

B37524

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

ANNUAL FINANCIAL REPORT

2009

CITY OF CARMEL

HAMILTON COUNTY, INDIANA



FILED
09/20/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Diana Cordray	01-01-08 to 12-31-11
Mayor	James Brainard	01-01-08 to 12-31-11
President of the Board of Public Works	James Brainard	01-01-08 to 12-31-11
President of the Common Council	Eric Seidensticker Rick Sharp	01-01-09 to 12-31-09 01-01-10 to 12-31-10



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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carmel (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

As discussed in Note I, the financial statements referred to above do not include a number of component units of the City which should have been included to fairly present the financial position of the City.

In our opinion, except that the omission of the component units of the City referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 3, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The City has not presented Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The City's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

June 10, 2010



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the 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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 10, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

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

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 10, 2010

CITY OF CARMEL
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2009

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 88,266,550	\$ 592,530	\$ -	\$ -	\$ (87,674,020)	\$ -	\$ (87,674,020)
Public safety	37,358,177	8,144,394	407,931	-	(28,805,852)	-	(28,805,852)
Highways and streets	10,578,230	67,423	1,995,858	950,211	(7,564,738)	-	(7,564,738)
Health and welfare	-	787,977	-	-	787,977	-	787,977
Economic development	439,393	-	-	-	(439,393)	-	(439,393)
Culture and recreation	2,047,106	7,308,723	-	-	5,261,617	-	5,261,617
Principal and interest on indebtedness	14,282,402	-	-	-	(14,282,402)	-	(14,282,402)
Total governmental activities	152,971,858	16,901,047	2,403,789	950,211	(132,716,811)	-	(132,716,811)
Business-type activities:							
Wastewater	10,741,048	6,708,600	-	1,623,711	-	(2,408,737)	(2,408,737)
Water	38,140,150	21,711,203	-	2,672,183	-	(13,756,764)	(13,756,764)
Total business-type activities	48,881,198	28,419,803	-	4,295,894	-	(16,165,501)	(16,165,501)
Total primary government	\$ 201,853,056	\$ 45,320,850	\$ 2,403,789	\$ 5,246,105	(132,716,811)	(16,165,501)	(148,882,312)
General receipts:							
Property taxes					51,573,198	-	51,573,198
Intergovernmental					31,563,660	-	31,563,660
Other local sources					12,483,322	-	12,483,322
Net proceeds from borrowings					20,001,203	5,894,000	25,895,203
Grants and contributions not restricted to specific programs					589,712	-	589,712
Investment earnings					440,592	730,160	1,170,752
					-	666,817	666,817
Total general receipts					116,651,687	7,290,977	123,942,664
Change in net assets					(16,065,124)	(8,874,524)	(24,939,648)
Net assets - beginning					78,096,100	45,021,941	123,118,041
Net assets - ending					\$ 62,030,976	\$ 36,147,417	\$ 98,178,393
<u>Assets</u>							
Cash and investments					\$ 22,832,330	\$ 36,147,417	\$ 58,979,747
Restricted assets:							
Cash and investments					39,198,646	-	39,198,646
Total assets					\$ 62,030,976	\$ 36,147,417	\$ 98,178,393
<u>Net Assets</u>							
Restricted for:							
General government					\$ 7,864,537	\$ -	\$ 7,864,537
Public safety					851,802	-	851,802
Highways and streets					2,119,921	-	2,119,921
Culture and recreation					390,207	-	390,207
Urban redevelopment and housing					58,360	-	58,360
Debt service					1,931,772	4,905,699	6,837,471
Capital outlay					25,982,047	-	25,982,047
Unrestricted					22,832,330	31,241,718	54,074,048
Total net assets					\$ 62,030,976	\$ 36,147,417	\$ 98,178,393

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

CITY OF CARMEL
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009

	General	Redevelopment Commission	Keystone Ave Fund	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 22,689,384	\$ 15,055,399	\$ -	\$ 15,093,954	\$ 52,838,737
Licenses and permits	1,105,594	-	-	-	1,105,594
Intergovernmental	25,903,245	4,867	-	9,009,548	34,917,660
Charges for services	5,531,073	-	-	7,374,194	12,905,267
Fines and forfeits	524,918	-	-	1,817,569	2,342,487
Other	627,176	58,665	410,583	1,740,560	2,836,984
Total receipts	56,381,390	15,118,931	410,583	35,035,825	106,946,729
Disbursements:					
General government	11,190,394	6,106,867	872,276	3,001,790	21,171,327
Public safety	36,544,316	-	-	301,670	36,845,986
Highways and streets	-	-	-	9,811,739	9,811,739
Economic development	-	-	-	214,352	214,352
Culture and recreation	3,761,398	-	-	6,947,450	10,708,848
Debt service:					
Principal	4,900,000	-	-	3,112,536	8,012,536
Interest	3,946,584	-	-	2,323,282	6,269,866
Capital outlay:					
General government	589,215	13,801,050	42,949,808	88,701	57,428,774
Public safety	142,701	-	-	369,490	512,191
Highways and streets	-	-	-	766,491	766,491
Economic development	-	-	-	225,041	225,041
Culture and recreation	85,585	-	-	664,702	750,287
Total disbursements	61,160,193	19,907,917	43,822,084	27,827,244	152,717,438
Excess (deficiency) of receipts over disbursements	(4,778,803)	(4,788,986)	(43,411,501)	7,208,581	(45,770,709)
Other financing sources (uses):					
Net proceeds from borrowings	-	-	20,001,203	-	20,001,203
Transfers in	39,305	-	-	519,748	559,053
Transfers out	(407,938)	-	-	(151,115)	(559,053)
Other receipts	257,547	7,133,303	2,500,000	67,952	9,958,802
Total other financing sources (uses)	(111,086)	7,133,303	22,501,203	436,585	29,960,005
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,889,889)	2,344,317	(20,910,298)	7,645,166	(15,810,704)
Cash and investment fund balance - beginning	14,769,925	5,412,736	41,051,969	13,274,941	74,509,571
Cash and investment fund balance - ending	\$ 9,880,036	\$ 7,757,053	\$ 20,141,671	\$ 20,920,107	58,698,867
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because: Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					3,332,109
Net assets of governmental activities					\$ 62,030,976
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 9,880,036	\$ 7,757,053	\$ -	\$ 5,195,241	\$ 22,832,330
Restricted assets:					
Cash and investments	-	-	20,141,671	15,724,866	35,866,537
Total cash and investment assets - ending	\$ 9,880,036	\$ 7,757,053	\$ 20,141,671	\$ 20,920,107	\$ 58,698,867
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ 4,532,428	\$ 4,532,428
Public safety	-	-	-	851,802	851,802
Highways and streets	-	-	-	2,119,921	2,119,921
Culture and recreation	-	-	-	390,207	390,207
Urban redevelopment and housing	-	-	-	58,360	58,360
Debt service	-	-	-	1,931,772	1,931,772
Capital outlay	-	-	20,141,671	5,840,376	25,982,047
Unrestricted	9,880,036	7,757,053	-	5,195,241	22,832,330
Total cash and investment fund balance - ending	\$ 9,880,036	\$ 7,757,053	\$ 20,141,671	\$ 20,920,107	\$ 58,698,867

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

CITY OF CARMEL
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As Of And For The Year Ended December 31, 2009

	Wastewater	Water	Totals	Internal Service Funds
Operating receipts:				
Unmetered/flat rate	\$ 2,231	\$ 22,302	\$ 24,533	\$ -
Metered/measured				
Residential	3,462,434	6,764,469	10,226,903	-
Commercial	2,653,544	1,914,013	4,567,557	-
Fire protection receipts	-	73,352	73,352	-
Charges for services	-	12,889,352	12,889,352	9,412,029
Miscellaneous	590,391	47,715	638,106	-
Total operating receipts	6,708,600	21,711,203	28,419,803	9,412,029
Operating disbursements:				
Salaries and wages	2,289,742	2,681,850	4,971,592	9,666,449
Employee pensions and benefits	749,865	922,172	1,672,037	-
Purchased water treatment	-	1,082,187	1,082,187	-
Purchased wastewater treatment	1,802,854	-	1,802,854	-
Sludge removal	11,400	-	11,400	-
Purchased power	308,852	562,192	871,044	-
Chemicals	105,999	706,212	812,211	-
Material and supplies	307,663	323,246	630,909	-
Contractual services	421,194	840,519	1,261,713	-
Rents	88,821	88,821	177,642	-
Transportation	68,065	103,068	171,133	-
Insurance claims and expense	142,789	173,528	316,317	-
Regulatory commission	6,000	26,108	32,108	-
Taxes	-	126,113	126,113	-
Payroll taxes	177,887	193,600	371,487	-
Miscellaneous	1,100,128	11,270,270	12,370,398	-
Total operating disbursements	7,581,259	19,099,886	26,681,145	9,666,449
Excess (deficiency) of operating receipts over operating disbursements	(872,659)	2,611,317	1,738,658	(254,420)
Nonoperating receipts (disbursements):				
Miscellaneous	576,564	90,253	666,817	-
Interest and investment receipts	72,931	657,229	730,160	-
Net proceeds from borrowings	5,894,000	-	5,894,000	-
Construction costs	(576,564)	(13,669,560)	(14,246,124)	-
Purchase equipment	(137,874)	(15,226)	(153,100)	-
Debt service of principal	(395,000)	(1,435,000)	(1,830,000)	-
Interest disbursements	(2,050,351)	(3,920,478)	(5,970,829)	-
Total nonoperating receipts (disbursements)	3,383,706	(18,292,782)	(14,909,076)	-
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	2,511,047	(15,681,465)	(13,170,418)	(254,420)
Capital contributions	1,623,711	2,672,183	4,295,894	-
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	4,134,758	(13,009,282)	(8,874,524)	(254,420)
Cash and investment fund balance - beginning	912,870	44,109,071	45,021,941	3,586,529
Cash and investment fund balance - ending	\$ 5,047,628	\$ 31,099,789	\$ 36,147,417	\$ 3,332,109
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 5,047,628	\$ 31,099,789	\$ 36,147,417	\$ -
Restricted assets:				
Cash and investments	-	-	-	3,332,109
Total cash and investment assets - December 31	\$ 5,047,628	\$ 31,099,789	\$ 36,147,417	\$ 3,332,109
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 830,300	\$ 4,075,399	\$ 4,905,699	\$ -
Other purposes	-	-	-	3,332,109
Unrestricted	4,217,328	27,024,390	31,241,718	-
Total cash and investment fund balance - December 31	\$ 5,047,628	\$ 31,099,789	\$ 36,147,417	\$ 3,332,109

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

CITY OF CARMEL
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2009

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Plan members	<u>\$ 986,942</u>	
Total contributions	<u>986,942</u>	
Investment earnings:		
Interest	<u>239,262</u>	
Total investment earnings	<u>239,262</u>	
Total additions	<u>1,226,204</u>	
Deductions:		
Benefits	<u>1,035,738</u>	
Total deductions	<u>1,035,738</u>	
Excess (deficiency) of total additions over total deductions	190,466	
Cash and investment fund balance - beginning	<u>8,478,937</u>	
Cash and investment fund balance - ending	<u>\$ 8,669,403</u>	<u>\$ 1,015,294</u>

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

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

The City's financial reporting entity is composed of the following:

Primary Government:	City of Carmel
Component Units:	Civic Square Building Corporation Carmel Redevelopment Authority

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

The Civic Square Building Corporation and Carmel Redevelopment Authority have been omitted from these financial statements. Accordingly, the financial statements do not include the data of all of the City's component units necessary to fairly present the financial position of the City.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the City has not established any enterprise funds.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The City reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services.

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

- 1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
- 2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
- 3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
- 4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal activities within the primary government.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2009, the City had deposit balances in the amount of \$111,618,946.

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

As of December 31, 2009, the City had the following investments:

Investment Type	Primary Government Market Value
U.S. treasuries and securities	\$ 274,271
U.S. agencies	8,607,385
Totals	<u>\$ 8,881,656</u>

Statutory Authorization for Investments

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

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

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

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

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

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ 274,271	\$ -	\$ -
U.S. agencies	8,607,385	-	-
Totals	<u>\$ 8,881,656</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2009, the City's investments in U.S. Treasuries and Government Sponsored Agencies were all rated AAA by Standard and Poor's. The City does not have a formal investment policy for credit risk for investments.

Concentration of Credit Risk

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

Foreign Currency Risk

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

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, were as follows:

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>2009</u>
General Fund	Other Governmental Funds	\$ 407,938
Other Governmental Funds	General Fund	39,305
	Other Governmental Funds	<u>111,810</u>
Total		<u>\$ 559,053</u>

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters are covered by commercial insurance from independent third parties.

The City has chosen to establish a risk financing fund for risks associated with Health Insurance. The risk financing fund is accounted for in the Health Insurance, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$50,000 per year. Amounts are paid into the insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Inter-fund premiums are based primarily upon the percentage of each fund's current year payroll as it relates to total payroll and are reported as quasi-external interfund transactions. Provisions are also made for unexpected and unusual claims.

The City has chosen to establish a risk financing fund for risks associated with Workers Compensation. The risk financing fund is accounted for in the Workers Compensation, an internal service fund, where assets are set aside for claim settlements. Amounts are paid into the insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Inter-fund premiums are based primarily upon the percentage of each fund's current year payroll as it relates to total payroll and are reported as quasi-external interfund transactions. Provisions are also made for unexpected and unusual claims.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Risk financing is not utilized for the other risks of loss.

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Conduit Debt Obligation

The City has issued conduit debt (no commitment debt) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying notes to the financial statements.

As of December 31, 2009, the outstanding aggregate principal amount payable was \$8,430,000.

C. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$1,193,005.

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On-behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$507,706 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

c. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On-behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$528,032 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2008, 2007, and 2006, were \$2,954,298, \$2,834,114, and \$2,717,526, respectively, equal to the required contributions for each year.

D. Subsequent Events

1. The City, through its redevelopment commission (Commission), has entered into several agreements to acquire certain interests in real estate in the event of default by the owners on related mortgage debt. The agreed purchase prices are substantially equal to the appraised values of the respective parcels of real estate and also to the amounts of the mortgage debts. The total value of such real estate is less than \$7 million.

CITY OF CARMEL
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. The City, through the Commission, has entered into several agreements to make periodic payments for improvements, buildings structures, equipment, and/or fixtures, or certain other materials, in connection with a performing arts center, under construction. The payments under these agreements are subject to annual appropriation by the Commission. The total value of the items expected ultimately to be procured under these agreements as of December 31, 2009, is under \$35 million. Expected annual expenditures for the coming five years are as follows:

2010	\$1,648,000
2011	1,696,000
2012	1,708,000
2013	1,652,000
2014	1,593,000

Since December 31, 2009, additional agreements, such as those listed above, have been entered into in an amount of approximately \$50 million.

3. The City, through the Commission, has guaranteed debt, in the amount of \$12,500,000, of the Carmel City Center Community Development Corporation. The purpose of the debt is to construct an office building and proscenium theater. Once these are occupied, they will make use of the parking garage, which is being purchased through an installment contract by the Carmel Redevelopment Commission, when it is not in use for performing arts events. The corporation's revenues will come from the rent received from parking garage and office building space, after construction has been completed.

CITY OF CARMEL
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009

	Local Road And Street	Motor Vehicle Highway	Throughfare Fund	Parks Program Fund	Economic Fund	Housing Authority
Receipts:						
Taxes	\$ -	\$ 8,042,937	\$ -	\$ -	\$ -	\$ -
Intergovernmental	950,211	2,786,924	-	1,000,000	-	-
Charges for services	-	-	67,423	5,751,966	-	-
Fines and forfeits	-	-	-	-	-	-
Other	1,462	8,519	660	94,909	39	69
Total receipts	951,673	10,838,380	68,083	6,846,875	39	69
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	301,885	9,509,854	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	6,867,820	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	19,543	746,948	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	14,598	-	-
Total disbursements	321,428	10,256,802	-	6,882,418	-	-
Excess (deficiency) of receipts over disbursements	630,245	581,578	68,083	(35,543)	39	69
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(111,810)	-	-
Other receipts	1,955	55,281	-	450	-	-
Total other financing sources (uses)	1,955	55,281	-	(111,360)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	632,200	636,859	68,083	(146,903)	39	69
Cash and investment fund balance - beginning	901,758	2,885,021	517,880	537,110	33,158	58,291
Cash and investment fund balance - ending	\$ 1,533,958	\$ 3,521,880	\$ 585,963	\$ 390,207	\$ 33,197	\$ 58,360
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 3,521,880	\$ -	\$ -	\$ 33,197	\$ -
Restricted assets:						
Cash and investments	1,533,958	-	585,963	390,207	-	58,360
Total cash and investment assets - ending	\$ 1,533,958	\$ 3,521,880	\$ 585,963	\$ 390,207	\$ 33,197	\$ 58,360
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	1,533,958	-	585,963	-	-	-
Culture and recreation	-	-	-	390,207	-	-
Urban redevelopment and housing	-	-	-	-	-	58,360
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	3,521,880	-	-	33,197	-
Total cash and investment fund balance - ending	\$ 1,533,958	\$ 3,521,880	\$ 585,963	\$ 390,207	\$ 33,197	\$ 58,360

CITY OF CARMEL
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009
(Continued)

	User Fee Fund	Clerk's Record Perpetuation	Deferral Fund	Drug Task Force	Fire Gift Fund	Parks Gift Fund
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	129,637	-	-
Charges for services	47,225	16,564	-	-	-	-
Fines and forfeits	31,541	-	69,750	-	-	-
Other	825	55	575	203,080	10,229	4,394
Total receipts	79,591	16,619	70,325	332,717	10,229	4,394
Disbursements:						
General government	-	957	-	-	-	-
Public safety	56,573	-	52,460	113,732	11,134	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	1,035	-	-	-	-
Public safety	-	-	3,177	7,994	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	286,363
Total disbursements	56,573	1,992	55,637	121,726	11,134	286,363
Excess (deficiency) of receipts over disbursements	23,018	14,627	14,688	210,991	(905)	(281,969)
Other financing sources (uses):						
Transfers in	-	-	-	174,985	-	-
Transfers out	-	-	-	-	-	-
Other receipts	236	-	-	-	-	-
Total other financing sources (uses)	236	-	-	174,985	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	23,254	14,627	14,688	385,976	(905)	(281,969)
Cash and investment fund balance - beginning	125,085	39,982	472,694	207,633	4,828	334,457
Cash and investment fund balance - ending	\$ 148,339	\$ 54,609	\$ 487,382	\$ 593,609	\$ 3,923	\$ 52,488
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ 593,609	\$ 3,923	\$ 52,488
Restricted assets:						
Cash and investments	148,339	54,609	487,382	-	-	-
Total cash and investment assets - ending	\$ 148,339	\$ 54,609	\$ 487,382	\$ 593,609	\$ 3,923	\$ 52,488
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ 54,609	\$ -	\$ -	\$ -	\$ -
Public safety	148,339	-	487,382	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	593,609	3,923	52,488
Total cash and investment fund balance - ending	\$ 148,339	\$ 54,609	\$ 487,382	\$ 593,609	\$ 3,923	\$ 52,488

CITY OF CARMEL
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009
(Continued)

	Support For The Arts	Public Defender	Ambulance Fund	Grant Fund	Rainy Day	Hazardous Material Response Fund
Receipts:						
Taxes	\$ -	\$ 595	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	65,551	2,767,581	-
Charges for services	-	-	787,977	-	-	2,546
Fines and forfeits	-	-	-	-	-	-
Other	477,507	-	168	7,288	4,474	1
Total receipts	477,507	595	788,145	72,839	2,772,055	2,547
Disbursements:						
General government	467,475	-	-	116,106	-	-
Public safety	-	-	53,641	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	357,536	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	358,319	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	467,475	-	769,496	116,106	-	-
Excess (deficiency) of receipts over disbursements	10,032	595	18,649	(43,267)	2,772,055	2,547
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,032	595	18,649	(43,267)	2,772,055	2,547
Cash and investment fund balance - beginning	-	-	197,432	536,970	1,420,497	-
Cash and investment fund balance - ending	\$ 10,032	\$ 595	\$ 216,081	\$ 493,703	\$ 4,192,552	\$ 2,547
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 10,032	\$ 595	\$ -	\$ 493,703	\$ -	\$ 2,547
Restricted assets:						
Cash and investments	-	-	216,081	-	4,192,552	-
Total cash and investment assets - ending	\$ 10,032	\$ 595	\$ 216,081	\$ 493,703	\$ 4,192,552	\$ 2,547
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ 4,192,552	\$ -
Public safety	-	-	216,081	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	10,032	595	-	493,703	-	2,547
Total cash and investment fund balance - ending	\$ 10,032	\$ 595	\$ 216,081	\$ 493,703	\$ 4,192,552	\$ 2,547

CITY OF CARMEL
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009
(Continued)

	Levy Excess Fund	Tax Increment Financing #1	Police Gift	Brookshire Golf Course	Dnr/Tree City	Court Interperter Fund
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	2,296
Fines and forfeits	-	-	-	-	-	-
Other	-	-	6,215	-	315	5
Total receipts	-	-	6,215	-	315	2,301
Disbursements:						
General government	-	-	-	-	4,361	-
Public safety	-	-	14,130	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	-	14,130	-	4,361	-
Excess (deficiency) of receipts over disbursements	-	-	(7,915)	-	(4,046)	2,301
Other financing sources (uses):						
Transfers in	232,953	-	-	-	-	-
Transfers out	-	-	-	(39,305)	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	232,953	-	-	(39,305)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	232,953	-	(7,915)	(39,305)	(4,046)	2,301
Cash and investment fund balance - beginning	-	-	30,539	39,305	56,360	2,595
Cash and investment fund balance - ending	<u>\$ 232,953</u>	<u>\$ -</u>	<u>\$ 22,624</u>	<u>\$ -</u>	<u>\$ 52,314</u>	<u>\$ 4,896</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ 22,624	\$ -	\$ -	\$ 4,896
Restricted assets:						
Cash and investments	232,953	-	-	-	52,314	-
Total cash and investment assets - ending	<u>\$ 232,953</u>	<u>\$ -</u>	<u>\$ 22,624</u>	<u>\$ -</u>	<u>\$ 52,314</u>	<u>\$ 4,896</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ 232,953	\$ -	\$ -	\$ -	\$ 52,314	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	22,624	-	-	4,896
Total cash and investment fund balance - ending	<u>\$ 232,953</u>	<u>\$ -</u>	<u>\$ 22,624</u>	<u>\$ -</u>	<u>\$ 52,314</u>	<u>\$ 4,896</u>

CITY OF CARMEL
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009
(Continued)

	Community Relations Gift Fund	City Court	Illinois And Merchants Square	2002 Bond & Interest Fund	Lease Rental Fund	2004 Road Bond
Receipts:						
Taxes	\$ -	\$ -	\$ 545,900	\$ -	\$ 771,906	\$ 3,049,838
Intergovernmental	-	-	-	-	60,043	237,232
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	1,716,278	-	-	-	-
Other	3,064	-	911,508	3	87	285
Total receipts	3,064	1,716,278	1,457,408	3	832,036	3,287,355
Disbursements:						
General government	2,529	1,673,757	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	1,400	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	435,000	-	750,000	1,570,000
Interest	-	-	716,389	-	79,000	1,527,893
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	2,529	1,673,757	1,152,789	-	829,000	3,097,893
Excess (deficiency) of receipts over disbursements	535	42,521	304,619	3	3,036	189,462
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	535	42,521	304,619	3	3,036	189,462
Cash and investment fund balance - beginning	821	55,563	1,199,541	2,133	43,962	191,152
Cash and investment fund balance - ending	\$ 1,356	\$ 98,084	\$ 1,504,160	\$ 2,136	\$ 46,998	\$ 380,614
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,356	\$ 98,084	\$ -	\$ 2,136	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	1,504,160	-	46,998	380,614
Total cash and investment assets - ending	\$ 1,356	\$ 98,084	\$ 1,504,160	\$ 2,136	\$ 46,998	\$ 380,614
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	1,504,160	-	46,998	380,614
Capital outlay	-	-	-	-	-	-
Unrestricted	1,356	98,084	-	2,136	-	-
Total cash and investment fund balance - ending	\$ 1,356	\$ 98,084	\$ 1,504,160	\$ 2,136	\$ 46,998	\$ 380,614

CITY OF CARMEL
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Cumulative Capital Development	Parks Capital	Cumulative Capital Sewer	Cumulative Capital Improvement	Park Impact Fee Fund	Barrett Law Fund
Receipts:						
Taxes	\$ 1,786,719	\$ -	\$ 896,059	\$ -	\$ -	\$ -
Intergovernmental	138,980	538,190	69,699	265,500	-	-
Charges for services	-	-	-	-	698,197	-
Fines and forfeits	-	-	-	-	-	-
Other	422	576	2,376	268	763	-
Total receipts	1,926,121	538,766	968,134	265,768	698,960	-
Disbursements:						
General government	733,817	-	-	2,788	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	212,952	-	-	-
Culture and recreation	-	79,630	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	8,978	-	-	78,688	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	225,041	-	-	-
Culture and recreation	-	24,490	-	-	339,251	-
Total disbursements	742,795	104,120	437,993	81,476	339,251	-
Excess (deficiency) of receipts over disbursements	1,183,326	434,646	530,141	184,292	359,709	-
Other financing sources (uses):						
Transfers in	-	111,810	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	10,030	-	-	-
Total other financing sources (uses)	-	111,810	10,030	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,183,326	546,456	540,171	184,292	359,709	-
Cash and investment fund balance - beginning	47,743	324,244	2,011,985	182,077	459,318	6
Cash and investment fund balance - ending	\$ 1,231,069	\$ 870,700	\$ 2,552,156	\$ 366,369	\$ 819,027	\$ 6
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	1,231,069	870,700	2,552,156	366,369	819,027	6
Total cash and investment assets - ending	\$ 1,231,069	\$ 870,700	\$ 2,552,156	\$ 366,369	\$ 819,027	\$ 6
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	1,231,069	870,700	2,552,156	366,369	819,027	6
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 1,231,069	\$ 870,700	\$ 2,552,156	\$ 366,369	\$ 819,027	\$ 6

CITY OF CARMEL
COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
OTHER GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009
(Continued)

	Civic Square Construction Fund	2002 Coit Construction Bond	Old Town/126Th Street	Land Acquisition Fund	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 15,093,954
Intergovernmental	-	-	-	-	9,009,548
Charges for services	-	-	-	-	7,374,194
Fines and forfeits	-	-	-	-	1,817,569
Other	1	-	30	388	1,740,560
Total receipts	1	-	30	388	35,035,825
Disbursements:					
General government	-	-	-	-	3,001,790
Public safety	-	-	-	-	301,670
Highways and streets	-	-	-	-	9,811,739
Economic development	-	-	-	-	214,352
Culture and recreation	-	-	-	-	6,947,450
Debt service:					
Principal	-	-	-	-	3,112,536
Interest	-	-	-	-	2,323,282
Capital outlay:					
General government	-	-	-	-	88,701
Public safety	-	-	-	-	369,490
Highways and streets	-	-	-	-	766,491
Economic development	-	-	-	-	225,041
Culture and recreation	-	-	-	-	664,702
Total disbursements	-	-	-	-	27,827,244
Excess (deficiency) of receipts over disbursements	1	-	30	388	7,208,581
Other financing sources (uses):					
Transfers in	-	-	-	-	519,748
Transfers out	-	-	-	-	(151,115)
Other receipts	-	-	-	-	67,952
Total other financing sources (uses)	-	-	-	-	436,585
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1	-	30	388	7,645,166
Cash and investment fund balance - beginning	592	364	426	353,419	13,274,941
Cash and investment fund balance - ending	<u>\$ 593</u>	<u>\$ 364</u>	<u>\$ 456</u>	<u>\$ 353,807</u>	<u>\$ 20,920,107</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 364	\$ -	\$ 353,807	\$ 5,195,241
Restricted assets:					
Cash and investments	593	-	456	-	15,724,866
Total cash and investment assets - ending	<u>\$ 593</u>	<u>\$ 364</u>	<u>\$ 456</u>	<u>\$ 353,807</u>	<u>\$ 20,920,107</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ -	\$ 4,532,428
Public safety	-	-	-	-	851,802
Highways and streets	-	-	-	-	2,119,921
Culture and recreation	-	-	-	-	390,207
Urban redevelopment and housing	-	-	-	-	58,360
Debt service	-	-	-	-	1,931,772
Capital outlay	593	-	456	-	5,840,376
Unrestricted	-	364	-	353,807	5,195,241
Total cash and investment fund balance - ending	<u>\$ 593</u>	<u>\$ 364</u>	<u>\$ 456</u>	<u>\$ 353,807</u>	<u>\$ 20,920,107</u>

CITY OF CARMEL
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUNDS
 As of and for the Year Ended December 31, 2009

	Worker's Comp Fund	Health Insurance Fund	Totals
Operating receipts:			
Charges for services	\$ 398,435	\$ 9,013,594	\$ 9,412,029
Total operating receipts	<u>398,435</u>	<u>9,013,594</u>	<u>9,412,029</u>
Operating disbursements:			
Cost of sales and services	<u>179,044</u>	<u>9,487,405</u>	<u>9,666,449</u>
Total operating disbursements	<u>179,044</u>	<u>9,487,405</u>	<u>9,666,449</u>
Excess (deficiency) of receipts over disbursements	<u>219,391</u>	<u>(473,811)</u>	<u>(254,420)</u>
Cash and investment fund balance - beginning	<u>-</u>	<u>3,586,529</u>	<u>3,586,529</u>
Cash and investment fund balance - ending	<u>\$ 219,391</u>	<u>\$ 3,112,718</u>	<u>\$ 3,332,109</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-
Restricted assets:			
Cash and investments	<u>219,391</u>	<u>3,112,718</u>	<u>3,332,109</u>
Total cash and investment assets - December 31	<u>\$ 219,391</u>	<u>\$ 3,112,718</u>	<u>\$ 3,332,109</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ -	\$ -	\$ -
Other purposes	<u>219,391</u>	<u>3,112,718</u>	<u>3,332,109</u>
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 219,391</u>	<u>\$ 3,112,718</u>	<u>\$ 3,332,109</u>

CITY OF CARMEL
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2009

	Police Pension Fund	Fire Pension Fund	Totals
Additions:			
Contributions:			
State	\$ 485,057	\$ 501,885	\$ 986,942
Total contributions	<u>485,057</u>	<u>501,885</u>	<u>986,942</u>
Investment receipts:			
Interest	<u>105,774</u>	<u>133,488</u>	<u>239,262</u>
Total investment receipts	<u>105,774</u>	<u>133,488</u>	<u>239,262</u>
Total additions	<u>590,831</u>	<u>635,373</u>	<u>1,226,204</u>
Deductions:			
Benefits	<u>507,706</u>	<u>528,032</u>	<u>1,035,738</u>
Total deductions	<u>507,706</u>	<u>528,032</u>	<u>1,035,738</u>
Excess (deficiency) of total additions over total deductions	83,125	107,341	190,466
Cash and investment fund balance - beginning	<u>3,707,981</u>	<u>4,770,956</u>	<u>8,478,937</u>
Cash and investment fund balance - ending	<u>\$ 3,791,106</u>	<u>\$ 4,878,297</u>	<u>\$ 8,669,403</u>

CITY OF CARMEL
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009

	Payroll Fund	Barrett Law Surplus	Totals
Additions:			
Agency fund additions	\$ 49,117,873	\$ 1,899	\$ 49,119,772
Deductions:			
Agency fund deductions	48,990,917	571	48,991,488
Excess (deficiency) of total additions over total deductions	126,956	1,328	128,284
Cash and investment fund balance - beginning	724,315	162,695	887,010
Cash and investment fund balance - ending	<u>\$ 851,271</u>	<u>\$ 164,023</u>	<u>\$ 1,015,294</u>

CITY OF CARMEL
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For The Year Ended December 31, 2009

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

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 26,145,894
Right of ways	116,774,551
Infrastructure	260,202,542
Buildings	27,259,137
Improvements other than buildings	5,340,003
Machinery and equipment	18,040,287
Construction in progress	<u>69,909,029</u>
Total governmental activities, capital assets	<u>\$ 523,671,443</u>

CITY OF CARMEL
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2009

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2002 Fire Trucks	\$ 286,082	\$ 152,505
2003 E911	107,742	75,553
2005 Mobile Command Vehicle	420,878	88,424
2006 Fire Equipment	18,669	19,235
2007 DOCS	95,271	66,710
2007 Police Cars	111,378	115,795
2007 Police Equipment	99,214	103,102
2008 Police Fire	284,191	120,360
2008 Police Equipment	94,697	49,703
2008 Fire Equipment	191,450	57,421
2009 Engineering Vehicles	61,620	16,744
2009 Golf Course Equipment	150,753	41,000
2009 Police Equipment	577,249	181,379
Notes and loans payable:		
Harrell	690,281	719,540
Keystone Avenue	20,000,000	20,555,000
TIF Bonds:		
1998 Merchant Square	1,950,000	281,250
2004 Illinois Street	8,415,000	913,778
Redevelopment Bonds:		
2002 Street Facility	7,885,000	791,331
2006 City Center Construction	6,855,000	967,915
2008 Redevelopment Project Bonds	13,665,000	1,336,691
Bond Anticipation Notes:		
2006 Golf Course BAN	2,995,000	2,995,000
Component Unit Leases		
2004 COIT/Hazel Dell	17,950,000	2,669,000
2004 Street/Roadway Improvement	30,035,000	3,074,500
2005 Performing Arts Center	79,998,227	-
2006 Infrastructure Construction	69,475,000	5,986,000
Civic Square	1,570,000	824,000
Total governmental activities debt	<u>\$ 263,982,702</u>	<u>\$ 42,201,936</u>
Business-type activities:		
Water Utility:		
Revenue Bonds:		
2002A Bonds	\$ 3,865,000	\$ 207,518
2002B Bonds	4,825,000	331,965
2003A Refunding Bonds	1,800,000	476,179
2008 CIB Bonds	63,100,000	3,059,737
2008 CAB Bonds	22,184,982	-
Notes Payable:		
IWC Water Lines	18,824,073	1,800,000
Wastewater Utility:		
Revenue Bonds:		
2005 Bonds	9,860,000	830,300
2009 Bonds	5,894,000	183,581
Total business-type activities debt	<u>\$ 130,353,055</u>	<u>\$ 6,889,280</u>

CITY OF CARMEL
AUDIT RESULTS AND COMMENTS

CONTRACT CHANGE ORDERS EXCEED 20%

The City had contracts with the following companies that had change orders in excess of 20% of the original contracted amount. There was not a declaration by the Redevelopment Commission Board, nor was there any mention of an emergency situation or a circumstance that could not be reasonably foreseen noted in the published minutes for the City Council or the Redevelopment Commission.

Contractor	Project	Original Contract	Change Order	Percentage Change
Smock Fansler Corp.	Parcel 48 Gateway Arch	\$ 71,675	\$ 25,450	36%
Geiger & Peters, Inc.	Gateway Arch	47,500	11,368	24%
Edwards Electrical	Carmel Gateway Site 4	30,966	8,500	28%

IC 36-1-12-18 Section 18. (a) If, in the course of the construction, reconstruction, or repair of a public work project, it becomes necessary to change or alter the original specifications, a change order may be issued to add, delete, or change an item or items, in the original contract. The change order becomes an addendum to the contract and must be approved and signed by the board and the contractor. (b) If a licensed architect or engineer is assigned to the public work project, the change order must be prepared by that person. (c) A change order may not be issued before commencement of the actual construction, reconstruction, or repairs except in the case of an emergency. In that case, the board must make a declaration, and the board's minutes must show the nature of the emergency. (d) The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. A change order issued as a result of circumstances that could not have been reasonably foreseen does not increase the scope of the project.

CONTRACTS

Claims for payment to various vendors occurred throughout the audit period, which did not have the support of written contracts. The City made payments for ground maintenance and landscaping, newsletter pictures, and project design planning, as well as other services that were not supported by a contract with the vendor performing the services. On April 29, 2010, the Mayor approved an executive order for contracts only being necessary for services provided in amounts that exceed \$20,000. Even with the executive order that was approved, there were still several vendors without contracts that were paid an amount greater than \$20,000 in 2009.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ACCOUNTING FOR TAX INCREMENT FINANCING (TIF) FUNDS

The City of Carmel receives TIF tax collections for twenty-one (21) individual allocation areas on a semiannual basis. These collections are receipted to a TIF cash account within the Redevelopment Operating Fund. The receipts from all twenty-one allocation areas are comingled in the same cash account. Expenditures paid from TIF funds come from the one TIF cash account and are not segregated by allocation area.

CITY OF CARMEL
AUDIT RESULTS AND COMMENTS
(Continued)

IC 36-7-14-39 states in part:

"(a) As used in this section: 'Allocation area' means that part of a redevelopment project area to which an allocation provision of a declaratory resolution adopted under section 15 of this chapter refers for purposes of distribution and allocation of property taxes . . .

(b) . . . (2) Except as otherwise provided in this section, property tax proceeds . . . (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following: . . ."

TIF REVENUES NOT ACCOUNTED FOR PROPERLY

The Redevelopment Commission uses TIF funds to purchase property for redevelopment.

During the audit period, assets were sold that had been purchased with TIF funds. The revenues from those sales were receipted to an account that is used for general operating expenses of the Carmel Redevelopment Commission (CRC), rather than the TIF account that originally funded the money for the purchase.

Proceeds generated by the sale or rental of property should be receipted into the fund which originally purchased the property unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

GRANTS TO CARMEL PERFORMING ARTS FOUNDATION, INC.

The following contributions were made during 2009 and 2010:

1. In 2009, the CRC gave two grants to the Carmel Performing Arts Foundation, Inc., a not-for-profit corporation, totaling \$550,000.

The March 18, 2009 minutes of the CRC stated, ". . . approve a \$150,000 grant which would be used for staffing for the Regional Performing Arts Center." The June 30, 2009 minutes of the CRC stated, ". . . it is necessary to provide additional funding to hire an Executive Director and support staff for the operations of the facility. The funding source for this grant will be excess funds from a higher than anticipated TIF distribution . . . The CRC is looking to approve a grant for \$400,000 to the Regional Performing Arts Center Foundation."

IC 36-7-14-12.2 (a) lists twenty-seven (27) powers granted to a redevelopment commission. Section 25 of this statute states: "Provide financial assistance (including grants and loans) to enable individuals and families to purchase or lease residential units within the district. However, financial assistance may be provided only to individuals and families whose income is at or below the unit's median income . . ." Section 26 of this statute states: "Provide financial assistance (including grants and loans) to neighborhood development corporations to permit them to: (A) provide financial assistance for the purposes described in subsection (25); or (B) construct, rehabilitate, or repair commercial property within the district."

CITY OF CARMEL
AUDIT RESULTS AND COMMENTS
(Continued)

Grants to the Carmel Performing Arts Foundation, Inc., do not appear to be consistent with the purposes for which grants are allowed, under IC 36-7-14-12.2 (a) 25 or 26.

2. In 2010, a disbursement of \$1,635,904 was made from the Rainy Day Fund to the Carmel Performing Arts Foundation, Inc., a not-for-profit corporation. The City of Carmel does not have a contract with the Carmel Performing Arts Foundation, Inc.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Carmel (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The City's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 10, 2010

CITY OF CARMEL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program	16.580	2008-DD-BX-0326	\$ 46,400
Bulletproof Vest Partnership Program	16.607	CY2009	3,467
ARRA - Public Safety Partnership and Community Policing Grants	16.710	2008-VK-WX-0395 2007-CK-WX-0106	44,890 84,954
Total for program			129,844
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-1494	20,661
Pass-through Indiana Criminal Justice Institute ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	09-JRA-008	12,096
Total for federal grantor agency			212,468
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-through Indiana Finance Authority ARRA - Capitalization Grants For Clean Water State Revolving Funds Wastewater Treatment Plant Expansion - Headworks and 106th St. Pump Station	66.458	WW09282901	1,292,341
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-through Indiana Department of Homeland Security ARRA - Buffer Zone Protection Program	97.078	GAN #805	179,300
Total federal awards expended			\$ 1,684,109

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

CITY OF CARMEL
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

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

CITY OF CARMEL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted?	no
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Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	ARRA – Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee?	no
--	----

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

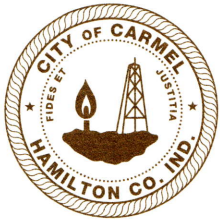
CITY OF CARMEL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF CARMEL
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2010, with Diana Cordray, Clerk-Treasurer; John Acceturo, Council member; Kevin Rider, Council member; and Luci Snyder, Council member. The official response has been made a part of this report and may be found on pages 47 and 48.

The contents of this report were discussed on July 19, 2010, with James Brainard, Mayor, and Ron Carter, Council member.



City of Carmel

Office of the
Clerk-Treasurer

July 21, 2010

Bruce A. Hartman, CPA
State Board of Accounts
302 W. Washington St. #E418
Indianapolis, IN 46204-2765

Attention: 2009 Audit Results

Dear Mr. Hartman:

The following are responses to your audit of the City of Carmel for 2009.

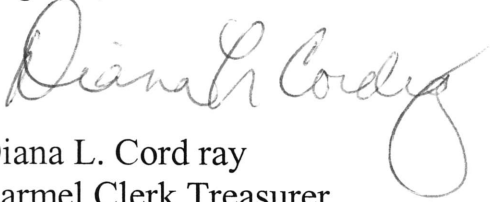
A). Contractual services for the city are submitted to the Legal Department who reviews and prepares the contract for submission to the Clerk Treasurer's office for inclusion on the subsequent Board of Public Works agenda. The contracts are not reviewed by my office. We are only responsible for preparing the agenda. Further, our accounting software cannot track if and when a contract has been approved by a department. We do track purchase orders, but the system does not track contracts. We depend on each director and the legal department to review and prepare each document for the BPW agenda. The contracts which did not receive approval in 2009 have been submitted and approved by the BPW in 2010. These unapproved contracts were discovered during a spot audit at the beginning of 2010.

B). We agree with your audit comments regarding the proper allocation of TIF funds. We have asked the Redevelopment Commission (2009 and 2010) to establish a Resolution defining the projects which should receive each TIF allocation. Since the Redevelopment Commission has significant authority to act, we feel it is appropriate for them to officially notify us of the revenue distribution from each TIF project.

C). The Clerk Treasurer's office has complied with the Accounting and Uniform Compliance Guideline Manual for Cities and Towns regarding the proper receipting into a fund which originally purchased property. Neither the Redevelopment Commission nor its attorney advised that the statute also applied to the Commission. I offered this question to your agency in May, 2010, which resulted in your letter stating that the CRC must also follow the same procedure as all other departments in the city. Upon receipt of your letter, we immediately adopted your recommendation.

Thank you and your staff for your diligence and professionalism.

Regards,

A handwritten signature in cursive script, reading "Diana L. Cordray". The signature is written in dark ink and is positioned above the printed name and title.

Diana L. Cord ray
Carmel Clerk Treasurer