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CITY OF CARMEL INDIANA



Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2017



CITY OF CARMEL, INDIANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2017

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, 2017

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INTRODUCTORY SECTION



Introductory Section:

Letter of Transmittal

*Certificate of Achievement – Government Finance
Officers Association*

City of Carmel Organization Chart

List of Principal Officials



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JAMES BRAINARD, MAYOR
CHRISTINE PAULEY, CLERK-TREASURER

July 25, 2018

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, 2017. 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 2017. 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 unmodified opinion that the City of Carmel's financial statements for the year ended December 31, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section, on page 21 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 nearly 49 square miles, with more than 486 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 95,170 (according to recent census estimates). Personal income statistics are above national and State of Indiana averages. The median household income level is \$106,546, and the average price of a home is \$306,500. 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 535 full time and 30 part-time employees with union representation as follows:

Carmel Professional Firefighters / IAFF #4444
Firefighters 153

Fraternal Order of Police Lodge #185
Police 109

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 a legally separate redevelopment authority, a 501(c)(4) corporation, and a statutory public improvement bond bank 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.

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 communities in the Indianapolis Metropolitan Area. More than 100 companies have their international, national, or regional headquarters located in the City. More than 1,644 jobs were announced in 2017. The newest or expanded businesses in Carmel include Green Circle Health, GadellNet Consulting Services, The Brookfield Group, EduSource, Mitsch Design, MJ Insurance, Allegion, Phi Kappa Sigma, KAR Auction Services, CleanSlate Technology Group, Clinical Architecture, Liberty Mutual, Innovative Health Solutions, Indigo BioAutomation and Expedient.

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 (prior to their move into Midtown), 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 1,709.

Liberty Mutual Insurance, which began operations in 1912, employs 1,430 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 has announced another expansion of offices and jobs in a new facility it will build adjacent to its existing structure. The company employs approximately 802 as of the end of 2017.

Several other established major employers in the City include GEICO, with more than 1,114 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 1,057 employees; KAR Auction with 1,600 employees in Indiana (most of them in Carmel); American Specialty Health with 265 employees and plans to continue to grow; Duke Realty with 475 employees; Allegion, the headquarters for a security technology company, with 400 employees; and Delta Faucet, with 425 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. Trail expansions have brought our total miles of paths and trails to more than 195.

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.

Center Green is a public place providing an area for the community and visitors to gather for events and festivals between the Palladium and Tarkington theater building. The Carmel Farmers Market attracts tens of thousands to its Saturday morning markets. In 2017, the City unveiled the Carmel Christkindlmarkt and the Ice at Center Green, creating a winter wonderland with shops, dining options, skating and entertainment in the fresh crisp air, attracting more than 150,000 people during the holiday season. The Christkindlmarkt was open from mid-November until Christmas Eve each week from Wednesdays through Sundays. The Ice at Center Green was set to remain open until March 11, 2018.

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. A new Community Tech Center on Main Street provides another location for computer use and training, software, recording room and 3-D printing services for library patrons.

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 2017 enrollment for the School Corporation at 16,147 students, with 1,067 certified and 1,084 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 corporate headquarters in buildings that will be under construction this year. Midtown, situated between City Center and the Arts & Design District, had its first tenants move into their offices by the end of 2017. This area is poised for rapid growth in 2018 for both residential and business sectors. Public spaces are planned as well.

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.F 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 administered by a third party. The retiree healthcare plan is not a contractual obligation that extends beyond the current budget year. The City is under no obligation to continue to offer similar benefits for future new hires.

Additional information regarding anticipated future payments can be found in Note III.G in the notes to financial statements.

FINANCIAL INFORMATION

City Budget & Budgetary Controls

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

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

Accounting System

The City's accounting records for general government operations are maintained 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.

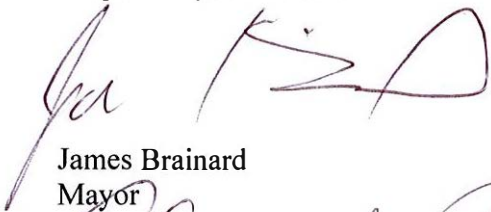
Risk Management

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.

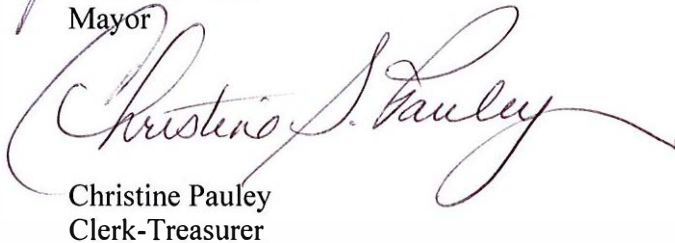
ACKNOWLEDGEMENTS

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Carmel
Indiana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO



*Certificate
of
Achievement*
FOR EXCELLENCE IN
Financial Reporting

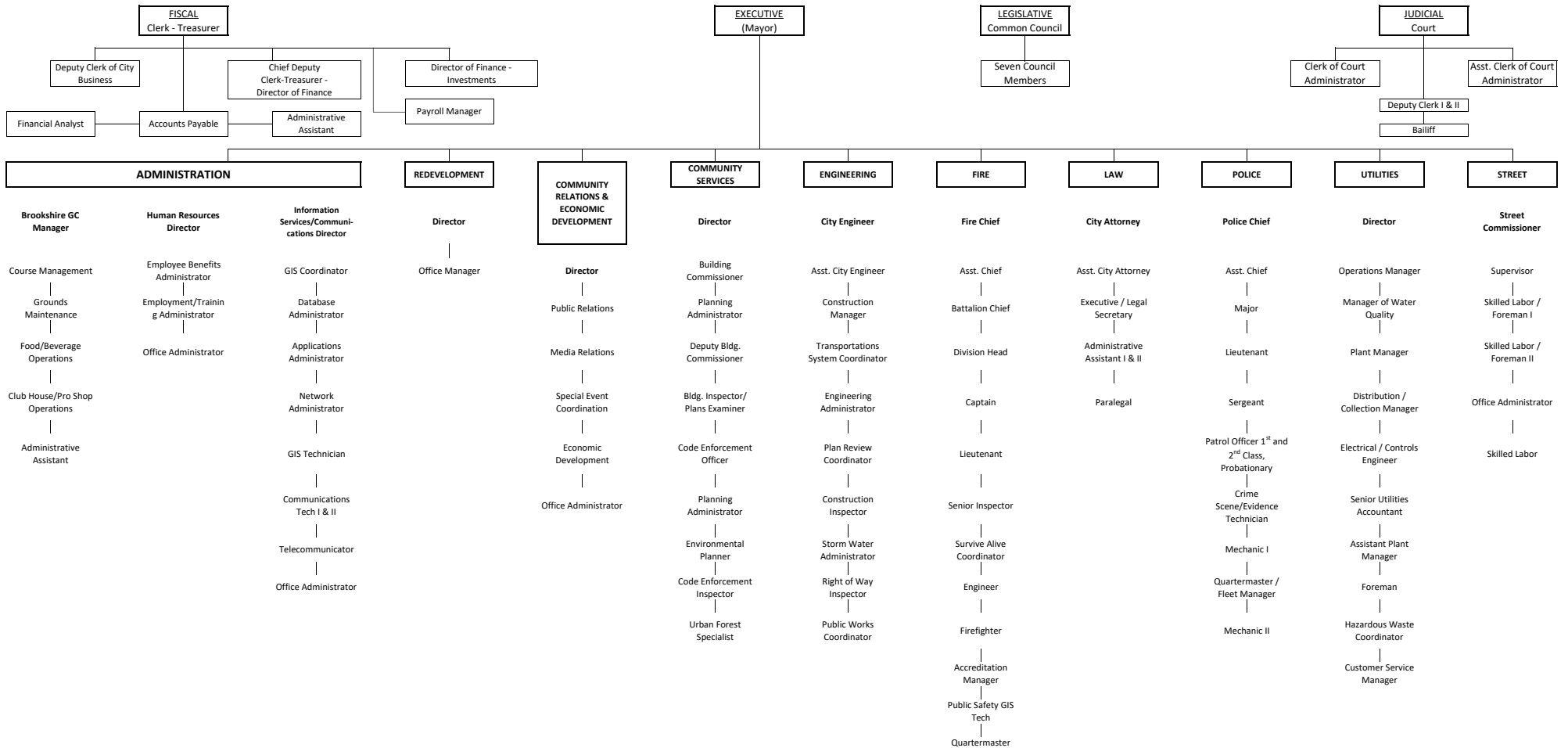
The Government Finance Officers Association of the United States (GFOA) awarded the City a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the fiscal year that ended December 31, 2016. This Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.



CITY OF CARMEL, INDIANA

ORGANIZATIONAL CHART



CITY OF CARMEL, INDIANA
List of Elected and Appointed Officials
For the Fiscal Reporting Year Ended December 31, 2017

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, 2017
(Continued)

Appointed Officials

Board of Public Works

(Appointed by the Mayor)

Mayor James Brainard
Mary Ann Burke
Lori Watson

Carmel Audit Committee

(Appointed Officials)

Arnold Hanish, Chairman
Jo Biggers
Kevin “Woody” Rider
Michael N. Ruggiero
Ted A. Spearman

Carmel Redevelopment Authority

(Appointed Officials)

Robert Bush, President
Debra Zipes, Vice-President
John Getz, Secretary/Treasurer

Carmel Redevelopment Commission

(Appointed Officials)

David C. Bowers
Bill Brooks
Adam Campagna
William Hammer
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*



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, 2017, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial 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, 2017, 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's Discussion and Analysis, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Actuarially Determined Contributions, Schedule of Net Pension Liability and Related Ratios, Schedule of Changes in Net Pension Liability, Schedule of the City's Proportionate Share of the Net Pension Liability, Schedule of City Contributions, Budgetary Comparison Schedule - General Fund, and Budgetary Comparison Schedule - Motor Vehicle Highway Fund, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory Section, combining nonmajor fund statements, other budgetary comparison 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 comparison 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 comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

July 25, 2018

CITY OF CARMEL, INDIANA
MANAGEMENT DISCUSSION & ANALYSIS
For the Fiscal Year Ended December 31, 2017

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, 2017. 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 35 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 \$401,178,636 (net position).
- The City's overall net position increased \$8,434,757 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$278,864,318, an increase of \$863,634 in comparison with the prior year. Approximately \$15,034,935 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 \$16,838,607, or approximately 24.6% of total General Fund expenditures.
- The City's total outstanding long-term debt increased by \$65,463,541 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, a 501(c)(4) corporation, and a statutory public improvement bond bank 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 35 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 sixty-three 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, 2017 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 37 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 42 of this report.

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

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

The fiduciary fund financial statements begin on page 47 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 49 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 86 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 105 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 \$401,178,636 at the close of the fiscal year.

City of Carmel's Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 300,378,905	\$ 296,360,734	\$ 33,424,490	\$ 41,762,692	\$ 333,803,395	\$ 338,123,426
Capital assets	762,128,279	696,894,805	263,370,293	260,372,611	1,025,498,572	957,267,415
Total assets	<u>1,062,507,184</u>	<u>993,255,539</u>	<u>296,794,783</u>	<u>302,135,303</u>	<u>1,359,301,967</u>	<u>1,295,390,842</u>
Total deferred outflows of resources	36,713,696	37,120,339	1,516,337	2,046,321	38,230,033	39,166,660
Other liabilities	15,620,601	16,596,030	2,643,447	2,480,673	18,264,048	19,076,703
Long-term liabilities outstanding	781,696,754	714,216,239	181,690,048	183,368,200	963,386,802	897,584,439
Total liabilities	<u>797,317,355</u>	<u>730,812,269</u>	<u>184,333,495</u>	<u>185,848,873</u>	<u>981,650,850</u>	<u>916,661,142</u>
Total deferred inflows of resources	9,527,697	10,770,063	5,174,817	5,848,556	14,702,514	16,618,619
Net position:						
Net investment in capital assets	344,721,169	299,216,267	118,497,972	116,495,474	463,219,141	415,711,741
Restricted	30,924,357	25,355,156	-	-	30,924,357	25,355,156
Unrestricted	(83,269,698)	(35,777,877)	(9,695,164)	(4,011,279)	(92,964,862)	(39,789,157)
Total net position	<u>\$ 292,375,828</u>	<u>\$ 288,793,546</u>	<u>\$ 108,802,808</u>	<u>\$ 112,484,195</u>	<u>\$ 401,178,636</u>	<u>\$ 401,277,741</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.

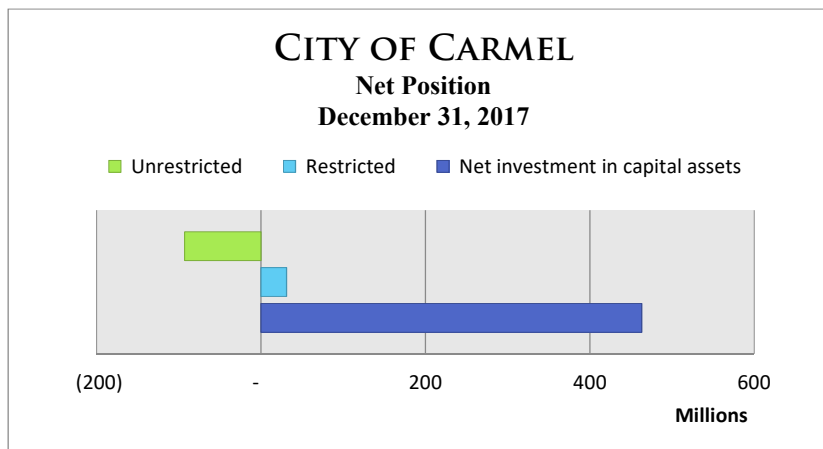
An additional portion of the City's net position represents resources that are subject to external restriction on how they may be used. The remaining balance of spendable net position is a deficit of \$92,964,862.

The City reported significant negative unrestricted net position of \$83,269,698 in governmental activities and negative unrestricted net position of \$9,695,164 in business activities, totaling \$92,964,862. These deficits are due in part to unfunded pension and retiree healthcare liabilities of \$52.8 million, as follows:

Other post-employment benefits – retiree healthcare obligation	\$ 22,020,205
Non-uniform public employee retirement plan obligation	10,642,270
'37 firefighters pension plan obligation	10,676,665
'25 police pension plan obligation	9,781,191
'77 firefighters pension plan obligation	(195,225)
'77 police pension plan obligation	(145,270)
	<u>\$ 52,779,836</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.

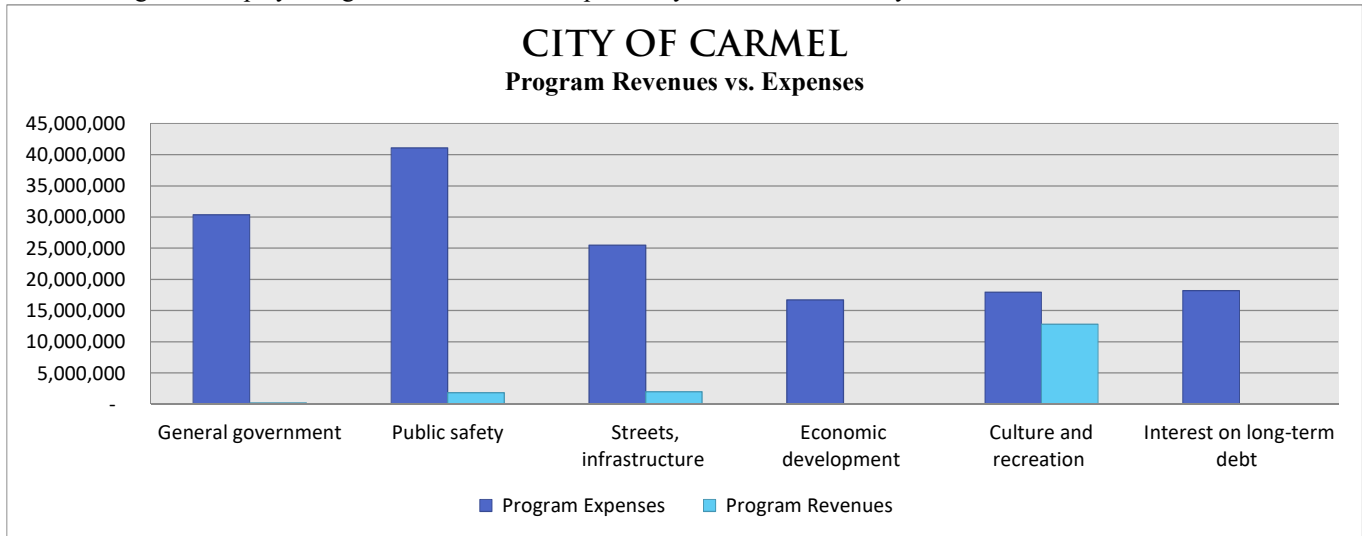
Another contributing factor to the deficit can be attributed to the City's growth and aggressive acquisition of capital assets for infrastructure and other amenities. This growth and improvement have been financed with debt, resulting in significant transaction costs and amortization of deferred outflows.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



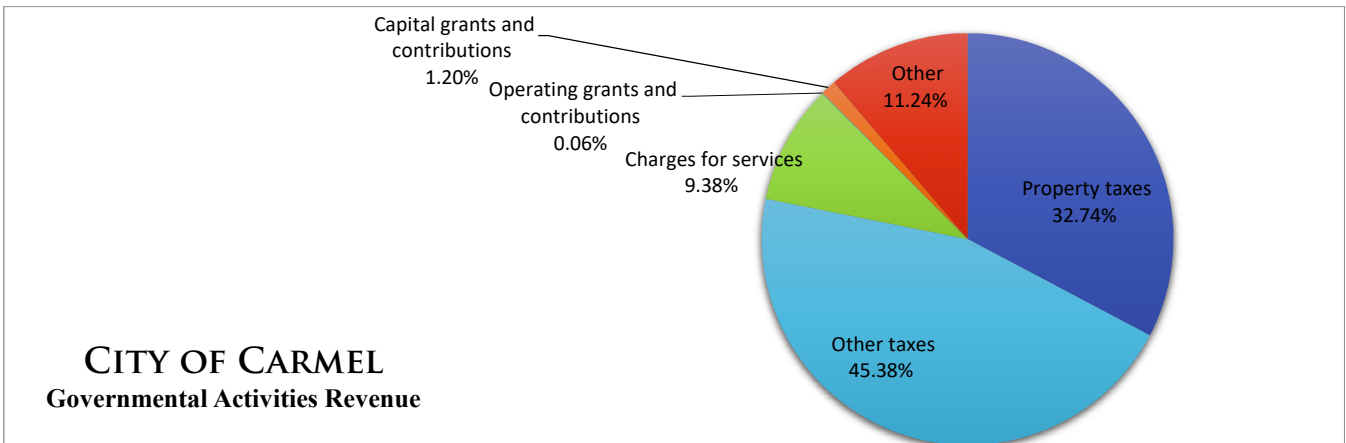
The City's overall net position increased \$8,434,757 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$10,849,933 from the prior fiscal year for an ending balance of \$292,375,828. The increase 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.

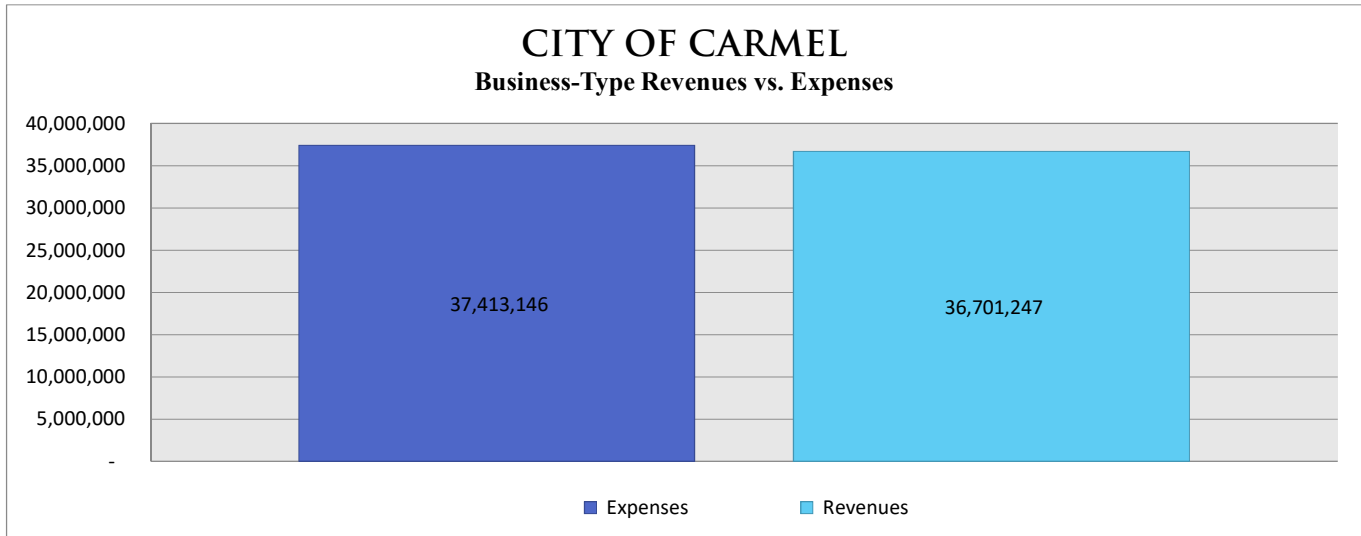


City of Carmel's Changes in Net Position

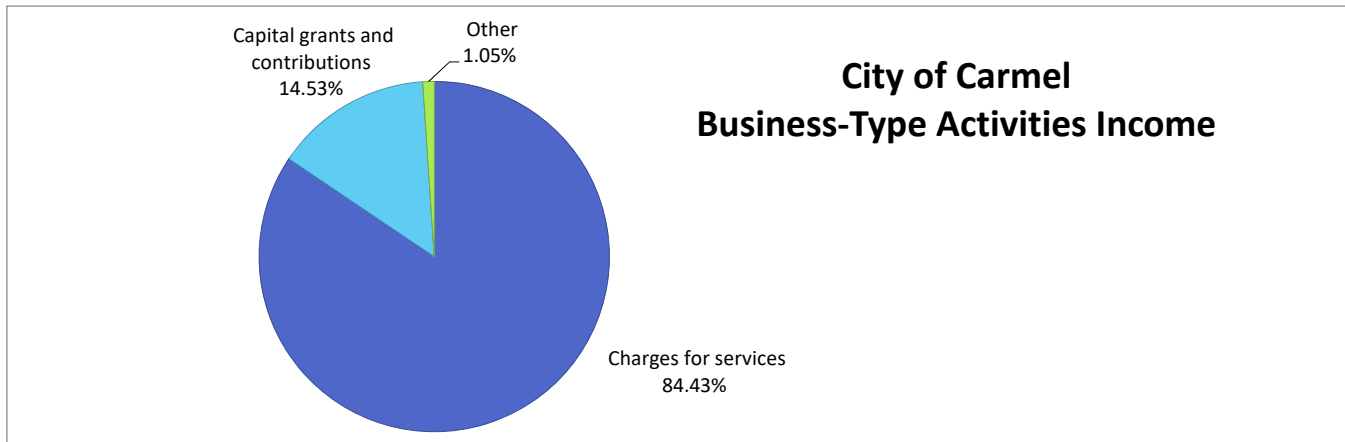
	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
REVENUES:						
Program revenues:						
Charges for services	\$ 14,907,146	\$ 13,387,122	\$ 30,985,353	\$ 29,019,069	\$ 45,892,499	\$ 42,406,191
Operating grants and contributions	96,894	112,651	-	-	96,894	112,651
Capital grants and contributions	1,906,397	865,258	5,332,128	5,173,409	7,238,525	6,038,667
General revenues:						
Property taxes	52,042,841	52,989,360	-	-	52,042,841	52,989,360
Other taxes	72,128,202	65,551,375	-	-	72,128,202	65,551,375
Other	17,861,658	17,240,292	383,766	131,292	18,245,424	17,371,584
Total revenues	158,943,137	150,146,058	36,701,247	34,323,770	195,644,384	184,469,828
EXPENSES:						
General government	30,372,875	30,984,884	-	-	30,372,875	30,984,884
Public safety	41,085,416	40,267,560	-	-	41,085,416	40,267,560
Streets, infrastructure	25,476,391	12,340,719	-	-	25,476,391	12,340,719
Water distribution	-	-	20,824,320	19,439,437	20,824,320	19,439,437
Sewer collection	-	-	10,451,835	10,016,870	10,451,835	10,016,870
Stormwater drainage	-	-	5,367,154	1,651,075	5,367,154	1,651,075
Economic development	16,711,747	54,995,901	-	-	16,711,747	54,995,901
Culture and recreation	17,932,242	10,122,290	-	-	17,932,242	10,122,290
Interest on long-term debt	18,217,810	5,545,855	-	-	18,217,810	5,545,855
Other	-	-	769,837	706,935	769,837	706,935
Total expenses	149,796,481	154,257,210	37,413,146	31,814,317	187,209,627	186,071,527
Change in net position before special item and transfers	9,146,656	(4,111,152)	(711,899)	2,509,453	8,434,757	(1,601,699)
Special item	-	-	-	-	-	-
Transfers	1,703,277	1,606,319	(1,703,277)	(1,606,319)	-	-
Increase (decrease) in net position	10,849,933	(2,504,833)	(2,415,176)	903,134	8,434,757	(1,601,699)
NET POSITION - beginning	288,793,546	297,911,447	112,484,195	112,063,056	401,277,741	409,974,503
Restatement	(7,267,651)	(6,613,069)	(1,266,211)	(481,995)	(8,533,862)	(7,095,064)
NET POSITION - beginning, adjusted	281,525,895	291,298,378	111,217,984	111,581,061	392,743,879	402,879,439
NET POSITION - ending	\$ 292,375,828	\$ 288,793,546	\$ 108,802,808	\$ 112,484,195	\$ 401,178,636	\$ 401,277,741

Business-type Activities. For the City's business-type activities, overall net position decreased to an ending balance of \$108,802,808. The total decrease in net position for business-type activities (water, sewer, storm water, and other) was \$2,415,176 or 2.2% from the prior fiscal year. The decrease is mainly attributable to increases in expenditures in the Sewer and Storm Water Utilities.

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, 2017, the City's governmental funds reported combined fund balances of \$278,864,318, an increase of \$863,634 in comparison with the prior year. Approximately 5.4% of this amount, \$15,034,935, 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 (\$256,581,733), it is committed for particular purposes (\$5,443,978), or it is assigned for particular purposes (\$1,803,672).

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 \$15,034,935 while the total fund balance was \$16,838,607. 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 22.0% of total general fund expenditures while total fund balance represents 24.6% of that amount.

The fund balance of the City's General Fund decreased by \$138,675 during the year, reflecting a close balance of revenues and expenditures.

The Bond Bank Project Fund, a major fund, acts as a conduit for borrowing for other City funds. The fund balance of \$6,663,949, primarily reserves to pay for interest during the period of construction, is restricted for economic development and drainage and

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 \$2,267,572, all of which was restricted for the purpose of constructing and maintaining streets. During the year, fund balance decreased \$1,750,845. The decrease in fund balance was due to a planned increase in street-related spending during the year.

The Redevelopment Commission Fund, a major fund, accounts for tax increment revenue, which is restricted for certain economic development projects. The fund had a \$21,701,902 decrease in fund balance during the year, due primarily to the acquisition of capital assets, which put the overall fund balance at \$12,627,726.

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

The 2017 Project Fund, a major fund, accounts for \$70.9 million of bond proceeds, which is restricted for certain redevelopment projects and road projects.

The Redevelopment Authority Debt Service Fund, a major fund, had a \$628,030 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 \$19,534,852, all of which was restricted for debt service.

The Redevelopment Authority Capital Projects Fund, a major fund, had a \$402,699 decrease in fund balance during the current fiscal year, representing progress on construction projects. The ending balance was \$1,448,712, 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 \$8,528,071; for the Sewer Utility, it was an excess of \$393,407; for the Storm Water Utility, it was a deficit of \$1,590,852; and for the nonmajor funds, it was an excess of \$30,352. Water Utility net position, before capital contributions and transfers, decreased \$3,792,435. The Water Utility deficit and decrease were due to unusually wet summers in 2015 through 2017, which drove down water sales during the grass-watering season. Sewer Utility net position, before capital contributions and transfers, decreased \$766,442, which is manageable. Unrestricted net position of the Storm Water Utility decreased by \$1,783,178, reflecting the current costs of a major bond issue.

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	\$ 38,992,443	\$ 39,034,000	\$ 41,557
Income tax	36,754,390	36,754,390	-
Licenses and permits	1,922,878	1,956,543	33,665
Intergovernmental	574,918	526,788	(48,130)
Charges for services	2,791,258	1,061,883	(1,729,375)
Fines and forfeits	514,368	466,731	(47,637)
Miscellaneous	1,366,762	1,069,373	(297,389)
Township joinder agreements	851,599	1,177,336	325,737
Investment earnings, subfund transactions, and other	6,159,567	5,954,347	(205,220)
Total	\$ 89,928,183	\$ 88,001,391	\$ (1,926,792)

The revenue excesses and shortfalls in the above revenue sources net to 2% 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	\$ 1,397,869	\$ 1,052,318	\$ (345,551)
Mayor's Office	4,484,648	4,797,626	312,978
City Council	672,052	434,831	(237,221)
Board of Public Works	11,716,693	11,711,140	(5,553)
Administration	2,752,967	2,193,792	(559,175)
Brookshire Golf Course	1,503,017	1,327,529	(175,488)
Building Operations	2,422,023	2,801,284	379,261
City Court	881,067	678,955	(202,112)
Law Department	1,097,654	1,042,530	(55,124)
Community Services	3,728,925	3,146,313	(582,612)
Personnel/ Human Resources	492,975	443,951	(49,024)
Information Systems	1,856,737	1,643,187	(213,550)
City Property Maintenance	986,700	896,584	(90,116)
Public Affairs/ Community Relations	2,576,128	2,057,963	(518,165)
Fire Department	24,183,413	23,752,117	(431,296)
Police Department	20,075,752	19,185,385	(890,367)
Communication Center	2,797,860	2,681,889	(115,971)
Parks Department	3,217,620	2,782,512	(435,108)
Redevelopment Department	648,208	440,930	(207,278)
Street Department Special Project	-	1,520,992	1,520,992
Other	-	336,081	336,081
Total	\$ 87,492,308	\$ 84,927,909	\$ (2,564,399)

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, 2017, amounts to \$1,025,498,572 (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 7.13%.

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 171,288,808	\$ 171,288,808	\$ 3,476,884	\$ 3,111,319	\$ 174,765,692	\$ 174,400,127
Construction in progress	92,880,992	42,081,222	22,050,331	19,321,443	114,931,323	61,402,665
Buildings	187,955,451	167,978,923			187,955,451	167,978,923
Machinery, equipment, and vehicles	23,188,743	22,778,886	-	-	23,188,743	22,778,886
Infrastructure	286,814,285	292,766,966	1,078,791	-	287,893,076	292,766,966
Water distribution system	-	-	167,742,025	166,767,112	167,742,025	166,767,112
Sewer system			69,022,262	71,172,737	69,022,262	71,172,737
Total	\$ 762,128,279	\$ 696,894,805	\$ 263,370,293	\$ 260,372,611	\$ 1,025,498,572	\$ 957,267,415

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 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.

On October 7, 2017, the Water Utility issued \$13,000,000 of its Junior Waterworks Refunding Bonds, Series 2017. The bonds were issued to refund certain obligations that were used to acquire capital assets. The debt is backed by water user fee revenues.

On November 15, 2017, the City issued, through its local public improvement bond bank, \$56,495,000 of its Special Program Bonds, Series 2017B-1 and B-2, and \$17,415,000 of its Taxable Special Program Bonds, Series 2017C-1 and C-2. The Bonds were issued in order to acquire capital assets; however, \$3,336,794 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 \$57,310,000 of the bonds, the City has also pledged its future distributions of county option income tax.

On December 13, 2017, the City issued \$23,180,000 of its Local Option Income Tax Lease Rental Revenue Refunding Bonds, Series 2017. The bonds were issued to refund certain obligations that were used to acquire capital assets. The City has pledged its future distributions of local option income tax.

At the end of the current fiscal year, the City had total bonded debt outstanding of \$830,568,814. Of this amount, \$602,907,914 is debt backed by an unlimited ad valorem property tax levy, \$107,275,000 is debt backed by income tax, \$28,765,000 is debt backed by tax increment, and \$166,242,607 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Bonds and contract purchases	\$ 664,326,207	\$ 603,071,360	\$ 166,242,607	\$ 169,313,074	\$ 830,568,814	\$ 772,384,434
Unamortized bond premium	56,934,550	57,378,431	6,106,383	6,437,337	63,040,933	63,815,768
Compensated absences	699,661	715,685	467,857	450,161	1,167,518	1,165,846
OPEB	22,020,205	12,920,443	3,680,146	2,092,507	25,700,351	15,012,950
Pension-related debt	30,759,631	34,009,602	4,939,225	4,962,582	35,698,856	38,972,184
Capital leases	7,315,666	6,836,403	721,688	562,700	8,037,354	7,399,103
Total	\$ 782,055,920	\$ 714,931,924	\$ 182,157,906	\$ 183,818,361	\$ 964,213,826	\$ 898,750,285

The City's total debt increased by \$65,463,541 (7.28%) 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 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 2018 fiscal year budget.

- The unemployment rate for the City was 2.8% 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.
- 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.

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, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and investments	\$ 278,520,192	\$ 26,172,678	\$ 304,692,870
Receivables (net of allowances for uncollectibles):			
Accounts	462,653	740,974	1,203,627
Taxes	17,368,096	-	17,368,096
Intergovernmental	351,999	-	351,999
Other	-	2,881,193	2,881,193
Internal balances	52,921	(52,921)	-
Inventories	-	622,398	622,398
Prepaid expenditures	3,282,549	91,250	3,373,799
Cash, restricted for debt service	-	2,968,918	2,968,918
Net pension asset	340,495	-	340,495
Capital assets:			
Not being depreciated: land, improvements, and construction in progress	264,169,800	25,527,215	289,697,015
Other capital assets, net of depreciation	497,958,479	237,843,078	735,801,557
Total assets	1,062,507,184	296,794,783	1,359,301,967
DEFERRED OUTFLOWS OF RESOURCES:			
Bond refunding	23,694,252	-	23,694,252
Pensions	13,019,444	1,516,337	14,535,781
Total deferred outflows of resources	36,713,696	1,516,337	38,230,033
LIABILITIES:			
Accounts payable	3,092,462	746,328	3,838,790
Claims payable	479,159	-	479,159
Accrued payroll and withholdings payable	3,209,930	279,396	3,489,326
Compensated absences	699,661	467,858	1,167,519
Accrued interest payable	8,139,389	696,219	8,835,608
Customer deposits	-	42,130	42,130
Rent paid in advance	-	66,103	66,103
Other current payables	-	345,413	345,413
Noncurrent liabilities:			
Due within one year:			
Bonds payable	21,570,855	5,111,670	26,682,525
Capital leases payable	2,020,087	201,866	2,221,953
Due in more than one year:			
Bonds payable	699,689,902	167,237,320	866,927,222
Capital leases payable	5,295,579	519,821	5,815,400
Net pension liability	31,100,126	4,939,225	36,039,351
Other post-employment benefits	22,020,205	3,680,146	25,700,351
Total liabilities	797,317,355	184,333,495	981,650,850
DEFERRED INFLOWS OF RESOURCES:			
Bond refunding and renegotiation	298,473	4,855,450	5,153,923
Pensions	9,229,224	319,367	9,548,591
Total deferred inflows of resources	9,527,697	5,174,817	14,702,514
NET POSITION:			
Net investment in capital assets	344,721,169	118,497,972	463,219,141
Restricted:			
General government	345,980	-	345,980
Public safety	2,035,444	-	2,035,444
Streets and other infrastructure	16,184,205	-	16,184,205
Economic development	107,889	-	107,889
Culture and recreation	12,250,839	-	12,250,839
Unrestricted	(83,269,698)	(9,695,164)	(92,964,862)
Total net position	\$ 292,375,828	\$ 108,802,808	\$ 401,178,636

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, 2017

	<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	\$ 30,372,875	\$ 211,995	\$ -	\$ -	\$ (30,160,880)	\$ -	\$ (30,160,880)
Public safety	41,085,416	1,726,580	96,894	-	(39,261,942)	-	(39,261,942)
Streets and other infrastructure	25,476,391	98,090	-	1,906,397	(23,471,904)	-	(23,471,904)
Economic development	16,711,747	52,093	-	-	(16,659,654)	-	(16,659,654)
Culture and recreation	17,932,242	12,818,388	-	-	(5,113,854)	-	(5,113,854)
Unallocated interest expense	18,217,810	-	-	-	(18,217,810)	-	(18,217,810)
Total governmental activities	149,796,481	14,907,146	96,894	1,906,397	(132,886,045)	-	(132,886,045)
Business-type activities:							
Water	20,824,320	16,982,790	-	4,995,765	-	1,154,235	1,154,235
Sewer	10,451,835	9,638,861	-	336,363	-	(476,611)	(476,611)
Storm Water	5,367,154	3,295,837	-	-	-	(2,071,317)	(2,071,317)
Other	769,837	1,067,865	-	-	-	298,028	298,028
Total business-type activities	37,413,146	30,985,353	-	5,332,128	-	(1,095,665)	(1,095,665)
TOTAL PRIMARY GOVERNMENT	\$ 187,209,627	\$ 45,892,499	\$ 96,894	\$ 7,238,525	(132,886,045)	(1,095,665)	(133,981,710)
GENERAL REVENUES AND TRANSFERS:							
Property tax					52,042,841	-	52,042,841
Income tax					41,801,838	-	41,801,838
Other taxes					30,326,364	-	30,326,364
Unrestricted investment earnings					2,339,501	383,766	2,723,267
Other					15,522,157	-	15,522,157
Transfers					1,703,277	(1,703,277)	-
Total general revenues and transfers					143,735,978	(1,319,511)	142,416,467
CHANGE IN NET POSITION					10,849,933	(2,415,176)	8,434,757
NET POSITION: beginning					288,795,551	112,395,329	401,190,880
Restatement					(7,269,656)	(1,177,345)	(8,447,001)
NET POSITION: beginning, adjusted					281,525,895	111,217,984	392,743,879
NET POSITION: ending					\$ 292,375,828	\$ 108,802,808	\$ 401,178,636

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

CITY OF CARMEL, INDIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	<u>General Fund</u>	<u>Bond Bank Project Fund</u>	<u>Redevelopment Commission Fund</u>	<u>2016 Project Fund</u>	<u>2017 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	\$ 14,645,716	\$ 6,663,949	\$ 12,764,779	\$ 99,887,794	\$ 70,945,000	\$ 19,534,852	\$ 1,448,712	\$ 3,089,394	\$ 49,539,996	\$ 278,520,192
Receivables:										
Taxes:										
Property	1,340,422	-	-	-	-	-	-	239,786	217,605	1,797,813
Income	15,570,283	-	-	-	-	-	-	-	-	15,570,283
Accounts	314,492	-	-	-	-	-	-	-	148,161	462,653
Intergovernmental	-	-	-	-	-	-	-	351,999	-	351,999
Due from related utility	-	-	-	-	-	-	-	52,921	-	52,921
TOTAL ASSETS	<u>31,870,913</u>	<u>6,663,949</u>	<u>12,764,779</u>	<u>99,887,794</u>	<u>70,945,000</u>	<u>19,534,852</u>	<u>1,448,712</u>	<u>3,734,100</u>	<u>49,905,762</u>	<u>296,755,861</u>
LIABILITIES:										
Accounts payable	1,909,862	-	137,053	-	-	-	-	852,423	193,124	3,092,462
Claims payable	-	-	-	-	-	-	-	-	479,159	479,159
Accrued payroll and withholdings payable	2,593,311	-	-	-	-	-	-	374,319	242,300	3,209,930
Total liabilities	<u>4,503,173</u>	<u>-</u>	<u>137,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,226,742</u>	<u>914,583</u>	<u>6,781,551</u>
DEFERRED INFLOWS OF RESOURCES:										
Unavailable revenue	<u>10,529,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,786</u>	<u>341,073</u>	<u>11,109,992</u>
FUND BALANCES:										
Restricted:										
General government	-	40,208	-	-	-	-	-	-	345,980	386,188
Public safety	-	-	-	-	-	-	-	-	2,976,175	2,976,175
Highways and streets	-	-	-	99,887,794	54,845,000	8,306,070	-	2,267,572	26,776,143	192,082,579
Drainage and other capital assets	-	3,799,825	-	-	-	-	-	-	749,102	4,548,927
Economic development	-	2,823,916	12,627,726	-	16,100,000	6,381,663	1,448,712	-	107,889	39,489,906
Culture and recreation	-	-	-	-	-	4,847,119	-	-	12,250,839	17,097,958
Committed:										
General government	-	-	-	-	-	-	-	-	4,254,417	4,254,417
Public safety	-	-	-	-	-	-	-	-	725,687	725,687
Highways and streets	-	-	-	-	-	-	-	-	444,740	444,740
Economic development	-	-	-	-	-	-	-	-	19,134	19,134
Assigned:										
General government	1,094,080	-	-	-	-	-	-	-	-	1,094,080
Public safety	605,846	-	-	-	-	-	-	-	-	605,846
Economic development	11,016	-	-	-	-	-	-	-	-	11,016
Culture and recreation	92,730	-	-	-	-	-	-	-	-	92,730
Unassigned	15,034,935	-	-	-	-	-	-	-	-	15,034,935
Total fund balances	<u>16,838,607</u>	<u>6,663,949</u>	<u>12,627,726</u>	<u>99,887,794</u>	<u>70,945,000</u>	<u>19,534,852</u>	<u>1,448,712</u>	<u>2,267,572</u>	<u>48,650,106</u>	<u>278,864,318</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 31,870,913</u>	<u>\$ 6,663,949</u>	<u>\$ 12,764,779</u>	<u>\$ 99,887,794</u>	<u>\$ 70,945,000</u>	<u>\$ 19,534,852</u>	<u>\$ 1,448,712</u>	<u>\$ 3,734,100</u>	<u>\$ 49,905,762</u>	<u>\$ 296,755,861</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, 2017

Fund Balance - governmental funds **\$ 278,864,318**

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. 3,282,549

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land and construction in progress	\$ 264,169,800	
Machinery, equipment, and vehicles	661,890,915	
Accumulated depreciation	<u>(163,932,436)</u>	762,128,279

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	\$ 1,797,813	
Income tax	9,011,368	
Cable fees	-	
Ambulance fees	123,468	
Supplemental ambulance fees	177,343	11,109,992

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	\$ (31,100,126)	
Other post-employment benefit liability	<u>(22,020,205)</u>	(53,120,331)

The net pension asset is not an available resource and, therefore, is not reported in the funds. 340,495

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	\$ 23,694,252	
Unamortized inflows on bond refunding and defeasement	(298,473)	
Pension-related inflows	(9,229,224)	
Pension-related outflows	<u>13,019,444</u>	27,185,999

Other noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated absences	\$ 699,661	
Accrued interest payable	8,139,389	
Unamortized value of capital leases	7,315,666	
Unamortized premiums on bonds outstanding	56,934,550	
Unamortized principal on bonds outstanding	<u>664,326,207</u>	<u>(737,415,473)</u>

Net position of governmental activities **\$ 292,375,828**

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, 2017

	General Fund	Bond Bank Project Fund	Redevelopment Commission Fund	2016 Project Fund	2017 Project Fund	Redevelopment Authority Debt Service Fund	Redevelopment Authority Capital Projects Fund	Motor Vehicle Highway Fund	Total Nonmajor Funds	Total
REVENUES:										
Property tax	\$ 39,034,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,577,083	\$ 7,648,861	\$ 52,259,944
Income tax	37,187,574	-	-	-	-	-	-	-	-	37,187,574
Other local tax	3,411,812	-	25,417,149	-	-	-	-	613,129	884,274	30,326,364
Charges for services	1,061,883	-	52,093	-	-	-	-	-	13,793,170	14,907,146
Investment income	225,834	95,845	163,165	1,475,466	-	42,350	9,256	-	327,585	2,339,501
Licenses and permits	2,473,589	-	-	-	-	-	-	-	17,260	2,490,849
Fines and forfeits	466,731	-	-	-	-	-	-	-	-	466,731
Intergovernmental:										
Grants	-	-	-	-	-	-	-	-	1,710,058	1,710,058
State shared revenue	796,967	-	-	-	-	-	-	354,891	1,584,438	2,736,296
Other	2,818,322	-	-	-	-	-	-	3,177,439	-	5,995,761
Contributions	-	-	-	-	-	-	-	-	262,116	262,116
Other	932,063	1,000	1,701,262	-	-	956,728	-	241	745,516	4,336,810
Total revenues	88,408,775	96,845	27,333,669	1,475,466	-	999,078	9,256	9,722,783	26,973,278	155,019,150
EXPENDITURES:										
Current:										
General government	21,833,243	-	-	-	-	-	-	-	7,700,507	29,533,750
Public safety	37,494,284	-	-	-	-	-	-	-	2,767,529	40,261,813
Streets and other infrastructure	2,421,604	-	-	-	-	-	-	10,836,993	-	13,258,597
Economic development	404,153	721,209	86,194	-	-	-	-	-	107,918	1,319,474
Culture and recreation	4,028,696	-	-	-	-	-	-	-	8,909,830	12,938,526
Debt service:										
Principal	1,530,000	-	1,045,000	-	-	15,599,576	-	-	634,000	18,808,576
Interest	178,059	7,647,329	2,128,683	-	-	16,191,205	-	-	543,588	26,688,864
Capital outlay:										
General government	343,995	-	-	-	-	263,851	-	-	99,677	707,523
Public safety	128,307	-	-	-	-	-	-	-	1,199,424	1,327,731
Streets and other infrastructure	-	-	-	44,229,229	-	-	411,897	47,217	15,450,190	60,138,533
Economic development	9,367	3,853,774	27,237,373	-	-	-	-	-	3,037,706	34,138,220
Culture and recreation	18,435	-	-	-	-	-	-	-	728,889	747,324
Total expenditures	68,390,143	12,222,312	30,497,250	44,229,229	-	32,054,632	411,897	10,884,210	41,179,258	239,868,931
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	20,018,632	(12,125,467)	(3,163,581)	(42,753,763)	-	(31,055,554)	(402,641)	(1,161,427)	(14,205,980)	(84,849,781)

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, 2017
(Continued)

	General Fund	Bond Bank Project Fund	Redevelopment Commission Fund	2016 Project Fund	2017 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	-	81,315,000	-	-	-	43,423	-	-	-	81,358,423
Bond issuance - premium	-	3,334,569	-	-	-	-	-	-	-	3,334,569
Proceeds - refunding principal	-	-	-	-	-	23,180,000	-	-	-	23,180,000
Proceeds - capital leases	-	-	-	-	-	-	-	-	2,638,693	2,638,693
Payment to refunded bond escrow agent	-	-	-	-	-	(26,501,547)	-	-	-	(26,501,547)
Transfers in, governmental funds	25,800	-	716,267	180,148	70,945,000	35,677,916	-	-	19,392,004	126,937,135
Transfer in (out) from (to) enterprise funds	808,567	-	225,000	17,929	-	-	-	651,781	-	1,703,277
Transfers out, governmental funds	(20,991,674)	(77,292,692)	(19,479,588)	(187,629)	-	(716,208)	(58)	(1,241,199)	(7,028,087)	(126,937,135)
Total other financing sources and uses	(20,157,307)	7,356,877	(18,538,321)	10,448	70,945,000	31,683,584	(58)	(589,418)	15,002,610	85,713,415
NET CHANGES IN FUND BALANCES	(138,675)	(4,768,590)	(21,701,902)	(42,743,315)	70,945,000	628,030	(402,699)	(1,750,845)	796,630	863,634
FUND BALANCES: beginning	16,977,282	11,432,539	34,329,628	142,631,109	-	18,906,822	1,851,411	4,018,417	47,853,476	278,000,684
FUND BALANCES: ending	\$ 16,838,607	\$ 6,663,949	\$ 12,627,726	\$ 99,887,794	\$ 70,945,000	\$ 19,534,852	\$ 1,448,712	\$ 2,267,572	\$ 48,650,106	\$ 278,864,318

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, 2017

Net change in fund balances - total governmental funds, Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 863,634

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	\$	82,324,879	
Depreciation expense		<u>(17,091,404)</u>	
			65,233,475

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	\$	(61,254,847)	
Amortization of certain bond-related prepaid expense and deferred inflows and outflows		3,665,661	
Amortization of premium on bonds outstanding		3,778,451	
Bond issuance premium		(3,334,569)	
Principal payments on capital leases		2,159,430	
Capital lease proceeds		(2,638,693)	
Compensated absences		<u>16,024</u>	
			(57,608,543)

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

Property tax	\$	(217,103)	
Income tax		4,614,264	
Cable fees		<u>(274,960)</u>	
Ambulance fees		(150,750)	
Ambulance fee supplemental		<u>(47,464)</u>	
			3,923,987

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	\$	189,887	
1937 Firefighters' plan		176,329	
1977 Firefighters' plan		281,431	
1977 Police Officers' plan		214,073	
Civilian public employee retirement plan		(752,692)	
Other post-employment benefits - retiree health insurance		<u>(1,830,106)</u>	
			(1,721,078)

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.

158,460

Change in net assets of governmental activities (Statement of Activities) \$ 10,849,933

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, 2017

Business-Type Activities - Enterprise Funds

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water</u>	<u>Nonmajor</u>	<u>Total Enterprise</u>
ASSETS:					
Current assets:					
Cash and investments	\$ -	\$ 78,940	\$ 25,900,226	\$ 193,512	\$ 26,172,678
Accounts receivable (net of allowance)	175,575	200,169	361,154	4,076	740,974
Other receivables	1,595,079	1,286,114	-	-	2,881,193
Due from associated utility	-	742,327	264,605	-	1,006,932
Inventories	295,802	326,596	-	-	622,398
Prepaid items	15,625	75,625	-	-	91,250
Total current assets	<u>2,082,081</u>	<u>2,709,771</u>	<u>26,525,985</u>	<u>197,588</u>	<u>31,515,425</u>
Noncurrent assets:					
Restricted cash, debt service	68,623	2,900,295	-	-	2,968,918
Other	-	-	-	-	-
Capital assets:					
Land, improvements to land and construction in progress	12,392,862	5,176,774	7,957,579	-	25,527,215
Utility plant in service, net of depreciation	167,742,025	69,022,262	1,078,791	-	237,843,078
Total noncurrent assets	<u>180,203,510</u>	<u>77,099,331</u>	<u>9,036,370</u>	<u>-</u>	<u>266,339,211</u>
Total assets	<u>182,285,591</u>	<u>79,809,102</u>	<u>35,562,355</u>	<u>197,588</u>	<u>297,854,636</u>
DEFERRED OUTFLOW OF RESOURCES: pension					
	<u>800,189</u>	<u>716,148</u>	<u>-</u>	<u>-</u>	<u>1,516,337</u>

Continued on next page.

CITY OF CARMEL, INDIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017
(Continued)

	Business-Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Storm Water	Nonmajor	Enterprise
LIABILITIES:					
Current liabilities:					
Accounts payable	\$ 458,775	\$ 264,761	\$ -	\$ 22,792	\$ 746,328
Accrued wages payable	150,981	128,415	-	-	279,396
Compensated absences	262,966	204,892	-	-	467,858
Due to associated governmental funds	-	-	52,921	-	52,921
Due to associated utility	1,006,932	-	-	-	1,006,932
Customer deposits	42,130	-	-	-	42,130
Rent paid in advance	-	-	-	66,103	66,103
Revenue bonds payable, current portion	2,797,000	1,288,670	1,026,000	-	5,111,670
Capital leases payable, current portion	106,800	95,066	-	-	201,866
Accrued interest payable	608,185	88,034	-	-	696,219
Other	267,072	-	-	78,341	345,413
Total current liabilities	5,700,841	2,069,838	1,078,921	167,236	9,016,836
Noncurrent liabilities:					
Bonds payable	116,560,305	17,285,665	33,391,350	-	167,237,320
Capital leases payable	364,727	155,094	-	-	519,821
Retiree health care	1,927,700	1,752,446	-	-	3,680,146
Pension liability	2,606,488	2,332,737	-	-	4,939,225
Total noncurrent liabilities	121,459,220	21,525,942	33,391,350	-	176,376,512
Total liabilities	127,160,061	23,595,780	34,470,271	167,236	185,393,348
DEFERRED INFLOW OF RESOURCES					
Pension	168,534	150,833	-	-	319,367
2008 bond call rights waiver	4,855,450	-	-	-	4,855,450
Total deferred inflow of resources	5,023,984	150,833	-	-	5,174,817
NET POSITION:					
Net investment in capital assets	59,429,806	56,385,230	2,682,936	-	118,497,972
Unrestricted	(8,528,071)	393,407	(1,590,852)	30,352	(9,695,164)
Total net position	\$ 50,901,735	56,778,637	\$ 1,092,084	\$ 30,352	\$ 108,802,808

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, 2017

	Business-Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Storm Water	Nonmajor	Enterprise
OPERATING REVENUES:					
Residential sales	\$ 12,432,431	\$ 4,929,177	\$ -	\$ -	\$ 17,361,608
Commercial and industrial sales	4,025,664	4,709,684	-	-	8,735,348
Stormwater fees	-	-	3,295,837	-	3,295,837
Rent	-	-	-	56,954	56,954
Other operating revenue	524,695	-	-	1,010,911	1,535,606
Total operating revenues	16,982,790	9,638,861	3,295,837	1,067,865	30,985,353
OPERATING EXPENSES:					
Source of supply and expense - operation and maintenance	921,759	-	-	-	921,759
Water treatment expense - operation and maintenance	3,599,951	-	-	-	3,599,951
Building maintenance operating expenses	-	-	-	769,837	769,837
Drainage projects	-	-	3,945,590	-	3,945,590
Transmission and distribution	3,973,983	-	-	-	3,973,983
Collection system - operations and maintenance	-	1,087,944	-	-	1,087,944
Pumping - operations and maintenance	-	333,469	-	-	333,469
Treatment and disposal expense - operation and maintenance	-	3,536,848	-	-	3,536,848
Customer accounts	696,704	609,910	-	-	1,306,614
Administration and general	881,103	1,089,169	-	-	1,970,272
Payroll tax expense	257,176	229,874	-	-	487,050
Utility receipts tax expense	239,708	-	-	-	239,708
Depreciation expense	4,109,922	2,627,427	54,762	-	6,792,111
Other	465,561	413,347	-	-	878,908
Total operating expenses	15,145,867	9,927,988	4,000,352	769,837	29,844,044
OPERATING INCOME (LOSS)	1,836,923	(289,127)	(704,515)	298,028	1,141,309
NONOPERATING REVENUES (EXPENSES):					
Interest and investment revenue	49,095	46,532	288,139	-	383,766
Miscellaneous revenue	303,084	11,941	-	-	315,025
Amortization of call rights waiver	-	-	-	-	-
Interest expense	(5,901,623)	(538,490)	(1,366,802)	-	(7,806,915)
Gain (loss) from disposition of property	(79,914)	(7,089)	-	-	(87,003)
Other	-	9,791	-	-	9,791
Total nonoperating revenue (expenses)	(5,629,358)	(477,315)	(1,078,663)	-	(7,185,336)
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS	(3,792,435)	(766,442)	(1,783,178)	298,028	(6,044,027)
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	4,995,765	336,363	-	-	5,332,128
Transfers to associated city	-	(808,567)	(669,710)	(225,000)	(1,703,277)
Total capital contributions and transfers	4,995,765	(472,204)	(669,710)	(225,000)	3,628,851
CHANGE IN NET POSITION	1,203,330	(1,238,646)	(2,452,888)	73,028	(2,415,176)
NET POSITION: beginning	50,312,926	58,580,107	3,544,972	(42,676)	112,395,329
Restatement	(614,521)	(562,824)	-	-	(1,177,345)
NET POSITION: beginning, adjusted	49,698,405	58,017,283	3,544,972	(42,676)	111,217,984
TOTAL NET POSITION: ending	\$ 50,901,735	\$ 56,778,637	\$ 1,092,084	\$ 30,352	\$ 108,802,808

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, 2017

	Business-Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Storm Water	Nonmajor	Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 17,437,315	\$ 9,800,501	\$ 3,271,216	\$ 1,134,747	\$ 31,643,779
Payments for goods and services	(5,047,078)	(2,163,557)	(3,945,591)	(759,220)	(11,915,446)
Payments to employees	(5,265,765)	(4,780,174)	-	-	(10,045,939)
Other receipts	606,767	21,224	-	-	627,991
Net cash provided (used) by operating activities	<u>7,731,239</u>	<u>2,877,994</u>	<u>(674,375)</u>	<u>375,527</u>	<u>10,310,385</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital contributions	2,207,515	262,103	-	-	2,469,618
Acquisition and construction of capital assets	(1,977,276)	(829,045)	(4,233,074)	-	(7,039,395)
Payment of capital debt, including refunded debt	(14,600,658)	(1,254,484)	(2,187,229)	-	(18,042,371)
Interest paid on debt	(4,580,106)	(606,839)	(1,366,802)	-	(6,553,747)
Proceeds from sale of equipment	546	-	-	-	546
Proceeds from sale of refunding revenue bonds	13,000,000	-	-	-	13,000,000
Net cash provided by capital and related financing activities	<u>(5,949,979)</u>	<u>(2,428,265)</u>	<u>(7,787,105)</u>	<u>-</u>	<u>(16,165,349)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	49,094	46,531	288,139	-	383,764
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash flow provided by associated city	(3,284,435)	-	-	-	(3,284,435)
Transfers to governmental funds	-	(808,567)	(672,039)	(225,000)	(1,705,606)
Net cash provided (used) by noncapital financing activities	<u>(3,284,435)</u>	<u>(808,567)</u>	<u>(672,039)</u>	<u>(225,000)</u>	<u>(4,990,041)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,454,081)	(312,307)	(8,845,380)	150,527	(10,461,241)
CASH AND CASH EQUIVALENTS: beginning	<u>1,522,704</u>	<u>3,291,542</u>	<u>34,745,606</u>	<u>42,985</u>	<u>39,602,837</u>
CASH AND CASH EQUIVALENTS: ending	<u>\$ 68,623</u>	<u>\$ 2,979,235</u>	<u>\$ 25,900,226</u>	<u>\$ 193,512</u>	<u>\$ 29,141,596</u>

Continued on next page.

CITY OF CARMEL, INDIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended December 31, 2017
(Continued)

	Business-Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Storm Water	Nonmajor	Enterprise
RECONCILIATION OF OPERATING INCOME (LOSS) TO ACTIVITIES:					
Operating income (loss)	1,836,923	(289,127)	(704,515)	298,028	1,141,309
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	4,109,922	2,627,427	54,762	-	6,792,111
Nonoperating income (expense)	303,085	11,941	-	-	315,026
(Increase) decrease in assets:					
Accounts receivable	79,171	47,864	239,983	(4,076)	362,942
Other	679,037	342,170	-	70,958	1,092,165
Interfund receivables	-	(60,988)	(264,605)	-	(325,593)
Inventories	(35,192)	(26,814)	-	-	(62,006)
Prepaid items	170,728	248,663	-	-	419,391
Increase (decrease) in liabilities:					
Accounts payable	297,228	(48,730)	-	6,978	255,476
Wages payable	8,076	2,284	-	-	10,360
Compensated absence payable	11,413	6,283	-	-	17,696
Retiree health care	220,987	189,308	-	-	410,295
Pension	224,574	224,038	-	-	448,612
Other current liabilities	(174,713)	(396,325)	-	3,639	(567,399)
Total adjustments	5,894,316	3,167,121	30,140	77,499	9,169,076
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 7,731,239	2,877,994	\$ (674,375)	\$ 375,527	\$ 10,310,385
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Contributions of capital assets and aid in construction	\$ 2,763,142	74,260	\$ -	\$ -	\$ 2,837,402

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

CITY OF CARMEL, INDIANA
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2017

	Pension Trust Funds	Agency Funds
ASSETS:		
Cash and investments	\$ 173,498	\$ 132,524
Receivable from State of Indiana	94,732	
Total assets	268,230	132,524
LIABILITIES:		
Payroll withholdings	94,732	-
Court escrow	-	132,524
Total liabilities	94,732	\$ 132,524
NET POSITION: restricted for pensions	\$ 173,498	

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, 2017

	Pension Trust Funds
ADDITIONS:	
State of Indiana contributions	\$ 1,134,577
Investment income	1,106
Miscellaneous revenue	-
Total additions	1,135,683
DEDUCTIONS:	
Benefits to plan members and beneficiaries	1,135,134
Administrative expenses	5,896
Total deductions	1,141,030
NET INCREASE IN NET POSITION	(5,347)
NET POSITION: beginning	178,845
NET POSITION: ending - restricted for pensions	\$ 173,498

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, 2017

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, 2017, 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 within the 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 *2017 Project Fund* is used to account for the expenditure of proceeds of certain 2017 bond issuances, the purposes of which were to finance street improvement and construction and economic development.

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, integral parts 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 judgements, 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

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 expenses 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. The former category includes the current value of renegotiated terms of certain bonds, particularly the waiving of call rights on certain bonds. Such renegotiation does not constitute refunding per se but has a similar economic and accounting effect.

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. Before May 2 of each year, the Indiana Department of Revenue determines if the accumulated balance that was held in trust on December 31 two years preceding the determination exceeds fifteen percent (15%) of the certified distribution to be made to the county in the determination year. If so, the excess is distributed to the County Auditor in May of the determination 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 2016 Property Tax Bond Fund, a nonmajor debt service fund, had a negative net position of \$16,258 as of December 31, 2017. The negative position occurred because property tax collections fell short of the property tax levy. The City has increased the 2018 levy for that fund in order to compensate.

The Illinois Street Construction Fund, a nonmajor capital projects fund, had a negative net position of \$58,869 as of December 31, 2017. The negative position occurred because a transfer from the General Fund, appropriated for 2017, was never executed. The transfer is expected to be made in 2018.

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, 2017, were \$307,661,788, of which \$2,968,918 is restricted and \$304,692,870 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.

The Water Utility administers several cash accounts, including an operating cash account and several restricted cash accounts. The restrictions relate mostly to agreements with bond holders. As of December 31, 2017, the operating cash account was in a deficit position of \$1,450,833. For reporting purposes, the negative operating cash balance is offset against restricted cash accounts. Accordingly, a net balance of \$68,623 of restricted cash is shown on the Statement of Net Position of the Water Fund.

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.

Investments are valued at fair value. Fair value of substantially all investments is determined according to published, quoted prices for similar assets in active markets, observable for the entire term of the asset. Accordingly, investments are classified in level two of the hierarchy of fair value.

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 investments and other cash and cash equivalents held by the City.

Below is a segmented time distribution for the City's debt investments at December 31, 2017:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 5	More than 5
United States Treasury notes	\$ 28,191,300	\$ 19,530,649	\$ 8,660,651	\$ -
U.S. Gov't Money Market Funds	1,981,717	1,981,717	-	-
Total	\$ 30,173,017	\$ 21,512,366	\$ 8,660,651	\$ -

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, 2017, for governmental activities of the City's individual major governmental funds and nonmajor governmental funds, in the aggregate, consisted of the following:

Revenue Source	General	Motor Vehicle	Nonmajor	Total
		Highway		
Property taxes	\$ 1,340,422	\$ 239,786	\$ 217,605	\$ 1,797,813
Income taxes	15,570,283	-	-	15,570,283
Other	314,492	-	148,161	462,653
Intergovernmental	-	351,999	-	351,999
Due from utility	-	52,921	-	52,921
Total	\$ 17,225,197	\$ 644,706	\$ 365,766	\$ 18,235,669

Receivables at December 31, 2017, for business-type activities of the City's individual major enterprise funds, in the aggregate, consisted of the following:

Revenue Source	Water Utility	Sewer Utility	Storm Water Utility	Total	Total
Accounts and other	\$ 1,770,654	\$ 1,486,283	\$ 361,154	\$ 4,076	\$ 3,622,167
Due from utility	-	742,327	264,605	-	1,006,932
Total	<u>\$ 1,770,654</u>	<u>\$ 2,228,610</u>	<u>\$ 625,759</u>	<u>\$ 4,076</u>	<u>\$ 4,629,099</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:

Description	Unavailable Revenue
Property taxes	\$ 1,797,813
Income taxes	9,011,368
Ambulance fees	123,468
Township joinder payments	177,343
Intergovernmental	-
Total unavailable revenue	<u>\$ 11,109,992</u>

2. Transfers

a) Transfers among Governmental Funds

	Transfers In						
	General	Redevelopment Commission	2016 Projects	2017 Projects	RDA Debt Service	Nonmajor	Total
<u>Transfers out</u>							
General	\$ -	\$ -	\$ -	\$ -	\$ 9,989,312	\$ 11,002,362	\$ 20,991,674
Bond Bank	-	-	-	70,945,000	-	6,347,692	77,292,692
RDC	-	-	47,500	-	19,432,088	-	19,479,588
2016 Projects	-	-	-	-	43,041	144,588	187,629
RDA Debt	-	716,208	-	-	-	-	716,208
RDA Projects	-	-	-	-	58	-	58
MVH	-	-	-	-	-	1,241,199	1,241,199
Nonmajor	25,800	-	132,648	-	6,213,476	656,163	7,028,087
Total	<u>\$ 25,800</u>	<u>\$ 716,208</u>	<u>\$ 180,148</u>	<u>\$ 70,945,000</u>	<u>\$ 35,677,975</u>	<u>\$ 19,392,004</u>	<u>\$ 126,937,135</u>

A nonmajor fund transferred \$25,800 from a FEMA grant to the General Fund for additional fire training classes.

The RDA Debt Service Fund transferred \$716,208 of unused reserve funds to the Redevelopment Commission Fund.

The Redevelopment Commission Fund transferred \$47,500 to the 2016 Projects Fund to cover professional fees.

A nonmajor fund transferred \$132,648 from an Indiana Department of Transportation grant to the 2016 Projects Fund for street projects.

The Bond Bank Fund issued debt and transferred proceeds to the 2017 Projects Fund in the amount of \$70,945,000, and to a nonmajor fund in the amount of \$6,347,692.

The General Fund, the Redevelopment Commission, and nonmajor funds made lease payments to the Redevelopment Authority in the amounts of \$9,989,312, \$19,432,088, and \$6,213,476, respectively, in order to satisfy debt service payments.

The 2016 Projects Fund transferred \$43,041 to the RDA Debt Service Fund to pay for investment fees.

The RDA Capital Projects Fund transferred \$58 of remaining sinking account monies to the RDA Debt Service Fund in accordance with a trust indenture.

The General Fund transferred \$3,843,535 to a nonmajor fund to pay for local road and street projects.

The 2016 Projects Fund transferred \$144,588 to nonmajor funds to pay for project invoices.

Nonmajor funds transferred \$27,458 to other nonmajor funds to cover cash flow.

The General Fund, the Motor Vehicle Highway Fund, and nonmajor funds made transfers to a nonmajor fund in the amounts of \$7,158,827, \$1,241,199, and \$628,705, respectively, to cover cash flow.

b) Transfers between Governmental and Enterprise Funds

From (to):	Transfers In (Out)				Total
	General	Redevelopment Commission	MVH	2016 Project	
Sewer Fund	\$ 808,567	\$ -	\$ -	\$ -	\$ 808,567
Storm Water Fund	-	-	651,781	17,929	669,710
Nonmajor Enterprise Fund	-	225,000	-	-	225,000
Total	<u>\$ 808,567</u>	<u>\$ 225,000</u>	<u>\$ 651,781</u>	<u>\$ 17,929</u>	<u>\$ 1,703,277</u>

The Sewer Fund transferred \$808,567 of available excess cash to the General Fund.

The Storm Water Fund transferred \$651,781 to the Motor Vehicle Highway Fund in compliance with a City ordinance and \$17,929 of excess cash to the 2016 Project Fund.

Nonmajor enterprise funds transferred \$225,000 to the Redevelopment Commission as a grant.

C. Capital Assets

Capital asset activity for Governmental Activities for the year ended December 31, 2017, was as follows:

	Balance Dec 31, 2016	Additions/ Transfers In	Deletions/ Transfers Out	Balance Dec 31, 2017
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 171,288,808	\$ -	\$ -	\$ 171,288,808
Construction in progress	42,081,222	71,152,808	(20,353,038)	92,880,992
Total capital assets, not being depreciated	<u>213,370,030</u>	<u>71,152,808</u>	<u>(20,353,038)</u>	<u>264,169,800</u>
Capital assets, being depreciated				
Buildings and improvements	193,334,406	24,263,436	-	217,597,842
Machinery, equipment, and vehicles	42,343,655	3,867,826	(1,054,090)	45,157,391
Infrastructure	395,719,817	3,415,864	-	399,135,681
Total capital assets, being depreciated	<u>631,397,878</u>	<u>31,547,126</u>	<u>(1,054,090)</u>	<u>661,890,914</u>
Less accumulated depreciation, for				
Buildings and improvements	25,355,483	4,286,908	-	29,642,391
Machinery, equipment, and vehicles	19,564,770	3,435,951	(1,032,073)	21,968,648
Infrastructure	102,952,851	9,368,545	-	112,321,396
Total accumulated depreciation	<u>147,873,103</u>	<u>17,091,404</u>	<u>(1,032,073)</u>	<u>163,932,435</u>
Total capital assets, being depreciated, net	<u>483,524,775</u>	<u>14,455,722</u>	<u>(22,017)</u>	<u>497,958,479</u>
Governmental activities capital assets, net	<u>\$ 696,894,805</u>	<u>\$ 85,608,530</u>	<u>\$ (20,375,055)</u>	<u>\$ 762,128,279</u>

Capital asset activity for Business-Type Activities for the year ended December 31, 2017, was as follows:

	<u>Balance Dec 31, 2016</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Balance Dec 31, 2017</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land & land rights	\$ 3,111,319	\$ 365,565	\$ -	\$ 3,476,884
Construction in progress	19,321,443	6,245,143	(3,516,255)	22,050,331
Total capital assets, not being depreciated	<u>22,432,762</u>	<u>6,610,708</u>	<u>(3,516,255)</u>	<u>25,527,215</u>
Capital assets, being depreciated:				
Utility plant & equipment in service	316,507,243	6,827,260	(828,637)	322,505,866
Total capital assets, being depreciated	<u>316,507,243</u>	<u>6,827,260</u>	<u>(828,637)</u>	<u>322,505,866</u>
Less accumulated depreciation for				
Utility plant & equipment in service	78,567,394	6,792,111	(696,717)	84,662,788
Total capital assets, being depreciated, net	<u>237,939,849</u>	<u>35,149</u>	<u>(131,920)</u>	<u>237,843,078</u>
Business-type activities capital assets, net	<u>\$ 260,372,611</u>	<u>\$ 6,645,857</u>	<u>\$ (3,648,175)</u>	<u>\$ 263,370,293</u>

Depreciation expense was charged as follows for the year ended December 31, 2017:

	<u>Depreciation Expense</u>
Governmental Activities:	
General Government	\$ 256,844
Economic Development	4,748,295
Culture & Recreation	88,052
Public Safety	1,631,650
Streets and other infrastructure	10,366,563
Total governmental depreciation	<u>17,091,404</u>
Business-Type Activities:	
Utility plant & equipment in service	6,792,111
Total business-type depreciation	<u>6,792,111</u>
Total depreciation	<u>\$ 23,883,515</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, 2017:

	<u>Balance Dec 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec 31, 2017</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and contract purchases	\$ 603,071,360	\$ 104,538,423	\$ (43,283,576)	\$ 664,326,207	\$ 21,570,855
Unamortized bond premium	57,378,431	3,334,569	(3,778,450)	56,934,550	-
Capital leases	6,836,403	2,638,693	(2,159,430)	7,315,666	2,020,087
Subtotal	<u>667,286,194</u>	<u>110,511,685</u>	<u>(49,221,456)</u>	<u>728,576,423</u>	<u>23,590,942</u>
Compensated absences	715,685	770,334	(786,358)	699,661	699,661
Total bonds, contract purchases, capital leases, and compensated absences	<u>\$ 668,001,879</u>	<u>\$ 111,282,019</u>	<u>\$ (50,007,814)</u>	<u>729,276,084</u>	<u>\$ 24,290,603</u>
Less,					
Portion of above due within one year				24,290,603	
Portion of capital leases payable due in more than one year				<u>5,295,579</u>	
Bonds payable due in more than one year				<u>\$ 699,689,902</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>Dec 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>Dec 31, 2017</u>	Due Within <u>One Year</u>
Business-Type Activities:					
Sewer utility revenue bonds	\$ 19,806,574	\$ -	\$ (1,254,484)	\$ 18,552,090	\$ 1,288,670
Water utility revenue bonds	107,658,517	-	(1,795,000)	105,863,517	2,285,000
Water utility other long-term debt	13,037,276	13,000,000	(13,037,276)	13,000,000	512,000
Storm water utility bond	30,720,000		(1,893,000)	28,827,000	1,026,000
Total business-type bonds	171,222,367	13,000,000	(17,979,760)	166,242,607	5,111,670
Sewer utility bond premium	49,886	-	(11,182)	38,704	
Sewer utility bond discount	(17,850)	-	1,391	(16,459)	
Water utility bond premium	520,722	-	(26,934)	493,788	
Storm water utility bond premium	5,884,579	-	(294,229)	5,590,350	
Subtotal, bonds, premiums, and discounts	177,659,704	13,000,000	(18,310,714)	172,348,990	5,111,670
Utility capital leases	562,700	334,658	(175,670)	721,688	201,866
Compensated absences	450,161	17,696		467,857	467,857
Total business-type activities long-term liabilities	\$ 178,672,565	\$ 13,352,354	\$ (18,486,384)	173,538,535	\$ 5,781,393

Less,

Portion of above due within one year	5,781,393
Portion of capital leases payable due in more than one year	519,822
Bonds payable due in more than one year	<u>\$ 167,237,320</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	\$ 15,495,000
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	52,355,000
Lease Rental Revenue Bonds of 2005 (unrefunded portion)	5.800%- 8.450%	2005	2026	19,649,150*	36,452,914
Redevelopment District Bonds of 2013	2.000%- 4.000%	2013	2035	6,535,000	6,415,000

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	1,172,000
General Obligation Bonds, Series 2016B	2.000%-5.000%	2016	2036	1,089,000	1,051,000
General Obligation Bonds, Series 2016C	2.000%-5.000%	2016	2036	1,633,000	1,577,000
General Obligation Bonds, Series 2016D	2.000%-5.000%	2016	2036	1,373,000	1,325,000
General Obligation Bonds, Series 2016E	2.000%-5.000%	2016	2036	1,599,000	1,544,000
General Obligation Bonds, Series 2016F	2.000%-5.000%	2016	2036	1,577,000	1,523,000
General Obligation Bonds, Series 2016G	2.000%-5.000%	2016	2036	1,373,000	1,325,000
General Obligation Bonds, Series 2016H	2.000%-5.000%	2016	2036	1,577,000	1,523,000
General Obligation Bonds, Series 2016I	2.000%-5.000%	2016	2036	1,426,000	1,377,000
General Obligation Bonds, Series 2016J	2.000%-5.000%	2016	2036	1,513,000	1,461,000
General Obligation Bonds, Series 2016K	2.000%-5.000%	2016	2036	1,394,000	1,346,000
General Obligation Bonds, Series 2016L	2.000%-5.000%	2016	2036	1,383,000	1,335,000
General Obligation Bonds, Series 2016M	2.000%-5.000%	2016	2036	1,211,000	1,169,000
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	14,768,000
Taxable Special Program Bonds, Series 2016	1.576%-3.762%	2016	2041	29,720,000	29,720,000

* Original amount refers to the original amount of the *non-refunded portion only* of any partially refunded bonds.

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

In the year ended December 31, 2017, the total of payments on the bonds listed above was 0.473% 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	920,000
COIT Refunding Bonds of 2011	2.320%	2011	2022	7,180,000	3,600,000
COIT Lease Rental Revenue Refunding Bond, Series 2014A	3.000%- 4.000%	2014	2018	9,380,000	1,280,000
COIT Lease Rental Revenue Refunding Bond, Series 2014B	3.000%- 5.000%	2014	2027	46,795,000	44,165,000
Tax-Exempt Lease Rental Bonds, Series 2017B-1	3.000% - 5.000%	2017	2037	32,495,000	32,495,000
Tax-Exempt Lease Rental Bonds, Series 2017B-2	3.200% - 3.200%	2017	2037	24,000,000	24,000,000
Taxable Lease Rental Bonds, Series 2017C-1	2.006% - 3.200%	2017	2027	815,000	815,000
LIT Lease Rental Revenue Refunding Bonds, Series 2017	2.360% - 2.360%	2017	2030	23,180,000	23,180,000

In the year ended December 31, 2017, the total of payments on the bonds listed immediately above was 19.7% 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	4,760,000
Midtown South Taxable Lease Rental Bonds, Series 2017A	1.973% - 3.864%	2017	2042	7,405,000	7,405,000
Taxable Lease Rental Bonds, Series 2017C-2	2.100% - 3.750%	2017	2025	16,600,000	16,600,000

In the year ended December 31, 2017, the total of payments on the bonds listed immediately above was 3.6% 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	8,045,000
Restated Secondary Village #1	LIBOR	2013	2034	4,500,000	2,333,293
Total bond principal and contract purchases					664,326,207
Capital Leases	3.400%- 7.650%	2005-2017	2026	N/A	7,315,666
Compensated Absences	N/A	N/A	N/A	N/A	699,661
Total bond principal, contract purchases, capital leases, and compensated absences.					672,341,534
Bond premium					56,934,550
Total governmental activities bonds, contract purchases, capital leases, and compensated absences.					<u>\$ 729,276,084</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	4.320%- 4.610%	2005	2026	\$ 11,000,000	\$ 5,585,000
Sewer Utility 2009 SRF	0.420%	2009	2030	5,894,000	3,782,090
Sewer Utility 2012 Revenue Bonds	2.000%- 3.250%	2012	2032	11,040,000	9,185,000
Water Utility 2008 Coupon	4.130%- 5.790%	2008	2028	64,020,000	53,115,000
Water Utility 2008 Capital Appreciation	4.130%- 5.790%	2008	2025	20,644,479	34,828,517
Water Utility Junior Waterwork Revenue Bond	2.000%- 4.000%	2012	2036	21,625,000	17,920,000
Storm Water Utility Bond (Authorized: \$44,500,000)	2.000%- 5.000%	2016	2036	30,720,000	28,827,000
Junior Waterworks Revenue Refunding Bonds of 2017	1.800%- 3.700%	2017	2037	13,000,000	13,000,000
Bond Premium/ Discount					6,106,383
Total bonded debt, including amount due in one year					172,348,990
Capital Leases		2013	2022	N/A	721,688
Compensated Absences	N/A	N/A	N/A	N/A	467,857
Total business-type activities bonds, capital leases, and compensated absences.					173,538,535
Total City bonds, capital leases, and compensated absences.					<u>\$ 902,814,619</u>

In the year ended December 31, 2017, the total of payments on the bonds listed immediately above was 48.1% of annual water user fee revenue, 19.3% of annual sewer user fee revenue, and 71.9% of annual storm water user fee revenue.

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

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

2. Debt Service Requirements to Maturity

Governmental Activities:

Year Ended			
<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 21,570,855	\$ 25,886,905	\$ 47,457,760
2019	22,708,551	26,964,791	49,673,342
2020	25,765,897	27,283,442	53,049,339
2021	27,312,881	26,676,733	53,989,614
2022	28,730,245	26,075,014	54,805,259
2023 - 2027	161,876,280	105,320,454	267,196,734
2028 - 2032	181,704,034	57,272,266	238,976,300
2033 - 2037	158,519,000	19,373,949	177,892,949
2038 - 2042	14,555,000	821,751	15,376,751
Total	<u>642,742,743</u>	<u>315,675,305</u>	<u>958,418,048</u>

Excess of the present value of future payments over the unpaid principal of capital appreciation bonds 21,583,464

Bonds and contract purchases \$ 664,326,207

Business-Type Activities:

Year Ended			
<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	8,078,224	7,155,432	15,233,656
2023 - 2027	55,686,682	31,314,240	87,000,922
2028 - 2032	60,929,393	19,033,480	79,962,873
2033 - 2037	<u>15,246,194</u>	<u>2,521,507</u>	<u>17,767,701</u>
Total	166,242,607	<u>\$ 90,237,836</u>	<u>\$ 256,480,443</u>

Premium/Discount 6,106,383

Bonded debt \$ 172,348,990

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, 2017, the City had assets with an original cost of \$15,420,012 and accumulated depreciation of \$5,580,195 financed through capital leases.

Capital Leases:

Year Ended			
<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,020,087	\$ 171,973	\$ 2,192,060
2019	1,746,530	124,126	1,870,656
2020	1,494,460	81,994	1,576,454
2021	1,045,366	47,606	1,092,972
2022	589,693	25,300	614,993
2023 - 2027	<u>419,530</u>	<u>32,495</u>	<u>452,025</u>
Total	<u>\$ 7,315,666</u>	<u>\$ 483,494</u>	<u>\$ 7,799,160</u>

The Water and Sewer Utilities entered into various capital leases for certain equipment. As of December 31, 2017, the Utilities had assets with an original cost of \$1,170,176 and accumulated depreciation of \$352,458 financed through capital leases.

Capital Leases:

Year Ended			
<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 201,866	\$ 13,556	\$ 215,422
2019	163,438	10,432	173,870
2020	166,764	7,106	173,870
2021	119,174	3,698	122,872
2022	70,446	1,430	71,876
Total	<u>\$ 721,688</u>	<u>\$ 36,222</u>	<u>\$ 757,910</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 2017 was \$410,000 and book value for the year ended 2017 was \$18,450,000.

5. Other Commitments

The City had various obligations outstanding at December 31, 2017, 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 \$22,540,429, 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.

- 2017 Installment Purchase Contract (Monon & Main)
- 2017 Economic Development Revenue Bonds (Edward Rose Development Carmel, LLC, Project)
- 2015 Economic Development Revenue Bonds (KG Main, LLC, Project)
- 2011A Senior Economic Development Revenue Bonds (Arts District Lots & Shoppes)
- 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)
- 2006 B Taxable Economic Development Revenue Bonds (Buckingham-Gramercy Project)

7. Economic Gain on Advance Refunding

Proceeds of City bonds issued during the year ended December 31, 2017, known as the LIT Lease Rental Revenue Refunding Bonds, Series 2017, were used to advance refund certain other obligations then outstanding, at an economic gain of \$2,583,521.

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

<u>Year</u>	<u>Refunded Bonds</u>	<u>Refunding Bonds</u>	<u>Savings</u>
2018	2,259,563	1,782,379	477,184
2019	2,216,250	1,741,117	475,133
2020	2,172,250	1,697,148	475,102
2021	2,120,000	1,643,592	476,408
2022 - 2026	12,460,250	10,084,866	2,375,384
2027 - 2031	9,322,125	10,527,903	(1,205,778)
Totals	<u>\$ 30,550,438</u>	<u>\$ 27,477,005</u>	<u>\$ 3,073,433</u>

Proceeds of Water Utility bonds issued during the year ended December 31, 2017, known as the Junior Waterworks Revenue Refunding Bonds of 2017, were used to refund certain other obligations then outstanding, at an economic gain of \$875,235.

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

<u>Year</u>	<u>Refunded Obligations</u>	<u>Refunding Bonds</u>	<u>Savings</u>
2018	\$ 1,800,000	\$ 876,698	\$ 923,302
2019	1,800,000	876,141	923,860
2020	1,800,000	874,891	925,109
2021	1,800,000	873,921	926,079
2022	1,800,000	874,179	925,821
2023 - 2027	5,400,000	4,364,725	1,035,276
2028 - 2032	-	4,362,620	(4,362,620)
2033 - 2037	-	4,356,730	(4,356,730)
Totals	<u>\$ 14,400,000</u>	<u>\$ 17,459,903</u>	<u>\$ (3,059,903)</u>

8. Schedule of Outstanding Principal on Advance Refunded Debt

<u>Outstanding Bonds</u>	<u>Outstanding Amount Refunded Bonds</u>	<u>Bonds Refunded</u>	<u>Outstanding Through</u>
Local Income Tax Lease Rental Revenue Refunding Bonds, Series 2017	\$ 24,225,000	COIT LR Bonds of	7/1/2020
Lease Rental Revenue Multipurpose Bonds, Series 2012A	35,050,000	2010A COPS	1/15/2018
Lease Rental Revenue Multipurpose Bonds, Series 2012B (Taxable)	2,350,000	2010B COPS	1/15/2018
Carmel Bond Bank Lease Rental Refunding Bonds, Series 2016C	14,375,000	2010C COPS	1/15/2021
Carmel Bond Bank Special Program Bonds, Series 2016	58,230,000	2008B Jr. Water	6/1/2018
	<u>\$ 134,230,000</u>		

E. Risk Management; Claims

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters. The City administration believes these risks are adequately covered by the purchase of insurance. Settlements in excess of insurance, if any, have not been material in the past three years.

The City has chosen to establish a Self Insurance Fund to mitigate the risk of loss related to employee health claims. An excess liability policy through commercial insurance covers individual claims in excess of \$175,000 per year and provides an aggregate commercial insurance coverage of amounts over \$13,427,500. 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, 2017.

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>2017</u>	<u>2016</u>
Unpaid claims, beginning of fiscal year	\$ 1,376,256	\$ 793,596
Incurred claims and changes in estimates	9,174,919	10,871,346
Claim payments	10,072,016	10,288,686
Unpaid claims, end of fiscal year	<u>\$ 479,159</u>	<u>\$ 1,376,256</u>

F. 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, 2017, the State of Indiana contributed \$557,208 to the '25 Police Officers' Plan and \$577,369 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 \$9,781,191 for the '25 Police Officers' Plan and \$10,676,665 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 January 1, 2017. For the year ended December 31, 2017, the City recognized pension expense of \$366,328 for the '25 Police Plan and \$397,243 for the '37 Firefighters Plan.

Assumptions and Other Inputs

Measurement Date	December 31, 2017
Valuation Date	January 1, 2017—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, 2016	\$ 10,119,548	\$ 148,470	\$ 9,971,078
Changes for the year:			
Service cost	-	-	-
Interest on total pension liability	366,328	-	366,328
Effect of plan changes	-	-	-
Effect of economic/demographic gains and losses	-	-	-
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(557,214)	(557,214)	-
Employer contributions	-	557,208	(557,208)
Member contributions	-	-	-
Net investment income	-	882	(882)
Administrative expenses	-	(1,875)	1,875
Balances as of December 31, 2017	\$ 9,928,662	\$ 147,471	\$ 9,781,191
Fiduciary net position as a percentage of total pension liability			<u>1.5%</u>

The balances as of December 31, 2017 of the deferred outflows (inflows) of resources will be recognized in pension expense as follows:

<u>Fiscal Year End</u>	
2018	\$ 2,157
2019	\$ 2,157
2020	\$ 1,091
2021	\$ 2
2022	\$ -
Thereafter	\$ -

	'37 Firefighters' Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of December 31, 2016	\$ 10,883,369	\$ 30,375	\$ 10,852,994
Changes for the year:			
Service cost	-	-	-
Interest on total pension liability	397,243	-	397,243
Effect of plan changes	-	-	-
Effect of economic/demographic gains and losses	-	-	-
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(577,920)	(577,920)	-
Employer contributions	-	577,369	(577,369)
Member contributions	-	-	-
Net investment income	-	224	(224)
Administrative expenses	-	(4,021)	4,021
Balances as of December 31, 2017	\$ 10,702,692	\$ 26,027	\$ 10,676,665
Fiduciary net position as a percentage of total pension liability			<u>0.2%</u>

The balances as of December 31, 2017 of the deferred outflows (inflows) of resources will be recognized in pension expense as follows:

<u>Fiscal Year End</u>	
2018	\$ 506
2019	\$ 506
2020	\$ 254
2021	\$ -
2022	\$ -
Thereafter	\$ -

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	\$ 10,969,943	\$ 9,781,191	\$ 8,786,356
'37 Firefighters' Plan	\$ 12,038,186	\$ 10,676,665	\$ 9,580,483

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, 2017. The amounts were \$557,208 and \$577,369, 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, 2017

	<u>'25 Police Pension Trust Fund</u>	<u>'37 Fire Pension Trust Fund</u>
ASSETS:		
Cash and investments	\$ 147,471	\$ 26,027
Receivable from State of Indiana	<u>46,531</u>	<u>48,201</u>
Total assets	<u>194,002</u>	<u>74,228</u>
LIABILITIES: payroll withholdings	<u>46,531</u>	<u>48,201</u>
NET POSITION: restricted for pensions	<u>\$ 147,471</u>	<u>\$ 26,027</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION FUNDS

For the Fiscal Year Ended December 31, 2017

	'25 Police Pension Trust Fund	'37 Fire Pension Trust Fund
ADDITIONS:		
State of Indiana contributions	\$ 557,208	\$ 577,369
Investment income	882	224
Miscellaneous revenue	-	-
Total additions	558,090	577,593
DEDUCTIONS:		
Benefits	557,214	577,920
Other services and charges	1,875	4,021
Total deductions	559,089	581,941
NET INCREASE (DECREASE) IN NET POSITION	(999)	(4,348)
NET POSITION: beginning	148,470	30,375
NET POSITION: ending - restricted for pensions	\$ 147,471	\$ 26,027

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</u> <u>December 31</u>	<u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2017	\$ 1,967,723	100%

Significant Actuarial Assumptions:

The total pension liability is determined by INPRS actuaries in accordance with GASB No. 67 and No. 68, 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, 2017

Liability valuation date – June 30, 2017 - The June 30, 2017 valuations incorporate member census data as of June 30, 2016, adjusted for certain activity during fiscal year 2017. The valuation results from June 30, 2016 were rolled-forward to June 30, 2017 to reflect benefit accruals during the year less benefits paid.

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, 2020. 13th checks were provided to members in pay status in lieu of a permanent cost-of-living increase in fiscal year 2017, 2018, and 2019.

Interest on Member ASA Balances – 2.25% per year

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

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

Retirement – Based on PERF experience 2010-2014

Benefit Commencement Timing:

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

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

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

Disability – Based on 2010–2014 experience.

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

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

Prior to January 1, 2018:

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

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

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

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

Beginning January 1, 2018:

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

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

ASA Annuitization:

Prior to January 1, 2018:

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

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

Data Assumptions:

Changes in actuarial assumptions:

- For active and inactive vested members, a salary load of \$400 was added to approximate the impact on average monthly earnings of unused sick leave accumulated at termination of employment.
- For disabled members, the mortality assumption is updated from the RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality tables to the RP-2014 (with MP2014 improvement removed) Disability Mortality tables.

Changes in actuarial methods:

- There were no method changes for the June 30, 2017, valuation.

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	14.0%	6.2%
Fixed-income – ex inflation-linked	20.0%	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%
2017	\$ 22,724,981	\$ 15,581,494	\$ 9,643,268

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, 2017, the City reported a liability of \$15,581,494 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, 2017 measurement date was 0.0034924.

For the year ended December 31, 2017, the City recognized pension expense of \$3,247,420, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 295,910	\$ 12,093
Net difference between projected and actual earnings on pension plan investments	2,464,719	781,202
Changes in assumptions	250,174	-
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>247,216</u>	<u>214,195</u>
Total that will be recognized in pension expense (income) based on the table below	3,258,019	1,007,490
Pension contributions subsequent to measurement date	<u>1,525,482</u>	-
Total	<u>\$ 4,783,501</u>	<u>\$ 1,007,490</u>

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2017, measurement date are recognized as a reduction of net pension liability in the year ending December 31, 2018. Deferred inflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5-year period. A change in an employer's proportionate share represents the change as of the current year measurement date versus the prior year measurement date, and is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2018	\$ 968,226
2019	1,020,348
2020	345,778
2021	(83,823)
2022	-
Thereafter	<u>-</u>
Total	<u>\$ 2,250,529</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 2017, plan members were required to contribute 6 percent and participating employers were required to contribute 17.5 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, 2017, valuation of the 1977 Fund were adopted by the INPRS board in April 2017. The total pension liability in the June 30, 2017, 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 (Healthy) – RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Tables projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report.

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

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 disabled members, the mortality assumption is updated from the RP-2014 (with MP-2014 improvement removed) Blue Collar Mortality tables to the RP-2014 (with MP-2014 improvement removed) Disability Mortality tables.
- 1% of the members who become disabled are assumed to sustain a catastrophic disability and receive the enhanced disability benefit (100% of salary) added by 2017 House Enrolled Act No. 1617.

Changes in actuarial methods:

- There were no method changes for the June 30, 2017 valuation.

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	14.0%	6.2%
Fixed-income – inflation-linked	20.0%	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:

	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
2017 Police	\$ 7,944,184	\$ (145,270)	\$ (6,681,816)
2017 Fire	\$ 10,676,010	\$ (195,225)	\$ (8,979,541)

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, 2017, was \$1,476,835 for police participants and \$1,983,080 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, 2017, the City reported an asset of \$145,270 for police and an asset of \$195,225 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, 2017, measurement date was 0.0094176 for police and 0.0126561 for fire.

For the year ended December 31, 2017, the City recognized pension expense of \$1,184,921 for police and \$1,580,205 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, 2017, 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	\$ 585,001	\$ 456,481
Net difference between projected and actual earnings on pension plan investments	2,869,733	951,725
Changes in assumptions	-	2,172,848
Changes in proportion and differences between City contributions and proportionate share of contributions	91,751	52,266
Total that will be recognized in pension expense (income) based on the table below	3,546,485	3,633,320
Pension contributions subsequent to measurement date	634,582	-
Total	\$ 4,181,067	\$ 3,633,320

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Firefighters</u>		
Differences between expected and actual experience	\$ 786,169	\$ 613,454
Net difference between projected and actual earnings on pension plan investments	3,856,570	1,279,001
Changes in assumptions	-	2,920,041
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>81,993</u>	<u>95,284</u>
Total that will be recognized in pension expense (income) based on the table below	4,724,732	4,907,780
Pension contributions subsequent to measurement date	<u>846,481</u>	-
Total	<u>\$ 5,571,213</u>	<u>\$ 4,907,780</u>

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2017 measurement date are recognized as a reduction of net pension liability in the year ending December 31, 2018. Deferred inflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5-year period. A change in an employer's proportionate share represents the change as of the current year measurement date versus the prior year measurement date and is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31,	Police Amount	Fire Amount
2018	\$ 255,383	\$ 331,022
2019	737,923	979,496
2020	59,117	67,264
2021	(444,924)	(610,105)
2022	(327,628)	(452,473)
Thereafter	<u>(366,706)</u>	<u>(498,252)</u>
	<u>\$ (86,835)</u>	<u>\$ (183,048)</u>

G. 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 annual appropriation.

The City's retiree healthcare plan (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.

Eligible retirees are those who retire from the City of Carmel with at least 20 years of creditable employment with a public employer. If any of the years of creditable employment includes employment with other public employers besides the City of Carmel, then the retiree must also be at least age 55 in order to be eligible.

The City contributes 50% of the employee-spouse premium for a retiree who has 20 years of service with the City, plus 1% for each additional six months of service, to a maximum of 75% of the cost of medical and dental coverage. A retiree with employee-only (or spouse-only, if the retiree is over 65) is eligible to receive 50% to 75% of the employee-only (or spouse-only) premium using the same formula. The City's contribution will not exceed \$900 per month (up to \$10,800 per year). Retiree contributions for a married couple that works for the City are based on service of the individual employed for the longer period of time (not to exceed 75% of the total premium). The City contributes 100% of the premium for medical and dental coverage for those who are killed in the line of duty with no maximum contribution. The City pays 50% for work-related disabilities. All other retirees pay 100% of the premium.

Coverage ends for the retiree at the retiree's Medicare eligibility date. Spousal coverage continues after the death of the retiree or after the retiree becomes eligible for Medicare, and ends at the spouse's Medicare eligibility date.

Deductibles, out-of-pocket limits, and employee contributions are assumed to increase annually at the medical care cost trend rate. The Lifetime Maximum was not increased.

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, 2017, the City contributed \$413,786 to the Plan for current premiums.

At December 31, 2017, the following members were covered by the terms of the plan:

Inactive plan members currently receiving benefit payments	38
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members: fully eligible	138
Active plan members: not fully eligible	469
Total	645

The Plan is closed to new entrants. Employees hired or disabled on or after October 3, 2016, are not eligible (except for those killed or disabled in the line of duty).

Net OPEB Liability

The Entry Age Actuarial Cost Method used in the current OPEB actuarial valuation is unchanged from the prior OPEB actuarial valuation.

Under this method, as used in the December 31, 2017, OPEB valuation, the Actuarial Present Value (APV) of Benefits (APVB) of each individual included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The employer portion of this APVB allocated to a valuation year is the Employer Normal Cost. The portion of this APVB not provided for at a valuation date by the APV of Future Employer Normal Costs is the Total OPEB Liability.

The excess, if any, of the Total OPEB Liability over the Plan Fiduciary Net Position is the Net OPEB Liability. Under this method, actuarial gains (losses), as they occur, reduce (increase) the Net OPEB Liability and are explicitly identified and amortized in the

Increases (decreases) in liabilities due to benefit changes, actuarial assumption changes and/or actuarial method changes are also explicitly identified and amortized in the annual expense.

Changes in the Net Pension Liability:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
1. Balances at December 31, 2016	23,459,952	-	23,459,952
2. Changes for the Year			
a. Service Cost	1,330,012	-	1,330,012
b. Interest Cost	1,029,979	-	1,029,979
c. Projected Earnings on Plan Investments	-	-	-
d. Changes in Plan Provisions	-	-	-
e. Administrative Expenses	-	-	-
f. Other Changes in Plan Fiduciary Net Position	-	-	-
g. Current Period Recognition of Deferred Outflows / (Inflows) of Resources:			
1. Differences between Expected and Actual Experience	(34,161)	-	(34,161)
2. Changes in Assumptions	(85,431)	-	(85,431)
3. Net Difference between Projected and Actual Plan Investment Earnings	-	-	-
4. Total OPEB Expense/ Net Changes	2,240,399	-	2,240,399
3. Balances at December 31, 2017	25,700,351	-	25,700,351

4. Sensitivity of the Net OPEB Obligation to Changes in the Discount Rate

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$ 27,805,581	\$ 25,700,351	\$ 23,713,866
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 27,805,581</u>	<u>\$ 25,700,351</u>	<u>\$ 23,713,866</u>

5. Sensitivity of the Net OPEB Obligation to Changes in the Healthcare Cost Trend Rate

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$ 23,576,938	\$ 25,700,351	\$ 28,169,547
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 23,576,938</u>	<u>\$ 25,700,351</u>	<u>\$ 28,169,547</u>

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

COST METHOD

Entry Age Normal (Level % of Pay)

ECONOMIC ASSUMPTIONS:

Discount rate

3.2% per annum

Discount rate basis

S&P Municipal Bond 2+-Year High Grade Rate Index*

**The S&P Municipal Bond 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.*

Mortality:

Civilian employees

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

Police and fire employees

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

Mortality improvement

SOA published mortality improvement scale: MP-2017 generational, which projects mortality improvement indefinitely beyond the 2006 base mortality year 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: 35% 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:

	<u>2017</u>	<u>2015</u>
Plan A	75%	45%
Plan B	25%	55%

Per capita claims cost:

Varies by age and status; representative rates follow:

<u>Age</u>	<u>2017 Medical & Vision</u>		<u>Age</u>	<u>2017 Dental</u>	
	<u>Male</u>	<u>Female</u>		<u>Male</u>	<u>Female</u>
55-59	\$ 12,261	\$ 12,129	All Ages	\$ 647	\$ 647
60-64	\$ 15,726	\$ 14,210			

<u>Age</u>	<u>2015 Medical & Vision</u>		<u>Age</u>	<u>2015 Dental</u>	
	<u>Male</u>	<u>Female</u>		<u>Male</u>	<u>Female</u>
55-59	\$ 12,576	\$ 12,441	All Ages	\$ 384	\$ 384
60-64	\$ 16,131	\$ 14,575			

Inflation; health care cost trend rate:

<u>Year</u>	<u>Medical</u>	<u>Dental</u>
0	10.0%	5.0%
1 to 2	9.0%	5.0%
3 to 5	8.0%	5.0%
6 to 8	7.0%	5.0%
9 to 10	6.0%	5.0%
11+	5.0%	5.0%

H. Schedule of Aggregate Amounts – Single-employer and Cost Sharing Multiple-employer Defined Benefit Pension Plans

	1925 Police Officer's Pension	1937 Firefighters' Pension	Public Employees' Retirement	1977 Police Officers' and Firefighters' Pension and Disability	Total
Pension liability	\$ 9,928,662	\$ 10,702,692	\$ 66,726,545	\$ 118,883,496	\$ 206,241,395
Pension assets	<u>147,471</u>	<u>26,027</u>	<u>51,145,051</u>	<u>119,223,991</u>	<u>170,542,540</u>
Net pension liability (asset)	<u>\$ 9,781,191</u>	<u>\$ 10,676,665</u>	<u>\$ 15,581,494</u>	<u>\$ (340,495)</u>	<u>\$ 35,698,855</u>
Deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,783,501</u>	<u>\$ 9,752,280</u>	<u>\$ 14,535,781</u>
Deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,007,490</u>	<u>\$ 8,541,100</u>	<u>\$ 9,548,590</u>
Pension expense (income)	<u>\$ 366,328</u>	<u>\$ 397,243</u>	<u>\$ 3,247,420</u>	<u>\$ 2,765,126</u>	<u>\$ 6,776,117</u>

I. Interfund Receivables and Payables

The composition of the interfund balances as of December 31, 2017 is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental fund	General Fund	\$ -
General Fund	Water Enterprise Fund	\$ -
General Fund	Sewer Enterprise Fund	-
Motor Vehicle Highway Fund	Storm Water Enterprise Fund	<u>52,921</u>
Total among governmental and proprietary funds		<u>\$ 52,921</u>
Sewer Enterprise Fund	Water Enterprise Fund	\$ 742,327
Storm Water Enterprise Fund	Water Enterprise Fund	<u>264,605</u>
Total among proprietary funds		<u>\$ 1,006,932</u>

The Motor Vehicle Highway Fund is due \$52,921 from the Storm Water Enterprise Fund to comply with an ordinance requiring certain transfers.

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, 2017, 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, 2017, are as follows.

Total assigned from governmental fund balances: \$ 1,803,672

K. Prior Period Adjustments

Governmental activities beginning net position was adjusted downward \$7,269,656 to account for the following:

	<u>Beginning Net Position</u>	<u>Restatement</u>	<u>Beginning Net Position, Adjusted</u>
Increase in OPEB liability due to change in accounting standards		\$ (7,269,656)	
Total	<u>\$ 288,795,551</u>	<u>\$ (7,269,656)</u>	<u>\$ 281,525,895</u>

Business-type activities beginning net position was adjusted downward \$1,177,345 to account for the following:

	<u>Beginning Net Position</u>	<u>Restatement</u>	<u>Beginning Net Position, Adjusted</u>
Increase in OPEB liability due to change in accounting standards		\$ (1,177,345)	
Total	<u>\$ 112,395,329</u>	<u>\$ (1,177,345)</u>	<u>\$ 111,217,984</u>

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
For the Fiscal Year Ended December 31, 2017

	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 1,330,012
Interest Cost	1,029,979
Projected Earnings on Plan Investments	-
Changes in Plan Provisions	-
Administrative Expenses	-
Other Changes in Plan Fiduciary Net Position	-
Current Period Recognition of Deferred Outflows / (Inflows) of Resources:	-
Differences between Expected and Actual Experience	(34,161)
Changes in Assumptions	(85,431)
Net Difference between Projected and Actual Plan Investment Earnings	-
Net Changes in Total OPEB Liability	<u>\$ 2,240,399</u>
Total OPEB Liability - Beginning	\$ 23,459,952
Total OPEB Liability - Ending	\$ 25,700,351
Plan Fiduciary Net Position - Beginning	\$ -
Plan Fiduciary Net Position - Ending	\$ -
Net OPEB Liability	\$ 25,700,351
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%
Covered Employee Payroll	\$ 38,047,090
Net OPEB Liability as a Percentage of Covered Employee Payroll	67.55%

The most recent actuarial valuation date is December 31, 2017.

Note: 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.

Additional information on the City's OPEB can be found in Note III.G on pages 80–83 of this report.

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS
December 31, 2017

1925 Police Officers' Pension Plan:	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 557,208	\$ 546,748	\$ 534,143
Contributions in relation to the actuarially determined contribution	<u>557,208</u>	<u>546,748</u>	<u>534,143</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered-employee payroll	Not applicable	Not applicable	Not applicable
1937 Firefighters' Pension Plan:	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 577,369	\$ 553,519	\$ 562,264
Contributions in relation to the actuarially determined contribution	<u>577,369</u>	<u>553,519</u>	<u>562,264</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered-employee payroll	Not applicable	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, 2017

1925 Police Officers' Pension Plan:	<u>2017</u>	<u>2016</u>	<u>2015</u>
Pension liability:	\$ 9,928,662	\$ 10,119,548	\$ 10,179,012
Fiduciary net position	<u>147,471</u>	<u>148,470</u>	<u>147,785</u>
Net pension liability	<u>\$ 9,781,191</u>	<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>	<u>1.5%</u>
Covered payroll	<u>-</u>	<u>-</u>	<u>-</u>
Net position as a percentage of covered payroll	Not applicable	Not applicable	Not applicable
 1937 Firefighters' Pension Plan:	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
Pension liability:	\$ 10,702,692	\$ 10,883,369	\$ 10,997,707
Fiduciary net position	<u>26,027</u>	<u>30,375</u>	<u>39,365</u>
Net pension liability	<u>\$ 10,676,665</u>	<u>\$ 10,852,994</u>	<u>\$ 10,958,342</u>
Net position as a percentage of the pension liability	<u>0.2%</u>	<u>0.3%</u>	<u>0.4%</u>
Covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net position as a percentage of covered payroll	Not applicable	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, 2017

1925 Police Officers' Pension Plan:	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net pension liability - beginning	\$ 9,971,078	\$ 10,031,227	\$ 10,072,125
Changes for the year:			
Service cost	-	-	-
Interest on total pension liability	366,328	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	-	-	-
Employer contributions	(557,208)	(546,748)	(534,143)
Member contributions	-	-	-
Net investment income	(882)	-	(143)
Administrative expenses	1,875	-	100
Net pension liability - ending	<u>\$ 9,781,191</u>	<u>\$ 9,971,078</u>	<u>\$ 10,031,227</u>
 1937 Firefighters' Pension Plan:	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
Net pension liability - beginning	\$ 10,852,994	\$ 10,958,342	\$ 10,997,880
Changes for the year:			
Service cost	-	-	-
Interest on total pension liability	397,243	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	-	-	-
Employer contributions	(577,369)	(553,519)	(562,264)
Member contributions	-	-	-
Net investment income	(224)	-	(51)
Administrative expenses	4,021	-	-
Net pension liability - ending	<u>\$ 10,676,665</u>	<u>\$ 10,852,994</u>	<u>\$ 10,958,342</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, 2017

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%

Note: The City is presenting its third CAFR since 2007. 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, 2017

Public Employees' Retirement Fund:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's Proportion of the Net Pension Liability	0.0034924	0.0035353	0.0034106
City's Proportionate Share of the Net Pension Liability	\$ 15,581,494	\$ 16,044,763	\$ 13,891,040
City's Covered Employee Payroll	\$ 17,326,450	\$ 16,943,306	\$ 16,335,991
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	90%	95%	85%
PERF Plan Net Position as a Percentage of Total Pension Liability	79%	77%	77%

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

	<u>Police 2017</u>	<u>Police 2016</u>	<u>Police 2015</u>
City's Proportion of the Net Pension Liability	0.0094176	0.0101528	0.0101282
City's Proportionate Share of the Net Pension Liability (Asset)	\$ (145,270)	\$ 901,944	\$ (1,496,139)
City's Covered Employee Payroll	\$ 7,634,954	\$ 7,847,007	\$ 7,552,611
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	-2%	11%	-20%
1977 Plan Net Position as a Percentage of Total Pension Asset	104%	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, 2017

(Continued)

	<u>Fire 2017</u>	<u>Fire 2016</u>	<u>Fire 2015</u>
City's Proportion of the Net Pension Liability	0.0126561	0.0135237	0.0137130
City's Proportionate Share of the Net Pension Liability (Asset)	\$ (195,225)	\$ 1,201,404	\$ (2,025,686)
City's Covered Employee Payroll	\$ 10,260,440	\$ 10,452,317	\$ 10,225,780
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	-2%	11%	-20%
1977 Plan Net Position as a Percentage of Total Pension Asset	104%	103%	103%

Note: The City is presenting its third CAFR since 2007. 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.

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, 2017

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
2017	\$ 3,045,739	\$ 3,045,739	\$ -	\$ 17,326,450	18%
2016	\$ 2,916,463	\$ 2,916,463	\$ -	\$ 16,943,306	17%
2015	\$ 2,755,295	\$ 2,755,295	\$ -	\$ 16,335,991	17%

1977 Police Officers' and Firefighters' Pension and Disability 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
2017 Police	\$ 1,713,532	\$ 1,713,532	\$ -	\$ 7,634,954	22%
2016 Police	\$ 1,657,359	\$ 1,657,359	\$ -	\$ 7,847,007	21%
2015 Police	\$ 1,607,669	\$ 1,607,669	\$ -	\$ 7,552,611	21%
2017 Fire	\$ 2,350,371	\$ 2,350,371	\$ -	\$ 10,260,440	23%
2016 Fire	\$ 2,186,794	\$ 2,186,794	\$ -	\$ 10,452,317	21%
2015 Fire	\$ 2,185,238	\$ 2,185,238	\$ -	\$ 10,225,780	21%

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, 2017

Note: The City is presenting its third CAFR since 2007. 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 City's fiscal year ended December 31.

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

For the Fiscal Year Ended December 31, 2017

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
REVENUES:				
Property tax	\$ 39,239,778	\$38,992,443	\$ 39,034,000	\$ 41,557
Income tax	36,754,390	36,754,390	36,754,390	-
Licenses and permits	2,227,025	1,922,878	1,956,543	33,665
Intergovernmental	562,019	574,918	526,788	(48,130)
Charges for services	2,795,339	2,791,258	1,061,883	(1,729,375)
Fines and forfeits	670,618	514,368	466,731	(47,637)
Miscellaneous	1,041,143	1,366,762	1,069,373	(297,389)
Township and joinder agreements	858,051	851,599	1,177,336	325,737
Other	6,469,142	6,159,567	5,954,347	(205,220)
Total revenues: budgetary basis	<u>90,617,505</u>	<u>89,928,183</u>	<u>88,001,391</u>	<u>\$ (1,926,792)</u>
Increase in available intergovernmental receivable	-	-	-	-
Increase in available income tax receivable	-	-	433,184	-
Transfer from a nonmajor fund treated as revenue on a budgetary basis	-	-	(25,800)	-
Total revenues reported on the Statement of Revenues and Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,408,775</u>	<u>\$ -</u>
EXPENDITURES:				
Current:				
General government:				
Clerk-Treasurer:				
Personal services	973,082	973,082	882,626	(90,456)
Supplies	11,303	11,303	9,230	(2,073)
Other services and charges	284,967	379,515	138,411	(241,104)
Capital outlay	33,969	33,969	22,051	(11,918)
Mayor's Office:		-		
Personal services	435,490	435,490	393,960	(41,530)
Supplies	4,972	4,972	2,767	(2,205)
Other services and charges	3,939,474	4,044,186	4,400,899	356,713
Capital outlay	-	-	-	-
City Council:				
Personal services	286,702	286,702	236,587	(50,115)
Supplies	1,550	1,550	1,391	(159)
Other services and charges	247,000	247,000	153,798	(93,202)
Capital outlay	136,800	136,800	43,055	(93,745)

Continued on next page.

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

For the Fiscal Year Ended December 31, 2017
(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	19,301	19,301	13,769	(5,532)
Debt service	11,697,392	11,697,392	11,697,371	(21)
Administration:				
Personal services	403,640	403,640	230,594	(173,046)
Supplies	63,994	63,994	35,535	(28,459)
Other services and charges	2,244,752	2,244,752	1,873,848	(370,904)
Capital outlay	40,581	40,581	53,815	13,234
Brookshire Golf Course:				
Personal services	775,080	775,080	621,217	(153,863)
Supplies	140,050	140,050	128,085	(11,965)
Other services and charges	575,887	575,887	573,143	(2,744)
Capital outlay	12,000	12,000	5,084	(6,916)
Building Operations:				
Supplies	8,160	8,160	375	(7,785)
Other services and charges	2,413,863	2,413,863	2,800,909	387,046
Capital outlay	-	-	-	-
City Court:				
Personal services	880,067	880,067	677,955	(202,112)
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	1,000	1,000	1,000	-
Law Department:				
Personal services	752,630	752,630	689,144	(63,486)
Supplies	2,729	2,729	1,761	(968)
Other services and charges	313,580	313,580	339,188	25,608
Capital outlay	28,715	28,715	12,437	(16,278)
Community Services:				
Personal services	2,284,347	2,284,347	2,204,970	(79,377)
Supplies	40,375	40,375	29,849	(10,526)
Other services and charges	1,270,181	1,270,181	806,570	(463,611)
Capital outlay	134,022	134,022	104,924	(29,098)
Personnel/ Human Resources:				
Personal services	420,170	420,170	400,812	(19,358)
Supplies	500	500	161	(339)
Other services and charges	70,105	70,105	41,832	(28,273)
Capital outlay	2,200	2,200	1,146	(1,054)
Information Systems:				
Personal services	1,186,560	1,186,560	1,123,078	(63,482)
Supplies	9,860	9,860	4,492	(5,368)
Other services and charges	527,398	527,398	442,143	(85,255)
Capital outlay	132,919	132,919	73,474	(59,445)

Continued on next page.

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

For the Fiscal Year Ended December 31, 2017

(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	164,000	164,000	151,291	(12,709)
Other services and charges	822,700	822,700	745,293	(77,407)
Capital outlay	-	-	-	-
Public Affairs/ Community Relations:				
Personal services	717,494	717,494	559,754	(157,740)
Supplies	4,538	4,538	2,852	(1,686)
Other services and charges	1,805,628	1,805,628	1,488,882	(316,746)
Capital outlay	48,468	48,468	6,475	(41,993)
Street Department - Special Projects				
Other services and charges	-	-	1,520,992	1,520,992
Total general government	<u>36,370,195</u>	<u>36,569,455</u>	<u>35,748,995</u>	<u>(820,460)</u>
Public Safety:				
Fire Department:				
Personal services	21,888,443	21,888,443	21,784,089	(104,354)
Supplies	302,979	302,979	250,379	(52,600)
Other services and charges	1,991,991	1,991,991	1,717,649	(274,342)
Police Department:				
Personal services	17,250,952	17,250,952	16,705,730	(545,222)
Supplies	761,842	728,650	463,858	(264,792)
Other services and charges	2,203,720	2,021,150	1,920,812	(100,338)
Capital outlay	118,580	75,000	94,985	19,985
Communication Center:				
Personal services	599,700	599,700	548,018	(51,682)
Supplies	27,376	27,376	25,398	(1,978)
Other services and charges	2,097,284	2,097,284	2,038,710	(58,574)
Capital outlay	73,500	73,500	69,763	(3,737)
Total public safety	<u>47,316,367</u>	<u>47,057,025</u>	<u>45,619,391</u>	<u>(1,437,634)</u>
Culture and recreation:				
Parks Department:				
Personal services	2,162,935	2,162,935	1,812,842	(350,093)
Supplies	114,085	114,085	104,312	(9,773)
Other services and charges	925,600	925,600	852,007	(73,593)
Capital outlay	15,000	15,000	13,351	(1,649)
Total culture and recreation	<u>3,217,620</u>	<u>3,217,620</u>	<u>2,782,512</u>	<u>(435,108)</u>

Continued on next page.

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

For the Fiscal Year Ended December 31, 2017

(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	410,289	410,289	288,371	(121,918)
Supplies	1,600	1,600	982	(618)
Other services and charges	222,899	222,899	144,226	(78,673)
Capital outlay	<u>13,420</u>	<u>13,420</u>	<u>7,351</u>	<u>(6,069)</u>
Total economic development	<u>648,208</u>	<u>648,208</u>	<u>440,930</u>	<u>(207,278)</u>
Other Expenditure	<u>-</u>	<u>-</u>	<u>336,081</u>	<u>336,081</u>
Total expenditures, budgetary basis	<u>\$ 87,552,390</u>	<u>\$87,492,308</u>	<u>84,927,909</u>	<u>\$ (2,564,399)</u>
 Increase (decrease) in accrued liabilities:				
Accounts payable			(144,915)	
Accrued payroll and withholdings payable			569,433	
Transfers to other funds			(20,991,674)	
Rainy Day Fund			15,560,221	
Less, accrual due to Rainy Day Fund			<u>(11,530,831)</u>	
 Total expenditures reported on the Statement of Revenues and Expenditures			<u>\$ 68,390,143</u>	

CITY OF CARMEL, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
MOTOR VEHICLE HIGHWAY FUND
For the Fiscal Year Ended December 31, 2017

	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	\$ 5,577,083	\$ (4,100,957)
MVHF distribution	2,937,005	3,039,312	3,529,438	490,126
Miscellaneous	1,965,439	1,848,052	1,270,372	(577,680)
Total revenues: budgetary basis	<u>\$ 14,325,647</u>	<u>\$ 14,565,404</u>	10,376,893	<u>\$ (4,188,511)</u>
Transfers treated as revenue for budget purposes			(651,781)	
Other receipts not treated as revenue for budget purposes			<u>(2,329)</u>	
Total revenues reported on the Statement of Revenues and Expenditures			<u><u>9,722,783</u></u>	
EXPENDITURES:				
Current:				
Engineering:				
Personal services	1,718,750	1,718,750	1,445,530	(273,220)
Supplies	12,400	12,400	11,393	(1,007)
Other services and charges	523,325	523,325	360,246	(163,079)
Capital outlay	198,792	198,792	142,554	(56,238)
Street Department:				
Personal services	5,351,882	5,351,882	5,127,348	(224,534)
Supplies	1,966,971	1,966,971	971,570	(995,401)
Other services and charges	4,520,988	4,520,988	3,309,156	(1,211,832)
Capital outlay	183,508	183,508	174,676	(8,832)
Total expenditures: budgetary basis	<u>\$ 14,476,616</u>	<u>\$ 14,476,616</u>	11,542,473	<u>\$ (2,934,143)</u>
Increase in accrued liabilities:				
Accounts payable			481,224	
Accrued payroll and withholdings payable			101,712	
Transfers to other funds			<u>(1,241,199)</u>	
Total expenditures reported on the Statement of Revenues and Expenditures			<u><u>\$ 10,884,210</u></u>	

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

December 31, 2017

Budgetary Basis of Accounting

Annual budgets are required for the General Fund, Motor Vehicle Highway Fund, Fire Pension Fund, Police Pension Fund, Local Road & Street Fund, Cumulative Capital Improvement Fund, Cumulative Capital Development Fund, Redevelopment Bond, and Deferral Fund. 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 contracts.

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

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

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

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

The 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.

Continued on next page.

CITY OF CARMEL, INDIANA
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

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

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

The Urban Forestry Fund accounts for amounts accumulated Urban Forestry Fund for street tree maintenance, storm event or natural disaster cleanup, the replacement of street trees, and special training.

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

The 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, INDIANA
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 equipment.

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

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

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

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

The Illinois Street 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 street projects financed by property tax, issued for the purpose of street improvement and construction.

The 2017 A Bond Construction Fund is a capital projects fund that accounts for the proceeds of a bond expected to be paid from tax increment revenue.

CITY OF CARMEL, INDIANA
NONMAJOR GOVERNMENTAL FUNDS
(Continued)

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.

The 2016 Property Tax Bond Fund is a debt service fund that accounts for a tax levy to fund debt service for property tax supported debt that finances 13 separate capital projects.

CITY OF CARMEL, INDIANA
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2017

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	Health Self Insurance
ASSETS:												
Cash and investments	\$ 5,594,129	\$ 29,289	\$ 3,403,002	\$ 3,040,404	\$ 112,703	\$13,167,531	\$ 348,678	\$ 184,754	\$ 6	\$ 166,369	\$ 17,009	\$ 4,209,910
Property tax receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>5,594,129</u>	<u>29,289</u>	<u>3,403,002</u>	<u>3,040,404</u>	<u>112,703</u>	<u>13,167,531</u>	<u>348,678</u>	<u>184,754</u>	<u>6</u>	<u>166,369</u>	<u>17,009</u>	<u>4,209,910</u>
LIABILITIES:												
Accounts payable	-	-	59,328	130,605	-	-	-	-	-	-	-	-
Claims payable	-	-	-	-	-	-	-	-	-	-	-	479,159
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Accrued payroll	-	-	113,519	122,664	-	-	2,892	-	-	-	3,225	-
Total liabilities	<u>-</u>	<u>-</u>	<u>172,847</u>	<u>253,269</u>	<u>-</u>	<u>-</u>	<u>2,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,225</u>	<u>479,159</u>
DEFERRED INFLOW OF RESOURCES:												
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCE:												
Restricted:												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	29,289	-	-	-	-	345,786	184,754	-	-	13,784	-
Highways and streets	-	-	-	-	-	13,167,531	-	-	-	-	-	-
Drainage and other capital assets	-	-	-	-	-	-	-	-	6	166,369	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	5,594,129	-	3,230,155	2,787,135	112,703	-	-	-	-	-	-	-
Committed:												
General government	-	-	-	-	-	-	-	-	-	-	-	3,730,751
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-	-	-	-
Drainage and other capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>5,594,129</u>	<u>29,289</u>	<u>3,230,155</u>	<u>2,787,135</u>	<u>112,703</u>	<u>13,167,531</u>	<u>345,786</u>	<u>184,754</u>	<u>6</u>	<u>166,369</u>	<u>13,784</u>	<u>3,730,751</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,594,129</u>	<u>\$ 29,289</u>	<u>\$ 3,403,002</u>	<u>\$ 3,040,404</u>	<u>\$ 112,703</u>	<u>13,167,531</u>	<u>\$ 348,678</u>	<u>\$ 184,754</u>	<u>\$ 6</u>	<u>\$ 166,369</u>	<u>\$ 17,009</u>	<u>\$ 4,209,910</u>

Continued on next page.

CITY OF CARMEL, INDIANA
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2017
(Continued)

Special Revenue Funds

	Workers Comp	Support for the Arts	Keystone Non- Reverting	Urban Forestry	Clerk's Record Perpetuation	Court Interpreter	Public Defenders	Judicial Salary Fees	Fire Gift	Police Gift	Parks Gift	Community Relations Gift	Economic Development
ASSETS:													
Cash and investments	\$ 523,666	\$ 19,134	\$ 130,024	\$ 65,791	\$ 208,415	\$ 60	\$ 9,143	\$ 169,944	\$ 28,428	\$ 34,155	\$ 36,357	\$ 137,565	\$ 48,565
Property tax receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>523,666</u>	<u>19,134</u>	<u>130,024</u>	<u>65,791</u>	<u>208,415</u>	<u>60</u>	<u>9,143</u>	<u>169,944</u>	<u>28,428</u>	<u>34,155</u>	<u>36,357</u>	<u>137,565</u>	<u>48,565</u>
LIABILITIES:													
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-
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>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES:													
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCE:													
Restricted:													
General government	-	-	-	-	208,415	-	-	-	-	-	-	137,565	-
Public safety	-	-	-	-	-	60	9,143	169,944	28,428	34,155	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-	-	-	-	-
Drainage and other capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	48,565
Culture and recreation	-	-	-	65,791	-	-	-	-	-	-	36,357	-	-
Committed:													
General government	523,666	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	130,024	-	-	-	-	-	-	-	-	-	-
Drainage and other capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	19,134	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>523,666</u>	<u>19,134</u>	<u>130,024</u>	<u>65,791</u>	<u>208,415</u>	<u>60</u>	<u>9,143</u>	<u>169,944</u>	<u>28,428</u>	<u>34,155</u>	<u>36,357</u>	<u>137,565</u>	<u>48,565</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 523,666</u>	<u>\$ 19,134</u>	<u>\$ 130,024</u>	<u>\$ 65,791</u>	<u>\$ 208,415</u>	<u>\$ 60</u>	<u>\$ 9,143</u>	<u>\$ 169,944</u>	<u>\$ 28,428</u>	<u>\$ 34,155</u>	<u>\$ 36,357</u>	<u>\$ 137,565</u>	<u>\$ 48,565</u>

Continued on next page.

CITY OF CARMEL, INDIANA
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2017
(Continued)

	Special Revenue Funds					Capital Projects Funds							
	Housing Authority	Drug Task Force	Thoroughfare	Levy Excess	Grant	Total Special Revenue Funds	Ambulance	Park Capital	Cumulative Capital Improvement	Cumulative Capital Sewer	Cumulative Capital Development	Illinois Street Construction	Old Town/126th Construction
ASSETS:													
Cash and investments	\$ 58,865	\$ 645,147	\$ 873,863	\$ -	\$ 578,080	\$ 33,840,986	\$ 700,994	\$ 424,569	\$ 314,781	\$ 286,197	\$ 296,530	\$ (58,869)	\$ 459
Property tax receivable	-	-	-	-	-	-	-	-	-	-	114,873	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	148,161	-	-	-	-	-	-
Total assets	<u>58,865</u>	<u>645,147</u>	<u>873,863</u>	<u>-</u>	<u>578,080</u>	<u>33,840,986</u>	<u>849,155</u>	<u>424,569</u>	<u>314,781</u>	<u>286,197</u>	<u>411,403</u>	<u>(58,869)</u>	<u>459</u>
LIABILITIES:													
Accounts payable	-	3,126	-	-	-	193,059	-	-	65	-	-	-	-
Claims payable	-	-	-	-	-	479,159	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued payroll	-	-	-	-	-	242,300	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>3,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>914,518</u>	<u>-</u>	<u>-</u>	<u>65</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES:													
Unavailable revenue	-	-	-	-	-	-	123,468	-	-	-	114,873	-	-
FUND BALANCE:													
Restricted:													
General government	-	-	-	-	-	345,980	-	-	-	-	-	-	-
Public safety	-	642,021	-	-	578,080	2,035,444	-	-	-	-	-	-	-
Highways and streets	-	-	873,863	-	-	14,041,394	-	-	-	-	-	(58,869)	-
Drainage and other capital assets	-	-	-	-	-	166,375	-	-	-	286,197	296,530	-	-
Economic development	58,865	-	-	-	-	107,430	-	-	-	-	-	-	459
Culture and recreation	-	-	-	-	-	11,826,270	-	424,569	-	-	-	-	-
Committed:													
General government	-	-	-	-	-	4,254,417	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	725,687	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	130,024	-	-	314,716	-	-	-	-
Drainage and other capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	19,134	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>58,865</u>	<u>642,021</u>	<u>873,863</u>	<u>-</u>	<u>578,080</u>	<u>32,926,468</u>	<u>725,687</u>	<u>424,569</u>	<u>314,716</u>	<u>286,197</u>	<u>296,530</u>	<u>(58,869)</u>	<u>459</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCES													
	<u>\$ 58,865</u>	<u>\$ 645,147</u>	<u>\$ 873,863</u>	<u>\$ -</u>	<u>\$ 578,080</u>	<u>\$ 33,840,986</u>	<u>\$ 849,155</u>	<u>\$ 424,569</u>	<u>\$ 314,781</u>	<u>\$ 286,197</u>	<u>\$ 411,403</u>	<u>\$ (58,869)</u>	<u>\$ 459</u>

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CITY OF CARMEL, INDIANA
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2017
(Continued)

	Capital Projects Funds												
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	
	Property Tax	Property Tax	Property Tax	Property Tax	Property Tax	Property Tax	Property Tax	Property Tax	Property Tax	Property Tax	Property Tax	Property Tax	
	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	
	Construction	Construction	Construction	Construction	Construction	Construction	Construction	Construction	Construction	Construction	Construction	Construction	
	1	2	3	4	5	6	7	8	9	10	11	12	
Capital Lease													
ASSETS:													
Cash and investments	\$ 940,731	\$ 110,017	\$ 275,149	\$ 1,774,153	\$ 936,634	\$ 161,342	\$ 367,530	\$ 148,152	\$ 242,068	\$ 244,930	\$ 1,548,108	\$ 1,409,832	\$ 1,387,232
Property tax receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>940,731</u>	<u>110,017</u>	<u>275,149</u>	<u>1,774,153</u>	<u>936,634</u>	<u>161,342</u>	<u>367,530</u>	<u>148,152</u>	<u>242,068</u>	<u>244,930</u>	<u>1,548,108</u>	<u>1,409,832</u>	<u>1,387,232</u>
LIABILITIES:													
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-
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>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES:													
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCE:													
Restricted:													
General government	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	940,731	-	-	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	110,017	275,149	1,774,153	936,634	161,342	367,530	148,152	242,068	244,930	1,548,108	1,409,832	1,387,232
Drainage and other capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed:													
General government	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-	-	-	-	-
Drainage and other capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>940,731</u>	<u>110,017</u>	<u>275,149</u>	<u>1,774,153</u>	<u>936,634</u>	<u>161,342</u>	<u>367,530</u>	<u>148,152</u>	<u>242,068</u>	<u>244,930</u>	<u>1,548,108</u>	<u>1,409,832</u>	<u>1,387,232</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 940,731</u>	<u>\$ 110,017</u>	<u>\$ 275,149</u>	<u>\$ 1,774,153</u>	<u>\$ 936,634</u>	<u>\$ 161,342</u>	<u>\$ 367,530</u>	<u>\$ 148,152</u>	<u>\$ 242,068</u>	<u>\$ 244,930</u>	<u>\$ 1,548,108</u>	<u>\$ 1,409,832</u>	<u>\$ 1,387,232</u>

Continued on next page.

CITY OF CARMEL, INDIANA
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2017
(Continued)

	Capital Projects Funds			Debt Service Funds				
	2016 Property Tax Bond Construction 13	2017 A Bond Construction Fund	Total Capital Projects Funds	Lease Rental	2004 Road Bond	2016 Property Tax Bond Fund	Total Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS:								
Cash and investments	\$ 366,018	\$ 3,214,271	\$ 15,090,828	\$ 3,853	\$ 620,587	\$ (16,258)	\$ 608,182	\$ 49,539,996
Property tax receivable	-	-	114,873	-	102,732	-	102,732	217,605
Due from other funds	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-
Accounts receivable	-	-	148,161	-	-	-	-	148,161
Total assets	<u>366,018</u>	<u>3,214,271</u>	<u>15,353,862</u>	<u>3,853</u>	<u>723,319</u>	<u>(16,258)</u>	<u>710,914</u>	<u>49,905,762</u>
LIABILITIES:								
Accounts payable	-	-	65	-	-	-	-	193,124
Claims payable	-	-	-	-	-	-	-	479,159
Due to other funds	-	-	-	-	-	-	-	-
Accrued payroll	-	-	-	-	-	-	-	242,300
Total liabilities	<u>-</u>	<u>-</u>	<u>65</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>914,583</u>
DEFERRED INFLOW OF RESOURCES:								
Unavailable revenue	-	-	238,341	-	102,732	-	102,732	341,073
FUND BALANCE:								
Restricted:								
General government	-	-	-	-	-	-	-	345,980
Public safety	-	-	940,731	-	-	-	-	2,976,175
Highways and streets	366,018	3,214,271	12,126,567	3,853	620,587	(16,258)	608,182	26,776,143
Drainage and other capital assets	-	-	582,727	-	-	-	-	749,102
Economic development	-	-	459	-	-	-	-	107,889
Culture and recreation	-	-	424,569	-	-	-	-	12,250,839
Committed:								
General government	-	-	-	-	-	-	-	4,254,417
Public safety	-	-	725,687	-	-	-	-	725,687
Highways and streets	-	-	314,716	-	-	-	-	444,740
Drainage and other capital assets	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	19,134
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>366,018</u>	<u>3,214,271</u>	<u>15,115,456</u>	<u>3,853</u>	<u>620,587</u>	<u>(16,258)</u>	<u>608,182</u>	<u>48,650,106</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 366,018</u>	<u>\$ 3,214,271</u>	<u>\$ 15,353,862</u>	<u>\$ 3,853</u>	<u>\$ 723,319</u>	<u>\$ (16,258)</u>	<u>\$ 710,914</u>	<u>\$ 49,905,762</u>

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CITY OF CARMEL, INDIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2017

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	\$ 1,741,606	\$ 4,657	\$ 4,192,752	\$ 5,942,308	\$ 88,519	\$ -	\$ 40,479	\$ 75,333	\$ -	\$ -	\$ -
Investment income	37,546	195	26,330	22,636	623	-	2,770	94	-	-	164
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	17,260	-	-	-
Other	-	-	-	-	450	-	-	796	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	2,107	32,384	500	-	-	-	-	-	8,114
General property taxes	-	-	-	-	-	-	-	-	-	-	-
Income tax	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental:											
Grants	-	-	-	-	-	-	-	-	-	-	-
Shared revenue	-	-	-	-	-	1,578,420	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>1,779,152</u>	<u>4,852</u>	<u>4,221,189</u>	<u>5,997,328</u>	<u>90,092</u>	<u>1,578,420</u>	<u>43,249</u>	<u>93,483</u>	<u>-</u>	<u>-</u>	<u>8,278</u>
EXPENDITURES:											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	57,392	82,488	-	-	19,855
Streets and other infrastructure	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	3,516,523	5,257,994	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Lease rentals and issuance costs	-	-	-	-	-	-	-	-	-	-	-
Capital outlay:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Streets and other infrastructure	-	-	-	-	-	4,489,100	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	409,680	-	-	-	32,778	-	-	-	-	-	-
Total expenditures	<u>409,680</u>	<u>-</u>	<u>3,516,523</u>	<u>5,257,994</u>	<u>32,778</u>	<u>4,489,100</u>	<u>57,392</u>	<u>82,488</u>	<u>-</u>	<u>-</u>	<u>19,855</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,369,472</u>	<u>4,852</u>	<u>704,666</u>	<u>739,334</u>	<u>57,314</u>	<u>(2,910,680)</u>	<u>(14,143)</u>	<u>10,995</u>	<u>-</u>	<u>-</u>	<u>(11,577)</u>
Other financing sources (uses):											
Transfers in	-	-	-	-	-	3,843,535	-	-	-	-	-
Transfers out	-	-	(332,344)	(291,921)	-	-	(4,440)	-	-	-	-
Debt issuance	-	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>(332,344)</u>	<u>(291,921)</u>	<u>-</u>	<u>3,843,535</u>	<u>(4,440)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>1,369,472</u>	<u>4,852</u>	<u>372,322</u>	<u>447,413</u>	<u>57,314</u>	<u>932,855</u>	<u>(18,583)</u>	<u>10,995</u>	<u>-</u>	<u>-</u>	<u>(11,577)</u>
FUND BALANCES: beginning	<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>
FUND BALANCES: ending	<u>5,594,129</u>	<u>29,289</u>	<u>3,230,155</u>	<u>2,787,135</u>	<u>112,703</u>	<u>13,167,531</u>	<u>345,786</u>	<u>184,754</u>	<u>6</u>	<u>166,369</u>	<u>13,784</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, 2017
(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,295	\$ 37,413	\$ -
Investment income	-	-	-	579	-	-	-	-	-	247
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Other	-	538,691	-	54,400	-	39,963	-	-	-	150
Other taxes	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	2,925	-	-	-	-	21,385
General property taxes	-	-	-	-	-	-	-	-	-	-
Income tax	-	-	-	-	-	-	-	-	-	-
Intergovernmental:										
Grants	-	-	-	-	-	-	-	-	-	-
Shared revenue	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>538,691</u>	<u>-</u>	<u>54,979</u>	<u>2,925</u>	<u>39,963</u>	<u>-</u>	<u>3,295</u>	<u>37,413</u>	<u>21,782</u>
EXPENDITURES:										
Current:										
General government	7,447,051	241,415	-	-	-	12,041	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	54,120	22,938
Streets and other infrastructure	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Lease rentals and issuance costs	-	-	-	-	-	-	-	-	-	-
Capital outlay:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Streets and other infrastructure	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>7,447,051</u>	<u>241,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,041</u>	<u>-</u>	<u>-</u>	<u>54,120</u>	<u>22,938</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,447,051)</u>	<u>297,276</u>	<u>-</u>	<u>54,979</u>	<u>2,925</u>	<u>27,922</u>	<u>-</u>	<u>3,295</u>	<u>(16,707)</u>	<u>(1,156)</u>
Other financing sources (uses):										
Transfers in	9,028,731	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-
Total other financing sources	<u>9,028,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>1,581,680</u>	<u>297,276</u>	<u>-</u>	<u>54,979</u>	<u>2,925</u>	<u>27,922</u>	<u>-</u>	<u>3,295</u>	<u>(16,707)</u>	<u>(1,156)</u>
FUND BALANCES: beginning	<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>
FUND BALANCES: ending	<u>3,730,751</u>	<u>523,666</u>	<u>19,134</u>	<u>130,024</u>	<u>65,791</u>	<u>208,415</u>	<u>60</u>	<u>9,143</u>	<u>169,944</u>	<u>28,428</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, 2017
(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,090	\$ -	\$ -	\$ 12,224,452
Investment income	189	262	1,009	-	-	5,271	11,501	-	-	109,416
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	17,260
Other	-	-	12,131	-	-	97,928	-	-	-	744,509
Other taxes	-	-	-	-	-	-	-	-	-	-
Contributions	30,332	3,639	147,554	-	-	-	-	-	13,176	262,116
General property taxes	-	-	-	-	-	-	-	-	-	-
Income tax	-	-	-	-	-	-	-	-	-	-
Intergovernmental:										
Grants	-	-	-	-	-	99,556	-	-	1,610,502	1,710,058
Shared revenue	-	-	-	-	-	-	-	-	-	1,578,420
Other	-	-	-	-	-	-	-	-	-	-
Total revenues	30,521	3,901	160,694	-	-	202,755	109,591	-	1,623,678	16,646,231
EXPENDITURES:										
Current:										
General government	-	-	-	-	-	-	-	-	-	7,700,507
Public safety	19,716	-	-	-	-	269,014	-	-	887,150	1,412,673
Streets and other infrastructure	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	128	135,185	-	-	-	-	-	-	8,909,830
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Lease rentals and issuance costs	-	-	-	-	-	-	-	-	-	-
Capital outlay:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Streets and other infrastructure	-	-	-	-	-	-	-	-	-	4,489,100
Economic development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	442,458
Total expenditures	19,716	128	135,185	-	-	269,014	-	-	887,150	22,954,568
Excess (deficiency) of revenues over (under) expenditures	10,805	3,773	25,509	-	-	(66,259)	109,591	-	736,528	(6,308,337)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	12,872,266
Transfers out	-	-	-	-	-	-	-	-	(158,448)	(787,153)
Debt issuance	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-	(158,448)	12,085,113
NET CHANGE IN FUND BALANCES	10,805	3,773	25,509	-	-	(66,259)	109,591	-	578,080	5,776,776
FUND BALANCES: beginning	23,350	32,584	112,056	48,565	58,865	708,280	764,272	-	-	27,149,692
FUND BALANCES: ending	34,155	36,357	137,565	48,565	58,865	642,021	873,863	-	578,080	32,926,468

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, 2017
(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	\$ 1,565,403	\$ 3,315	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	3,772	-	-	-	133	-	-	8	1,338	2,154	24,161
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-
Other	382	-	-	-	-	625	-	-	-	-	-
Other taxes	-	-	211,445	-	293,728	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-
General property taxes	-	-	-	-	3,246,132	-	-	-	-	-	-
Income tax	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental:											
Grants	-	-	-	-	-	-	-	-	-	-	-
Shared revenue	-	-	2,844	-	1,385	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>1,569,557</u>	<u>3,315</u>	<u>214,289</u>	<u>-</u>	<u>3,541,378</u>	<u>625</u>	<u>-</u>	<u>8</u>	<u>1,338</u>	<u>2,154</u>	<u>24,161</u>
EXPENDITURES:											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	1,354,856	-	-	-	-	-	-	-	-	-	-
Streets and other infrastructure	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Lease rentals and issuance costs	-	-	-	-	-	-	-	-	-	-	-
Capital outlay:											
General government	-	-	-	-	-	-	-	99,677	-	-	-
Public safety	-	-	-	-	-	-	-	1,199,424	-	-	-
Streets and other infrastructure	-	-	131,172	-	132,038	246,190	-	601,026	392,199	196,478	106,899
Economic development	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	10,795	-	-	-	-	-	275,636	-	-	-
Total expenditures	<u>1,354,856</u>	<u>10,795</u>	<u>131,172</u>	<u>-</u>	<u>132,038</u>	<u>246,190</u>	<u>-</u>	<u>2,175,763</u>	<u>392,199</u>	<u>196,478</u>	<u>106,899</u>
Excess (deficiency) of revenues over (under) expenditures	<u>214,701</u>	<u>(7,480)</u>	<u>83,117</u>	<u>-</u>	<u>3,409,340</u>	<u>(245,565)</u>	<u>-</u>	<u>(2,175,755)</u>	<u>(390,861)</u>	<u>(194,324)</u>	<u>(82,738)</u>
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	19,575
Transfers out	-	-	-	-	(3,355,688)	-	-	-	(130)	(128)	(548)
Debt issuance	-	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	2,638,693	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,355,688)</u>	<u>-</u>	<u>-</u>	<u>2,638,693</u>	<u>(130)</u>	<u>(128)</u>	<u>19,027</u>
NET CHANGE IN FUND BALANCES	<u>214,701</u>	<u>(7,480)</u>	<u>83,117</u>	<u>-</u>	<u>53,652</u>	<u>(245,565)</u>	<u>-</u>	<u>462,938</u>	<u>(390,991)</u>	<u>(194,452)</u>	<u>(63,711)</u>
FUND BALANCES: beginning	<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>
FUND BALANCES: ending	<u>725,687</u>	<u>424,569</u>	<u>314,716</u>	<u>286,197</u>	<u>296,530</u>	<u>(58,869)</u>	<u>459</u>	<u>940,731</u>	<u>110,017</u>	<u>275,149</u>	<u>1,774,153</u>

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CITY OF CARMEL, INDIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2017
(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	2017 A Bond Construction Fund
REVENUES:											
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	15,841	19,047	22,094	1,645	19,216	17,887	21,318	19,994	20,215	17,143	12,203
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-
General property taxes	-	-	-	-	-	-	-	-	-	-	-
Income tax	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental:											
Grants	-	-	-	-	-	-	-	-	-	-	-
Shared revenue	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>15,841</u>	<u>19,047</u>	<u>22,094</u>	<u>1,645</u>	<u>19,216</u>	<u>17,887</u>	<u>21,318</u>	<u>19,994</u>	<u>20,215</u>	<u>17,143</u>	<u>12,203</u>
EXPENDITURES:											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Streets and other infrastructure	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	107,918
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Lease rentals and issuance costs	-	-	-	-	-	-	-	-	-	-	-
Capital outlay:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Streets and other infrastructure	641,547	1,615,656	1,387,364	860,021	1,509,563	1,212,091	213,689	165,779	199,910	1,041,186	-
Economic development	-	-	-	-	-	-	-	-	-	-	3,037,706
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>641,547</u>	<u>1,615,656</u>	<u>1,387,364</u>	<u>860,021</u>	<u>1,509,563</u>	<u>1,212,091</u>	<u>213,689</u>	<u>165,779</u>	<u>199,910</u>	<u>1,041,186</u>	<u>3,145,624</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(625,706)</u>	<u>(1,596,609)</u>	<u>(1,365,270)</u>	<u>(858,376)</u>	<u>(1,490,347)</u>	<u>(1,194,204)</u>	<u>(192,371)</u>	<u>(145,785)</u>	<u>(179,695)</u>	<u>(1,024,043)</u>	<u>(3,133,421)</u>
Other financing sources (uses):											
Transfers in	24,695	-	-	13,729	13,729	-	70,523	23,235	6,560	-	6,347,692
Transfers out	(458)	(521)	(514)	(13,924)	(14,247)	(430)	(499)	(461)	(469)	(417)	-
Debt issuance	-	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources	<u>24,237</u>	<u>(521)</u>	<u>(514)</u>	<u>(195)</u>	<u>(518)</u>	<u>(430)</u>	<u>70,024</u>	<u>22,774</u>	<u>6,091</u>	<u>(417)</u>	<u>6,347,692</u>
NET CHANGE IN FUND BALANCES	<u>(601,469)</u>	<u>(1,597,130)</u>	<u>(1,365,784)</u>	<u>(858,571)</u>	<u>(1,490,865)</u>	<u>(1,194,634)</u>	<u>(122,347)</u>	<u>(123,011)</u>	<u>(173,604)</u>	<u>(1,024,460)</u>	<u>3,214,271</u>
FUND BALANCES: beginning	<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>-</u>
FUND BALANCES: ending	<u>936,634</u>	<u>161,342</u>	<u>367,530</u>	<u>148,152</u>	<u>242,068</u>	<u>244,930</u>	<u>1,548,108</u>	<u>1,409,832</u>	<u>1,387,232</u>	<u>366,018</u>	<u>3,214,271</u>

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CITY OF CARMEL, INDIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended December 31, 2017
(Continued)

Debt Service Funds

	Total Capital Projects Funds	Lease Rental	2004 Road Bond	2016 Property Tax Bond Fund	Total Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES:						
Charges for services	\$ 1,568,718	\$ -	\$ -	\$ -	\$ -	\$ 13,793,170
Investment income	218,169	-	-	-	-	327,585
Fines and forfeits	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	17,260
Other	1,007	-	-	-	-	745,516
Other taxes	505,173	-	262,684	116,417	379,101	884,274
Contributions	-	-	-	-	-	262,116
General property taxes	3,246,132	-	3,050,083	1,352,646	4,402,729	7,648,861
Income tax	-	-	-	-	-	-
Intergovernmental:						
Grants	-	-	-	-	-	1,710,058
Shared revenue	4,229	-	1,240	549	1,789	1,584,438
Other	-	-	-	-	-	-
Total revenues	<u>5,543,428</u>	<u>-</u>	<u>3,314,007</u>	<u>1,469,612</u>	<u>4,783,619</u>	<u>26,973,278</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	7,700,507
Public safety	1,354,856	-	-	-	-	2,767,529
Streets and other infrastructure	-	-	-	-	-	-
Economic development	107,918	-	-	-	-	107,918
Culture and recreation	-	-	-	-	-	8,909,830
Debt service:						
Principal	-	-	-	634,000	634,000	634,000
Interest	-	-	-	543,588	543,588	543,588
Lease rentals and issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	99,677	-	-	-	-	99,677
Public safety	1,199,424	-	-	-	-	1,199,424
Streets and other infrastructure	10,652,808	-	-	308,282	308,282	15,450,190
Economic development	3,037,706	-	-	-	-	3,037,706
Culture and recreation	286,431	-	-	-	-	728,889
Total expenditures	<u>16,738,820</u>	<u>-</u>	<u>-</u>	<u>1,485,870</u>	<u>1,485,870</u>	<u>41,179,258</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,195,392)</u>	<u>-</u>	<u>3,314,007</u>	<u>(16,258)</u>	<u>3,297,749</u>	<u>(14,205,980)</u>
Other financing sources (uses):						
Transfers in	6,519,738	-	-	-	-	19,392,004
Transfers out	(3,388,434)	-	(2,852,500)	-	(2,852,500)	(7,028,087)
Debt issuance	-	-	-	-	-	-
Capital lease proceeds	2,638,693	-	-	-	-	2,638,693
Total other financing sources	<u>5,769,997</u>	<u>-</u>	<u>(2,852,500)</u>	<u>-</u>	<u>(2,852,500)</u>	<u>15,002,610</u>
NET CHANGE IN FUND BALANCES	<u>(5,425,395)</u>	<u>-</u>	<u>461,507</u>	<u>(16,258)</u>	<u>445,249</u>	<u>796,630</u>
FUND BALANCES: beginning	<u>20,540,851</u>	<u>3,853</u>	<u>159,080</u>	<u>-</u>	<u>162,933</u>	<u>47,853,476</u>
FUND BALANCES: ending	<u>15,115,456</u>	<u>3,853</u>	<u>620,587</u>	<u>(16,258)</u>	<u>608,182</u>	<u>48,650,106</u>

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

For the Fiscal Year Ended December 31, 2017

	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	576,873	(33,049)
Transfers to GF for '77 Uniform PERF payment	-	-	-	-
Supplies	150	150	-	(150)
Other services and charges	3,500	3,500	4,021	521
Capital outlay	-	-	-	-
Total fire pension	<u>613,572</u>	<u>613,572</u>	<u>580,894</u>	<u>(32,678)</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	556,229	22,281
Transfers to GF for '77 Uniform PERF payment	-	-	-	-
Supplies	300	300	-	(300)
Other services and charges	5,200	5,200	1,875	(3,325)
Capital outlay	-	-	-	-
Total police pension	<u>539,448</u>	<u>539,448</u>	<u>558,104</u>	<u>18,656</u>

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

For the Fiscal Year Ended December 31, 2017
(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	4,821,693	4,089,123
Capital outlay	901,250	901,250	64,286	(836,964)
Total local road & street	<u>1,711,637</u>	<u>1,633,820</u>	<u>4,885,979</u>	<u>3,252,159</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	28,248	(35,943)
Capital outlay	160,103	160,103	102,859	(57,244)
Total cumulative capital improvement	<u>248,587</u>	<u>224,294</u>	<u>131,107</u>	<u>(93,187)</u>

Continued on next page.

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

For the Fiscal Year Ended December 31, 2017
(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	3,505,846	3,014,055
Capital outlay	50,137	50,137	15,480	(34,657)
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>3,521,326</u>	<u>(2,829,602)</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	-	-	2,852,500	2,852,500
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>2,852,500</u>	<u>(95,500)</u>

Continued on next page.

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

For the Fiscal Year Ended December 31, 2017
(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	47,821	(118,835)
Supplies	23,025	23,025	1,929	(21,096)
Other services and charges	39,455	41,455	5,867	(35,588)
Capital outlay	20,200	20,200	5,132	(15,068)
Total deferral fund	<u>190,811</u>	<u>251,336</u>	<u>60,749</u>	<u>(190,587)</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, 2017

		<u>4CDC Rental Service Fund</u>
ASSETS:		
Current:		
Cash and cash equivalents	\$	193,512
Due from Water Fund		-
Receivables		4,076
		<hr/>
Total current assets		197,588
Noncurrent, capital assets:		
Land, improvements to land, and construction in progress		-
Utility plant in service, net of depreciation		-
		<hr/>
Total noncurrent assets		-
		<hr/>
Total assets		197,588
LIABILITIES:		
Current:		
Accounts payable		22,792
Due to related city		-
Tenant taxes payable		66,103
Rent paid in advance		78,341
Bonds payable, current portion		-
		<hr/>
Total current liabilities		167,236
Noncurrent, bonds payable:		
		<hr/>
Total liabilities		167,236
NET POSITION:		
Net investment in capital assets		-
Restricted		-
Unrestricted		30,352
		<hr/>
Total net position	\$	30,352
		<hr/> <hr/>

CITY OF CARMEL, INDIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Nonmajor Enterprise Funds
December 31, 2017

	<u>4CDC Rental Service Fund</u>
OPERATING REVENUE:	
Charges for services	\$ -
Rent	1,010,911
Other operating revenue	56,954
Total operating revenues	<u>1,067,865</u>
OPERATING EXPENSES:	
Office building maintenance	769,837
Drainage projects	-
Other	-
Total operating expenses	<u>769,837</u>
OPERATING INCOME (LOSS)	<u>298,028</u>
OTHER FINANCING SOURCES (USES):	
Transfers in	-
Transfers out, governmental funds	(225,000)
Investment income	-
Total other financing sources (uses)	<u>(225,000)</u>
CHANGE IN NET POSITION	73,028
NET POSITION: beginning	<u>(42,676)</u>
NET POSITION: ending	<u>\$ 30,352</u>

CITY OF CARMEL, INDIANA
STATEMENT OF CASH FLOWS
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2017

	4CDC Rental Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	\$ 1,134,747
Payments to suppliers	(759,220)
 Net cash provided (used) by operating activities	 375,527
 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	(225,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	150,527
CASH AND CASH EQUIVALENTS: beginning	42,985
CASH AND CASH EQUIVALENTS: ending	\$ 193,512

Continued on next page.

CITY OF CARMEL, INDIANA
STATEMENT OF CASH FLOWS
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2017
(Continued)

4CDC Rental Service Fund

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

Operating income (loss)	\$	298,028
<hr/>		
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Nonoperating income (expense)		
(Increase) decrease in assets:		
Accounts receivable		(4,076)
Other		70,958
Interfund receivables		-
Increase (decrease) in liabilities:		
Accounts payable		6,978
Other current liabilities		3,639
Total adjustments		<u>77,499</u>
Net cash provided (used) by operating activities	\$	<u>375,527</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, 2017

	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	\$ 147,471	\$ 26,027	\$ 173,498	\$ 132,524	\$ -	\$ 132,524
Receivable from State of Indiana	46,531	48,201	94,732			
Total assets	<u>194,002</u>	<u>74,228</u>	<u>268,230</u>	<u>132,524</u>	<u>-</u>	<u>132,524</u>
LIABILITIES:						
Payroll withholdings	46,531	48,201	94,732	-	-	-
Court escrow	-	-	-	132,524	-	132,524
Total liabilities	<u>46,531</u>	<u>48,201</u>	<u>94,732</u>	<u>\$ 132,524</u>	<u>\$ -</u>	<u>\$ 132,524</u>
NET POSITION: restricted for pensions	<u><u>\$ 147,471</u></u>	<u><u>\$ 26,027</u></u>	<u><u>\$ 173,498</u></u>			

CITY OF CARMEL, INDIANA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION FUNDS
For the Fiscal Year Ended December 31, 2017

	1925 Police Pension Trust Fund	1937 Fire Pension Trust Fund	Total Trust Funds
ADDITIONS:			
State of Indiana contributions	\$ 557,208	\$ 577,369	\$ 1,134,577
Investment income	882	224	1,106
Miscellaneous revenue	-	-	-
Total additions	<u>558,090</u>	<u>577,593</u>	<u>1,135,683</u>
DEDUCTIONS:			
Benefits	557,214	577,920	1,135,134
Other services and charges	1,875	4,021	5,896
Total deductions	<u>559,089</u>	<u>581,941</u>	<u>1,141,030</u>
NET INCREASE (DECREASE) IN NET POSITION	(999)	(4,348)	(5,347)
NET POSITION: beginning	<u>148,470</u>	<u>30,375</u>	<u>178,845</u>
NET POSITION: ending - restricted for pensions	<u><u>\$ 147,471</u></u>	<u><u>\$ 26,027</u></u>	<u><u>\$ 173,498</u></u>

CITY OF CARMEL, INDIANA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
For the Fiscal Year Ended December 31, 2017

	<u>City Court Agency Fund</u>	<u>Payroll Agency Fund</u>	<u>Total Agency Funds</u>
ASSETS AT JANUARY 1, 2017	\$ 190,229	\$ -	\$ 190,229
Additions	1,797,241	54,132,065	55,929,306
Deductions	<u>(1,854,946)</u>	<u>(54,132,065)</u>	<u>(55,987,011)</u>
ASSETS AT DECEMBER 31, 2017	<u>\$ 132,524</u>	<u>\$ -</u>	<u>\$ 132,524</u>
LIABILITIES AT JANUARY 1, 2017	\$ 190,229	\$ -	\$ 190,229
Additions	1,797,241	54,132,065	55,929,306
Deductions	<u>(1,854,946)</u>	<u>(54,132,065)</u>	<u>(55,987,011)</u>
LIABILITIES AT DECEMBER 31, 2017	<u>\$ 132,524</u>	<u>\$ -</u>	<u>\$ 132,524</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	130 - 135
<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	136 - 139
<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	140 - 143
<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	144 - 145
<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	146 - 147
<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 third 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, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental activities:			
Net investment			
in capital assets	\$ 344,721,169	\$ 299,216,267	\$ 314,601,738
Not spendable	-	-	-
Restricted	30,924,357	25,355,156	25,629,325
Unrestricted	(83,269,698)	(35,777,877)	(42,319,616)
Total governmental activities net position	<u>\$ 292,375,828</u>	<u>\$ 288,793,546</u>	<u>\$ 297,911,447</u>
Business-type activities:			
Net investment			
in capital assets	\$ 118,497,972	\$ 116,495,474	\$ 113,210,726
Not spendable	-	-	-
Restricted	-	-	-
Unrestricted	(9,695,164)	(4,011,279)	(1,147,670)
Total business-type activities net position	<u>\$ 108,802,808</u>	<u>\$ 112,484,195</u>	<u>\$ 112,063,056</u>
Primary government:			
Net investment			
in capital assets	\$ 463,219,141	\$ 415,711,741	\$ 427,812,464
Not spendable	-	-	-
Restricted	30,924,357	25,355,156	25,629,325
Unrestricted	(92,964,862)	(39,789,157)	(43,467,286)
Total primary government net position	<u>\$ 401,178,636</u>	<u>\$ 401,277,741</u>	<u>\$ 409,974,503</u>

Note: The City is presenting its third 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, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses:			
Governmental activities:			
General government	\$ 30,372,875	\$ 30,984,884	\$ 20,841,943
Public safety	41,085,416	40,267,560	42,151,467
Streets and other infrastructure	25,476,391	12,340,719	29,584,125
Economic development	16,711,747	54,995,901	10,771,611
Culture and recreation	17,932,242	10,122,290	18,549,674
Unallocated interest expense	18,217,810	5,545,855	4,542,707
Total governmental activities expenses	<u>149,796,481</u>	<u>154,257,210</u>	<u>126,441,527</u>
Business-type activities:			
Water	20,824,320	19,439,437	13,542,037
Sewer	10,451,835	10,016,870	7,305,928
Storm Water	5,367,154	1,651,075	-
Other	769,837	706,935	895,780
Total business-type activities expenses	<u>37,413,146</u>	<u>31,814,317</u>	<u>21,743,745</u>
Total primary government expenses	<u>\$ 187,209,627</u>	<u>\$ 186,071,527</u>	<u>\$ 148,185,272</u>
Program Revenues:			
Governmental activities:			
Charges for services:			
General government	\$ 211,995	\$ 82,803	\$ 72,056
Public safety	1,726,580	1,470,638	1,152,600
Streets and other infrastructure	98,090	248,036	480
Economic development	52,093	-	-
Culture and recreation	12,818,388	11,585,645	7,345,221
Operating grants and contributions:			
General government	-	-	-
Public safety	96,894	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	1,906,397	865,258	3,516,506
Economic development	-	-	-
Culture and recreation	-	-	50,043
Total governmental activities revenues	<u>\$ 16,910,436</u>	<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	\$ 16,982,790	\$ 15,458,695	\$ 13,500,929
Sewer	9,638,861	9,303,554	8,471,996
Storm Water	3,295,837	3,222,138	-
Other	1,067,865	1,034,682	4,038,620
Operating grants and contributions			
Water	-	-	-
Sewer	-	-	-
Capital grants and contributions			
Water	4,995,765	4,620,949	-
Sewer	336,363	552,460	-
Total business-type activities revenues	<u>36,317,481</u>	<u>34,192,478</u>	<u>26,011,545</u>
Total primary government revenues	<u>\$ 53,227,917</u>	<u>\$ 48,557,509</u>	<u>\$ 38,209,069</u>
Net (expense) revenue and changes in net position:			
Governmental Activities	\$ (132,886,045)	\$ (139,892,179)	\$ (114,244,003)
Business-Type Activities	<u>(1,095,665)</u>	<u>2,378,161</u>	<u>4,267,800</u>
Total primary government net (expense) revenue	<u>(133,981,710)</u>	<u>(137,514,018)</u>	<u>(109,976,203)</u>
GENERAL REVENUES AND TRANSFERS:			
Property tax	52,042,841	52,989,360	44,104,576
Income tax	41,801,838	36,700,613	32,745,504
Other taxes	30,326,364	28,850,762	26,154,361
Unrestricted investment earnings	2,723,267	574,253	155,461
Other	15,522,157	16,797,331	20,679,190
Transfers	-	-	-
Total general revenues and transfers	<u>142,416,467</u>	<u>135,912,319</u>	<u>123,839,092</u>
CHANGE IN NET POSITION BEFORE SPECIAL ITEMS	8,434,757	(1,601,699)	13,862,889
SPECIAL ITEM: gain	-	-	619,000
Total CHANGE IN NET POSITION	<u>8,434,757</u>	<u>(1,601,699)</u>	<u>14,481,889</u>
NET POSITION: beginning	401,190,880	409,974,503	395,492,614
Restatement	<u>(8,447,001)</u>	<u>(7,095,064)</u>	<u>-</u>
NET POSITION: beginning, adjusted	<u>392,743,879</u>	<u>402,879,439</u>	<u>395,492,614</u>
NET POSITION: ending	<u>\$ 401,178,636</u>	<u>\$ 401,277,741</u>	<u>\$ 409,974,503</u>

Note: The City is presenting its third 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>2017</u>	<u>2016</u>	<u>2015</u>
General Fund:			
Nonspendable	\$ -	\$ -	\$ -
Restricted	-	-	-
Committed	-	-	-
Assigned	1,803,672	1,910,880	1,416,155
Unassigned	15,034,935	15,066,402	14,008,886
Total General Fund	\$ 16,838,607	\$ 16,977,282	\$ 15,425,041
 All Other Governmental Funds:			
Nonspendable	\$ -	\$ -	\$ -
Restricted	256,581,733	257,811,177	43,069,142
Committed	5,443,978	3,212,225	1,115,637
Assigned	-	-	-
Unassigned	-	-	(249,855)
Total all other governmental funds	\$ 262,025,711	\$ 261,023,402	\$ 43,934,924

Note: The City is presenting its third 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>2017</u>	<u>2016</u>	<u>2015</u>
Revenues:			
Property tax	\$ 52,259,944	\$ 52,647,063	\$ 44,043,914
Income tax	37,187,574	46,625,784	28,847,934
Other local tax	30,326,364	28,850,762	26,154,361
Charges for services	14,907,146	12,901,368	8,570,357
Investment income	2,339,501	442,961	74,597
Licenses and permits	2,490,849	2,441,853	2,159,234
Fines and forfeits	466,731	571,556	788,604
Intergovernmental:			
Grants	1,710,058	1,191,485	3,062,731
Fire service contract	-	6,825,041	4,870,501
State shared revenue	2,736,296	1,198,398	1,116,639
Other	5,995,761	-	-
Contributions	262,116	660,714	286,716
Other	4,336,810	5,858,544	10,915,190
Total revenues	155,019,150	160,215,529	130,890,778
Expenditures:			
Current:			
General government	29,533,750	28,670,916	20,135,899
Public safety	40,261,813	38,547,773	45,026,384
Streets and other infrastructure	13,258,597	13,540,350	13,784,488
Economic development	1,319,474	5,074,808	4,284,583
Culture and recreation	12,938,526	13,397,374	13,432,578
Debt service:			
Principal	18,808,576	17,387,515	15,768,608
Interest	26,688,864	17,763,071	17,223,247
Capital outlay:			
General government	707,523	2,931,360	119,885
Public safety	1,327,731	1,925,392	3,710,693
Streets and other infrastructure	60,138,533	25,097,876	4,445,749
Economic development	34,138,220	16,809,771	2,439,830
Culture and recreation	747,324	734,053	422,388
Total expenditures	239,868,931	181,880,259	140,794,332
Excess (deficit) of revenues over (under) expenditures	(84,849,781)	(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>2017</u>	<u>2016</u>	<u>2015</u>
Other financing sources (uses)			
Bond issuance - principal	81,358,423	199,265,510	-
Bond issuance - premium	3,334,569	35,087,956	-
Proceeds - refunding	23,180,000	18,170,404	-
Capital lease proceeds	2,638,693	2,294,226	3,167,006
Payment to refunded bond escrow agent	(26,501,547)	(17,909,681)	-
Transfers in	126,937,135	278,264,371	30,928,247
Transfer in from associated utility	1,703,277	1,606,319	1,014,100
Transfers out	(126,937,135)	(278,264,371)	(30,928,247)
Total other financing sources (uses)	85,713,415	238,514,734	4,181,106
Total change in fund balances	\$ 863,634	\$ 216,850,004	\$ (5,722,448)
Total debt service expenditures as a percentage of noncapital expenditures	28.9%	23.4%	25.0%

Note: The City is presenting its third 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>
2017	6,474,642,116	436,043,965	6,910,686,081	12,552,181,043	55.1%	0.7895
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

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>2017</u>	<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>
City Direct Rates:										
Corporation General	0.5741	0.5745	0.5088	0.5381	0.5459	0.5284	0.5266	0.4578	0.3969	0.3147
Motor Vehicle Highway	0.1027	0.1701	0.1643	0.1249	0.1268	0.1080	0.0777	0.1291	0.1490	0.1153
Cumulative Sewer	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0166	0.0166
Debt Service	0.0195	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Redevelopment Bond	0.0440	0.0424	0.0000	0.0101	0.0000	0.0160	0.0145	0.0331	0.0565	0.0449
Lease Rental Payment	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0144	0.0133	0.0143	0.0118
Cumulative Capital Development	0.0492	0.0486	0.0276	0.0276	0.0280	0.0264	0.0332	0.0331	0.0331	0.0000
Total Direct Rate	0.7895	0.8356	0.7007	0.7007	0.7007	0.6788	0.6664	0.6664	0.6664	0.5033
Overlapping Rates:										
State	0.0032	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0024
County	0.2814	0.2814	0.2926	0.3054	0.3074	0.2901	0.2769	0.2724	0.2651	0.2046
Solid Waste	0.0000	0.0032	0.0033	0.0033	0.0033	0.0032	0.0030	0.0030	0.0029	0.0023
Township - Clay	0.0694	0.0673	0.0746	0.0719	0.0781	0.0693	0.0753	0.0674	0.0945	0.0575
Library	0.0760	0.0778	0.0787	0.0787	0.0765	0.0682	0.0657	0.0657	0.0657	0.0494
Carmel Clay School Corp	0.8291	0.8053	0.8106	0.8453	0.8591	0.7911	0.8990	0.6460	0.6373	1.1895
Total Direct and Overlapping Rate	2.0486	2.0706	1.9605	2.0053	2.0251	1.9007	1.9863	1.7209	1.7319	2.0090

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 Indian 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 : 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 t 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

2017			2008		
<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	1.59%	Duke Realty	147,134,300	2.24%
Carmel Lofts LLC	45,914,900	0.71%	Clarion Health North	146,743,500	2.23%
Clay Terrace Partners LLC	31,299,100	0.48%	Carmel Indy Properties LLC	56,539,300	0.86%
KR Spring Mill Apartments LLC	30,341,500	0.47%	TIC Carmel Center Furnas LLC	32,712,800	0.50%
Carmel Center Apartments LLC	29,006,200	0.45%	Clay Terrace Partners LLC	31,929,500	0.49%
Parkwood Four & Five LLC	28,316,400	0.44%	HCRI Indiana Properties LLC	27,044,500	0.41%
Edward Rose Development Carmel LLC	27,347,900	0.42%	Mohawk Associates LLC	23,697,600	0.36%
SNH LTA Properties GA LLC	27,262,600	0.42%	Providence Housing	23,186,800	0.35%
Providence HUD LLC	25,373,500	0.39%	North Haven Apartments	23,103,800	0.35%
HR of Indiana LLC	25,227,900	0.39%	Liberty Parkwood Crossing LLC	22,225,100	0.34%
	<u>373,108,600</u>	<u>5.76%</u>		<u>534,317,200</u>	<u>8.13%</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
2017	52,180,837	50,907,298	97.56%
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%

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 2017, total delinquent property tax due to the City for 2017 and all prior years was approximately \$3,978,520.

CITY OF CARMEL, INDIANA
Legal Debt Margin
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Certified net assessed valuation	\$ 6,994,981,173	\$ 6,700,625,433	\$ 6,481,570,742
2% statutory debt limit	2.0%	2.0%	2.0%
Subtotal	139,899,623	134,012,509	129,631,415
divided by 3	3.0	3.0	3.0
Debt limit	46,633,208	44,670,836	43,210,472
Net debt applicable to debt limit	(29,641,000)	(33,580,000)	(15,417,000)
Legal debt margin	<u>\$ 16,992,208</u>	<u>\$ 11,090,836</u>	<u>\$ 27,793,472</u>
Legal debt margin as percentage of debt limit	36.44%	24.83%	64.32%

Source: Indiana Department of Local Government Finance budget orders.

Note: The City is presenting its third 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</u>	<u>Total Primary</u>	<u>Percentage of Personal</u>	<u>Debt per Capita ¹</u>	<u>Net Debt as % of</u>
	<u>Bonds and</u>	<u>Capital</u>	<u>Total Governmental</u>	<u>Bonds and</u>	<u>Capital</u>	<u>Total Business</u>	<u>Principal</u>				
	<u>Contract</u>	<u>Leases</u>	<u>Activities</u>	<u>Contract</u>	<u>Leases</u>	<u>Activities</u>	<u>Amount</u>	<u>Government</u>	<u>Income ¹</u>	<u>Debt per Capita ¹</u>	<u>Actual Value of</u>
	<u>Purchases</u>			<u>Purchases</u>			<u>Used to Repay</u>				<u>Taxable Property</u>
							<u>Debt</u>				
2017	721,260,757	7,315,666	728,576,423	172,348,990	721,688	173,070,678	1,845,286	899,801,815	14.56%	9,881	13.02%
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	660,449,791	6,836,403	667,286,194	177,659,704	562,700	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.

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

CITY OF CARMEL, INDIANA
Direct and Overlapping Debt
at December 31, 2017

<u>Governmental Unit</u>	<u>Outstanding Debt</u>	<u>Percent Applicable to Carmel (1)</u>	<u>Amount Applicable to Carmel</u>
Direct Debt:			
City of Carmel (see page 141)	\$ 728,576,423	100%	\$ 728,576,423
Overlapping Debt Paid with Property Taxes:			
Carmel Clay School Corporation	121,925,000	78.73%	95,992,946
Carmel Clay Public Library	4,695,000	97.55%	4,580,100
Clay Township	35,445,000	97.55%	34,577,557
Hamilton County	137,450,000	34.96%	48,050,758
Other Overlapping Debt:			
Hamilton County Tax Increment Bonds	10,045,000	0.00%	-
Sub-Total Overlapping Debt:	\$ 309,560,000		183,201,360
Total Direct and Overlapping Debt:			\$ 911,777,783
Population - 2017 (2)			91,065
Estimated direct and overlapping debt per capita			\$ 10,012

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

CITY OF CARMEL, INDIANA

Pledged Revenue Coverage

December 31, 2017

	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>		
2017	\$ 16,982,790	\$11,035,945	\$ 5,946,845	\$ 2,797,000	\$ 5,901,623	68%	\$ 9,638,861	\$ 7,300,561	\$ 2,338,300	\$ 1,288,670	\$ 538,490	128%
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.

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

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>
2017	91,065	39.2	67,872	6,180,801,624	97.5%	16,082	2.8%
2016	89,029	39.9	67,191	5,981,947,539	96.5%	15,954	3.2%
2015	88,713	38.5	65,197	5,783,821,461	95.8%	15,971	3.3%
2014	86,682	38.4	62,931	5,454,984,942	96.9%	15,912	4.0%
2013	85,929	38.7	59,917	5,148,607,893	96.3%	15,724	4.8%
2012	83,595	38.4	59,170	4,946,316,150	94.3%	15,750	5.0%
2011	81,633	38.2	56,629	4,622,795,157	93.8%	15,493	5.3%
2010	79,191	38.0	53,247	4,216,683,177	93.0%	15,498	5.9%
2009	78,265	37.3	52,218	4,086,841,770	90.9%	15,218	6.2%
2008	76,889	37.8	56,708	4,360,221,412	86.6%	14,927	3.5%

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 2008-2016. 2017 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

2017

2008

<u>Company</u>	<u>Industry</u>	<u>2017</u>			<u>2008</u>			
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	
Carmel Clay Schools	Public education	2,410	1	5.06%	Carmel Clay Schools	2,469	1	6.79%
CNO Financial Group	Life insurance holding company	1,709	2	3.59%	Conseco Inc (now CNO Financial Group)	2,036	2	6.17%
KAR Auction Services Inc.	Automotive remarketing services	1,600	3	3.36%	Marsh Supermarkets	1,235	3	3.74%
Liberty Mutual	Insurance company	1,430	4	3.00%	Clarian North Medical Center (now IU Health North)	1,150	4	3.48%
GEICO	Auto insurance company	1,114	5	2.34%	Liberty Mutual/Indiana Insurance	750	5	2.27%
Resort Condominium Int'l. (RCI)	Vacation exchange network and services	1,100	6	2.31%	City of Carmel	700	6	2.12%
IU Health North	Acute healthcare facility	1,080	7	2.27%	St. Vincent Carmel Hospital	664	7	2.01%
NextGear Capital	Automotive dealer financial services provider	1,057	8	2.22%	Independent Transmission System Operator	600	8	1.82%
The Capital Group	Financial Services	1,000	9	2.10%	TCL - Thomson Electronics	550	9	1.67%
Midcontinent ISO	Electric power grid management	802	10	1.68%	St. Vincent Heart Center	500	10	1.51%

Sources: Hamilton County Economic Development Corporation
 Company Officials
 Carmel Clay School Corporation
 Bureau of Labor Statistics

CITY OF CARMEL, INDIANA
City Government Employees
by Function/ Program

	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Government:			
Clerk-Treasurer	9	8	6
Mayor	3	3	3
City Council	7	7	7
Board of Public Works	2	2	2
Plan Commission	9	11	11
Administration	3	2	4
City Court	7	7	7
Law Department	6	6	8
Community Services	21	22	22
Community Relations	6	5	4
Public Safety:			
Police			
Officers	114	109	117
Civilians	23	23	26
Fire			
Firefighters and Officers	147	153	166
Civilians	8	8	9
Culture and Recreation:			
Parks Department	65	64	62
Brookshire Golf	4	4	4
Utilities (Water and Sewer)	104	103	109
Other Programs:			
Human Resources	3	3	3
Street	48	48	52
Engineering	15	15	16
Information Systems	9	9	9
Communication Center	4	6	4
Redevelopment	2	3	1
TOTAL	<u>619</u>	<u>621</u>	<u>652</u>

Source: City of Carmel Department Heads

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Government:			
Community Services			
Permits issued	1,557	1,351	1,237
Residential Construction Permits	463	429	359
Total # Dwelling Units	759	432	1,663
Building inspections performed	472	431	476
Public Safety:			
Police			
Incidents	85,200	83,955	83,904
Occurred Incidents	4,010	4,270	4,330
Fire			
Emergency Medical Responses	5,136	4,755	4,402
Fire-Related Calls for Service	2,906	2,592	2,312
Carmel Clay Parks:			
Number of parks and greenways	17	16	15
Total acres	505	505	505
Total trail miles	16	16	16
Streets:			
Number of "center lane" miles streets	486	482	482
Number of roundabouts	116	111	97

Source: City of Carmel Department Heads; Carmel Clay Parks

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