543,723)	(1,011,526)	(7,452,000)	3,784
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS	(6,233,968)	(707,498)	2,131,314	(4,810,152)	1,591,400
CAPITAL CONTRIBUTIONS	6,021,788	1,637,149	-	7,658,937	-
CHANGE IN NET POSITION BEFORE SPECIAL ITEMS	(212,180)	929,651	2,131,314	2,848,785	1,591,400
SPECIAL ITEM: gain	-	619,000	-	619,000	-
CHANGE IN NET POSITION	(212,180)	1,548,651	2,131,314	3,467,785	1,591,400
TOTAL NET POSITION: beginning	49,931,544	57,762,479	419,253	108,113,276	89,299
TOTAL NET POSITION: ending	\$ 49,719,364	\$ 59,311,130	\$ 2,550,567	111,581,061	\$ 1,680,699

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time. 481,995
\$ 112,063,056

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, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Enterprise Funds				Internal Service Fund
	Water Utility	Sewer Utility	Nonmajor	Total Enterprise	Self Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 13,525,074	\$ 8,333,443	\$ 3,937,733	\$ 25,796,250	\$ 12,166,744
Payments for goods and services	(5,245,170)	(2,357,163)	(897,897)	(8,500,230)	1,700
Payments to employees	(4,552,900)	(4,203,514)	-	(8,756,414)	46
Payments of claims	-	-	-	-	(11,246,047)
Other receipts	309,189	20,322	-	329,511	-
Net cash provided (used) by operating activities	<u>4,036,193</u>	<u>1,793,088</u>	<u>3,039,836</u>	<u>8,869,117</u>	<u>922,443</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Cash flow provided by associated city	2,134,093	-	-	2,134,093	-
Capital contributions	3,779,630	1,637,174	-	5,416,804	-
Acquisition and construction of capital assets	(1,792,807)	(1,191,199)	-	(2,984,006)	-
Payment of capital debt	(7,046,318)	(1,307,451)	-	(8,353,769)	-
Investment in use of water by other utility	-	(631,086)	-	(631,086)	-
Proceeds from sale of equipment	-	-	-	-	-
Other	(55,045)	534	-	(54,511)	-
Net cash provided by capital and related financing activities	<u>(2,980,447)</u>	<u>(1,492,028)</u>	<u>-</u>	<u>(4,472,475)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	38,078	36,429	2,574	77,081	3,784
TRANSFERS TO GOVERNMENTAL FUNDS	<u>-</u>	<u>-</u>	<u>(1,033,438)</u>	<u>(1,033,438)</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,093,824	337,489	2,008,972	3,440,285	926,227
CASH AND CASH EQUIVALENTS: beginning	<u>952,509</u>	<u>2,916,519</u>	<u>280,669</u>	<u>4,149,697</u>	<u>1,550,118</u>
CASH AND CASH EQUIVALENTS: ending	<u>\$ 2,046,333</u>	<u>\$ 3,254,008</u>	<u>\$ 2,289,641</u>	<u>\$ 7,589,982</u>	<u>\$ 2,476,345</u>

Continued on next page

CITY OF CARMEL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2015
(Continued)

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Enterprise Funds				Internal Service Fund
	Water Utility	Sewer Utility	Nonmajor	Total Enterprise	Self Insurance
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	(337,217)	(163,775)	3,142,840	2,641,848	1,587,616
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Accreted interest	1,705,637	-	-	1,705,637	-
Depreciation expense	4,470,617	2,252,493	-	6,723,110	-
Loss on disposal of asset	85,539	-	-	85,539	-
Amortization	19,900	-	-	19,900	-
Nonoperating income (expense)	(1,386,791)	12,239	-	(1,374,552)	-
Increase (decrease) in assets:					
Accounts receivable	24,146	(658,494)	166,977	(467,371)	-
Other	-	-	151	151	-
Interfund receivables	-	528,000	(268,015)	259,985	-
Inventories	(9,000)	(31,671)	-	(40,671)	-
Prepaid items	(6,202)	(38,740)	-	(44,942)	-
Increase (decrease) in liabilities:					
Accounts payable	(276,282)	(342,560)	720	(618,122)	1,700
Wages payable	(517,918)	12,010	-	(505,908)	46
Compensated absence payable	14,616	(10,152)	-	4,464	-
Retiree health care	158,171	146,042	-	304,213	-
Pension	97,310	87,696	-	185,006	-
Other current liabilities	(6,333)	-	(2,837)	(9,170)	(666,919)
Total adjustments	<u>4,373,410</u>	<u>1,956,863</u>	<u>(103,004)</u>	<u>6,227,269</u>	<u>(665,173)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 4,036,193</u>	<u>\$ 1,793,088</u>	<u>\$ 3,039,836</u>	<u>\$ 8,869,117</u>	<u>\$ 922,443</u>
Contributions of capital assets and aid in construction	<u>\$ 1,958,391</u>	<u>\$ 431,255</u>	<u>\$ -</u>	<u>2,389,646</u>	

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

CITY OF CARMEL
STATEMENT OF FIDUCIARY NET POSITION
 December 31, 2015

	Pension Trust Funds	Agency Funds
ASSETS:		
Cash and Investments	\$ 187,316	\$ 190,229
Total assets	187,316	190,229
LIABILITIES:		
Payroll withholdings	166	-
Court escrow	-	190,229
Total liabilities	166	\$ 190,229
NET POSITION: restricted for pensions	\$ 187,150	

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

CITY OF CARMEL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 For The Year Ended December 31, 2015

	Pension Trust Funds
ADDITIONS:	
State of Indiana contributions	\$ 1,096,407
Investment Income	194
Total additions	1,096,601
DEDUCTIONS:	
Benefits to plan members and beneficiaries	1,088,875
Administrative expenses	100
Total deductions	1,088,975
NET INCREASE IN NET POSITION	7,626
NET POSITION: beginning	179,524
NET POSITION: ending - restricted for pensions	\$ 187,150

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

CITY OF CARMEL
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2015

I. Summary of Significant Accounting Policies

A. Accounting Principles

The accounting policies of the City of Carmel, Indiana (City) applied to the accompanying financial statements for the year ended December 31, 2015, conform to the *accounting principles generally accepted in the United States of America* (GAAP) for local governmental units. The *Governmental Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the City's significant accounting policies employed in the preparation of the accompanying financial statements follows.

B. Reporting Entity

The City of Carmel (City) is a municipal corporation governed by an elected mayor as executive, an elected clerk-treasurer as fiscal officer, and a seven-member council as legislative and fiscal body. It is the primary general government reporting entity. The accompanying financial statements present the government and its blended component units, entities for which the government is considered to be financially accountable. *Blended component units* are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

There are two blended component units. The Carmel Redevelopment Authority is a conduit to facilitate long-term financing of certain City capital projects. The City is ultimately liable for all its debt. It is included as a blended component unit because its board is appointed by City officials and it provides a financial benefit to the City, though the City does not have fiduciary responsibility for it. The Carmel City Center Community Development Corporation (4CDC) is a legally separate not-for-profit corporation that primarily supports the economic development efforts of City government. Accordingly, it benefits almost exclusively the primary government. It is included as a blended component unit because its board is appointed by City officials and it provides a financial benefit to the City, although City officials cannot compel board members to act and the City does not have a fiduciary responsibility for it. These component units do not issue separate financial statements.

C. Basis of Presentation – Government-Wide Statements

The two government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all of the non-fiduciary activities of the City. Governmental activities, which include those activities primarily supported by taxes or intergovernmental revenue, are reported separately from business-type activities, which generally rely on fees and charges for support. While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. 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.

The Statement of Activities demonstrates the extent to which the direct expenses of a functional category are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. They also include operating and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items properly excluded from program revenues are reported as general revenue.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in the funds described below.

The *Redevelopment Commission Fund* is used to account for the collection and expenditure of tax increment financing revenue and certain other economic development activities.

The *Redevelopment Authority Debt Service Fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on certain long-term obligations of governmental funds.

The *Redevelopment Authority Capital Projects Fund* is used to account for capital projects undertaken by the City with financing provided by the Authority.

The *Motor Vehicle Highway Special Revenue Fund* is used to account for gasoline tax and other revenue collected by the State of Indiana and shared with the City for the purpose of maintaining streets and other infrastructure.

The government reports the following major proprietary funds:

The *Water Utility and Sewer Utility Funds* are enterprise funds and account for the activities of the City utilities, an integral part of the government. The City operates the water distribution and sanitary sewer systems for residents and certain non-residents.

The *Self Insurance Fund* is an internal service fund that accounts for the City's employee healthcare self-insurance program.

The government also reports *nonmajor funds*, which are of four types: *special revenue funds* account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects; *capital projects funds* account for revenues normally restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets; *debt service funds* account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest; and *enterprise funds* account for activities funded primarily from user charges.

The government also reports certain other funds:

Trust funds account for the activities of certain pension plans administered by the City.

Agency funds account for payroll tax withholdings and municipal court escrows.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated, so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated, so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in the governmental activities column are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The 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 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, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and income taxes are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Certain service charges are recognized when the service is performed. Entitlements are recognized as revenues when all eligibility requirements are met, including any time requirements. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other eligibility requirements have been met. In all instances, revenues are recognized in governmental funds only when the amount is received during the period or within the availability period (within 60 days of year end). Other nonexchange transactions are recognized as revenues or expenditures when all legal requirements are met for completing the payment. All other revenue is recognized only when cash is received.

The proprietary and pension funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency funds have no measurement focus, but utilize the *accrual basis of accounting* for reporting assets and liabilities.

F. Reconciliation of Government-Wide and Fund Financial Statements

A reconciliation of the difference between changes in fund balances, as reflected on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances, and change in net position for governmental activities as shown on the government-wide Statement of Activities, is presented in an accompanying schedule to the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances. The revenue and expense elements that comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurements focus and the accrual basis of accounting.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and securities backed by the full faith and credit of the United States Government.

Investments are reported at fair value.

2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses 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 the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. Capital Assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital assets' lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

The capitalization threshold below is determined by the asset class.

- a) Land is capitalized regardless of the value or cost;
- b) Buildings, infrastructure, vehicles, machinery, and equipment must be capitalized when the useful life is at least 1 year and the cost is \$5,000 or more for assets employed in governmental activities and \$750 in business-type activities.

A full year of depreciation is taken in the year of acquisition for capital assets employed in governmental activities, and depreciation is deferred to the year after acquisition for those employed in business-type activities.

Depreciation is recorded on each class of depreciable property using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Buildings	20-100 years
Improvements Other than Buildings	10-20 years
Machinery, Equipment, and Vehicles	5-20 years
Infrastructure	20-50 years

4. Compensated Absences

The government's policy permits employees to accumulate earned but unused personal time, which is eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

5. Bond Premiums and Discounts

Bond premiums and discounts are amortized in the government-wide and proprietary statements on a straight-line basis over the life of the issues.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has two items reported on the government-wide statement of net position that qualify for reporting in this category. One is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other is certain pension-related debits, arising from changes in actuarial assumptions and timing differences.

Debt issuance costs, excepted for any portion related to insurance costs or other credit enhancements that tend similarly to affect interest rates in future periods, are recognized as an expense of the current period. These credit enhancement costs are amortized on a straight-line basis over the term of the related debt.

In addition to liabilities, the Statement of Net Position reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The items which qualify for reporting in this category are credits resulting from bond refunding and the net pension assets for plans with assets exceeding pension liabilities.

In the fund financial statements, deferred inflows of resources are reported to reflect receivables not collected in time to satisfy obligations of the current period.

7. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

8. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance/Net Position

Net position is presented on the Statement of Net Position. Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt related to the acquisition, construction, or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of these assets or related debt are also included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use, either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Fund balance is presented on the Balance Sheet for governmental funds. The components of fund balance include the following line items: a) non-spendable fund balance, b) restricted fund balance, c) committed fund balance, d) assigned fund balance, and e) unassigned fund balance. For further explanation of each fund balance component, please see the following:

a) Non-spendable fund balance (inherently non-spendable) include the:

- Portion of net resources that cannot be spent because of their form.
- Portion of net resources that cannot be spent because they must be maintained intact.

b) Restricted fund balance (externally enforceable limitations on use) include amounts subject to:

- Limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- Limitations imposed by law through constitutional provision or enabling legislation.

- c) **Committed fund balance** (self-imposed limitations set in place prior to the end of the period):
 - Limitation imposed at the highest level of decision-making that requires formal action (passage of an ordinance) at the same level to remove. For the City, the City Council is the highest level of decision-making authority.
- d) **Assigned fund balance** (limitation resulting from intended use) consists of amounts where the:
 - Intended use is established by the body designated for that purpose (City Council).
 - Intended use is established by an official authorized by the Council to make purchases, which includes the heads of most departments.
- e) **Unassigned fund balance** (residual net resources) is the:
 - Total fund balance in the General Fund is the excess over non-spendable, restricted, committed, and assigned fund balance.
 - Negative unassigned fund balance is the excess of non-spendable, restricted, and committed fund balance over total fund balance.

10. Use of Estimates

The preparation of the basic financial statements in conformity with GAAP requires the City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and/or the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates, but the City believes that the differences will be insignificant. Among the items subject to estimates are pension liabilities and certain receivables.

11. Restricted Net Position

All net position reported as restricted in the accompanying Statement of Net Position is restricted due to legally enforceable contractual obligations or Indiana law.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

The Council is empowered to adopt property tax levies and rates, subject to certain statutory limitations. Taxable property becomes subject to lien on January 1 of the year prior to the budget/levy year. Levy ordinances must be adopted before the following November 1. Property taxes are due in two installments the following May 10 and November 10. The county government collects the taxes and distributes them, generally, in two installments, June 30 and December 31 of the budget/levy year. The county may make advances as taxes are collected.

Taxable property is assessed at estimated market value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Some taxpayers are eligible for certain deductions and credits. All property taxes outstanding at year end are recorded as receivable with an offset to deferred inflows of resources—unavailable revenue for amounts that are not available in the current period.

3. Income Taxes

The City benefits from an income tax which was imposed by joint vote of several Hamilton County units of general government and collected by the State of Indiana. Each July 1, the Indiana Department of Revenue determines the amount of tax processed on returns filed for the previous year. That amount is certified to the County Auditor. It is distributed to the County Auditor on a pro-rata basis, monthly, during the ensuing calendar year. The distributions are paid from accumulated collections from withholdings and direct taxpayer payments held in trust by the Indiana Department of Revenue, which may result in a balance remaining in the trust account. The County Auditor allocates the distributions to the City and other units of general government in accordance with a statutory formula based on the size of each unit's non-debt property tax levy. Each December 31, the Indiana Department of Revenue determines if any accumulated balance held in trust exceeds 50% of the previous year's total income tax revenue. If so, the excess is distributed to the County Auditor in January of the ensuing year. These supplemental distributions are allocated immediately to the City and other units of general government in accordance with the same statutory formula as for regular distributions. The City accounts for income tax revenue as a derived tax revenue. Accordingly, revenue is recognized in the Statement of Activities when a taxpayer earns income. In the governmental funds, amounts certified for and distributed in the current year are recognized as revenue, along with any additional amount in the trust fund that is expected to be distributed within 60 days.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses 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 water and sewer utility funds, the internal service fund, and nonmajor enterprise funds are charges to customers for sales, services, premiums, and rents. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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.

I. Prior Financial Statements

The City did not publish financial statements presented in accordance with generally accepted accounting principles for the year ended December 31, 2014. Beginning net position for the year ended December 31, 2015, was determined in accordance with current accounting standards, and no restatement was necessary.

II. Negative Fund Balance

The Grant Fund, a nonmajor special revenue fund, had a deficit unassigned fund balance of \$249,855 at December 31, 2015, due to a reimbursement of \$564,436 received in the subsequent year, after the 60-day availability period.

III. Detailed Notes on Certain Activities and Funds

A. Cash and Cash Equivalents

Deposits

Deposits of Indiana local government units are regulated by Indiana law. Deposits may be made only in financial institutions determined eligible by a State agency.

Custodial credit risk for bank deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for bank deposit custodial credit risk requires compliance with Indiana law.

The City's total cash deposits at December 31, 2015, were \$64,985,503, of which \$5,019,133 is restricted and \$59,966,370 is unrestricted. The City's cash deposits are insured up to \$250,000 at financial institutions insured by the Federal Deposit Insurance Corporation. Any cash deposits in excess of \$250,000 are insured by the Indiana Public Deposits Insurance Fund (Fund) via the pledged collateral from the institutions securing deposits of public funds. The Fund is a multiple financial institution collateral pool administered by the State of Indiana.

Investments

Investments of Indiana local government units are regulated by Indiana law. The City may invest in United States obligations and issues of federal agencies, certain Indiana municipal securities, secured repurchase agreements fully collateralized by U.S. Treasury or U.S. agency obligations, certificates of deposit, and certain money market mutual funds invested in U.S. Treasury or U.S. agency obligations.

It is the policy of the City to invest public funds for terms up to five years.

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to the transaction, the City will not be able to recover the value of investment or collateral securities that are in possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments. The City believes it is not exposed to investment custodial credit risk because its securities are held in trust in the City's name.

Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. The City has no formal policy regarding interest rate risk. Beginning in 2014, the City may invest in securities for more than two years and not more than five years in accordance with Indiana law. Under this policy, investments having maturities of more than two years are limited to 25% of the total portfolio. Below is a segmented time distribution for the City's debt investments at December 31, 2015:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 5	More than 5
United States Treasury notes	\$ 14,002,485	\$ -	\$ 14,002,485	\$ -
Government sponsored enterprises:	800,000	800,000	-	-
Money market mutual funds	125,466	-	125,466	-
Total	\$ 14,927,951	\$ 800,000	\$ 14,127,951	\$ -

Concentration risk is the risk that too many resources have been invested in a single issuer, and that issuer may fail. The City believes it is not exposed to concentration risk because less than 5% of its investments are in a single issuer, other than the United States Government and its agencies.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy regarding credit risk is to comply with Indiana law, which limits the City to very low-risk investments.

The City has no deposits or investments denominated in foreign currencies and does not foresee having any foreign currency risk in the future.

B. Receivables and Transfers

1. Receivables

Receivables at December 31, 2015, for governmental activities of the City's individual major governmental funds and nonmajor governmental funds, in the aggregate, consisted of the following:

Revenue Source	General	Redevelopment Commission	Redevelopment Authority Service	Redevelopment Debt Authority Projects	Redevelopment Capital	Motor Vehicle Highway	Nonmajor
Property taxes	\$ 1,214,685	\$ -	\$ -	\$ -	\$ -	\$ 392,242	\$ 65,891
Income taxes	19,348,742	-	-	-	-	-	-
Other	-	-	-	-	-	-	274,150
Intergovernmental	799,349	-	-	-	-	-	564,436
Total	\$ 21,362,776	\$ -	\$ -	\$ -	\$ -	\$ 392,242	\$ 904,477

Receivables at December 31, 2015, for business-type activities of the City's individual major enterprise funds, in the aggregate, consisted of the following:

<u>Revenue Source</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Nonmajor Utility</u>	<u>Total</u>
Accounts and other	\$ 2,897,516	\$ 2,190,441	\$ 225,430	\$ 5,313,387

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the fiscal year, the various components of unavailable revenue reported in governmental funds were as follows:

Governmental Funds:

<u>Description</u>	<u>Unavailable Revenue</u>
Property taxes	\$ 1,672,818
Income taxes	14,322,275
Ambulance fees	158,598
Intergovernmental	1,101,785
Total unavailable revenue	<u>\$ 17,255,476</u>

2. Transfers

a) Transfers among Governmental Funds

<u>Transfers out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Redevelopment Commission</u>	<u>Redevelopment Authority Debt Service</u>	<u>Nonmajor Funds</u>	
General	\$ -	\$ 5,036,000	\$ 7,644,332	\$ 700,000	\$ 13,380,332
Redevelopment Commission	350,097	-	20,651,000	-	21,001,097
Nonmajor	-	-	1,582,818	-	1,582,818
Total	<u>\$ 350,097</u>	<u>\$ 5,036,000</u>	<u>\$ 29,878,150</u>	<u>\$ 700,000</u>	<u>\$ 35,964,247</u>

b) Transfers between Governmental and Enterprise Funds

<u>Transfers out</u>	<u>Transfers In</u>		<u>Total</u>
	<u>Redevelopment Commission</u>	<u>Motor Vehicle Highway Special Revenue</u>	
Nonmajor enterprise	<u>\$ 400,000</u>	<u>\$ 614,100</u>	<u>\$ 1,014,100</u>

Significant transfers included the following:

The General Fund transferred \$7,644,332 to the Redevelopment Authority Debt Service Fund to cover debt service.

The General Fund transferred \$700,000 to a nonmajor fund for arts grants.

The General Fund transferred \$5,036,000 to the Redevelopment Commission Fund to compensate for a bond payment made by the Redevelopment Commission.

The Redevelopment Commission Fund transferred \$350,097 to the General Fund as a general purpose grant.

The Redevelopment Commission Fund transferred \$20,651,000 to the Redevelopment Authority Debt Service Fund to cover debt service payments.

A nonmajor fund transferred \$1,582,818 to the Redevelopment Authority Debt Service Fund to cover debt service payments.

A nonmajor enterprise fund transferred \$400,000 to the Redevelopment Commission Fund as a general purpose grant.

A nonmajor enterprise fund transferred \$614,100 to the Motor Vehicle Highway Fund as provided by ordinance.

C. Capital Assets

Capital asset activity for Governmental Activities for the year ended December 31, 2015, was as follows:

	Balance Dec 31, 2014	Additions/ Transfers In	Deletions/ Transfers Out	Balance Dec 31, 2015
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 140,148,863	\$ 168,800	\$ -	\$ 140,317,663
Construction in progress	12,590,424	2,250,284	-	14,840,708
Total capital assets, not being depreciated	<u>152,739,287</u>	<u>2,419,084</u>	<u>-</u>	<u>155,158,371</u>
Capital assets, being depreciated				
Buildings and improvements	193,005,903	8,721	-	193,014,624
Machinery, equipment, and vehicles	36,501,501	2,997,419	238,553	39,260,367
Infrastructure	437,811,219	3,634,473	-	441,445,692
Total capital assets, being depreciated	<u>667,318,623</u>	<u>6,640,613</u>	<u>238,553</u>	<u>673,720,683</u>
Less accumulated depreciation, for				
Buildings and improvements	25,201,765	4,250,257	-	29,452,022
Machinery, equipment, and vehicles	12,654,886	2,170,276	169,276	14,655,886
Infrastructure	87,198,347	9,459,972	-	96,658,319
Total accumulated depreciation	<u>125,054,998</u>	<u>15,880,505</u>	<u>169,276</u>	<u>140,766,227</u>
Total capital assets, being depreciated, net	<u>542,263,625</u>	<u>(9,239,892)</u>	<u>69,277</u>	<u>532,954,456</u>
Governmental activities capital assets, net	<u>\$ 695,002,912</u>	<u>\$ (6,820,808)</u>	<u>\$ 69,277</u>	<u>\$ 688,112,827</u>

Capital asset activity for Business-Type Activities for the year ended December 31, 2015, was as follows:

	Balance Dec 31, 2014	Additions/ Transfers In	Deletions/ Transfers Out	Balance Dec 31, 2015
Business-Type Activities:				
Capital assets, not being depreciated:				
Land & land rights	\$ 117,691	\$ -	\$ -	\$ 117,691
Construction in progress	22,161,621	704,721	8,329,852	14,536,492
Total capital assets, not being depreciated	<u>22,279,312</u>	<u>704,721</u>	<u>8,329,852</u>	<u>14,654,183</u>
Capital assets, being depreciated:				
Utility plant & equipment in service	301,147,118	11,285,478	(527,461)	312,960,057
Total capital assets, being depreciated	<u>301,147,118</u>	<u>11,285,478</u>	<u>(527,461)</u>	<u>312,960,057</u>
Less accumulated depreciation for				
Utility plant & equipment in service	65,358,360	6,723,110	(527,461)	71,554,009
Total capital assets, being depreciated, net	<u>235,788,758</u>	<u>4,562,368</u>	<u>-</u>	<u>241,406,048</u>
Business-Type activities capital assets, net	<u>\$ 258,068,070</u>	<u>\$ 5,267,089</u>	<u>\$ 8,329,852</u>	<u>\$ 256,060,231</u>

Depreciation expense was charged as follows for the year ended December 31, 2015:

	Depreciation Expense
Governmental Activities:	
General Government	\$ 125,250
Economic Development	32,786
Culture & Recreation	5,116,829
Public Safety	1,387,472
Streets and other infrastructure	<u>9,218,169</u>
Total Governmental Depreciation	<u>15,880,505</u>
Business-Type Activities:	
Utility plant & equipment in service	<u>6,723,110</u>
Total Business-Type Depreciation	<u>6,723,110</u>
Total Depreciation	<u>\$ 22,603,615</u>

D. Noncurrent Liabilities

1. Changes in Long-Term Debt Obligations and Other Liabilities

The following is a summary of changes in long-term obligations for the year ended December 31, 2015:

	Balance Jan 1, 2015	Additions	Reductions	Balance Dec 31, 2015	Due Within One Year
Governmental Activities:					
Bonds and contract purchases	\$ 437,433,936	\$ 1,250,744	\$ (15,768,608)	\$ 422,916,072	\$ 17,307,515
Unamortized bond premium	22,845,807	-	(1,780,868)	21,064,939	-
Capital leases	<u>5,927,565</u>	<u>2,162,178</u>	<u>(1,861,474)</u>	<u>6,228,269</u>	<u>1,658,294</u>
Subtotal	466,207,308	3,412,922	(19,410,950)	450,209,280	18,965,809
Compensated absences	<u>617,292</u>	<u>770,334</u>	<u>(757,988)</u>	<u>629,638</u>	<u>629,638</u>
Total bonds, contract purchases, capital leases, and compensated absences	<u>\$ 466,824,600</u>	<u>\$ 4,183,256</u>	<u>\$ (20,168,938)</u>	<u>450,838,918</u>	<u>\$ 19,595,447</u>
Less, current portion					
Portion of above due in one year				19,595,447	
Portion of capital leases payable due in more than one year				<u>4,569,975</u>	
				<u>24,165,422</u>	
Bonds payable due in more than one year				<u>\$ 426,673,496</u>	

Liabilities other than debt, which are ordinarily employment related, such as compensated absences, pensions, and other post employment benefits, have been liquidated in prior years by the same governmental funds which expended the regular compensation to the affected employees. When liabilities have arisen, other than debt, which were not related to compensation, the liabilities have ordinarily been liquidated by the governmental funds which financed the activities that gave rise to the liabilities.

	Balance Jan 1, 2015	Additions	Reductions	Balance Dec 31, 2015	Due Within One Year
Business-Type Activities:					
Sewer utility revenue bonds	22,881,003	-	(1,849,126)	21,031,877	1,256,303
Sewer utility bond premium	84,278	-	(19,487)	64,791	-
Sewer utility bond discount	(20,632)	-	1,391	(19,241)	-
Water utility revenue bonds	111,309,010	1,705,637	(1,585,000)	111,429,647	1,905,000
Water utility other long-term debt	15,035,153	-	(972,175)	14,062,978	1,552,294
Water utility bond premium	574,589	-	(26,934)	547,655	-
Subtotal	149,863,401	1,705,637	(4,451,331)	147,117,707	4,713,597
Utility capital leases	278,310	-	(77,325)	200,985	79,059
Compensated absences	392,400	14,616	(10,153)	396,863	396,863
Total business-type activities long-term liabilities	\$ 150,534,111	\$ 1,720,253	\$ (4,538,809)	\$ 147,715,555	\$ 5,189,519
Less, current portion				5,189,519	
Noncurrent bonds, capital leases, and compensated absences				142,526,036	
Retiree health care				1,773,512	
Pension liability				4,872,549	
Bonds payable due in more than one year				<u>\$ 149,172,097</u>	

The City administration believes it is in compliance with Federal arbitrage regulations, which apply to bonded debt, and that the City's liability, if any, under these regulations, is not material.

Governmental Activities Long-Term Debt:

Bonds issued in order to acquire capital assets, for which the City has pledged an unlimited ad valorem property tax levy to satisfy the principal and interest on the bonds as they become due:

	Interest Rate	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
Lease Rental Revenue Refunding Bonds of 2011	3.000%- 5.000%	2011	2024	\$ 25,190,000	\$ 19,470,000
Lease Rental Revenue Multipurpose Bonds, Series 2012A	2.625%- 4.000%	2012	2038	115,900,000	115,900,000
Lease Rental Revenue Multipurpose Bonds, Series 2012B	0.608%- 3.000%	2012	2025	69,245,000	62,655,000
Lease Rental Revenue Bonds of 2005 (unrefunded portion)	7.600%- 8.450%	2005	2026	19,649,150*	38,631,072
Redevelopment District Bonds of 2013	2.000%- 4.000%	2013	2035	6,535,000	6,535,000
Lease Rental Revenue Refunding Bonds, Series 2014	3.000%- 3.125%	2014	2027	55,685,000	55,685,000

* Original amount of capital appreciation bond represents the original purchase price.

In the year ended December 31, 2015, the total of payments on the bonds listed above was 0.280% of taxable assessed value.

Bonds issued in order to acquire capital assets, for which the City has pledged its county option income tax (COIT) revenue up to the amount needed to satisfy the principal and interest on the bonds as they become due:

	<u>Interest Rate</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
COIT Lease Rental Revenue Refunding Bonds, Series 2006 City Center	5.110%- 5.270%	2006	2018	8,785,000	2,630,000
COIT Lease Rental Revenue Refunding Bond, Series 2006 NW Clay (unrefunded)	4.250%- 5.000%	2006	2017	9,865,000*	5,105,000
COIT Lease Rental Revenue Bonds of 2010	3.000%- 4.500%	2010	2031	25,675,000	25,225,000
COIT Refunding Bonds of 2011	2.320%	2011	2022	7,180,000	4,900,000
COIT Lease Rental Revenue Refunding Bond, Series 2014A	3.000%- 4.000%	2014	2018	9,380,000	5,995,000
COIT Lease Rental Revenue Refunding Bond, Series 2014B	3.000%- 5.000%	2014	2027	46,795,000	45,885,000

* Original amount refers to the original amount of the *non-refunded portion only* of any partially refunded bonds. In the year ended December 31, 2015, the total of payments on the bonds listed immediately above was 35.4% of annual county option income tax revenue.

Bonds issued in order to acquire capital assets, for which the City has pledged its incremental tax revenue from certain allocation areas up to the amount needed to satisfy the principal and interest on the bonds as they become due:

	<u>Interest Rate</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Taxable Tax Increment Revenue Bonds, Series 2004A	6.6500%	2004	2024	9,500,000	5,860,000

In the year ended December 31, 2015, the total of payments on the bonds listed immediately above was 4.3% of annual incremental tax revenue.

Contract purchases of capital assets:

	<u>Interest Rate</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Certificates of Participation 2010	LIBOR	2010	2035	16,300,000	15,205,000
Loft A Private Placement 2011	LIBOR	2011	2033	9,630,000	8,735,000
Secondary Village 2011	LIBOR	2011	2029	5,500,000	4,500,000
Capital Leases	3.400%- 7.650%	2005-2015	2026	N/A	6,228,269
Compensated Absences	N/A	N/A	N/A	N/A	629,638
Total bond principal, contract purchases, capital leases, and compensated absences.					429,773,979
Bond premium					21,064,939
Total governmental activities bonds, contract purchases, capital leases, and compensated absences.					<u>\$ 450,838,918</u>

Business-Type Activities Long-Term Debt:

Bonds issued in order to acquire capital assets, for which the City has pledged its sewer or water user fee revenue up to the amount needed to satisfy the principal and interest on the bonds for the term of the bonds:

	<u>Interest Rate</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Sewer Utility 2009 SRF	4.200%	2009	2030	\$ 5,894,000	\$ 4,345,877
Sewer Utility 2012 Revenue	2.000%-	2012	2032	11,040,000	10,125,000
Sewer Utility 2005 Revenue	4.170%-	2005	2026	11,000,000	6,561,000
Water Utility 2008 Coupon	4.000%-	2008	2034	64,020,000	60,920,000
Water Utility Capital	4.000%-	2008	2025	20,644,479	31,114,647
Water Utility Junior	2.000%-				
Waterwork Revenue Bond	4.000%	2012	2036	21,625,000	19,395,000
Water Utility Other Long-Term Debt					14,062,978
Bond Premium/ Discount					593,206
Total bonded debt, including amount due in one year					147,117,708
Capital Leases		2009	2017	N/A	200,985
Compensated Absences	N/A	N/A	N/A	N/A	396,863
Total business-type activities bonds, capital leases, and compensated absences.					147,715,556
Total City bonds, capital leases, and compensated absences.					<u>\$ 598,554,474</u>

In the year ended December 31, 2015, the total of payments on the bonds listed immediately above was 52.0% of annual sewer or water user fee revenue.

The City has pledged up to \$1,115,000 of county option income tax revenue, payable in the event an overlapping unit of government is unable to service certain debt. The City does not expect to be called upon to make these payments.

The City expects the pledged revenue will be more than sufficient to satisfy the principal and interest on the obligations listed above. This revenue is not pledged to satisfy any other obligations, nor is it committed for operating or other necessary expenditures.

2. Debt Service Requirements to Maturity

Governmental Activities:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>December 31</u>			
2016	\$ 17,307,515	\$ 17,023,958	\$ 34,331,473
2017	18,453,576	16,795,990	35,249,566
2018	19,203,855	16,010,301	35,214,156
2019	18,048,551	16,093,561	34,142,112
2020	19,037,897	16,621,618	35,659,515
2021 - 2025	101,337,293	72,294,565	173,631,858
2026 - 2030	116,833,019	34,020,581	150,853,600
2031 - 2035	63,223,835	12,972,622	76,196,457
2036 - 2040	28,905,000	1,757,100	30,662,100
Total	402,350,541	<u>\$ 203,590,296</u>	<u>\$ 605,940,837</u>
Excess of the present value of future payments over the unpaid principal of capital appreciation bonds.	<u>20,565,531</u>		
Bonds and contract purchases	<u>\$ 422,916,072</u>		

Business-Type Activities:

Year Ended			
<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,761,656	\$ 7,189,841	\$ 11,951,497
2017	4,706,487	6,714,114	11,420,601
2018	5,137,113	6,629,453	11,766,566
2019	5,600,762	6,524,891	12,125,653
2020	6,149,059	6,399,895	12,548,954
2021 - 2025	42,313,675	29,406,541	71,720,216
2026 - 2030	45,719,568	21,037,813	66,757,381
2031 - 2035	20,591,999	6,323,575	26,915,574
2036 - 2040	<u>1,275,000</u>	<u>30,038</u>	<u>1,305,038</u>
Total	136,255,319	<u>\$ 90,256,161</u>	<u>\$ 226,511,480</u>

Excess of the present value of future payments over the unpaid principal of capital appreciation bonds.	10,470,167
Premium	593,206
Capital leases	<u>(200,985)</u>
Bonded debt	<u>\$ 147,117,707</u>

3. Capital Leases

The City has entered into various capital leases for equipment for various departments, including Police, Fire, Streets, and for a golf course. As of December 31, 2015, the City had assets with an original cost of \$12,720,539 and accumulated depreciation of \$4,688,551 financed through capital leases.

Capital Leases:

Year Ended			
<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,658,294	\$ 183,697	\$ 1,841,991
2017	1,713,599	135,061	1,848,661
2018	1,053,246	87,854	1,141,101
2019	720,056	58,108	778,164
2020	447,502	36,480	483,982
2021 - 2025	572,202	73,548	645,750
2026 - 2030	63,371	1,204	64,575
2031 - 2035	-	-	-
Total	<u>\$ 6,228,270</u>	<u>\$ 575,954</u>	<u>\$ 6,804,224</u>

The Sewer Utility entered into a capital lease for certain equipment. As of December 31, 2015, the Utility had assets with an original cost of \$394,744 and accumulated depreciation of \$19,737 financed through capital leases.

Capital Leases:

Year Ended			
<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 79,060	\$ 4,044	\$ 83,104
2017	80,832	2,271	83,103
2018	<u>41,093</u>	<u>458</u>	<u>41,551</u>
Total	<u>\$ 200,985</u>	<u>\$ 6,773</u>	<u>\$ 207,758</u>

4. Operating Leases

The City owns a certain office building and is lessor to certain private tenants. The carrying value of the office and theater building is \$20,500,000, and depreciation expense for the year ended 2015 was \$410,000.

5. Other Commitments

The City had various obligations outstanding at December 31, 2015, on contracts not completed. Those commitments are recorded as encumbrances and shown as assigned fund balance in the General Fund. In other funds, these commitments, if any, are included in, and do not exceed, the committed or restricted fund balances of the respective funds. Construction commitments outstanding in the Redevelopment Authority Debt Service Fund totaled \$783,752. Construction commitments for the Water and Sewer Enterprise Funds were less than \$100,000.

6. Nominal Debt Used as Tax Incentives

The City has entered into certain transactions for the purpose of providing tax incentives to private firms to redevelop designated property meeting certain criteria. Although the incentives take the legal form of debt, neither the City nor any other entity is ultimately liable. For the designated property, the private firm is the property owner, the buyer of the bonds, and the sole taxpayer. There is no recourse to the City. If the private firm makes improvements on the property, incremental property tax revenue is generated, and some portion of that revenue is pledged to the payment of the bonds. In effect, the private firm is reimbursed for a portion of the incremental property tax it paid. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

- 2006 B Taxable Economic Development Revenue Bonds (Buckingham-Gramercy Project)
- 2011 Taxable Economic Development Revenue Bonds (Meridian and Main)
- 2011 Taxable Economic Development Revenue Bonds (116th Street Centre Project)
- 2011 B Subordinate Economic Development Revenue Bonds (Arts District Shops and Lofts)
- 2013 A Taxable Economic Development Revenue Bonds (Legacy Project)

E. Risk Management; Claims

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. The City administration believes these risks are adequately covered by the purchase of insurance. Settlements in excess of insurance, if any, have not been material in the past three years.

The City has chosen to establish a Self Insurance Fund to mitigate the risk of loss related to employee health claims. An excess liability policy through commercial insurance covers individual claims in excess of \$175,000 per year and provides an aggregate commercial insurance coverage of amounts over \$13,043,734. There were no significant reductions in insurance coverages from prior years. Settled claims resulting from this risk did not exceed aggregate commercial insurance coverage in the three years ended December 31, 2015.

Amounts are paid into the Fund by user departments. Funds are available for claims, claim reserves, and administrative costs of the program. Interfund transfers into the Fund are based upon the actual claims incurred of each department's current year eligible employees. The basis for estimating unpaid claims, including specific incremental claim adjustment expenditures, if any, is a study of actual claims experience in recent past periods.

Changes in the balance of claim liabilities are as follows:

	<u>2015</u>
Unpaid claims, beginning of fiscal year	\$ 1,460,515
Incurred claims and changes in estimates	10,055,225
Claim payments	<u>10,722,144</u>
Unpaid claims, end of fiscal year	<u>\$ 793,596</u>

The City did not prepare financial statements in accordance with generally accepted accounting principles in the year prior to the year ended December 31, 2015. Accordingly, changes in the balances of claims liabilities are not available for that year.

F. Pension Plans

1. Single-Employer Defined Benefit Pension Plans

Plan Description

The Municipal Police Officers' 1925 and Firefighters' 1937 Plans are distinct single-employer defined benefit pension plans. The plans are administered by local pension boards. The plans provide retirement, disability, and death benefits to plan members and beneficiaries. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

As established by Indiana law, the boards for the police officers' and firefighters' plans consist of eight and five members, respectively. On each board, the mayor of the City and the chief of each department serve ex officio. On the police board, the clerk-treasurer of the City also serves ex officio. The remaining members are elected by the active members, police and firefighters, respectively. At least one member of each board must be a retired beneficiary of the respective plan.

Benefits provided:

Members of the police and fire departments hired prior to May 1, 1977, who retire with 20 or more years of active duty receive fifty percent of the salary of a first class patrol officer or firefighter plus:

1. If retired prior to January 1, 1986, receives 2% of the first class salary for each year of service in excess of 20, or;
2. If retired after December 31, 1985, receives 1% of first class patrolman salary for each 6 months of service in excess of 20 years. The total benefit may not exceed 74% of first class salary.

Effectively, benefits are subject to a cost of living adjustment because they are tied to current members' salaries, which tend to be adjusted each year, as opposed to the historical salaries of the retirees.

The plans also offer a disability benefit whereby members of the police and fire departments who have suffered or contracted a mental or physical disease or disability that renders the member unable to perform the essential function of the department will receive the greater of 55% of first class salary or the pension benefit the member would have received if the member had retired on the disability date.

The plans also provide a death benefit for a surviving spouse to receive the greater of

1. 30% of the monthly pay of a first class patrol officer, or
2. 55% of the benefit the retiree was receiving.

In addition, each child of the deceased member will receive 20% of the monthly pay of a first class officer or firefighter. Total benefit for all such beneficiaries may not exceed the pension benefit the deceased member was receiving. In addition to the above benefit, a funeral benefit of \$12,000 will be paid to heirs of the deceased member.

Membership in the Plans as of the most recent actuarial valuation was comprised of the following:

	<u>Police</u>	<u>Fire</u>
Retirees and beneficiaries currently receiving benefits	14	15
Terminated employees entitled to but not yet receiving benefits	-	-
Current active employees	-	-
Total Plan Members	<u>14</u>	<u>15</u>

The plans are closed to new entrants.

Active members of the 1925 Police Officers' and 1937 Firefighters' plans had the option of converting to the 1977 Police Officers' and Firefighters' Fund, which is described more fully below. Converttees were given a \$10,000 bonus by the State of Indiana for exercising the option to convert. After such a conversion, the member is covered by the benefit structure of the new plan, but the benefits are still financed by the local unit. Of the Carmel members, four retired police officers and three retired firefighters converted.

Active members of the 1925 Police Officers' and 1937 Firefighters' plans had the option of participating in the deferred retirement option plan (DROP). Under that plan, an active member could declare in advance a future retirement date. From the time of that declaration, contributions on behalf of that member would have been segregated into a separate fund for his benefit. Upon retirement, the member would have several options with regard to taking the balance in this fund in the form of a lump sum or future payments. The member's regular retirement benefits would be paid as if he had retired on his declaration date. The City has no participants in DROP.

Contributions:

The plans are administered on a pay as you go basis. Plan members are required by Indiana law to contribute an amount equal to 6 percent of the salary of a first class patrolman. For the year ended December 31, 2015, the State of Indiana contributed \$534,143 to the '25 Police Officers' Plan and \$562,264 to the '37 Firefighters' Plan on behalf of the City during the fiscal year.

Net Pension Liability and Pension Expense:

The City's net pension liability of \$10,031,227 for the '25 Police Officers' Plan and \$10,958,342 for the '37 Firefighters' Plan was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For the year ended December 31, 2015, the City recognized pension expense of \$488,976 for the '25 Police Plan and \$521,717 for the '37 Firefighters Plan.

Assumptions and Other Inputs

Measurement Date	December 31, 2014
Valuation Date	December 31, 2014 – Firefighters members' census data as of January 1, 2014, and Police Officers' member census data as of January 1, 2015, was used in the valuation.
Mortality and Mortality Improvement	<u>SOA published mortality table:</u> RP-2014 adjusted to 2006 blue collar mortality table. Separate tables for male and female participants. Separate tables for active employees, healthy annuitants, and disabled participants. <u>SOA published mortality improvement scale:</u> MP-2015 generational, which projects mortality improvement indefinitely beginning with high initial improvement (based on recent experience) and tapering to a lower level of improvement for long-term mortality projections.
Discount Rate	3.68%
Investment Earnings Rate	The plans maintain no investments and has no expectation of future earnings from investments. The plans' assets are cash balances available for incidental expenses. These are managed in the same way as other City deposits and may earn negligible returns from interest bearing accounts.
Cost of Living Increase:	
1925 or 1937 Plan	0.00% for 2015, 2.5% thereafter
1977 Plan Converted	2.78% for 2015, 2.5% thereafter

Changes in the Net Pension Liability:

	'25 Police Officers' Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2014	\$ 10,220,740	\$ 148,615	\$ 10,072,125
Changes for the year:			
Service Cost	-	-	-
Interest on total pension liability	367,444	-	367,444
Effect of plan changes	-	-	-
Effect of economic/demographic gains and losses	125,844	-	125,844
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(535,016)	(535,016)	-
Employer contributions	-	534,143	(534,143)
Member contributions	-	-	-
Net investment income	-	143	(143)
Administrative expenses	-	(100)	100
Balances as of December 31, 2015	<u>\$ 10,179,012</u>	<u>\$ 147,785</u>	<u>\$ 10,031,227</u>
Fiduciary net position as a percentage of total pension liability			<u>1.5%</u>

	'37 Firefighters' Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance as of December 31, 2014	\$ 11,028,789	\$ 30,909	\$ 10,997,880
Changes for the year:			
Service Cost	-	-	-
Interest on total pension liability	396,965	-	396,965
Effect of plan changes	-	-	-
Effect of economic/demographic gains and losses	125,812	-	125,812
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(553,859)	(553,859)	-
Employer contributions	-	562,264	(562,264)
Member contributions	-	-	-
Net investment income	-	51	(51)
Administrative expenses	-	-	-
Balances as of December 31, 2015	<u>10,997,707</u>	<u>39,365</u>	<u>\$ 10,958,342</u>
Fiduciary net position as a percentage of total pension liability			<u>0.4%</u>

Sensitivity to Net Pension Liability to Changes in the Discount Rate:

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the City's net pension liability, calculated using the single discount rate of 3.60%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
'25 Police Officers' Plan	\$ 11,322,357	\$ 10,031,227	\$ 8,960,029
'37 Firefighters' Plan	\$ 12,413,586	\$ 10,958,342	\$ 9,758,723

On-behalf payments

The State of Indiana granted substantially all of the funds needed to cover the benefit payments of the 1925 Police Pension Plan and the 1937 Firefighters Pension Plan for the year ended December 31, 2015. The amounts were \$534,143 and \$562,264, respectively. The State of Indiana is not obligated to make such grants in the future, and the City remains liable for future pension expenditures.

STATEMENT OF FIDUCIARY NET POSITION - PENSION FUNDS
December 31, 2015

	<u>'25 Police Pension Trust Fund</u>	<u>'37 Fire Pension Trust Fund</u>
ASSETS: cash and investments	\$ 147,848	\$ 39,468
LIABILITIES: payroll withholdings	<u>63</u>	<u>103</u>
NET POSITION: restricted for pensions	<u>\$ 147,785</u>	<u>\$ 39,365</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION FUNDS
For The Year Ended December 31, 2015

	<u>'25 Police Pension Trust Fund</u>	<u>'37 Fire Pension Trust Fund</u>
ADDITIONS:		
State of Indiana contributions	\$ 534,143	\$ 562,264
Investment Income	<u>143</u>	<u>51</u>
Total additions	<u>534,286</u>	<u>562,315</u>
DEDUCTIONS:		
Benefits	535,016	553,859
Other Services and Charges	<u>100</u>	<u>-</u>
Total deductions	<u>535,116</u>	<u>553,859</u>
NET INCREASE (DECREASE) IN NET POSITIC	(830)	8,456
NET POSITION: beginning	<u>148,615</u>	<u>30,909</u>
NET POSITION: ending - restricted for pensions	<u>\$ 147,785</u>	<u>\$ 39,365</u>

2. Cost-Sharing Multiple Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description:

The City contributes to the Public Employees' Retirement Fund (PERF), which is administered by the Indiana Public Retirement System (INPRS). It is a cost sharing, multiple-employer defined benefit plan. PERF provides retirement, disability, and survivor benefits to full-time employees of the State not covered by another plan, those political subdivisions that elect to participate in the retirement plan, including the City of Carmel, and certain INPRS employees. There are two tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan).

There are two aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement.

The PERF ASA Only Plan is funded by an employer and a member for the use of the member, or the member's beneficiaries or survivors, after the member's retirement. The PERF ASA Only Plan members are employees who are in a position eligible for membership in the PERF Hybrid Plan and who elect to become members of the PERF ASA Only Plan. The PERF ASA Only Plan membership does not include individuals who: (1) before March 1, 2013; were members of the PERF Hybrid Plan or (2) on or after March 1, 2013, do not elect to participate in the PERF ASA Only Plan.

Members are required to participate in the ASA. The ASA consists of the member's contributions, set by statute at three percent of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member's account. The employer may elect to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10 percent of their compensation into their ASA. A member's contributions and interest credits belong to the member and do not belong to the State or political subdivision.

Investments in the members' ASA are individually directed and controlled by plan participants who direct the investment of their account balances among eight investment options, with varying degrees of risk and return potential. All contributions made to a member's account are invested as a combined total according to the member's investment elections. Members may make changes to their investment directions daily and investments are reported at fair value.

Pension Plan Report and Fiduciary Net Position:

The pension plan's fiduciary net position has been determined on the same basis of accounting used by the pension plan. Detailed information about the pension plan's fiduciary net position is available in the separately issued INPRS financial report, which is available online at <http://www.inprs.in.gov> or may be obtained by contacting:

Indiana Public Retirement System
One North Capitol Avenue, Suite 001
Indianapolis, Indiana 46204
Ph. (888)526-1687

Retirement Benefits:

Defined Benefit Pension: The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's ASA. Pension benefits (non ASA) vest after 10 years of creditable service. The vesting period is eight years for certain elected officials. Members are immediately vested in their ASA. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's ASA, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their ASA and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the ASA. A non-vested member who terminates employment prior to retirement may withdraw his/her ASA after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four consecutive calendar quarters. The same calendar quarter may not be included in two different groups. For PERF members who serve as an elected official, the highest one year (total of four consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2015 or on June 30, 2014; however, eligible members received a one-time check (a.k.a. 13th check) in September 2014 and September 2013. The amount of the one-time check ranged from \$150 to \$450, depending upon a member's years of service. The September 2014 one-time check was for a member who retired or was disabled on or before December 1, 2013, and who was entitled to receive a monthly benefit on July 1, 2014. The September 2013 one-time check was for a member who retired or was disabled on or before December 1, 2012, and who was entitled to receive a monthly benefit on July 1, 2013.

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five years of creditable service and becomes disabled while in active service, on FMLA leave, receiving worker's compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for Social Security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that of the normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit that would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

Funding Policy:

Members are obligated by statute to make contributions to the PERF Hybrid Plan or the PERF ASA Only Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers.

The PERF Hybrid Plan or the PERF ASA Only Plan members contribute three percent of covered payroll to their ASA, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. For the PERF Hybrid Plan, the employer may elect to make the contributions on behalf of the member. The employer shall pay the member's contributions on behalf of the member for the PERF ASA Only Plan. In addition, members of the PERF Hybrid Plan (and the PERF ASA Only Plan) may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their ASA.

PERF covered employees are required to contribute 3% of their compensation to the Fund and the City is required to contribute amounts, which are actuarially determined, sufficient to fund the retirement benefits. The City contributes the 3% employee's portion. In addition, some employees elect to make additional voluntary contributions to their PERF ASA Only Plans.

The following represents the City's annual required contributions:

<u>Year Ended December 31</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2015	\$ 1,802,458	100%

Significant Actuarial Assumptions:

The total pension liability is determined by INPRS actuaries in accordance with GASB No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

Asset valuation date – June 30, 2015

Liability valuation date – June 30, 2014 - Member census data as of June 30, 2014, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2014, and June 30, 2015. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2014, to the June 30, 2015, measurement date.

Experience study date – Period of 5 years ended June 30, 2010

Actuarial cost method – Entry age normal (level percent of payroll)

Investment rate of return – 6.75%

Interest Rate/ Investment Return:

Funding 6.75% (net of administrative and investment expenses)

Accounting 6.75% (net of investment expenses)

Future Salary Increases – Based on 2010-2014 experience. Illustrative rates shown below:

<u>Age</u>	<u>Inflation</u>	<u>Productivity, Merit, and Promotion</u>	<u>Total Individual Salary growth</u>
<31	2.25%	2.00%	4.25%
31-45	2.25%	1.50%	3.75%
46-55	2.25%	1.00%	3.25%
56-60	2.25%	0.50%	2.75%
>=61	2.25%	25.00%	2.50%

Cost of living increases – 1.0% per year in retirement beginning January 1, 2017. 13th checks were provided to members in pay status in lieu of a permanent cost-of-living increase in fiscal 2015 and 2016.

Interest on Member ASA Balances – 2.25% per year

Mortality (Healthy and Disabled) – RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report.

Retirement – Based on PERF experience 2010-2014.

Benefit Commencement Timing:

Active members – If eligible for a reduced early retirement benefit upon termination from employment, 33% commence immediately and 67% defer to earliest unreduced retirement age.

If eligible for an unreduced retirement benefit upon termination from employment, 100% commence immediately.

Terminated vested members – 100% defer to earliest unreduced retirement age. If currently eligible for an unreduced retirement benefit, 100% commence immediately.

Disability – based on 2010-2014 experience.

Decrement timing – decrements are assumed to occur at the beginning of the year.

Spouse/beneficiary – 75% of male members and 60% of female members are assumed to be married and or to have a dependent beneficiary. Male members are assumed to be three years older than their spouses and female members are assumed to be two years younger than their spouses.

Prior to January 1, 2017:

40% of active members who decrement while vested are assumed to withdraw their ASA balance immediately upon decrement.

40% of vested inactive members are assumed to withdraw their ASA balance immediately on the valuation date.

100% of active members who decrement prior to vesting are assumed to withdraw their ASA balance immediately upon decrement.

100% of non-vested inactive members are assumed to withdraw their ASA balance immediately on the valuation date.

Beginning January 1, 2017:

100% of active members are assumed to withdraw their ASA balance immediately upon decrement.

100% of inactive members are assumed to withdraw their ASA balance immediately.

ASA Annuitization:

Prior to January 1, 2017:

60% of active members who decrement while vested are assumed to annuitize their ASA balance at their assumed retirement age.

60% of vested inactive members are assumed to annuitize their ASA balance at their assumed retirement age.

Data Assumptions:

Actives and inactives with no date of birth are assumed to be the average age of the member population with their respective status.

Additionally, payroll for new hires is annualized.

Retirees and disabled members who are not married and do not have retirement option listed are assumed to elect a 5-year certain and life annuity. Retirees and disabled members who are married and do not have a retirement option listed are assumed to be receiving a 100% joint and survivor annuity. Beneficiaries who do not have a retirement option listed are assumed to receive monthly payments for life. Spouse gender is assumed to be the opposite gender of the member.

Actives and inactives with a date of death who have not received a distribution of their ASA or commenced a pension annuity are included in the valuation as follows (provided by INPRS):

For non-vested members, the ASA balance is included in the valuation

For vested members, the ASA balance is included in the valuation if one or more of the following is true:

Date of death is more than 3 years before the valuation date

Age of the member is greater than or equal to 65 with less than 10 years of creditable service

Age of the member is less than or equal to 65 with less than 15 years of creditable service

If none of the items listed above are met, the ASA Balance and estimated pension annuity are included in the valuation.

An assumption study was performed in April 2015 resulting in an update to the following assumptions:

Inflation decreased from 3.00% to 2.25%

The future salary increase rate decreased from a table ranging from 3.25% to 4.50% to a table ranging from 2.50% to 4.25%

Mortality changed from the 2013 IRS Static Mortality projected five years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report

Retirement, Termination and Disability rates were adjusted to reflect recent experience

The ASA Annuitization was updated from 50% of members assumed to annuitize the ASA balance to 60% of members prior to January 1, 2017

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long Term Expected Rate of Return</u>
Public equity	22.5%	5.3%
Private equity	10.0%	5.6%
Fixed income – inflation-linked	22.0%	2.1%
Fixed income – inflation-linked	10.0%	0.7%
Commodities	8.0%	2.0%
Real estate	7.5%	3.0%
Absolute return	10.0%	3.9%
Risk parity	10.0%	5.0%

Total pension liability for each defined benefit pension plan was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers, and, where applicable, from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by state statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on those assumptions, each defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Net pension liability is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the net pension liability of each defined benefit pension plan calculated using the discount rate of 6.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	5.75%	6.75%	7.75%
2015	\$ 20,490,474	\$ 13,891,040	\$ 8,412,304

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in a stand-alone financial report of INPRS that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, Indiana 46204, by calling (888)526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

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

At December 31, 2015, the City reported a liability of \$13,891,040 for its proportionate share of the net pension liability. The City's proportionate share of the net pension liability was based on the City's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2015, measurement date was 0.0034106.

For the year ended December 31, 2015, the City recognized pension expense of \$2,363,560, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 596,268	\$ 28,728
Net difference between projected and actual earnings on pension plan investments	2,342,202	1,306,400
Changes in assumptions	1,174,260	-
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>466,061</u>	<u>53,365</u>
Total that will be recognized in pension expense (income) based on the table below	4,578,791	1,388,493
Pension contributions subsequent to measurement date	<u>1,370,264</u>	<u>-</u>
Total	<u>\$ 5,949,055</u>	<u>\$ 1,388,493</u>

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2015, measurement date are recognized as a reduction of net pension liability in the year ending December 31, 2016. Deferred inflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5 year period. A change in an employer's proportionate share represents the change as of the current year measurement date versus the prior year measurement date, and is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 1,048,532
2017	1,048,532
2018	507,683
2019	585,551
2020	-
Thereafter	<u>-</u>
Total	<u>\$ 3,190,298</u>

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.

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 death and disability benefits.

Funding Policy:

The funding policy for the 1977 Fund requires remittances of member and employer contributions based on percentages of the salary of a first class officer or firefighter and not on actual payroll. The employer contribution rate is actuarially determined. The required contributions are determined and may be amended by the INPRS Board of Trustees. Since the 1977 Fund is a cost-sharing pension plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. For the fiscal year 2015, plan members were required to contribute 6 percent and participating employers were required to contribute 19.7 percent of the first class officers' and firefighters' salary. Employers may elect to pay all or part of the contribution for the member.

Retirement Benefits:

A member vests after 20 years of service. If the member retires at or after the age of 52 with 20 years of service, the benefit is equal to 50 percent of the salary of a first class officer, as reported by the employer in the year the 1977 Fund member ended service plus one percent of that salary for each six months of active service over 20 years to a maximum of 12 years. At age 50 and with 20 years of service, a member may elect to receive a reduced benefit by a factor established by the fund's actuary.

The monthly pension benefits for members in pay status may be increased annually in accordance with the cost of living adjustment (COLA) statute. A member is entitled to an annual increase in the member's benefit based on the percentage increase in the Consumer Price Index (January-March); however, the maximum increase is 3.0 percent.

The 1977 Fund also provides disability benefits to active members. When an active member files an application for disability benefits, a determination is made by the local pension board, and reviewed by the INPRS Board of Trustees, as to whether the member has a covered impairment and whether or not it was incurred in the line of duty. The amount of disability benefit is based on when the member was first hired, the type of impairment, and other factors. Also, the heirs or estate of a fund member may be entitled to receive a \$12,000 death benefit upon the member's death.

If a member dies while receiving retirement or disability benefits, the member's surviving spouse is entitled to receive a benefit equal to 60 percent of the member's monthly benefit during the spouse's lifetime. Each of a member's surviving children is entitled to a monthly benefit equal to 20 percent of the member's monthly benefit to age 18, or age 23, if a full time student. If there are no eligible surviving spouse or children, a dependent parent(s) may receive 50 percent of the member's monthly benefit during their lifetime.

Actuarial Assumptions:

The actuarial assumptions used in the June 30, 2015, valuation of the 1977 Fund were adopted by the INPRS board in April 2015. The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.50%
Cost-of-living increases, COLA or ad hoc	2.00%
Investment rate of return, net of investment expense	6.75%

Mortality rates were based on the RP-2014 (with MP-2014 improvement removed) blue collar mortality tables, with future mortality improvement projected generationally using the future mortality improvement scale inherent in the Social Security Administration's 2014 Trustee Report.

The actuarial assumptions used are based on plan experience from July 1, 2010, through June 30, 2014, and were first used in the June 30, 2015, valuation. The actuarial cost method used for computing the total pension liability is the entry age normal – level percent of payroll method.

Changes in assumptions:

- Inflation decreased from 3.00% to 2.25%
- The future salary increase rate decreased from 3.25% to 2.50% per year
- Future COLA decreased from 2.25% to 2.00% per year
- Mortality changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Blue Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report
- Disability and termination rates were adjusted to reflect recent experience

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

	Target Asset Allocation	2015 Geometric Basis Long- Term Expected Real Rate of Return
Public equity	22.5%	5.3%
Private equity	10.0%	5.6%
Fixed income – inflation-linked	22.0%	2.1%
Fixed income – inflation-linked	10.0%	0.7%
Commodities	8.0%	2.0%
Real estate	7.5%	3.0%
Absolute return	10.0%	3.9%
Risk parity	10.0%	5.0%

Total pension liability for each defined benefit pension plan was calculated using the discount rate of 6.75 percent. The projections of cash flows used to determine the discount rate assumed the contributions from employers and, where applicable, from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by state statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on those assumptions, each defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

The net pension liability (asset) is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the net pension liability of each defined benefit pension plan calculated using the discount rate of 6.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease	Current Rate	1% Increase
	5.75%	6.75%	7.75%
2015 Police	\$ 6,296,719	\$ (1,496,139)	\$ (7,779,677)
2015 Fire	\$ 8,525,396	\$ (2,025,686)	\$ (10,533,235)

Investment Valuation and Benefit Payment Policies:

The pooled and non-pooled investments are reported at fair value by INPRS. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Short-term investments consist primarily of cash, money market funds, certificates of deposits, and fixed income instruments with maturities of less than one year. Short-term investments are reported at cost, which approximates fair value or, for fixed income instruments, valued using similar methodologies as other fixed income securities described below.

Fixed income securities consist primarily of the U.S. government, U.S. government-sponsored agencies, publicly traded debt, and commingled investment debt instruments. Equity securities consist primarily of domestic and international stocks in addition to commingled equity instruments. Fixed income and equity securities are generally valued based on published market prices and quotations from national security exchanges and securities pricing services. Securities that are not traded on a national security exchange are valued using modeling techniques that include market observable inputs required to develop a fair value. Commingled funds are valued using the net asset value (NAV) of the entity.

Alternative investments include limited partnership interest in private equity, absolute return, private real estate, and risk parity investment strategies. Publicly traded alternative investments are valued based on quoted market prices. In the absence of readily determinable public market values, alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Moreover, holdings are generally valued by a general partner or investment manager on a quarterly or semi-annual basis. Valuation assumptions are based upon the nature of the investment and the underlying business.

Derivative instruments are marked to market daily with changes in fair value recognized as part of investments and investment income.

Pension Plan Report and Fiduciary Net Position:

The pension plan's fiduciary net position has been determined on the same basis of accounting used by the pension plan. Detailed information about the pension plan's fiduciary net position is available in the separately issued INPRS financial report, which is available online at <http://www.inprs.in.gov> or may be obtained by contacting:

Indiana Public Retirement System
One North Capitol Avenue, Suite 001
Indianapolis, Indiana 46204
Ph. (888)526-1687

Annual Pension Cost:

The City's contribution to the plan for the year ending December 31, 2015, was \$1,487,857 for police participants and \$2,014,469 for fire participants, which was equal to the required contributions for each year.

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

At December 31, 2015, the City reported an asset of \$1,496,139 for police and \$2,025,686 for fire for its proportionate share of the net pension asset. The City's proportionate share of the net pension asset was based on the City's wages as a proportion of total wages for the plan. The proportionate share used at the June 30, 2015, measurement date was 0.0101282 for police and 0.0137130 for fire.

For the year ended December 31, 2015, the City recognized pension expense of \$409,132 for police and \$543,091 for fire, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the 1977 Plan from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Police</u>		
Differences between expected and actual experience	\$ -	\$ 650,669
Net difference between projected and actual earnings on pension plan investments	2,920,100	1,556,848
Changes in assumptions	-	2,800,700
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>43,688</u>	<u>48,663</u>
Total that will be recognized in pension expense (income) based on the table below	2,963,788	5,056,880
Pension contributions subsequent to measurement date	<u>810,150</u>	-
Total	<u>\$ 3,773,938</u>	<u>\$ 5,056,880</u>

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Firefighters</u>		
Differences between expected and actual experience	\$ -	\$ 880,968
Net difference between projected and actual earnings on pension plan investments	3,953,647	2,107,883
Changes in assumptions	-	3,791,987
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>6,125</u>	<u>91,604</u>
Total that will be recognized in pension expense (income) based on the table below	3,959,772	6,872,442
Pension contributions subsequent to measurement date	<u>1,099,009</u>	-
Total	<u>\$ 5,058,781</u>	<u>\$ 6,872,442</u>

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2015, measurement date are recognized as a reduction of net pension liability in the year ending December 31, 2016. Deferred inflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5 year period. A change in an employer's proportionate share represents the change as of the current year measurement date versus the prior year measurement date and is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31,	Police Amount	Fire Amount
2016	\$ (205,764)	\$ (289,443)
2017	(205,764)	(289,443)
2018	(205,764)	(289,443)
2019	313,186	413,185
2020	(416,839)	(575,227)
Thereafter	<u>(1,372,147)</u>	<u>(1,882,299)</u>
	<u>\$ (2,093,092)</u>	<u>\$ (2,912,670)</u>

G. Post Employment Benefits

1. Single Employer Defined Benefit Health Care Plan

Plan Description

The City offers other post employment benefits (OPEB) in the form of health insurance, in addition to pensions described elsewhere herein. It is authorized by the Common Council of the City, subject to appropriation.

The City's retiree healthcare plan is a single-employer defined benefit healthcare insurance program. It is a preferred provider organization plan that provides comprehensive major medical benefits to eligible retirees, their spouses, and dependents. The plan also provides dental and vision components.

Retirees eligible to participate are those who retire from the City of Carmel at age 55 with at least 20 years of creditable employment with an Indiana public employer. Coverage terminates when the retiree becomes eligible for Medicare. Upon termination of retiree coverage, spouses may continue coverage until they are eligible for Medicare.

For retirees with at least 20 years of creditable employment full time with the City of Carmel, as opposed to another Indiana public employer, the City's policy has been to cover 50-75% of the retiree or retiree/spouse contribution, depending on length of service, up to a maximum of \$10,800 per year.

The Plan is funded on a pay-as-you-go basis. No irrevocable trust has been established to fund the plan. Accordingly, no trust fund financial statements are published. The Plan issues no separate reports.

For the year ended December 31, 2015, the City contributed \$228,124 to the plan for current premiums.

Annual OPEB Cost and Net OPEB Obligation

The City's OPEB cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with GASB Statement 45. The Valuation date of the last actuarial valuation was December 31, 2015. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation to the plan:

Annual required contribution (ARC)	\$ 2,358,309
Interest on net OPEB obligation	434,152
Adjustment to ARC	<u>(566,789)</u>
Annual OPEB cost	2,225,672
Actual employer contributions	<u>228,124</u>
Increase (Decrease) in net OPEB obligation	1,997,548
Net OPEB obligation – beginning of year	<u>9,647,821</u>
Net OPEB obligation – end of year	<u>\$ 11,645,369</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2015 and prior two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 2,269,456	\$ 603,045	26.6%	\$ 8,129,454
12/31/2014	\$ 2,246,546	\$ 728,179	32.4%	\$ 9,647,821
12/31/2015	\$ 2,225,672	\$ 228,124	10.2%	\$ 11,645,369

Funded Status and Funding Progress

As of December 31, 2015, the most recent actuarial date, the funded status of the plan was as follows:

Actuarial accrued liability	\$ 35,467,381
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 35,467,381
Funded ratio	0%
Covered payroll	\$ 38,652,326
Unfunded actuarial accrued liability as a percentage of covered payroll	91.8%

The Required Supplementary Information immediately following the Notes to the Financial Statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

Actuarial Methods and Assumptions

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

In the December 31, 2015, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.14% investment rate of return, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% over 11 years. The unfunded actuarial accrued liability is being amortized as a level dollar, 30-year open period.

ATTRIBUTION PERIOD

Date of Hire to Full Eligibility

ECONOMIC ASSUMPTIONS:

Discount rate: methodology

The Plan's projected future benefit cash flows are discounted back to the Plan's measurement date using the spot rates from a high quality corporate bond yield curve in effect on the Plan's measurement date.

Corporate bond rates

The December 31, 2015, Citigroup Pension Discount Curve, which starts with a Treasury yield curve and adds an option adjusted spread for the difference between Treasury and corporate Aa bonds. Rates are modified for durations less than 1 year and held constant for durations over 30 years.

Single effective interest rate 4.14% per annum

Mortality:

Civilian employees

SOA published mortality table: RP-2014 adjusted to 2006 Total Dataset mortality table. Separate tables for male and female participants. Separate tables for active employees, healthy annuitants, and disabled participants.

Police and fire employees

SOA published mortality table: RP-2014 adjusted to 2006 Blue Collar mortality table. Separate tables for male and female participants. Separate tables for active employees, healthy annuitants, and disabled participants.

Mortality improvement

SOA published mortality improvement scale: MP-2015 generational, which projects mortality improvement indefinitely, beginning with high initial improvement (based on recent experience) and tapering to a lower level of improvement for long-term mortality projections.

Disability

None Assumed

Turnover

According to Sarason Table T-1

Coverage rate

90% of eligible employees are assumed to be covered in the plan at retirement.

Spouse

Retired Participants: Age and marital status based on actual census data.

Active participants

Active participants: 50% are assumed to cover a spouse, with male spouses 2 years older than female spouses.

Retirement Rates:

Civilian employees:

<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
50-53	2%	2%	63	17%	19%
54	2%	3%	64	20%	20%
55	4%	5%	65	40%	35%
56	3%	4%	66	25%	24%
57	4%	4%	67	22%	21%
58	5%	5%	68	19%	17%
59	5%	7%	69	16%	19%
60	8%	12%	70-74	30%	30%
61	14%	14%	75+	100%	100%
62	32%	26%			

Police and fire employees:

<u>Age</u>	<u>Rate</u>
45-51	2.5%
52-54	7.5%
55-60	22.5%
61-64	30.0%
65+	100.0%

Plan Mix:

Plan A	45%
Plan B	55%

Per capita claims cost:

Varies by age and status; representative rates follow:

<u>Age</u>	<u>Medical & Vision</u>		<u>Age</u>	<u>Dental</u>	
	<u>Male</u>	<u>Female</u>		<u>Male</u>	<u>Female</u>
55-59	\$ 12,576	\$ 12,441	All Ages	\$ 384	\$ 384
60-64	\$ 16,131	\$ 14,575			

Inflation; health care cost trend rate:	<u>Year</u>	<u>Medical</u>	<u>Dental</u>
	0	10.0%	5.0%
	1 to 2	9.0%	5.0%
	3 to 5	8.0%	5.0%
	6 to 8	7.0%	5.0%
	9 to 10	6.0%	5.0%
	11+	5.0%	5.0%

H. Interfund Receivables and Payables

The composition of the interfund balances as of December 31, 2015, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental fund	\$ 246,209
Redevelopment Fund	General Fund	<u>5,416,552</u>
Total among governmental funds		<u>\$ 5,662,761</u>
General Fund	Water Enterprise Fund	\$ 3,499,678
Motor Vehicle Highway Special Revenue Fund	Nonmajor enterprise fund	<u>80,820</u>
Total among governmental and proprietary funds		<u>\$ 3,580,498</u>
Sewer Enterprise Fund	Water Enterprise Fund	\$ 778,599
Nonmajor enterprise fund	Water Enterprise Fund	<u>268,015</u>
Total among proprietary funds		<u>\$ 1,046,614</u>

The General Fund provides cash to a nonmajor governmental fund for cash flow purposes.

The Common Council resolved to transfer \$5,416,552 from the General Fund to the Redevelopment Commission Fund.

The General Fund provides cash to the Water Enterprise Fund for cash flow purposes.

A nonmajor enterprise fund owes reimbursements to the Motor Vehicle Highway Fund for certain labor paid from that Fund.

Water utility invoices include charges for sewer and other utilities, and these charges are remitted as collected, one month in arrears.

I. Commitments and Contingencies

Various claims and lawsuits are pending against the City. At December 31, 2015, the administration believes the amount payable for claims and judgments, if any, is not material in relation to the basic financial statements, taken as a whole.

Certain City officials are empowered to issue purchase orders and enter into contracts that constitute contractual obligations of the City. These encumbrances are treated as assigned fund balance as of December 31, 2015, are as follows.

Total assigned from governmental fund balances:	<u>\$ 1,416,155</u>
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As of December 31, 2015, the Common Council of the City of Carmel had resolved to transfer, at a future date, \$5,416,552 from the General Fund to the Redevelopment Commission Fund. However, no appropriation authority existed at December 31, 2015, to authorize the promise of such a transfer. In recognition of a potential claim against the General Fund for this amount, the Balance Sheet reports \$5,416,552 due from the General Fund and due to the Redevelopment Commission Fund.

J. Special Item

The Sewer Utility received a call rights modification credit from the Indiana state bond bank in exchange for the modification of the call rights on the original 2005 Bonds. The 2005 Bonds were thus amended, and the Utility received special revenue of \$619,000.

K. Subsequent Events

During the 2016 Session, the Indiana General Assembly revised the statutory formula for distributing local income taxes held in trust by the Indiana Department of Revenue. As explained more fully above, the Indiana Department of Revenue previously retained a balance up to 50% of annual collections. Under the new legislation, the Indiana Department of Revenue will distribute the full reserve balance. Seventy-five percent is restricted for expenditures for streets, and the remainder is general revenue. The legislation provides for the Indiana Department of Revenue to rebuild a reserve in the future, up to 15% of annual revenues.

On May 5, 2016, the City issued, through its local public improvement bond bank, \$214,455,000 of its Multipurpose Bonds, Series 2016. The Bonds were issued in order to acquire capital assets; however, \$15,164,000 of the Bonds were used to refund previously outstanding bonds that were used to acquire capital assets. To satisfy the principal and interest on the Bonds, for the terms of the Bonds, the City has pledged an unlimited ad valorem property tax levy. In addition, for \$139,872,000 of the bonds, the City has also pledged its future distributions of county option income taxes to satisfy the principal and interest on the Bonds, for the terms of the Bonds. On August 4, 2016, the City issued, through its local public improvement bond bank, \$29,720,000 of its Taxable Special Program Bonds, Series 2016. The purpose was to acquire capital assets. To satisfy the principal and Interest on the bonds, for the terms of the bonds, the City has pledged an unlimited ad valorem property tax levy. On November 10, 2016, the City issued, through its local public improvement bond bank, \$53,735,000 of its Special Program Bonds Series, 2016 (Waterworks Revenue Bonds). To satisfy the principal and interest on the bonds, for the terms of the bonds, the City has pledged its water utility user fees. The City expects the pledged revenue will be more than sufficient to satisfy the obligations described above, as well as the obligations described elsewhere herein for which similar pledges have been made. This revenue is not pledged to satisfy any other obligations, nor is it committed for operating or other necessary expenditures.

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
For The Year Ended December 31, 2015

Postemployment healthcare plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2009	-	12,449,884	12,449,884	-	33,465,771	37.2%
December 31, 2011	-	19,688,810	19,688,810	-	34,681,816	56.8%
December 31, 2015	-	35,467,381	35,467,381	-	38,652,326	91.8%

The City did not publish financial statements in accordance with generally accepted accounting principles in years prior to the year ended December 31, 2015. Accordingly, valuations were performed less than biennially.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	Annual Required Contribution	Contribution by Employer
2013	\$ 2,358,309	\$ 603,045
2014	\$ 2,358,309	\$ 728,179
2015	\$ 2,358,309	\$ 228,124

Additional information on the City's OPEB can be found in Note III.G on pages 78 - 82 of this report.

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS
December 31, 2015

1925 Police Officers' Pension Plan:	<u>2015</u>
Actuarially determined contribution	\$ 534,143
Contributions in relation to the actuarially determined contribution	<u>534,143</u>
Contribution deficiency (excess)	<u>-</u>
Covered-employee payroll	<u>\$ -</u>
Contributions as a percentage of covered-employee payroll	Not applicable
1937 Firefighters' Pension Plan:	<u>2015</u>
Actuarially determined contribution	\$ 562,264
Contributions in relation to the actuarially determined contribution	<u>562,264</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	<u>\$ -</u>
Contributions as a percentage of covered-employee payroll	Not applicable

See notes to schedules, 1925 Police Officers' and 1937 Firefighters' Pension Plans

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS
December 31, 2015

1925 Police Officers' Pension Plan:	<u>2015</u>
Pension liability:	\$ 10,179,012
Fiduciary net position	<u>147,785</u>
Net pension liability	<u>\$ 10,031,227</u>
Net position as a percentage of the pension liability	<u>1.5%</u>
Covered payroll	<u>-</u>
Net position as a percentage of covered payroll	Not applicable
1937 Firefighters' Pension Plan:	<u>2015</u>
Pension liability:	\$ 10,997,707
Fiduciary net position	<u>39,365</u>
Net pension liability	<u>\$ 10,958,342</u>
Net position as a percentage of the pension liability	<u>0.4%</u>
Covered payroll	<u>\$ -</u>
Net position as a percentage of covered payroll	Not applicable

See notes to schedules, 1925 Police Officers' and 1937 Firefighters' Pension Plans

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
December 31, 2015

1925 Police Officers' Pension Plan:	<u>2015</u>
Pension liability - beginning	\$ 10,220,740
Changes for the year:	
Service Cost	-
Interest on total pension liability	367,444
Effect of plan changes	-
Effect of economic/demographic gains and losses	125,844
Effect of assumptions changes or inputs	-
Benefit payments	(535,016)
Employer contributions	-
Member contributions	-
Net investment income	-
Administrative expenses	-
	<hr/>
Pension liability - ending	<u>\$ 10,179,012</u>

1937 Firefighters' Pension Plan:	<u>2015</u>
Pension liability - beginning	\$ 11,028,789
Changes for the year:	
Service Cost	-
Interest on total pension liability	396,965
Effect of plan changes	-
Effect of economic/demographic gains and losses	125,812
Effect of assumptions changes or inputs	-
Benefit payments	(553,859)
Employer contributions	-
Member contributions	-
Net investment income	-
Administrative expenses	-
	<hr/>
Pension liability - ending	<u>\$ 10,997,707</u>

See notes to schedules, 1925 Police and 1937 Firefighters' Pension Plans

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE
1925 POLICE OFFICERS' AND 1937 FIREFIGHTERS' PENSION PLANS

Valuation date: Actuarially determined contribution rates are calculated as of
December 31, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Mortality	RP-2014 with MP-2014 removed and generational mortality improvement using Scale MP-2015
Cost of Living Adjustments	2.25%
Salary increases	N/A
Discount Rate	3.60%

The City implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The schedules are intended to show information for 10 years. Years not shown are not available.

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS - MULTIPLE EMPLOYER PLANS
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
 December 31, 2015

Public Employees' Retirement Fund:

	<u>2015</u>
City's Proportion of the Net Pension Liability	0.0034106
City's Proportionate Share of the Net Pension Liability	\$ 13,891,040
City's Covered Employee Payroll	\$ 16,335,991
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	85%
PERF Plan Net Position as a Percentage of Total Pension Liability	77%

1977 Police Officers' and Firefighters' Pension and Disability Fund:

	<u>Police 2015</u>
City's Proportion of the Net Pension Liability	0.0101282
City's Proportionate Share of the Net Pension Liability (Asset)	\$ (1,496,139)
City's Covered Employee Payroll	\$ 7,552,611
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	-20%
1977 Plan Net Position as a Percentage of Total Pension Asset	103%

Continued on next page

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS - MULTIPLE EMPLOYER PLANS
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

December 31, 2015

(Continued)

	<u>Fire 2015</u>
City's Proportion of the Net Pension Liability	0.0137130
City's Proportionate Share of the Net Pension Liability (Asset)	\$ (2,025,686)
City's Covered Employee Payroll	\$ 10,225,780
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	-20%
1977 Plan Net Position as a Percentage of Total Pension Asset	103%

Note: The City implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years. Years not shown are not available.

The amounts presented for each year were determined as of the Plan's June 30 year-end that occurred within the City's fiscal year.

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS - MULTIPLE EMPLOYER PLANS
SCHEDULE OF CITY CONTRIBUTIONS

December 31, 2015

Public Employees' Retirement Fund:

	Contractually Required Contributions	City Contributions related to the Contractually required contributions	Contribution Deficiency (Excess)	City's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$ 1,802,458	\$ 1,802,458	\$ -	\$ 16,335,991	11%

1977 Police Officers' and Firefighters' Pension and Disability Fund:

	Contractually Required Contributions	Contributions related to the Contractually required contributions	Contribution Deficiency (Excess)	City's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015 Police	\$ 1,487,857	\$ 1,487,857	\$ -	\$ 7,552,611	20%
2015 Fire	\$ 2,014,469	\$ 2,014,469	\$ -	\$ 10,225,780	20%

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE
PUBLIC EMPLOYEES' RETIREMENT AND 1977 POLICE OFFICERS' AND FIREFIGHTERS'
PENSION AND DISABILITY FUNDS
December 31, 2015

An assumption study was performed in April 2015, resulting in an update to the following assumptions:

Inflation decreased from 3.00% to 2.25%

The future salary increase rate decreased from a table ranging from 3.25% to 4.50% to a table ranging from 2.50% to 4.25%

Mortality changed from the 2013 IRS Static Mortality projected five years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report

Retirement, Termination and Disability rates were adjusted to reflect recent experience

The ASA Annuitization was updated from 50% of members assumed to annuitize the ASA balance to 60% of members prior to January 1, 2017

Note: The City implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The schedules are intended to show information for 10 years. Years not shown are not available.

Note: Covered payroll for the purposes of this schedule was determined as of the Plan's June 30 year end that occurred within the City's fiscal year.

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND
For The Year Ended December 31, 2015

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax	\$ 33,201,925	\$ 32,670,657	\$ 32,636,213	\$ (34,444)
Income tax	28,585,760	28,585,760	28,847,934	262,174
Licenses and permits	2,173,471	2,059,052	2,119,764	60,712
Intergovernmental	734,304	484,884	288,842	(196,042)
Charges for services	2,189,282	930,668	969,793	39,125
Fines and forfeits	604,863	615,556	644,577	29,021
Miscellaneous	1,377,656	1,517,353	1,441,815	(75,538)
Township and joinder agreements	1,165,920	1,032,225	834,401	(197,824)
Other	6,407,204	6,063,979	5,741,283	(322,696)
Total revenues: budgetary basis	\$ 76,440,385	\$ 73,960,134	\$ 73,524,622	\$ (435,512)
Increase in available intergovernmental receivable	-	-	262,000	-
Increase in available income tax receivable	-	-	262,174	-
Subfund transactions	-	-	13,383	-
Transfer from a nonmajor fund treated as revenue on a budgetary basis	-	-	(350,097)	-
Total revenues reported on the Statement of Revenues and Expenditures	\$ -	\$ -	\$ 73,712,082	\$ -
EXPENDITURES:				
Current:				
General government:				
Clerk-Treasurer:				
Personal services	790,977	790,977	692,347	(98,630)
Supplies	9,250	9,250	5,985	(3,265)
Other services and charges	327,774	327,774	159,393	(168,381)
Capital outlay	42,500	42,500	5,088	(37,412)
Mayor's Office:				
Personal services	379,996	379,996	369,910	(10,086)
Supplies	5,790	5,790	4,840	(950)
Other services and charges	301,268	293,068	284,535	(8,533)
Capital outlay	-	-	-	-
City Council:				
Personal services	233,586	233,586	242,860	9,274
Supplies	550	550	121	(429)
Other services and charges	3,463,427	3,463,427	3,308,853	(154,574)
Capital outlay	1,000	1,000	200	(800)

Continued on next page

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND

For The Year Ended December 31, 2015

(Continued)

Expenditures (continued):

Current (continued):

General government (continued):

Board of Public Works:

Personal services	20,057	20,057	13,129	(6,928)
Debt service	13,752,758	11,637,621	9,271,038	(2,366,583)

Administration:

Personal services	346,730	346,730	325,541	(21,189)
Supplies	62,298	62,298	35,335	(26,963)
Other services and charges	1,865,495	1,788,495	1,678,318	(110,177)
Capital outlay	30,000	30,000	9,734	(20,266)

Brookshire Golf Course:

Personal services	719,941	679,941	552,087	(127,854)
Supplies	138,300	138,300	80,041	(58,259)
Other services and charges	625,608	625,608	474,291	(151,317)
Capital outlay	9,500	9,500	3,928	(5,572)

Building Operations:

Supplies	33,000	83,000	20,908	(62,092)
Other services and charges	2,214,700	2,489,700	2,443,955	(45,745)
Capital outlay	45,000	45,000	311	(44,689)

City Court:

Personal services	768,315	768,315	640,411	(127,904)
Supplies	2,397	2,397	2,445	48
Other services and charges	55,152	55,152	39,161	(15,991)
Capital outlay	8,000	8,000	2,878	(5,122)

Law Department:

Personal services	596,321	596,321	561,203	(35,118)
Supplies	1,825	1,800	1,798	(2)
Other services and charges	331,595	317,424	149,612	(167,812)
Capital outlay	20,749	20,749	13,450	(7,299)

Community Services:

Personal services	2,124,980	2,079,390	1,966,271	(113,119)
Supplies	39,368	35,368	30,057	(5,311)
Other services and charges	880,696	862,696	505,436	(357,260)
Capital outlay	126,313	126,313	95,261	(31,052)

Human Resources:

Personal services	348,670	345,670	339,483	(6,187)
Supplies	500	(2,250)	174	2,424
Other services and charges	35,870	35,870	27,904	(7,966)
Capital outlay	2,000	2,000	996	(1,004)

Continued on next page

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND

For The Year Ended December 31, 2015

(Continued)

Expenditures (continued):

Current (continued):

Information Systems:

Personal services	1,065,310	1,049,370	1,036,527	(12,843)
Supplies	10,116	(19,884)	4,458	24,342
Other services and charges	388,521	388,521	292,165	(96,356)
Capital outlay	117,750	117,750	91,724	(26,026)

City Property Maintenance:

Personal services	-	-	-	-
Supplies	-	68,099	-	(68,099)
Other services and charges	-	590,945	422,815	(168,130)
Capital outlay	-	-	-	-

Community Relations:

Personal services	419,784	419,784	404,497	(15,287)
Supplies	3,794	3,794	2,589	(1,205)
Other services and charges	1,646,384	1,604,874	1,359,371	(245,503)
Capital outlay	5,400	5,400	1,212	(4,188)

Total general government	<u>34,419,315</u>	<u>32,988,036</u>	<u>27,974,646</u>	<u>(5,013,390)</u>
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Public Safety:

Fire Department:

Personal services	20,361,110	20,361,110	20,306,419	(54,691)
Supplies	284,149	227,049	198,076	(28,973)
Other services and charges	1,530,267	1,317,339	1,182,821	(134,518)

Police Department:

Personal services	16,131,284	16,021,284	15,736,260	(285,024)
Supplies	752,875	581,375	469,247	(112,128)
Other services and charges	1,847,126	1,681,426	1,481,795	(199,631)
Capital outlay	124,745	124,745	75,760	(48,985)

Communication Center:

Personal services	539,200	529,875	494,459	(35,416)
Supplies	30,608	29,108	23,179	(5,929)
Other services and charges	1,967,845	1,926,822	1,895,842	(30,980)
Capital outlay	77,469	77,469	66,892	(10,577)

Total public safety	<u>43,646,678</u>	<u>42,877,602</u>	<u>41,930,750</u>	<u>(946,852)</u>
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CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND

For The Year Ended December 31, 2015

(Continued)

Expenditures (continued):

Current (continued):

Culture and Recreation:

Parks Department:

Personal services	1,981,047	1,981,047	1,858,958	(122,089)
Supplies	104,943	104,943	82,435	(22,508)
Other services and charges	850,714	783,193	760,714	(22,479)
Capital outlay	<u>15,916</u>	<u>15,916</u>	<u>14,757</u>	<u>(1,159)</u>

Total culture and recreation	<u>2,952,620</u>	<u>2,885,099</u>	<u>2,716,864</u>	<u>(168,235)</u>
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Economic Development:

Redevelopment Department:

Personal services	102,045	102,045	67,136	(34,909)
Supplies	1,600	1,600	821	(779)
Other services and charges	474,404	474,404	242,410	(231,994)
Capital outlay	<u>2,330</u>	<u>2,330</u>	<u>-</u>	<u>(2,330)</u>

Total economic development	<u>580,379</u>	<u>580,379</u>	<u>310,367</u>	<u>(270,012)</u>
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Total expenditures, budgetary basis	72,932,627
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Increase in accrued liabilities:

Accounts payable	815,325
Accrued payroll and withholdings payable	224,763
Transfers to other funds	(13,380,332)
Transfer accrued for late lease payment	(1,247,500)
Internal transfer not appropriated	293,082
Sub-fund transactions not budgeted	<u>63,937</u>

Total expenditures reported on the

Statement of Revenues and Expenditures	<u>\$ 65,118,454</u>
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CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
MOTOR VEHICLE HIGHWAY FUND
For The Year Ended December 31, 2015

	Motor Vehicle Highway Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
REVENUES:				
Property taxes	\$ 9,423,203	\$ 9,678,040	\$ 9,672,202	\$ (5,838)
MVHF distribution	2,937,005	3,039,312	2,961,277	(78,035)
Miscellaneous	<u>1,965,439</u>	<u>1,848,052</u>	<u>1,873,131</u>	<u>25,079</u>
Total revenues: budgetary basis	<u>\$ 14,325,647</u>	<u>\$ 14,565,404</u>	14,506,610	<u>\$ (58,794)</u>
Transfers treated revenue for budget purposes			(614,100)	
Other receipts not treated as revenue for budget purposes			<u>2,789</u>	
Total revenues reported on the Statement of Revenues and Expenditures			<u>13,895,298</u>	
EXPENDITURES:				
Current:				
Engineering:				
Personal services	1,540,010	1,437,060	1,290,353	(146,707)
Supplies	13,841	13,841	12,207	(1,634)
Other services and charges	380,369	380,369	270,190	(110,179)
Capital outlay	360,812	360,812	32,547	(328,265)
Street Department:				
Personal services	5,276,834	5,126,834	4,591,494	(535,340)
Supplies	1,567,664	1,404,065	1,106,376	(297,689)
Other services and charges	8,074,606	7,425,846	6,114,155	(1,311,691)
Capital outlay	<u>55,452</u>	<u>55,452</u>	<u>52,849</u>	<u>(2,603)</u>
Total expenditures: budgetary basis	<u>\$ 17,269,588</u>	<u>\$ 16,204,279</u>	13,470,171	<u>\$ (2,734,108)</u>
Increase in accrued liabilities:				
Accounts payable			40,277	
Accrued payroll and withholdings payable			28,599	
Transfers to other funds			-	
Insurance transfer not appropriated			<u>336</u>	
Total expenditures reported on the Statement of Revenues and Expenditures			<u>\$13,539,383</u>	

CITY OF CARMEL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES

December 31, 2015

Budgetary basis of accounting

Annual budgets are required for the General Fund, Motor Vehicle Highway Fund, and certain nonmajor funds. The original budget is the first complete appropriated budget for the year. The deadline for its adoption by the Common Council is November 1 of the previous year. It is subject to adjustment by the Common Council and, in certain circumstances, by an Indiana State agency.

The appropriated budget is prepared by fund, department, character, and/or object. Transfers of appropriations require the approval of the Common Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the character and/or object.

Encumbrances are contractual obligations related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

The basis of accounting for the budget, and the actual revenues and expenditures provided for comparison, is the cash basis, modified only by the addition of encumbrances to appropriations to arrive at the total budget. Encumbrances are not added to actual expenditures because utilization of encumbrances is optional at the managerial level.

CITY OF CARMEL NONMAJOR GOVERNMENTAL FUNDS

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

The Park Impact Fee Fund accounts for fees charged to developers solely for the purpose of maintaining parks.

The Hazardous Materials Fund accounts for fees charged on the handling of certain hazardous waste and required by law to be used enhance the City's ability to respond to hazardous waste emergencies.

The Parks Program Fund accounts for certain fees collected in accordance with inter-local governmental agreements and required to be used for parks and recreation programs.

The Parks Monon Fund accounts for certain funds collected in accordance with inter-local governmental agreements and required to be used to support the redevelopment of the former Monon Railroad track line as a recreational trail.

The Parks Facilities Fund accounts for fees collected from program participants and shall be used for the purchase, development, and/or rehabilitation of park facilities.

The Local Road and Street Fund accounts for gasoline taxes and other revenues collected by the State of Indiana and distributed to the City in accordance with a statutory formula, required to be used for certain road and street contracts.

The Deferral Fund accounts for certain fees paid by offenders to defer their cases to a non-criminal process, required by law to be used for certain public safety purposes.

The User Fee Fund accounts for the City's share of certain fee revenue collected from participants in certain public safety and criminal justice programs, and other court-related programs, required by law to be used for certain public safety and court-related purposes.

The Barrett Law and Barrett Law Surplus Funds account for certain payments collected from property owners who benefit from specific projects that affect their property, required to be used to cover debt service on those projects.

The Maternal Infant Health Program (MIHP) Fund accounts for funds used to support Medicaid beneficiaries in order to promote healthy pregnancies, positive birth outcomes, and infant health and development.

The Workers Compensation Fund accounts for the City's workers' compensation programs.

The Support for the Arts Fund accounts for donations and grants received to be spent on arts programs and engagement.

The Keystone Ave Fund accounts for amounts accumulated for certain infrastructure projects.

The DNR Urban Forestry/Tree City Fund accounts for certain grants and donations received for trees and other landscaping amenities throughout the city's parks and public property.

Continued on next page.

CITY OF CARMEL
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

The Clerk's Record Perpetuation Fund accounts 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.

The Court Interpreter Fund accounts for monies received from the Indiana Supreme Court to be spent on foreign language interpreters for court cases.

The Public Defenders Fund accounts for the costs of public defender representation ordered by the court. Financing is provided by charges assessed to individuals represented by public defenders.

The Judicial Salaries Fees Fund accounts for certain court fees restricted by law to the payment of certain court administration expenditures.

The Fire Gift Fund accounts for donations received for fire department expenditures.

The Police Gift Fund accounts for donations received for police department expenditures.

The Park Gift Fund accounts for donations received for park expenditures.

The Community Relations Gift Fund accounts for donations received for the community relations department.

The Economic Development Fund accounts for expenditures related to projects promoting economic development. Financing is provided by state grants and loan payments. Expenditures include grants and related expenses.

The Housing Authority Fund accounts for expenditures related to the provision of affordable housing programs to eligible renters within the City.

The Drug Task Force Fund accounts for donations to the City for various expenditures relating to this educational program.

The Throughfare Fund accounts for amounts accumulated for certain infrastructure projects.

The Levy Excess Fund accounts for monies collected from property taxes that exceed the City's legally-adopted levy. Proceeds are used to offset future property tax levies.

The Grants Fund is used to account for grant resources received from various local, state, and federal agencies and organizations. The use of these resources is restricted to a particular function of the City by each grantor.

Continued on next page.

CITY OF CARMEL
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Capital Projects Funds:

The Ambulance fund accounts for EMS service fees, committed for acquisition of EMS and Fire protection equipment.

The Park Capital Fund accounts for certain fees collected in accordance with inter-local governmental agreements and required to be used for capital projects for parks and recreation.

The Cumulative Capital Improvement Fund accounts for cigarette taxes and other revenues collected by the State of Indiana and distributed to the City in accordance with a statutory formula, required primarily to be used for certain road and street contracts.

The Cumulative Capital Sewer Fund accounts for financial resources for the construction or repairing of storm sewers. Financing is provided by a dedicated property tax levy.

The Cumulative Capital Development Fund accounts for a property tax levy established and imposed for the sole purpose of funding certain types of capital acquisitions and the payment of debt service for such acquisitions.

The Illinois Street Fund accounts for certain payments in lieu of taxes required by contract with the payor to be used for certain capital projects.

The Old Town/126th Street Fund accounts for the accumulation of resources for certain community improvement projects.

The Capital Lease Fund accounts for the accumulation of resources for certain capital leases.

Debt Service Funds:

The Lease Rental Fund accounts for the accumulation of resources for certain leases.

The 2004 Road Bond Fund accounts for financial resources that are restricted, to expenditure for payment of principal and interest on certain bonds.

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NONMAJOR FUNDS
For The Year Ended December 31, 2015

	Fire Pension Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 140	\$ 104	\$ 51	\$ (53)
Miscellaneous	-	-	-	-
State assumption of pension payments	609,922	609,922	562,264	(47,658)
Contribution from General Fund	-	-	-	-
Employee contribution	-	-	-	-
Total revenues	<u>610,062</u>	<u>610,026</u>	<u>562,315</u>	<u>(47,711)</u>

	Fire Pension Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	2015 Original	2015 Final		
EXPENDITURES:				
Personal services	609,922	609,922	553,847	(56,075)
Transfers to GF for '77 Uniform PERF payment	-	-	-	-
Supplies	150	150	-	(150)
Other services and charges	3,500	3,500	100	(3,400)
Capital outlay	-	-	-	-
Total fire pension	<u>613,572</u>	<u>613,572</u>	<u>553,947</u>	<u>(59,625)</u>

	Police Pension Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 523	\$ 523	\$ 143	\$ (380)
Miscellaneous	-	-	-	-
State assumption of pension payments	533,948	533,948	534,143	195
Contribution from General Fund	-	-	-	-
Employee contribution	-	-	-	-
Total revenues	<u>534,471</u>	<u>534,471</u>	<u>534,286</u>	<u>(185)</u>

	Police Pension Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	2015 Original	2015 Final		
EXPENDITURES:				
Personal services	533,948	533,948	535,009	1,061
Transfers to GF for '77 Uniform PERF payment	-	-	-	-
Supplies	300	300	-	(300)
Other services and charges	5,200	5,200	100	(5,100)
Capital outlay	-	-	-	-
Total police pension	<u>539,448</u>	<u>539,448</u>	<u>535,109</u>	<u>(4,339)</u>

Continued on next page.

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NONMAJOR FUNDS

For The Year Ended December 31, 2015
(Continued)

	Local Road & Street Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Local road & street distribution	\$ 1,202,680	\$ 1,202,680	\$ 1,250,439	\$ 47,759
Miscellaneous	-	-	-	-
Interest	3,521	3,521	1,047	(2,474)
Total revenues	<u>1,206,201</u>	<u>1,206,201</u>	<u>1,251,486</u>	<u>45,285</u>

	Local Road & Street Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	2015 Original	2015 Final		
EXPENDITURES:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	810,387	732,570	466,587	(265,983)
Capital outlay	901,250	901,250	544,185	(357,065)
Total local road & street	<u>1,711,637</u>	<u>1,633,820</u>	<u>1,010,772</u>	<u>(623,048)</u>

	Cumulative Capital Improvement Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Cigarette tax distribution	\$ 209,471	\$ 209,471	\$ 198,907	\$ (10,564)
Interest	-	-	77	77
Other	-	-	-	-
Total revenues	<u>209,471</u>	<u>209,471</u>	<u>198,984</u>	<u>(10,487)</u>

	Cumulative Capital Improvement Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	2015 Original	2015 Final		
Expenditures:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	88,484	64,191	12,493	(51,698)
Capital outlay	160,103	160,103	22,214	(137,889)
Total cumulative capital improvement	<u>248,587</u>	<u>224,294</u>	<u>34,707</u>	<u>(189,587)</u>

Continued on next page.

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NON MAJOR FUNDS

For The Year Ended December 31, 2015
(Continued)

	Cumulative Capital Development Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax levy	\$ 1,735,498	\$ 1,735,498	\$ 1,735,498	\$ -
Interest	(190)	(190)	122	312
Commercial Vehicle Excise Tax	932	932	182,591	181,659
Other	182,176	182,176	181,577	(599)
Total revenues	<u>1,918,416</u>	<u>1,918,416</u>	<u>2,099,788</u>	<u>181,372</u>

	Cumulative Capital Development Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	2015 Original	2015 Final		
Expenditures:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	491,791	491,791	1,779,747	1,287,956
Capital outlay	50,137	50,137	(15,043)	(65,180)
Debt service	5,809,000	5,809,000	-	(5,809,000)
Total cumulative capital development	<u>6,350,928</u>	<u>6,350,928</u>	<u>1,764,704</u>	<u>(4,586,224)</u>

	Redevelopment Bond			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax levy	\$ -	\$ -	\$ 21,339,600	\$ 21,339,600
Interest	19	19	12,523	12,504
Commercial Vehicle Excise Tax	-	-	-	-
Other	-	-	1,221,217	1,221,217
Total revenues	<u>19</u>	<u>19</u>	<u>22,573,340</u>	<u>22,573,321</u>

	Redevelopment Bond			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	2015 Original	2015 Final		
EXPENDITURES:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	24,836,360	24,836,360
Capital outlay	-	-	2,271,043	2,271,043
Debt service	2,948,000	2,948,000	-	(2,948,000)
Total redevelopment bond	<u>2,948,000</u>	<u>2,948,000</u>	<u>27,107,403</u>	<u>24,159,403</u>

Continued on next page.

CITY OF CARMEL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NON MAJOR FUNDS

For The Year Ended December 31, 2015
(Continued)

	Deferral Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax levy	\$ -	\$ -	\$ -	\$ -
Interest	-	-	906	906
Commercial Vehicle Excise Tax	-	-	-	-
Other	-	-	105,174	105,174
Total revenues	<u>-</u>	<u>-</u>	<u>106,080</u>	<u>106,080</u>

	Deferral Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	2015 Original	2015 Final		
EXPENDITURES:				
Personal services	108,131	166,656	136,864	(29,792)
Supplies	23,025	23,025	6,198	(16,827)
Other services and charges	39,455	41,455	4,691	(36,764)
Capital outlay	20,200	20,200	9,235	(10,965)
Total deferral fund	<u>190,811</u>	<u>251,336</u>	<u>156,988</u>	<u>(94,348)</u>

CITY OF CARMEL
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

	Park Impact	Hazardous Material	Parks Program	Parks Monon	Parks Facility Fund	Local Road & Street	Deferral Fund	User Fee	Barret Law	Barret Law Surplus
ASSETS:										
Cash and investments	3,827,885	13,215	2,590,634	2,427,521	11,113	668,332	536,245	161,679	6	166,099
Property taxes receivable	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Total assets	3,827,885	13,215	2,590,634	2,427,521	11,113	668,332	536,245	161,679	6	166,099
LIABILITIES:										
Accounts payable	4,707	-	18,811	132,878	125	259,188	-	2,086	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Accrued payroll	-	-	67,426	71,470	-	-	6,210	-	-	-
Total liabilities	4,707	-	86,237	204,348	125	259,188	6,210	2,086	-	-
DEFERRED INFLOW OF RESOURCES:										
Unavailable revenue	-	-	-	-	-	-	-	-	-	-
FUND BALANCE:										
Restricted:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	13,215	-	-	-	-	530,035	159,593	-	-
Highways and streets	-	-	-	-	-	409,144	-	-	-	-
Drainage and other capital assets	-	-	-	-	-	-	-	-	6	166,099
Economic development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	3,823,178	-	2,504,397	2,223,173	10,988	-	-	-	-	-
Committed:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	3,823,178	13,215	2,504,397	2,223,173	10,988	409,144	530,035	159,593	6	166,099
TOTAL LIABILITIES, DEFERRED OUTFLOWS OUTFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,827,885	\$ 13,215	\$ 2,590,634	\$ 2,427,521	\$ 11,113	\$ 668,332	\$ 536,245	\$ 161,679	\$ 6	\$ 166,099

Continued on next page.

CITY OF CARMEL
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Special Revenue Funds

	MIHP Fund	Workers Comp	Support for the Arts	Keystone Non- Reverting	Urban Forestry Fund	Record Perpetuation Fund	Court Interpreter Fund	Public Defenders Fund	Judicial Salary Fees Fund	Fire Gift
ASSETS:										
Cash and investments	33,008	208,356	19,134	188,515	62,830	150,415	60	3,429	198,134	24,675
Property taxes receivable	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Total assets	<u>33,008</u>	<u>208,356</u>	<u>19,134</u>	<u>188,515</u>	<u>62,830</u>	<u>150,415</u>	<u>60</u>	<u>3,429</u>	<u>198,134</u>	<u>24,675</u>
LIABILITIES:										
Accounts payable	-	103,054	-	-	-	-	-	-	1,569	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Accrued payroll	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>103,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,569</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES:										
Unavailable revenue	-	-	-	-	-	-	-	-	-	-
FUND BALANCE:										
Restricted:										
General government	-	-	-	-	-	150,415	-	-	-	-
Public safety	33,008	-	-	-	-	-	60	3,429	196,565	24,675
Highways and streets	-	-	-	-	-	-	-	-	-	-
Drainage and other capital assets	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	62,830	-	-	-	-	-
Committed:										
General government	-	105,302	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	188,515	-	-	-	-	-	-
Economic development	-	-	19,134	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>33,008</u>	<u>105,302</u>	<u>19,134</u>	<u>188,515</u>	<u>62,830</u>	<u>150,415</u>	<u>60</u>	<u>3,429</u>	<u>196,565</u>	<u>24,675</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS OUTFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 33,008</u>	<u>\$ 208,356</u>	<u>\$ 19,134</u>	<u>\$ 188,515</u>	<u>\$ 62,830</u>	<u>\$ 150,415</u>	<u>\$ 60</u>	<u>\$ 3,429</u>	<u>\$ 198,134</u>	<u>\$ 24,675</u>

Continued on next page.

CITY OF CARMEL
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Special Revenue Funds

	Police Gift	Parks Gift	Community Relations	Carmel Economic	Carmel Housing Authority	Law Enforcement	Thoroughfare	Levy Excess	Grant Fund	Total Special Revenue Funds
ASSETS:										
Cash and investments	24,700	45,534	81,993	48,538	58,832	578,521	513,898	-	-	12,643,301
Property taxes receivable	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	564,436	564,436
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Total assets	24,700	45,534	81,993	48,538	58,832	578,521	513,898	-	564,436	13,207,737
LIABILITIES:										
Accounts payable	-	-	9,328	-	-	2,831	-	-	3,646	538,223
Due to other funds	-	-	-	-	-	-	-	-	246,209	246,209
Accrued payroll	-	-	-	-	-	-	-	-	-	145,106
Total liabilities	-	-	9,328	-	-	2,831	-	-	249,855	929,538
DEFERRED INFLOW OF RESOURCES:										
Unavailable revenue	-	-	-	-	-	-	-	-	564,436	564,436
FUND BALANCE:										
Restricted:										
General government	-	-	72,665	-	-	-	-	-	-	223,080
Public safety	24,700	-	-	-	-	575,690	-	-	-	1,560,970
Highways and streets	-	-	-	-	-	-	513,898	-	-	923,042
Drainage and other capital assets	-	-	-	-	-	-	-	-	-	166,105
Economic development	-	-	-	48,538	58,832	-	-	-	-	107,370
Culture and recreation	-	45,534	-	-	-	-	-	-	-	8,670,100
Committed:										
General government	-	-	-	-	-	-	-	-	-	105,302
Public safety	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-	188,515
Economic development	-	-	-	-	-	-	-	-	-	19,134
Unassigned	-	-	-	-	-	-	-	-	(249,855)	(249,855)
TOTAL FUND BALANCES	24,700	45,534	72,665	48,538	58,832	575,690	513,898	-	(249,855)	11,713,763
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCES	\$ 24,700	\$ 45,534	\$ 81,993	\$ 48,538	\$ 58,832	\$ 578,521	\$ 513,898	\$ -	\$ 564,436	\$ 13,207,737

Continued on next page.

CITY OF CARMEL
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Capital Projects Funds

	Ambulance	Park Capital	Cumulative Capital Improvement	Cumulative Capital Sewer	Cumulative Capital Development	Illinois Street Construction	Old Town/126th Construction	Capital Lease Fund	Total Capital Projects Funds
ASSETS:									
Cash and investments	516,959	459,732	183,888	286,037	316,030	953,626	459	1,279,642	3,996,373
Property taxes receivable	-	-	-	-	65,891	-	-	-	65,891
Intergovernmental receivables	-	-	-	-	-	-	-	-	-
Accounts receivable	274,150	-	-	-	-	-	-	-	274,150
Total assets	791,109	459,732	183,888	286,037	381,921	953,626	459	1,279,642	4,336,414
LIABILITIES:									
Accounts payable	13,713	-	-	-	35,895	110,898	-	-	160,506
Due to other funds	-	-	-	-	-	-	-	-	-
Accrued payroll	-	-	-	-	-	-	-	-	-
Total liabilities	13,713	-	-	-	35,895	110,898	-	-	160,506
DEFERRED INFLOW OF RESOURCES:									
Unavailable revenue	158,598	-	-	-	65,891	-	-	-	224,489
FUND BALANCE:									
Restricted:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	1,279,642	1,279,642
Highways and streets	-	-	-	-	-	842,728	-	-	842,728
Drainage and other capital assets	-	-	-	286,037	280,135	-	-	-	566,172
Economic development	-	-	-	-	-	-	459	-	459
Culture and recreation	-	459,732	-	-	-	-	-	-	459,732
Committed:									
General government	-	-	-	-	-	-	-	-	-
Public safety	618,798	-	-	-	-	-	-	-	618,798
Highways and streets	-	-	183,888	-	-	-	-	-	183,888
Economic development	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	618,798	459,732	183,888	286,037	280,135	842,728	459	1,279,642	3,951,419
TOTAL LIABILITIES, DEFERRED OUTFLOWS OUTFLOWS OF RESOURCES, AND FUND BALANCES	\$ 791,109	\$ 459,732	\$ 183,888	\$ 286,037	\$ 381,921	\$ 953,626	\$ 459	\$ 1,279,642	\$ 4,336,414

Continued on next page.

CITY OF CARMEL
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

	Debt Service Funds			
	Lease Rental	2004 Road Bond	Total Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS:				
Cash and investments	3,850	4,376	8,226	16,647,900
Property taxes receivable	-	-	-	65,891
Intergovernmental receivables	-	-	-	564,436
Accounts receivable	-	-	-	274,150
Total assets	<u>3,850</u>	<u>4,376</u>	<u>8,226</u>	<u>17,552,377</u>
LIABILITIES:				
Accounts payable	-	-	-	698,729
Due to other funds	-	-	-	246,209
Accrued payroll	-	-	-	145,106
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,090,044</u>
DEFERRED INFLOW OF RESOURCES:				
Unavailable revenue	-	-	-	788,925
FUND BALANCE:				
Restricted:				
General government	-	-	-	223,080
Public safety	-	-	-	2,840,612
Highways and streets	3,850	4,376	8,226	1,773,996
Drainage and other capital assets	-	-	-	732,277
Economic development	-	-	-	107,829
Culture and recreation	-	-	-	9,129,832
Committed:				
General government	-	-	-	105,302
Public safety	-	-	-	618,798
Highways and streets	-	-	-	372,403
Economic development	-	-	-	19,134
Unassigned	-	-	-	(249,855)
TOTAL FUND BALANCES	<u>3,850</u>	<u>4,376</u>	<u>8,226</u>	<u>15,673,408</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,850</u>	<u>\$ 4,376</u>	<u>\$ 8,226</u>	<u>\$ 17,552,377</u>

CITY OF CARMEL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2015

Special Revenue

	Park Impact	Hazardous Material	Parks Program	Parks Monon	Parks Facility Fund	LR & S	Deferral Fund	User Fee	Barrett Law	Barrett Law Surplus
REVENUES:										
Charges for Services	2,290,543	-	4,118,004	-	35,680	-	-	-	-	231
Investment Income	4,885	21	4,137	3,528	8	1,046	906	239	-	-
Fines and Forfeits	-	-	-	-	-	-	105,174	38,821	-	-
Licenses and Permits	-	-	-	-	-	-	-	39,470	-	-
Other	-	-	-	5,531,993	50	-	-	39,558	-	-
Other Taxes	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	7,032	21,618	2,900	-	-	-	-	-
General Property Taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental										
Shared revenue	-	-	-	-	-	1,250,439	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-
Total revenues	2,295,428	21	4,129,173	5,557,139	38,638	1,251,485	106,080	118,088	-	231
EXPENDITURES:										
Current:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	160,331	93,521	-	-
Highways and streets	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	3,628,001	5,087,729	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-	-	-	-	-
Capital outlay:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	1,235,163	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	212,688	-	-	-	27,650	-	-	-	-	-
Total expenditures	212,688	-	3,628,001	5,087,729	27,650	1,235,163	160,331	93,521	-	-
Excess (deficiency) of revenues over (under) expenditures	2,082,740	21	501,172	469,410	10,988	16,322	(54,251)	24,567	-	231
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	2,082,740	21	501,172	469,410	10,988	16,322	(54,251)	24,567	-	231
FUND BALANCES: beginning	1,740,438	13,194	2,003,225	1,753,763	-	392,822	584,286	135,026	6	165,868
FUND BALANCES: ending	3,823,178	13,215	2,504,397	2,223,173	10,988	409,144	530,035	159,593	6	166,099

Continued on next page.

CITY OF CARMEL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2015

(Continued)

	Special Revenue									
	MIHP Fund	Workers Comp	Support of the Arts	Keystone Non-Reverting	Urban Forestry Fund	Record Perpetuation Fund	Court Interpreter Fund	Public Defenders Fund	Judicial Salary Fees Fund	Fire Gift Fund
REVENUES:										
Charges for Services	-	-	-	-	-	-	-	-	-	-
Investment Income	8	476	30	280	89	217	-	4	265	31
Fines and Forfeits	-	-	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-	-	-
Other	-	425,520	-	144,103	-	30,132	15	1,818	44,709	99
Other Taxes	-	-	-	-	-	-	-	-	-	-
Contributions	50,000	-	-	-	11,625	-	-	-	-	34,941
General Property Taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental Shared revenue	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-
Total revenues	50,008	425,996	30	144,383	11,714	30,349	15	1,822	44,974	35,071
EXPENDITURES:										
Current:										
General government	-	457,752	-	-	-	3,654	-	-	-	-
Public safety	17,000	-	-	-	-	-	-	-	13,326	19,953
Highways and streets	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	698,050	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-	-	-	-	-
Capital outlay:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	122,424	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Total expenditures	17,000	457,752	698,050	122,424	-	3,654	-	-	13,326	19,953
Excess (deficiency) of revenues over (under) expenditures	33,008	(31,756)	(698,020)	21,959	11,714	26,695	15	1,822	31,648	15,118
Other financing sources (uses):										
Transfers in	-	-	700,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	700,000	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	33,008	(31,756)	1,980	21,959	11,714	26,695	15	1,822	31,648	15,118
FUND BALANCES: beginning	-	137,058	17,154	166,556	51,116	123,720	45	1,607	164,917	9,557
FUND BALANCES: ending	33,008	105,302	19,134	188,515	62,830	150,415	60	3,429	196,565	24,675

Continued on next page.

CITY OF CARMEL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2015

(Continued)

	Special Revenue								Total Special Revenue Funds
	Police Gift Fund	Parks Gift Fund	Community Relations	Carmel Economic	Carmel Housing Authority	Law Enforcement	Thoroughfare	Levy Excess	
REVENUES:									
Charges for Services	-	-	-	-	-	-	-	-	-
Investment Income	20	71	176	-	-	861	744	-	49
Fines and Forfeits	-	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-	-
Other	8,341	-	3,583	77	93	161,480	41,425	-	60,587
Other Taxes	-	-	-	-	-	-	-	-	-
Contributions	10,797	24,323	89,727	-	-	-	26,775	-	6,978
General Property Taxes	-	-	-	-	-	-	-	-	-
Intergovernmental Shared revenue	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	60,588	-	-	3,002,143
Total revenues	19,158	24,394	93,486	77	93	222,929	68,944	-	3,069,757
EXPENDITURES:									
Current:									
General government	-	-	-	-	-	-	-	567	-
Public safety	14,993	-	-	-	-	196,875	-	-	3,501,446
Highways and streets	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Culture and recreation	-	26,166	135,856	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-	-	-	-
Capital outlay:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Total expenditures	14,993	26,166	135,856	-	-	196,875	-	567	3,501,446
Excess (deficiency) of revenues over (under) expenditures	4,165	(1,772)	(42,370)	77	93	26,054	68,944	(567)	(431,689)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-	700,000
NET CHANGE IN FUND BALANCES	4,165	(1,772)	(42,370)	77	93	26,054	68,944	(567)	(431,689)
FUND BALANCES: beginning	20,535	47,306	115,035	48,461	58,739	549,636	444,954	567	181,834
FUND BALANCES: ending	24,700	45,534	72,665	48,538	58,832	575,690	513,898	-	(249,855)

Continued on next page.

CITY OF CARMEL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2015

(Continued)

	Capital Projects Funds								
	Ambulance	Parks Capital	Cumulative Capital Improvement	Cumulative Capital Sewer	Cumulative Capital Development	Illinois Street Construction	Old Town/126th Construction	Capital Lease Fund	Total Capital Projects Funds
REVENUES:									
Charges for Services	1,152,600	726	-	480	-	-	-	-	1,153,806
Investment Income	854	-	77	-	122	2,715	-	3,708	7,476
Fines and Forfeits	-	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	85,167	-	-	85,167
Other Taxes	-	-	198,907	-	181,577	-	-	-	380,484
Contributions	-	-	-	-	-	-	-	-	-
General Property Taxes	-	-	-	-	1,735,498	-	-	-	1,735,498
Intergovernmental									
Shared revenue	4,000	-	-	-	1,014	-	-	-	5,014
Grants	-	-	-	-	-	-	-	-	-
Total revenues	1,157,454	726	198,984	480	1,918,211	87,882	-	3,708	3,367,445
EXPENDITURES:									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	1,360,299	-	-	-	-	-	-	-	1,360,299
Highways and streets	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-	-	-	-
Capital outlay:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	3,634,933	3,634,933
Highways and streets	-	-	29,735	-	186,393	1,409,225	-	-	1,625,353
Economic development	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Total expenditures	1,360,299	-	29,735	-	186,393	1,409,225	-	3,634,933	6,620,585
Excess (deficiency) of revenues over (under) expenditures	(202,845)	726	169,249	480	1,731,818	(1,321,343)	-	(3,631,225)	(3,253,140)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(1,582,818)	-	-	-	(1,582,818)
Capital lease proceeds	-	-	-	-	-	-	-	3,167,006	3,167,006
Total other financing sources	-	-	-	-	(1,582,818)	-	-	3,167,006	1,584,188
NET CHANGE IN FUND BALANCES	(202,845)	726	169,249	480	149,000	(1,321,343)	-	(464,219)	(1,668,952)
FUND BALANCES: beginning	821,643	459,006	14,639	285,557	131,135	2,164,071	459	1,743,861	5,620,371
FUND BALANCES: ending	618,798	459,732	183,888	286,037	280,135	842,728	459	1,279,642	3,951,419

Continued on next page.

CITY OF CARMEL
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2015
(Continued)

Debt Service Funds				
	Lease Rental	2004 Road Bond	Total Debt Service Funds	Total
REVENUES:				
Charges for Services	-	-	-	7,598,264
Investment Income	6	7	13	25,580
Fines and Forfeits	-	-	-	143,995
Licenses and Permits	-	-	-	39,470
Other	-	-	-	6,578,750
Other Taxes	-	-	-	380,484
Contributions	-	-	-	286,716
General Property Taxes	-	-	-	1,735,498
Intergovernmental				
Shared revenue	-	-	-	1,255,453
Grants	-	-	-	3,062,731
Total revenues	<u>6</u>	<u>7</u>	<u>13</u>	<u>21,106,941</u>
EXPENDITURES:				
Current:				
General government	-	-	-	461,973
Public safety	-	-	-	5,377,744
Highways and streets	-	-	-	-
Economic development	-	-	-	-
Culture and recreation	-	-	-	9,575,802
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issue costs	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	3,634,933
Highways and streets	-	-	-	2,982,940
Economic development	-	-	-	-
Culture and recreation	-	-	-	240,338
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,273,730</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6</u>	<u>7</u>	<u>13</u>	<u>(1,166,789)</u>
Other financing sources (uses):				
Transfers in	-	-	-	700,000
Transfers out	-	-	-	(1,582,818)
Capital lease proceeds	-	-	-	3,167,006
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,284,188</u>
NET CHANGE IN FUND BALANCES	<u>6</u>	<u>7</u>	<u>13</u>	<u>1,117,399</u>
FUND BALANCES: beginning	<u>3,844</u>	<u>4,369</u>	<u>8,213</u>	<u>14,556,009</u>
FUND BALANCES: ending	<u>3,850</u>	<u>4,376</u>	<u>8,226</u>	<u>15,673,408</u>

CITY OF CARMEL
NONMAJOR ENTERPRISE FUNDS

The Storm Water Fund accounts for monies received for user charges restricted for drainage projects.

The 4CDC Rental Service Fund accounts for the rental and maintenace operations of the 4CDC office building.

CITY OF CARMEL
STATEMENT OF NET POSITION
Nonmajor Enterprise Funds - Combining
December 31, 2015

	Storm Water Fund	4CDC Rental Service Fund	Total
ASSETS: current:			
Cash and cash equivalents	\$ 2,109,203	\$ 180,438	\$ 2,289,641
Restricted cash	-	-	-
Due from Water Fund	268,015	-	268,015
Receivables	224,592	838	225,430
Total assets, current	<u>2,601,810</u>	<u>181,276</u>	<u>2,783,086</u>
LIABILITIES: current:			
Accounts payable	-	24,345	24,345
Due to related city	80,820	-	80,820
Tenant taxes payable	-	62,464	62,464
Rent paid in advance	-	64,890	64,890
Total liabilities, current	<u>80,820</u>	<u>151,699</u>	<u>232,519</u>
NET POSITION: Unrestricted	<u>\$ 2,520,990</u>	<u>\$ 29,577</u>	<u>\$ 2,550,567</u>

CITY OF CARMEL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Nonmajor Enterprise Funds - Combining
December 31, 2015

	Storm Water Fund	4CDC Rental Service Fund	Total
OPERATING REVENUE:			
Charges for services	\$ 3,070,501	\$ -	\$ 3,070,501
Rent	-	968,119	968,119
Total operating revenues	<u>3,070,501</u>	<u>968,119</u>	<u>4,038,620</u>
OPERATING EXPENSES:			
Office building maintenance	-	328,148	328,148
Drainage projects	338,616	-	338,616
Other	-	229,016	229,016
Total operating expenses	<u>338,616</u>	<u>557,164</u>	<u>895,780</u>
OPERATING INCOME (LOSS)	<u>2,731,885</u>	<u>410,955</u>	<u>3,142,840</u>
OTHER FINANCING SOURCES (USES):			
Transfers out, governmental funds	(614,100)	(400,000)	(1,014,100)
Investment income	2,574	-	2,574
Total other financing sources (uses)	<u>(611,526)</u>	<u>(400,000)</u>	<u>(1,011,526)</u>
CHANGE IN NET POSITION	2,120,359	10,955	2,131,314
NET POSITION: beginning	400,631	18,622	419,253
NET POSITION: ending	<u>\$ 2,520,990</u>	<u>\$ 29,577</u>	<u>\$ 2,550,567</u>

CITY OF CARMEL
STATEMENT OF CASH FLOWS
Nonmajor Enterprise Funds - Combining
For The Year Ended December 31, 2015

	Storm Water Fund	4CDC Rental Service Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 2,968,045	\$ 969,688	\$ 3,937,733
Payments to suppliers	(338,616)	(559,281)	(897,897)
Net cash provided (used) by operating activities	<u>2,629,429</u>	<u>410,407</u>	<u>3,039,836</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Net cash provided by capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	<u>2,574</u>	-	<u>2,574</u>
TRANSFERS TO GOVERNMENTAL FUNDS	<u>(633,438)</u>	<u>(400,000)</u>	<u>(1,033,438)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,998,565	10,407	2,008,972
CASH AND CASH EQUIVALENTS: beginning	<u>110,638</u>	<u>170,031</u>	<u>280,669</u>
CASH AND CASH EQUIVALENTS: ending	<u>\$ 2,109,203</u>	<u>\$ 180,438</u>	<u>\$ 2,289,641</u>

Continued on next page

CITY OF CARMEL
STATEMENT OF CASH FLOWS
Nonmajor Enterprise Funds - Combining
For The Year Ended December 31, 2015
(Continued)

	<u>Storm Water Fund</u>	<u>4CDC Rental Service Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 2,731,885	\$ 410,955	\$ 3,142,840
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Nonoperating income (expense)			
(Increase) decrease in assets:			
Accounts receivable	165,559	1,418	166,977
Other	-	151	151
Interfund receivables	(268,015)	-	(268,015)
Increase (decrease) in liabilities:			
Accounts payable	-	720	720
Other current liabilities	-	(2,837)	(2,837)
Total adjustments	<u>(102,456)</u>	<u>(548)</u>	<u>(103,004)</u>
Net cash provided (used) by operating activities	<u>\$ 2,629,429</u>	<u>\$ 410,407</u>	<u>\$ 3,039,836</u>

CITY OF CARMEL 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 pension trust funds:

The Police Pension Fund accounts for the retirement and disability payments to police officers hired prior to May 1, 1977.

The Fire Pension Fund accounts for the retirement and disability benefits to firefighters hired prior to May 1, 1977.

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

The Court Fund accounts for certain collections made by municipal court for redistribution to third parties.

The Payroll Fund accounts for certain amounts withheld from the compensation of City employees for redistribution to third parties.

CITY OF CARMEL
COMBINING STATEMENTS OF FIDUCIARY NET POSITION - PENSION AND AGENCY FUNDS
December 31, 2015

	Police Pension Trust Fund	Fire Pension Trust Fund	Total Trust Funds	City Court Agency Fund	Payroll Agency Fund	Total Agency Funds
ASSETS:						
Cash and investments	\$ 147,848	\$ 39,468	\$ 187,316	\$ 190,229	\$ -	\$ 190,229
Total assets	<u>147,848</u>	<u>39,468</u>	<u>187,316</u>	<u>190,229</u>	<u>-</u>	<u>190,229</u>
LIABILITIES:						
Payroll withholdings	63	103	166	-	-	-
Court escrow	-	-	-	190,229	-	190,229
Total liabilities	<u>63</u>	<u>103</u>	<u>166</u>	<u>\$ 190,229</u>	<u>\$ -</u>	<u>\$ 190,229</u>
NET POSITION: restricted for pensions	<u>\$ 147,785</u>	<u>\$ 39,365</u>	<u>\$ 187,150</u>			

CITY OF CARMEL
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION FUNDS
For The Year Ended December 31, 2015

	Police Pension	Fire Pension	Total Trust Funds
ADDITIONS:			
State of Indiana contributions	\$ 534,143	\$ 562,264	\$ 1,096,407
Investment income	143	51	194
Total additions	<u>534,286</u>	<u>562,315</u>	<u>1,096,601</u>
DEDUCTIONS:			
Benefits	535,016	553,859	1,088,875
Other services and charges	100	-	100
Total deductions	<u>535,116</u>	<u>553,859</u>	<u>1,088,975</u>
NET INCREASE (DECREASE) IN NET POSITION	(830)	8,456	7,626
NET POSITION: beginning	<u>148,615</u>	<u>30,909</u>	<u>179,524</u>
NET POSITION: ending - restricted for pensions	<u>\$ 147,785</u>	<u>\$ 39,365</u>	<u>\$ 187,150</u>

CITY OF CARMEL, INDIANA

Comprehensive Annual Financial Report

STATISTICAL SECTION

This part of the City's comprehensive annual financial report (CAFR) 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.

Contents	Pages
Financial Trends	122 - 127
<i>Financial trends information is intended to assist users in understanding and assessing how the City's financial position has changed over time.</i>	
Revenue Capacity	128 - 131
<i>Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the City's ability to generate its own-source revenues.</i>	
Debt Capacity	132 - 135
<i>Debt capacity information is intended to assist users in understanding and assessing the City's debt burden and its ability to issue additional debt.</i>	
Demographic and Economic Information	136 - 137
<i>Demographic and economic information is intended to (1) assist users in understanding the socioeconomic environment within which the City operates and (2) provide information that facilitates comparisons of financial statement information over time and among governments.</i>	
Operating Information	138 - 139
<i>Operating information is intended to provide contextual information about the City's operations and resources to assist readers in using financial statement information to understand and assess the City's economic condition.</i>	

Source: Unless otherwise noted, the information in these schedules is derived from the CAFR for the relevant year.

Note: The City is presenting its first CAFR since 2007. Accordingly, a 10-year history is not presented for certain statistical section presentations.

CITY OF CARMEL
Net Position by Component
Fiscal Year ended December 31, 2015

2015

Governmental activities:

Net investment	
in capital assets	\$ 314,601,738
Not spendable	-
Restricted	31,045,877
Unrestricted	<u>(47,736,168)</u>
Total governmental	
activities net position	<u>\$ 297,911,447</u>

Business-type activities:

Net investment	
in capital assets	\$ 113,210,726
Not spendable	-
Restricted	-
Unrestricted	<u>(1,147,670)</u>
Total business-type	
activities net position	<u>\$ 112,063,056</u>

Primary government:

Net investment	
in capital assets	\$ 427,812,464
Not spendable	-
Restricted	31,045,877
Unrestricted	<u>(48,883,838)</u>
Total primary government	
net position	<u>\$ 409,974,503</u>

Note: The City is presenting its first CAFR since 2007. Accordingly, a 10-year history is not presented for certain statistical section presentations.

CITY OF CARMEL
Changes in Net Position
Fiscal Year ended December 31, 2015

	<u>2015</u>
Expenses:	
Governmental activities:	
General government	\$ 20,841,943
Public safety	44,313,645
Streets and other infrastructure	29,584,125
Economic development	10,771,611
Culture and recreation	18,549,674
Unallocated interest expense	4,542,707
Total governmental activities expenses	<u>128,603,705</u>
Business-type activities:	
Water	13,542,037
Sewer	7,305,928
Other	895,780
Total business-type activities expenses	<u>21,743,745</u>
Total primary government expenses	<u>\$ 150,347,450</u>
 <u>Program Revenues:</u>	
Governmental activities:	
Charges for services:	
General government	\$ 72,056
Public safety	1,152,600
Streets and other infrastructure	480
Economic development	-
Culture and recreation	7,345,221
Operating grants and contributions:	
General government	-
Public safety	60,618
Streets and other infrastructure	-
Economic development	-
Culture and recreation	-
Capital grants and contributions:	
General government	-
Public safety	-
Streets and other infrastructure	3,516,506
Economic development	-
Culture and recreation	50,043
Total governmental activities revenues	<u>12,197,524</u>

Continued on next page

CITY OF CARMEL

Changes in Net Position

Fiscal Year ended December 31, 2015

(Continued)

Business-type activities:	
Charges for services	
Water	13,500,929
Sewer	8,471,996
Other	4,038,620
Operating grants and contributions	
Water	-
Sewer	-
Capital grants and contributions	
Water	-
Sewer	-
Total business-type activities revenues	<u>26,011,545</u>
Total primary government revenues	<u>\$ 38,209,069</u>
Net (expense) revenue and changes in net position:	
Governmental Activities	\$ (116,406,181)
Business-Type Activities	<u>4,267,800</u>
Total primary government net (expense) revenue	<u>(112,138,381)</u>
GENERAL REVENUES AND TRANSFERS:	
Property tax	44,104,576
Income tax	32,745,504
Other taxes	26,154,361
Unrestricted investment earnings	155,461
Other	20,679,190
Transfers	-
Total general revenues and transfers	<u>123,839,092</u>
CHANGE IN NET POSITION BEFORE SPECIAL ITEMS	11,700,711
SPECIAL ITEM: gain	<u>619,000</u>
Total CHANGE IN NET POSITION	12,319,711
NET POSITION: beginning	<u>397,654,792</u>
NET POSITION: ending	<u>\$ 409,974,503</u>

Note: The City is presenting its first CAFR since 2007. Accordingly, a 10-year history is not presented for certain statistical section presentations.

CITY OF CARMEL
Fund Balances of Governmental Funds
Fiscal Year ended December 31, 2015

	<u>2015</u>
General Fund:	
Nondisposable	\$ -
Restricted	-
Committed	-
Assigned	1,416,155
Unassigned	8,592,334
Total General Fund	<u><u>\$ 10,008,489</u></u>
All Other Governmental Funds:	
Nondisposable	\$ -
Restricted	48,485,694
Committed	1,115,637
Assigned	-
Unassigned	(249,855)
Total all other governmental funds	<u><u>\$ 49,351,476</u></u>

Note: The City is presenting its first CAFR since 2007. Accordingly, a 10-year history is not presented for certain statistical section presentations.

CITY OF CARMEL
Changes in Fund Balances of Governmental Funds
Fiscal Year ended December 31, 2015

		<u>2015</u>
Revenues:		
Property tax	\$	44,043,914
Income tax		28,847,934
Other local tax		26,154,361
Charges for services		8,570,357
Investment income		74,597
Licenses and permits		2,159,234
Fines and forfeits		788,604
Intergovernmental:		-
Grants		3,062,731
State shared revenue		4,870,501
Fire service contract		1,116,639
Contributions		286,716
Other		10,915,190
Total revenues		130,890,778
 Expenditures:		
Current:		
General government		20,135,899
Public safety		45,026,384
Streets and other infrastructure		13,784,488
Economic development		4,284,583
Culture and recreation		13,432,578
Debt service:		
Principal		15,768,608
Interest		18,473,991
Capital outlay:		
General government		119,885
Public safety		3,710,693
Streets and other infrastructure		4,445,749
Economic development		2,439,830
Culture and recreation		422,388
Total expenditures		142,045,076
Excess (deficit) of revenues over (under) expenditures		 (11,154,298)

Continued on next page

CITY OF CARMEL
Changes in Fund Balances of Governmental Funds
Fiscal Year ended December 31, 2015
(Continued)

	<u>2015</u>
Other financing sources (uses)	
Transfers in	35,964,247
Transfer in from associated utility	1,014,100
Transfers out	(35,964,247)
Bond issuance	1,250,744
Capital lease proceeds	3,167,006
Total other financing sources (uses)	5,431,850
 Total change in fund balances	 (5,722,448)
 Total debt service expenditures as a percentage of noncapital expenditures	 25.7%

Note: The City is presenting its first CAFR since 2007. Accordingly, a 10-year history is not presented for certain statistical section presentations.

CITY OF CARMEL

Assessed Value and Actual Value of Taxable Property

Property Tax Revenue Base

Last Ten Fiscal Years

Fiscal Year	Net Value Real Estate Property	Net Value Railroad/ Utility/ Business Personal Property	Total Net Taxable Assessed Value	Estimated Actual Value		Total Direct Tax Rate
2015	6,006,875,967	409,451,119	6,416,327,086	11,591,806,730	55.4%	0.7007
2014	4,829,947,454	398,186,327	5,228,133,781	9,538,010,360	54.8%	0.7007
2013	4,762,146,198	373,474,201	5,135,620,399	9,445,479,646	54.4%	0.7007
2012	4,863,829,903	398,308,947	5,262,138,850	9,604,804,116	54.8%	0.6788
2011	4,891,357,512	426,518,904	5,317,876,416	9,561,032,777	55.6%	0.6664
2010	5,088,667,610	388,639,324	5,477,306,934	9,654,531,997	56.7%	0.6664
2009	5,010,445,942	392,184,979	5,402,630,921	9,462,572,040	57.1%	0.6664
2008	6,574,455,212	382,323,374	6,956,778,586	9,318,319,380	74.7%	0.5033
2007	6,221,469,456	369,122,264	6,590,591,720	8,765,674,160	75.2%	0.4329
2006	5,154,223,156	482,825,969	5,637,049,125	7,113,965,577	79.2%	0.5282

Source: Hamilton County Auditor's office property tax abstracts.

Notes: Property taxes are the City's most significant own-source revenue.

Estimated actual value is 100% of *gross* assessed value. Residential real property for homesteads is subject to a \$45,000 homestead deduction plus a 35% supplemental homestead deduction to arrive at *net* assessed value.

Assessed on January 1 of the prior year for taxes due and payable in the year indicated.

Personal property other than business personal property was taxable through 2008 only.

CITY OF CARMEL

Direct and Overlapping Property Tax Rates (Rate per \$100 of assessed value) Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
City Direct Rates:										
Corporation General	0.5088	0.5381	0.5459	0.5284	0.5266	0.4578	0.3969	0.3147	0.3268	0.3512
Motor Vehicle Highway	0.1643	0.1249	0.1268	0.1080	0.0777	0.1291	0.1490	0.1153	0.0889	0.1054
Cumulative Sewer	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0166	0.0166	0.0166	0.0166
Debt Service	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0377
Redevelopment Bond	0.0000	0.0101	0.0000	0.0160	0.0145	0.0331	0.0565	0.0449	0.0006	0.0000
Lease Rental Payment	0.0000	0.0000	0.0000	0.0000	0.0144	0.0133	0.0143	0.0118	0.0000	0.0173
Cumulative Capital Development	0.0276	0.0276	0.0280	0.0264	0.0332	0.0331	0.0331	0.0000	0.0000	0.0000
Total Direct Rate	0.7007	0.7007	0.7007	0.6788	0.6664	0.6664	0.6664	0.5033	0.4329	0.5282
Overlapping Rates:										
State	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0024	0.0024	0.0024
County	0.2926	0.3054	0.3074	0.2901	0.2769	0.2724	0.2651	0.2046	0.2121	0.2266
Solid Waste	0.0033	0.0033	0.0033	0.0032	0.0030	0.0030	0.0029	0.0023	0.0024	0.0027
Township - Clay	0.0746	0.0719	0.0781	0.0693	0.0753	0.0674	0.0945	0.0575	0.0609	0.0269
Library	0.0787	0.0787	0.0765	0.0682	0.0657	0.0657	0.0657	0.0494	0.0495	0.0451
Carmel Clay School Corp	0.8106	0.8453	0.8591	0.7911	0.8990	0.6460	0.6373	1.1895	1.1519	1.2601
Total Direct and Overlapping Rate	1.9605	2.0053	2.0251	1.9007	1.9863	1.7209	1.7319	2.0090	1.9121	2.0920

Source: Hamilton County Auditor's office property tax abstracts; Indiana Department of Local Government Finance certified budget orders.

Notes: For taxes due and payable in the year indicated and assessed the prior year.

On November 2, 2010, Indiana voters approved a constitutional amendment to Article 10, Section 1 of the Indiana Constitution that limits the taxing power of Indiana public agencies. The amendment requires, for property taxes first due and payable in 2012 and thereafter, the general assembly to limit a taxpayer's property tax liability as follows: (1) Homestead property taxes are capped at 1%, (2) other residential and agricultural property taxes are capped at 2%, and (3) other real property and personal property taxes are capped at 3%. Property taxes approved by referendum are not subject to these limitations.

CITY OF CARMEL
Principal Taxpayers
Current Year and Nine Years Ago

2015			2006		
Taxpayer	Assessed Value	Percentage of Total City Assessed Value	Taxpayer	Assessed Value	Percentage of Total City Assessed Value
Duke Realty	139,868,516	2.18%	Duke Realty	134,386,854	2.39%
Clarian Health Partners Inc	121,796,100	1.90%	Washington National	88,829,250	1.58%
Clay Terrace Partners LLC	65,878,700	1.03%	Clay Terrace Partners LLC	56,847,669	1.01%
Carmel Indy Properties LLC	48,938,100	0.76%	REI Investments	43,881,951	0.78%
Carmel Lofts LLC	46,333,900	0.72%	Carmel Indy Properties LLC	42,784,500	0.76%
Cottonwood Carmel Center LLC	28,410,700	0.44%	Tom Wood Auto Group	34,438,539	0.61%
MRI Spring Mill Miami LLC	27,880,800	0.43%	GPI Retail Properties - Gibraltar	34,327,200	0.61%
Edward Rose Development LLC	25,453,000	0.40%	Midwest Independent Trans Sys	31,810,830	0.56%
HR of Indiana LLC	25,241,000	0.39%	Mohawk Housing Partners LLC	31,137,171	0.55%
Providence HUD LLC	23,528,400	0.37%	Talcott II Meridian LLC/ Phoenix Life	30,907,011	0.55%
	<u>553,329,216</u>	<u>8.62%</u>		<u>529,350,975</u>	<u>9.40%</u>

Source: Hamilton County Auditor's office.

Notes: 2006 Assessed value multiplied by a factor of three to match the current methodology for calculating assessed value

CITY OF CARMEL
Property Tax Levied and Collected
Last Ten Fiscal Years

Fiscal Year	Total Taxes Levied	Total Taxes Collected	Percentage of Levy
2015	45,416,367	44,043,913	96.98%
2014	44,020,059	40,554,757	92.13%
2013	43,391,737	38,072,795	87.74%
2012	43,399,780	37,319,721	85.99%
2011	35,993,200	34,393,205	95.55%
2010	36,193,490	36,600,347	101.12%
2009	36,092,579	35,075,840	97.18%
2008	34,911,856	29,265,547	83.83%
2007	28,046,412	28,279,366	100.83%
2006	29,797,451	29,221,103	98.07%

Source: Hamilton County Auditor's Office

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. At the end of 2015, total delinquent property tax due to the City for 2015 and all prior years was approximately \$3,679,343.

CITY OF CARMEL

Legal Debt Margin

Last Ten Fiscal Years

	<u>2015</u>
Certified net assessed valuation	\$ 6,481,570,742
2% statutory debt limit	2.0%
Subtotal	<u>129,631,415</u>
divided by 3	<u>3.0</u>
Debt limit	43,210,472
Net debt applicable to debt limit	<u>(15,417,000)</u>
Legal debt margin	<u>\$ 27,793,472</u>
Legal debt margin as percentage of debt limit	64.32%

Source: Indiana Department of Local Government Finance budget orders.

Note: The City is presenting its first CAFR since 2007. Accordingly, a 10-year history is not presented for certain statistical section presentations.

CITY OF CARMEL

Ratios of Outstanding Debt by Type

	<u>Governmental Activities</u>			<u>Business Activities</u>			<u>Sinking Fund Principal Amount Used to Repay Debt</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income ¹</u>	<u>Debt per Capita ¹</u>	<u>Net Debt as % of Actual Value of Taxable Property</u>
	<u>Bonds and Contract Purchases</u>	<u>Capital leases</u>	<u>Total Governmental Activities</u>	<u>Bonds and Contract Purchases</u>	<u>Capital leases</u>	<u>Total Business Activities</u>					
2015	443,981,011	6,228,269	450,209,280	147,117,708	200,985	147,318,693	5,019,133	592,508,840	12.88%	6,679	9.23%

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

Note: The City is presenting its first CAFR since 2007. Accordingly, a 10-year history is not presented for certain statistical section presentations.

CITY OF CARMEL
Direct and Overlapping Debt
at December 31, 2015

<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 133)	\$ 450,209,280	100.00%	\$ 450,209,280
Overlapping Debt Paid with Property Taxes:			
Carmel Clay School Corporation	146,480,000	79.07%	115,825,805
Carmel Clay Public Library	9,925,000	97.44%	9,670,575
Clay Township	40,790,000	97.44%	39,744,360
Hamilton County	186,100,000	35.40%	65,875,159
Other Overlapping Debt:			
Hamilton County Tax Increment Bonds	11,925,000	0.00%	-
Sub-Total Overlapping Debt:	\$ 395,220,000		231,115,899
Total Direct and Overlapping Debt:			\$ 681,325,180
Population - 2015 (2)			88,713
Estimated direct and overlapping debt per capita			\$ 7,680

Note: Overlapping districts are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping districts that is borne by the residents and businesses of the City. This process recognizes that, when considering the districts' ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property value. Applicable percentages were estimated 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.

(2) Source: US Census Bureau

CITY OF CARMEL
Pledged Revenue Coverage
December 31, 2015

Water Utility						Sewer Utility					
Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service		Coverage (2)		Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service		Coverage (2)	
		Principal	Interest					Principal	Interest		
\$ 13,500,929	\$ 9,367,529	\$ 4,133,400	\$ 3,457,294	\$ 6,158,188	43%	\$ 8,471,996	\$ 6,383,278	\$ 2,088,718	\$ 1,256,303	\$ 562,869	115%

Note: Details of the City's outstanding debt can be found in the notes to the financial statements.

(1) Operating expenses do not include depreciation and amortization.

(2) Coverage=Net Available Revenue/Debt Service Requirements.

CITY OF CARMEL
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Median Age (2)	Per Capita Income (2)(3)	Personal Income	High School Graduation (4)	Public School Enrollment (5)	Unemployment Rate (6)
2015	88,713	38.5	51,855	4,600,212,615	95.8%	15,971	3.3%
2014	86,682	38.4	51,730	4,484,059,860	96.9%	15,912	4.0%
2013	85,929	38.7	51,767	4,448,286,543	96.3%	15,724	4.8%
2012	83,595	38.4	52,068	4,352,624,460	94.3%	15,750	5.0%
2011	81,633	38.2	51,354	4,192,181,082	93.8%	15,493	5.3%
2010	79,191	38.0	48,916	3,873,706,956	93.0%	15,498	5.9%
2009	78,265	37.3	48,350	3,784,112,750	90.9%	15,218	6.2%
2008	76,889	37.8	50,853	3,910,036,317	86.6%	14,927	3.5%
2007	75,281	37.7	49,607	3,734,464,567	91.4%	14,588	2.4%
2006	73,458	37.6	48,337	3,550,739,346	88.9%	14,446	2.7%

- Sources:**
- (1) U.S. Census Bureau
2010 Census; other years from Census Bureau intercensal estimates.
 - (2) U.S. Census Bureau, 2009-2013 5-Year American Community Survey
Median Age and City of Carmel Per Capita Income for years 2010-2013.
 - (3) Bureau of Economic Analysis
Hamilton County Per Capita Income for years 2006-2009.
 - (4) National Center for Educational Statistics
 - (5) Indiana Department of Education
Corporate enrollment, Carmel Clay Schools
 - (6) Bureau of Labor Statistics

CITY OF CARMEL

Principal Employers

Current Year and Nine Years Ago

2015

2006

<u>Company</u>	<u>Industry</u>	<u>2015</u>			<u>2006</u>			
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Company</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Carmel Clay Schools	Public Education	2,384	1	7.28%	Conseco Inc (now CNO Financial Group)	2,100	1	6.79%
CNO Financial Group	Insurance Services	1,750	2	5.34%	Carmel Clay Schools	1,840	2	5.95%
GEICO	Auto Insurance	1,200	3	3.66%	RCI	1,200	3	3.88%
Liberty Mutual	Insurance Services	1,200	4	3.66%	TCL - Thomson Electronics	900	4	2.91%
The Capital Group	Financial Services	1,000	5	3.05%	Indiana Insurance Company	800	5	2.59%
IU Health North Hospital	Healthcare Facility	1,080	6	3.30%	St. Vincent Carmel Hospital	750	6	2.43%
RCI	Time-Share Exchange Network	900	7	2.75%	Gaylor Group	675	7	2.18%
NextGear Capital	Inventory Finance Solutions	877	8	2.68%	Household International	675	8	2.18%
KAR Auction Services Inc.	Vehicle Auction Services	828	9	2.53%	Verizon	550	9	1.78%
Firestone Industrial Products	World Headquarters; Diversified Products Group	825	10	2.52%	System Operator, Inc	538	10	1.74%

Source: Hamilton County Economic Development Corporation

CITY OF CARMEL
City Government Employees
by Function/ Program

	<u>2015</u>
General Government:	
Clerk-Treasurer	6
Mayor	3
City Council	7
Board of Public Works	2
Plan Commission	1
Administration	4
City Court	7
Law Department	8
Community Services	22
Community Relations	4
Public Safety:	
Police	
Officers	117
Civilians	26
Fire	
Firefighters and Officers	166
Civilians	9
Culture and Recreation:	
Parks Department	13
Brookshire Golf	4
Utilities (Water and Sewer)	109
Other Programs:	
Human Resources	3
Street	52
Engineering	16
Information Systems	9
Communication Center	4
Redevelopment	1
TOTAL	<u><u>593</u></u>

Source: City of Carmel Department Heads

Note: The City is presenting its first CAFR since 2007. Accordingly, a 10-year history is not presented for certain statistical section presentations.

CITY OF CARMEL
Other Operating Indicators
by Function/ Program

2015

General Government:

Community Services

Permits issued	1,237
Residential Construction Permits	359
Total # Dwelling Units	1,663

Public Safety:

Police

Incidents	83,904
Occurred Incidents	4,330

Fire

Emergency Medical Responses	4,402
Fire-Related Calls for Service	2,312

Carmel Clay Parks:

Number of parks and greenways	15
Total acres	505
Total trail miles	16

Streets:

Number of "center lane" miles streets	482
Number of roundabouts	97

Source: City of Carmel Department Heads; Carmel Clay Parks

Note: The City is presenting its first CAFR since 2007. Accordingly, a 10-year history is not presented for certain statistical section presentations.