

CITY OF CARMEL INDIANA



Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2016



CITY OF CARMEL, INDIANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2016

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, 2016

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	23–33
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	34
Statement of Activities	35
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet - Governmental Funds	36
Reconciliation of the Balance Sheet - Governmental Funds to the Government-wide Statement of Net Position	37
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	38–39
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Government-wide Statement of Activities	40
Proprietary Funds:	
Statement of Net Position - Proprietary Funds	41–42
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	43
Statement of Cash Flows - Proprietary Funds	44–45
Fiduciary Funds:	
Statement of Fiduciary Net Position	46
Statement of Changes in Fiduciary Net Position	47
Notes to the Basic Financial Statements	48–87
Required Supplementary Information:	
Schedule of Funding Progress Postemployment Healthcare Plan	88
Schedule of Employer Contributions Postemployment Healthcare Plan	88
1925 Police Officers' And 1937 Firefighters' Pension Plans:	
Schedule of Actuarially Determined Contributions	89
Schedule of Net Pension Liability And Related Ratios	90
Schedule of Changes In Net Pension Liability	91
Notes to Schedules	92
Defined Benefit Pension Plans - Multiple Employer Plans:	
Schedule of the City's Proportionate Share of the Net Pension Liability	93–94
Schedule of City Contributions	95
Notes to Schedules	96

CITY OF CARMEL, INDIANA
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2016

TABLE OF CONTENTS (CONTINUED)

	Pages
Budgetary Comparison Schedules - General Fund	97-100
Budgetary Comparison Schedules - Motor Vehicle Highway Fund	101
Notes to the Required Supplementary Information - Budgetary Comparison Schedules	102
Supplementary Information:	
Nonmajor Governmental Funds - Information	103-105
Combining Balance Sheet - Nonmajor Governmental Funds:	
Special Revenue Funds	106-108
Capital Projects Funds	109-110
Debt Service Funds	111
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds:	
Special Revenue Funds	112-114
Capital Projects Funds	115-116
Debt Service Funds	117
Budgetary Comparison Schedules - Nonmajor Governmental Funds	118-121
Statement of Net Position - Nonmajor Enterprise Funds	123
Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds	124
Statement of Cash Flows - Nonmajor Enterprise Funds	125-126
Combining Statements of Fiduciary Net Position - Pension and Agency Funds	128
Combining Statement of Changes In Fiduciary Net Position - Pension Funds	129
Schedule of Changes in Assets and Liabilities - Agency Funds	130
STATISTICAL SECTION	
<hr/>	
Financial Trends:	
Net Position by Component	132
Changes in Net Position	133-134
Fund Balances - Governmental Funds	135
Changes in Fund Balances - Governmental Funds	136-137
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	138
Property Tax Rates - Direct and Overlapping Governments	139
Principal Property Taxpayers	140
Property Tax Levies and Collections	141
Debt Capacity:	
Legal Debt Margin Information	142
Ratios of Outstanding Debt by Type	143
Direct and Overlapping Governmental Activities Debt	144
Pledged-Revenue Coverage	145
Demographic and Economic Information:	
Demographic and Economic Statistics	146
Principal Employers	147
Operating Information:	
Full-Time Equivalent Employees by Function	148
Operating Indicators by Function	149

INTRODUCTORY SECTION



Introductory Section:

Letter of Transmittal

City of Carmel Organization Chart

List of Principal Officials



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JAMES BRAINARD, MAYOR
CHRISTINE PAULEY, CLERK-TREASURER

November 27, 2017

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Carmel (the City) year ended December 31, 2016. 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 our 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 of Carmel. 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 designed 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 2016. 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, 2016, 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 independent auditors' report in the financial section of the CAFR.

CITY PROFILE

The City of Carmel was incorporated in 1976, and it is located in Hamilton County, directly north of Indianapolis. The City occupies more than 47 square miles, with more than 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 86,946 (according to a partial special census conducted in 2016). 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 No. 1 place to live in America by Money Magazine for cities with a population of 50,000 to 300,000 in 2012, and is consistently ranked among the best places to raise a family and among the safest cities by a variety of rating websites and agencies. 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, serves as the fiscal officer and 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. Its 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 two mayoral 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, storm water 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 Community Services, Community Relations and Economic Development, Redevelopment, Engineering, Human Resources, Street Department, Law, Administration, Information Systems, Police, Fire, Carmel Clay Communications Center and the Carmel Water-Sewer-Storm Water 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 Lodge #185
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 following: 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 100 companies have their 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 U.S. 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 expecting 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 10 years, park land in Carmel has increased from 20 to more than 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 center.

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 connects to the 10.5-mile Monon Trail system in Marion County to the south, extending all the way to downtown Indianapolis, and to Westfield to the north, connecting to the Grand Park sports complex. 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 I 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 just north of the Arts & Design District at Clay Terrace, an upscale open-air mixed-use and retail environment that 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 residents and daily commuters in Carmel, the City saw the need to redesign State Road 431, one of two main north–south thoroughfares passing through the City. After discussions with the State of Indiana, which wanted to maintain several intersections controlled by traffic signals, the City of Carmel chose to move in a new direction – replacing those intersections with grade-separated interchanges, controlled by roundabouts. The state was not willing to do that, so 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 expenses. The unique and award-winning design with double roundabout interchanges allows traffic to travel more easily through this previously congested thoroughfare.

After seeing the success of the Keystone Parkway project, the State of Indiana in 2011 began construction 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.H. 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 by the Clerk Treasurer's Office under 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. We believe that under the Clerk Treasurer's Office direction, 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 officials' 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.

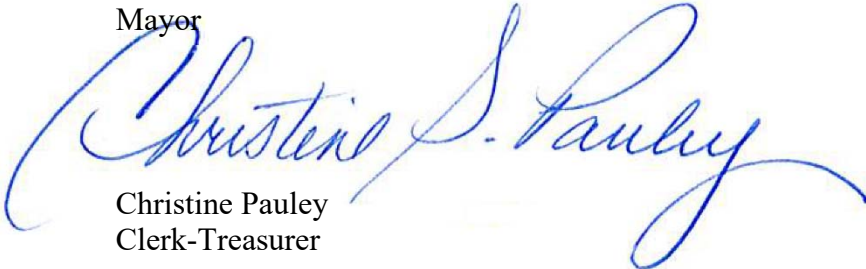
ACKNOWLEDGEMENTS

The preparation of this report involved many dedicated people across the organization. In particular, we would like to express appreciation to Dianne Walthall and Ann Bingman of the Clerk-Treasurer’s office, whose support and dedication made the report possible. We would like to express our appreciation to the State Board of Accounts for their professionalism and support. Furthermore, we 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, we would like to thank the City Council, without whose leadership and support the preparation and results of this report would not have been possible.

Respectfully submitted,



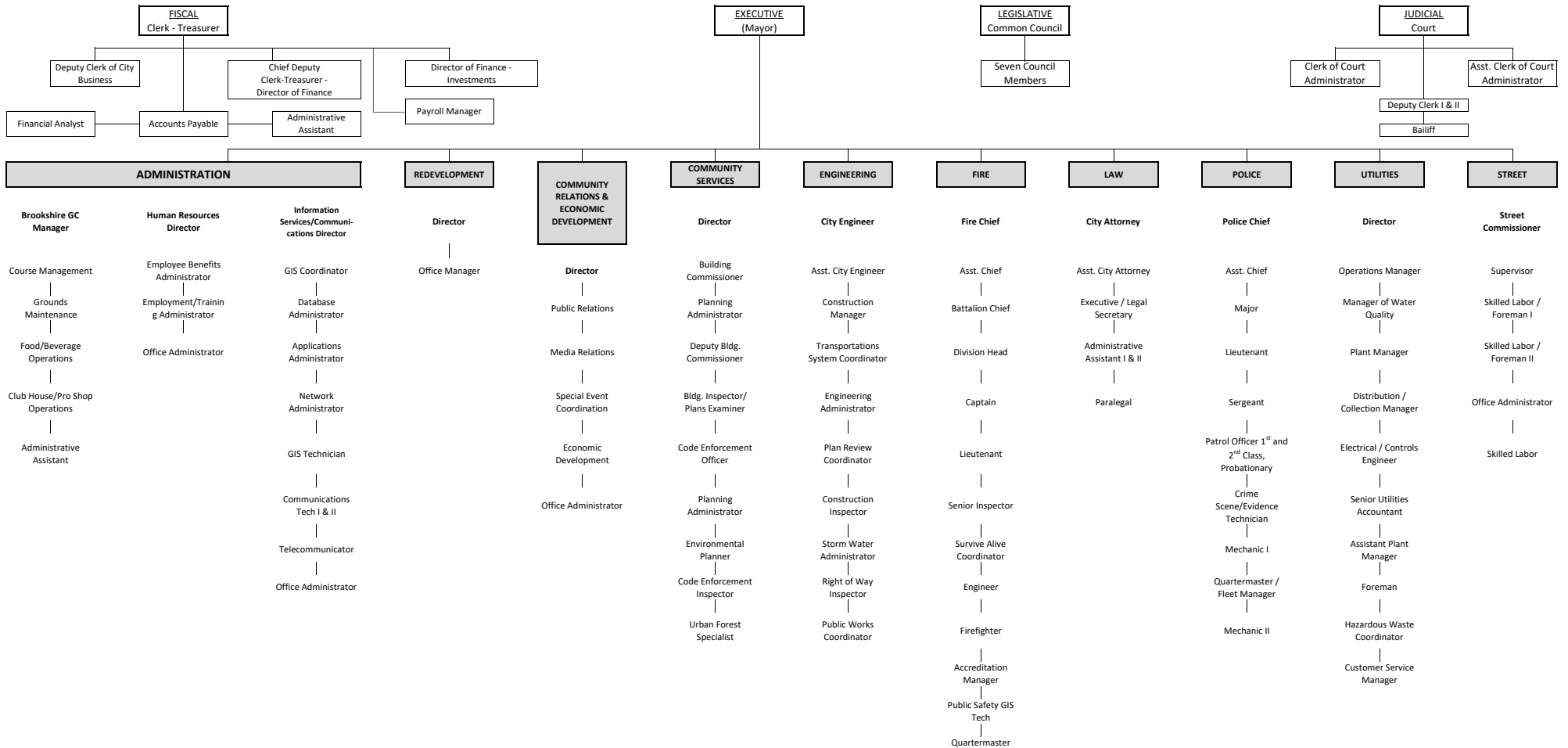
James Brainard
Mayor



Christine Pauley
Clerk-Treasurer

CITY OF CARMEL, INDIANA

ORGANIZATIONAL CHART



CITY OF CARMEL, INDIANA
List of Elected and Appointed Officials
For the Fiscal Reporting Year Ended December 31, 2016

Elected Officials



Mayor
[Jim Brainard](#)

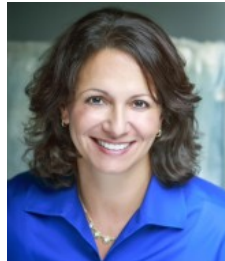


Clerk-Treasurer
[Christine Pauley](#)



City Court Judge
[Brian Poindexter](#)

Council Chaplain
Northwest District
[Laura Campbell](#)



Council President
Northeast District
[Sue Finkam](#)



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



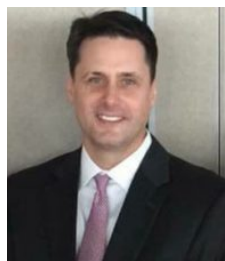
Central District
[Bruce Kimball](#)



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



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



Council Parliamentarian
Southeast District
[Jeff Worrell](#)



CITY OF CARMEL, INDIANA
List of Elected and Appointed Officials
For the Fiscal Year Ended December 31, 2016
(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

FINANCIAL SECTION



Since opening in 2011, the Center for the Performing Arts has welcomed more than 700,000 audience members to more than 1,700 performances. Tickets have been purchased by households in all 92 counties within Indiana, all 50 states and 23 countries. More than 60 percent of ticket-buying households are located outside of Hamilton County.

Financial Section:

Independent Auditor's Report

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

*Combining and Individual Fund Financial
Statements and Schedules*



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2016, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 of Carmel, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information


Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, Schedule of Funding Progress Postemployment Healthcare Plan, Schedule of Employer Contributions, 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 Schedules - General Fund, and Budgetary Comparison Schedules - 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 fund 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 fund 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 fund statements and other budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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


Paul D. Joyce, CPA
State Examiner

November 27, 2017



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CITY OF CARMEL, INDIANA
MANAGEMENT DISCUSSION & ANALYSIS
For the Fiscal Year Ended December 31, 2016

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, 2016. 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 34 of this report.

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 \$401,277,741 (net position).
- The City's overall net position decreased \$1,601,699 from the prior fiscal year. The reasons for this overall decrease 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 \$278,000,684, an increase of \$216,850,004 in comparison with the prior year. Approximately \$15,066,402 of this amount (5.4%) 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 \$16,977,282, or approximately 27.5% of total General Fund expenditures.
- The City's total outstanding long-term debt increased by \$253,669,834 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, and 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 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, sewer, storm water, and other.

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 34 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 fifty-eight 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, Bond Bank Project Fund, 2016 Project 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 36 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. *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, storm water, and sewer utilities, which are considered to be major funds of the City.

The basic proprietary fund financial statements begin on page 41 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

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 46 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 48 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 88 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.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budgetary comparison statements. Combining and individual fund statements and schedules can be found starting on page 106 of this report.

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 \$401,277,741 at the close of the fiscal year.

City of Carmel's Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 296,360,734	\$ 90,485,882	\$ 41,762,692	\$ 10,616,533	\$ 338,123,426	\$ 101,102,415
Capital assets	696,894,805	688,112,828	260,372,611	256,060,231	957,267,415	944,173,059
Total assets	<u>993,255,539</u>	<u>778,598,710</u>	<u>302,135,303</u>	<u>266,676,764</u>	<u>1,295,390,842</u>	<u>1,045,275,474</u>
Total deferred outflows of resources	37,120,339	33,893,243	2,046,321	2,086,745	39,166,660	35,979,988
Other liabilities	16,596,030	11,320,348	2,480,673	2,248,658	19,076,703	13,569,006
Long-term liabilities outstanding	714,216,239	490,089,198	183,368,200	153,964,755	897,584,439	644,053,953
Total liabilities	<u>730,812,269</u>	<u>501,409,546</u>	<u>185,848,873</u>	<u>156,213,413</u>	<u>916,661,142</u>	<u>657,622,959</u>
Total deferred inflows of resources	10,770,063	13,170,960	5,848,556	487,040	16,618,619	13,658,000
Net position:						
Net investment in capital assets	299,216,267	314,601,738	116,495,474	113,210,726	415,711,741	427,812,464
Restricted	25,355,156	25,629,325	-	-	25,355,156	25,629,325
Unrestricted	(35,777,877)	(42,319,616)	(4,011,279)	(1,147,670)	(39,789,157)	(43,467,286)
Total net position	<u>\$ 288,793,546</u>	<u>\$ 297,911,447</u>	<u>\$ 112,484,195</u>	<u>\$ 112,063,056</u>	<u>\$ 401,277,741</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 and 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.

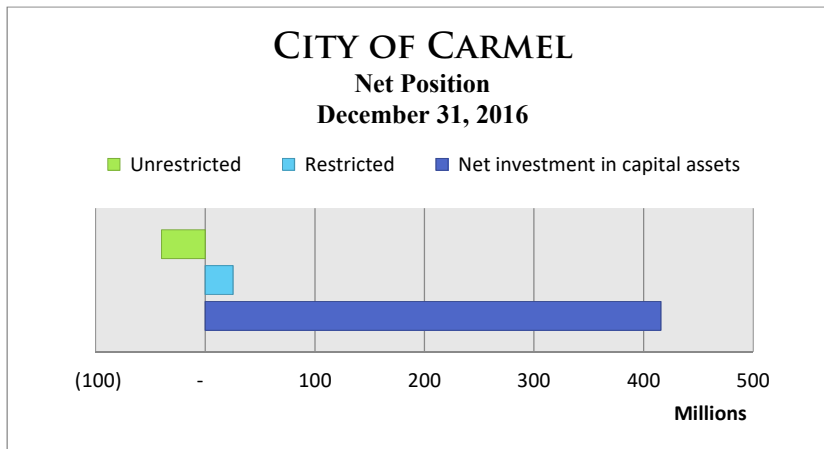
An additional portion of the City's net position represents resources that are subject to external restriction on how they may be used. The remaining balance of spendable net position is a deficit of \$39,789,157.

The City reported significant negative unrestricted net position of \$35,777,877 in governmental activities and negative unrestricted net position of \$4,011,279 in business activities, totaling \$39,789,157. These deficits are due in part to unfunded pension and retiree healthcare liabilities of \$46.9 million, as follows:

Other post-employment benefits – retiree healthcare obligation	\$ 12,920,443
Non-uniform public employee retirement plan obligation	11,082,182
'37 firefighters pension plan obligation	10,852,994
'25 police pension plan obligation	9,971,078
'77 firefighters pension plan obligation	1,201,404
'77 police pension plan obligation	901,944
	<u>\$ 46,930,045</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.

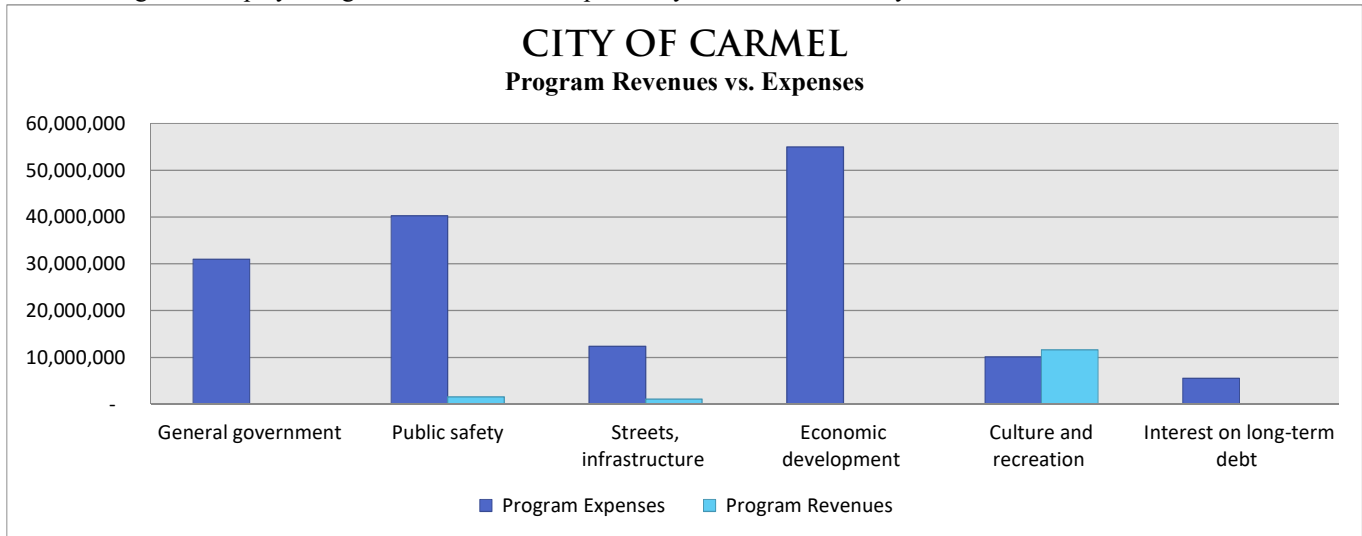
Another contributing factor to the deficit can be attributed to the City's growth and aggressive acquisition of capital assets for infrastructure and other amenities. This growth and improvement have been financed with debt, resulting in significant transaction costs and amortization of deferred outflows. 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.



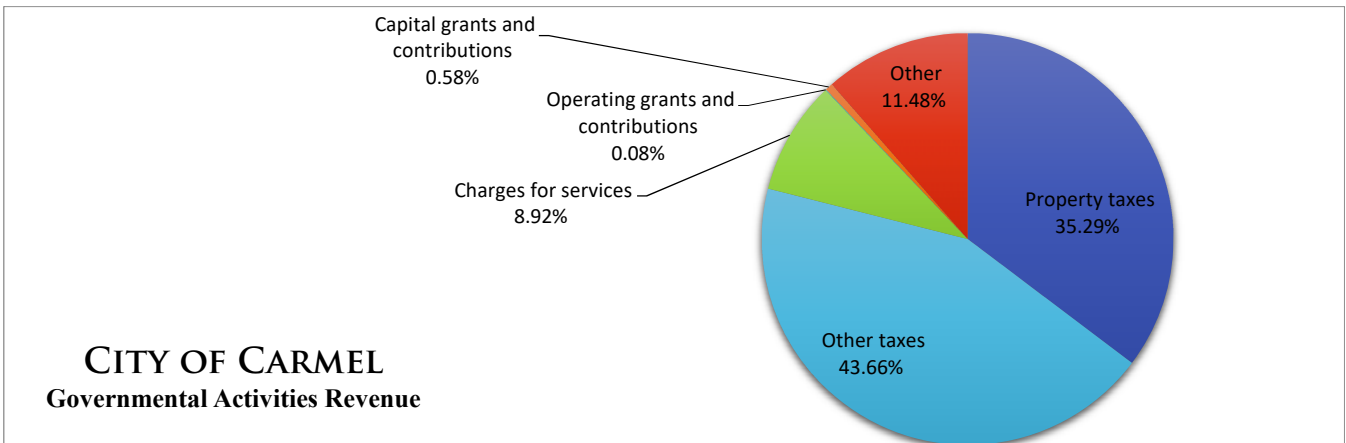
The City's overall net position decreased \$1,601,699 from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities decreased \$2,504,833 from the prior fiscal year for an ending balance of \$288,793,546. The decrease was less than one percent, indicating a relatively stable 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.

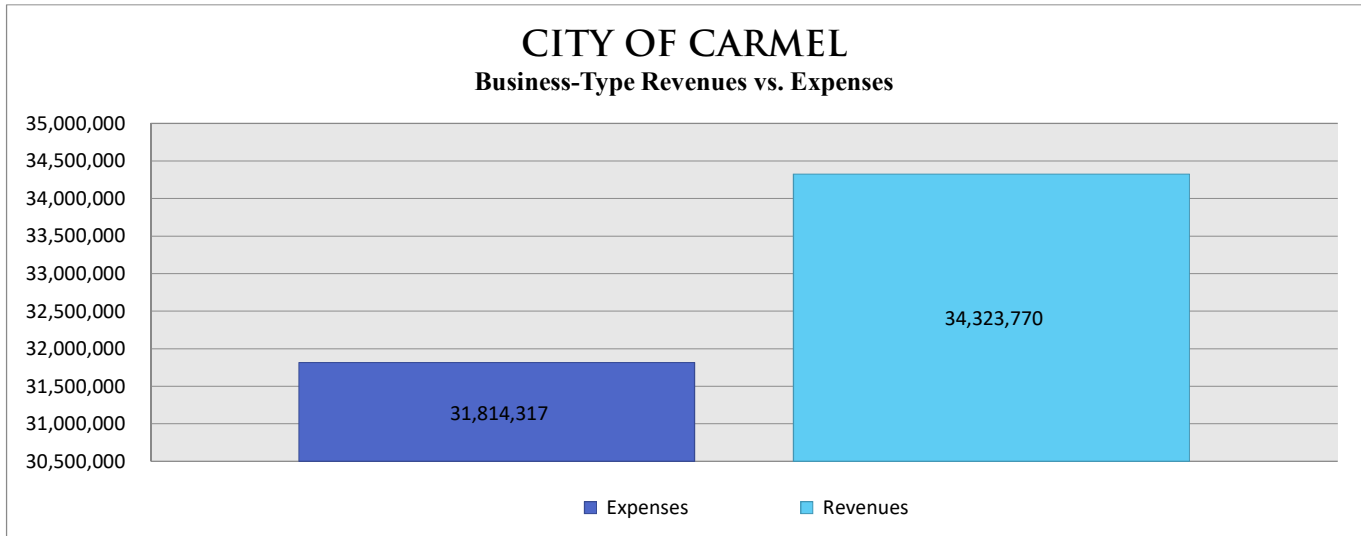


City of Carmel's Changes in Net Position

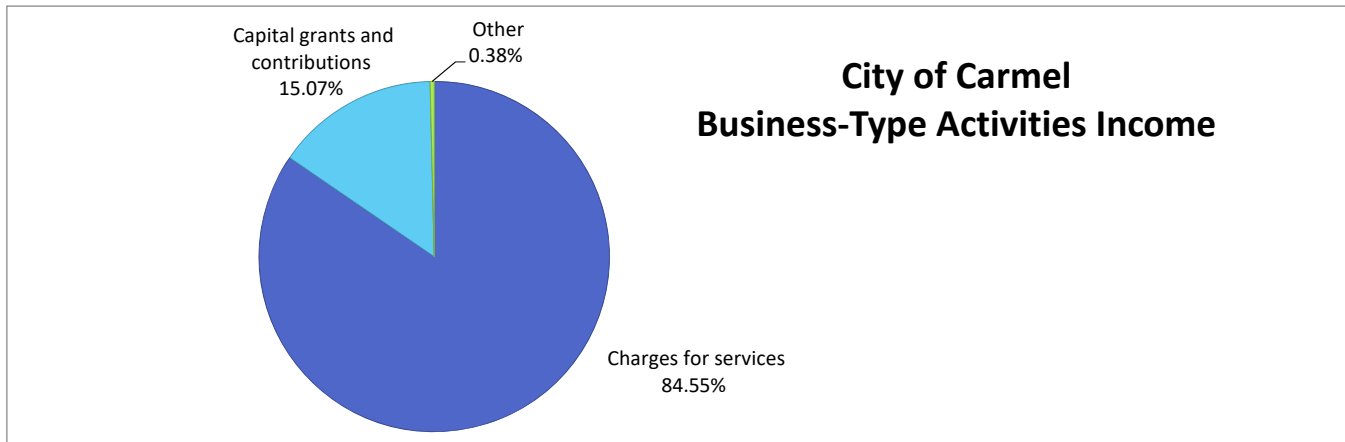
	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
REVENUES:						
Program revenues:						
Charges for services	\$ 13,387,122	\$ 8,570,357	\$ 29,019,069	\$ 26,011,545	\$ 42,406,191	\$ 34,581,902
Operating grants and contributions	112,651	60,618	-	-	112,651	60,618
Capital grants and contributions	865,258	3,566,549	5,173,409	-	6,038,667	3,566,549
General revenues:						
Property taxes	52,989,360	44,104,576	-	-	52,989,360	44,104,576
Other taxes	65,551,375	58,899,865	-	-	65,551,375	58,899,865
Other	17,240,292	20,757,571	131,292	77,080	17,371,584	20,834,651
Total revenues	150,146,058	135,959,536	34,323,770	26,088,625	184,469,828	162,048,161
EXPENSES:						
General government	30,984,884	20,841,943	-	-	30,984,884	20,841,943
Public safety	40,267,560	44,313,645	-	-	40,267,560	44,313,645
Streets, infrastructure	12,340,719	29,584,125	-	-	12,340,719	29,584,125
Water distribution	-	-	19,439,437	13,542,037	19,439,437	13,542,037
Sewer collection	-	-	10,016,870	7,305,928	10,016,870	7,305,928
Stormwater drainage	-	-	1,651,075	-	1,651,075	-
Economic development	54,995,901	10,771,611	-	-	54,995,901	10,771,611
Culture and recreation	10,122,290	18,549,674	-	-	10,122,290	18,549,674
Interest on long-term debt	5,545,855	4,542,707	-	-	5,545,855	4,542,707
Other	-	-	706,935	895,780	706,935	895,780
Total expenses	154,257,210	128,603,705	31,814,317	21,743,745	186,071,527	150,347,450
Change in net position before special item and transfers	(4,111,152)	7,355,831	2,509,453	4,344,880	(1,601,699)	11,700,711
Special item	-	-	-	619,000	-	619,000
Transfers	1,606,319	1,014,100	(1,606,319)	(1,014,100)	-	-
Increase (decrease) in net position	(2,504,833)	8,369,931	903,134	3,949,780	(1,601,699)	12,319,711
NET POSITION - beginning	297,911,447	289,541,516	112,063,056	108,113,276	409,974,503	397,654,792
Restatement	(6,613,069)	-	(481,995)	-	(7,095,064)	-
NET POSITION - beginning, adjusted	291,298,378	289,541,516	111,581,061	108,113,276	402,879,439	397,654,792
NET POSITION - ending	\$ 288,793,546	\$ 297,911,447	\$ 112,484,195	\$ 112,063,056	\$ 401,277,741	\$ 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 \$112,484,195. The total increase in net position for business-type activities (water, sewer, storm water, and other) was \$903,134 or 0.8% from the prior fiscal year. The increase is mainly attributable to a net amount of \$1,023,982 generated by the new storm water 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 that 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, 2016, the City's governmental funds reported combined fund balances of \$278,000,684, an increase of \$216,850,004 in comparison with the prior year. Approximately 5.4% of this amount, \$15,066,402, 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 (\$257,811,177), it is committed for particular purposes (\$3,212,225), or it is assigned for particular purposes (\$1,910,880).

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 \$15,066,402 while the total fund balance was \$16,977,282. 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 24.4% of total general fund expenditures while total fund balance represents 27.5% of that amount.

The fund balance of the City's General Fund increased by \$6,968,793 during the year. The reason for the increase was that the City did not utilize all of its 2016 revenue. There were prospective uses for the revenue, but by the time they were implemented, 2016 was past and the new expenditures were pushed into 2017. Among the expenditures pushed into 2017 were \$1 million for salary adjustments to market level, \$2 million for street payment in excess of the normal level, and \$3 million for new debt service, related to bonds issued in 2016.

The Bond Bank Project Fund, a major fund, acts as a conduit for borrowing for other City funds. The fund balance of \$11,432,539 is restricted for economic development and drainage and other capital assets.

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 \$4,018,417, all of which was restricted for the purpose of constructing and maintaining streets. During the year, fund balance increased \$597,462 indicating a budget very nearly balanced, within approximately 2% of revenues and expenditures.

The Redevelopment Commission Fund, a major fund, accounts for tax increment revenue, which is restricted for certain economic development projects. The fund had a \$23,544,680 increase in fund balance during the year, due to bond issuance, which put the overall fund balance at \$34,329,628.

The 2016 Project Fund, a major fund, accounts for \$160 million of bond proceeds, which is restricted for certain road projects.

The Redevelopment Authority Debt Service Fund, a major fund, had a \$1,467,005 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 \$18,906,822, all of which was restricted for debt service.

The Redevelopment Authority Capital Projects Fund, a major fund, had a \$290,948 decrease in fund balance during the current fiscal year, representing progress on construction projects. The ending balance was \$1,851,411, 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 \$7,891,792; for the Sewer Utility, it was an excess of \$1,727,942; for the Storm Water Utility, it was an excess of \$2,195,247; and for the nonmajor funds, it was a deficit of \$42,676. Water Utility net position, before capital contributions and transfers, decreased \$3,938,521. The Water Utility deficit and decrease were due to unusually wet summers in 2015 and 2016, which drove down water sales during the grass-watering season. Sewer Utility net position, before capital contributions and transfers, decreased \$674,483, which is within a normal range. Unrestricted net position of the Storm Water Utility increased by \$1,621,301, 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.

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	\$ 37,687,913	\$ 36,100,175	\$ (1,587,738)
Income tax	30,151,095	31,251,644	1,100,549
Licenses and permits	2,162,160	1,866,872	(295,288)
Intergovernmental	753,217	288,842	(464,375)
Charges for services	2,784,883	1,677,173	(1,107,710)
Fines and forfeits	657,468	504,182	(153,286)
Miscellaneous	1,071,983	1,441,815	369,832
Township joinder agreements	1,087,444	923,798	(163,646)
Investment earnings, subfund transactions, and other	6,270,140	9,320,121	3,049,981
Total	\$ 82,626,303	\$ 83,374,622	\$ 748,319

The revenue excesses and 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	\$ 1,102,223	\$ 1,047,706	\$ (54,517)
Mayor's Office	817,760	676,055	(141,705)
City Council	3,891,447	2,859,322	(1,032,125)
Board of Public Works	19,129,943	8,703,599	(10,426,344)
Administration	3,256,138	2,402,639	(853,499)
Brookshire Golf Course	1,484,676	1,176,059	(308,617)
Building Operations	2,712,710	2,467,638	(245,072)
City Court	793,470	665,892	(127,578)
Law Department	1,110,359	862,140	(248,219)
Community Services	3,559,115	3,049,295	(509,820)
Personnel/ Human Resources	471,931	439,567	(32,364)
Information Systems	1,745,835	1,547,438	(198,397)
City Property Maintenance	904,831	561,654	(343,177)
Public Affairs/ Community Relations	2,080,769	1,890,958	(189,811)
Fire Department	23,267,230	23,214,455	(52,775)
Police Department	19,449,462	18,393,077	(1,056,385)
Communication Center	2,771,324	2,613,538	(157,786)
Parks Department	2,951,441	2,628,884	(322,557)
Redevelopment Department	478,469	339,807	(138,662)
Total	\$ 91,979,133	\$ 75,539,723	\$ (16,439,410)

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, 2016, amounts to \$957,267,415 (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 increase in capital assets for the current fiscal year was 2.10%.

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 171,288,808	\$ 175,640,791	\$ 3,111,319	\$ 3,111,319	\$ 174,400,127	\$ 178,752,110
Construction in progress	42,081,222	14,850,557	19,321,443	14,536,492	61,402,665	29,387,049
Buildings	167,978,923	169,915,367			167,978,923	169,915,367
Machinery, equipment, and vehicles	22,778,886	22,881,761	-	-	22,778,886	22,881,761
Infrastructure	292,766,966	298,195,425	-	-	292,766,966	298,195,425
Water distribution system	-	-	166,767,112	165,792,679	166,767,112	165,792,679
Sewer system			71,172,737	72,619,741	71,172,737	72,619,741
Total	\$ 696,894,805	\$ 681,483,901	\$ 260,372,611	\$ 256,060,231	\$ 957,267,415	\$ 937,544,132

Additional information on the City's capital assets can be found in Note III.C. on pages 58–59 of this report.

Long-term Debt. 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. 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 tax.

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 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). The City has pledged its water utility user fees.

At the end of the current fiscal year, the City had total bonded debt outstanding of \$772,384,434. Of this amount, \$613,083,067 is debt backed by an unlimited ad valorem property tax levy, \$82,105,000 is debt backed by income tax, \$5,330,000 is debt backed by tax increment, and \$169,313,074 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		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Bonds and contract purchases	\$ 603,071,360	\$ 422,916,072	\$ 169,313,074	\$ 146,524,502	\$ 772,384,434	\$ 569,440,574
Unamortized bond premium	57,378,431	21,064,939	6,437,337	593,205	63,815,768	21,658,144
Compensated absences	715,685	629,638	450,161	396,863	1,165,846	1,026,501
OPEB	12,920,443	9,871,857	2,092,507	1,773,512	15,012,950	11,645,369
Pension-related debt	34,009,602	30,008,060	4,962,582	4,872,549	38,972,184	34,880,609
Capital leases	6,836,403	6,228,269	562,700	200,985	7,399,103	6,429,254
Total	\$ 714,931,924	\$ 490,718,835	\$ 183,818,361	\$ 154,361,616	\$ 898,750,285	\$ 645,080,451

The City's total debt increased by \$253,669,834 (28.22%) 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". In November 2017, a proposed bond issuance received a rating of "AA" from Standard & Poor's.

City's outstanding debt payable primarily from pledges of property tax levies. Several of the City's outstanding obligations are payable primarily from non-property tax resources, even though they are subject ultimately to a property tax levy pledge. These obligations are not subject to the 2% limit, nor are obligations associated with lease-back arrangements.

Additional information on the City's long-term debt can be found in Note III.D. on pages 59–65 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 2017 fiscal year budget.

- The unemployment rate for the City was 3.2% 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 help 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. The corresponding 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 July of 2017, the City issued \$7,405,000 of debt to acquire capital assets.

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, INDIANA
STATEMENT OF NET POSITION
December 31, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and investments	\$ 274,672,589	\$ 35,303,590	\$ 309,976,179
Receivables (net of allowances for uncollectibles):			
Accounts	604,022	827,668	1,431,690
Taxes	12,537,752	-	12,537,752
Intergovernmental	1,213,133	-	1,213,133
Other	-	3,902,402	3,902,402
Internal balances	3,739,684	(3,739,684)	-
Inventories	-	560,393	560,393
Prepaid expenditures	3,593,554	510,641	4,104,195
Cash, restricted for debt service	-	4,299,246	4,299,246
Other	-	98,436	98,436
Capital assets:			
Not being depreciated: land, improvements, and construction in progress	213,370,030	22,432,762	235,802,791
Other capital assets, net of depreciation	483,524,775	237,939,849	721,464,624
Total assets	993,255,539	302,135,303	1,295,390,842
DEFERRED OUTFLOWS OF RESOURCES:			
Bond refunding	19,738,442	-	19,738,442
Pensions	17,381,897	2,046,321	19,428,218
Total deferred outflows of resources	37,120,339	2,046,321	39,166,660
LIABILITIES:			
Accounts payable	3,733,731	925,763	4,659,494
Claims payable	1,376,256	-	1,376,256
Accrued payroll and withholdings payable	2,470,504	269,036	2,739,540
Compensated absences	715,685	450,161	1,165,846
Accrued interest payable	8,299,854	651,230	8,951,084
Customer deposits	-	44,515	44,515
Rent paid in advance	-	62,464	62,464
Other current payables	-	77,504	77,504
Noncurrent liabilities:			
Due within one year:			
Bonds payable	19,058,576	6,024,661	25,083,237
Capital leases payable	1,990,520	175,670	2,166,190
Due in more than one year:			
Bonds payable	641,391,215	169,725,751	811,116,966
Capital leases payable	4,845,883	387,029	5,232,912
Net pension liability	34,009,602	4,962,582	38,972,184
Other post-employment benefits	12,920,443	2,092,507	15,012,950
Total liabilities	730,812,269	185,848,873	916,661,142
DEFERRED INFLOWS OF RESOURCES:			
Bond refunding	319,329	-	319,329
Pensions	10,450,734	5,848,556	16,299,290
Total deferred inflows of resources	10,770,063	5,848,556	16,618,619
NET POSITION:			
Net investment in capital assets	299,216,267	116,495,474	415,711,741
Restricted:			
General government	292,549	-	292,549
Public safety	2,019,492	-	2,019,492
Streets and other infrastructure	12,930,126	-	12,930,126
Economic development	107,889	-	107,889
Culture and recreation	10,005,100	-	10,005,100
Unrestricted	(35,777,877)	(4,011,279)	(39,789,157)
Total net position	\$ 288,793,546	\$ 112,484,195	\$ 401,277,741

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

CITY OF CARMEL, INDIANA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2016

	<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	\$ 30,984,884	\$ 82,803	\$ -	\$ -	\$ (30,902,081)	\$ -	\$ (30,902,081)
Public safety	40,267,560	1,470,638	112,651	-	(38,684,271)	-	(38,684,271)
Streets and other infrastructure	12,340,719	248,036	-	865,258	(11,227,425)	-	(11,227,425)
Economic development	54,995,901	-	-	-	(54,995,901)	-	(54,995,901)
Culture and recreation	10,122,290	11,585,645	-	-	1,463,355	-	1,463,355
Unallocated interest expense	5,545,855	-	-	-	(5,545,855)	-	(5,545,855)
Total governmental activities	<u>154,257,210</u>	<u>13,387,122</u>	<u>112,651</u>	<u>865,258</u>	<u>(139,892,179)</u>	<u>-</u>	<u>(139,892,179)</u>
Business-type activities:							
Water	19,439,437	15,458,695	-	4,620,949	-	640,207	640,207
Sewer	10,016,870	9,303,554	-	552,460	-	(160,856)	(160,856)
Storm Water	1,651,075	3,222,138	-	-	-	1,571,063	1,571,063
Other	706,935	1,034,682	-	-	-	327,747	327,747
Total business-type activities	<u>31,814,317</u>	<u>29,019,069</u>	<u>-</u>	<u>5,173,409</u>	<u>-</u>	<u>2,378,161</u>	<u>2,378,161</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 186,071,527</u>	<u>\$ 42,406,191</u>	<u>\$ 112,651</u>	<u>\$ 6,038,667</u>	<u>(139,892,179)</u>	<u>2,378,161</u>	<u>(137,514,018)</u>
GENERAL REVENUES AND TRANSFERS:							
Property tax					52,989,360	-	52,989,360
Income tax					36,700,613	-	36,700,613
Other taxes					28,850,762	-	28,850,762
Unrestricted investment earnings					442,961	131,292	574,253
Other					16,797,331	-	16,797,331
Transfers					1,606,319	(1,606,319)	-
Total general revenues and transfers					<u>137,387,346</u>	<u>(1,475,027)</u>	<u>135,912,319</u>
CHANGE IN NET POSITION					(2,504,833)	903,134	(1,601,699)
NET POSITION: beginning					297,911,447	112,063,056	409,974,503
Restatement					(6,613,069)	(481,995)	(7,095,064)
NET POSITION: beginning, adjusted					<u>291,298,378</u>	<u>111,581,061</u>	<u>402,879,439</u>
NET POSITION: ending					<u>\$ 288,793,546</u>	<u>\$ 112,484,195</u>	<u>\$ 401,277,741</u>

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

CITY OF CARMEL, INDIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	<u>General Fund</u>	<u>Bond Bank Project Fund</u>	<u>Redevelopment Commission Fund</u>	<u>2016 Project 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	\$ 22,132,927	\$ 11,432,539	\$ 34,424,619	\$ 142,631,109	\$ 18,906,822	\$ 1,851,411	\$ 4,606,959	\$ 38,686,203	\$ 274,672,589
Receivables:									
Taxes:									
Property	1,385,315	-	-	-	-	-	410,169	219,432	2,014,916
Income	10,522,836	-	-	-	-	-	-	-	10,522,836
Accounts	274,960	-	-	-	-	-	-	329,062	604,022
Intergovernmental	846,933	-	-	-	-	-	-	366,200	1,213,133
Due from other governmental funds	21,336	-	-	-	-	-	-	11,530,605	11,551,941
Due from related utility	3,684,434	-	-	-	-	-	55,250	-	3,739,684
TOTAL ASSETS	<u>38,868,741</u>	<u>11,432,539</u>	<u>34,424,619</u>	<u>142,631,109</u>	<u>18,906,822</u>	<u>1,851,411</u>	<u>5,072,378</u>	<u>51,131,502</u>	<u>304,319,121</u>
LIABILITIES:									
Accounts payable	2,055,060	-	94,991	-	-	-	371,185	1,212,495	3,733,731
Claims payable	-	-	-	-	-	-	-	1,376,256	1,376,256
Due to other Funds	11,530,605	-	-	-	-	-	-	21,336	11,551,941
Accrued payroll and withholdings payable	2,023,608	-	-	-	-	-	272,607	174,289	2,470,504
Total liabilities	<u>15,609,273</u>	<u>-</u>	<u>94,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>643,792</u>	<u>2,784,376</u>	<u>19,132,432</u>
DEFERRED INFLOWS OF RESOURCES:									
Unavailable revenue	6,282,186	-	-	-	-	-	410,169	493,650	7,186,005
FUND BALANCES:									
Restricted:									
General government	-	40,208	-	-	-	-	-	292,549	332,757
Public safety	-	-	-	-	-	-	-	2,019,492	2,019,492
Highways and streets	-	-	-	142,631,109	7,678,040	-	4,018,417	31,520,771	185,848,337
Drainage and other capital assets	-	8,568,415	-	-	-	-	-	695,450	9,263,865
Economic development	-	2,823,916	34,329,628	-	6,381,663	1,851,411	-	107,889	45,494,507
Culture and recreation	-	-	-	-	4,847,119	-	-	10,005,100	14,852,219
Committed:									
General government	-	-	-	-	-	-	-	2,375,461	2,375,461
Public safety	-	-	-	-	-	-	-	510,986	510,986
Highways and streets	-	-	-	-	-	-	-	306,644	306,644
Economic development	-	-	-	-	-	-	-	19,134	19,134
Assigned:									
General government	1,241,646	-	-	-	-	-	-	-	1,241,646
Public safety	483,333	-	-	-	-	-	-	-	483,333
Economic development	56,104	-	-	-	-	-	-	-	56,104
Culture and recreation	129,797	-	-	-	-	-	-	-	129,797
Unassigned	15,066,402	-	-	-	-	-	-	-	15,066,402
Total fund balances	<u>16,977,282</u>	<u>11,432,539</u>	<u>34,329,628</u>	<u>142,631,109</u>	<u>18,906,822</u>	<u>1,851,411</u>	<u>4,018,417</u>	<u>47,853,476</u>	<u>278,000,684</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
	<u>\$ 38,868,741</u>	<u>\$ 11,432,539</u>	<u>\$ 34,424,619</u>	<u>\$ 142,631,109</u>	<u>\$ 18,906,822</u>	<u>\$ 1,851,411</u>	<u>\$ 5,072,378</u>	<u>\$ 51,131,502</u>	<u>\$ 304,319,121</u>

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

CITY OF CARMEL, INDIANA
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION**
 December 31, 2016

Fund Balance - governmental funds		\$ 278,000,684
Amounts reported for governmental activities in the Statement of Net Position are different because:		
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.		3,593,554
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Land and construction in progress	\$ 213,370,030	
Machinery, equipment, and vehicles	631,397,879	
Accumulated depreciation	<u>(147,873,103)</u>	696,894,805
Certain receivables are not expected to be collected within the time needed to liquidate expenditures of the current year and therefore are not considered available in the funds:		
Property tax	\$ 2,014,916	
Income tax	4,397,104	
Cable fees	274,960	
Ambulance fees	274,218	
Supplemental ambulance fees	224,807	7,186,005
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	\$ (34,009,602)	
Other post-employment benefit liability	<u>(12,920,443)</u>	(46,930,045)
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	\$ 19,738,442	
Unamortized inflows on bond refunding and defeasement	(319,329)	
Pension-related inflows	(10,450,734)	
Pension-related outflows	<u>17,381,897</u>	26,350,276
Other noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated absences	\$ 715,685	
Accrued interest payable	8,299,854	
Unamortized value of capital leases	6,836,403	
Unamortized premiums on bonds outstanding	57,378,431	
Unamortized principal on bonds outstanding	<u>603,071,360</u>	<u>(676,301,733)</u>
Net position of governmental activities		<u>\$ 288,793,546</u>

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

CITY OF CARMEL, INDIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2016

	General Fund	Bond Bank Project Fund	Redevelopment Commission Fund	2016 Project Fund	Redevelopment Authority Debt Service Fund	Redevelopment Authority Capital Projects Fund	Motor Vehicle Highway Fund	Total Nonmajor Funds	Total
REVENUES:									
Property tax	\$ 36,100,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,685,169	\$ 5,861,719	\$ 52,647,063
Income tax	35,095,179	-	-	-	-	-	-	11,530,605	46,625,784
Other local tax	3,566,915	-	23,462,664	-	-	-	1,055,398	765,785	28,850,762
Charges for services	926,394	-	-	-	-	-	-	11,974,974	12,901,368
Investment income	157,956	128	44,194	145,029	16,509	6,860	1,310	70,975	442,961
Licenses and permits	2,391,602	-	-	-	-	-	-	50,251	2,441,853
Fines and forfeits	504,283	-	-	-	-	-	-	67,273	571,556
Intergovernmental:									
Grants	-	-	-	-	-	-	-	1,191,485	1,191,485
State shared revenue	2,669,771	-	-	-	-	-	2,929,747	1,225,523	6,825,041
Fire service contract	1,198,398	-	-	-	-	-	-	-	1,198,398
Contributions	-	-	-	-	-	-	-	660,714	660,714
Other	763,949	508	3,963,526	294,561	(682)	5,530	13,822	817,330	5,858,544
Total revenues	83,374,622	636	27,470,384	439,590	15,827	12,390	14,685,446	34,216,634	160,215,529
EXPENDITURES:									
Current:									
General government	19,525,912	-	-	-	-	-	-	9,145,004	28,670,916
Public safety	35,839,820	-	-	-	-	-	-	2,707,953	38,547,773
Streets and other infrastructure	586,567	-	-	-	-	-	12,953,783	-	13,540,350
Economic development	320,248	-	4,754,560	-	-	-	-	-	5,074,808
Culture and recreation	3,438,575	-	-	-	-	-	-	9,958,799	13,397,374
Debt service:									
Principal	1,480,000	-	1,350,000	-	14,557,515	-	-	-	17,387,515
Interest	237,320	-	2,001,454	-	15,524,297	-	-	-	17,763,071
Capital outlay:									
General government	171,219	2,671,297	-	-	88,844	-	-	-	2,931,360
Public safety	76,796	-	-	-	-	-	-	1,848,596	1,925,392
Streets and other infrastructure	-	-	-	17,808,481	-	303,338	446,998	6,539,059	25,097,876
Economic development	896	-	16,808,875	-	-	-	-	-	16,809,771
Culture and recreation	160,647	-	-	-	-	-	-	573,406	734,053
Total expenditures	61,838,000	2,671,297	24,914,889	17,808,481	30,170,656	303,338	13,400,781	30,772,817	181,880,259
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	21,536,622	(2,670,661)	2,555,495	(17,368,891)	(30,154,829)	(290,948)	1,284,665	3,443,817	(21,664,730)

Continued on next page.

CITY OF CARMEL, INDIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2016
(Continued)

	General Fund	Bond Bank Project Fund	Redevelopment Commission Fund	2016 Project Fund	Redevelopment Authority Debt Service Fund	Redevelopment Authority Capital Projects Fund	Motor Vehicle Highway Fund	Total Nonmajor Funds	Total
OTHER FINANCING SOURCES AND (USES):									
Bond issuance - principal	-	198,291,000	-	-	974,510	-	-	-	199,265,510
Bond issuance - premium	-	35,087,956	-	-	-	-	-	-	35,087,956
Proceeds - refunding	-	18,170,404	-	-	-	-	-	-	18,170,404
Proceeds - capital leases	-	-	-	-	-	-	-	2,294,226	2,294,226
Payment to refunded bond escrow agent	-	-	-	-	(17,909,681)	-	-	-	(17,909,681)
Transfers in, governmental funds	-	-	38,297,009	160,000,000	48,557,005	-	-	31,410,357	278,264,371
Transfer in (out) from (to) enterprise funds	609,000	-	400,000	-	-	-	597,319	-	1,606,319
Transfers out, governmental funds	(15,176,829)	(237,446,160)	(17,707,824)	-	-	-	(1,284,522)	(6,649,036)	(278,264,371)
Total other financing sources and uses	<u>(14,567,829)</u>	<u>14,103,200</u>	<u>20,989,185</u>	<u>160,000,000</u>	<u>31,621,834</u>	<u>-</u>	<u>(687,203)</u>	<u>27,055,547</u>	<u>238,514,734</u>
NET CHANGES IN FUND BALANCES	<u>6,968,793</u>	<u>11,432,539</u>	<u>23,544,680</u>	<u>142,631,109</u>	<u>1,467,005</u>	<u>(290,948)</u>	<u>597,462</u>	<u>30,499,364</u>	<u>216,850,004</u>
FUND BALANCES: beginning	<u>10,008,489</u>	<u>-</u>	<u>10,784,948</u>	<u>-</u>	<u>17,439,817</u>	<u>2,142,359</u>	<u>3,420,955</u>	<u>17,354,112</u>	<u>61,150,680</u>
FUND BALANCES: ending	<u>\$ 16,977,282</u>	<u>\$ 11,432,539</u>	<u>\$ 34,329,628</u>	<u>\$ 142,631,109</u>	<u>\$ 18,906,822</u>	<u>\$ 1,851,411</u>	<u>\$ 4,018,417</u>	<u>\$ 47,853,476</u>	<u>\$ 278,000,684</u>

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

CITY OF CARMEL, INDIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2016

Net change in fund balances - total governmental funds, Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 216,850,004

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

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	\$ 31,439,288	
Depreciation expense	<u>(16,028,385)</u>	15,410,902

During 2016, an internal service fund became a special revenue fund. A minority of the services provided were for the City's water and sewer utility enterprise funds. The accumulated net internal revenue from these enterprise funds were accounted for as business activities. However, the special revenue fund transactions are treated entirely as government functions. Accordingly, an adjustment is needed for the previously-accumulated net enterprise fund transactions. 481,995

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 (increase) in bonds payable	\$ (180,155,288)	
Amortization of certain bond-related prepaid expense and deferred inflows and outflows	(1,655,899)	
Amortization of premium on bonds outstanding	1,780,868	
Bond issuance premium	(38,094,360)	
Principal payments on capital leases	1,780,251	
Capital lease proceeds	(2,294,226)	
Compensated absences	<u>(86,047)</u>	(218,724,701)

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

Property tax	\$ 342,297	
Income tax	(9,925,171)	
Ambulance fees	115,620	
Ambulance fee supplemental	<u>(312,741)</u>	(9,779,995)

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	\$ 60,149	
1937 Firefighters' plan	105,348	
1977 Firefighters' plan	365,202	
1977 Police Officers' plan	265,747	
Civilian public employee retirement plan	(1,252,904)	
Other post-employment benefits - retiree health insurance	<u>(3,048,585)</u>	(3,505,043)

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. (2,948,519)

Cable fees	274,960	
Grant revenue	<u>(564,436)</u>	

Change in net assets of governmental activities (Statement of Activities) \$ (2,504,833)

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

CITY OF CARMEL, INDIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016

Business-Type Activities - Enterprise Funds

	Enterprise Funds				Total Enterprise
	Water Utility	Sewer Utility	Storm Water	Nonmajor	
ASSETS:					
Current assets:					
Cash and investments	\$ -	\$ 514,999	\$ 34,745,606	\$ 42,985	\$ 35,303,590
Accounts receivable (net of allowance)	254,746	248,033	324,889	-	827,668
Other receivables	2,274,117	1,628,285	-	-	3,902,402
Due from associated utility	-	681,338	276,248	-	957,586
Inventories	260,610	299,783	-	-	560,393
Prepaid items	186,353	324,288	-	-	510,641
Total current assets	2,975,826	3,696,726	35,346,743	42,985	42,062,280
Noncurrent assets:					
Restricted cash, debt service	1,522,703	2,776,543	-	-	4,299,246
Other	88,829	9,607	-	-	98,436
Capital assets:					
Land, improvements to land and construction in progress	12,817,194	4,757,510	4,858,058	-	22,432,762
Utility plant in service, net of depreciation	166,767,112	71,172,737	-	-	237,939,849
Total noncurrent assets	181,195,838	78,716,397	4,858,058	-	264,770,293
Total assets	184,171,664	82,413,123	40,204,801	42,985	306,832,573
DEFERRED OUTFLOW OF RESOURCES: pension	1,081,567	964,754	-	-	2,046,321

Continued on next page.

CITY OF CARMEL, INDIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016
(Continued)

	Business-Type Activities - Enterprise Funds				
	Enterprise Funds				Total
	Water Utility	Sewer Utility	Storm Water	Nonmajor	Enterprise
LIABILITIES:					
Current liabilities:					
Accounts payable	\$ 600,131	\$ 309,818	\$ -	\$ 15,814	\$ 925,763
Accrued wages payable	142,905	126,131	-	-	269,036
Compensated absences	251,553	198,608	-	-	450,161
Due to associated governmental funds	3,284,434	400,000	55,250	-	3,739,684
Due to associated utility	957,586	-	-	-	957,586
Customer deposits	44,515	-	-	-	44,515
Rent paid in advance	-	-	-	62,464	62,464
Revenue bonds payable, current portion	2,877,177	1,254,484	1,893,000	-	6,024,661
Capital leases payable, current portion	51,619	124,051	-	-	175,670
Accrued interest payable	557,868	93,362	-	-	651,230
Other	70,121	-	-	7,383	77,504
Total current liabilities	8,837,909	2,506,454	1,948,250	85,661	13,378,274
Noncurrent liabilities:					
Bonds payable	116,430,046	18,584,126	34,711,579	-	169,725,751
Capital leases payable	188,291	198,738	-	-	387,029
Retiree health care	1,092,193	1,000,314	-	-	2,092,507
Pension liability	2,622,935	2,339,647	-	-	4,962,582
Total noncurrent liabilities	120,333,465	22,122,825	34,711,579	-	177,167,869
Total liabilities	129,171,374	24,629,279	36,659,829	85,661	190,546,143
DEFERRED INFLOW OF RESOURCES					
Pension	188,892	168,491	-	-	357,383
2008 bond call rights waiver	5,491,173	-	-	-	5,491,173
Total deferred inflow of resources	5,680,065	168,491	-	-	5,848,556
NET POSITION:					
Net investment in capital assets	58,293,584	56,852,165	1,349,725	-	116,495,474
Unrestricted	(7,891,792)	1,727,942	2,195,247	(42,676)	(4,011,279)
Total net position	\$ 50,401,792	\$ 58,580,107	\$ 3,544,972	\$ (42,676)	\$ 112,484,195

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

CITY OF CARMEL, INDIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Fiscal Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds				
	Enterprise Funds				Total
	Water Utility	Sewer Utility	Storm Water	Nonmajor	Enterprise
OPERATING REVENUES:					
Residential sales	\$ 11,428,046	\$ 4,829,204	\$ -	\$ -	\$ 16,257,250
Commercial and industrial sales	3,547,978	4,474,350	-	-	8,022,328
Stormwater fees	-	-	3,222,138	-	3,222,138
Rent	-	-	-	1,034,682	1,034,682
Other	482,671	-	-	-	482,671
Total operating revenues	15,458,695	9,303,554	3,222,138	1,034,682	29,019,069
OPERATING EXPENSES:					
Source of supply and expense - operation and maintenance	972,860	-	-	-	972,860
Water treatment expense - operation and maintenance	3,363,442	-	-	-	3,363,442
Building maintenance operating expenses	-	-	-	706,935	706,935
Drainage projects	-	-	1,651,075	-	1,651,075
Transmission and distribution	3,058,003	-	-	-	3,058,003
Collection system - operations and maintenance	-	1,224,401	-	-	1,224,401
Pumping - operations and maintenance	-	174,656	-	-	174,656
Treatment and disposal expense - operation and maintenance	-	3,516,245	-	-	3,516,245
Customer accounts	683,196	592,355	-	-	1,275,551
Administration and general	731,445	1,150,452	-	-	1,881,897
Payroll tax expense	245,188	215,511	-	-	460,699
Utility receipts tax expense	218,065	-	-	-	218,065
Depreciation and amortization	4,440,766	2,572,619	-	-	7,013,385
Other	71,270	42,333	-	-	113,603
Total operating expenses	13,784,235	9,488,572	1,651,075	706,935	25,630,817
OPERATING INCOME (LOSS)	1,674,460	(185,018)	1,571,063	327,747	3,388,252
NONOPERATING REVENUES (EXPENSES):					
Interest and investment revenue	42,221	38,833	50,238	-	131,292
Miscellaneous revenue	268,741	9,025	-	-	277,766
Interest expense	(5,993,331)	(557,477)	-	-	(6,550,808)
Gain (loss) from disposition of property	(19,439)	6,640	-	-	(12,799)
Other	88,827	13,514	-	-	102,341
Total nonoperating revenue (expenses)	(5,612,981)	(489,465)	50,238	-	(6,052,208)
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS	(3,938,521)	(674,483)	1,621,301	327,747	(2,663,956)
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	4,620,949	552,460	-	-	5,173,409
Transfers to associated city	-	(609,000)	(597,319)	(400,000)	(1,606,319)
Total capital contributions and transfers	4,620,949	(56,540)	(597,319)	(400,000)	3,567,090
CHANGE IN NET POSITION	682,428	(731,023)	1,023,982	(72,253)	903,134
TOTAL NET POSITION: beginning	49,719,364	59,311,130	2,520,990	29,577	111,581,061
TOTAL NET POSITION: ending	\$ 50,401,792	\$ 58,580,107	\$ 3,544,972	\$ (42,676)	112,484,195

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

CITY OF CARMEL, INDIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Fiscal Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds				
	Enterprise Funds				Total
	Water Utility	Sewer Utility	Storm Water	Nonmajor	Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 15,176,212	\$ 9,706,268	\$ 3,113,609	\$ 978,013	\$ 28,974,102
Payments for goods and services	(3,960,087)	(2,019,294)	(1,651,075)	(715,466)	(8,345,922)
Payments to employees	(4,844,512)	(4,431,753)	-	-	(9,276,265)
Other receipts	551,224	17,695	-	-	568,919
Net cash provided (used) by operating activities	<u>6,922,837</u>	<u>3,272,916</u>	<u>1,462,534</u>	<u>262,547</u>	<u>11,920,834</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Cash flow provided by associated city	407,284	-	-	-	407,284
Capital contributions	1,940,211	167,476	-	-	2,107,687
Acquisition and construction of capital assets	(2,183,881)	(1,241,429)	(4,858,058)	-	(8,283,368)
Payment of capital debt	(2,690,792)	(1,103,498)	-	-	(3,794,290)
Interest paid on debt	(4,338,982)	(498,288)	-	-	(4,837,270)
Proceeds from sale of equipment	-	10,525	-	-	10,525
Proceeds from sale of bonds	-	-	36,604,579	-	36,604,579
Net cash provided by capital and related financing activities	<u>(6,866,160)</u>	<u>(2,665,214)</u>	<u>31,746,521</u>	<u>-</u>	<u>22,215,147</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	42,221	38,833	50,238	-	131,292
TRANSFERS TO GOVERNMENTAL FUNDS	<u>-</u>	<u>(609,000)</u>	<u>(622,889)</u>	<u>(400,000)</u>	<u>(1,631,889)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	98,898	37,534	32,636,404	(137,453)	32,635,383
CASH AND CASH EQUIVALENTS: beginning	<u>1,423,806</u>	<u>3,254,008</u>	<u>2,109,203</u>	<u>180,438</u>	<u>6,967,455</u>
CASH AND CASH EQUIVALENTS: ending	<u>\$ 1,522,704</u>	<u>\$ 3,291,542</u>	<u>\$ 34,745,607</u>	<u>\$ 42,985</u>	<u>\$ 39,602,838</u>

Continued on next page.

CITY OF CARMEL, INDIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Fiscal Year Ended December 31, 2016
(Continued)

	Business-Type Activities - Enterprise Funds				
	Enterprise Funds				Total
	Water Utility	Sewer Utility	Storm Water	Nonmajor	Enterprise
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	1,674,460	(185,018)	1,571,063	327,747	3,388,252
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	4,440,766	2,572,619	-	-	7,013,385
Nonoperating income (expense)	268,741	9,026	-	-	277,767
(Increase) decrease in assets:					
Accounts receivable	368,653	314,123	167,719	838	851,333
Other	-	-	-	(57,507)	(57,507)
Interfund receivables	-	97,260	(276,248)	-	(178,988)
Inventories	(5,878)	(39,342)	-	-	(45,220)
Prepaid items	(102,514)	(208,150)	-	-	(310,664)
Increase (decrease) in liabilities:					
Accounts payable	133,694	106,341	-	(8,531)	231,504
Wages payable	35,901	26,846	-	-	62,747
Compensated absence payable	14,985	38,311	-	-	53,296
Retiree health care	170,082	148,913	-	-	318,995
Pension	8,811	(8,011)	-	-	800
Other current liabilities	(84,864)	400,000	-	-	315,136
Total adjustments	5,248,377	3,457,936	(108,529)	(65,200)	8,532,584
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 6,922,837	\$ 3,272,918	\$ 1,462,534	\$ 262,547	\$ 11,920,836
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Contributions of capital assets and aid in construction	\$ 2,680,737	\$ 384,984	\$ -	\$ -	\$ 3,065,721

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

CITY OF CARMEL, INDIANA
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2016

	Pension Trust Funds	Agency Funds
ASSETS:		
Cash and investments	\$ 178,845	\$ 190,229
Receivable from State of Indiana	\$ 92,700	
Total assets	271,545	190,229
 LIABILITIES:		
Payroll withholdings	92,700	-
Court escrow	-	190,229
Total liabilities	92,700	\$ 190,229
NET POSITION: restricted for pensions	\$ 178,845	

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

CITY OF CARMEL, INDIANA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 For the Fiscal Year Ended December 31, 2016

	Pension Trust Funds
ADDITIONS:	
State of Indiana contributions	\$ 1,193,886
Investment income	492
Miscellaneous revenue	3,338
Total additions	1,197,716
DEDUCTIONS:	
Benefits to plan members and beneficiaries	1,203,280
Administrative expenses	2,741
Total deductions	1,206,021
NET INCREASE IN NET POSITION	(8,305)
NET POSITION: beginning	187,150
NET POSITION: ending - restricted for pensions	\$ 178,845

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, 2016

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, 2016, 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 three blended component units. The Carmel Redevelopment Authority is a conduit to facilitate long-term financing of certain City capital projects. City officials appoint its board and 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. The Carmel Redevelopment Authority and 4CDC do not issue separate financial statements. The City of Carmel Local Public Improvement Bond Bank (The Carmel Bond Bank) is an instrumentality of the City and serves as a mechanism for City agencies to combine their individual debt issuances into larger issuances in order to reduce costs and obtain better terms. Its board is appointed by City officials, and the City is liable for all of its debt. The Carmel Bond Bank issues separate financial statements, which may be obtained at Carmel City Hall, Third Floor, One Civic Square, Carmel, Indiana 46032.

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 *Bond Bank Project Fund* is used to account for the proceeds of bond issuances that have been aggregated through the City's local public improvement bond bank, established in accordance with Indiana law. Generally, proceeds not needed for issuance costs and required reserves are transferred to other funds to be used to acquire capital assets.

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 *2016 Project Fund* is used to account for the expenditure of proceeds of a certain 2016 bond issuance, the purpose of which was to finance street improvement and construction.

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 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, Sewer Utility, and Storm Water 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, sanitary sewer systems, and storm water drainage for residents and certain non-residents.

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). 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 acquisition 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, except 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 that qualify for reporting in this category are credits resulting from bond refunding and pension-related credits arising from changes in actuarial assumptions and timing differences.

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 improvement 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 over 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 that 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 fifteen percent (15%) of the certified distributions to be made to the county in the determination year, two years prior. If so, the excess is distributed to the County Auditor in May 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 Nonoperation 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, sewer, and storm water utility funds, 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 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.

II. Negative Net Position

The Carmel City Center Community Development Corporation (4CDC) Fund, a nonmajor enterprise fund, had a negative net position of \$42,676 as of December 31, 2016. The negative position occurred because 4CDC honored a commitment to grant \$400,000 to the Carmel Redevelopment Commission, even though 4CDC's resources were inadequate on an accrual basis. The grant is shown in the financial statements as a transfer of \$400,000 from 4CDC to the Carmel Redevelopment Commission Fund, a major fund. In the future, 4CDC intends to eliminate the negative fund balance by reducing such grants to \$300,000 per year.

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, 2016, were \$314,275,425, of which \$4,299,246 is restricted and \$309,976,179 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, 2016:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 5	More than 5
United States Treasury notes	\$ 30,244,573	\$ 23,660,762	\$ 6,583,811	\$ -
U.S. Gov't Money Market Funds	20,900	20,900	-	-
Total	\$ 30,265,473	\$ 23,681,662	\$ 6,583,811	\$ -

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 fewer 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, 2016, for governmental activities of the City's individual major governmental funds and nonmajor governmental funds, in the aggregate, consisted of the following:

<u>Revenue Source</u>	<u>General</u>	<u>Motor Vehicle Highway</u>	<u>Nonmajor</u>	<u>Total</u>
Property taxes	\$ 1,385,315	\$ 410,169	\$ 219,432	\$ 2,014,916
Income taxes	10,522,836	-	-	10,522,836
Other	274,960	-	329,062	604,022
Intergovernmental	846,933	-	366,200	1,213,133
Due from other funds	21,336	-	11,530,605	11,551,941
Due from utility	3,684,434	55,250	-	3,739,684
Total	<u>\$ 16,735,814</u>	<u>\$ 465,419</u>	<u>\$ 12,445,299</u>	<u>\$ 29,646,532</u>

Receivables at December 31, 2016, 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>Storm Water Utility</u>	<u>Total</u>
Accounts and other	\$ 2,528,863	\$ 1,876,318	\$ 324,889	\$ 4,730,070
Due from utility	-	681,338	276,248	957,586
Total	<u>\$ 2,528,863</u>	<u>\$ 2,557,656</u>	<u>\$ 601,137</u>	<u>\$ 5,687,656</u>

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	\$ 2,014,916
Income taxes	4,397,104
Ambulance fees	274,218
Township joinder payments	224,807
Intergovernmental	274,960
Total unavailable revenue	<u>\$ 7,186,005</u>

2. Transfers

a) Transfers among Governmental Funds

Transfers out	Transfers In				
	Redevelopment		RDA Debt		Total
	Commission	2016 Projects	Service	Nonmajor	
General	\$ -	-	\$ 6,971,191	\$ 8,205,638	\$ 15,176,829
Bond Bank	38,297,009	160,000,000	17,909,681	21,239,470	237,446,160
RDC	-	-	17,707,824	-	17,707,824
MVH	-	-	-	1,284,522	1,284,522
Nonmajor	-	-	5,968,309	680,727	6,649,036
Total	<u>\$ 38,297,009</u>	<u>\$ 160,000,000</u>	<u>\$ 48,557,005</u>	<u>\$ 31,410,357</u>	<u>\$ 278,264,371</u>

The Bond Bank issued debt and transferred proceeds to the Redevelopment Commission in the amount of \$38,297,009, the 2016 Projects Fund in the amount of \$160,000,000, the Redevelopment Authority in the amount of \$17,909,681, and to nonmajor funds in the amount of \$21,239,470.

The General Fund, the Redevelopment Commission, and nonmajor funds made lease payments to the Redevelopment Authority in the amounts of \$6,971,191, \$17,707,824, and \$5,968,309, respectively, in order to satisfy debt service payments.

The General Fund, the Motor Vehicle Highway Fund, and nonmajor funds made transfers to a nonmajor fund in the amounts of \$7,305,638, \$1,284,522, and \$680,727, respectively, to cover cash flow.

The General Fund transferred \$900,000 to a nonmajor fund to be used for grants to not-for-profit arts organizations.

b) Transfers between Governmental and Enterprise Funds

From (to):	Transfers In (Out)			
	General	Redevelopment Commission	MVH	Total
Sewer Fund	\$ (609,000)	\$ -	\$ -	\$ (609,000)
Storm Water Fund	-	(400,000)	(597,319)	(997,319)
Total	<u>\$ (609,000)</u>	<u>\$ (997,319)</u>	<u>\$ (597,319)</u>	<u>\$ (1,606,319)</u>

The Sewer Fund transferred \$609,000 to the General Fund to compensate for administrative costs.

Nonmajor enterprise funds transferred \$400,000 to the Redevelopment Commission as a grant and \$597,319 to the Motor Vehicle Highway Fund to cover costs incurred.

C. Capital Assets

Capital asset activity for Governmental Activities for the year ended December 31, 2016, was as follows:

	Balance <u>Dec 31, 2015</u>	Additions/ <u>Transfers In</u>	Deletions/ <u>Transfers Out</u>	Balance <u>Dec 31, 2016</u>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 175,640,791	\$ 2,883,159	\$ (7,235,142)	\$ 171,288,808
Construction in progress	<u>14,850,557</u>	<u>27,230,665</u>	<u>-</u>	<u>42,081,222</u>
Total capital assets, not being depreciated	<u>190,491,349</u>	<u>30,113,823</u>	<u>(7,235,142)</u>	<u>213,370,030</u>
Capital assets, being depreciated				
Buildings and improvements	191,166,970	2,167,436	-	193,334,406
Machinery, equipment, and vehicles	40,036,736	2,716,489	(409,570)	42,343,655
Infrastructure	<u>392,040,985</u>	<u>3,678,832</u>	<u>-</u>	<u>395,719,817</u>
Total capital assets, being depreciated	<u>623,244,691</u>	<u>8,562,757</u>	<u>(409,570)</u>	<u>631,397,878</u>
Less accumulated depreciation, for				
Buildings and improvements	21,251,603	4,103,880	-	25,355,483
Machinery, equipment, and vehicles	17,154,975	2,817,214	(407,419)	19,564,770
Infrastructure	<u>93,845,560</u>	<u>9,107,291</u>	<u>-</u>	<u>102,952,851</u>
Total accumulated depreciation	<u>132,252,138</u>	<u>16,028,385</u>	<u>(407,419)</u>	<u>147,873,103</u>
Total capital assets, being depreciated, net	<u>490,992,553</u>	<u>(7,465,628)</u>	<u>(2,151)</u>	<u>483,524,775</u>
Governmental activities capital assets, net	<u>\$ 681,483,901</u>	<u>\$ 22,648,195</u>	<u>\$ (7,237,293)</u>	<u>\$ 696,894,805</u>

Capital asset activity for Business-Type Activities for the year ended December 31, 2016, was as follows:

	Balance <u>Dec 31, 2015</u>	Additions/ <u>Transfers In</u>	Deletions/ <u>Transfers Out</u>	Balance <u>Dec 31, 2016</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land & land rights	\$ 3,111,319	\$ -	\$ -	\$ 3,111,319
Construction in progress	<u>14,536,492</u>	<u>7,052,653</u>	<u>(2,267,702)</u>	<u>19,321,443</u>
Total capital assets, not being depreciated	<u>17,647,811</u>	<u>7,052,653</u>	<u>(2,267,702)</u>	<u>22,432,762</u>
Capital assets, being depreciated:				
Utility plant & equipment in service	<u>309,966,429</u>	<u>11,743,759</u>	<u>(5,202,945)</u>	<u>316,507,243</u>
Total capital assets, being depreciated	<u>309,966,429</u>	<u>11,743,759</u>	<u>(5,202,945)</u>	<u>316,507,243</u>
Less accumulated depreciation for				
Utility plant & equipment in service	<u>71,554,009</u>	<u>7,013,385</u>	<u>-</u>	<u>78,567,394</u>
Total capital assets, being depreciated, net	<u>238,412,420</u>	<u>4,730,374</u>	<u>(5,202,945)</u>	<u>237,939,849</u>
Business-type activities capital assets, net	<u>\$ 256,060,231</u>	<u>\$ 11,783,027</u>	<u>\$ (7,470,647)</u>	<u>\$ 260,372,611</u>

Depreciation expense was charged as follows for the year ended December 31, 2016:

	Depreciation Expense
Governmental Activities:	
General Government	\$ 185,437
Economic Development	-
Culture & Recreation	4,676,205
Public Safety	1,380,692
Streets and other infrastructure	<u>9,786,051</u>
Total governmental depreciation	<u>16,028,385</u>
Business-Type Activities:	
Utility plant & equipment in service	<u>7,013,385</u>
Total business-type depreciation	<u>7,013,385</u>
Total depreciation	<u>\$ 23,041,770</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, 2016:

	Balance <u>Jan 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>Dec 31, 2016</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds and contract purchases	\$ 422,916,072	\$ 214,429,509	\$ (34,274,221)	\$ 603,071,360	\$ 19,058,576
Unamortized bond premium	21,064,939	38,094,360	(1,780,869)	57,378,431	-
Capital leases	6,210,406	2,294,226	(1,780,251)	6,836,403	1,990,520
Subtotal	<u>450,191,417</u>	<u>254,818,096</u>	<u>(37,835,341)</u>	<u>667,286,194</u>	<u>21,049,096</u>
Compensated absences	629,638	770,334	(684,287)	715,685	715,685
Total bonds, contract purchases, capital leases, and compensated absences	<u>\$ 450,821,055</u>	<u>\$ 255,588,430</u>	<u>\$ (38,519,628)</u>	<u>668,001,879</u>	<u>\$ 21,764,781</u>
Less, current portion					
Portion of above due in one year				21,764,781	
Portion of capital leases payable due in more than one year				<u>4,845,883</u>	
				<u>26,610,664</u>	
Bonds payable due in more than one year				<u>\$ 641,391,215</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 that 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 that financed the activities that gave rise to the liabilities.

	Balance <u>Jan 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>Dec 31, 2016</u>	Due Within <u>One Year</u>
Business-Type Activities:					
Sewer utility revenue bonds	\$ 21,031,877	\$ -	\$ (1,225,303)	\$ 19,806,574	\$ 1,254,484
Water utility revenue bonds	111,429,647	1,804,577	(7,485,000)	105,749,224	1,795,000
Water utility other long-term debt	14,062,978	-	(1,025,702)	13,037,276	1,082,177
Storm water utility bond	-	30,720,000	-	30,720,000	1,893,000
Total business-type bonds	146,524,502	32,524,577	(9,736,005)	169,313,074	6,024,661
Sewer utility bond premium	64,791	-	(14,905)	49,886	
Sewer utility bond discount	(19,241)	-	1,391	(17,850)	
Water utility bond premium	547,656	-	(26,934)	520,722	
Storm water utility bond premium	-	5,884,579	-	5,884,579	
Subtotal, bonds, premiums, and discounts	147,117,708	38,409,156	(9,776,453)	175,750,411	6,024,661
Utility capital leases	200,985	440,774	(79,059)	562,700	175,670
Compensated absences	396,865	53,296	-	450,161	450,161
Total business-type activities long-term liabilities	\$ 147,715,558	\$ 38,903,226	\$ (9,855,512)	176,763,272	\$ 6,650,492
 Less,					
Portion of above due in one year				6,650,492	
Portion of capital leases payable due in more than one year				387,030	
Bonds payable due in more than one year				<u>\$ 169,725,750</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:

	<u>Interest Rate</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Lease Rental Revenue Refunding Bonds of 2011	5.000%	2011	2024	\$ 25,190,000	\$ 17,495,000
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	1.190%-3.000%	2012	2025	69,245,000	57,855,000
Lease Rental Revenue Bonds of 2005 (unrefunded portion)	5.800%-8.450%	2005	2026	19,649,150*	37,978,067
Redevelopment District Bonds of 2013	2.000%-4.000%	2013	2035	6,535,000	6,535,000
Lease Rental Revenue Refunding Bonds, Series 2014	2.250%-5.000%	2014	2027	55,685,000	55,685,000
General Obligation Bonds, Series 2016A	2.000%-5.000%	2016	2036	1,214,000	1,214,000
General Obligation Bonds, Series 2016B	2.000%-5.000%	2016	2036	1,089,000	1,089,000
General Obligation Bonds, Series 2016C	2.000%-5.000%	2016	2036	1,633,000	1,633,000
General Obligation Bonds, Series 2016D	2.000%-5.000%	2016	2036	1,373,000	1,373,000
General Obligation Bonds, Series 2016E	2.000%-5.000%	2016	2036	1,599,000	1,599,000
General Obligation Bonds, Series 2016F	2.000%-5.000%	2016	2036	1,577,000	1,577,000
General Obligation Bonds, Series 2016G	2.000%-5.000%	2016	2036	1,373,000	1,373,000
General Obligation Bonds, Series 2016H	2.000%-5.000%	2016	2036	1,577,000	1,577,000
General Obligation Bonds, Series 2016I	2.000%-5.000%	2016	2036	1,426,000	1,426,000
General Obligation Bonds, Series 2016J	2.000%-5.000%	2016	2036	1,513,000	1,513,000
General Obligation Bonds, Series 2016K	2.000%-5.000%	2016	2036	1,394,000	1,394,000
General Obligation Bonds, Series 2016L	2.000%-5.000%	2016	2036	1,383,000	1,383,000
General Obligation Bonds, Series 2016M	2.000%-5.000%	2016	2036	1,211,000	1,211,000

Lease Rental Bonds, Series 2016A (Public Infrastructure Projects)	2.000%-5.000%	2016	2036	139,872,000**	139,872,000
Lease Rental Bonds, Series 2016B (Economic Development Projects)	2.000%-5.000%	2016	2029	10,337,000	10,337,000
Lease Rental Bonds, Series 2016C (Energy Center Project)	2.000%-5.000%	2016	2035	15,164,000	15,164,000
Taxable Special Program Bonds, Series 2016	1.576%-3.762%	2016	2041	29,720,000	29,720,000

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

** City has additionally pledged county option income tax (COIT).

In the year ended December 31, 2016, the total of payments on the bonds listed above was 0.290% 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	5.270%	2006	2018	8,785,000	1,795,000
COIT Lease Rental Revenue Refunding Bond, Series 2006 NW Clay (unrefunded portion)	4.500%	2006	2017	9,865,000*	1,740,000
COIT Lease Rental Revenue Bonds of 2010	3.500%-5.000%	2010	2031	25,675,000	24,725,000
COIT Refunding Bonds of 2011	2.320%	2011	2022	7,180,000	4,255,000
COIT Lease Rental Revenue Refunding Bond, Series 2014A	3.000%-4.000%	2014	2018	9,380,000	3,705,000
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, 2016, the total of payments on the bonds listed immediately above was 32.1% 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	6.650%	2004	2024	9,500,000	5,330,000

In the year ended December 31, 2016, the total of payments on the bonds listed immediately above was 3.9% of annual incremental tax revenue.

	<u>Interest Rate</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Contract purchases of capital assets:					
Loft A Private Placement 2011	LIBOR	2011	2033	9,630,000	8,400,000
Secondary Village 2011	LIBOR	2011	2029	5,500,000	2,333,293
Capital Leases	3.400%- 7.650%	2005-2015	2026	N/A	6,836,403
Compensated Absences	N/A	N/A	N/A	N/A	715,685
Total bond principal, contract purchases, capital leases, and compensated absences.					610,623,448
Bond premium					57,378,431
Total governmental activities bonds, contract purchases, capital leases, and compensated absences.					<u>\$ 668,001,879</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 2005 Revenue Bonds Refinance	4.280%- 4.610%	2005	2026	\$ 11,000,000	\$ 6,082,000
Sewer Utility 2009 SRF	0.420%	2009	2030	5,894,000	4,064,574
Sewer Utility 2012 Revenue Bonds	2.000%- 3.250%	2012	2032	11,040,000	9,660,000
Water Utility 2008 Coupon	4.130%- 5.790%	2008	2028	64,020,000	54,165,000
Water Utility Capital Appreciation	4.130%- 5.790%	2008	2025	20,644,479	32,919,224
Water Utility Junior Waterwork Revenue Bond	2.000%- 4.000%	2012	2036	21,625,000	18,665,000
Water Note Payable 2006 Citizens	5.500%	2006	2025	22,237,250	13,037,276
Storm Water Utility Bond (Authorized: \$44,500,000)	2.000%- 5.000%	2016	2036	30,720,000	30,720,000
Bond Premium/ Discount					6,437,337
Total bonded debt, including amount due in one year					175,750,411
Capital Leases		2013	2021	N/A	562,700
Compensated Absences	N/A	N/A	N/A	N/A	450,161
Total business-type activities bonds, capital leases, and compensated absences.					<u>176,763,272</u>
Total City bonds, capital leases, and compensated absences.					<u>\$ 844,765,151</u>

In the year ended December 31, 2016, the total of payments on the bonds listed immediately above was 50.8% of annual sewer or water user fee revenue.

On November 10, 2016, the City's public improvement bond bank issued \$53,735,000 of its Special Program Bonds, Series 2016 (2016 Water Bonds) in order to purchase certain outstanding City obligations, originally issued in 2008 (2008B Water Qualified Obligations). The 2008B Water Qualified Obligations were purchased by the City's bond bank from the Indiana Bond Bank, an entity unrelated to the City. The acquisition of the 2008B Water Qualified Obligations by the Indiana Bond Bank had been financed by the issuance of its own bonds, which were defeased as a consequence of the current transaction. There was no material effect on the City's financial statements because the City, through its bond bank, merely purchased its own obligations. The City's fundamental liability on the 2008B Water Qualified Obligations was unchanged, and the 2016 Water Bonds are payable from corresponding, ongoing debt service payments from the 2008B Water Qualified Obligations in the same manner as any other bond bank obligation. No City bonds or other obligations were refunded or defeased as part of the November 10, 2016, transaction. Coincident to this transaction, the City agreed to waive its call rights on the 2008B Water Qualified Obligations. The City's bond bank, in turn, agreed to reduce future payments. The savings will be recognized over the remaining semi-annual payments on the 2008B Water Qualified Obligations, through May 2028, on an approximately level basis. The savings will average \$609,400 annually.

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:

Year Ended	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 31			
2017	\$ 19,058,576	\$ 27,547,744	\$ 46,606,320
2018	21,120,855	24,689,899	45,810,754
2019	21,638,551	24,668,044	46,306,595
2020	24,195,897	25,003,895	49,199,792
2021	25,422,881	24,425,712	49,848,593
2022 - 2026	139,923,981	104,355,881	244,279,862
2027 - 2031	168,429,060	55,376,568	223,805,628
2032 - 2036	138,038,225	21,658,532	159,696,757
2037 - 2041	<u>24,677,804</u>	<u>1,501,361</u>	<u>26,179,165</u>
Total	582,505,830	<u>\$ 309,227,636</u>	<u>\$ 891,733,466</u>
Excess of the present value of future payments over the unpaid principal of capital appreciation bonds	<u>20,565,530</u>		
Bonds and contract purchases	<u>\$ 603,071,360</u>		

Business-Type Activities:

Year Ended	Principal	Interest	Total
<u>December 31</u>			
2017	6,024,661	\$ 8,135,341	\$ 14,160,002
2018	5,741,431	7,769,450	13,510,881
2019	6,265,486	7,640,968	13,906,454
2020	6,848,010	7,482,670	14,330,680
2021	7,447,187	7,320,089	14,767,276
2022 - 2026	51,531,331	32,995,476	84,526,807
2027 - 2031	69,381,968	22,095,760	91,477,728
2032 - 2036	16,073,000	4,933,423	21,006,423
Total	169,313,074	<u>\$ 98,373,177</u>	<u>\$ 267,686,251</u>
Premium/Discount	<u>6,437,337</u>		
Bonded debt	<u>\$ 175,750,411</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, 2016, the City had assets with an original cost of \$12,333,127 and accumulated depreciation of \$4,246,794 financed through capital leases.

Capital Leases:

Year Ended	Principal	Interest	Total
<u>December 31</u>			
2017	\$ 1,990,520	\$ 195,061	\$ 2,185,581
2018	1,536,224	136,533	1,672,757
2019	1,200,498	94,605	1,295,103
2020	947,922	60,003	1,007,925
2021 - 2025	1,097,868	83,675	1,181,543
2026 - 2030	63,371	1,204	64,575
2031 - 2035	-	-	-
Total	<u>\$ 6,836,403</u>	<u>\$ 571,081</u>	<u>\$ 7,407,484</u>

The Sewer Utility entered into a capital lease for certain equipment. As of December 31, 2016, the Utility had assets with an original cost of \$788,589 and accumulated depreciation of \$112,423 financed through capital leases.

Capital Leases:

Year Ended	Principal	Interest	Total
<u>December 31</u>			
2017	\$ 175,670	\$ 9,428	\$ 185,098
2018	137,995	5,551	143,546
2019	98,441	3,554	101,995
2020	99,999	1,996	101,995
2021 - 2025	50,594	403	50,997
Total	<u>\$ 562,699</u>	<u>\$ 20,932</u>	<u>\$ 583,631</u>

4. Operating Leases

The City owns a certain office and theater building and is lessor to certain private tenants. The cost of the office and theater building is \$20,500,000. Depreciation expense for the year ended 2016 was \$410,000 and book value for the year ended 2016 was \$18,860,000.

5. Other Commitments

The City had various obligations outstanding at December 31, 2016, 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 for the Storm Water Fund were \$30,149,323, and 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)

7. Economic Gain on Advance Refunding

Proceeds of bonds issued during the year ended December 31, 2016, known as the Lease Rental Bonds, Series 2016C, were used to advance refund certain other obligations then outstanding, at an economic gain of \$1,948,207.

The change in cash flows resulting from the advance refunding is as follows:

<u>Year</u>	<u>Refunded</u> <u>Bonds</u>	<u>Refunding</u> <u>Bonds</u>	<u>Savings</u>
2016	\$ 680,756	\$ -	\$ 680,756
2017	1,358,688	1,231,638	127,050
2018	1,363,819	1,235,332	128,487
2019	1,362,369	1,233,852	128,516
2020	1,359,338	1,231,952	127,385
2021	1,359,869	1,232,226	127,643
2022 - 2026	6,807,341	6,168,985	638,356
2027 - 2031	6,814,578	6,176,635	637,943
2032 - 2035	5,448,088	4,937,625	510,463
Totals	<u>\$ 26,554,846</u>	<u>\$ 23,448,245</u>	<u>\$ 3,106,601</u>

E. Agreements with Certain Taxpayers

The City and the County in which the City is situated have entered into certain agreements in accordance with Indiana law whereby the City foregoes property tax revenue in return for a promise by a taxpayer to produce economic development benefits for the City or County. Any commercial taxpayer is eligible to enter into such an agreement, which is subject to a public hearing and action by the fiscal body of the City or County.

In some instances, tax is reduced by granting a deduction from assessed value. In other instances, tax is reduced, in effect, by dedicating incremental revenue from the taxpayer's property to service debt held by the taxpayer. In the latter instances, the debt will have been incurred by the City to finance certain government improvements beneficial to development of the property, but there will be no recourse to the City.

The amount of the tax deduction is a pre-determined percentage of net assessed value. The amount of the incremental revenue depends on the incremental assessed value created by the taxpayer.

Commitments made by taxpayers under these agreements usually involve development of real estate of a kind and magnitude considered desirable by City or County officials. In instances where deductions are granted from assessed value, the fiscal body of the City or County may revoke the deduction if it finds that the taxpayer has not met the terms of the agreement.

The amount of revenue forgone by the City for the year ended December 31, 2016, under these agreements is as follows:

City agreements involving property tax deductions	\$ 211,785
County agreements involving property tax deductions	5,359
City agreements involving property tax increment financing	<u>663,035</u>
Total	<u>\$ 880,179</u>

F. 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 \$13,340,465. 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, 2016.

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>2016</u>	<u>2015</u>
Unpaid claims, beginning of fiscal year	\$ 793,596	\$ 1,460,515
Incurred claims and changes in estimates	10,871,346	10,055,225
Claim payments	<u>10,288,686</u>	<u>10,722,144</u>
Unpaid claims, end of fiscal year	<u>\$ 1,376,256</u>	<u>\$ 793,596</u>

G. Pension Plans

1. Single Employer Defined Pension Plan

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, 2016, the State of Indiana contributed \$588,446 to the '25 Police Officers' Plan and \$605,440 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 \$9,971,078 for the '25 Police Officers' Plan and \$10,852,994 for the '37 Firefighters' Plan was measured as of December 31, 2016, 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, 2016, the City recognized pension expense of \$483,209 for the '25 Police Plan and \$447,641 for the '37 Firefighters Plan.

Assumptions and Other Inputs

Measurement Date	December 31, 2016
Valuation Date	December 31, 2016–Police Officers' members' census data as of January 1, 2017, and Firefighters member census data as of January 1, 2017, 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	3.62% Police Officers; 3.65% Firefighters
Investment Earnings Rate	The plans maintain no investments and have 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	2.71% for 2016, 2.5% thereafter
1977 Plan Converted	0.55% (est.) for 2016, 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
Balances as of December 31, 2015	\$ 10,179,012	\$ 147,785	\$ 10,031,227
Changes for the year:			
Service cost	-	-	-
Interest on total pension liability	363,703	-	363,703
Effect of plan changes	-	-	-
Effect of economic/demographic gains and losses	122,896	-	122,896
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(546,063)	(546,063)	-
Employer contributions	-	546,748	(546,748)
Member contributions	-	-	-
Net investment income	-	-	-
Administrative expenses	-	-	-
Balances as of December 31, 2016	<u>\$ 10,119,548</u>	<u>\$ 148,470</u>	<u>\$ 9,971,078</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
Balances as of December 31, 2015	\$ 10,997,707	\$ 39,365	\$ 10,958,342
Changes for the year:			
Service cost	-	-	-
Interest on total pension liability	393,503	-	393,503
Effect of plan changes	-	-	-
Effect of economic/demographic gains and losses	54,668	-	54,668
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(562,509)	(562,509)	-
Employer contributions	-	553,519	(553,519)
Member contributions	-	-	-
Net investment income	-	-	-
Administrative expenses	-	-	-
Balances as of December 31, 2016	<u>\$ 10,883,369</u>	<u>\$ 30,375</u>	<u>\$ 10,852,994</u>
Fiduciary net position as a percentage of total pension liability			<u>0.3%</u>

Sensitivity of 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, 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	\$ 11,182,908	\$ 9,971,078	\$ 8,956,930
'37 Firefighters' Plan	\$ 12,214,451	\$ 10,852,994	\$ 9,720,762

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, 2016. The amounts were \$588,446 and \$605,440, 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, 2016

	<u>'25 Police Pension Trust Fund</u>	<u>'37 Fire Pension Trust Fund</u>
ASSETS:		
Cash and investments	\$ 148,470	\$ 30,375
Receivable from State of Indiana	45,546	47,154
Total assets	<u>194,016</u>	<u>77,529</u>
LIABILITIES: payroll withholdings	<u>45,546</u>	<u>47,154</u>
NET POSITION: restricted for pensions	<u>\$ 148,470</u>	<u>\$ 30,375</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION FUNDS

For the Fiscal Year Ended December 31, 2016

	'25 Police Pension Trust Fund	'37 Fire Pension Trust Fund
ADDITIONS:		
State of Indiana contributions	\$ 588,446	\$ 605,440
Investment income	391	101
Miscellaneous revenue	3,338	-
	<hr/>	<hr/>
Total additions	592,175	605,541
DEDUCTIONS:		
Benefits	591,191	612,089
Other services and charges	299	2,442
	<hr/>	<hr/>
Total deductions	591,490	614,531
NET INCREASE (DECREASE) IN NET POSITION	685	(8,990)
NET POSITION: beginning	147,785	39,365
	<hr/>	<hr/>
NET POSITION: ending - restricted for pensions	\$ 148,470	\$ 30,375
	<hr/> <hr/>	<hr/> <hr/>

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, 2016; however, eligible members received a one-time check (a.k.a. 13th check) in September 2015. The amount of the one-time check ranged from \$150 to \$450, depending upon a member’s years of service, and was for a member who retired or was disabled on or before December 1, 2014, and who was entitled to receive a monthly benefit on July 1, 2015.

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 (2) 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>
2016	\$ 1,890,849	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, 2016

Liability valuation date – June 30, 2015 - Member census data as of June 30, 2015, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2015 and June 30, 2016. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2015 to the June 30, 2016 measurement date.

Experience study date – Period of 4 years ended June 30, 2014

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

Investment rate of return – 6.75%, net of investment expense, including inflation

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%	0.25%	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 Total Data Set Mortality Tables, with Social Security generational improvements from 2006 based on 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 April 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 April 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 April 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.

Beginning April 1, 2017, assumes INPRS will outsource annuities to a third party for all ASA annuitizations.

Data Assumptions:

Changes in actuarial assumptions:

- For the actuarial valuation as of June 30, 2016, there were no changes to the actuarial assumptions from the actuarial valuation as of June 30, 2015.

Changes in actuarial methods:

- For funding purposes and when the plan is below 100% funded (based on Actuarial Value of Assets), gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes will be amortized over a 20-year period with level payments each year, rather than a 30-year period. A new gain or loss base will continue to be established each year. This change is made on a prospective basis, beginning with the June 30, 2016, actuarial valuation. Amortization bases established prior to June 30, 2016, will continue to be amortized over their original amortization period, even if the remaining period is greater than 20 years at June 30, 2016. If the plan is at or above 100% funded (based on Actuarial Value of Assets), the methodology of treating past amortization bases as fully amortized and amortizing the entire surplus over an open 30-year period is unchanged.
- For funding purposes, the smoothing period for investment gains and losses in the development of the Actuarial Value of Assets was increased from four years to five years at June 30, 2016. This change was implemented retroactively in that the Actuarial Value of Assets at June 30, 2016, was computed as if the five-year amortization period for recognizing investment gains and losses had always been in effect. This change increased the Actuarial Value of Assets, and therefore decreased the Unfunded Actuarial Accrued Liability of the plan by \$19.3 million at June 30, 2016.

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	22.0%	5.7%
Private equity	10.0%	6.2%
Fixed-income – ex inflation-linked	24.0%	2.7%
Fixed-income – inflation-linked	7.0%	0.7%
Commodities	8.0%	2.0%
Real estate	7.0%	2.7%
Absolute return	10.0%	4.0%
Risk parity	12.0%	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%
2016	\$ 23,044,079	\$ 16,044,763	\$ 10,227,273

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, 2016, the City reported a liability of \$16,044,763 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, 2016 measurement date was 0.0035353.

For the year ended December 31, 2016, the City recognized pension expense of \$3,241,375, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions. At December 31, 2016, 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	\$ 359,463	\$ 29,618
Net difference between projected and actual earnings on pension plan investments	3,528,980	902,777
Changes in assumptions	707,908	-
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>552,618</u>	<u>223,079</u>
Total that will be recognized in pension expense (income) based on the table below	5,148,969	1,155,474
Pension contributions subsequent to measurement date	<u>1,467,087</u>	-
Total	<u>\$ 6,616,056</u>	<u>\$ 1,155,474</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>
2017	\$ 1,542,233
2018	985,071
2019	1,039,165
2020	427,026
2021	-
Thereafter	-
Total	<u>\$ 3,993,495</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.

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 2016, 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 and survivor benefits. An active member may file an application for disability benefits. A determination is then 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 the impairment was incurred in the line of duty or not. The calculation for disability benefits is based on when the member was first hired, the type of impairment, and other factors. In addition, the heirs or estate of a fund member may be entitled to receive \$12,000 upon the member's death.

If a member dies while receiving retirement or disability benefits, there are provisions for the surviving spouse and child(ren) to receive a portion of the benefits. The member's surviving spouse is entitled to a monthly benefit equal to 60 percent of the member's monthly benefit during the spouse's lifetime. Each of the member's surviving child(ren) is entitled to a monthly benefit equal to 20 percent of the member's monthly benefit until the age of 18, or age 23, if a full-time student. If there is no eligible surviving spouse or child(ren), 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 actuarial assumptions:

- For the actuarial valuation as of June 30, 2016, there were no changes to the actuarial assumptions from the actuarial valuation as of June 30, 2015.

Changes in actuarial methods:

- For funding purposes and when the plan is below 100% funded (based on Actuarial Value of Assets), gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes will be amortized over a 20-year period with level payments each year, rather than a 30-year period. A new gain or loss base will continue to be established each year. This change is made on a prospective basis, beginning with the June 30, 2016, actuarial valuation. Amortization bases established prior to June 30, 2016, will continue to be amortized over their original amortization period, even if the remaining period is greater than 20 years at June 30, 2016. If the plan is at or above 100% funded (based on Actuarial Value of Assets), the methodology of treating past amortization bases as fully amortized and amortizing the entire surplus over an open 30-year period is unchanged.
- For funding purposes, the smoothing period for investment gains and losses in the development of the Actuarial Value of Assets was increased from four years to five years at June 30, 2016. This change was implemented retroactively in that the Actuarial Value of Assets at June 30, 2016, was computed as if the five-year amortization period for recognizing investment gains and losses had always been in effect. This change increased the Actuarial Value of Assets and therefore decreased the Unfunded Actuarial Accrued Liability of the plan by \$10.7 million at June 30, 2016.

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	2016 Geometric Basis Long- Term Expected Real Rate of Return
Public equity	22.0%	5.7%
Private equity	10.0%	6.2%
Fixed-income – inflation-linked	24.0%	2.7%
Fixed-income – inflation-linked	7.0%	0.7%
Commodities	8.0%	2.0%
Real estate	7.0%	2.7%
Absolute return	10.0%	4.0%
Risk parity	12.0%	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:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	5.75%	6.75%	7.75%
2016 Police	\$ 9,210,440	\$ 901,944	\$ (5,802,081)
2016 Fire	\$ 12,268,460	\$ 1,201,404	\$ (7,728,469)

Investment Valuation and Benefit Payment Policies:

The pooled and non-pooled investments are generally reported at fair value by INPRS. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

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 interests 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. Additionally, valuation techniques will vary by investment type and involve a certain degree of expert judgment. Alternative investments, such as investments in private equity or real estate, are generally considered to be illiquid long-term investments. Due to the inherent uncertainty that exists in the valuation of alternative investments, the realized value upon the sale of an asset may differ from the fair value.

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, 2016, was \$1,545,985 for police participants and \$2,059,104 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, 2016, the City reported a liability of \$901,944 for police and \$1,201,404 for fire 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 plan. The proportionate share used at the June 30, 2016, measurement date was 0.0101528 for police and 0.0135237 for fire.

For the year ended December 31, 2016, the City recognized pension expense of \$1,182,511 for police and \$1,562,818 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, 2016, 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	\$ 376,751	\$ 572,183
Net difference between projected and actual earnings on pension plan investments	4,368,951	1,040,420
Changes in assumptions	-	2,469,656
Changes in proportion and differences between City contributions and proportionate share of contributions	47,829	42,807
Total that will be recognized in pension expense (income) based on the table below	4,793,531	4,125,066
Pension contributions subsequent to measurement date	712,423	-
Total	\$ 5,505,954	\$ 4,125,066

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Firefighters</u>		
Differences between expected and actual experience	\$ 501,838	\$ 762,157
Net difference between projected and actual earnings on pension plan investments	5,819,516	1,385,856
Changes in assumptions	-	3,289,624
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>16,929</u>	<u>89,940</u>
Total that will be recognized in pension expense (income) based on the table below	6,338,283	5,527,577
Pension contributions subsequent to measurement date	<u>967,925</u>	<u>-</u>
Total	<u>\$ 7,306,208</u>	<u>\$ 5,527,577</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>Police Amount</u>	<u>Fire Amount</u>
2017	\$ 385,236	\$ 500,836
2018	905,446	1,193,765
2019	173,648	218,997
2020	(369,741)	(504,806)
Thereafter	<u>(811,360)</u>	<u>(1,098,922)</u>
	<u>\$ 283,229</u>	<u>\$ 309,870</u>

H. Post-Employment Benefits

1. Single-Employer Defined Benefit Healthcare Plan

Plan Description

The City offers other post-employment benefits (OPEB) in the form of health insurance, in addition to pensions described elsewhere herein. OPEB 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, 2016, the City contributed \$294,477 to the plan for current premiums.

The plans are closed to new entrants.

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 2016, the amount actually contributed to the plan, and changes in the net OPEB obligation to the plan:

Annual required contribution (ARC)	\$ 3,837,658
Interest on net OPEB obligation	482,118
Adjustment to ARC	<u>(657,718)</u>
Annual OPEB cost	3,662,058
Actual employer contributions	<u>294,477</u>
Increase (Decrease) in net OPEB obligation	3,367,581
Net OPEB obligation – beginning of year	<u>11,645,369</u>
Net OPEB obligation – end of year	<u>\$ 15,012,950</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and prior two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
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
12/31/2016	\$ 3,662,058	\$ 294,477	8.0%	\$ 15,012,950

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			

<u>Inflation; health care cost trend rate:</u>	<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%

I. Interfund Receivables and Payables

The composition of the interfund balances as of December 31, 2016, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental fund	General Fund	\$ 11,551,941
General Fund	Water Enterprise Fund	\$ 3,284,434
General Fund	Sewer Enterprise Fund	400,000
Motor Vehicle Highway Fund	Storm Water Enterprise Fund	55,250
Total among governmental and proprietary funds		\$ 3,739,684
Sewer Enterprise Fund	Water Enterprise Fund	\$ 681,338
Storm Water Enterprise Fund	Water Enterprise Fund	276,248
Total among proprietary funds		\$ 957,586

The General Fund holds \$11,551,941 of cash restricted for street-related projects, which is due to be transferred to a nonmajor fund with compatible restrictions.

The General Fund provides \$3,284,434 of cash to the Water Enterprise Fund for cash flow purposes.

The General Fund is due a transfer of \$400,000 from the Sewer Enterprise Fund to cover administrative costs.

The Motor Vehicle Highway Fund is due \$55,250 from nonmajor enterprise fund to cover certain operating costs.

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

J. Commitments and Contingencies

Various claims and lawsuits are pending against the City. At December 31, 2016, 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, treated as assigned fund balance as of December 31, 2016, are as follows.

Total assigned from governmental fund balances: \$ 1,910,880

K. Subsequent Events

On July 20, 2017, the City issued, through its local public improvement bond bank, \$7,405,000 of its Taxable Special Program Bonds, Series 2017A. The bonds were issued in order 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. 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.

L. Prior Period Adjustments

Beginning fund balances were adjusted upward \$1,790,716 to account for the following:

	Beginning Fund <u>Balance</u>	<u>Restatement</u>	Beginning Fund <u>Balance, Adjusted</u>
Redevelopment Commission cash account discovered after 2015 report	\$ 10,674,937	\$ 110,012	\$ 10,784,949
Nonmajor governmental funds adjusted for amount previously reported as an internal service fund	\$ 15,673,408	\$ 1,680,704	\$ 17,354,112

Governmental activities beginning net position was adjusted downward \$6,613,069 to account for the following:

	Beginning Net <u>Position</u>	<u>Restatement</u>	Beginning Net <u>Position, Adjusted</u>
Redevelopment Commission cash account discovered after 2015 report		\$ 110,012	
Change in 2015 capital assets		<u>(6,723,081)</u>	
Total	<u>\$ 297,911,447</u>	<u>\$ (6,613,069)</u>	<u>\$ 291,298,378</u>

Business-type activities beginning net position was adjusted downward \$481,995 to account for the following:

	Beginning Net <u>Position</u>	<u>Restatement</u>	Beginning Net <u>Position, Adjusted</u>
Special revenue fund classified as an internal service fund in 2015		\$ (481,995)	
Total	<u>\$ 112,063,056</u>	<u>\$ (481,995)</u>	<u>\$ 111,581,061</u>

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
For the Fiscal Year Ended December 31, 2016

Post-employment 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
2016	\$ 3,837,658	\$ 294,477

Additional information on the City's OPEB can be found in Note III.H. on pages 82–86 of this report.

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS
December 31, 2016

1925 Police Officers' Pension Plan:	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 546,748	\$ 534,143
Contributions in relation to the actuarially determined contribution	<u>546,748</u>	<u>534,143</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Covered-employee payroll	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered-employee payroll	Not applicable	Not applicable
 1937 Firefighters' Pension Plan:	 <u>2016</u>	 <u>2015</u>
Actuarially determined contribution	\$ 553,519	\$ 562,264
Contributions in relation to the actuarially determined contribution	<u>553,519</u>	<u>562,264</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered-employee payroll	Not applicable	Not applicable

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

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS
December 31, 2016

1925 Police Officers' Pension Plan:	<u>2016</u>	<u>2015</u>
Pension liability:	\$ 10,119,548	\$ 10,179,012
Fiduciary net position	148,470	147,785
Net pension liability	<u>\$ 9,971,078</u>	<u>\$ 10,031,227</u>
Net position as a percentage of the pension liability	<u>1.5%</u>	<u>1.5%</u>
Covered payroll	<u>7,552,611</u>	<u>7,552,611</u>
Net position as a percentage of covered payroll	Not applicable	Not applicable
 1937 Firefighters' Pension Plan:	 <u>2016</u>	 <u>2015</u>
Pension liability:	\$ 10,883,369	\$ 10,997,707
Fiduciary net position	30,375	39,365
Net pension liability	<u>\$ 10,852,994</u>	<u>\$ 10,958,342</u>
Net position as a percentage of the pension liability	<u>0.3%</u>	<u>0.4%</u>
Covered payroll	<u>\$ -</u>	<u>\$ -</u>
Net position as a percentage of covered payroll	Not applicable	Not applicable

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

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
December 31, 2016

1925 Police Officers' Pension Plan:	<u>2016</u>	<u>2015</u>
Pension liability - beginning	\$ 10,179,012	\$ 10,220,740
Changes for the year:		
Service cost	-	-
Interest on total pension liability	363,703	367,444
Effect of plan changes	-	-
Effect of economic/demographic gains and losses	122,896	125,844
Effect of assumptions changes or inputs	-	-
Benefit payments	(546,063)	(535,016)
Employer contributions	-	-
Member contributions	-	-
Net investment income	-	-
Administrative expenses	-	-
Pension liability - ending	<u>\$ 10,119,548</u>	<u>\$ 10,179,012</u>
1937 Firefighters' Pension Plan:	<u>2016</u>	<u>2015</u>
Pension liability - beginning	\$ 10,997,707	\$ 11,028,789
Changes for the year:		
Service cost	-	-
Interest on total pension liability	393,503	396,965
Effect of plan changes	-	-
Effect of economic/demographic gains and losses	54,668	125,812
Effect of assumptions changes or inputs	-	-
Benefit payments	(562,509)	(553,859)
Employer contributions	-	-
Member contributions	-	-
Net investment income	-	-
Administrative expenses	-	-
Pension liability - ending	<u>\$ 10,883,369</u>	<u>\$ 10,997,707</u>

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

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE
1925 POLICE OFFICERS' AND 1937 FIREFIGHTERS' PENSION PLANS
December 31, 2016

Valuation date: Actuarially determined contribution rates are calculated as of
December 31, 2016

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, INDIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT PENSION PLANS - MULTIPLE EMPLOYER PLANS
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 December 31, 2016

Public Employees' Retirement Fund:

	<u>2016</u>	<u>2015</u>
City's Proportion of the Net Pension Liability	0.0035353	0.0034106
City's Proportionate Share of the Net Pension Liability	\$ 16,044,763	\$ 13,891,040
City's Covered Employee Payroll	\$ 16,943,306	\$ 16,335,991
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	95%	85%
PERF Plan Net Position as a Percentage of Total Pension Liability	77%	77%

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

	<u>Police 2016</u>	<u>Police 2015</u>
City's Proportion of the Net Pension Liability	0.0101528	0.0101282
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 901,944	\$ (1,496,139)
City's Covered Employee Payroll	\$ 7,847,007	\$ 7,552,611
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	0%	-20%
1977 Plan Net Position as a Percentage of Total Pension Asset	103%	103%

Continued on next page.

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

December 31, 2016

(Continued)

	<u>Fire 2016</u>	<u>Fire 2015</u>
City's Proportion of the Net Pension Liability	0.0135237	0.0137130
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,201,404	\$ (2,025,686)
City's Covered Employee Payroll	\$ 10,452,317	\$ 10,225,780
City's Proportionate Share of the Net Pension		
Liability as a Percentage of Its Covered Employee Payroll	11%	-20%
1977 Plan Net Position as a Percentage of Total		
Pension Asset	103%	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, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS - MULTIPLE EMPLOYER PLANS
SCHEDULE OF CITY CONTRIBUTIONS
December 31, 2016

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
2016	\$ 1,890,849	\$ 1,890,849	\$ -	\$ 16,943,306	11%
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
2016 Police	\$ 1,545,985	\$ 1,545,985	\$ -	\$ 7,847,007	20%
2015 Police	\$ 1,487,857	\$ 1,487,857	\$ -	\$ 7,552,611	20%
2016 Fire	\$ 2,059,104	\$ 2,059,104	\$ -	\$ 10,452,317	20%
2015 Fire	\$ 2,014,469	\$ 2,014,469	\$ -	\$ 10,225,780	20%

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULES
PUBLIC EMPLOYEES' RETIREMENT AND 1977 POLICE OFFICERS' AND FIREFIGHTERS' PENSION AND
DISABILITY FUNDS
December 31, 2016

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, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND

For the Fiscal Year Ended December 31, 2016

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
REVENUES:				
Property tax	\$ 35,275,920	\$37,687,913	\$ 36,100,175	\$ (1,587,738)
Income tax	30,178,166	30,151,095	31,251,644	1,100,549
Licenses and permits	2,100,233	2,162,160	1,866,872	(295,288)
Intergovernmental	493,439	753,217	288,842	(464,375)
Charges for services	2,571,927	2,784,883	1,677,173	(1,107,710)
Fines and forfeits	627,868	657,468	504,182	(153,286)
Miscellaneous	1,242,027	1,071,983	1,441,815	369,832
Township and joinder agreements	1,017,578	1,087,444	923,798	(163,646)
Other	<u>6,104,832</u>	<u>6,270,140</u>	<u>(347,879)</u>	<u>(6,618,019)</u>
Total revenues: budgetary basis	<u>\$ 79,611,990</u>	<u>\$82,626,303</u>	<u>\$ 73,706,622</u>	<u>\$ (8,919,681)</u>
Increase in available intergovernmental receivable	-	-	-	-
Increase in available income tax receivable	-	-	1,100,549	-
Subfund transactions	-	-	3,848,246	-
Other	-	-	4,719,205	-
Transfer from a nonmajor fund treated as revenue on a budgetary basis	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues reported on the Statement of Revenues and Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,374,622</u>	<u>\$ -</u>
EXPENDITURES:				
Current:				
General government:				
Clerk-Treasurer:				
Personal services	699,344	671,144	696,921	25,777
Supplies	9,250	7,900	9,038	1,138
Other services and charges	246,911	411,009	332,965	(78,044)
Capital outlay	12,170	12,170	8,782	(3,388)
Mayor's Office:				
Personal services	408,529	408,529	377,363	(31,166)
Supplies	4,599	4,599	3,607	(992)
Other services and charges	299,920	404,632	295,085	(109,547)
Capital outlay	-	-	-	-
City Council:				
Personal services	274,470	274,470	218,807	(55,663)
Supplies	1,550	1,550	1,910	360
Other services and charges	3,403,427	3,603,427	2,627,709	(975,718)
Capital outlay	12,000	12,000	10,896	(1,104)

Continued on next page.

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND

For the Fiscal Year Ended December 31, 2016
(Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
General government (continued):				
Board of Public Works:				
Personal services	18,923	18,923	13,129	(5,794)
Debt service	13,694,468	19,111,020	8,690,470	(10,420,550)
Administration:				
Personal services	371,750	371,750	342,276	(29,474)
Supplies	63,900	63,900	25,830	(38,070)
Other services and charges	2,776,333	2,776,333	2,015,138	(761,195)
Capital outlay	44,155	44,155	19,395	(24,760)
Brookshire Golf Course:				
Personal services	747,287	747,287	590,724	(156,563)
Supplies	138,050	138,050	86,672	(51,378)
Other services and charges	587,339	587,339	494,591	(92,748)
Capital outlay	12,000	12,000	4,072	(7,928)
Building Operations:				
Supplies	33,000	14,000	13,606	(394)
Other services and charges	2,274,710	2,679,510	2,434,837	(244,673)
Capital outlay	45,000	19,200	19,195	(5)
City Court:				
Personal services	792,470	792,470	665,956	(126,514)
Supplies	-	-	-	-
Other services and charges	-	-	(64)	(64)
Capital outlay	1,000	1,000	-	(1,000)
Law Department:				
Personal services	730,287	730,287	628,997	(101,290)
Supplies	1,975	1,975	1,191	(784)
Other services and charges	309,845	349,845	217,415	(132,430)
Capital outlay	28,252	28,252	14,537	(13,715)
Community Services:				
Personal services	2,167,664	2,167,664	2,128,499	(39,165)
Supplies	38,748	38,748	24,925	(13,823)
Other services and charges	1,190,529	1,230,529	835,172	(395,357)
Capital outlay	122,174	122,174	60,699	(61,475)
Personnel/ Human Resources:				
Personal services	377,900	398,900	378,405	(20,495)
Supplies	500	500	113	(387)
Other services and charges	70,431	70,431	59,557	(10,874)
Capital outlay	2,100	2,100	1,492	(608)
Information Systems:				
Personal services	1,143,560	1,143,560	1,046,543	(97,017)
Supplies	9,600	9,600	3,510	(6,090)
Other services and charges	463,198	463,198	400,463	(62,735)
Capital outlay	129,477	129,477	96,922	(32,555)

Continued on next page.

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND

For the Fiscal Year Ended December 31, 2016

(Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance
	Original	Final		With Final
				Budget
			Positive	
			(Negative)	
Expenditures (continued):				
Current (continued):				
City Property Maintenance:				
Personal services	-	-	-	-
Supplies	101,000	101,000	18,980	(82,020)
Other services and charges	803,831	803,831	542,674	(261,157)
Capital outlay	-	-	-	-
Public Affairs/ Community Relations:				
Personal services	551,640	556,640	553,533	(3,107)
Supplies	4,285	(715)	2,240	2,955
Other services and charges	1,518,703	1,518,703	1,331,361	(187,342)
Capital outlay	6,141	6,141	3,824	(2,317)
Total general government	<u>36,744,395</u>	<u>43,061,207</u>	<u>28,349,962</u>	<u>(14,711,245)</u>
Public Safety:				
Fire Department:				
Personal services	21,103,484	21,461,484	21,509,281	47,797
Supplies	295,197	235,197	235,640	443
Other services and charges	1,635,549	1,570,549	1,469,534	(101,015)
Police Department:				
Personal services	16,681,510	16,681,510	16,554,990	(126,520)
Supplies	773,093	773,093	465,252	(307,841)
Other services and charges	1,886,113	1,886,113	1,296,039	(590,074)
Capital outlay	108,746	108,746	76,796	(31,950)
Communication Center:				
Personal services	578,800	578,800	520,871	(57,929)
Supplies	28,474	28,474	22,006	(6,468)
Other services and charges	2,085,407	2,085,407	1,994,145	(91,262)
Capital outlay	78,643	78,643	76,516	(2,127)
Total public safety	<u>45,255,016</u>	<u>45,488,016</u>	<u>44,221,070</u>	<u>(1,266,946)</u>
Culture and recreation:				
Parks Department:				
Personal services	2,001,940	2,001,940	1,816,875	(185,065)
Supplies	113,599	113,599	96,213	(17,386)
Other services and charges	819,744	819,744	700,260	(119,484)
Capital outlay	16,158	16,158	15,536	(622)
Total culture and recreation	<u>2,951,441</u>	<u>2,951,441</u>	<u>2,628,884</u>	<u>(322,557)</u>

Continued on next page.

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND

For the Fiscal Year Ended December 31, 2016

(Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance
	Original	Final		With Final Budget
				Positive (Negative)
Expenditures (continued):				
Current (continued):				
Economic Development:				
Redevelopment Department:				
Personal services	254,080	307,060	273,301	(33,759)
Supplies	1,600	1,600	811	(789)
Other services and charges	220,459	167,479	64,799	(102,680)
Capital outlay	<u>2,330</u>	<u>2,330</u>	896	<u>(1,434)</u>
Total economic development	<u>478,469</u>	<u>478,469</u>	339,807	<u>(138,662)</u>
Total expenditures, budgetary basis			75,539,723	
Increase in accrued liabilities:				
Accounts payable			606,812	
Accrued payroll and withholdings payable			340,157	
Transfers to other funds			(15,176,829)	
Internal transfer not appropriated			530,826	
Total expenditures reported on the Statement of Revenues and Expenditures			<u>\$ 61,838,000</u>	

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
MOTOR VEHICLE HIGHWAY FUND
For the Fiscal Year Ended December 31, 2016

	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	\$ 10,685,169	\$ 1,007,129
MVHF distribution	2,937,005	3,039,312	2,929,747	(109,565)
Miscellaneous	1,965,439	1,848,052	1,693,419	(154,633)
Total revenues: budgetary basis	<u>\$ 14,325,647</u>	<u>\$ 14,565,404</u>	15,308,335	<u>\$ 742,931</u>
Transfers treated as revenue for budget purposes			(597,319)	
Other receipts not treated as revenue for budget purposes			(25,570)	
Total revenues reported on the Statement of Revenues and Expenditures			<u>14,685,446</u>	
EXPENDITURES:				
Current:				
Engineering:				
Personal services	1,555,560	1,555,560	1,448,600	(106,960)
Supplies	13,279	13,279	8,684	(4,595)
Other services and charges	454,513	454,513	243,900	(210,613)
Capital outlay	476,565	476,565	203,704	(272,861)
Street Department:				
Personal services	5,516,580	5,516,580	4,860,863	(655,717)
Supplies	1,686,117	1,686,117	1,241,810	(444,307)
Other services and charges	7,867,899	8,267,899	6,387,376	(1,880,523)
Capital outlay	69,306	69,306	34,891	(34,415)
Total expenditures: budgetary basis	<u>\$ 17,639,819</u>	<u>\$ 18,039,819</u>	14,429,828	<u>\$ (3,609,991)</u>
Increase in accrued liabilities:				
Accounts payable			186,242	
Accrued payroll and withholdings payable			69,233	
Transfers to other funds			(1,284,522)	
Total expenditures reported on the Statement of Revenues and Expenditures			<u>\$ 13,400,781</u>	

CITY OF CARMEL, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES

December 31, 2016

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 property tax levy is authorized at the time annual appropriations are adopted. Revenue budgets represent the most recent estimates available to the Mayor and Council at that time. Final revenue budgets represent the estimates available one year later, when the subsequent budget is adopted.

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.

Appropriations in all budgeted funds lapse at the end of the fiscal year unless they are encumbered. 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, INDIANA NONMAJOR GOVERNMENTAL FUNDS

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

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 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 Facility 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

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 Health Self Insurance Fund accounts for the City's employee healthcare self-insurance program.

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.

Continued on next page.

CITY OF CARMEL
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

The Keystone Non-Reverting Fund accounts for amounts accumulated for certain infrastructure projects.

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 Salary 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 Thoroughfare Fund accounts for amounts accumulated for certain infrastructure projects.

The Grant 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 - used to account for revenues and other financing sources restricted or committed to the acquisition of capital assets:

The Ambulance Fund accounts for EMS service fees, committed for acquisition of EMS and fire protection

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 Construction 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 Construction 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.

The 2016 Property Tax Bond Construction Funds 1 - 13 account for the proceeds of thirteen separate bond issues secured by property tax, issued for the purpose of street improvement and construction.

Debt Service Funds- used to account for revenues and other financing sources restricted or committed to the payment of principal and interest on noncurrent debt:

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, INDIANA
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2016

Special Revenue Funds

	Park Impact Fee	Hazardous Material	Parks Program	Parks Monon	Parks Facility	Local Road & Street	Deferral	User Fee	Barrett Law	Barrett Law Surplus	MIHP
ASSETS:											
Cash and investments	\$ 4,226,494	\$ 24,437	\$ 2,957,823	\$ 2,666,639	\$ 57,821	\$ 1,100,950	\$ 366,178	\$ 175,308	\$ 6	\$ 166,369	\$ 25,361
Property tax receivable	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	11,530,605	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>4,226,494</u>	<u>24,437</u>	<u>2,957,823</u>	<u>2,666,639</u>	<u>57,821</u>	<u>12,631,555</u>	<u>366,178</u>	<u>175,308</u>	<u>6</u>	<u>166,369</u>	<u>25,361</u>
LIABILITIES:											
Accounts payable	1,837	-	15,366	239,061	2,432	396,879	-	1,549	-	-	-
Claims payable	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Accrued payroll	-	-	84,624	87,856	-	-	1,809	-	-	-	-
Total liabilities	<u>1,837</u>	<u>-</u>	<u>99,990</u>	<u>326,917</u>	<u>2,432</u>	<u>396,879</u>	<u>1,809</u>	<u>1,549</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES:											
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCE:											
Restricted:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	24,437	-	-	-	-	364,369	173,759	-	-	25,361
Highways and streets	-	-	-	-	-	12,234,676	-	-	-	-	-
Drainage and other capital assets	-	-	-	-	-	-	-	-	6	166,369	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	4,224,657	-	2,857,833	2,339,722	55,389	-	-	-	-	-	-
Committed:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-	-	-
Drainage and other capital assets	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>4,224,657</u>	<u>24,437</u>	<u>2,857,833</u>	<u>2,339,722</u>	<u>55,389</u>	<u>12,234,676</u>	<u>364,369</u>	<u>173,759</u>	<u>6</u>	<u>166,369</u>	<u>25,361</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,226,494</u>	<u>\$ 24,437</u>	<u>\$ 2,957,823</u>	<u>\$ 2,666,639</u>	<u>\$ 57,821</u>	<u>12,631,555</u>	<u>\$ 366,178</u>	<u>\$ 175,308</u>	<u>\$ 6</u>	<u>\$ 166,369</u>	<u>\$ 25,361</u>

Continued on next page.

CITY OF CARMEL, INDIANA
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2016
(Continued)

Special Revenue Funds

	Health Self Insurance	Workers Comp	Support for the Arts	Keystone Non- Reverting	Urban Forestry	Clerk's Record Perpetuation	Court Interpreter	Public Defenders	Judicial Salary Fees	Fire Gift
ASSETS:										
Cash and investments	\$ 3,550,123	\$ 321,071	\$ 19,134	\$ 75,045	\$ 62,866	\$ 180,493	\$ 60	\$ 5,848	\$ 188,656	\$ 29,584
Property tax receivable		-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables		-	-	-	-	-	-	-	-	-
Accounts receivable		-	-	-	-	-	-	-	-	-
Total assets	<u>3,550,123</u>	<u>321,071</u>	<u>19,134</u>	<u>75,045</u>	<u>62,866</u>	<u>180,493</u>	<u>60</u>	<u>5,848</u>	<u>188,656</u>	<u>29,584</u>
LIABILITIES:										
Accounts payable	24,796	94,681	-	-	-	-	-	-	2,005	-
Claims payable	1,376,256	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Accrued payroll	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>1,401,052</u>	<u>94,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,005</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES:										
Unavailable revenue	-	-	-	-	-	-	-	-	-	-
FUND BALANCE:										
Restricted:										
General government		-	-	-	-	180,493	-	-	-	-
Public safety		-	-	-	-	-	60	5,848	186,651	29,584
Highways and streets		-	-	-	-	-	-	-	-	-
Drainage and other capital assets		-	-	-	-	-	-	-	-	-
Economic development		-	-	-	-	-	-	-	-	-
Culture and recreation		-	-	-	62,866	-	-	-	-	-
Committed:										
General government	2,149,071	226,390	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	75,045	-	-	-	-	-	-
Drainage and other capital assets	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	19,134	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>2,149,071</u>	<u>226,390</u>	<u>19,134</u>	<u>75,045</u>	<u>62,866</u>	<u>180,493</u>	<u>60</u>	<u>5,848</u>	<u>186,651</u>	<u>29,584</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,550,123</u>	<u>\$ 321,071</u>	<u>\$ 19,134</u>	<u>\$ 75,045</u>	<u>\$ 62,866</u>	<u>\$ 180,493</u>	<u>\$ 60</u>	<u>\$ 5,848</u>	<u>\$ 188,656</u>	<u>\$ 29,584</u>

Continued on next page.

CITY OF CARMEL, INDIANA
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2016
(Continued)

Special Revenue Funds

	Police Gift	Parks Gift	Community Relations Gift	Economic Development	Housing Authority	Drug Task Force	Thoroughfare	Levy Excess	Grant	Total Special Revenue Funds
ASSETS:										
Cash and investments	\$ 23,350	\$ 32,584	\$ 123,886	\$ 48,565	\$ 58,865	\$ 709,829	\$ 764,272	\$ -	\$ -	\$ 17,961,617
Property tax receivable	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	11,530,605
Intergovernmental receivables	-	-	-	-	-	-	-	-	366,200	366,200
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Total assets	<u>23,350</u>	<u>32,584</u>	<u>123,886</u>	<u>48,565</u>	<u>58,865</u>	<u>709,829</u>	<u>764,272</u>	<u>-</u>	<u>366,200</u>	<u>29,858,422</u>
LIABILITIES:										
Accounts payable	-	-	11,830	-	-	1,549	-	-	344,864	1,136,849
Claims payable	-	-	-	-	-	-	-	-	-	1,376,256
Due to other funds	-	-	-	-	-	-	-	-	21,336	21,336
Accrued payroll	-	-	-	-	-	-	-	-	-	174,289
Total liabilities	<u>-</u>	<u>-</u>	<u>11,830</u>	<u>-</u>	<u>-</u>	<u>1,549</u>	<u>-</u>	<u>-</u>	<u>366,200</u>	<u>2,708,730</u>
DEFERRED INFLOW OF RESOURCES:										
Unavailable revenue	-	-	-	-	-	-	-	-	-	-
FUND BALANCE:										
Restricted:										
General government	-	-	112,056	-	-	-	-	-	-	292,549
Public safety	23,350	-	-	-	-	708,280	-	-	-	1,541,699
Highways and streets	-	-	-	-	-	-	764,272	-	-	12,998,948
Drainage and other capital assets	-	-	-	-	-	-	-	-	-	166,375
Economic development	-	-	-	48,565	58,865	-	-	-	-	107,430
Culture and recreation	-	32,584	-	-	-	-	-	-	-	9,573,051
Committed:										
General government	-	-	-	-	-	-	-	-	-	2,375,461
Public safety	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-	75,045
Drainage and other capital assets	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	19,134
Unassigned	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>23,350</u>	<u>32,584</u>	<u>112,056</u>	<u>48,565</u>	<u>58,865</u>	<u>708,280</u>	<u>764,272</u>	<u>-</u>	<u>-</u>	<u>27,149,692</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 23,350</u>	<u>\$ 32,584</u>	<u>\$ 123,886</u>	<u>\$ 48,565</u>	<u>\$ 58,865</u>	<u>\$ 709,829</u>	<u>\$ 764,272</u>	<u>\$ -</u>	<u>\$ 366,200</u>	<u>\$ 29,858,422</u>

Continued on next page.

CITY OF CARMEL, INDIANA
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2016
(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	2016 Property Tax Bond Construction 1	2016 Property Tax Bond Construction 2	2016 Property Tax Bond Construction 3
ASSETS:											
Cash and investments	\$ 498,188	\$ 432,049	\$ 231,599	\$ 286,197	\$ 276,478	\$ 186,696	\$ 459	\$ 477,793	\$ 501,008	\$ 469,601	\$ 1,837,864
Property tax receivable	-	-	-	-	117,191	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	329,062	-	-	-	-	-	-	-	-	-	-
Total assets	827,250	432,049	231,599	286,197	393,669	186,696	459	477,793	501,008	469,601	1,837,864
LIABILITIES:											
Accounts payable	42,046	-	-	-	33,600	-	-	-	-	-	-
Claims payable	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Accrued payroll	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	42,046	-	-	-	33,600	-	-	-	-	-	-
DEFERRED INFLOW OF RESOURCES:											
Unavailable revenue	274,218	-	-	-	117,191	-	-	-	-	-	-
FUND BALANCE:											
Restricted:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	477,793	-	-	-
Highways and streets	-	-	-	-	-	186,696	-	-	501,008	469,601	1,837,864
Drainage and other capital assets	-	-	-	286,197	242,878	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	459	-	-	-	-
Culture and recreation	-	432,049	-	-	-	-	-	-	-	-	-
Committed:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	510,986	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	231,599	-	-	-	-	-	-	-	-
Drainage and other capital assets	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	510,986	432,049	231,599	286,197	242,878	186,696	459	477,793	501,008	469,601	1,837,864
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCES	\$ 827,250	\$ 432,049	\$ 231,599	\$ 286,197	\$ 393,669	\$ 186,696	\$ 459	\$ 477,793	\$ 501,008	\$ 469,601	\$ 1,837,864

Continued on next page.

CITY OF CARMEL, INDIANA
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2016
(Continued)

Capital Projects Funds

	2016 Property Tax Bond Construction 4	2016 Property Tax Bond Construction 5	2016 Property Tax Bond Construction 6	2016 Property Tax Bond Construction 7	2016 Property Tax Bond Construction 8	2016 Property Tax Bond Construction 9	2016 Property Tax Bond Construction 10	2016 Property Tax Bond Construction 11	2016 Property Tax Bond Construction 12	2016 Property Tax Bond Construction 13	Total Capital Projects Funds
ASSETS:											
Cash and investments	\$ 1,538,103	\$ 1,758,472	\$ 1,733,314	\$ 1,006,723	\$ 1,732,933	\$ 1,439,564	\$ 1,670,455	\$ 1,532,843	\$ 1,560,836	\$ 1,390,478	\$ 20,561,653
Property tax receivable	-	-	-	-	-	-	-	-	-	-	117,191
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	329,062
Total assets	<u>1,538,103</u>	<u>1,758,472</u>	<u>1,733,314</u>	<u>1,006,723</u>	<u>1,732,933</u>	<u>1,439,564</u>	<u>1,670,455</u>	<u>1,532,843</u>	<u>1,560,836</u>	<u>1,390,478</u>	<u>21,007,906</u>
LIABILITIES:											
Accounts payable	-	-	-	-	-	-	-	-	-	-	75,646
Claims payable	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Accrued payroll	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,646</u>
DEFERRED INFLOW OF RESOURCES:											
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	391,409
FUND BALANCE:											
Restricted:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	477,793
Highways and streets	1,538,103	1,758,472	1,733,314	1,006,723	1,732,933	1,439,564	1,670,455	1,532,843	1,560,836	1,390,478	18,358,890
Drainage and other capital assets	-	-	-	-	-	-	-	-	-	-	529,075
Economic development	-	-	-	-	-	-	-	-	-	-	459
Culture and recreation	-	-	-	-	-	-	-	-	-	-	432,049
Committed:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	510,986
Highways and streets	-	-	-	-	-	-	-	-	-	-	231,599
Drainage and other capital assets	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,538,103</u>	<u>1,758,472</u>	<u>1,733,314</u>	<u>1,006,723</u>	<u>1,732,933</u>	<u>1,439,564</u>	<u>1,670,455</u>	<u>1,532,843</u>	<u>1,560,836</u>	<u>1,390,478</u>	<u>20,540,851</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,538,103</u>	<u>\$ 1,758,472</u>	<u>\$ 1,733,314</u>	<u>\$ 1,006,723</u>	<u>\$ 1,732,933</u>	<u>\$ 1,439,564</u>	<u>\$ 1,670,455</u>	<u>\$ 1,532,843</u>	<u>\$ 1,560,836</u>	<u>\$ 1,390,478</u>	<u>\$ 21,007,906</u>

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CITY OF CARMEL, INDIANA
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2016
(Continued)

Debt Service Funds				
	Lease Rental	2004 Road Bond	Total Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS:				
Cash and investments	\$ 3,853	\$ 159,080	\$ 162,933	\$ 38,686,203
Property tax receivable	-	102,241	102,241	219,432
Due from other funds	-	-	-	11,530,605
Intergovernmental receivables	-	-	-	366,200
Accounts receivable	-	-	-	329,062
Total assets	<u>3,853</u>	<u>261,321</u>	<u>265,174</u>	<u>51,131,502</u>
LIABILITIES:				
Accounts payable	-	-	-	1,212,495
Claims payable	-	-	-	1,376,256
Due to other funds	-	-	-	21,336
Accrued payroll	-	-	-	174,289
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,784,376</u>
DEFERRED INFLOW OF RESOURCES:				
Unavailable revenue	<u>-</u>	<u>102,241</u>	<u>102,241</u>	<u>493,650</u>
FUND BALANCE:				
Restricted:				
General government	-	-	-	292,549
Public safety	-	-	-	2,019,492
Highways and streets	3,853	159,080	162,933	31,520,771
Drainage and other capital assets	-	-	-	695,450
Economic development	-	-	-	107,889
Culture and recreation	-	-	-	10,005,100
Committed:				
General government	-	-	-	2,375,461
Public safety	-	-	-	510,986
Highways and streets	-	-	-	306,644
Drainage and other capital assets	-	-	-	-
Economic development	-	-	-	19,134
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>3,853</u>	<u>159,080</u>	<u>162,933</u>	<u>47,853,476</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,853</u>	<u>\$ 261,321</u>	<u>\$ 265,174</u>	<u>\$ 51,131,502</u>

CITY OF CARMEL, INDIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2016

	Special Revenue										
	Park Impact Fee	Hazardous Material	Parks Program	Parks Monon	Parks Facility	Local Road & Street	Deferral	User Fee	Barrett Law	Barrett Law Surplus	MIHP
REVENUES:											
Charges for services	\$ 899,011	\$ 11,178	\$ 4,042,383	\$ 5,672,259	\$ 78,929	\$ -	\$ -	\$ -	\$ -	\$ 268	\$ -
Investment income	11,679	44	10,013	8,525	147	302	958	94	-	-	73
Fines and forfeits	-	-	-	-	-	-	28,681	38,592	-	-	-
Licenses and permits	-	-	-	-	-	-	-	50,251	-	-	-
Other	-	-	-	-	360	-	-	30,464	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	4,800	7,639	-	-	-	-	-	-	12,114
General property taxes	-	-	-	-	-	-	-	-	-	-	-
Income tax	-	-	-	-	-	11,530,605	-	-	-	-	-
Intergovernmental											
Shared revenue	-	-	-	-	-	1,224,856	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-	-
Total revenues	910,690	11,222	4,057,196	5,688,423	79,436	12,755,763	29,639	119,401	-	268	12,187
EXPENDITURES:											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	156,418	105,235	-	-	19,834
Streets and other infrastructure	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	3,325,745	5,308,049	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Lease rentals and issuance costs	-	-	-	-	-	-	-	-	-	-	-
Capital outlay:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Streets and other infrastructure	-	-	-	-	-	930,231	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	509,211	-	-	-	35,035	-	-	-	-	-	-
Total expenditures	509,211	-	3,325,745	5,308,049	35,035	930,231	156,418	105,235	-	-	19,834
Excess (deficiency) of revenues over (under) expenditures	401,479	11,222	731,451	380,374	44,401	11,825,532	(126,779)	14,166	-	268	(7,647)
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(378,015)	(263,825)	-	-	(38,887)	-	-	-	-
Debt issuance	-	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	(378,015)	(263,825)	-	-	(38,887)	-	-	-	-
NET CHANGE IN FUND BALANCES	401,479	11,222	353,436	116,549	44,401	11,825,532	(165,666)	14,166	-	268	(7,647)
FUND BALANCES: beginning	3,823,178	13,215	2,504,397	2,223,173	10,988	409,144	530,035	159,593	6	166,101	33,008
FUND BALANCES: ending	4,224,657	24,437	2,857,833	2,339,722	55,389	12,234,676	364,369	173,759	6	166,369	25,361

Continued on next page.

CITY OF CARMEL, INDIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Fiscal Year Ended December 31, 2016

(Continued)

	Special Revenue									
	Health Self Insurance	Workers Comp	Support of the Arts	Keystone Non- Reverting	Urban Forestry	Clerk's Record Perpetuation	Court Interpreter	Public Defenders	Judicial Salary Fees	Fire Gift
REVENUES:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	1,616	44	-	330	35	87	-	8	311	84
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Other	-	448,251	-	-	-	43,657	-	2,410	40,723	10,240
Other taxes	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	32,145
General property taxes	-	-	-	-	-	-	-	-	-	-
Income tax	-	-	-	-	-	-	-	-	-	-
Intergovernmental										
Shared revenue	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>1,616</u>	<u>448,295</u>	<u>-</u>	<u>330</u>	<u>35</u>	<u>43,744</u>	<u>-</u>	<u>2,418</u>	<u>41,034</u>	<u>42,469</u>
EXPENDITURES:										
Current:										
General government	8,804,131	327,207	-	-	-	13,666	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	50,948	37,560
Streets and other infrastructure	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	900,000	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Lease rentals and issuance costs	-	-	-	-	-	-	-	-	-	-
Capital outlay:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Streets and other infrastructure	-	-	-	113,800	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>8,804,131</u>	<u>327,207</u>	<u>900,000</u>	<u>113,800</u>	<u>-</u>	<u>13,666</u>	<u>-</u>	<u>-</u>	<u>50,948</u>	<u>37,560</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,802,515)</u>	<u>121,088</u>	<u>(900,000)</u>	<u>(113,470)</u>	<u>35</u>	<u>30,078</u>	<u>-</u>	<u>2,418</u>	<u>(9,914)</u>	<u>4,909</u>
Other financing sources (uses):										
Transfers in	9,270,887	-	900,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-
Total other financing sources	<u>9,270,887</u>	<u>-</u>	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>468,372</u>	<u>121,088</u>	<u>-</u>	<u>(113,470)</u>	<u>35</u>	<u>30,078</u>	<u>-</u>	<u>2,418</u>	<u>(9,914)</u>	<u>4,909</u>
FUND BALANCES: beginning	<u>1,680,699</u>	<u>105,302</u>	<u>19,134</u>	<u>188,515</u>	<u>62,831</u>	<u>150,415</u>	<u>60</u>	<u>3,430</u>	<u>196,565</u>	<u>24,675</u>
FUND BALANCES: ending	<u>2,149,071</u>	<u>226,390</u>	<u>19,134</u>	<u>75,045</u>	<u>62,866</u>	<u>180,493</u>	<u>60</u>	<u>5,848</u>	<u>186,651</u>	<u>29,584</u>

Continued on next page.

CITY OF CARMEL, INDIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2016
(Continued)

Special Revenue

	Police Gift	Parks Gift	Community Relations Gift	Economic Development	Housing Authority	Drug Task Force	Thoroughfare	Levy Excess	Grant	Total Special Revenue Funds
REVENUES:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,704,028
Investment income	60	111	383	-	-	2,647	2,338	-	30	39,919
Fines and forfeits	-	-	-	-	-	-	-	-	-	67,273
Licenses and permits	-	-	-	-	-	-	-	-	-	50,251
Other	-	-	1,918	27	33	49,615	120,603	-	69,029	817,330
Other taxes	-	-	-	-	-	-	-	-	-	-
Contributions	26,299	4,984	444,050	-	-	-	127,433	-	1,250	660,714
General property taxes	-	-	-	-	-	-	-	-	-	-
Income tax	-	-	-	-	-	-	-	-	-	11,530,605
Intergovernmental										
Shared revenue	-	-	-	-	-	-	-	-	-	1,224,856
Grants	-	-	-	-	-	328,453	-	-	863,032	1,191,485
Total revenues	<u>26,359</u>	<u>5,095</u>	<u>446,351</u>	<u>27</u>	<u>33</u>	<u>380,715</u>	<u>250,374</u>	<u>-</u>	<u>933,341</u>	<u>26,286,461</u>
EXPENDITURES:										
Current:										
General government	-	-	-	-	-	-	-	-	-	9,145,004
Public safety	27,709	-	-	-	-	248,125	-	-	683,486	1,329,315
Streets and other infrastructure	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	18,045	406,960	-	-	-	-	-	-	9,958,799
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Lease rentals and issuance costs	-	-	-	-	-	-	-	-	-	-
Capital outlay:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Streets and other infrastructure	-	-	-	-	-	-	-	-	-	1,044,031
Economic development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	544,246
Total expenditures	<u>27,709</u>	<u>18,045</u>	<u>406,960</u>	<u>-</u>	<u>-</u>	<u>248,125</u>	<u>-</u>	<u>-</u>	<u>683,486</u>	<u>22,021,395</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,350)</u>	<u>(12,950)</u>	<u>39,391</u>	<u>27</u>	<u>33</u>	<u>132,590</u>	<u>250,374</u>	<u>-</u>	<u>249,855</u>	<u>4,265,066</u>
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	10,170,887
Transfers out	-	-	-	-	-	-	-	-	-	(680,727)
Debt issuance	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,490,160</u>
NET CHANGE IN FUND BALANCES	<u>(1,350)</u>	<u>(12,950)</u>	<u>39,391</u>	<u>27</u>	<u>33</u>	<u>132,590</u>	<u>250,374</u>	<u>-</u>	<u>249,855</u>	<u>13,755,226</u>
FUND BALANCES: beginning	<u>24,700</u>	<u>45,534</u>	<u>72,665</u>	<u>48,538</u>	<u>58,832</u>	<u>575,690</u>	<u>513,898</u>	<u>-</u>	<u>(249,855)</u>	<u>13,394,466</u>
FUND BALANCES: ending	<u>23,350</u>	<u>32,584</u>	<u>112,056</u>	<u>48,565</u>	<u>58,865</u>	<u>708,280</u>	<u>764,272</u>	<u>-</u>	<u>-</u>	<u>27,149,692</u>

Continued on next page.

CITY OF CARMEL, INDIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2016
(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	2016 Prop. Tax Bond - Const. 1	2016 Prop. Tax Bond - Const. 2	2016 Prop. Tax Bond - Const. 3
REVENUES:											
Charges for services	\$ 1,269,309	\$ 1,477	\$ -	\$ 160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	1,517	-	103	-	125	1,620	-	1,108	3,952	3,774	1,278
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	201,836	-	300,875	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-
General property taxes	-	-	-	-	3,055,591	-	-	-	-	-	-
Income tax	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental											
Shared revenue	-	-	-	-	667	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>1,270,826</u>	<u>1,477</u>	<u>201,939</u>	<u>160</u>	<u>3,357,258</u>	<u>1,620</u>	<u>-</u>	<u>1,108</u>	<u>3,952</u>	<u>3,774</u>	<u>1,278</u>
EXPENDITURES:											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	1,378,638	-	-	-	-	-	-	-	-	-	-
Streets and other infrastructure	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Lease rentals and issuance costs	-	-	-	-	-	-	-	-	-	-	-
Capital outlay:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	1,848,596	-	-	-
Streets and other infrastructure	-	-	154,228	-	340,707	657,652	-	1,248,587	906,444	792,643	53,414
Economic development	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	29,160	-	-	-	-	-	-	-	-	-
Total expenditures	<u>1,378,638</u>	<u>29,160</u>	<u>154,228</u>	<u>-</u>	<u>340,707</u>	<u>657,652</u>	<u>-</u>	<u>3,097,183</u>	<u>906,444</u>	<u>792,643</u>	<u>53,414</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(107,812)</u>	<u>(27,683)</u>	<u>47,711</u>	<u>160</u>	<u>3,016,551</u>	<u>(656,032)</u>	<u>-</u>	<u>(3,096,075)</u>	<u>(902,492)</u>	<u>(788,869)</u>	<u>(52,136)</u>
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	1,403,500	1,258,470	1,890,000
Transfers out	-	-	-	-	(3,053,809)	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	2,294,226	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,053,809)</u>	<u>-</u>	<u>-</u>	<u>2,294,226</u>	<u>1,403,500</u>	<u>1,258,470</u>	<u>1,890,000</u>
NET CHANGE IN FUND BALANCES	<u>(107,812)</u>	<u>(27,683)</u>	<u>47,711</u>	<u>160</u>	<u>(37,258)</u>	<u>(656,032)</u>	<u>-</u>	<u>(801,849)</u>	<u>501,008</u>	<u>469,601</u>	<u>1,837,864</u>
FUND BALANCES: beginning	<u>618,798</u>	<u>459,732</u>	<u>183,888</u>	<u>286,037</u>	<u>280,136</u>	<u>842,728</u>	<u>459</u>	<u>1,279,642</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES: ending	<u>510,986</u>	<u>432,049</u>	<u>231,599</u>	<u>286,197</u>	<u>242,878</u>	<u>186,696</u>	<u>459</u>	<u>477,793</u>	<u>501,008</u>	<u>469,601</u>	<u>1,837,864</u>

Continued on next page.

CITY OF CARMEL, INDIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Fiscal Year Ended December 31, 2016

(Continued)

	Capital Projects Funds										
	2016 Prop. Tax Bond - Const. 4	2016 Prop. Tax Bond - Const. 5	2016 Prop. Tax Bond - Const. 6	2016 Prop. Tax Bond - Const. 7	2016 Prop. Tax Bond - Const. 8	2016 Prop. Tax Bond - Const. 9	2016 Prop. Tax Bond - Const. 10	2016 Prop. Tax Bond - Const. 11	2016 Prop. Tax Bond - Const. 12	2016 Prop. Tax Bond - Const. 13	Total Capital Projects Funds
REVENUES:											
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,270,946
Investment income	3,958	1,255	1,093	4,799	1,189	1,036	1,233	1,081	1,053	877	31,051
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-	502,711
Contributions	-	-	-	-	-	-	-	-	-	-	-
General property taxes	-	-	-	-	-	-	-	-	-	-	3,055,591
Income tax	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental											
Shared revenue	-	-	-	-	-	-	-	-	-	-	667
Grants	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>3,958</u>	<u>1,255</u>	<u>1,093</u>	<u>4,799</u>	<u>1,189</u>	<u>1,036</u>	<u>1,233</u>	<u>1,081</u>	<u>1,053</u>	<u>877</u>	<u>4,860,966</u>
EXPENDITURES:											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	1,378,638
Streets and other infrastructure	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Lease rentals and issuance costs	-	-	-	-	-	-	-	-	-	-	-
Capital outlay:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	1,848,596
Streets and other infrastructure	53,355	92,783	92,779	585,576	93,256	211,472	80,778	80,738	40,217	10,399	5,495,028
Economic development	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	29,160
Total expenditures	<u>53,355</u>	<u>92,783</u>	<u>92,779</u>	<u>585,576</u>	<u>93,256</u>	<u>211,472</u>	<u>80,778</u>	<u>80,738</u>	<u>40,217</u>	<u>10,399</u>	<u>8,751,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(49,397)</u>	<u>(91,528)</u>	<u>(91,686)</u>	<u>(580,777)</u>	<u>(92,067)</u>	<u>(210,436)</u>	<u>(79,545)</u>	<u>(79,657)</u>	<u>(39,164)</u>	<u>(9,522)</u>	<u>(3,890,456)</u>
Other financing sources (uses):											
Transfers in	1,587,500	1,850,000	1,825,000	1,587,500	1,825,000	1,650,000	1,750,000	1,612,500	1,600,000	1,400,000	21,239,470
Transfers out	-	-	-	-	-	-	-	-	-	-	(3,053,809)
Debt issuance	-	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-	2,294,226
Total other financing sources	<u>1,587,500</u>	<u>1,850,000</u>	<u>1,825,000</u>	<u>1,587,500</u>	<u>1,825,000</u>	<u>1,650,000</u>	<u>1,750,000</u>	<u>1,612,500</u>	<u>1,600,000</u>	<u>1,400,000</u>	<u>20,479,887</u>
NET CHANGE IN FUND BALANCES	<u>1,538,103</u>	<u>1,758,472</u>	<u>1,733,314</u>	<u>1,006,723</u>	<u>1,732,933</u>	<u>1,439,564</u>	<u>1,670,455</u>	<u>1,532,843</u>	<u>1,560,836</u>	<u>1,390,478</u>	<u>16,589,431</u>
FUND BALANCES: beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,951,420</u>
FUND BALANCES: ending	<u>1,538,103</u>	<u>1,758,472</u>	<u>1,733,314</u>	<u>1,006,723</u>	<u>1,732,933</u>	<u>1,439,564</u>	<u>1,670,455</u>	<u>1,532,843</u>	<u>1,560,836</u>	<u>1,390,478</u>	<u>20,540,851</u>

Continued on next page.

CITY OF CARMEL, INDIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2016

(Continued)

	Debt Service Funds			Total Nonmajor Governmental Funds
	Lease Rental	2004 Road Bond	Total Debt Service Funds	
REVENUES:				
Charges for services	\$ -	\$ -	\$ -	\$ 11,974,974
Investment income	3	2	5	70,975
Fines and forfeits	-	-	-	67,273
Licenses and permits	-	-	-	50,251
Other	-	-	-	817,330
Other taxes	-	263,074	263,074	765,785
Contributions	-	-	-	660,714
General property taxes	-	2,806,128	2,806,128	5,861,719
Income tax	-	-	-	11,530,605
Intergovernmental				
Shared revenue	-	-	-	1,225,523
Grants	-	-	-	1,191,485
Total revenues	<u>3</u>	<u>3,069,204</u>	<u>3,069,207</u>	<u>34,216,634</u>
EXPENDITURES:				
Current:				
General government	-	-	-	9,145,004
Public safety	-	-	-	2,707,953
Streets and other infrastructure	-	-	-	-
Economic development	-	-	-	-
Culture and recreation	-	-	-	9,958,799
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Lease rentals and issuance costs	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	1,848,596
Streets and other infrastructure	-	-	-	6,539,059
Economic development	-	-	-	-
Culture and recreation	-	-	-	573,406
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,772,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3</u>	<u>3,069,204</u>	<u>3,069,207</u>	<u>3,443,817</u>
Other financing sources (uses):				
Transfers in	-	-	-	31,410,357
Transfers out	-	(2,914,500)	(2,914,500)	(6,649,036)
Debt issuance	-	-	-	-
Capital lease proceeds	-	-	-	2,294,226
Total other financing sources	<u>-</u>	<u>(2,914,500)</u>	<u>(2,914,500)</u>	<u>27,055,547</u>
NET CHANGE IN FUND BALANCES	<u>3</u>	<u>154,704</u>	<u>154,707</u>	<u>30,499,364</u>
FUND BALANCES: beginning	<u>3,850</u>	<u>4,376</u>	<u>8,226</u>	<u>17,354,112</u>
FUND BALANCES: ending	<u><u>3,853</u></u>	<u><u>159,080</u></u>	<u><u>162,933</u></u>	<u><u>47,853,476</u></u>

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NONMAJOR FUNDS
For the Fiscal Year Ended December 31, 2016

	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)
	Original	Final		
EXPENDITURES:				
Personal services	609,922	609,922	565,038	(44,884)
Transfers to GF for '77 Uniform PERF payment	-	-	-	-
Supplies	150	150	-	(150)
Other services and charges	3,500	3,500	2,442	(1,058)
Capital outlay	-	-	-	-
Total fire pension	<u>613,572</u>	<u>613,572</u>	<u>567,480</u>	<u>(46,092)</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)
	Original	Final		
EXPENDITURES:				
Personal services	533,948	533,948	545,708	11,760
Transfers to GF for '77 Uniform PERF payment	-	-	-	-
Supplies	300	300	-	(300)
Other services and charges	5,200	5,200	299	(4,901)
Capital outlay	-	-	-	-
Total police pension	<u>539,448</u>	<u>539,448</u>	<u>546,007</u>	<u>6,559</u>

Continued on next page.

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NONMAJOR FUNDS

For the Fiscal Year Ended December 31, 2016
(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)
	Original	Final		
EXPENDITURES:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	810,387	732,570	328,075	(404,495)
Capital outlay	901,250	901,250	464,465	(436,785)
Total local road & street	<u>1,711,637</u>	<u>1,633,820</u>	<u>792,540</u>	<u>(841,280)</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)
	Original	Final		
Expenditures:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	88,484	64,191	62,989	(1,202)
Capital outlay	160,103	160,103	91,239	(68,864)
Total cumulative capital improvement	<u>248,587</u>	<u>224,294</u>	<u>154,228</u>	<u>(70,066)</u>

Continued on next page.

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NONMAJOR FUNDS

For the Fiscal Year Ended December 31, 2016
(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)
	Original	Final		
Expenditures:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	491,791	491,791	3,372,699	2,880,908
Capital outlay	50,137	50,137	24,112	(26,025)
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>3,396,811</u>	<u>(2,954,117)</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)
	Original	Final		
EXPENDITURES:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	2,914,500	2,914,500
Capital outlay	-	-	-	-
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>2,914,500</u>	<u>(33,500)</u>

Continued on next page.

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NONMAJOR FUNDS

For the Fiscal Year Ended December 31, 2016
(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)
	Original	Final		
EXPENDITURES:				
Personal services	108,131	166,656	162,392	(4,264)
Supplies	23,025	23,025	4,998	(18,027)
Other services and charges	39,455	41,455	29,890	(11,565)
Capital outlay	20,200	20,200	2,426	(17,774)
Total deferral fund	<u>190,811</u>	<u>251,336</u>	<u>199,706</u>	<u>(51,630)</u>

CITY OF CARMEL, INDIANA
NONMAJOR ENTERPRISE FUNDS

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

CITY OF CARMEL, INDIANA
STATEMENT OF NET POSITION
Nonmajor Enterprise Funds
December 31, 2016

		<u>4CDC Rental Service Fund</u>
ASSETS:		
Current:		
Cash and cash equivalents	\$	42,985
Due from Water Fund		-
Receivables		-
Total current assets		<u>42,985</u>
Noncurrent, capital assets:		
Land, improvements to land, and construction in progress		-
Utility plant in service, net of depreciation		-
Total noncurrent assets		<u>-</u>
Total assets		<u>42,985</u>
LIABILITIES:		
Current:		
Accounts payable		15,814
Due to related city		-
Tenant taxes payable		62,464
Rent paid in advance		7,383
Bonds payable, current portion		-
Total current liabilities		<u>85,661</u>
Noncurrent, bonds payable:		
Total liabilities		<u>85,661</u>
NET POSITION:		
Net investment in capital assets		-
Restricted		-
Unrestricted		(42,676)
Total net position	\$	<u><u>(42,676)</u></u>

CITY OF CARMEL, INDIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Nonmajor Enterprise Funds
December 31, 2016

	4CDC Rental Service Fund
OPERATING REVENUE:	
Charges for services	\$ -
Rent	1,034,682
Total operating revenues	1,034,682
OPERATING EXPENSES:	
Office building maintenance	706,935
Drainage projects	-
Other	-
Total operating expenses	706,935
OPERATING INCOME (LOSS)	327,747
OTHER FINANCING SOURCES (USES):	
Transfers in	-
Transfers out, governmental funds	(400,000)
Investment income	-
Total other financing sources (uses)	(400,000)
CHANGE IN NET POSITION	(72,253)
NET POSITION: beginning	29,577
NET POSITION: ending	\$ (42,676)

CITY OF CARMEL, INDIANA
STATEMENT OF CASH FLOWS
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2016

	4CDC Rental Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	\$ 978,013
Payments to suppliers	(715,466)
	262,547
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Net proceeds of bond issues	-
Drainage projects	-
Net cash provided by capital and related financing activities	-
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	-
TRANSFERS TO GOVERNMENTAL FUNDS	(400,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(137,453)
CASH AND CASH EQUIVALENTS: beginning	180,438
CASH AND CASH EQUIVALENTS: ending	\$ 42,985

Continued on next page.

CITY OF CARMEL, INDIANA
STATEMENT OF CASH FLOWS
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2016
(Continued)

4CDC Rental Service Fund

**RECONCILIATION OF OPERATING INCOME
(LOSS) TO NET CASH PROVIDED (USED)
BY OPERATING ACTIVITIES:**

Operating income (loss)	\$	<u>327,747</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Nonoperating income (expense)		
(Increase) decrease in assets:		
Accounts receivable		838
Other		(57,507)
Interfund receivables		-
Increase (decrease) in liabilities:		
Accounts payable		(8,531)
Other current liabilities		-
Total adjustments		<u>(65,200)</u>
Net cash provided (used) by operating activities	\$	<u><u>262,547</u></u>

CITY OF CARMEL, INDIANA 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, INDIANA
COMBINING STATEMENTS OF FIDUCIARY NET POSITION - PENSION AND AGENCY FUNDS
December 31, 2016

	1925 Police Pension Trust Fund	1937 Fire Pension Trust Fund	Total Trust Funds	City Court Agency Fund	Payroll Agency Fund	Total Agency Funds
ASSETS:						
Cash and investments	\$ 148,470	\$ 30,375	\$ 178,845	\$ 190,229	\$ -	\$ 190,229
Receivable from State of Indiana	45,546	47,154	92,700			
Total assets	<u>194,016</u>	<u>77,529</u>	<u>271,545</u>	<u>190,229</u>	<u>-</u>	<u>190,229</u>
LIABILITIES:						
Payroll withholdings	45,546	47,154	92,700	-	-	-
Court escrow	-	-	-	190,229	-	190,229
Total liabilities	<u>45,546</u>	<u>47,154</u>	<u>92,700</u>	<u>\$ 190,229</u>	<u>\$ -</u>	<u>\$ 190,229</u>
NET POSITION: restricted for pensions	<u>\$ 148,470</u>	<u>\$ 30,375</u>	<u>\$ 178,845</u>			

CITY OF CARMEL, INDIANA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION FUNDS
For the Fiscal Year Ended December 31, 2016

	1925 Police Pension Trust Fund	1937 Fire Pension Trust Fund	Total Trust Funds
ADDITIONS:			
State of Indiana contributions	\$ 588,446	\$ 605,440	\$ 1,193,886
Investment income	391	101	492
Miscellaneous revenue	3,338	-	3,338
Total additions	<u>592,175</u>	<u>605,541</u>	<u>1,197,716</u>
DEDUCTIONS:			
Benefits	591,191	612,089	1,203,280
Other services and charges	299	2,442	2,741
Total deductions	<u>591,490</u>	<u>614,531</u>	<u>1,206,021</u>
NET INCREASE (DECREASE) IN NET POSITION	685	(8,990)	(8,305)
NET POSITION: beginning	<u>147,785</u>	<u>39,365</u>	<u>187,150</u>
NET POSITION: ending - restricted for pensions	<u>\$ 148,470</u>	<u>\$ 30,375</u>	<u>\$ 178,845</u>

CITY OF CARMEL, INDIANA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
 For the Fiscal Year Ended December 31, 2016

	Total Agency Funds
ASSETS AT JANUARY 1, 2016	\$ 166,160
Additions	1,995,101
Deductions	<u>(1,971,032)</u>
ASSETS AT DECEMBER 31, 2016	<u><u>\$ 190,229</u></u>
LIABILITIES AT JANUARY 1, 2016	\$ 166,160
Additions	1,995,101
Deductions	<u>(1,971,032)</u>
LIABILITIES AT DECEMBER 31, 2016	<u><u>\$ 190,229</u></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	132 - 137
<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	138 - 141
<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	142 - 145
<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	146 - 147
<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	148 - 149
<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 second CAFR since 2007. Accordingly, a 10-year history is not presented for certain statistical section presentations.

CITY OF CARMEL, INDIANA
Net Position by Component
For the Fiscal Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Governmental activities:		
Net investment		
in capital assets	\$ 299,216,267	\$ 314,601,738
Not spendable	-	-
Restricted	25,355,156	25,629,325
Unrestricted	<u>(35,777,877)</u>	<u>(42,319,616)</u>
Total governmental activities net position	<u>\$ 288,793,546</u>	<u>\$ 297,911,447</u>
Business-type activities:		
Net investment		
in capital assets	\$ 116,495,474	\$ 113,210,726
Not spendable	-	-
Restricted	-	-
Unrestricted	<u>(4,011,279)</u>	<u>(1,147,670)</u>
Total business-type activities net position	<u>\$ 112,484,195</u>	<u>\$ 112,063,056</u>
Primary government:		
Net investment		
in capital assets	\$ 415,711,741	\$ 427,812,464
Not spendable	-	-
Restricted	25,355,156	25,629,325
Unrestricted	<u>(39,789,157)</u>	<u>(43,467,286)</u>
Total primary government net position	<u>\$ 401,277,741</u>	<u>\$ 409,974,503</u>

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

CITY OF CARMEL, INDIANA
Changes in Net Position
For the Fiscal Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Expenses:		
Governmental activities:		
General government	\$ 30,984,884	\$ 20,841,943
Public safety	40,267,560	42,151,467
Streets and other infrastructure	12,340,719	29,584,125
Economic development	54,995,901	10,771,611
Culture and recreation	10,122,290	18,549,674
Unallocated interest expense	5,545,855	4,542,707
Total governmental activities expenses	<u>154,257,210</u>	<u>126,441,527</u>
Business-type activities:		
Water	19,439,437	13,542,037
Sewer	10,016,870	7,305,928
Storm Water	1,651,075	-
Other	706,935	895,780
Total business-type activities expenses	<u>31,814,317</u>	<u>21,743,745</u>
Total primary government expenses	<u>\$ 186,071,527</u>	<u>\$ 148,185,272</u>
<u>Program Revenues:</u>		
Governmental activities:		
Charges for services:		
General government	\$ 82,803	\$ 72,056
Public safety	1,470,638	1,152,600
Streets and other infrastructure	248,036	480
Economic development	-	-
Culture and recreation	11,585,645	7,345,221
Operating grants and contributions:		
General government	-	-
Public safety	112,651	60,618
Streets and other infrastructure	-	-
Economic development	-	-
Culture and recreation	-	-
Capital grants and contributions:		
General government	-	-
Public safety	-	-
Streets and other infrastructure	865,258	3,516,506
Economic development	-	-
Culture and recreation	-	50,043
Total governmental activities revenues	<u>\$ 14,365,031</u>	<u>\$ 12,197,524</u>

Continued on next page.

CITY OF CARMEL

Changes in Net Position

Fiscal Year ended December 31, 2016

(Continued)

Business-type activities:			
Charges for services			
Water	\$	15,458,695	\$ 13,500,929
Sewer		9,303,554	8,471,996
Storm Water		3,222,138	-
Other		1,034,682	4,038,620
Operating grants and contributions			
Water		-	-
Sewer		-	-
Capital grants and contributions			
Water		4,620,949	-
Sewer		552,460	-
Total business-type activities revenues		<u>34,192,478</u>	<u>26,011,545</u>
Total primary government revenues	\$	<u>48,557,509</u>	\$ <u>38,209,069</u>
Net (expense) revenue and changes in net position:			
Governmental Activities	\$	(139,892,179)	\$ (114,244,003)
Business-Type Activities		<u>2,378,161</u>	<u>4,267,800</u>
Total primary government net (expense) revenue		<u>(137,514,018)</u>	<u>(109,976,203)</u>
GENERAL REVENUES AND TRANSFERS:			
Property tax		52,989,360	44,104,576
Income tax		36,700,613	32,745,504
Other taxes		28,850,762	26,154,361
Unrestricted investment earnings		574,253	155,461
Other		16,797,331	20,679,190
Transfers		-	-
Total general revenues and transfers		<u>135,912,319</u>	<u>123,839,092</u>
CHANGE IN NET POSITION BEFORE SPECIAL ITEMS		(1,601,699)	13,862,889
SPECIAL ITEM: gain		-	<u>619,000</u>
Total CHANGE IN NET POSITION		(1,601,699)	14,481,889
NET POSITION: beginning		409,974,503	395,492,614
Restatement		(7,095,064)	-
NET POSITION: beginning, adjusted		<u>402,879,439</u>	<u>395,492,614</u>
NET POSITION: ending	\$	<u>401,277,741</u>	\$ <u>409,974,503</u>

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

CITY OF CARMEL, INDIANA
Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	<u>2016</u>		<u>2015</u>	
General Fund:				
Nonspendable	\$ -	-	\$ -	-
Restricted		-		-
Committed		-		-
Assigned	1,910,880		1,416,155	
Unassigned	15,066,402		14,008,886	
Total General Fund	\$ 16,977,282		\$ 15,425,041	
 All Other Governmental Funds:				
Nonspendable	\$ -	-	\$ -	-
Restricted	257,811,177		43,069,142	
Committed	3,212,225		1,115,637	
Assigned		-		-
Unassigned		-	(249,855)	
Total all other governmental funds	\$ 261,023,402		\$ 43,934,924	

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

CITY OF CARMEL, INDIANA
Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	<u>2016</u>		<u>2015</u>
Revenues:			
Property tax	\$ 52,647,063	\$	44,043,914
Income tax	46,625,784		28,847,934
Other local tax	28,850,762		26,154,361
Charges for services	12,901,368		8,570,357
Investment income	442,961		74,597
Licenses and permits	2,441,853		2,159,234
Fines and forfeits	571,556		788,604
Intergovernmental:	-		-
Grants	1,191,485		3,062,731
State shared revenue	6,825,041		4,870,501
Fire service contract	1,198,398		1,116,639
Contributions	660,714		286,716
Other	5,858,544		10,915,190
Total revenues	160,215,529		130,890,778
Expenditures:			
Current:			
General government	28,670,916		20,135,899
Public safety	38,547,773		45,026,384
Streets and other infrastructure	13,540,350		13,784,488
Economic development	5,074,808		4,284,583
Culture and recreation	13,397,374		13,432,578
Debt service:			
Principal	17,387,515		15,768,608
Interest	17,763,071		17,223,247
Capital outlay:			
General government	2,931,360		119,885
Public safety	1,925,392		3,710,693
Streets and other infrastructure	25,097,876		4,445,749
Economic development	16,809,771		2,439,830
Culture and recreation	734,053		422,388
Total expenditures	181,880,259		140,794,332
Excess (deficit) of revenues over (under) expenditures	(21,664,730)		(9,903,554)

Continued on next page.

CITY OF CARMEL, INDIANA
Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (Continued)

	<u>2016</u>	<u>2015</u>
Other financing sources (uses)		
Bond issuance - principal	199,265,510	-
Bond issuance - premium	35,087,956	-
Proceeds - refunding	18,170,404	-
Capital lease proceeds	2,294,226	3,167,006
Payment to refunded bond escrow agent	(17,909,681)	-
Transfers in	278,264,371	30,928,247
Transfer in from associated utility	1,606,319	1,014,100
Transfers out	(278,264,371)	(30,928,247)
Total other financing sources (uses)	238,514,734	4,181,106
 Total change in fund balances	 \$ 216,850,004	 \$ (5,722,448)
 Total debt service expenditures as a percentage of noncapital expenditures	23.4%	25.0%

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

CITY OF CARMEL, INDIANA
 Assessed Value and Actual Value of Taxable Property
 Property Tax Revenue Base
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Net Value Real Estate Property</u>	<u>Net Value Railroad/ Utility/ Business Personal Property</u>	<u>Total Net Taxable Assessed Value</u>	<u>Estimated Actual Value</u>		<u>Total Direct Tax Rate</u>
2016	6,220,543,748	420,168,770	6,640,712,518	12,043,692,490	55.1%	0.8356
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

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

	<u>2016</u>	<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>
City Direct Rates:										
Corporation General	0.5745	0.5088	0.5381	0.5459	0.5284	0.5266	0.4578	0.3969	0.3147	0.3268
Motor Vehicle Highway	0.1701	0.1643	0.1249	0.1268	0.1080	0.0777	0.1291	0.1490	0.1153	0.0889
Cumulative Sewer	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	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	0.0000
Redevelopment Bond	0.0424	0.0000	0.0101	0.0000	0.0160	0.0145	0.0331	0.0565	0.0449	0.0006
Lease Rental Payment	0.0000	0.0000	0.0000	0.0000	0.0000	0.0144	0.0133	0.0143	0.0118	0.0000
Cumulative Capital Development	0.0486	0.0276	0.0276	0.0280	0.0264	0.0332	0.0331	0.0331	0.0000	0.0000
Total Direct Rate	0.8356	0.7007	0.7007	0.7007	0.6788	0.6664	0.6664	0.6664	0.5033	0.4329
Overlapping Rates:										
State	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0024	0.0024
County	0.2814	0.2926	0.3054	0.3074	0.2901	0.2769	0.2724	0.2651	0.2046	0.2121
Solid Waste	0.0032	0.0033	0.0033	0.0033	0.0032	0.0030	0.0030	0.0029	0.0023	0.0024
Township - Clay	0.0673	0.0746	0.0719	0.0781	0.0693	0.0753	0.0674	0.0945	0.0575	0.0609
Library	0.0778	0.0787	0.0787	0.0765	0.0682	0.0657	0.0657	0.0657	0.0494	0.0495
Carmel Clay School Corp	0.8053	0.8106	0.8453	0.8591	0.7911	0.8990	0.6460	0.6373	1.1895	1.1519
Total Direct and Overlapping Rate	2.0706	1.9605	2.0053	2.0251	1.9007	1.9863	1.7209	1.7319	2.0090	1.9121

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, INDIANA

Principal Taxpayers

Current Year and Nine Years Ago

2016			2007		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total City Assessed Value</u>	<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total City Assessed Value</u>
Clarion Health North LLC	103,018,600	1.66%	Duke Realty	134,386,854	2.39%
Carmel Lofts LLC	44,897,400	0.72%	Washington National	88,829,250	1.58%
Carmel Center Apartments LLC	29,006,200	0.47%	Clay Terrace Partners LLC	56,847,669	1.01%
Parkwood Four & Five LLC	28,276,300	0.45%	REI Investments	43,881,951	0.78%
Edward Rose Development Carmel LLC	26,795,000	0.43%	Carmel Indy Properties LLC	42,784,500	0.76%
HR of Indiana LLC	25,227,900	0.41%	Tom Wood Auto Group	34,438,539	0.61%
Providence HUD LLC	24,631,300	0.40%	GPI Retail Properties - Gibraltar	34,327,200	0.61%
Legacy Towns & Flats LLC	23,706,800	0.38%	Midwest Independent Trans Sys	31,810,830	0.56%
Parkwood Eight LLC	22,444,700	0.36%	Mohawk Housing Partners LLC	31,137,171	0.55%
Parkwood Nine LLC	22,361,200	0.36%	Talcott II Meridian LLC/ Phoenix Life	30,907,011	0.55%
	<u>350,365,400</u>	<u>5.63%</u>		<u>529,350,975</u>	<u>9.40%</u>

Source: Hamilton County Auditor's office.

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

Fiscal Year	Total Taxes Levied	Total Taxes Collected	Percentage of Levy
2016	55,990,426	52,647,063	94.03%
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%

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 2016, total delinquent property tax due to the City for 2016 and all prior years was approximately \$2,014,915.

CITY OF CARMEL, INDIANA

Legal Debt Margin Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>
Certified net assessed valuation	\$ 6,700,625,433	\$ 6,481,570,742
2% statutory debt limit	2.0%	2.0%
Subtotal	<u>134,012,509</u>	<u>129,631,415</u>
divided by 3	3.0	3.0
Debt limit	44,670,836	43,210,472
Net debt applicable to debt limit	<u>(33,580,000)</u>	<u>(15,417,000)</u>
Legal debt margin	<u>\$ 11,090,836</u>	<u>\$ 27,793,472</u>
Legal debt margin as percentage of debt limit	24.83%	64.32%

Source: Indiana Department of Local Government Finance budget orders.

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

CITY OF CARMEL, INDIANA
 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>					
2016	660,449,791	6,836,403	667,286,194	175,750,411	562,700	176,313,111	4,299,246	839,300,059	14.08%	9,427	12.64%
2015	443,981,011	6,210,406	450,191,417	147,117,708	200,985	147,318,693	5,019,133	571,443,901	12.42%	6,441	8.91%

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

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CITY OF CARMEL, INDIANA
Direct and Overlapping Debt
at December 31, 2016

<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 143)	\$ 667,286,194	100%	\$ 667,286,194
Overlapping Debt Paid with Property Taxes:			
Carmel Clay School Corporation	146,480,000	78.89%	115,563,758
Carmel Clay Public Library	9,925,000	97.48%	9,674,724
Clay Township	40,790,000	97.48%	39,761,411
Hamilton County	186,100,000	34.98%	65,097,753
Other Overlapping Debt:			
Hamilton County Tax Increment Bonds	11,925,000	0.00%	-
Sub-Total Overlapping Debt:	\$ 395,220,000		230,097,646
Total Direct and Overlapping Debt:			<u>\$ 897,383,840</u>
Population - 2016 (2)			89,029
Estimated direct and overlapping debt per capita			<u>\$ 10,080</u>

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: U.S. Census Bureau

(3) Source: U.S. Census Bureau

CITY OF CARMEL, INDIANA

Pledged Revenue Coverage

December 31, 2016

	Water Utility						Sewer Utility					
	<u>Operating Revenue</u>	<u>Operating Expenses (1)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>		<u>Coverage (2)</u>	<u>Operating Revenue</u>	<u>Operating Expenses (1)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>		<u>Coverage (2)</u>
			<u>Principal</u>	<u>Interest</u>					<u>Principal</u>	<u>Interest</u>		
2016	\$ 15,458,695	\$ 9,343,469	\$ 6,115,226	\$ 2,877,177	\$ 5,993,331	69%	\$ 9,303,554	\$ 6,915,953	\$ 2,387,601	\$ 1,254,484	\$ 557,477	132%
2015	\$ 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.

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CITY OF CARMEL, INDIANA
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Median Age (1)(2)</u>	<u>Per Capita Income (3)</u>	<u>Personal Income</u>	<u>High School Graduation (4)</u>	<u>Public School Enrollment (5)</u>	<u>Unemployment Rate (6)</u>
2016	89,029	39.9	66,963	5,961,648,927	96.5%	15,954	3.2%
2015	88,713	38.5	64,654	5,735,650,302	95.8%	15,971	3.3%
2014	86,682	38.4	62,981	5,459,319,042	96.9%	15,912	4.0%
2013	85,929	38.7	59,881	5,145,514,449	96.3%	15,724	4.8%
2012	83,595	38.4	59,154	4,944,978,630	94.3%	15,750	5.0%
2011	81,633	38.2	59,154	4,828,918,482	93.8%	15,493	5.3%
2010	79,191	38.0	56,621	4,483,873,611	93.0%	15,498	5.9%
2009	78,265	37.3	53,248	4,167,454,720	90.9%	15,218	6.2%
2008	76,889	37.8	52,218	4,014,989,802	86.6%	14,927	3.5%
2007	75,281	37.7	56,708	4,269,034,948	91.4%	14,588	2.4%

Sources:

- (1) U.S. Census Bureau
U.S. Census Bureau, 2015 American Community Survey 1-Year 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 2007-2015. 2016 estimate based on trend.
- (4) National Center for Educational Statistics
- (5) Indiana Department of Education
Corporate enrollment, Carmel Clay Schools
- (6) Bureau of Labor Statistics

CITY OF CARMEL, INDIANA
Principal Employers
Current Year and Nine Years Ago

2016

2007

<u>Company</u>	<u>Industry</u>	2016			2007			
		<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, INDIANA
City Government Employees
by Function/ Program

	<u>2016</u>	<u>2015</u>
General Government:		
Clerk-Treasurer	8	6
Mayor	3	3
City Council	7	7
Board of Public Works	2	2
Plan Commission	11	11
Administration	2	4
City Court	7	7
Law Department	6	8
Community Services	22	22
Community Relations	5	4
Public Safety:		
Police		
Officers	109	117
Civilians	23	26
Fire		
Firefighters and Officers	153	166
Civilians	8	9
Culture and Recreation:		
Parks Department	64	62
Brookshire Golf	4	4
Utilities (Water and Sewer)	103	109
Other Programs:		
Human Resources	3	3
Street	48	52
Engineering	15	16
Information Systems	9	9
Communication Center	6	4
Redevelopment	3	1
TOTAL	621	652

Source: City of Carmel Department Heads

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CITY OF CARMEL, INDIANA
Other Operating Indicators
by Function/ Program

	<u>2016</u>	<u>2015</u>
General Government:		
Community Services		
Permits issued	1,351	1,237
Residential Construction Permits	429	359
Total # Dwelling Units	432	1,663
Public Safety:		
Police		
Incidents	83,955	83,904
Occurred Incidents	4,270	4,330
Fire		
Emergency Medical Responses	4,590	4,402
Fire-Related Calls for Service	2,237	2,312
Carmel Clay Parks:		
Number of parks and greenways	16	15
Total acres	505	505
Total trail miles	16	16
Streets:		
Number of "center lane" miles streets	482	482
Number of roundabouts	111	97

Source: City of Carmel Department Heads; Carmel Clay Parks

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