



CITY OF SOUTH BEND

COMPREHENSIVE ANNUAL FINANCIAL REPORT EXECUTIVE SUMMARY

FISCAL YEAR ENDING ON DECEMBER 31, 2016

CITY OF SOUTH BEND, INDIANA

Pete Buttigieg, Mayor

John Murphy, City Controller

Jennifer Hockenhill, Deputy City Controller

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City of South Bend, Indiana
Comprehensive Annual Financial Report – Executive Summary
For The Year Ending December 31, 2016

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City of South Bend, Indiana

2016 CAFR Executive Summary

Purpose of the Executive Summary

The City of South Bend has prepared a Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2016. The 2016 CAFR totals 292 pages and meets all of the requirements set forth by the Government Finance Officers Association for its Certificate of Achievement for Excellence in Financial Reporting program. If the award is received for 2016, this will be the twenty-seventh consecutive year that the City of South Bend has received this prestigious award.

The purpose of this Executive Summary is to present the most essential schedules and summaries from the 2016 CAFR, as determined by the City, to allow more ready access to them by the reader. The schedules and summaries are presented in their original format and the order of presentation is the same as in the full 2016 CAFR. In addition, the CAFR Executive Summary includes summary charts and graphs not featured in the 2016 CAFR. The Executive Summary totals 80 pages.

The full 2016 CAFR is available at:
www.southbendin.gov/2016_CAFR

The 2016 CAFR Executive Summary is available at:
www.southbendin.gov/2016_CAFR

or by contacting:

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On the cover:

View overlooking the Century Center and the East Race during the SB150 Celebration.



Quick Facts about South Bend



| | |
|--|---|
| Year of Incorporation | 1865 |
| Mayor | Pete Buttigieg |
| Number of Council Members | 9 |
| Population (2010 census) | 101,168 |
| Full-time Employees (12/31/16) | 1,079 |
| 2016 Governmental Activities Expenses | \$ 134,519,353 |
| 2016 Business-type Activities Expenses | \$ 64,067,328 |
| 2016 Government-Wide Expenses | \$ 198,586,681 |
| Net Position (12/31/16) | \$ 365,293,129 |
| Largest Employers | University of Notre Dame (5,802 employees) |
| | Beacon Health System (4,683 employees) |
| Gross Assessed Property Tax Value | \$ 4,886,942,370 |

Local Colleges:

- The University of Notre Dame
- Indiana University - South Bend
- Bethel College
- Saint Mary's College
- Holy Cross College
- Trine University - South Bend
- Ivy Tech Community College - South Bend

Attractions:

- Morris Performing Arts Center
- Century Center
- South Bend Cubs
- East Race Waterway
- Potawatomi Zoo
- Palais Royale
- Erskine Golf Course

**City of South Bend, Indiana
Net Position by Component
Last Ten Fiscal Years**



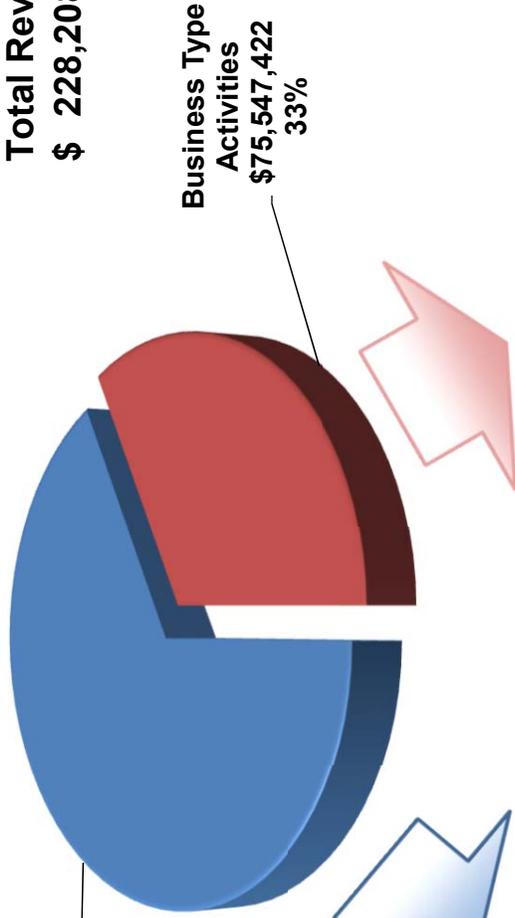
Governmental Activities include General Government, Police Services, Fire Protection, Street Maintenance, and Parks that are supported by property tax revenue, local income tax revenue and other revenue.

Business Type Activities include departments that charge a user fee for services like the water utility, wastewater department and sanitation.

Note: 2014 and 2015 have been restated for implementation of GASB statement No. 68 on pension reporting.

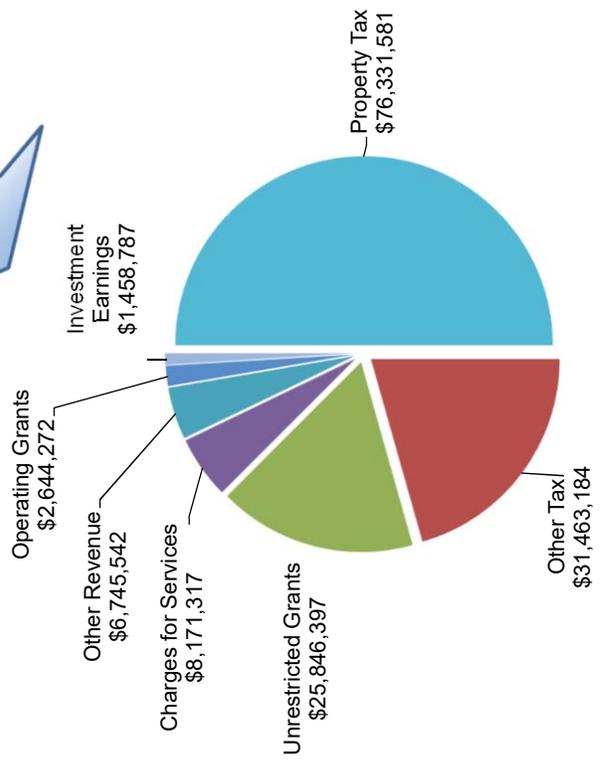
City of South Bend, Indiana Government-Wide Revenue Fiscal Year 2016

Total Revenue
\$ 228,208,502



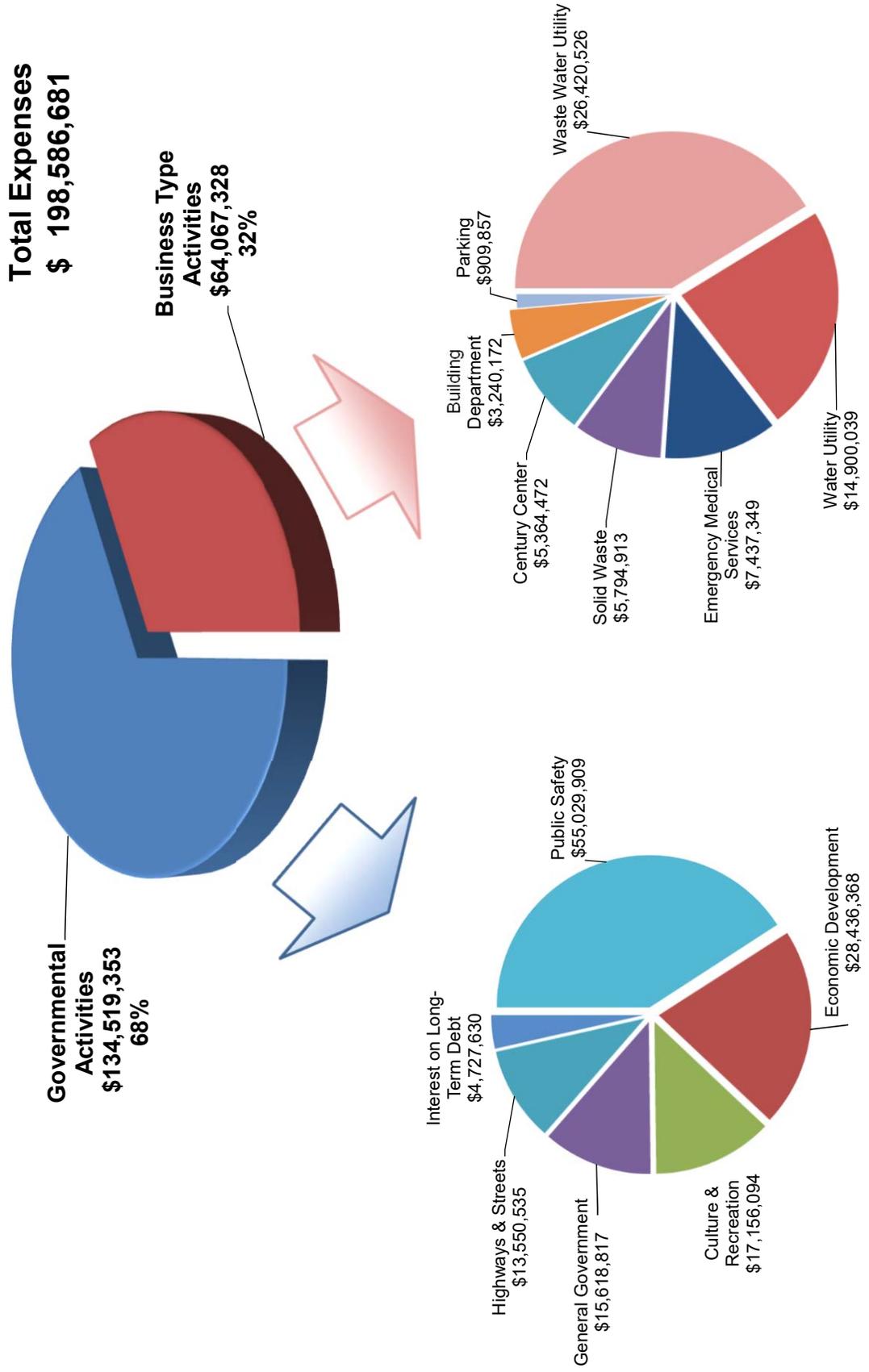
Governmental Activities
\$152,661,080
67%

Business Type Activities
\$75,547,422
33%

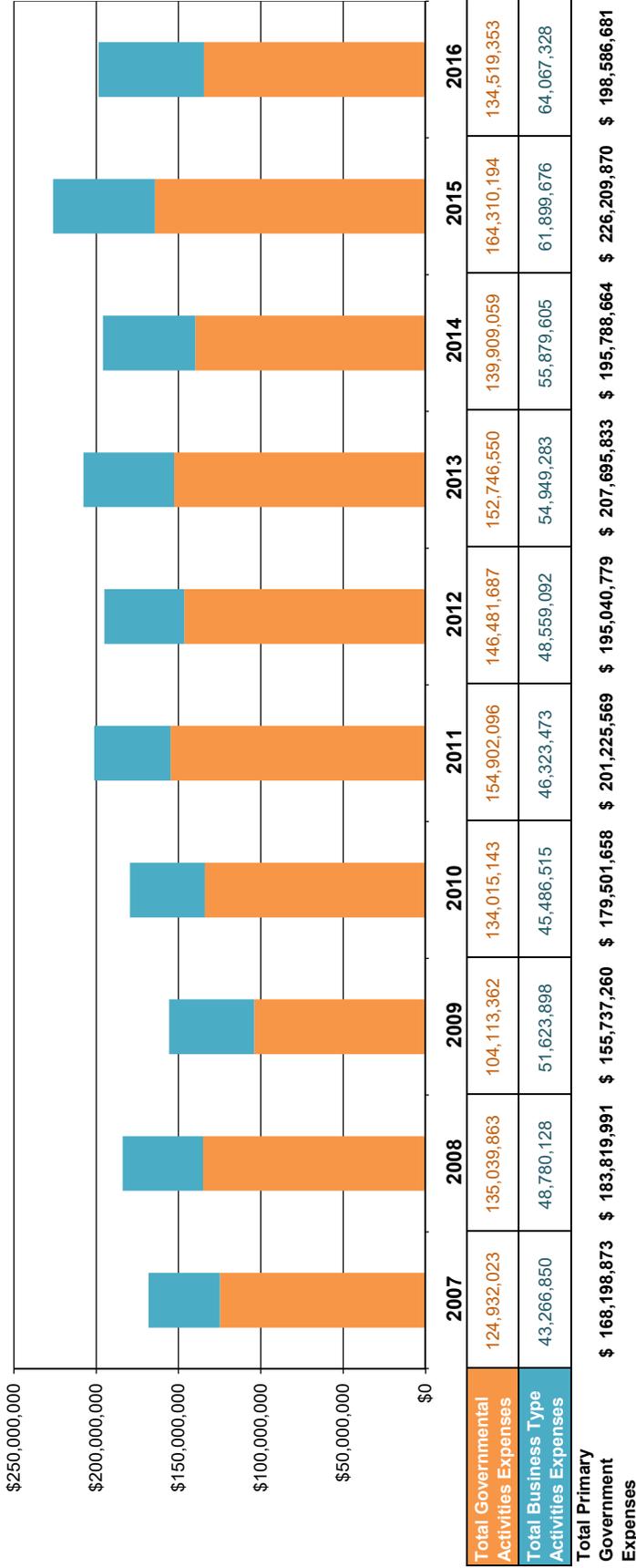


City of South Bend, Indiana Government-Wide Expenses Fiscal Year 2016

Total Expenses
\$ 198,586,681

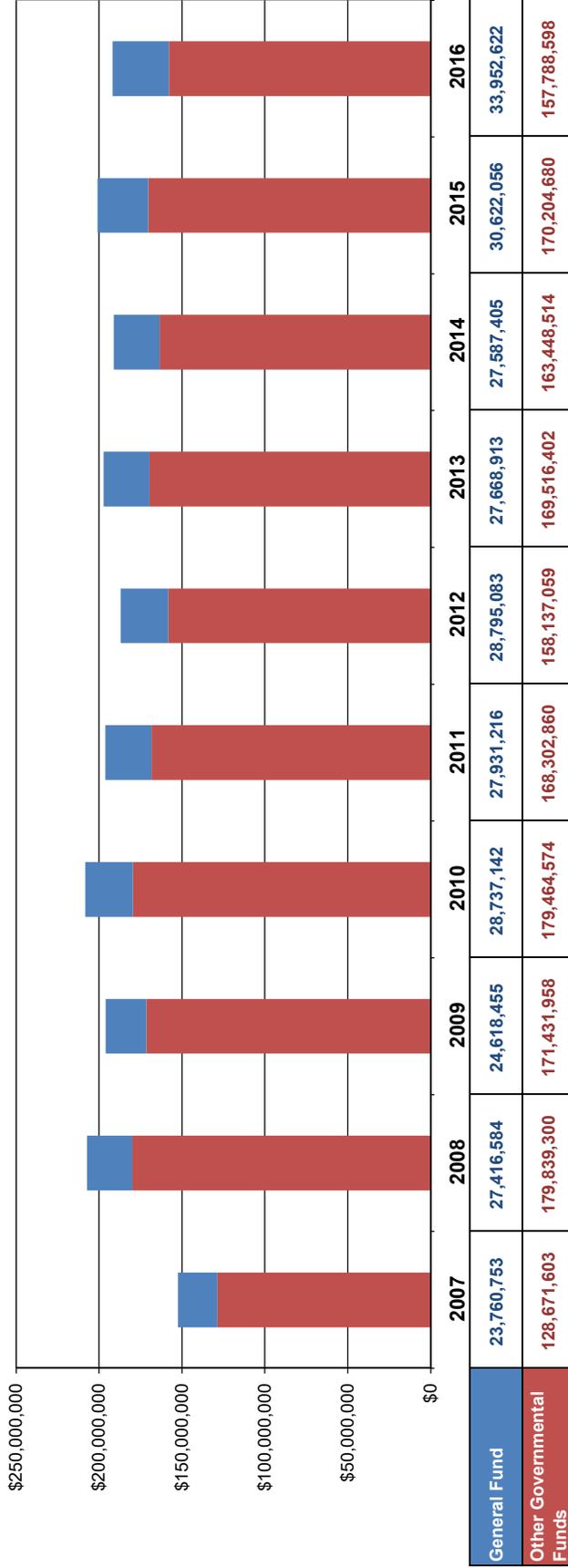


**City of South Bend, Indiana
Government-Wide Expenses
Last Ten Fiscal Years**

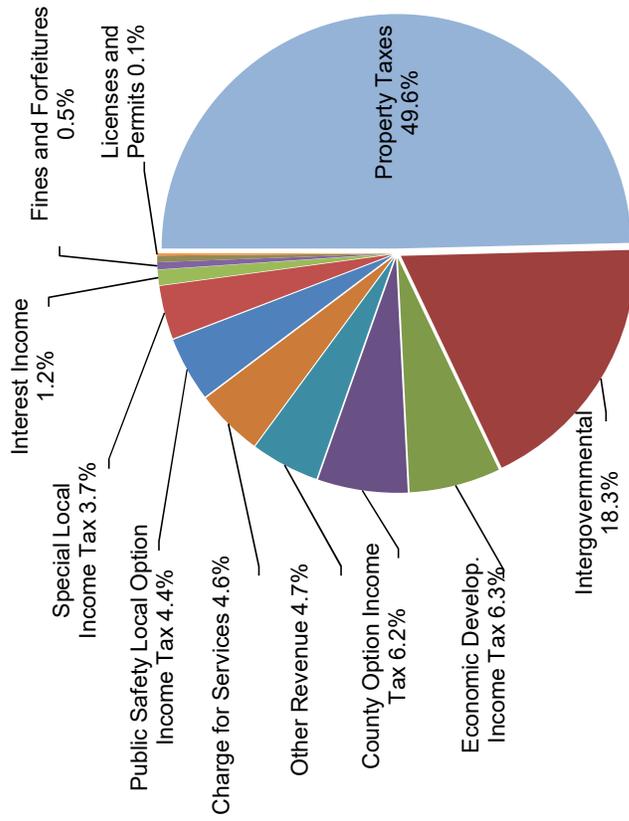


Note: 2015 Governmental Activities Expense includes adjustments for GASB statement No. 68 on pensions.

**City of South Bend, Indiana
Fund Balances, Governmental Funds
Last Ten Fiscal Years**

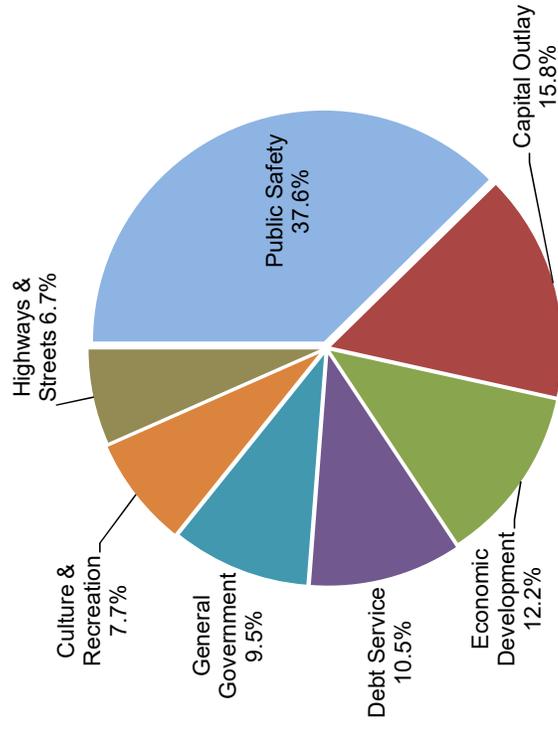


Governmental Funds Revenue 2016



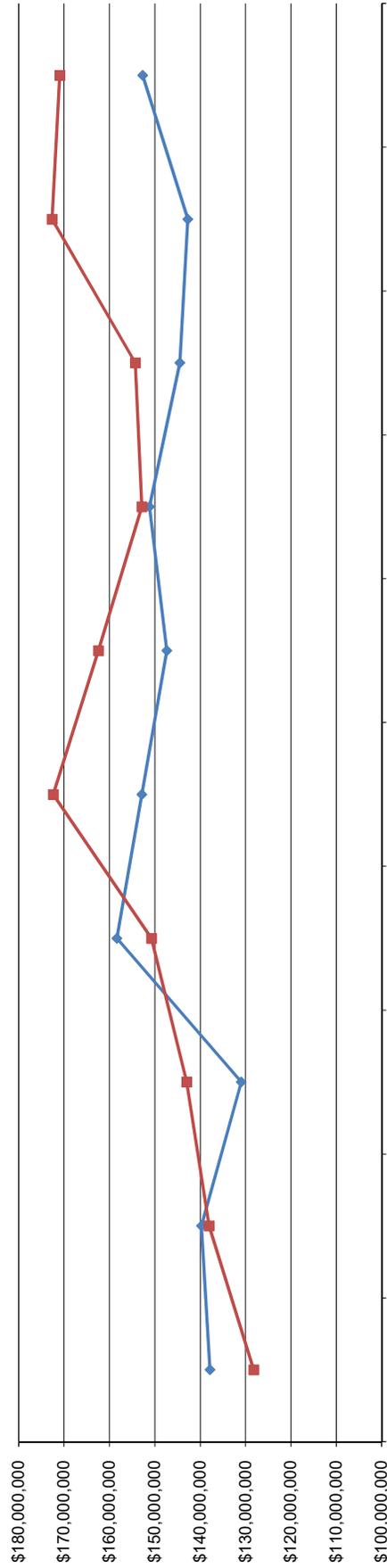
| | | |
|---------------------------------------|-----------------------|---------------|
| Property Taxes | \$ 75,724,582 | 49.6% |
| Intergovernmental | 27,959,813 | 18.3% |
| Economic Develop. Income Tax | 9,594,602 | 6.3% |
| County Option Income Tax | 9,454,023 | 6.2% |
| Other Revenue | 7,179,959 | 4.7% |
| Charge for Services | 7,062,108 | 4.6% |
| Public Safety Local Option Income Tax | 6,791,160 | 4.4% |
| Special Local Income Tax | 5,623,399 | 3.7% |
| Interest Income | 1,624,527 | 1.2% |
| Fines and Forfeitures | 756,781 | 0.5% |
| Professional Sports Develop. Tax | 673,787 | 0.4% |
| Licenses and Permits | 224,677 | 0.1% |
| Total Revenue | \$ 152,669,418 | 100.0% |

Governmental Funds Expenditures 2016



| | | |
|---------------------------|-----------------------|---------------|
| Public Safety | \$ 64,350,281 | 37.6% |
| Capital Outlay | 27,056,295 | 15.8% |
| Economic Development | 20,894,153 | 12.2% |
| Debt Service | 17,998,348 | 10.5% |
| General Government | 16,311,633 | 9.5% |
| Culture & Recreation | 13,070,606 | 7.7% |
| Highways & Streets | 11,294,768 | 6.7% |
| Total Expenditures | \$ 170,976,084 | 100.0% |

**City of South Bend, Indiana
Governmental Funds Revenues and Expenditures
Last Ten Fiscal Years**

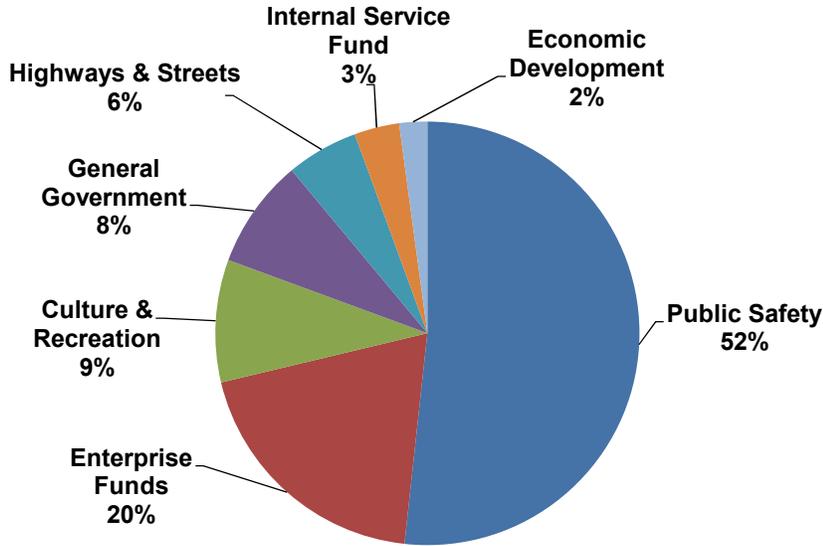


| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | 137,826,642 | 139,717,856 | 130,932,134 | 158,342,276 | 152,877,172 | 147,379,084 | 151,152,474 | 144,489,791 | 142,719,826 | 152,669,418 |
| Expenditures | 128,209,220 | 138,022,795 | 142,962,710 | 150,758,014 | 172,397,679 | 162,460,000 | 152,860,750 | 154,300,097 | 172,658,733 | 170,976,084 |

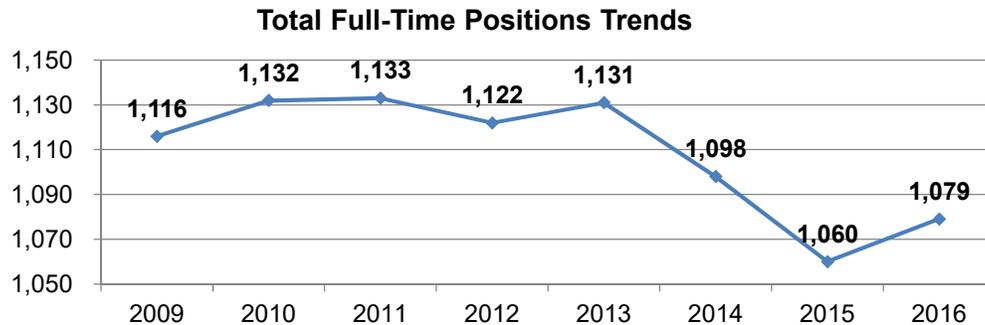
Notes:

Does not include Other Financing Sources/Uses.
Spending on one-time capital items may result in expenditures exceeding revenue during the year.

**City of South Bend, Indiana
Full-Time City Employees by Category as of December 31, 2016**



| | Department | Full-Time Positions |
|--|---|---------------------|
| General Government | Administration and Finance / IT | 26 |
| | Engineering | 18 |
| | Legal Department | 11 |
| | Common Council (elected officials, part-time) | 9 |
| | Mayor's Office | 6 |
| | 311 Call Center | 7 |
| | Human Rights | 6 |
| | City Clerk's Office | 5 |
| | Safety and Risk | 2 |
| | Public Safety | Police Department |
| Fire Department | | 268 |
| Culture and Recreation | Parks and Recreation | 89 |
| | Morris PAC/Palais Royale | 12 |
| Economic Development | Department of Community Investment | 23 |
| Highways and Streets | Street Department | 59 |
| Enterprise Funds | Water Works | 65 |
| | Wastewater | 44 |
| | Sewer | 31 |
| | Code Enforcement / Animal Care & Control | 26 |
| | Solid Waste | 25 |
| | Building Department | 14 |
| | Organic Resources | 6 |
| Internal Service Fund | Central Services | 37 |
| Total FTE as of December 31, 2016 | | 1,079 |





CITY OF SOUTH BEND PETE BUTTIGIEG, MAYOR

DEPARTMENT OF ADMINISTRATION AND FINANCE

June 30, 2017

The Honorable Pete Buttigieg, Mayor of the City of South Bend
Members of the City of South Bend Common Council
Residents of the City of South Bend:

The comprehensive annual financial report of the **City of South Bend, Indiana** (the "City") for the year ended **December 31, 2016** is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities are included.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of South Bend's MD&A can be found immediately following the independent auditors' report.

The Comprehensive Annual Financial Report is presented in four sections: introductory information, financial information, statistical information and federal compliance information. The **introductory section** includes this transmittal letter, the City's organizational chart, a list of principal City officials and the Certificate of Achievement for Excellence in Financial Reporting awarded to the City of South Bend for the year ending December 31, 2015. The **financial section** begins with the independent auditors' report on the City's financial statements and schedules, the City managements' discussion and analysis report, followed by the City's basic financial statements and accompanying notes. The remaining portion of this section includes the combining and individual fund and other financial statements and schedules. The **statistical section** includes selected financial and demographic information generally presented on a multi-year basis, which has been provided to give the reader a broader understanding of the City. **The federal awards compliance section, which includes the results of the supplemental audit of the City's federal awards and the internal controls necessary for compliance, is included in a separate report.**

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, the provisions of Indiana Code section 5-11-1-9 and the requirements of the Indiana State Board of Accounts. Information related to the single audit, including the schedule of federal financial assistance, findings and recommendations, and the auditors' reports on the internal control structure and compliance with applicable laws and regulations, is included in a separate report.

The following pages of this transmittal letter begin with a general overview of South Bend and the surrounding area. Also summarized are the key financial, budgetary and property tax controls with which the City is required to comply. The remainder includes a discussion of the prior year's financial challenges and accomplishments, the City's goals and objectives for this year and beyond and other key issues the City is facing along with the impact they may have on current and future budgets.

GENERAL INFORMATION

The City of South Bend is the county seat of St. Joseph County, Indiana, and is the fourth largest city in the state. The City of South Bend's 2010 U.S. Bureau of the Census population was 101,168. Accordingly, South Bend is classified as a "City of the Second Class" under Indiana statutes (cities with a population of 35,000 to 250,000). Population estimates in 2016 suggest that the city experienced its largest one-year increase in nearly a quarter-century, pointing the way to further growth before the 2020 census. The City of South Bend operates with a mayor as chief executive and a nine-member City Common Council composed of six members elected from districts and three members elected at-large. The City of South Bend has a bond rating of AA with Standards & Poors, one of the highest bond ratings for any city in the State of Indiana.

The City provides a full range of traditional general governmental services to its residents. These services include police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events. In addition to general governmental activities, the City exercises oversight over the South Bend Water Works, the South Bend Wastewater Treatment Facility, the Century Center Convention Center, the Morris Performing Arts Center, the Studebaker National Museum, the City of South Bend Redevelopment Commission and Authority, and several downtown parking facilities.

Location

St. Joseph County lies within the heartland of the manufacturing belt and metropolitan regions of the Upper Midwest and Canada. The City of South Bend is located in the north central part of Indiana, ten miles south of the Michigan state line, and is commonly known to be within the South Bend/Elkhart region. The region is a vibrant and diverse area with a strong economy based on a mix of health care, agricultural, service, manufacturing, education and other commercial and tourism industries. This diverse economic mix creates varied employment opportunities for the area's residents while providing insulation via diversification from future economic downturns.

The city is approximately 90 miles east of Chicago and 140 miles north of Indianapolis. Accessibility to transportation, including Interstate 80/90, an international airport (which is the second busiest in the State of Indiana) and the South Shore Line has supported economic growth within the community. Proximity to Chicago, the largest rail and intermodal (rail/truck/ocean/inland waterway) transfer point in the country, is a significant advantage to the City of South Bend as is proximity to the University of Notre Dame with its scenic campus located adjacent to the city limits. In 2017, the City of South Bend announced plans to partner with the Federal, State and other local governments to reduce the South Shore Line travel time to downtown Chicago to 90 minutes or less by the year 2020. When completed, this project will be transformative to the local economy.

St. Joseph County / South Bend - Economic Conditions and Outlook

St. Joseph County, with its 2010 U.S. Bureau of the Census population of 266,931, boasts a strong history of manufacturing which continues today. The service industry and retail trade have also flourished, creating a balance that serves the community well. The County experienced a net growth in population of 28,317 (11.8% increase) between 1960 and 2010. After experiencing a reduction of 2.6% during 1969 to 1983, at which time the entire Midwest was at the depth of its economic restructuring and recess, the County's population increased 4.0% between 1983 and 1990 and another 7.5% between 1990 and 2000. The population of St. Joseph County has remained fairly flat during the past decade increasing by only 1,372 residents from 2000 to 2010.

The estimated labor force in St. Joseph County is 130,912 workers (2015, STATS Indiana, using data from the Indiana Department of Workforce Development). The workers are typical of the Midwest: well-trained with a strong work ethic. Approximately 88.4% of the area's adult population are high school graduates or higher (as compared to the national average of 75%) with an estimated 27.2% with a Bachelor's Degree or higher. There are ten colleges, universities and technical schools within South Bend and the surrounding area including the University of Notre Dame; Indiana University South Bend; Bethel College; Saint Mary's College; Purdue University College of Technology at South Bend; Holy Cross College; Trine University South Bend; American National University; ITT Technical Institute; and Ivy Tech Community College. As of November 2016, St. Joseph County is experiencing an unemployment rate of 4.2%, which is slightly higher than the State of Indiana unemployment rate of 3.9%. The unemployment rate in St. Joseph County is somewhat similar than some of its surrounding counties—Elkhart (3.3%), LaPorte (5.1%), and Marshall (3.3%) in Indiana and Cass (4.3%) and Berrien (4.4%) in Michigan (as of November 2016).

The employment profile for St. Joseph County provides a good overview of the economic make-up of this community. Employment estimates for the County's major economic sectors are as follows (US Census Bureau 2011-2015 American Community Survey 5-Year Estimates Civilian Employed Population):

| <u>Economic Sector</u> | <u>Number Employed</u> | <u>% of Total</u> |
|--|-------------------------------|--------------------------|
| Educational Services, Healthcare, Social Assistance | 34,474 | 28.0% |
| Manufacturing | 21,440 | 17.4% |
| Retail Trade | 13,845 | 11.2% |
| Arts, Entertainment, Recreation, Accommodation, Food Services | 11,135 | 9.0% |
| Professional, Scientific, Management, Administrative, Waste Management Services | 10,216 | 8.3% |
| Finance and Insurance, Real Estate, Rentals, Leasing | 6,412 | 5.2% |
| Construction | 5,732 | 4.7% |
| Other Services, except Public Administration | 5,533 | 4.5% |
| Transportation and Warehousing, and Utilities | 4,702 | 3.8% |
| Public Administration | 3,503 | 2.9% |
| Wholesale Trade | 3,444 | 2.8% |
| Information | 2,210 | 1.8% |
| Agriculture, Forestry, Fishing, Hunting, Mining | <u>524</u> | <u>0.4%</u> |
| Total | 123,170 | 100.0% |

St. Joseph County presently has an estimated 102,005 households with an average per capita personal income of \$43,040, which compares to the State of Indiana average per capita personal income of \$41,940 and the United States per capita personal income of \$56,430. The per capita income in St. Joseph County compares favorably with most of its surrounding counties—Elkhart (\$39,882), La Porte (\$37,827), and Marshall (\$36,958) in Indiana and Cass (\$19,474) and Berrien (\$24,304) in Michigan.

Health and education lead the employment statistics for St. Joseph County. The largest employers in St. Joseph County as of August 2015 were as follows: University of Notre Dame (5,802); Beacon Health Systems (4,683); South Bend Community School Corporation (3,615); St. Joseph Health Systems (2,626); Indiana University – South Bend (1,277); City of South Bend (1,139); St. Joseph County (1,068); AM General (800); Honeywell Aerospace (700); and Press Ganey (694).

The following provides a profile of the residents of St. Joseph County (US Census Bureau 2011-2015 American Community Survey 5-Year):

| | |
|------------------------|---|
| Gender %, male/female: | 48.4% male; 51.6% female |
| Age: | 24.1% under 19 11.2% 19-24 years of age 24.8% 25-44 years of age 25.9% 45-64 years of age 14.0% 65 years of age and older |
| Race: | 74.4% White 12.8% Black/African American 8.0% Hispanic/Latino 2.0% Asian 2.8% Other |
| Home Ownership: | 68.5% own; 31.5% rent/other |

The cost of living continues to be one of the greatest advantages of living in this community. The housing costs in South Bend are well below the national and regional averages. Per a report compiled by the National Association of Realtors in the third quarter of 2016, the median sales price for a single family home in the South Bend-Mishawaka Statistical Area was \$128,500 as compared to a median sales price of \$244,100 in Chicago and \$164,100 in Indianapolis. The national median sales price is \$240,900.

Between January 2015 and June 2016 the City of South Bend has seen approximately \$192,148,376 in private investment and the announcement of roughly 939 jobs. By providing state of the art innovative infrastructure and, in some cases, offering targeted assistance the City can stimulate private investment, creating business opportunities and jobs. The City has had many significant economic development projects to include new downtown residential housing, mixed use developments, downtown hotels, and high tech industrial projects. A highlight of 2016 is the implementation of the Smart Streets project with downtown streets undergoing construction. City investments like these encourage new start-up businesses, strengthen existing business, attract new jobs, increase assessed value and emphasize direct investment in hard-to-develop areas. Efforts have been and will continue to focus on implementing the comprehensive plans for our neighborhood and downtown areas.

The South Bend Community School Corporation serves the entire City and some of the surrounding area and has a current enrollment of approximately 18,680 students in grades pre-kindergarten through 12. An estimated 5,367 students attend private or parochial schools within the City. The ten institutions of higher education and technical training located within the South Bend area have a total enrollment of approximately 31,000. Over the years, the University of Notre Dame has provided a stabilizing influence on the economy with a very significant positive economic impact upon the community.

South Bend History and Amenities

In 1820, Pierre Navarre of the American Fur Trading Company was the first settler in the area to become later known as South Bend. South Bend has continued to progress in its growth since 1842 when Father Edward Sorin named his rustic log chapel “Notre Dame du Lac” and began to teach the local Indians. Today the chapel has grown into the University of Notre Dame. In 1852, H.C. Studebaker started the industry of making wagons and horse-drawn buggies that evolved into the manufacturing of the Studebaker automobile. It made the name Studebaker synonymous with the area of South Bend and its major employer until its closure in 1963.

Another industrial firm that would later become the area’s largest began in 1923 when Vincent Bendix began manufacturing automotive brakes. In 1929, the company became the Bendix Aviation Corporation, and now, as Honeywell (formerly AlliedSignal Inc.), is a leading manufacturer of automotive and aerospace products. The Singer Sewing Company and the Oliver Chilled Plow Works were other important companies during the early history of South Bend.

In the 1840s and 1850s, many South Bend residents were secretly involved in helping fugitive slaves escape from the South through the Underground Railroad. Many residents of South Bend and St. Joseph County offered their homes, barns and businesses up as “stations” or safe places in which runaways could eat and rest as they made their way North. Most notable among local Underground Railroad conductors was James Washington, a well-known and well-respected free Black in South Bend. Mr. Washington was a barber who, along with Mr. Sawyer, collected money from local citizens to fund the Underground Railroad.

Special attractions within the South Bend area include the Olympic-class East Race Waterway and the East Bank area; the renovated Morris Performing Arts Center, which provides for the Broadway Theater League, the South Bend Symphony Orchestra with the Chamber and Pops Orchestras, and the Southold Dance Theater and Patchwork Dance Company; the award-winning South Bend Civic Theater; the Studebaker National Museum; the South Bend Museum of Art; the Snite Museum of Art at Notre Dame; the Northern Indiana Center for History; Copshaholm/The Oliver Mansion; Century Center; Potawatomi Zoo; the Morris Conservatory/Muessel-Ellison Tropical Gardens; Healthworks! Kids Museum; the Farmers’ Market; and the Byers Softball Complex. The Four Winds Field Baseball Stadium is a 5,600-seat facility which opened in 1987 and is rated among the best in minor league baseball. The stadium is home to the South Bend Cubs, a minor league team affiliated with the Chicago Cubs.

Additional miscellaneous information about the City of South Bend can be found in the statistical section of this report.

Financial, Budgetary and Property Tax Controls

The City's management team is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. On November 28, 2016, the South Bend Common Council approved a new Internal Controls policy for the City.

Single Audit. As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City. As part of the City's single audit described earlier, tests are performed to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the year ended December 31, 2016 are included in a separate report.

Budgetary Controls. In accordance with Indiana statutes, the City maintains budgetary controls integrated within the accounting system. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget (prepared on a cash basis) which is adopted by the Common Council or Redevelopment Commission (depending on the fund) and then reviewed and approved by the State of Indiana Department of Local Government and Finance (DLGF). Activities of the general fund, special revenue funds, capital project funds, enterprise funds, internal service funds, pension trust funds and debt service funds are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major budget classification within funds. The Mayor and Common Council may transfer appropriations from one major budget classification to another within a department by ordinance as long as the total appropriations for that fund are not exceeded. Additional appropriations in excess of the original budget must be approved by the Mayor and Common Council and are also submitted to the DLGF for either approval or acknowledgement (depending on the fund). Additional appropriations for funds approved by the Redevelopment Commission do not require DLGF approval. The deadline for adoption of the annual budget is November 1. The city's fiscal year begins on January 1.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts do not lapse at year end and are carried over to the following year as a part of the subsequent year's budget.

Property Tax Controls. In addition to budgetary and other controls established by Indiana statute, the City must operate within specific and rigid controls governing the amount of property tax it may levy. The property tax control program, which began in 1973, limits the amount of property tax that may be levied by each unit of government in its legally budgeted funds. The total amount of property tax levied by the unit may increase by the six year average annual growth in Indiana personal non-farm income, as calculated by the U.S. Bureau of Economic Analysis, with a 6% maximum.

During March 2008, the State of Indiana General Assembly enacted property tax reform legislation which made significant changes in the property tax system by capping the amount of property taxes at 1% of grossed assessed value for residential homesteads, 2% for agricultural/rental properties and 3% for all other real and personal property. This legislation was phased in over a two year period beginning in 2009. The loss of revenue to the City due to this legislation was significant (estimated to be over \$31 million dollars) but this revenue loss has been offset by cost savings and the adoption of local option income taxes in order to continue providing essential City services, including police and fire protection.

A historical view of the City's tax rate and its net assessed valuation has been included in the statistical section of this document.

Mayoral Leadership

Mayor Pete Buttigieg, a Harvard University graduate and Rhodes Scholar, assumed office on January 1, 2012, bringing with him a group of leaders with new ideas and energy to implement transformational reform to city government. When elected at age 29, Mayor Buttigieg was the youngest chief executive of a municipality exceeding 100,000 residents in the United States. During 2012, Mayor Buttigieg launched eight new initiatives to improve city government:

1. New Economic Partnerships – to lay out a new economic vision for our community as well as to agree on a smarter division of labor among various groups involved in economic development.
2. High Ethical Standards – on his first day in office, the Mayor issued an executive order introducing a new ethics code for City employees.
3. Customer Service Mentality – design ways that City employees can track and resolve residents' issues efficiently by using more advanced technology. This effort led to the creation of a "311 Call Center" for non-emergency municipal telephone calls during 2012. As of December 31, 2016, the 311 Call Center has taken an excess of 633,000 calls since inception.
4. Strong Partnership with Schools – the Mayor has improved dialogue with the South Bend Community School Corporation and other stakeholders to ensure a strong educational system in the City. The Mayor has begun programs to double the number of public school mentors and curb youth and gun violence.
5. Transparency and Accessibility – choosing not to serve from behind his desk, Mayor Buttigieg continues to conduct a series of monthly "Mayor's Night Out" and "Mayor's Night In" events around town to allow residents to speak to him and his department heads directly about concerns and ideas. Also, efforts to implement a first-class performance management system has been initiated and departmental performance measures are being monitored on a monthly basis. The City website has been re-designed and additional financial and operational reports are being made available online.
6. Vacant and Abandoned Buildings – as with many large cities, the City of South Bend has an issue with vacant and abandoned buildings. The city has taken on this issue with the appointment of a blue-ribbon task force that developed a strategy and initiated an aggressive three-year program – 1,000 buildings in 1,000 days – to reduce the number of vacant and abandoned buildings. In October 2015, the 1,000th building was addressed. The City is now working on phase II of the program – dealing with the now vacant lots created by the demolition of the buildings.

7. Smart Streets – an effort to improve the role of streets within South Bend. Projects within this initiative utilizes the “Complete Streets” philosophy which advocates for the design of streets to enable safe access for all users, including pedestrians, bicyclists, motorists and transit riders of all ages and abilities. In 2015, a \$25 million bond was issued to aide in the completion of this project in a timely fashion. A majority of this work has been completed as of November 30, 2016.
8. South Bend Group Violence Intervention (SBGVI) – unites community leaders around a common goal: to stop violence and keep South Bend’s highest risk residents alive and out of prison. SBGVI is a partnership among 30 community leaders from law enforcement, government, education, civil services, health-care and faith-based agencies.

City Values

The administration of Mayor Buttigieg has a single, overarching mission - **we deliver services that empower everyone to thrive**. In support of this vision, the Mayor has established three main pillars of administration policy:

1. ***Make the basics easy*** – Provide residents high quality services at the greatest value to the taxpayer, maintaining widespread confidence that the fundamentals are managed well.
2. ***Deliver Good government*** – Put residents first always, leading by example, gathering input, and transparently communicating our intentions, decisions, and actions.
3. ***Invest in people and places*** – Support residents with design, policy, and programming for a strong and inclusive economy, vibrant culture, and great public spaces.

Values

| | In the administration | In the community |
|----------------|--|--|
| EXCELLENCE | For each major area of service delivery, establish South Bend as the best in the state, and/or in the top 25% nationally, measuring and reporting progress. | Establish a path for major indicators of resident well-being to reach the status of best-in-state or top-25% nationally, including the means to measure progress. |
| ACCOUNTABILITY | Put residents first always, offering services at the greatest value to the taxpayer, with clear and transparent indications of how the government is using public resources. | Promote a culture of civic engagement in which we hold one another to a high standard of respect, stewardship, and support for our shared community. |
| INNOVATION | Deliver better services more efficiently by introducing creative approaches to government operations, questioning habit and using evidence to continually improve. | Foster a culture of innovation in South Bend’s social and private sectors, seeking and developing the best ideas and practices from within and beyond our city limits. |

| | | |
|-------------|---|---|
| INCLUSION | Ensure the city administration, as an employer and as a purchaser, reflects the community it serves and includes diverse voices in our decision-making and actions. | Develop a community in which everyone has an equal opportunity to thrive by expanding access and participation to all, incorporating diverse voices throughout the city. |
| EMPOWERMENT | Establish a work environment that enables employees to contribute richly to the administration and the community, taking pride and ownership in our work. | Support the ability of all residents to live a safe, healthy, meaningful life in South Bend, contributing as they are able and benefiting from all that our community offers. |

Community and Governance Results

During 2016, the City administration has initiated a Priority Based Budgeting program and has developed the following Community and Governance desired outcomes:

Community Results

1. Safe Community for Everyone
2. Strong, Inclusive Economy
3. Thriving Public Spaces and Culture
4. Vibrant, Welcoming Neighborhoods
5. Robust and Well-Planned Infrastructure
6. Empower All Residents with Education, Mobility and Technology

Governance Results

1. Great Employer with Great Employees
2. Enduring Financial Strength
3. Excellent Services and Efficient Processes
4. Modeling our Values (Excellence, Accountability, Innovation, Inclusion and Empowerment)
5. Robust Physical and Technological Capital Assets
6. Reliable Compliance with Regulations and Well-Managed Risk
7. Effective, Responsive Leadership and Communication

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Bend for its comprehensive annual financial report for the fiscal year ended December 31, 2015. This was the 26th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

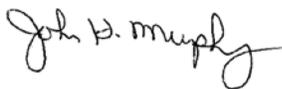
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

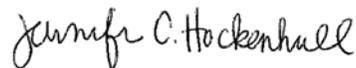
The preparation of the Comprehensive Annual Financial Report (CAFR) was made possible by the dedicated service of the City's departmental fiscal officers and the staff of the Department of Administration and Finance. Each fiscal officer and member of the Administration and Finance Department has our sincere appreciation for the contributions made in the preparation of this report. We would especially like to acknowledge the efforts of the core CAFR preparation team of Rahman Johnson, Amy Shirk, Consultant Bruce Snyder and Plante & Moran, PLLC. In addition, we would like to thank the Field Examiners of the Indiana State Board of Accounts (led by Martha Harper and Alex Flores) for their hard work and dedication in this effort.

In closing, without the leadership and support of Mayor Pete Buttigieg, City Department Heads, City Fiscal Officers and members of the City of South Bend Common Council, preparation of this report would not have been possible.

Sincerely,



John H. Murphy, MPA
Chief Financial Officer



Jennifer Hockenull, CPA
City Controller



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Bend (City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Combining Balance Sheet, Combining Statement of Revenue, Expenditures and Changes in Fund Balances, Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual, Combining Statements of Net Position, Combining Statements of Revenue, Expenses, and Changes in Net Position, Combining Statements of Cash Flows, Statement of Assets and Liabilities, Combining Statement of Changes in Fiduciary Net Position, and Statement of Changes in Assets and Liabilities, and the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Balance Sheet, Combining Statement of Revenue, Expenditures and Changes in Fund Balances, Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual, Combining Statements of Net Position, Combining Statements of Revenue, Expenses, and Changes in Net Position, Combining Statements of Cash Flows, Statement of Assets and Liabilities, Combining Statement of Changes in Fiduciary Net Position, and Statement of Changes in Assets and Liabilities are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, and other budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

June 5, 2017

The management of the City of South Bend, Indiana (the “City”) provides herewith this Management’s Discussion and Analysis (MD&A) of the financial activities and condition of the **City of South Bend, Indiana** for the fiscal year ended **December 31, 2016**.

Readers of the information contained within this Management’s Discussion and Analysis, and any opinion derived therein, should be considered as a part of the greater whole of the financial statements, notes to the financial statements, supplemental information and letter of transmittal, as contained within this Comprehensive Annual Financial Report (CAFR).

The City of South Bend is the county seat of St. Joseph County, Indiana, and is the fourth largest city in the state of Indiana. St. Joseph County is located within the heartland of the manufacturing and metropolitan regions of the Upper Midwest. The City of South Bend is located in the north central region of the state of Indiana, five (5) miles south of the Indiana / Michigan state boundary line. The City is approximately ninety (90) miles east of the city of Chicago and one hundred forty (140) miles north of the city of Indianapolis.

The 2010 U.S. Bureau of the Census population for the City of South Bend was reported as 101,168 and the 2010 Census population for St. Joseph County was reported as 266,931. Accordingly, South Bend is classified as a “Second Class City” under State of Indiana statutes, defined as cities with a population between 35,000 and 600,000 residents.

The City of South Bend and St. Joseph County is a vibrant and diverse area with a strong local economy based on a mix of agricultural, manufacturing and service, higher education, health care and other commercial and tourism based industries. The diverse economic mix creates varied employment opportunities for residents while providing insulation from economic downturns through diversification. South Bend is home to the University of Notre Dame.

The City of South Bend provides a full range of general governmental services to its residents. Services include general government, public safety, street construction and maintenance, infrastructure construction and maintenance, parks and recreation services, arts and culture, and sanitation services. In addition, the City provides Water Utility, Wastewater Utility and Solid Waste services to commercial and residential properties within the city. City operations also include the Century Center convention venue, Morris Performing Arts Center, Palais Royale Ballroom, Studebaker National Museum, South Bend Redevelopment Authority and Public Parking Garages within the city footprint.

The City of South Bend governmental structure includes elected officials as follows with defined management and legislative authority in compliance with Indiana statute.

| | | |
|----------------|---|-------------|
| Mayor | Chief Executive Officer | 4-year term |
| Common Council | 9 member legislative body 6 from defined districts within the City 3 at-large members | 4-year term |
| City Clerk | Secretary of the Common Council | 4-year term |

The current terms of office for Common Council members, Mayor and City Clerk expire on December 31, 2019.

The City of South Bend was incorporated in 1865, is compliant with Indiana statutes, and remains as such through the period covered by this Management's Discussion and Analysis report.

Financial Highlights

| | Governmental Activities | | Business-type Activities | | Government-wide Activities | |
|----------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|----------------------------|-----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Assets/deferred outflows | \$ 516,480,560 | \$ 516,636,797 | \$ 320,179,055 | \$ 317,443,817 | \$ 836,659,615 | \$ 834,080,614 |
| Liabilities/deferred inflows | 353,797,922 | 375,776,902 | 117,568,564 | 122,632,404 | 471,366,486 | 498,409,306 |
| <u>Net position</u> | | | | | | |
| Net investment in capital assets | 161,341,318 | 157,604,691 | 145,288,974 | 141,998,384 | 306,630,292 | 299,603,075 |
| Restricted | 8,669,117 | 9,137,552 | 31,963,852 | 28,397,290 | 40,632,969 | 37,534,842 |
| Unrestricted | -7,327,797 | -25,882,348 | 25,357,665 | 24,415,739 | 18,029,868 | -1,466,609 |
| Total net position | \$ 162,682,638 | \$ 140,859,895 | \$ 202,610,491 | \$ 194,811,413 | \$ 365,293,129 | \$ 335,671,308 |
| Change vs. prior year | \$ 21,822,743 | \$ 3,890,735 | \$ 7,799,078 | \$ 6,387,416 | \$ 29,621,821 | \$ 10,278,151 |
| Expenses | 134,519,353 | 164,310,194 | 64,067,328 | 61,899,676 | 198,586,681 | 226,209,870 |
| Revenues | 152,661,080 | 143,906,425 | 75,547,422 | 75,039,628 | 228,208,502 | 218,946,053 |

- Government-wide net position was \$365,293,129 as of December 31, 2016.
- Government-wide net position increased by \$29,621,821 or 8.8% during fiscal 2016. Governmental activity net position increased by \$21,822,743 or 15.5% and business-type activity net position increased by \$7,799,078 or 4.0% during fiscal 2016. On an overall basis, the City is better off financially at December 31, 2016 than it was at December 31, 2015 on a government-wide financial basis. The primary reason is that the City received higher than expected property taxes, income taxes and other revenues in 2016 while spending less than anticipated due to plan changes in the TIF and Utility areas.
- Total assets and deferred outflows of resources as of December 31, 2016 of \$836,659,615 increased by \$2,579,001 or 0.3% as compared to total assets and deferred outflows of resources as of December 31, 2015.
- Total liabilities and deferred inflows of resources as of December 31, 2016 of \$471,366,486 decreased by \$27,042,820 or 5.4% as compared to total liabilities and deferred inflows of resources as of December 31, 2015.
- As of December 31, 2016, the government-wide net position of \$365,293,129 has \$306,630,292 invested in capital assets (net of debt) which is not available for spending, \$40,632,969 classified as restricted for debt service; capital outlay; and other; and \$18,029,868 classified as unrestricted.

- Government-wide revenue received in fiscal 2016 totaled \$228,208,502, an increase of \$9,262,449 or 4.2% versus government-wide revenue received in fiscal 2015. Governmental activity revenue increased by \$8,754,655 or 6.1%, and business-type activity revenue increased by \$507,794 or 0.7%.
- Government-wide expenses in 2016 totaled \$198,586,681, a decrease of \$27,623,189 or 12.2% compared to expenses of \$226,209,870 in 2015. Government activity expenses decreased by \$29,790,841 or 18.1% and business-type activity expenses increased by \$2,167,652 or 3.5% compared to fiscal 2015.
- Explanatory commentary concerning the changes in assets, liabilities, revenue and expenditures can be found in later sections of this MD&A.

Overview of the Financial Statements

The City of South Bend's financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of South Bend's finances using "accrual-based accounting," a method of accounting used by private sector businesses.

- **Statement of Net Position**

This statement reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City of South Bend as of December 31, 2016. The difference between total assets and deferred outflows of resources less total liabilities and deferred inflows of resources is reported as "net position," and can generally be thought of as the net worth of the City. Increases in net position generally indicate an improvement in financial position while decreases in net position may indicate a deterioration of financial position.

- **Statement of Activities**

This statement serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the City of South Bend for the year ended December 31, 2016. Changes in net position are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The statement of activities displays the expense of the City's various programs net of the related revenues, as well as a separate presentation of revenue available for general purposes including property and county option income taxes, fees for services and other revenue sources.

The government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The major governmental activities of the City of South Bend include general government, public safety, street construction and maintenance, infrastructure construction and maintenance, parks and recreation services, and arts and culture. The major business-type activities of the City include the water utility, wastewater utility, solid waste sanitation services, Century Center convention center, building department, emergency medical services and the downtown parking garages.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of South Bend can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Each fund has its own cash balance which must be maintained according to the City's cash reserve policy.

Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. Governmental funds use the modified accrual accounting method. The City maintains seven (7) major governmental funds (General, Parks and Recreation, Public Safety Local Option Income Tax (LOIT), County Option Income Tax (COIT), Economic Development Income Tax (EDIT), Rainy Day, and River West TIF) and sixty-eight (68) non major governmental funds.

Proprietary Funds

The City of South Bend maintains two types of proprietary funds: enterprise and internal service.

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains seven (7) enterprise funds. Information is presented separately in the proprietary statement of net position and the proprietary statement of revenues, expenses and changes in fund net position for the Water utility, Wastewater utility and Century Center, which are considered major enterprise funds. Data from the other four (4) nonmajor enterprise funds (Consolidated Building Department, Parking Garage, Solid Waste, and Emergency Medical Services) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report.
- **Internal service funds** are used to accumulate and allocate costs internally among the City's various functions and funds. The City maintains six (6) internal service funds. The City of South Bend uses internal service funds to account for its self-funded liability insurance program, self-funded employee health benefits program, unemployment compensation claims, police take-home vehicle program, 311 call center, and central services unit (a department that accounts for expenses related to fuel, vehicle repairs, printing and other services provided to City departments on a cost-reimbursement basis). Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements but are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs. The City maintains six (6) fiduciary funds, which consist of two (2) pension trust funds (1925 Police Pension and 1937 Firefighters' Pension), three (3) agency funds (Payroll, Police Distributions Payable and Morris/Palais Royale Box Office), and one (1) private-purpose trust fund (City Cemetery).

Pension Trust Fund Operations

City employees are covered by the Public Employees Retirement Fund (PERF) and the 1977 Police Officers' and Firefighters' Pension Fund, both of which are administered by the State of Indiana. However, certain police officers and firefighters hired before May 1, 1977 (who did not opt into the 1977 fund) continue to be members of the 1925 Police Officers' Pension Fund or the 1937 Firefighters' Pension Fund. These two funds are administered by the City. The number of police officers and firefighters in the City-managed pension trust funds will continue to decline in the future as current participants pass away. The State makes certain contributions toward the funding of the 1925 Police Officers' and 1937 Firefighters' pension plans.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential in order to have a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes and disclosures, this CAFR presents supplementary information ("Required Supplementary Information" or "RSI") immediately following the basic financial statements. Other supplementary information is found in the Statistical Section. The combining statements referred to earlier in connection with non-major governmental, non-major enterprise, internal service and fiduciary funds are presented immediately after the Required Supplementary Information within the financial statement section of the CAFR.

Government-wide Financial Statements

The following financial analysis will focus on the statement of net position and statement of changes in net position of the City's governmental and business-type activities.

Statement of Net Position

| | Governmental Activities | | Business-type Activities | | Government-wide Activities | |
|----------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-------------------------------|-----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Assets | | | | | | |
| Current and other | \$ 214,523,060 | \$ 226,795,797 | \$ 68,688,703 | \$ 74,526,365 | \$ 283,211,763 | \$ 301,322,162 |
| Capital assets (net) | 273,380,335 | 265,386,820 | 249,215,298 | 240,503,593 | 522,595,633 | 505,890,413 |
| Total Assets | 487,903,395 | 492,182,617 | 317,904,001 | 315,029,958 | 805,807,396 | 807,212,575 |
| Deferred Outflows | 28,577,165 | 24,454,180 | 2,275,054 | 2,413,859 | 30,852,219 | 26,868,039 |
| Liabilities | | | | | | |
| Current | 8,052,118 | 30,617,734 | 17,885,075 | 15,584,204 | 25,937,193 | 46,201,938 |
| Long term | 329,439,412 | 324,909,155 | 99,440,549 | 106,707,120 | 428,879,961 | 431,616,275 |
| Total Liabilities | 337,491,530 | 355,526,889 | 117,325,624 | 122,291,324 | 454,817,154 | 477,818,213 |
| Deferred Inflows | 16,306,392 | 20,250,013 | 242,940 | 341,080 | 16,549,332 | 20,591,093 |
| Net Position | | | | | | |
| Net investment in capital assets | 161,341,318 | 157,604,691 | 145,288,974 | 141,998,384 | 306,630,292 | 299,603,075 |
| Restricted | 8,669,117 | 9,137,552 | 31,963,852 | 28,397,290 | 40,632,969 | 37,534,842 |
| Unrestricted | (7,327,797) | (25,882,348) | 25,357,665 | 24,415,739 | 18,029,868 | (1,466,609) |
| Total Net Position | \$ 162,682,638 | \$ 140,859,895 | \$ 202,610,491 | \$ 194,811,413 | \$ 365,293,129 | \$ 335,671,308 |

- As of December 31, 2016, total assets and deferred outflows exceeded liabilities and deferred inflows by \$365,293,129, an increase of \$29,621,821, or 8.8%, from the net position level as of December 31, 2015.
- Governmental activities net position of \$162,682,638 increased by \$21,822,743, or 15.4%, from December 31, 2015.
- Business-type net position of \$202,610,491 increased by \$7,799,078, or 4.0%, from December 31, 2015. The increase in business-type net position was due primarily to a 5% increase in sewer rates which will be used to support long-term capital projects of the Wastewater and a 9.1% increase in the Solid Waste fees used to support operations and capital expenditures.
- Government-wide assets and deferred outflows increased by \$2,579,001, or 0.3%, as compared to amounts as of December 31, 2015 primarily due to increased tax revenue received during 2016.
- Government-wide liabilities and deferred inflows decreased by \$27,042,820, or 5.4%, as compared to amounts as of December 31, 2015. The decrease is due primarily to the pay down of outstanding debt from operations without offsetting new debt and the reduction of the calculated net pension liability.

Statement of Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Government-wide Activities | |
|--|----------------------------|-----------------------|-----------------------------|-----------------------|-------------------------------|-----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Revenue | | | | | | |
| Program revenue: | | | | | | |
| Charge for services | \$ 8,171,317 | \$ 6,529,359 | \$ 75,470,222 | \$ 69,997,286 | \$ 83,641,539 | \$ 76,526,645 |
| Operating grants | 2,644,272 | 2,813,481 | - | - | 2,644,272 | 2,813,481 |
| Capital grants | - | - | 649,609 | 4,683,424 | 649,609 | 4,683,424 |
| General revenue: | | | | | | |
| Taxes | | | | | | |
| Property tax | 76,331,581 | 72,032,049 | - | - | 76,331,581 | 72,032,049 |
| Other tax | 31,463,184 | 24,507,308 | - | - | 31,463,184 | 24,507,308 |
| Unrestricted grants | 25,846,397 | 25,487,112 | - | - | 25,846,397 | 25,487,112 |
| Investment earnings | 1,458,787 | 1,322,674 | 570,982 | 358,918 | 2,029,769 | 1,681,592 |
| Other revenue | 6,745,542 | 11,214,442 | (1,143,391) | - | 5,602,151 | 11,214,442 |
| Total Revenue | 152,661,080 | 143,906,425 | 75,547,422 | 75,039,628 | 228,208,502 | 218,946,053 |
| Expenses | | | | | | |
| General government | 15,618,817 | 21,572,776 | - | - | 15,618,817 | 21,572,776 |
| Public safety | 55,029,909 | 56,528,448 | - | - | 55,029,909 | 56,528,448 |
| Highways and streets | 13,550,535 | 20,045,444 | - | - | 13,550,535 | 20,045,444 |
| Culture and recreation | 17,156,094 | 20,300,768 | - | - | 17,156,094 | 20,300,768 |
| Economic development | 28,436,368 | 40,727,612 | - | - | 28,436,368 | 40,727,612 |
| Bond issuance costs | - | 372,432 | - | - | - | 372,432 |
| Interest on long-term debt | 4,727,630 | 4,762,714 | - | - | 4,727,630 | 4,762,714 |
| Water utility | - | - | 14,900,039 | 13,609,378 | 14,900,039 | 13,609,378 |
| Wastewater utility | - | - | 26,420,526 | 25,737,867 | 26,420,526 | 25,737,867 |
| Civic center | - | - | 5,364,472 | 4,854,747 | 5,364,472 | 4,854,747 |
| Building department | - | - | 3,240,172 | 3,552,347 | 3,240,172 | 3,552,347 |
| Parking | - | - | 909,857 | 2,139,182 | 909,857 | 2,139,182 |
| Solid waste | - | - | 5,794,913 | 5,243,972 | 5,794,913 | 5,243,972 |
| Golf course | - | - | - | 165,977 | - | 165,977 |
| Emergency medical services | - | - | 7,437,349 | 6,596,206 | 7,437,349 | 6,596,206 |
| Total Expenses | 134,519,353 | 164,310,194 | 64,067,328 | 61,899,676 | 198,586,681 | 226,209,870 |
| Change in net position | | | | | | |
| Before transfers | 18,141,727 | (20,403,769) | 11,480,094 | 13,139,952 | 29,621,821 | (7,263,817) |
| Special items - Disposal of operations | - | - | - | (1,180,964) | - | (1,180,964) |
| Transfers | 3,681,016 | 2,846,415 | (3,681,016) | (2,846,415) | - | - |
| Change in net position | 21,822,743 | (17,557,354) | 7,799,078 | 9,112,573 | 29,621,821 | (8,444,781) |
| Beginning net position | 140,859,895 | 158,417,249 | 194,811,413 | 185,698,840 | 335,671,308 | 344,116,089 |
| Ending net position | \$ 162,682,638 | \$ 140,859,895 | \$ 202,610,491 | \$ 194,811,413 | \$ 365,293,129 | \$ 335,671,308 |

Governmental Activities

Net position for governmental activities increased by \$21,822,743 during fiscal 2016, an increase of 15.5% from the balance of Net Position at December 31, 2015. Revenue of \$152,661,080 increased by \$8,754,655, or 6.1%. Expenses were \$134,519,353 during 2016, a decrease of \$29,790,841, or 18.1% as compared to fiscal 2015.

The governmental activities revenue increases were due primarily to higher property tax and income tax revenue during 2016 resulting from an increase in assessed property values and an improving local economy. Governmental activities expenses decreased significantly in 2016 due to higher than usual spending in 2015 on large capital projects and business incentives paid to companies for economic development. Many major projects (2-way street conversions and major economic development projects) were funded in 2015.

Business-type Activities

Net position from business-type activities increased by \$7,799,078 during fiscal 2016, an increase of 4.0% from the balance of Net Position at December 31, 2015. During 2016, business-type activities revenue of \$75,547,422 increased by \$507,794, or 0.7%, over fiscal 2015. During 2016, business-type activities expenses of \$64,067,328 increased by \$2,167,652, or 3.5%, when compared to fiscal 2015.

Revenue increased primarily in the Wastewater utility as a result of a 5% rate increase and in Solid Waste due to a 9.1% rate increase. Both rate increases were approved by the South Bend Common Council.

Financial Analysis of Government Funds

The City of South Bend uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Funds of the City are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Condensed Balance Sheet,
Statement of Revenue, Expenditures, and Changes in Fund Balance
As of December 31, 2016**

| | General | Park & Rec | PS LOIT | COIT | EDIT | Rainy Day | River West TIF | Other | Total |
|------------------------------------|----------------------|---------------------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Total assets | \$ 35,178,825 | \$ 4,527,367 | \$ 940,539 | \$ 10,479,820 | \$ 11,575,880 | \$ 10,185,414 | \$ 42,335,432 | \$ 90,137,661 | \$ 205,360,938 |
| Total liabilities | 1,226,203 | 181,597 | 114,082 | 465,853 | 375,991 | - | 1,420,433 | 9,835,559 | 13,619,718 |
| Fund Balances: | | | | | | | | | |
| Nonspendable | 494,730 | 27,113 | - | 1,526,597 | 270,001 | - | 9,583,608 | 12,158,948 | 24,060,997 |
| Restricted | - | 4,318,657 | 826,457 | - | - | - | 31,331,391 | 65,350,135 | 101,826,640 |
| Committed | - | - | - | - | - | - | - | 2,698,694 | 2,698,694 |
| Assigned | 1,380,036 | - | - | 8,487,370 | 10,929,888 | 10,185,414 | - | 2,396,118 | 33,378,826 |
| Unassigned | 32,077,856 | - | - | - | - | - | - | (2,301,793) | 29,776,063 |
| Total fund balance | \$ 33,952,622 | \$ 4,345,770 | \$ 826,457 | \$ 10,013,967 | \$ 11,199,889 | \$ 10,185,414 | \$ 40,914,999 | \$ 80,302,102 | \$ 191,741,220 |
| Liabilities and fund balance | \$ 35,178,825 | \$ 4,527,367 | \$ 940,539 | \$ 10,479,820 | \$ 11,575,880 | \$ 10,185,414 | \$ 42,335,432 | \$ 90,137,661 | \$ 205,360,938 |
| Revenues | 62,470,763 | 10,413,258 | 6,798,193 | 10,189,226 | 10,195,560 | 1,492,715 | 18,673,223 | 32,436,480 | 152,669,418 |
| Expenditures | 63,575,739 | 10,835,631 | 6,525,003 | 10,644,722 | 2,515,324 | - | 17,358,817 | 59,520,848 | 170,976,084 |
| Net surplus (deficit) | (1,104,976) | (422,373) | 273,190 | (455,496) | 7,680,236 | 1,492,715 | 1,314,406 | (27,084,368) | (18,306,666) |
| Other sources (uses) | 4,435,542 | 947,661 | - | (2,590,147) | (6,709,570) | - | (2,142,555) | 15,280,219 | 9,221,150 |
| Net change in fund balances | 3,330,566 | 525,288 | 273,190 | (3,045,643) | 970,666 | 1,492,715 | (828,149) | (11,804,149) | (9,085,516) |
| Beginning fund balances | 30,622,056 | 3,820,482 | 553,267 | 13,059,610 | 10,229,223 | 8,692,699 | 41,743,148 | 92,106,251 | 200,826,736 |
| Ending fund balances | \$ 33,952,622 | \$ 4,345,770 | \$ 826,457 | \$ 10,013,967 | \$ 11,199,889 | \$ 10,185,414 | \$ 40,914,999 | \$ 80,302,102 | \$ 191,741,220 |

As of December 31, 2016, the City governmental funds reported a combined ending fund balance of \$191,741,220.

The nonspendable fund balance of \$24,060,997 is sequestered for property held for resale, inventory, and long-term receivables and is, therefore, not available for new spending. The restricted fund balance of \$101,826,640 consists of monies in debt service funds or other funds such as road and tax increment financing funds that are limited by external parties as to their use. The committed fund balance of \$2,698,694 is designated by the South Bend Common Council or South Bend Redevelopment Commission to be used for certain purposes such as for economic development projects. The assigned fund balance of \$33,378,826 includes balances in local option income tax funds that have not been committed to certain projects and are available for spending by the City. The remaining unassigned fund balance of \$29,776,063 consists of money primarily in the General Fund that has not been obligated in any manner by the City less deficits in certain nonmajor governmental funds due primarily to interfund advance transactions to finance economic development projects that will be paid back over time.

The **General Fund** is the primary operating fund for City operations including general government, public safety, certain culture and recreation expenses, and certain debt service obligations.

As of December 31, 2016, the General Fund balance of \$33,952,622 represents an increase of \$3,330,566, or 10.9% from the balance as of December 31, 2015. The increase was due primarily to higher property tax revenue during 2016 than expected and lower spending for public safety and administration than anticipated.

As of December 31, 2016, the General Fund had an unassigned fund balance of \$32,077,856 which is equal to 50.5% of 2016 General Fund expenditures.

The General Fund unassigned fund balance has traditionally been used by the City to fund certain capital projects and emergency contingencies. In addition, the City used the unassigned fund balance in 2016 as a cash flow bridge to the receipt of property tax revenues from the County collection authority which distributes property tax revenue twice per year (June and December). The General Fund unassigned balance provided sufficient cash to cover City operating obligations without incurring tax anticipation notes and resultant borrowing costs during fiscal 2016.

As discussed in Governmental Accounting, Auditing, and Financial Reporting (GAAFR), a General Fund unassigned fund balance should be either 1) no less than 5 to 15 percent of regular General Fund operating revenues, or 2) no less than one to two months of regular General Fund operating expenditures. An unassigned fund balance may be higher if circumstances dictate, such as a delay in collection of a major revenue source. The City has a policy to maintain fund reserves equal to at least 35% of annual expenditures and exceeded this target at December 31, 2016.

The **Parks and Recreation Fund** balance increased \$525,288 during fiscal 2016, due primarily to a combination of higher property tax revenue and transfers in and lower expenditures. As of December 31, 2016, the fund balance in the Parks and Recreation Fund was \$4,345,770, or 40.1% of 2016 expenditures. The City has a policy to maintain fund reserves equal to at least 25% of annual expenditures and exceeded this target at December 31, 2016.

The **Public Safety Local Option Income Tax Fund** (Public Safety LOIT) was created in October 2009, with the local legislative passage of an increase in local option income taxes of 0.95%, a part of which (0.25%) tax increase was established to fund public safety expenditures. The City has established the Public Safety LOIT Fund as a major governmental fund, due solely to its purpose of creating a funding source to sustain public safety staffing levels, which were compromised by state implementation of property tax reform that has reduced property tax revenues, which historically are the source of public safety funding. Public Safety LOIT funds are used to cover the personnel costs of police officers and firefighters. Receipts of Public Safety LOIT tax revenue commenced in January 2010. Revenue in fiscal 2016 of \$6,798,193 increased by \$326,626 or 5.0% compared to 2015. The increase in fund balance in the amount of \$273,190 during 2016 was due to lower spending from this fund for police and fire personnel. The ending fund balance was \$826,457, or 12.7% of annual expenditures, and meets the City's cash reserve policy goal of 8%.

The **County Option Income Tax Fund** (COIT) and **Economic Development Income Tax Fund** (EDIT) funds are used to fund major capital and construction projects, economic development initiatives, certain subsidies and support to organizations and units that benefit city economic development and cultural venues, certain city-wide expenditures such as telephone and information technology costs, and certain debt service payments.

The COIT fund balance decreased by \$3,045,643 during 2016, due to higher expenditures for the curb and sidewalk program and information technology. The City has operationally sequestered COIT funds for use in major capital and construction funding initiatives, certain subsidies and support to organizations and units that benefit city economic development and cultural venues, information technology costs, city-wide expenditures like telephone and electricity for street lights, and certain debt service payments.

As of December 31, 2016, the COIT Fund balance was \$10,013,967, or 75.6% of 2016 expenditures and transfers out. This level of fund reserves is significantly higher than the City policy target of 50%.

The EDIT Fund balance increased by \$970,666 during 2016 due to lower than anticipated expenses related to initiatives of Community Investment. The City has operationally sequestered EDIT funds for use in major economic development initiatives, certain subsidies and support to organizations and units that benefit city economic development and cultural venues, operational costs of the street, code enforcement and community investment departments and certain debt service payments.

As of December 31, 2016, the EDIT fund balance was \$11,199,889, or 121.4% of 2016 expenditures and transfers out. The City policy target is 50%.

The **Rainy Day Fund** is a new major fund for 2016. The fund is used to account for unused and unencumbered funds that are transferred from a fund that has a tax levy. Revenues in this fund also include special distributions of county option income tax and county economic development income tax. The Rainy Day Fund received a special state distribution \$1,405,850 in local income tax revenue during 2016. The ending fund balance was \$10,185,414, or 5.1% of government-wide expenses during 2016, and meets the City's cash reserve policy goal of 3%.

The fund balance in the **River West TIF Fund** decreased by \$828,149 during 2016. This change was the result of debt payments made during the year for public building debt and other economic development projects.

As of December 31, 2016, the River West TIF Fund balance of \$40,914,999 including \$9,583,608 in nonspendable fund balances (primarily property held for resale) and \$31,331,391 in restricted fund balances. This fund continues to be a major success for the City of South Bend and has generated in excess of \$645 million in private investment since its inception.

During 2016, the fund balances in **Nonmajor Governmental funds** decreased by \$11,804,149 due primarily to the spending of prior year bond proceeds on capital projects like the "Smart Streets" one-way to two-way street improvement project in the downtown.

The total balance in Nonmajor Governmental Funds was \$80,302,102 at December 31, 2016. These fund balances provide the necessary resources that the City requires to meet future capital construction needs, ongoing debt service obligations, and economic development project initiatives in order to fuel community growth within the City.

Individual fund data for each of the nonmajor governmental funds is provided in the form of the combining statements immediately following the Required Supplemental Information within the Financial Section of the CAFR.

Governmental Fund Revenue

The following schedule presents a summary of governmental fund revenue for the year ended December 31, 2016 with comparison to the prior year:

| | 2016 Actual | % of Total | 2015 Actual | % of Total |
|---------------------------------|------------------------|-----------------------|------------------------|-----------------------|
| <u>Tax Based</u> | | | | |
| General property | \$ 75,724,582 | 49.6% | \$ 71,525,988 | 50.1% |
| County option income | 21,868,582 | 14.3% | 15,326,102 | 10.7% |
| County economic development | 9,594,602 | 6.3% | 9,181,206 | 6.4% |
| Professional sports development | 673,787 | 0.5% | 626,192 | 0.5% |
| Total Tax | 107,861,553 | 70.7% | 96,659,488 | 67.7% |
| <u>Non-Tax Based</u> | | | | |
| Licenses and permits | 224,677 | 0.1% | 151,923 | 0.1% |
| Intergovernmental | 27,959,813 | 18.3% | 30,216,059 | 21.2% |
| Charge for services | 7,062,108 | 4.6% | 5,794,168 | 4.1% |
| Fines and forfeitures | 756,781 | 0.5% | 454,327 | 0.3% |
| Interest income | 1,624,527 | 1.1% | 1,253,242 | 0.9% |
| Other | 7,179,959 | 4.7% | 8,190,619 | 5.7% |
| Total Non-Tax Based | 44,807,865 | 29.3% | 46,060,338 | 32.3% |
| Total Revenue | \$ 152,669,418 | 100.0% | \$ 142,719,826 | 100.0% |

Tax revenue continues to represent the most significant source of revenue required to support services provided by the City. Property tax revenue is the primary source of funding for governmental expenditures. Property tax revenue is based on a relationship between two variables. The first variable is the net assessed property valuation of industrial, commercial and residential parcels for both real and personal property. The second variable is the application of a tax rate to arrive at the total tax levy. Taxable property is assessed at 100% of the true tax value. The amount of property tax levied (billed to property owners) is further restricted by State of Indiana-enacted property tax legislative reform, the so-called “circuit breaker” property tax caps in 2009, to no more than 1.0% (homestead), 2.0% (other residential/rental) or 3.0% (commercial/industrial) of gross assessed valuation. Property tax revenue includes taxes collected on behalf of the following funds: General Fund, Parks and Recreation Fund, Cumulative Capital Development Fund, Redevelopment Commission Tax Incremental Financing (TIF) Funds, Excess Levy Fund, and a special levy to cover debt service at the former College Football Hall of Fame building.

The City recognizes the need to further diversify the revenue stream and to reduce its dependency on general property taxes to ensure that a broad base of users of city services, including nonresidents who work in the City, share in the funding of basic City services. As a result of the need to diversify the revenue stream, the City of South Bend Common Council and Saint Joseph County Council adopted an additional local option income tax of 0.95% during 2009, increasing the tax rate from 0.8% to 1.75%. The local option income tax increase consisted of three components: 0.2% increase in the economic development income tax, a 0.25% public safety local option income tax and a 0.5% property tax relief local option income tax. The property tax relief local option income tax does not result in any direct revenue to the City but helps to reduce circuit breaker property tax losses.

The City continues to seek diversified sources of revenue that will reduce its reliance on property and income taxes. The City has supported efforts of the Accelerating Indiana Municipalities (AIM – formerly IACT) “Hometown Matters” to lobby the state legislature to enable alternative revenue sources that best fit the needs of the community. One viable source of revenue is from user fees and/or charges for services currently being performed. City-performed services are priced at levels representing the full cost of service, taking into consideration fees charged by providers of similar services. The City performs ongoing reviews of user fee costs incurred and revises service fee prices as required.

Total tax revenue was \$107,861,553 during 2016 and increased by \$11,202,065, or 11.6%, from 2015. This increase was due primarily to an improving local economic and housing market that has increased local income taxes and general property taxes. Total non-tax based revenue was \$44,807,865 and decreased \$1,252,473, or 2.7%, from 2015.

Governmental Fund Expenditures

The City accounts for government fund expenditures in eight functional categories as follows: (1) general government, (2) public safety, (3) highways and streets, (4) community and economic development, (5) culture and recreation, (6) bond issuance costs (7) debt service, and (8) capital outlay.

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2016 with comparison to fiscal year 2015.

| | 2016 | % of | 2015 | % of |
|------------------------------------|-----------------------|---------------|-----------------------|---------------|
| | Actual | Total | Actual | Total |
| General government | \$ 16,311,633 | 9.6% | \$ 8,420,278 | 4.9% |
| Public safety | 64,350,281 | 37.7% | 61,889,405 | 35.9% |
| Highways and streets | 11,294,768 | 6.6% | 12,787,641 | 7.4% |
| Community and economic development | 20,894,153 | 12.2% | 11,068,013 | 6.4% |
| Culture and recreation | 13,070,606 | 7.6% | 12,855,704 | 7.4% |
| Bond issuance costs | 0 | 0.0% | 372,432 | 0.2% |
| Debt service | 17,998,348 | 10.5% | 18,711,690 | 10.8% |
| Capital outlay | 27,056,295 | 15.8% | 46,553,570 | 27.0% |
| Total Expenditures | \$ 170,976,084 | 100.0% | \$ 172,658,733 | 100.0% |

Government fund expenditures in fiscal 2016 of \$170,976,084 decreased by \$1,682,649, or 1.0%, in comparison to government fund expenditures in fiscal 2015.

Capital outlay expenditures decreased by \$19,497,275, or 41.9%, during 2016 due primarily to overall increased spending in tax increment financing funds, the County Option Income Tax Fund, the Major Moves Fund, and other capital projects funds during 2015, which did not occur in 2016.

Public Safety expenditures continue to be the primary use of government fund resources with 37.7% of expenditures used for this purpose in fiscal 2016. Public safety spending is followed by capital outlay expenditures (15.8%), community and economic development (12.2%), debt service (10.5%), general government (9.6%), culture and recreation (7.6%), and highways and streets (6.6%). General government spending is comprised of the executive offices of the Mayor, Common Council, City Clerk, City Attorney, Controller, Engineering and other administrative functions. Governmental expenditures increased during 2016 due to the allocation of expenditures that were formerly classified as capital costs in 2015.

Proprietary funds

Condensed Statement of Net Position Revenue, Expenses, and Changes in Fund Net Position As of December 31, 2016

| | Water Utility | Wastewater Utility | Century Center | Other | Total Enterprise | Internal Service |
|--|----------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------|
| Total assets | \$ 70,843,131 | \$ 195,580,693 | \$ 21,483,621 | \$ 30,106,608 | \$ 318,014,053 | \$ 16,548,865 |
| Total deferred outflows | 113,328 | 2,161,726 | - | - | 2,275,054 | - |
| Total liabilities | 20,868,465 | 86,008,309 | 426,280 | 10,132,622 | 117,435,676 | 3,332,705 |
| Total deferred inflows | - | - | 239,584 | 3,356 | 242,940 | - |
| Net position: | | | | | | |
| Net investment in capital assets | 39,644,547 | 79,882,890 | 18,846,844 | 6,914,693 | 145,288,974 | 1,348,906 |
| Restricted for: | | | | | | |
| Debt service fund | 50,069 | 814,230 | - | - | 864,299 | - |
| Customer repair and deposit fund | 1,541,424 | 1,752,931 | - | - | 3,294,355 | - |
| Cash with fiscal agent | 147,437 | 248,464 | - | 897,564 | 1,293,465 | - |
| Bond reserve fund | 1,392,739 | 4,111,633 | - | - | 5,504,372 | - |
| Operating reserve fund | 2,457,950 | 4,627,379 | - | - | 7,085,329 | - |
| Capital outlay fund | 2,582,972 | 10,137,217 | 865,986 | 335,857 | 13,922,032 | - |
| Unrestricted | 2,270,856 | 10,159,366 | 1,104,927 | 11,822,516 | 25,357,665 | 11,867,254 |
| Total net position | \$ 50,087,994 | \$ 111,734,110 | \$ 20,817,757 | \$ 19,970,630 | \$ 202,610,491 | \$ 13,216,160 |
| Operating revenues | \$ 15,091,372 | \$ 39,061,562 | \$ 3,483,226 | \$ 16,219,646 | \$ 73,855,806 | \$ 28,609,186 |
| Operating expenses | 14,184,457 | 23,752,666 | 5,364,472 | 17,148,792 | 60,450,387 | 25,978,738 |
| Operating income (loss) | 906,915 | 15,308,896 | (1,881,246) | (929,146) | 13,405,419 | 2,630,448 |
| Nonoperating rev (exp) | (684,605) | (2,920,355) | 1,027,397 | 2,629 | (2,574,934) | 107,672 |
| Income (loss) before contributions and transfers | 222,310 | 12,388,541 | (853,849) | (926,517) | 10,830,485 | 2,738,120 |
| Capital contributions | - | - | 619,001 | 30,608 | 649,609 | - |
| Transfers in | - | - | - | 2,110,468 | 2,110,468 | - |
| Transfers out | (2,039,748) | (3,672,060) | (79,676) | - | (5,791,484) | - |
| Change in net position | (1,817,438) | 8,716,481 | (314,524) | 1,214,559 | 7,799,078 | 2,738,120 |
| Total net position – beginning | 51,905,432 | 103,017,629 | 21,132,281 | 18,756,071 | 194,811,413 | 10,478,040 |
| Total net position – ending | \$ 50,087,994 | \$ 111,734,110 | \$ 20,817,757 | \$ 19,970,630 | \$ 202,610,491 | \$ 13,216,160 |

The City of South Bend maintains two types of proprietary funds: enterprise and internal service.

The City maintains seven (7) enterprise funds. Information is presented separately in the Proprietary Statement of Net Position, the Proprietary Statement of Revenues and Expenditures, and Changes in Fund Net Position for the Water Utility, Wastewater Utility and Century Center, which are considered major enterprise funds. Data from the other four (4) non-major enterprise funds (Consolidated Building Department, Parking Garage, Solid Waste, and Emergency Medical Services) are combined into a single, aggregated presentation.

The City maintains six (6) internal service funds. The City of South Bend uses internal service funds to account for its business insurance and self-funded liability insurance program, self-funded employee health benefits program, police take-home vehicle program, unemployment compensation claims, 311 call center and central services unit (a department that accounts for expenses related to fuel, vehicle repairs, printing and other services provided to City departments on a cost-reimbursement basis). The internal service funds have been combined into a single, aggregated presentation.

As of December 31, 2016, City enterprise funds reported a net position of \$202,610,491, an increase of \$7,799,078, or 4.0%, from the net position at December 31, 2015.

At December 31, 2016, net position includes net investment in capital assets of \$145,288,974, restricted net position of \$31,963,852 and unrestricted net position of \$25,357,665.

During 2016, the **Water utility** experienced a decrease in net position of \$1,817,438 and the **Wastewater utility** experienced an increase in net position of \$8,716,481. The Water utility experienced increase operating revenues of \$887,087 while the Wastewater utility experienced an increase in operating revenue of \$2,426,061. The Wastewater utility had the benefit of a 5% rate increase during 2016 but the Water utility had no rate increase. Through a series of sewer rate increases approved by the South Bend Common Council, the Wastewater utility continues to build its fund balances in order to pay for the mandated Long Term Control Plan, a multi-year program being built by the City to control wastewater overflow events. On March 27, 2017, the Common Council passed an ordinance which will allow the City to increase water rates in 2018 by 22% and in 2019 by 22% provided the rates are also approved by the Indiana Utility Regulatory Commission.

During 2016, **Century Center** experienced a decrease in net position of \$314,524, primarily as the result of expenses outpacing revenue in 2016.

Nonmajor Enterprise Funds experienced an increase in net position of \$1,214,559 during 2016. The Parking Garage Fund reported an increase in net position of \$93,169 primarily as the result of deferred capital improvements. The Consolidated Building Fund reported an increase in net position of \$684,927 during 2016 as the result of underspending budgeted monies. The Solid Waste Fund reported a decrease in net position of \$53,611 and continues to accumulate capital lease debt to finance new trash trucks. A solid waste fee increase of 9.1% was approved for 2016 to help shore up the finances of the fund.

Internal Services Funds reported net position of \$13,216,160 at December 31, 2016, an increase of \$2,738,120, or 26.1%, compared to net position at December 31, 2015. The Liability Insurance Fund increased its net position by \$210,902 in 2016 as the result of public safety and parks fund paying into the fund which was not done in 2015 due to budget constraints. The Central Services Fund increased its net position by \$7,744. The Self-Funded Employee Benefits Fund had an increase in its net position of \$2,393,888 due to a 10% employer rate increase and more modest growth in medical insurance claims. In January 2016, the City opened the Activate Health and Wellness Center for the benefit of employees and their families and to control future health care cost increases. The 311 Call Center is a fully allocated fund which supports most city departments. Therefore, this fund has no fund balance as of December 31, 2016.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City maintains six fiduciary funds, which consist of two pension trust funds (1925 Police Pension and 1937 Firefighters' Pension), one private-purpose trust fund (Cemetery) and three agency funds (Payroll, Police Distributions Payable and Morris/Palais Royale Box Office).

| | <u>Pension Trust</u> | <u>Private Purpose Trust</u> | <u>Agency</u> |
|--------------------------------|----------------------|------------------------------|---------------|
| Total assets | \$ 961,577 | \$ 427,872 | \$ 2,930,775 |
| Total liabilities | 525 | - | 2,930,775 |
| Total net position | \$ 961,052 | \$ 427,872 | \$ - |
| Total additions | 10,889,614 | 399,329 | - |
| Total deductions | 11,558,030 | - | - |
| Changes in net position | \$ (668,416) | \$ 399,329 | \$ - |

Effective in fiscal 2009, with the passage of State legislation, the State of Indiana began making contributions to the **1925 Police** and **1937 Firefighters' Pension Funds**. These funds no longer receive property tax revenue distributions beyond fiscal 2009. The administration of the pension plans is the responsibility of the City.

The decline in the net asset position of the pension trust is the result of timing differences in the payment of pension benefits and the contributions received from the State of Indiana (the State reimburses in June and September for expenses paid in the previous calendar year), as well as the cost of healthcare benefits to pension members which are not covered by State contributions. In 2016, the regular Fire Department budget paid retiree health care costs while this change will occur in 2017 for the Police Department. In other words, the 1925 Police and 1937 Firefighters' pension funds will no longer pay retiree health insurance costs. Rather, these costs will be paid from the regular police and fire operating budgets.

The increase in the private purpose trust fund is due to the City taking in cash from a trust fund for the Bowman Cemetery which was previously held in the name of an outside association. These funds will be used for necessary cemetery improvements.

General Fund Budgetary Highlights

The City prepares an annual budget for General Fund expenditures, which is subject to City of South Bend Common Council approval for adoption, before November 1 of the year preceding the budget period, according to state statute concerning the annual budget of second class cities and towns. The Common Council adopted the 2016 budget at its meeting held in October 2015.

The General Fund budget applicable for fiscal 2016 is reported as follows:

| | <u>Original</u> | <u>Final</u> | <u>Actual Budgetary Basis</u> | <u>Variance</u> |
|-------------------|-----------------|---------------------|-------------------------------|---------------------|
| Revenue | \$ 53,852,368 | \$ 56,484,084 | \$ 56,474,525 | \$ (9,559) |
| Expenditures | 53,852,368 | 55,117,963 | 53,862,310 | 1,255,653 |
| Surplus (deficit) | <u>\$ -</u> | <u>\$ 1,366,121</u> | <u>\$ 2,612,215</u> | <u>\$ 1,246,094</u> |

General Fund revenue/transfers in was originally budgeted at \$53,852,368 for fiscal 2016. During the year, the General Fund revenue/transfers in budget was increased by \$2,631,716 to \$56,484,084. The budget may be increased or decreased at any time based on updated revenue projections. By closely aligning the budget with actual results, more meaningful analysis is made possible. The revenue/transfers in budget was increased primarily due to an increase in the property tax estimate because of higher collections than anticipated.

During 2016, the General Fund collected \$56,474,525 in revenue/transfers in on a budgetary basis, which was \$2,622,157 higher than the original budget. The primary reason for the revenue pickup was a change in property tax collections that were higher than budgeted due to higher assessed property values and collection rates.

General Fund expenditures/transfers out were originally budgeted at \$53,852,368 for fiscal 2016. During the year, the General Fund expenditure/transfers out budget were increased by \$1,265,595 to \$55,117,963. Additional appropriations were passed for Fire Department overtime and other purposes. Carry forward of unspent encumbrances from 2015 also increased the 2016 amended budget.

General Fund spending is reviewed on a monthly basis under the direction of the City Controller to ensure spending remains within budgetary constraints. Monthly reviews are conducted as required with General Fund department management to review spending projections to ensure that annual expenditures remain within the budgetary levels. Budget amendments for cost-neutral redistribution between expense categories (i.e., personnel, supplies, services, capital) were submitted to Common Council four times during 2016, as required to adjust the budget to prevent any budget overruns in any expenditure category.

Additional appropriations for projects, initiatives, or unbudgeted spending requirements within the General Fund are presented to the Common Council for adoption as deemed necessary by the Mayor.

General Fund expenditures/transfers out incurred on a budgetary basis, including cash expended and outstanding encumbrances as of year-end December 31, 2016, amounted to \$53,862,310. The expenditures/transfers out and commitments as of year-end December 31, 2016 are less than the 2016 amended General Fund budget by \$1,255,653 or 2.2%. The largest savings were in the police and administration/finance department budgets as personnel and other costs spent were less than budgeted due to position vacancies and other factors.

Capital Assets and Debt Administration

Statement of Capital Assets

| | Governmental Activities | | Business type Activities | | Government-wide Activities | |
|---------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-------------------------------|-----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Assets not depreciated | | | | | | |
| Land | \$ 14,707,088 | \$ 15,106,806 | \$ 2,614,014 | \$ 2,614,016 | \$ 17,321,102 | \$ 17,720,822 |
| Construction in progress | 23,595,717 | 5,339,423 | 19,259,541 | 16,644,050 | 42,855,258 | 21,983,473 |
| Total | 38,302,805 | 20,446,229 | 21,873,555 | 19,258,066 | 60,176,360 | 39,704,295 |
| Assets depreciated | | | | | | |
| Buildings | 125,966,988 | 128,082,279 | 84,190,901 | 85,178,794 | 210,157,889 | 213,261,073 |
| Non-building improvements | 21,377,908 | 16,616,553 | 28,186,217 | 28,186,217 | 49,564,125 | 44,802,770 |
| Machinery and equipment | 47,301,986 | 45,543,924 | 41,959,457 | 40,171,610 | 89,261,443 | 85,715,534 |
| Roads and Infrastructure | 437,067,498 | 434,344,887 | 210,940,599 | 199,721,525 | 648,008,097 | 634,066,412 |
| Total Cost | 631,714,380 | 624,587,643 | 365,277,174 | 353,258,146 | 996,991,554 | 977,845,789 |
| Accumulated depreciation | | | | | | |
| Buildings | 49,668,561 | 47,274,258 | 35,418,271 | 34,631,698 | 85,086,832 | 81,905,956 |
| Non-building improvements | 9,936,113 | 9,242,882 | 7,441,963 | 6,193,452 | 17,378,076 | 15,436,334 |
| Machinery and equipment | 33,115,197 | 30,808,402 | 22,720,699 | 22,524,631 | 55,835,896 | 53,333,033 |
| Roads | 303,916,980 | 292,321,510 | 72,354,498 | 68,662,837 | 376,271,478 | 360,984,347 |
| Total | 396,636,851 | 379,647,052 | 137,935,431 | 132,012,618 | 534,572,282 | 511,659,670 |
| Net Depreciated Assets | 235,077,529 | 244,940,591 | 227,341,743 | 221,245,528 | 462,419,272 | 466,186,119 |
| Net Capital Assets | \$ 273,380,334 | \$ 265,386,820 | \$ 249,215,298 | \$ 240,503,594 | \$ 522,595,632 | \$ 505,890,414 |

The investment in capital assets includes land and land improvements, buildings and building improvements, vehicles, information technology equipment, machinery and equipment, and construction in progress. A detailed explanation of these capital assets can be found in the Notes to the Basic Financial Statements.

Under the category of roads and infrastructure, the current cost amount of \$648,008,097 includes estimated costs derived primarily from the City's 2006 implementation of GASB Statement No. 34, which required the retroactive reporting of infrastructure capital assets. All other assets are recorded at historical cost.

Major Capital Asset Project Spending in 2016

Included in capital asset additions for 2016 were the following projects:

- Wastewater - \$7.40 million - Digester #2 Upgrades
- Wastewater - \$5.8 million - Primary Clarifier Rehabilitation
- Infrastructure - \$2.1 million - Bartlett Street/Memorial Hospital Parking Lot
- Infrastructure - \$1.0 million - Ignition Park Improvements
- Infrastructure - \$1.8 million - Western Avenue Streetscape
- Wastewater - \$13.2 million - Secondary Clarifier Improvements (construction in progress)
- Infrastructure - \$13.7 million - Main, Michigan, St. Joseph Streetscape (smart streets – construction in progress)

Capital Assets Analysis

As of December 31, 2016, government-wide capital assets were valued at \$522,595,632, net of accumulated depreciation, an increase of \$16,705,218, or 3.3%, since December 31, 2015. Construction in Progress increased by \$20,871,785, and capitalized assets in land, buildings, improvements, machinery and equipment, and roads decreased by \$3,766,847, net of depreciation, since December 31, 2015. On January 1, 2013, the City instituted a new capitalization policy that included significantly higher thresholds for expenditures to qualify as capital assets. Consequently, many purchases formerly considered as capital assets no longer qualify as such. The asset decrease is the result of fewer assets being added to the register as those assets that remain continue to depreciate.

At December 31, 2016, the cost of Roads & Infrastructure (\$648,008,097) was the major asset class followed by Buildings (\$210,157,889) and Machinery & Equipment (\$89,261,443).

Total depreciation expense was \$31,308,797 for 2016, as compared to \$30,426,526 for 2015. Depreciation expense was \$19,840,701 for governmental activities and \$11,468,096 for business-type activities for 2016.

Additional information on capital assets can be found in the notes to the financial statements in Note 6.

Debt Administration

Outstanding debt principal as of December 31, 2016 was \$236,909,378, a decrease of \$14,728,071, or 5.9%, from 2015. City outstanding debt includes revenue bonds, mortgage bonds, notes and loans payable and capital leases.

| Type | Beginning | Additions | Retirements | Ending |
|-------------------|-----------------------|----------------------|------------------------|-----------------------|
| Revenue bonds | \$ 210,687,811 | \$ 3,300,000 | \$ (19,470,632) | \$ 194,517,179 |
| Mortgage bonds | 19,756,538 | - | (2,108,123) | 17,648,415 |
| Notes and loans | 8,290,651 | - | (1,061,065) | 7,229,586 |
| Capital leases | 12,902,449 | 8,898,799 | (4,287,050) | 17,514,198 |
| Total Debt | \$ 251,637,449 | \$ 12,198,799 | \$ (26,926,870) | \$ 236,909,378 |

During 2016, the City entered into capital lease agreements in the amount of \$8.90 million to purchase certain vehicles, copiers, and equipment. The lease terms are typically for five years with semi-annual debt service paid from the operating budgets of the user departments. Capital lease financing is used to acquire police vehicles, public works vehicles, computer replacements, copiers and other vehicles and equipment. The City solicits competitive financing proposals for lease financing from local and national companies and the interest rate achieved during 2016 was on average less than 2% for these leases.

During 2016, the City refunded Waterworks bond in the amount of \$3,300,000 to take advantage of lower interest rates. The net present value of the interest savings is \$160,657 over the remaining term of the bonds.

Under the Indiana Constitution and State statute, the City's general obligation bonded debt and certain other debt is subject to a legal limitation based upon 2% of total assessed value of real and personal property. The City had no general obligation bonded debt outstanding at December 31, 2016 and none of the above debt issuance amounts are subject to this debt limitation. A calculation of the City's legal debt limitation can be found in the statistical debt capacity section of this document.

Additional information on debt can be found in the Notes to Financial Statements in Note 8 - Leases and Note 9 - Long-term Debt.

Significant Subsequent Events

On January 18, 2017, the City paid off the 2005 Southside Tax Incremental Financing (TIF) revenue bonds' \$3,800,000 outstanding balance. This early debt payoff was paid from the TIF No. 3 - Southside Development fund, a nonmajor capital project fund. These bonds had a February 1, 2027 original maturity.

On January 23, 2017, the Common Council approved the Eddy Street Commons Phase 2 revenue bonds in an amount not to exceed \$25 million. These bonds are financing infrastructure public improvements.

On March 27, 2017, the Common Council approved a water rate increase of 22 percent in 2018 and a second increase of 22 percent in 2019 to fund the operating and capital needs of the Water Utility. These rate increases will be effective if approved by the Indiana Utility Regulatory Commission.

Economic Factors and 2017 Budget

Economic Factors

Property tax revenue, historically and at present, is the principal source of revenue for funding of governmental activities within the City of South Bend.

The State of Indiana General Assembly enacted property tax reform legislation in March 2008. Known as the “Circuit Breaker”, House Enrolled Act 1001 (HEA 1001) limits property taxes paid to 1% of gross assessed value for residential homesteads, 2% for agricultural/rental properties, and 3% for all other real and personal property.

Under current legislation, all Indiana localities assess properties based on market values. Each year properties are “trended”, which involves comparing property values to sales activity in the neighborhood and adjusting the current assessed values up or down according to the trended data.

The Circuit Breaker legislation was phased in commencing in fiscal 2009 and has led to significant reductions in property tax revenues available to fund city governmental operations since then. In 2016, the primary funds supported by property taxes (General Fund, Parks and Recreation Fund, and Cumulative Capital Development Fund) lost approximately \$30.9 million in taxable property tax levy due to the circuit breaker caps (Indiana Legislative Services Agency, Circuit Breaker Report, December 2016).

As a consequence of the state enacted legislation in 2008, the City enacted a 0.95% local option income tax increase to partially offset the property tax revenue loss. The local option tax increase became effective in October 2009, and has resulted in an increase in local income taxes available to the City to fund ongoing governmental operations of public safety, parks and recreation, highways and streets and general government.

Management of the City of South Bend will continue to oversee the financial affairs from a posture of fiscal conservatism similar to the management practices engaged in during fiscal 2016. Special attention will be given to maintaining adequate fund reserves in the General Fund and the income tax funds as they are very important to the continued financial strength of the City.

City Management believes that the national economic recovery will continue according to the predictions of governmental economists, with low to zero inflation over the next fiscal period. In addition, job creation is the primary engine to drive economic recovery, as the Congressional Budget Office (CBO) predicts a growth in Gross Domestic Product (GDP) of 2.1% for 2017. Unemployment rates in the South Bend-Mishawaka Metropolitan Area continue to improve and were 4.8% in January 2017 as compared to a high of 13.0% in January 2010 (Bureau of Labor Statistics).

2017 Budget and Beyond

The City will engage to ensure effective delivery of required services to taxpayers and residents within the constraints of available financial resources. The City will continue to provide required services within the constraints of a balanced General Fund budget. For 2017 and 2018, the City has enacted a “zero growth” budget expenditure target goal for all funds supported by property and income tax revenue. In addition, the City has engaged in a process of program budgeting with the Center for Priority Based Budgeting for the 2017 and 2018 budgets. This program budgeting is in addition to the state-required fund and account budgeting through the Indiana Department of Local Government Finance.

Preliminary projections of circuit breaker property tax losses indicate a potential decline of property tax revenue of \$2.54 million dollar in the General Fund, \$510 thousand dollars in the Parks & Recreation Fund and \$3.8 million dollars in the Tax Increment Financing funds in fiscal year 2020 due to the expiration of some special credits to local governments in Saint Joseph County and Lake County. City Management is aware of this fiscal situation and is developing strategies to address this matter. One strategy is to maintain a well-financed Rainy Day Fund. This fund received a special distribution of county option income tax funds of \$1.4 million dollars in May 2016 and had cash reserves of \$10.2 million dollars at February 28, 2017. No spending is currently planned for this fund.

Through its Office of Innovation, the City continues to pursue reengineering programs targeted to create efficiency and cost improvements within City operations. These include purchasing process reengineering, back-office process improvements for human resources, performance management and other customer service operations. These initiatives, upon successful deployment completion, will achieve the desired results to create efficiency gains in the delivery of services to taxpayers.

The City is committed to creating a budget for fiscal 2018 that will remain fiscally responsible to the effective delivery of required services to city residents and stakeholders within the existing revenue constraints. Specific concerns for the 2018 budget include the continuing impact of circuit breaker property tax reform on City revenue, high health and pension costs and other stagnant or declining revenue sources such as gasoline, wheel and auto excise taxes.

Requests for Information

This Management's Discussion and Analysis, as contained within the City of South Bend Comprehensive Annual Financial Report, is intended to provide readers with a general overview of the financial condition of the City of South Bend as of December 31, 2016. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

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Department of Administration and Finance
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City of South Bend
June 30, 2017

City of South Bend, Indiana

Statement of Net Position December 31, 2016

| | Primary Government | | |
|---|----------------------------|-----------------------------|---------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Cash and cash equivalents | \$ 58,142,559 | \$ 7,234,289 | \$ 65,376,848 |
| Investments | 133,745,451 | 20,397,926 | 154,143,377 |
| Receivables: | | | |
| Taxes | 153,965 | - | 153,965 |
| Accounts | 544,503 | 8,492,882 | 9,037,385 |
| Interest | 318,143 | 96,829 | 414,972 |
| Intergovernmental | 960,421 | - | 960,421 |
| Loans | 5,336,870 | - | 5,336,870 |
| Allowance for doubtful accounts | - | (130,000) | (130,000) |
| Internal balances | 80,588 | (80,588) | - |
| Inventory | 906,849 | 672,513 | 1,579,362 |
| Prepaid expenses | 614,061 | 41,001 | 655,062 |
| Restricted assets | 1,100 | 31,963,851 | 31,964,951 |
| Property held for resale | 13,718,551 | - | 13,718,551 |
| Capital assets: | | | |
| Assets not subject to depreciation | 38,302,805 | 21,873,555 | 60,176,360 |
| Assets subject to depreciation | 235,077,529 | 227,341,743 | 462,419,272 |
| Total assets | 487,903,395 | 317,904,001 | 805,807,396 |
| Deferred Outflows of Resources | | | |
| Unamortized loss on refunding | 2,291,565 | 2,275,054 | 4,566,619 |
| Deferred outflows related to pensions | 26,285,600 | - | 26,285,600 |
| Total deferred outflows of resources | 28,577,165 | 2,275,054 | 30,852,219 |
| Liabilities | | | |
| Accounts payable | 6,609,556 | 3,733,489 | 10,343,045 |
| Due to other governmental units | - | 101,142 | 101,142 |
| Performance deposits payable | 86,452 | 5,000 | 91,452 |
| Accrued liabilities and other: | | | |
| Accrued payroll payable | 1,304,006 | 473,573 | 1,777,579 |
| Accrued interest payable | 46,131 | 294,143 | 340,274 |
| Taxes payable | 2,314 | - | 2,314 |
| Customer deposits payable | - | 1,698,134 | 1,698,134 |
| Other current payables | 3,659 | 68,664 | 72,323 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Accrued interest payable from restricted assets | 1,657,778 | - | 1,657,778 |
| Compensated absences | 4,756,341 | 750,238 | 5,506,579 |
| Notes and loans payable | 210,266 | 183,384 | 393,650 |
| Mortgage bonds payable | 1,744,275 | 295,725 | 2,040,000 |
| Claims payable | 2,317,615 | - | 2,317,615 |
| Capital leases | 2,858,050 | 2,071,583 | 4,929,633 |
| Revenue bonds payable | 11,962,653 | 8,210,000 | 20,172,653 |

City of South Bend, Indiana

Statement of Net Position (Continued) December 31, 2016

| | Primary Government | | |
|--------------------------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| Liabilities (Continued) | | | |
| Noncurrent liabilities (Continued): | | | |
| Due in more than one year: | | | |
| Notes and loans payable | \$ 4,437,115 | \$ 2,398,821 | \$ 6,835,936 |
| Mortgage bonds payable | 10,347,275 | 5,261,141 | 15,608,416 |
| Capital leases | 8,071,025 | 4,513,540 | 12,584,565 |
| Net OPEB obligation | 13,285,244 | - | 13,285,244 |
| Net pension liability | 180,714,296 | - | 180,714,296 |
| Revenue bonds payable | 87,077,479 | 87,267,047 | 174,344,526 |
| Total liabilities | <u>337,491,530</u> | <u>117,325,624</u> | <u>454,817,154</u> |
| Deferred Inflows of Resources | | | |
| Unamortized service agreement | - | 239,584 | 239,584 |
| Unamortized gain on sale/leaseback | - | 3,356 | 3,356 |
| Deferred inflows related to pensions | <u>16,306,392</u> | <u>-</u> | <u>16,306,392</u> |
| Total deferred inflows of resources | <u>16,306,392</u> | <u>242,940</u> | <u>16,549,332</u> |
| Net Position | | | |
| Net investment in capital assets | 161,341,318 | 145,288,974 | 306,630,292 |
| Restricted for: | | | |
| Debt service fund | 5,382,083 | 864,299 | 6,246,382 |
| Customer repair and deposit fund | - | 3,294,355 | 3,294,355 |
| Cash with fiscal agent | - | 1,293,465 | 1,293,465 |
| Bond reserve fund | 3,287,034 | 5,504,372 | 8,791,406 |
| Operating reserve fund | - | 7,085,329 | 7,085,329 |
| Capital outlay fund | - | 13,922,032 | 13,922,032 |
| Unrestricted | <u>(7,327,797)</u> | <u>25,357,665</u> | <u>18,029,868</u> |
| Total net position | <u>\$ 162,682,638</u> | <u>\$ 202,610,491</u> | <u>\$ 365,293,129</u> |

City of South Bend, Indiana

| Functions/Programs | Expenses | Program Revenues | | |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 15,618,817 | \$ 1,622,788 | \$ 732,782 | \$ - |
| Public safety | 55,029,909 | 975,712 | 325 | - |
| Highways and streets | 13,550,535 | 707,547 | 179,720 | - |
| Community and economic development | 28,436,368 | 481,293 | 1,057,658 | - |
| Culture and recreation | 17,156,094 | 4,383,977 | 673,787 | - |
| Interest on long-term debt | 4,727,630 | - | - | - |
| Total governmental activities | 134,519,353 | 8,171,317 | 2,644,272 | - |
| Business-type activities: | | | | |
| Water Utility | 14,900,039 | 15,091,372 | - | - |
| Wastewater Utility | 26,420,526 | 39,061,562 | - | - |
| Century Center | 5,364,472 | 4,796,676 | - | 619,001 |
| Consolidated Building | 3,240,172 | 1,764,100 | - | 30,608 |
| Parking Garage | 909,857 | 996,197 | - | - |
| Solid Waste | 5,794,913 | 5,839,143 | - | - |
| Emergency Medical Services | 7,437,349 | 7,921,172 | - | - |
| Total business-type activities | 64,067,328 | 75,470,222 | - | 649,609 |
| Total primary government | \$ 198,586,681 | \$ 83,641,539 | \$ 2,644,272 | \$ 649,609 |
| General revenues: | | | | |
| Property taxes | | | | |
| Income taxes | | | | |
| Grants and contributions not restricted to specific programs | | | | |
| Investment income | | | | |
| Other miscellaneous income | | | | |
| Gain (loss) on sale of fixed assets | | | | |
| Total general revenues | | | | |
| Transfers | | | | |
| Change in Net Position | | | | |
| Net Position - Beginning of year | | | | |
| Net Position - End of year | | | | |

Statement of Activities Year Ended December 31, 2016

| Net (Expense) Revenue and Changes in Net Position | | |
|---|-----------------------------|-----------------------|
| Primary Government | | |
| Governmental Activities | Business-type Activities | Total |
| \$ (13,263,247) | \$ - | \$ (13,263,247) |
| (54,053,872) | - | (54,053,872) |
| (12,663,268) | - | (12,663,268) |
| (26,897,417) | - | (26,897,417) |
| (12,098,330) | - | (12,098,330) |
| (4,727,630) | - | (4,727,630) |
| (123,703,764) | - | (123,703,764) |
| - | 191,333 | 191,333 |
| - | 12,641,036 | 12,641,036 |
| - | 51,205 | 51,205 |
| - | (1,445,464) | (1,445,464) |
| - | 86,340 | 86,340 |
| - | 44,230 | 44,230 |
| - | 483,823 | 483,823 |
| - | 12,052,503 | 12,052,503 |
| (123,703,764) | 12,052,503 | (111,651,261) |
| 76,331,581 | - | 76,331,581 |
| 31,463,184 | - | 31,463,184 |
| 25,846,397 | - | 25,846,397 |
| 1,458,787 | 570,982 | 2,029,769 |
| 6,745,542 | - | 6,745,542 |
| - | (1,143,391) | (1,143,391) |
| 141,845,491 | (572,409) | 141,273,082 |
| 3,681,016 | (3,681,016) | - |
| 21,822,743 | 7,799,078 | 29,621,821 |
| 140,859,895 | 194,811,413 | 335,671,308 |
| \$ 162,682,638 | \$ 202,610,491 | \$ 365,293,129 |

City of South Bend, Indiana

| | General Fund | Parks and Recreation | Public Safety LOIT | COIT | EDIT |
|--|----------------------|----------------------|-----------------------|----------------------|----------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 3,710,448 | \$ 1,001,514 | \$ 209,382 | \$ 1,992,931 | \$ 2,483,512 |
| Investments | 30,638,155 | 3,488,926 | 729,415 | 6,942,676 | 8,651,688 |
| Receivables: | | | | | |
| Taxes | - | - | - | - | - |
| Accounts | 152,799 | 1,670 | - | 920 | 150,000 |
| Interest | 71,819 | 8,144 | 1,742 | 16,696 | 20,679 |
| Intergovernmental | 63,498 | - | - | - | - |
| Loans | - | - | - | - | - |
| Due from other funds | 47,376 | - | - | - | - |
| Advances to other funds | 494,730 | - | - | 1,351,598 | - |
| Inventory | - | 27,113 | - | - | - |
| Property held for resale | - | - | - | 174,999 | 270,001 |
| Total assets | \$ 35,178,825 | \$ 4,527,367 | \$ 940,539 | \$ 10,479,820 | \$ 11,575,880 |
| Liabilities | | | | | |
| Accounts payable | \$ 272,439 | \$ 49,534 | \$ - | \$ 442,554 | \$ 375,991 |
| Due to other funds | 19,935 | 6,066 | - | - | - |
| Advances from other funds | - | - | - | - | - |
| Performance deposits payable | 73,106 | 2,618 | - | - | - |
| Accrued liabilities and other: | | | | | |
| Accrued payroll payable | 858,870 | 122,918 | 114,082 | 23,299 | - |
| Taxes payable | 1,853 | 461 | - | - | - |
| Other current payables | - | - | - | - | - |
| Total liabilities | 1,226,203 | 181,597 | 114,082 | 465,853 | 375,991 |
| Fund Balances | | | | | |
| Nonspendable | 494,730 | 27,113 | - | 1,526,597 | 270,001 |
| Restricted | - | 4,318,657 | 826,457 | - | - |
| Committed | - | - | - | - | - |
| Assigned | 1,380,036 | - | - | 8,487,370 | 10,929,888 |
| Unassigned | 32,077,856 | - | - | - | - |
| Total fund balances | 33,952,622 | 4,345,770 | 826,457 | 10,013,967 | 11,199,889 |
| Total liabilities and fund balances | \$ 35,178,825 | \$ 4,527,367 | \$ 940,539 | \$ 10,479,820 | \$ 11,575,880 |

**Governmental Funds
Balance Sheet
December 31, 2016**

| Rainy Day | River West TIF | Nonmajor Funds | Total |
|----------------------|----------------------|----------------------|-----------------------|
| \$ 2,267,458 | \$ 7,238,085 | \$ 36,120,468 | \$ 55,023,798 |
| 7,899,033 | 25,214,956 | 39,412,161 | 122,977,010 |
| - | 8,475 | 145,490 | 153,965 |
| - | - | 173,625 | 479,014 |
| 18,923 | 60,086 | 94,238 | 292,327 |
| - | 28,848 | 868,075 | 960,421 |
| - | 201,374 | 5,135,496 | 5,336,870 |
| - | - | 30,048 | 77,424 |
| - | - | 4,468,117 | 6,314,445 |
| - | - | - | 27,113 |
| - | 9,583,608 | 3,689,943 | 13,718,551 |
| \$ 10,185,414 | \$ 42,335,432 | \$ 90,137,661 | \$ 205,360,938 |
| \$ - | \$ 998,726 | \$ 3,763,296 | \$ 5,902,540 |
| - | 18,475 | 58,007 | 102,483 |
| - | 400,000 | 5,883,254 | 6,283,254 |
| - | 3,232 | 7,496 | 86,452 |
| - | - | 119,847 | 1,239,016 |
| - | - | - | 2,314 |
| - | - | 3,659 | 3,659 |
| - | 1,420,433 | 9,835,559 | 13,619,718 |
| - | 9,583,608 | 12,158,948 | 24,060,997 |
| - | 31,331,391 | 65,350,135 | 101,826,640 |
| - | - | 2,698,694 | 2,698,694 |
| 10,185,414 | - | 2,396,118 | 33,378,826 |
| - | - | (2,301,793) | 29,776,063 |
| 10,185,414 | 40,914,999 | 80,302,102 | 191,741,220 |
| \$ 10,185,414 | \$ 42,335,432 | \$ 90,137,661 | \$ 205,360,938 |

City of South Bend, Indiana

| | General Fund | Parks and Recreation | Public Safety LOIT | COIT | EDIT |
|--|----------------------|----------------------|-----------------------|----------------------|----------------------|
| Revenue | | | | | |
| Property taxes | \$ 39,362,139 | \$ 7,902,995 | \$ - | \$ - | \$ - |
| Income taxes | - | - | 6,791,160 | 9,454,023 | 9,594,602 |
| Licenses and permits | 224,677 | - | - | - | - |
| Professional sports development taxes | - | - | - | - | - |
| Intergovernmental | 15,437,682 | 667,306 | - | - | - |
| Charges for services | 1,973,484 | 1,679,829 | - | 560,276 | 150,000 |
| Fines and forfeitures | 10,716 | - | - | - | 354,660 |
| Investment income | 228,292 | 23,834 | 7,033 | 97,746 | 93,264 |
| Rental income | - | 3,474 | - | - | - |
| Other revenue | 5,233,773 | 135,820 | - | 77,181 | 3,034 |
| Total revenue | 62,470,763 | 10,413,258 | 6,798,193 | 10,189,226 | 10,195,560 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 4,932,618 | - | - | 9,284,181 | 1,631,294 |
| Public safety | 56,211,109 | - | 6,525,003 | - | - |
| Highways and streets | 989,907 | - | - | - | - |
| Community and economic development | - | - | - | - | - |
| Culture and recreation | 1,415,100 | 10,640,291 | - | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | 23,687 | 189,555 | - | 1,214,597 | 835,000 |
| Interest on long-term debt | 3,318 | 5,785 | - | 145,944 | 49,030 |
| Total expenditures | 63,575,739 | 10,835,631 | 6,525,003 | 10,644,722 | 2,515,324 |
| Excess of Revenue (Under) Over Expenditures | (1,104,976) | (422,373) | 273,190 | (455,496) | 7,680,236 |
| Other Financing Sources (Uses) | | | | | |
| Issuance of debt | 10,924 | 21,393 | - | 15,855 | - |
| Proceeds from sale of capital assets | - | - | - | - | - |
| Transfers in | 4,627,122 | 926,268 | - | 3,039 | - |
| Transfers out | (202,504) | - | - | (2,609,041) | (6,709,570) |
| Total other financing sources (uses) | 4,435,542 | 947,661 | - | (2,590,147) | (6,709,570) |
| Net Change in Fund Balances | 3,330,566 | 525,288 | 273,190 | (3,045,643) | 970,666 |
| Fund Balances - Beginning of year | 30,622,056 | 3,820,482 | 553,267 | 13,059,610 | 10,229,223 |
| Fund Balances - End of year | \$ 33,952,622 | \$ 4,345,770 | \$ 826,457 | \$ 10,013,967 | \$ 11,199,889 |

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2016

| Rainy Day | River West TIF | Nonmajor Funds | Total |
|----------------------|----------------------|----------------------|-----------------------|
| \$ - | \$ 17,513,853 | \$ 10,945,595 | \$ 75,724,582 |
| 1,405,850 | - | 4,217,549 | 31,463,184 |
| - | - | - | 224,677 |
| - | - | 673,787 | 673,787 |
| - | 396,000 | 11,458,825 | 27,959,813 |
| - | - | 2,698,519 | 7,062,108 |
| - | - | 391,405 | 756,781 |
| 86,865 | 279,969 | 807,524 | 1,624,527 |
| - | 88,616 | 137,699 | 229,789 |
| - | 394,785 | 1,105,577 | 6,950,170 |
| <u>1,492,715</u> | <u>18,673,223</u> | <u>32,436,480</u> | <u>152,669,418</u> |
| - | - | 463,540 | 16,311,633 |
| - | - | 1,614,169 | 64,350,281 |
| - | - | 10,304,861 | 11,294,768 |
| - | 13,765,421 | 7,128,732 | 20,894,153 |
| - | - | 1,015,215 | 13,070,606 |
| - | - | 27,056,295 | 27,056,295 |
| - | 2,485,000 | 8,307,488 | 13,055,327 |
| - | 1,108,396 | 3,630,548 | 4,943,021 |
| <u>-</u> | <u>17,358,817</u> | <u>59,520,848</u> | <u>170,976,084</u> |
| 1,492,715 | 1,314,406 | (27,084,368) | (18,306,666) |
| - | - | 4,950,881 | 4,999,053 |
| - | 458,746 | 82,335 | 541,081 |
| - | 22,199 | 13,962,422 | 19,541,050 |
| - | (2,623,500) | (3,715,419) | (15,860,034) |
| <u>-</u> | <u>(2,142,555)</u> | <u>15,280,219</u> | <u>9,221,150</u> |
| 1,492,715 | (828,149) | (11,804,149) | (9,085,516) |
| <u>8,692,699</u> | <u>41,743,148</u> | <u>92,106,251</u> | <u>200,826,736</u> |
| <u>\$ 10,185,414</u> | <u>\$ 40,914,999</u> | <u>\$ 80,302,102</u> | <u>\$ 191,741,220</u> |

City of South Bend, Indiana

Proprietary Funds Statement of Net Position December 31, 2016

| | Enterprise Funds | | | | | Governmental |
|---|------------------|--------------|----------------|--------------|--------------|------------------|
| | Water Utility | Wastewater | Century Center | Nonmajor | Total | Proprietary |
| | | Utility | | Enterprise | | Internal Service |
| | | | | | | Fund |
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 848,168 | \$ 2,964,074 | \$ 1,380,151 | \$ 2,041,896 | \$ 7,234,289 | \$ 3,118,761 |
| Investments | 2,953,621 | 10,325,798 | - | 7,118,507 | 20,397,926 | 10,768,441 |
| Receivables: | | | | | | |
| Accounts | 698,698 | 2,888,911 | 355,233 | 4,550,040 | 8,492,882 | 65,489 |
| Interest | 22,128 | 57,009 | - | 17,692 | 96,829 | 25,816 |
| Allowance for doubtful accounts | (50,000) | (80,000) | - | - | (130,000) | - |
| Due from other funds | 25,223 | 3,041 | - | 1,200 | 29,464 | 78,744 |
| Inventory | 469,161 | 171,415 | 31,937 | - | 672,513 | 879,736 |
| Prepaid expenses | 9,167 | 28,364 | 3,470 | - | 41,001 | 202,716 |
| Total current assets | 4,976,166 | 16,358,612 | 1,770,791 | 13,729,335 | 36,834,904 | 15,139,703 |
| Noncurrent assets: | | | | | | |
| Restricted assets | 8,172,590 | 21,691,854 | 865,986 | 1,233,421 | 31,963,851 | 1,100 |
| Capital assets: | | | | | | |
| Assets not subject to depreciation | 376,951 | 19,623,750 | 713,434 | 1,159,420 | 21,873,555 | - |
| Assets subject to depreciation | 57,317,424 | 137,906,477 | 18,133,410 | 13,984,432 | 227,341,743 | 1,408,062 |
| Total noncurrent assets | 65,866,965 | 179,222,081 | 19,712,830 | 16,377,273 | 281,179,149 | 1,409,162 |
| Total assets | 70,843,131 | 195,580,693 | 21,483,621 | 30,106,608 | 318,014,053 | 16,548,865 |
| Deferred Outflows of Resources - | | | | | | |
| Unamortized loss on refunding | 113,328 | 2,161,726 | - | - | 2,275,054 | - |
| Liabilities | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 562,715 | 2,432,600 | 264,090 | 474,084 | 3,733,489 | 707,016 |
| Due to other governmental units | - | - | - | 101,142 | 101,142 | - |
| Due to other funds | 72,095 | 4,330 | - | 2,436 | 78,861 | 4,288 |
| Performance deposits payable | - | - | - | 5,000 | 5,000 | - |
| Accrued liabilities and other: | | | | | | |
| Accrued payroll payable | 98,886 | 198,967 | - | 175,720 | 473,573 | 64,990 |
| Accrued interest payable | 6,630 | 193,294 | - | 94,219 | 294,143 | 83 |
| Customer deposits payable | 1,561,223 | - | 136,911 | - | 1,698,134 | - |
| Other current payables | 43,385 | - | 25,279 | - | 68,664 | - |
| Compensated absences | 245,114 | 266,190 | - | 238,934 | 750,238 | 179,557 |
| Notes and loans payable | 20,912 | 162,472 | - | - | 183,384 | - |
| Mortgage bonds payable | - | 70,725 | - | 225,000 | 295,725 | - |
| Claims payable | - | - | - | - | - | 2,317,615 |
| Capital leases | 210,934 | 595,824 | - | 1,264,825 | 2,071,583 | 13,577 |
| Revenue bonds payable | 1,375,000 | 6,835,000 | - | - | 8,210,000 | - |
| Total current liabilities | 4,196,894 | 10,759,402 | 426,280 | 2,581,360 | 17,963,936 | 3,287,126 |
| Noncurrent liabilities: | | | | | | |
| Advances from other funds | - | - | - | 31,191 | 31,191 | - |
| Notes and loans payable | 311,650 | 2,087,171 | - | - | 2,398,821 | - |
| Mortgage bonds payable | - | 270,739 | - | 4,990,402 | 5,261,141 | - |
| Capital leases | 728,876 | 1,254,995 | - | 2,529,669 | 4,513,540 | 45,579 |
| Revenue bonds payable | 15,631,045 | 71,636,002 | - | - | 87,267,047 | - |
| Total noncurrent liabilities | 16,671,571 | 75,248,907 | - | 7,551,262 | 99,471,740 | 45,579 |
| Total liabilities | 20,868,465 | 86,008,309 | 426,280 | 10,132,622 | 117,435,676 | 3,332,705 |
| Deferred Inflows of Resources | | | | | | |
| Unamortized service agreement | - | - | 239,584 | - | 239,584 | - |
| Unamortized gain on sale/leaseback | - | - | - | 3,356 | 3,356 | - |
| Total deferred inflows of resources | - | - | 239,584 | 3,356 | 242,940 | - |

The Notes to Financial Statements are an
Integral Part of this Statement.

City of South Bend, Indiana

Proprietary Funds Statement of Net Position (Continued) December 31, 2016

| | Enterprise Funds | | | | | Governmental Activities |
|-----------------------------------|----------------------|-----------------------|----------------------|------------------------|---------------------------------|----------------------------|
| | | | | | Proprietary Internal Service | |
| | Water Utility | Wastewater Utility | Century Center | Nonmajor Enterprise | Total | Fund |
| Net Position | | | | | | |
| Net investment in capital assets: | \$ 39,644,547 | \$ 79,882,890 | \$ 18,846,844 | \$ 6,914,693 | \$ 145,288,974 | \$ 1,348,906 |
| Debt service fund | 50,069 | 814,230 | - | - | 864,299 | - |
| Customer repair and deposit fund | 1,541,424 | 1,752,931 | - | - | 3,294,355 | - |
| Cash with fiscal agent | 147,437 | 248,464 | - | 897,564 | 1,293,465 | - |
| Bond reserve fund | 1,392,739 | 4,111,633 | - | - | 5,504,372 | - |
| Operating reserve fund | 2,457,950 | 4,627,379 | - | - | 7,085,329 | - |
| Capital outlay fund | 2,582,972 | 10,137,217 | 865,986 | 335,857 | 13,922,032 | - |
| Unrestricted | 2,270,856 | 10,159,366 | 1,104,927 | 11,822,516 | 25,357,665 | 11,867,254 |
| | \$ 50,087,994 | \$ 111,734,110 | \$ 20,817,757 | \$ 19,970,630 | \$ 202,610,491 | \$ 13,216,160 |
| Total net position | | | | | | |

City of South Bend, Indiana

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2016

| | Enterprise Funds | | | | | Governmental |
|--|----------------------|-----------------------|----------------------|------------------------|-----------------------|--------------------------|
| | Water Utility | Wastewater Utility | Century Center | Nonmajor Enterprise | Total | Proprietary |
| | | | | | | Internal Service Fund |
| Operating Revenue | | | | | | |
| Metered revenue | \$ 10,149,170 | \$ 38,219,093 | \$ - | \$ - | \$ 48,368,263 | \$ - |
| Convention fees | - | - | 3,362,396 | - | 3,362,396 | - |
| Fire protection revenue | 2,000,428 | - | - | - | 2,000,428 | - |
| Licenses and permits | - | - | - | 1,752,497 | 1,752,497 | - |
| Interest and penalty charges | 76,957 | 667,656 | - | - | 744,613 | - |
| Parking fees | - | - | 110,792 | 993,845 | 1,104,637 | - |
| Solid waste fees | - | - | - | 5,511,281 | 5,511,281 | - |
| Employee/Employer contributions | - | - | - | - | - | 21,121,497 |
| Charges for sales and services | - | - | - | 7,822,894 | 7,822,894 | 7,371,837 |
| Water leak insurance revenue | 974,068 | - | - | - | 974,068 | - |
| Charges to other funds | 1,414,956 | - | - | - | 1,414,956 | - |
| Other | 475,793 | 174,813 | 10,038 | 139,129 | 799,773 | 115,852 |
| Total operating revenue | 15,091,372 | 39,061,562 | 3,483,226 | 16,219,646 | 73,855,806 | 28,609,186 |
| Operating Expenses | | | | | | |
| Cost of water | 6,531,883 | - | - | - | 6,531,883 | - |
| Cost of sewage treatment | - | 14,414,508 | - | - | 14,414,508 | - |
| Other operation and maintenance | - | - | - | 14,535,669 | 14,535,669 | 9,071,629 |
| General and administration | 2,359,837 | 2,505,862 | 4,302,253 | 1,142,300 | 10,310,252 | 1,172,912 |
| Insurance claims and premiums | - | - | - | - | - | 15,585,171 |
| Plumbing contractors | 1,045,518 | - | - | - | 1,045,518 | - |
| Customer service | 2,144,461 | - | - | - | 2,144,461 | - |
| Depreciation | 2,102,758 | 6,832,296 | 1,062,219 | 1,470,823 | 11,468,096 | 149,026 |
| Total operating expenses | 14,184,457 | 23,752,666 | 5,364,472 | 17,148,792 | 60,450,387 | 25,978,738 |
| Operating Income (Loss) | 906,915 | 15,308,896 | (1,881,246) | (929,146) | 13,405,419 | 2,630,448 |
| Nonoperating Revenue (Expenses) | | | | | | |
| Investment income | 115,235 | 374,035 | 932 | 80,780 | 570,982 | 112,274 |
| Hotel/Motel tax revenue | - | - | 1,313,450 | - | 1,313,450 | - |
| Interest expense | (715,582) | (2,667,860) | - | (233,499) | (3,616,941) | - |
| (Loss) gain on sale of assets | (84,258) | (626,530) | (286,985) | (145,618) | (1,143,391) | (4,330) |
| Debt service charge | - | - | - | - | - | (272) |
| Other nonoperating general revenue | - | - | - | 300,966 | 300,966 | - |
| Total nonoperating (expenses) revenue | (684,605) | (2,920,355) | 1,027,397 | 2,629 | (2,574,934) | 107,672 |
| Income (Loss) - Before contributions | 222,310 | 12,388,541 | (853,849) | (926,517) | 10,830,485 | 2,738,120 |
| Capital Contributions - Other capital contributions | - | - | 619,001 | 30,608 | 649,609 | - |
| Transfers In | - | - | - | 2,110,468 | 2,110,468 | - |
| Transfers Out | (2,039,748) | (3,672,060) | (79,676) | - | (5,791,484) | - |
| Change in Net Position | (1,817,438) | 8,716,481 | (314,524) | 1,214,559 | 7,799,078 | 2,738,120 |
| Net Position - Beginning of year | 51,905,432 | 103,017,629 | 21,132,281 | 18,756,071 | 194,811,413 | 10,478,040 |
| Net Position - End of year | \$ 50,087,994 | \$ 111,734,110 | \$ 20,817,757 | \$ 19,970,630 | \$ 202,610,491 | \$ 13,216,160 |

City of South Bend, Indiana

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2016

| | Pension Trust Funds | Private- Purpose Trust Fund | Agency Funds |
|-------------------------------|--------------------------|-----------------------------------|----------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 213,763 | \$ 6,413 | \$ 2,930,775 |
| Investments | 744,677 | 22,340 | - |
| Receivables - Interest | 1,870 | 54 | - |
| Receivables - Accounts | 1,267 | 399,065 | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u><u>\$ 961,577</u></u> | <u><u>\$ 427,872</u></u> | <u><u>\$ 2,930,775</u></u> |
| Liabilities | | | |
| Accounts payable | \$ 170 | \$ - | \$ - |
| Accrued liabilities and other | 355 | - | 420,885 |
| Customer deposits payable | - | - | 1,692,774 |
| Police distribution payable | - | - | 817,116 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>525</u> | <u>-</u> | <u><u>\$ 2,930,775</u></u> |
| Net Position | <u><u>\$ 961,052</u></u> | <u><u>\$ 427,872</u></u> | |

City of South Bend, Indiana

Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended December 31, 2016

| | Pension Trust Funds | Private-Purpose Trust Fund |
|--|--------------------------|-------------------------------|
| Additions | | |
| Investment income - Interest and dividends | \$ 9,565 | \$ 262 |
| Contributions: | | |
| On behalf | 10,858,021 | - |
| Other | 22,028 | 399,067 |
| Total contributions | <u>10,880,049</u> | <u>399,067</u> |
| Total additions | 10,889,614 | 399,329 |
| Deductions | | |
| Benefit payments | 11,529,995 | - |
| Administrative expenses | 28,035 | - |
| Total deductions | <u>11,558,030</u> | <u>-</u> |
| Net (Decrease) Increase in Net Position | (668,416) | 399,329 |
| Net Position - Beginning of year | <u>1,629,468</u> | <u>28,543</u> |
| Net Position - End of year | <u><u>\$ 961,052</u></u> | <u><u>\$ 427,872</u></u> |

Statistical Section

Net Position by Component

Last Ten Fiscal Years

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 (1) | 2015 (1) | 2016 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 200,634,954 | \$ 178,178,047 | \$ 178,483,535 | \$ 186,771,216 | \$ 196,265,413 | \$ 202,779,954 | \$ 192,190,446 | \$ 168,275,521 | \$ 157,604,691 | \$ 161,341,318 |
| Restricted | 5,370,627 | 11,077,687 | 12,825,227 | 8,840,610 | 9,354,772 | 8,050,418 | 7,990,172 | 8,723,878 | 9,137,552 | 8,669,117 |
| Unrestricted | 47,150,229 | 56,786,214 | 82,877,695 | 96,539,932 | 82,271,482 | 71,992,457 | 86,413,227 | (18,581,970) | (25,882,348) | (7,327,797) |
| Total governmental activities net position | \$ 253,155,810 | \$ 246,041,948 | \$ 274,186,457 | \$ 292,151,758 | \$ 287,891,667 | \$ 282,822,829 | \$ 286,593,845 | \$ 158,417,429 | \$ 140,859,895 | \$ 167,687,638 |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 112,194,451 | \$ 124,705,327 | \$ 119,607,643 | \$ 122,108,095 | \$ 103,463,004 | \$ 113,193,929 | \$ 114,506,252 | \$ 136,685,811 | \$ 141,998,384 | \$ 145,288,974 |
| Restricted | 8,273,257 | 8,630,542 | 14,075,339 | 13,320,967 | 12,937,988 | 29,259,933 | 48,267,664 | 26,587,012 | 28,397,290 | 31,963,852 |
| Unrestricted | 15,793,782 | 9,209,917 | 12,597,138 | 19,262,192 | 45,733,630 | 26,957,505 | 7,906,258 | 22,426,017 | 24,415,739 | 25,357,665 |
| Total business-type activities net position | \$ 136,261,490 | \$ 142,545,786 | \$ 146,280,120 | \$ 154,691,254 | \$ 162,134,622 | \$ 169,411,367 | \$ 170,680,174 | \$ 185,698,840 | \$ 194,811,413 | \$ 202,610,491 |
| Primary government | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 312,829,405 | \$ 302,883,374 | \$ 298,091,178 | \$ 308,879,311 | \$ 299,728,417 | \$ 315,973,883 | \$ 306,696,698 | \$ 304,961,332 | \$ 299,603,075 | \$ 306,630,292 |
| Restricted | 13,643,884 | 19,708,229 | 26,900,566 | 22,161,577 | 22,292,760 | 37,310,351 | 56,257,836 | 35,310,890 | 37,534,842 | 40,632,969 |
| Unrestricted | 62,944,011 | 65,996,131 | 95,474,833 | 115,802,124 | 128,005,112 | 98,949,962 | 94,319,485 | 3,844,047 | (1,466,609) | 18,029,868 |
| Total primary government net position | \$ 389,417,300 | \$ 388,587,734 | \$ 420,466,577 | \$ 446,843,012 | \$ 450,026,289 | \$ 452,234,196 | \$ 457,274,019 | \$ 344,116,269 | \$ 335,671,308 | \$ 365,293,129 |

(1) The City implemented the reporting of net pension liability through GASB 68 during 2015. 2014 was restated.

Net position is defined as the difference between total assets and deferred outflows of resources less total liabilities and deferred inflows of resources and can generally be thought of as the net worth of the City of South Bend.

Source - City of South Bend Comprehensive Annual Financial Reports (includes prior period adjustments)

Statistical Section Changes in Net Position Last Ten Fiscal Years

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General Government | \$ (13,680,203) | \$ (10,253,389) | \$ (7,903,378) | \$ (8,261,861) | \$ (16,783,351) | \$ (13,788,310) | \$ (13,200,898) | \$ (19,013,453) | \$ (21,572,776) | \$ (15,618,817) |
| Public Safety | (52,751,974) | (49,728,256) | (50,800,573) | (62,106,991) | (73,530,442) | (69,977,237) | (76,023,819) | (68,783,155) | (56,528,448) | (55,029,909) |
| Highways and Streets | (17,904,129) | (22,292,012) | (15,042,344) | (9,526,537) | (7,574,003) | (14,639,158) | (20,915,815) | (13,031,500) | (20,045,444) | (13,550,535) |
| Health and Welfare | (75,000) | (75,000) | - | - | - | - | - | - | - | - |
| Community and Economic Development | (18,206,948) | (27,299,233) | (4,335,618) | (30,744,012) | (34,648,975) | (20,217,987) | (10,069,690) | (19,780,791) | (40,727,612) | (28,436,368) |
| Culture and Recreation | (16,454,667) | (18,311,807) | (17,981,839) | (16,036,194) | (15,566,794) | (21,724,589) | (26,846,471) | (16,802,311) | (20,300,768) | (17,156,094) |
| Bond Issuance Costs | - | - | - | - | - | - | - | - | (372,432) | - |
| Interest on Long-Term Debt | (5,859,102) | (7,080,166) | (8,049,610) | (7,339,548) | (6,798,531) | (6,134,406) | (5,961,124) | (2,497,849) | (4,762,714) | (4,727,630) |
| Total governmental activities expenses | \$(124,932,023) | \$(135,039,863) | \$(104,113,362) | \$(134,015,143) | \$(154,902,096) | \$(146,481,687) | \$(153,017,817) | \$(139,909,059) | \$(164,310,194) | \$(134,519,353) |
| Business-type activities: | | | | | | | | | | |
| Water | \$ (13,061,750) | \$ (13,492,744) | \$ (12,584,679) | \$ (12,525,246) | \$ (11,972,840) | \$ (12,228,014) | \$ (15,221,865) | \$ (13,020,610) | \$ (13,609,378) | \$ (14,900,039) |
| Wastewater | (18,295,813) | (23,020,991) | (27,047,143) | (21,403,663) | (22,260,005) | (23,809,975) | (26,390,790) | (25,521,753) | (25,737,867) | (26,420,526) |
| Century Center | (3,490,103) | (3,562,285) | (3,488,266) | (2,989,586) | (3,100,484) | (2,929,268) | (4,330,656) | (4,747,838) | (4,854,747) | (5,364,472) |
| Consolidated Building Department (1) | (1,090,327) | (1,108,940) | (1,113,867) | (930,120) | (871,299) | (909,376) | (1,131,815) | (3,242,320) | (3,552,347) | (3,240,172) |
| Parking Garage | (1,444,146) | (1,466,200) | (1,471,960) | (1,438,288) | (1,467,646) | (1,721,655) | (1,285,056) | (1,660,596) | (2,139,182) | (909,857) |
| Solid Waste | (4,072,910) | (4,299,846) | (4,036,001) | (4,204,056) | (4,962,157) | (5,118,806) | (5,091,588) | (5,811,526) | (5,243,972) | (5,794,913) |
| Blackthorn Golf Course | (1,811,801) | (1,829,122) | (1,881,982) | (1,995,556) | (1,689,042) | (1,841,998) | (1,497,513) | (1,874,962) | (1,659,206) | (7,437,349) |
| Emergency Medical Services (2) | - | - | - | - | - | - | - | - | - | - |
| Total business-type activities net expenses | (43,266,850) | (48,780,128) | (51,623,898) | (45,486,515) | (46,323,473) | (48,559,092) | (54,949,283) | (55,879,605) | (61,899,676) | (64,067,328) |
| Total primary government net position | \$(168,198,873) | \$(183,819,991) | \$(155,737,260) | \$(179,501,658) | \$(201,225,569) | \$(195,040,779) | \$(207,967,100) | \$(195,788,664) | \$(226,209,870) | \$(198,586,681) |

Statistical Section

Changes in Net Position (Continued)

Last Ten Fiscal Years

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|-------------------------|------------------------|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General Government | \$ 6,553,121 | \$ 6,647,223 | \$ 6,855,830 | \$ 6,964,269 | \$ 1,165,018 | \$ 2,100,103 | \$ 1,939,865 | \$ 1,451,438 | \$ 1,188,531 | \$ 1,622,788 |
| Public Safety | 4,228,405 | 5,035,433 | 5,051,827 | 4,916,958 | 4,096,566 | 5,079,182 | 5,210,272 | 4,992,228 | 529,386 | 975,712 |
| Highways and Streets | | | 5,152 | 28,110 | 227,000 | 291,840 | 451,363 | 728,343 | 676,429 | 707,547 |
| Community and Economic Develop. | 604,873 | 636,772 | 332,454 | 283,420 | 683,503 | 271,366 | 444,839 | 485,938 | 408,654 | 481,293 |
| Culture and Recreation | 5,057,076 | 5,300,818 | 5,063,896 | 4,995,049 | 4,681,536 | 5,224,543 | 5,112,019 | 3,815,920 | 3,726,359 | 4,383,977 |
| Operating Grants and Contributions | 15,628,287 | 11,356,682 | 12,199,444 | 29,467,573 | 32,091,246 | 24,937,596 | 21,466,622 | 3,203,805 | 2,813,481 | 2,644,272 |
| Capital Grants and Contributions | 960,502 | 1,176,783 | 780,137 | 1,472,233 | 2,328,468 | 2,468,120 | 1,867,213 | - | - | - |
| Total governmental activities program revenues | \$ 33,032,264 | \$ 30,153,661 | \$ 30,288,740 | \$ 48,127,612 | \$ 45,273,337 | \$ 40,372,750 | \$ 36,492,193 | \$ 14,677,672 | \$ 9,342,840 | \$ 10,815,589 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water | \$ 15,336,891 | \$ 14,926,833 | \$ 14,151,289 | \$ 14,194,442 | \$ 14,080,592 | \$ 15,409,171 | \$ 15,102,462 | \$ 14,373,176 | \$ 14,204,285 | \$ 15,091,372 |
| Wastewater | 21,349,401 | 23,567,973 | 25,012,163 | 26,001,156 | 29,407,263 | 30,657,698 | 32,474,743 | 34,009,117 | 36,638,804 | 39,061,562 |
| Century Center | 3,371,553 | 3,370,802 | 2,873,966 | 2,869,010 | 2,894,913 | 2,680,076 | 3,463,813 | 2,227,171 | 4,202,564 | 4,796,676 |
| Consolidated Building Department | 1,078,258 | 1,169,788 | 977,050 | 875,481 | 899,397 | 1,000,381 | 967,667 | 1,387,571 | 2,037,950 | 1,764,100 |
| Parking Garage | 861,307 | 1,003,889 | 1,070,519 | 1,047,784 | 1,071,078 | 921,044 | 968,868 | 1,017,218 | 968,417 | 996,197 |
| Solid Waste | 4,187,821 | 4,343,120 | 4,759,530 | 4,745,547 | 4,830,342 | 5,081,991 | 5,399,044 | 5,295,712 | 5,364,871 | 5,839,143 |
| Blackthorn Golf Course | 1,512,150 | 1,493,519 | 1,557,951 | 1,479,415 | 1,392,999 | 1,669,372 | 1,530,402 | 1,548,341 | 109,949 | 7,921,172 |
| Emergency Medical Services | | | | | | | | | 6,470,446 | |
| Operating Grants and Contributions | 1,253,332 | 1,209,380 | 4,038,412 | 1,889,165 | 4,291,731 | 2,010,253 | 697,916 | 95,834 | 4,683,424 | 649,609 |
| Capital Grants and Contributions | 48,950,713 | 51,085,304 | 54,440,880 | 53,102,000 | 58,868,315 | 59,429,986 | 60,604,915 | 59,954,140 | 74,680,710 | 76,119,831 |
| Total business-type activities program revenues | \$ 81,982,977 | \$ 81,238,965 | \$ 84,729,620 | \$ 101,229,612 | \$ 104,141,652 | \$ 99,802,736 | \$ 97,097,108 | \$ 74,631,812 | \$ 84,023,550 | \$ 86,935,420 |
| Net (Expense)/Revenue | \$ (102,007,599) | \$ (73,959,701) | \$ (103,726,403) | \$ (106,774,484) | \$ 45,273,337 | \$ (106,108,937) | \$ (116,525,624) | \$ (125,231,387) | \$ (154,967,354) | \$ (123,703,764) |
| Governmental activities | 170,585 | (538,594) | 8,954,365 | 6,778,527 | 58,868,315 | 10,870,894 | 5,655,632 | 4,074,535 | 12,781,034 | 12,052,503 |
| Business-type activities | | | | | | | | | | |
| Total primary government net expense | \$ (101,837,014) | \$ (74,498,295) | \$ (94,772,038) | \$ (99,995,957) | \$ 104,141,652 | \$ (95,238,043) | \$ (110,869,992) | \$ (121,156,852) | \$ (142,186,320) | \$ (111,651,261) |

Statistical Section

Changes in Net Position (Continued)

Last Ten Fiscal Years

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 77,120,683 | \$ 76,109,499 | \$ 73,882,128 | \$ 77,315,641 | \$ 76,445,349 | \$ 71,775,415 | \$ 72,018,650 | \$ 69,221,468 | \$ 72,032,049 | \$ 76,331,581 |
| County Option Income Tax | 8,072,623 | 5,813,846 | 10,270,179 | 11,502,052 | 13,219,723 | 13,748,824 | 13,739,325 | 15,025,840 | 14,847,338 | 21,194,795 |
| Economic Develop. Income Tax | 4,681,134 | 3,788,754 | 4,536,245 | 7,335,113 | 8,044,773 | 8,324,878 | 8,177,352 | 8,796,821 | 9,031,709 | 9,594,602 |
| Professional Sports Develop. Tax | 435,791 | 453,268 | 522,788 | 597,406 | 558,268 | 633,904 | 649,996 | 588,054 | 628,261 | 673,787 |
| Community Revitalization District Tax | 1,000,000 | 955,315 | 605,623 | 416,149 | 733,100 | 653,185 | 244,623 | - | - | - |
| Unrestricted Grants and Contributions | 4,032,300 | 5,664,011 | 7,597,883 | 4,883,081 | 3,964,336 | 3,891,810 | 5,893,924 | 28,473,888 | 25,487,112 | 25,846,397 |
| Unrestricted Investment earnings | 6,247,113 | 4,961,410 | 859,135 | 868,023 | 1,050,768 | 1,317,443 | 762,270 | 951,901 | 1,322,674 | 1,458,787 |
| Other | 5,016,902 | 2,007,821 | 2,781,368 | 2,627,341 | 3,483,054 | 6,623,313 | 14,285,314 | 6,747,199 | 11,214,442 | 6,745,542 |
| Loss on Sale of Redevelopment Properties | - | - | - | - | - | - | - | - | - | - |
| Net Pension Obligation | - | - | (645,992) | (648,823) | 3,041,176 | 3,879,721 | 4,525,187 | (683,049) | 2,846,415 | 3,681,016 |
| Transfers | 3,735 | 34,970 | 100,409,357 | 104,895,983 | 110,540,547 | 110,848,493 | 120,296,641 | 129,122,122 | 137,410,000 | 145,526,507 |
| Total governmental activities | \$ 106,610,281 | \$ 99,788,894 | \$ 100,409,357 | \$ 104,895,983 | \$ 110,540,547 | \$ 110,848,493 | \$ 120,296,641 | \$ 129,122,122 | \$ 137,410,000 | \$ 145,526,507 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted Investment earnings | \$ 1,301,348 | \$ 1,514,287 | \$ 271,360 | \$ 146,826 | \$ 206,409 | \$ 285,572 | \$ 138,362 | \$ 128,168 | \$ 358,918 | \$ 570,982 |
| Other | - | - | - | - | - | - | - | 1,501,664 | - | - |
| Transfers | (3,735) | (34,970) | 645,992 | 648,823 | (3,041,176) | (3,879,721) | (4,525,187) | 683,049 | (2,846,415) | (3,681,016) |
| Total business-type activities | \$ 1,297,613 | \$ 1,479,317 | \$ 917,352 | \$ 795,649 | \$ (2,834,767) | \$ (3,594,149) | \$ (4,386,825) | \$ 2,312,881 | \$ (2,487,497) | \$ (3,110,034) |
| Total primary government | \$ 107,907,894 | \$ 101,268,211 | \$ 101,326,709 | \$ 105,691,632 | \$ 107,705,780 | \$ 107,254,344 | \$ 115,909,816 | \$ 131,435,003 | \$ 134,922,503 | \$ 142,416,473 |
| Special Item (Governmental activities): | | | | | | | | | | |
| Well field contamination settlement | \$ - | \$ 4,462,214 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Disposal of operations | - | - | - | - | - | - | - | - | (1,180,964) | - |
| Change in Net Position | \$ 32,650,580 | \$ 524,705 | \$ (6,365,127) | \$ 150,169,320 | \$ 91,1788 | \$ 4,739,556 | \$ 3,771,016 | \$ 3,890,735 | \$ (17,557,354) | \$ 21,822,743 |
| Governmental activities | 759,019 | 10,433,682 | 7,695,879 | 59,663,964 | 9,710,075 | 7,276,745 | 1,268,807 | 6,387,416 | 9,112,573 | 7,799,078 |
| Business-type activities | - | - | - | - | - | - | - | - | - | - |
| Total primary government | \$ 33,409,599 | \$ 10,958,387 | \$ 1,330,752 | \$ 209,833,284 | \$ 10,621,863 | \$ 12,016,301 | \$ 5,039,823 | \$ 10,278,151 | \$ (8,444,781) | \$ 29,621,821 |
| Excludes prior period adjustments | | | | | | | | | | |

Changes in net assets is defined as the incremental difference between total assets and total liabilities as a result of operations during the fiscal year.

(1) In 2014, Code Enforcement and Animal Care & Control were consolidated with the Building Department to build efficiencies. Prior to 2014, these expenses were included in the general government activities.

(2) In 2015, Emergency Medical Services was reclassified to an enterprise fund.

Source : City of South Bend Comprehensive Annual Financial Reports

Statistical Section Fund Balances - Governmental Funds Last Ten Fiscal Years

| | 2007 | 2008 | 2009 | 2010 | 2011 (1) | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General fund | | | | | | | | | | |
| Reserved | \$ 2,213,970 | \$ 3,245,271 | \$ 1,516,159 | \$ 1,824,454 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 21,546,783 | 24,171,313 | 23,102,296 | 26,912,688 | - | - | - | - | - | - |
| Nonspendable | - | - | - | - | 1,115,025 | 958,341 | 656,848 | 558,304 | 491,665 | 494,730 |
| Restricted | - | - | - | - | 327,267 | - | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | 255,287 | 165,389 | 516,506 | - | 466,088 | 1,380,036 |
| Unassigned | - | - | - | - | 26,233,637 | 27,671,353 | 26,495,559 | 27,029,101 | 29,664,303 | 32,077,856 |
| Total - General Fund | \$ 23,760,753 | \$ 27,416,584 | \$ 24,618,455 | \$ 28,737,142 | \$ 27,931,216 | \$ 28,795,083 | \$ 27,668,913 | \$ 27,587,405 | \$ 30,622,056 | \$ 33,952,622 |
| Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 36,374,517 | \$ 60,213,915 | \$ 56,819,802 | \$ 62,230,229 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 25,703,180 | 32,054,329 | 36,398,024 | 31,996,398 | - | - | - | - | - | - |
| Capital projects funds | 66,593,906 | 87,571,056 | 78,214,132 | 85,237,947 | - | - | - | - | - | - |
| Debt service funds | - | - | - | - | - | - | - | - | - | - |
| Nonspendable | - | - | - | - | 37,036,839 | 37,706,861 | 22,828,476 | 20,537,450 | 27,042,236 | 23,566,267 |
| Restricted | - | - | - | - | 44,754,037 | 78,326,567 | 95,387,879 | 100,501,274 | 113,004,506 | 101,826,640 |
| Committed | - | - | - | - | 11,829,074 | 11,142,045 | 20,697,026 | 12,962,745 | 2,238,475 | 2,698,694 |
| Assigned | - | - | - | - | 77,460,284 | 35,180,652 | 35,455,190 | 35,147,874 | 32,138,059 | 31,998,790 |
| Unassigned | - | - | - | - | (2,777,374) | (4,219,066) | (4,852,169) | (5,700,829) | (4,218,596) | (2,301,793) |
| Total - Other Governmental Funds | 128,671,603 | 179,839,300 | 171,431,958 | 179,464,574 | 168,302,860 | 158,137,059 | 169,516,402 | 163,448,514 | 170,204,680 | 157,788,598 |
| Grand Total - Governmental Funds | \$ 152,432,356 | \$ 207,255,884 | \$ 196,050,413 | \$ 208,201,716 | \$ 196,234,076 | \$ 186,932,142 | \$ 197,185,315 | \$ 191,035,919 | \$ 200,826,736 | \$ 191,741,220 |

(1) - The City of South Bend adopted Statement No. 54 of the Governmental Accounting Standards Board requiring new classifications for Fund Balance reporting for fiscal year 2011.

Source: City of South Bend Comprehensive Annual Financial Reports

Statistical Section

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|----------------------|----------------------|-----------------------|----------------------|------------------------|-----------------------|----------------------|-----------------------|---------------------|-----------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 88,695,023 | \$ 96,930,953 | \$ 89,139,585 | \$ 101,785,765 | \$ 99,001,213 | \$ 95,136,206 | \$ 94,829,947 | \$ 93,632,183 | \$ 96,033,296 | \$ 107,861,553 |
| Licenses, fees and permits | 173,604 | 177,329 | 206,594 | 192,397 | 190,943 | 189,714 | 177,019 | 141,565 | 151,923 | 224,677 |
| Fines and forfeits | 437,732 | 412,707 | 423,981 | 409,775 | 636,749 | 334,767 | 660,841 | 563,999 | 454,327 | 756,781 |
| Charges for services | 15,832,139 | 17,030,160 | 16,678,584 | 16,585,634 | 13,990,267 | 12,442,553 | 12,320,498 | 10,628,976 | 5,794,168 | 7,062,108 |
| Intergovernmental | 21,400,166 | 18,196,118 | 20,577,464 | 35,822,886 | 34,419,714 | 31,297,526 | 29,227,759 | 30,663,505 | 30,216,059 | 27,959,813 |
| Investment earnings | 6,248,605 | 4,962,768 | 859,135 | 868,023 | 1,050,768 | 1,317,443 | 762,270 | 955,376 | 1,253,242 | 1,624,527 |
| Other revenues | 5,039,373 | 2,007,821 | 3,046,791 | 2,677,796 | 3,587,518 | 6,660,875 | 13,174,140 | 7,904,187 | 8,816,811 | 7,179,959 |
| Total revenues | 137,826,642 | 139,717,856 | 130,932,134 | 158,342,276 | 152,877,172 | 147,379,084 | 151,152,474 | 144,489,791 | 142,719,826 | 152,669,418 |
| Expenditures | | | | | | | | | | |
| General government | 9,611,354 | 6,902,426 | 5,969,141 | 5,214,424 | 6,680,855 | 6,390,585 | 7,154,965 | 8,022,688 | 8,420,278 | 16,311,633 |
| Public Safety | 53,203,005 | 50,413,055 | 48,790,068 | 62,586,177 | 69,612,754 | 67,138,414 | 64,041,549 | 66,927,250 | 61,889,405 | 64,350,281 |
| Highways and Streets | 13,257,781 | 13,369,611 | 11,716,810 | 10,702,555 | 5,079,041 | 9,288,682 | 9,769,942 | 10,441,957 | 12,787,641 | 11,294,768 |
| Health and Welfare | 75,000 | 75,000 | - | - | - | - | - | - | - | - |
| Community and Economic Development | 7,710,242 | 9,726,718 | 8,938,134 | 17,408,376 | 9,698,611 | 3,543,180 | 8,068,458 | 7,309,130 | 11,068,013 | 20,894,153 |
| Culture and Recreation | 13,469,798 | 14,542,481 | 12,733,094 | 12,841,596 | 13,816,699 | 18,557,986 | 13,956,025 | 13,948,089 | 12,855,704 | 13,070,606 |
| Capital Outlay | 17,293,302 | 26,695,208 | 37,485,105 | 21,952,522 | 46,691,030 | 39,984,127 | 30,748,663 | 29,407,934 | 46,553,570 | 27,056,295 |
| Bond Issuance Costs | - | - | - | - | - | - | - | - | - | 372,432 |
| Debt Service | - | - | - | - | - | - | - | - | - | - |
| Interest and Fiscal Charges | 5,718,572 | 7,258,201 | 8,053,995 | 7,499,683 | 7,186,494 | 6,734,305 | 6,113,043 | 5,360,219 | 5,392,298 | 4,943,021 |
| Principal | 7,870,166 | 9,040,095 | 9,276,363 | 12,552,681 | 13,632,195 | 10,822,721 | 13,008,105 | 12,882,830 | 13,319,392 | 13,055,327 |
| Total expenditures | 128,209,220 | 138,022,795 | 142,962,710 | 150,758,014 | 172,397,679 | 162,460,000 | 152,860,750 | 154,300,097 | 172,658,733 | 170,976,084 |
| Excess of revenues over (under) expenditures | 9,617,422 | 1,695,061 | (12,030,576) | 7,584,262 | (19,520,507) | (15,080,916) | (1,708,276) | (9,810,306) | (29,938,907) | (18,306,666) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds from debt issuance | 2,920,287 | 45,622,808 | 1,771,318 | 5,280,314 | 3,478,239 | 5,660,897 | 7,801,455 | 8,436,905 | 69,426,593 | 4,999,053 |
| Premium (discount) on debt issuance | - | 1,626,186 | 80,950 | 146,030 | 26,877 | 1,236,364 | 21,576 | 171,851 | 1,919,787 | - |
| Proceeds from refunding | - | - | 7,210,000 | 5,327,775 | 38,307,431 | 13,595,000 | 3,990,000 | - | - | - |
| Payments to refunded bond escrow agent | - | - | (7,591,171) | (5,538,255) | (37,300,856) | (14,613,147) | (4,376,769) | (3,482,205) | (35,698,815) | - |
| Financing By Capital Lease | 7,872,575 | 10,574,625 | 8,687,172 | 16,314,577 | 22,483,564 | 25,368,413 | 26,365,239 | 18,478,925 | 31,498,681 | 19,541,050 |
| Transfers in | (7,868,840) | (10,539,655) | (9,333,164) | (16,963,400) | (19,442,388) | (21,488,692) | (21,840,052) | (16,522,289) | (28,652,266) | (15,860,034) |
| Transfers out | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | 28,476 | 1,235,744 | 541,081 |
| Total other financing sources (uses) | 2,924,022 | 47,283,964 | 825,105 | 4,567,041 | 7,552,867 | 9,758,835 | 11,961,449 | 7,111,663 | 39,729,724 | 9,221,150 |
| Special Item: | | | | | | | | | | |
| Well field contamination settlement | - | - | 4,462,214 | - | - | - | - | - | - | - |
| Net change in fund balances | \$ 12,541,444 | \$ 48,979,025 | \$ (6,743,257) | \$ 12,151,303 | \$ (11,967,640) | \$ (5,322,081) | \$ 10,253,173 | \$ (2,698,643) | \$ 9,790,817 | \$ (9,085,516) |
| Debt service as a percentage of noncapital expenditures (1) | 11.4% | 12.1% | 17.6% | 15.4% | 13.8% | 12.9% | 13.4% | 13.5% | 11.6% | 12.7% |
| Excludes prior period adjustments | | | | | | | | | | |

(1) Formula = Debt service payments (principal and interest) / (Total Governmental Fund expenditures - Governmental Fund capital outlay per reconciliation)

Source: City of South Bend Comprehensive Annual Financial Reports

Statistical Section

Property Taxes Levies and Collections

Last Ten Fiscal Years

| Tax Year/ Collection Year | Per DLGF Current Tax Levy | Estimated Circuit Breaker Levy Reduction | Adjusted Current Tax Levy (County Abstract) | Current Tax | | Delinquent | | Total Tax | | Outstanding Delinquent Taxes (1) | Outstanding Delinquent Taxes as a Percent of Adjusted Tax Levy |
|------------------------------|---------------------------------|---|--|----------------------------|---|----------------------------------|---|--------------------------|---|---|---|
| | | | | Current Tax Collections | Current Tax as a Percent of Adjusted Tax Levy | Delinquent Tax Collections | Delinquent Tax as a Percent of Adjusted Tax Levy | Total Tax Collections | Total Tax as a Percent of Adjusted Tax Levy | | |
| 2006/2007 | \$ 62,723,113 | \$ - | \$ 62,723,113 | \$ 57,979,187 | 92.44% | \$ 2,289,138 | 3.66% | \$ 60,268,325 | 96.09% | \$ 7,411,505 | 11.82% |
| 2007/2008 | 65,534,282 | - | 65,534,282 | 59,589,537 | 90.93% | 4,113,095 | 6.28% | 63,702,632 | 97.21% | 2,831,650 | 4.32% |
| 2008/2009 | 64,546,050 | 7,863,846 | 56,682,204 | 47,497,697 | 83.80% | 3,355,161 | 5.92% | 50,852,858 | 89.72% | 5,810,503 | 10.25% |
| 2009/2010 | 66,929,179 | 14,346,110 | 52,583,069 | 41,813,442 | 79.52% | 6,380,600 | 12.15% | 48,194,042 | 91.65% | 10,026,236 | 19.07% |
| 2010/2011 | 68,662,101 | 17,692,787 | 50,969,314 | 40,876,844 | 80.20% | 5,791,920 | 11.36% | 46,668,764 | 91.56% | 8,165,775 | 16.02% |
| 2011/2012 | 70,756,844 | 23,965,911 | 46,790,933 | 42,598,817 | 91.04% | 5,111,380 | 10.92% | 47,710,197 | 101.96% | 9,550,891 | 20.41% |
| 2012/2013 | 72,696,497 | 27,863,156 | 44,833,341 | 38,721,788 | 86.37% | 5,200,000 | 11.60% | 43,921,788 | 97.97% | 11,146,473 | 24.86% |
| 2013/2014 | 73,981,565 | 27,051,751 | 46,929,814 | 41,370,637 | 88.15% | 3,134,526 | 6.68% | 44,505,163 | 94.83% | 8,745,941 | 18.64% |
| 2014/2015 | 76,533,090 | 29,728,412 | 46,804,678 | 42,097,072 | 89.94% | 3,168,597 | 6.75% | 45,265,669 | 96.71% | 8,200,000 | 17.52% |
| 2015/2016 | 78,503,658 | 29,601,193 | 48,902,465 | 43,806,020 | 89.58% | 3,900,000 | 7.96% | 47,706,020 | 97.55% | 7,468,597 | 15.27% |

Data provided for General Fund, Parks & Recreation, Cumulative Capital Development, Fire Pension and Police Pension Funds. Excludes College Football Hall of Fame and Tax Increment Financing Funds.

Delinquent tax collections are not broken out by individual taxing unit. A calculation of South Bend's share of delinquent taxes has been made based on proportionate tax rates.

Total collections may exceed 100% of adjusted tax levy as prior year collections are not broken out separately by the St. Joseph County Auditor.

(1) Outstanding Delinquent Taxes are reported in the aggregate as of the end of each year and are not cumulative. Estimated for 2014/2015 and 2015/2016

Source - St. Joseph County Auditor's Settlement Worksheets and Abstract. City of South Bend budget forms approved by the Department of Local Government Finance (DLGF).

Statistical Section
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of Net Assessed Value)

| Tax Year/ Collection Year | City Direct Rates | | | | | | | | | | Overlapping Rates (3) | | | | | Grand Total |
|------------------------------|-------------------|----------------------|--------------------------|-------------------|--------------------------------------|-----------------|----------------------|----------------------|----------|---------|-----------------------|----------------------|--------|--|--|----------------|
| | General Fund | Parks/ Recreation | Firefighters' Pension | Police Pension | Cumulative Capital Development | Total Direct | St. Joseph County | Schools Districts | Township | Library | Other (1) | Total Overlapping | | | | |
| 2006/2007 | 1.6838 | 0.2858 | 0.0531 | 0.0477 | 0.0342 | 2.1046 | 0.8711 | 1.5419 | 0.0285 | 0.1957 | 0.1737 | 2.8109 | 4.9155 | | | |
| 2007/2008 | 1.7924 | 0.2979 | 0.0579 | 0.0572 | 0.0342 | 2.2396 | 0.7576 | 1.5417 | 0.0482 | 0.2216 | 0.1944 | 2.7635 | 5.0031 | | | |
| 2008/2009 | 1.9777 | 0.3656 | 0.0117 | 0.0189 | 0.0342 | 2.4081 | 0.5693 | 1.0297 | 0.0537 | 0.2257 | 0.1733 | 2.0517 | 4.4598 | | | |
| 2009/2010 (2) | 2.2536 | 0.4401 | - | - | 0.0342 | 2.7279 | 0.5866 | 1.0728 | 0.0406 | 0.2657 | 0.1835 | 2.1492 | 4.8771 | | | |
| 2010/2011 | 2.4381 | 0.4818 | - | - | 0.0342 | 2.9541 | 0.5424 | 1.2211 | 0.0438 | 0.3027 | 0.1958 | 2.3058 | 5.2599 | | | |
| 2011/2012 | 2.4954 | 0.4957 | - | - | 0.0328 | 3.0239 | 0.6212 | 1.1931 | 0.0464 | 0.2941 | 0.1817 | 2.3365 | 5.3604 | | | |
| 2012/2013 | 2.5678 | 0.5102 | - | - | 0.0328 | 3.1108 | 0.6731 | 1.3493 | 0.0453 | 0.3227 | 0.1971 | 2.5875 | 5.6983 | | | |
| 2013/2014 | 2.7977 | 0.5608 | - | - | 0.0328 | 3.3913 | 0.7058 | 1.3577 | 0.0505 | 0.3309 | 0.1849 | 2.6298 | 6.0211 | | | |
| 2014/2015 | 2.8313 | 0.5676 | - | - | 0.0325 | 3.4314 | 0.6866 | 1.2940 | 0.0500 | 0.3207 | 0.2125 | 2.5638 | 5.9952 | | | |
| 2015/2016 | 2.8703 | 0.5754 | - | - | 0.0321 | 3.4778 | 0.6974 | 1.2682 | 0.0512 | 0.3549 | 0.2224 | 2.5941 | 6.0719 | | | |

(1) Includes State of Indiana, Redevelopment Commission (Hall of Fame), South Bend Transportation and South Bend Regional Airport.

(2) Firefighters' Pension and Police Pension are no longer a tax burden for the City of South Bend as the State of Indiana has assumed responsibility for funding these programs.

(3) Information provided for Portage Township in the City of South Bend. Property tax rates applied to net assessed valuation. Property tax billings are also subject to "circuit breaker" property tax caps on grossed assessed valuation of 1% (homestead residential property), 2% (other residential/rental property), and 3% (nonresidential real and personal property). Therefore, an increase in stated property tax rates will not result in higher property taxes paid for many taxpayers who have reached their cap.

Source: St. Joseph County Auditor's Office - Certified Tax Rate Schedules - Rates presented for Portage Township in South Bend

**Statistical Section
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years**

| Tax Year/ Collection Year | Gross Assessed Values | | | Less: Non-Taxed Property (1) | Total Net Taxable Value | (2) City Tax Rate | % Taxable |
|------------------------------|-----------------------|----------------------|-----------------------|------------------------------------|-------------------------------|----------------------------|--------------|
| | Real Property | Personal Property | Utilities Property | | | | |
| 2006/2007 | \$ 4,374,431,415 | \$ 544,460,152 | \$ 90,443,780 | \$ 1,986,978,200 | \$ 3,022,357,147 | 2.1046 | 60.33% |
| 2007/2008 | 4,420,513,240 | 527,383,785 | 92,736,090 | 2,064,552,317 | 2,976,080,798 | 2.2396 | 59.04% |
| 2008/2009 | 4,698,989,240 | 592,538,950 | 95,891,770 | 2,718,532,541 | 2,668,887,419 | 2.4081 | 49.54% |
| 2009/2010 | 4,368,497,000 | 604,951,450 | 98,433,750 | 2,618,376,627 | 2,453,505,573 | 2.7279 | 48.37% |
| 2010/2011 | 4,339,037,300 | 551,819,290 | 101,009,760 | 2,667,414,488 | 2,324,451,862 | 2.9541 | 46.56% |
| 2011/2012 | 4,255,238,900 | 560,331,660 | 95,165,650 | 2,529,861,602 | 2,380,874,608 | 3.0239 | 48.48% |
| 2012/2013 | 4,452,887,970 | 537,500,490 | 100,832,450 | 2,720,133,213 | 2,371,087,697 | 3.1108 | 46.57% |
| 2013/2014 | 4,199,757,500 | 552,872,520 | 90,252,180 | 2,633,155,528 | 2,209,726,672 | 3.3913 | 45.63% |
| 2014/2015 | 4,192,804,920 | 557,759,982 | 86,924,710 | 2,577,220,294 | 2,260,269,318 | 3.4314 | 46.72% |
| 2015/2016 | 4,199,285,400 | 603,870,040 | 83,786,930 | 2,609,772,627 | 2,277,169,743 | 3.4778 | 46.60% |

(1) Non-taxed property includes tax exempt property, tax increment financing property, tax abatements, and adjustments for deductions and exemptions.

(2) City tax rate excludes Redevelopment Commission (Hall of Fame) tax rate.

Source: St. Joseph County Auditor's Office

Statistical Section Property Tax Collections - Cash Basis Last Ten Years

| Fund Number | Fund Name | 2007 Actual | 2008 Actual (2) | 2009 Actual (3) | 2010 Actual | 2011 Actual | 2012 Actual | 2013 Actual | 2014 Actual | 2015 Actual | 2016 Actual |
|--------------|---|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 101 | General Fund | \$ 48,720,726 | \$ 14,574,480 | \$ 79,162,937 | \$ 38,780,847 | \$ 38,514,550 | \$ 39,368,431 | \$ 36,251,397 | \$ 36,708,989 | \$ 37,349,387 | \$ 39,362,139 |
| 103 | Excess Levy | | | | | | | | 3,648 | | |
| 201 | Parks & Recreation | 8,271,741 | 2,461,101 | 13,919,096 | 7,591,932 | 7,613,760 | 7,824,056 | 7,207,060 | 7,365,388 | 7,487,554 | 7,902,995 |
| 310 | Redevelopment Bonds Studebaker Corridor | 1,127,140 | 360,682 | 2,362,057 | 1,488,453 | 1,549,954 | 1,133,205 | 1,268,179 | 497,768 | 906,263 | 1,361,512 |
| 313 | College Football Hall of Fame Debt Service | 8,851,077 | 33,400 | 10,808,912 | 21,508,430 | 11,187,768 | 11,631,287 | 13,340,354 | 14,284,734 | 16,293,240 | 18,159,311 |
| 324 | River West TIF District (1) | 989,824 | 291,600 | 1,420,833 | 587,063 | 540,454 | 517,710 | 463,331 | 430,786 | 428,727 | 440,887 |
| 406 | Cumulative Capital Development | | | | | | | | | | |
| 414 | Sample-Ewing TIF District (1) | 778,093 | | | | | | | | | |
| 414 | South Bend Central Development Area TIF (1) | 3,276,169 | 12,696 | 3,870,188 | 7,336,117 | 3,633,473 | 3,671,478 | 2,590,808 | 4,309,727 | | |
| 420 | West Washington Street TIF District | 287,095 | 1,785 | 358,844 | 860,049 | 431,085 | 422,715 | 493,608 | 580,987 | 402,911 | 453,503 |
| 422 | Central Medical Service Area TIF District (1) | 928,113 | 2,793 | 919,174 | 3,524,962 | 1,704,238 | 1,606,915 | 1,221,676 | 851,211 | | |
| 426 | River East (Northeast) TIF District | 13,468 | | 22,191 | 195,400 | 715,063 | 1,351,048 | 841,627 | 1,568,240 | 2,421,308 | 2,348,608 |
| 429 | Southeast Development Area TIF District | 457,985 | 1,756 | 355,596 | 4,094,135 | 1,808,952 | 2,466,203 | 2,404,416 | 2,379,212 | 2,205,822 | 2,401,252 |
| 430 | Erskine Commons TIF District (5) | 2,891 | 10 | 1,240,184 | 5,978,592 | 784,373 | | | | | |
| 431 | Erskine Village TIF District | 775,622 | 2,713 | 1,531,403 | 3,759,287 | 1,603,182 | | | | | |
| 432 | Douglas Road TIF District | 13,941 | | 125,294 | 460,760 | 306,053 | 285,713 | 1,311,129 | 9,175 | 19,183 | |
| 435 | River East (Northeast) Residential TIF | | | | 1,815,829 | 2,446,103 | 2,514,048 | 323,939 | 321,895 | 270,758 | 345,262 |
| 436 | Airport Urban Enterprise | | | | 301,430 | 123,165 | 111,721 | 2,262,765 | 2,725,909 | 3,129,681 | 3,932,947 |
| 454 | Fire Department Employees Pension (4) | 1,536,839 | 462,375 | 1,437,539 | (5,867) | | | | | | |
| 701 | Police Department Employees Pension (4) | 1,380,555 | 425,760 | 1,609,905 | (9,479) | | | | | | |
| 702 | | | | | | | | | | | |
| Total | | \$ 77,422,869 | \$ 18,631,151 | \$ 119,144,153 | \$ 98,267,940 | \$ 72,962,173 | \$ 72,904,530 | \$ 69,980,289 | \$ 72,037,669 | \$ 70,914,834 | \$ 76,708,415 |

(1) Fund 414 closed out during 2008 into Fund 324. Name changed in 2015 from TIF Airport to River West TIF due to consolidation of Central Development Area and Central Medical TIFs.

(2) Delays in sending out property tax bills until December 19, 2008 (with an on-time due date of February 20, 2009) resulted in interfund borrowing in the General Fund (101), Parks and Recreation Fund (201) and the College Football Hall of Fame Debt Service Fund (313) at year end. The remainder of property tax revenue was received during the first half of 2009 with final settlement with the St. Joseph County Auditor in July, 2009

(3) Includes collections of 2008 taxes as noted above. Tax Increment Financing (TIF) 2009 property tax collections were received from the County Auditor on January 21, 2010.

(4) Property tax levy for Police and Fire pension plans eliminated. Funding provided by the State of Indiana.

(5) Erskine Commons TIF District funds were released and outstanding bonds were paid off.

Source - City of South Bend Accounting Records

Statistical Section Assessed Value of Taxable Property Last Ten Years

| <u>Tax Year/ Collection Year</u> | <u>Total Gross Valuation</u> | <u>Deductions (1)</u> | <u>Tax Exempt Property</u> | <u>Tax Increment Financing</u> | <u>Tax Abatements</u> | <u>Assessed Valuation</u> |
|--------------------------------------|----------------------------------|-----------------------|--------------------------------|------------------------------------|---------------------------|-------------------------------|
| 2006/2007 | \$ 5,009,335,347 | \$ (1,014,750,501) | \$ (494,545,149) | \$ (382,668,480) | \$ (95,014,070) | \$ 3,022,357,147 |
| 2007/2008 | 5,040,633,115 | (996,413,450) | (494,748,890) | (471,656,927) | (101,733,050) | 2,976,080,798 |
| 2008/2009 | 5,387,419,960 | (1,557,329,781) | (436,861,027) | (625,910,065) | (98,431,668) | 2,668,887,419 |
| 2009/2010 | 5,071,882,200 | (1,344,563,829) | (449,848,037) | (707,096,696) | (116,868,065) | 2,453,505,573 |
| 2010/2011 | 4,991,866,350 | (1,353,769,271) | (439,343,852) | (777,038,302) | (97,263,063) | 2,324,451,862 |
| 2011/2012 | 4,910,736,210 | (1,331,068,608) | (417,907,225) | (702,724,247) | (78,161,522) | 2,380,874,608 |
| 2012/2013 | 5,091,220,910 | (1,397,134,910) | (488,961,977) | (761,349,489) | (72,686,837) | 2,371,087,697 |
| 2013/2014 | 4,842,882,200 | (1,344,702,776) | (512,692,590) | (713,448,152) | (62,312,010) | 2,209,726,672 |
| 2014/2015 | 4,837,489,612 | (1,292,923,103) | (510,555,188) | (707,010,507) | (66,731,496) | 2,260,269,318 |
| 2015/2016 | 4,886,942,370 | (1,305,921,190) | (521,555,123) | (718,066,149) | (64,230,165) | 2,277,169,743 |

(1) Includes homestead standard deduction, supplemental standard deduction, mortgage deduction, blind/disabled deduction, investment deduction, veteran's deduction, over 65 years old deduction, and geothermal deduction. In 2009, a new 35% supplemental standard deduction was provided as a part of "circuit breaker" property tax reform legislation.

| <u>2016 Deductions</u> | <u>2013/2014</u> | <u>2014/2015</u> | <u>2015/2016</u> |
|---------------------------------|-------------------------|-------------------------|-------------------------|
| Homestead Standard Deduction | \$ 865,700,222 | \$ 814,820,960 | \$ 820,420,116 |
| Supplemental Standard Deduction | 370,952,895 | 368,795,377 | 375,610,821 |
| Mortgage Deduction | 46,396,568 | 44,358,618 | 42,985,922 |
| Veteran's Deduction | 10,105,601 | 11,027,128 | 11,784,608 |
| Age 65 and Over Deduction | 27,283,686 | 25,146,428 | 24,608,600 |
| Energy Systems Deduction | 403,600 | 403,400 | 388,200 |
| Blind & Disabled Deduction | 6,245,808 | 5,714,123 | 5,643,351 |
| Investment Deduction | 17,614,396 | 22,657,069 | 24,479,572 |
| Total | \$ 1,344,702,776 | \$ 1,292,923,103 | \$ 1,305,921,190 |

Source: St. Joseph County Auditor's Office Abstract

**Statistical Section
Computation of Legal Debt Margin
December 31, 2016**

Civil City

| | |
|---|-----------------|
| Net Assessed Valuation (2015 pay 2016) of Taxable Property in South Bend | \$2,277,169,743 |
| Debt limit: 2% of one third thereof | 15,181,132 |
| Less Bonds subject to limitation: | |
| County Economic Development Income Tax Refunding Revenue Bonds, Series 2006 A | (225,000) |
| County Economic Development Income Tax Refunding Revenue Bonds, Series 2006 B | (205,000) |
| Economic Development Income Tax Bonds of 2015 (Parks Bond) | (5,405,000) |
| Issuance Margin | \$ 9,346,132 |
| Percentage of Debt to Debt Limit | 38.44% |

Redevelopment District

| | |
|--|-----------------|
| Net Assessed Valuation (2015 pay 2016) of Taxable Property in South Bend | \$2,277,169,743 |
| Debt limit: 2% of one third thereof | 15,181,132 |
| Less Bonds subject to limitation: | |
| Special Taxing District Bonds of 2014 | (2,210,000) |
| Issuance Margin | \$ 12,971,132 |
| Percentage of Debt to Debt Limit | 14.56% |

A 2% debt limit is established by the Constitution of the State of Indiana. This limit is established for general obligation bonds, Economic Development Income Tax revenue bonds, tax revenue notes and other types of indebtedness. This limitation does not include revenue bonds payable from governmental funds (excluding EDIT bonds) shown in the general long term debt account group. Indiana law allows the creation of separate municipal corporations to provide vital governmental functions. Each of these municipal corporations (including the Redevelopment Authority and Redevelopment Commission) has its own 2% debt limit, even if they have the same or similar boundaries.

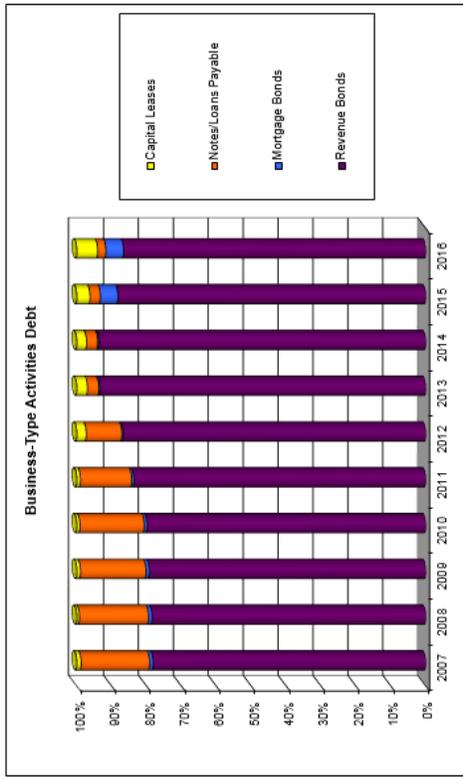
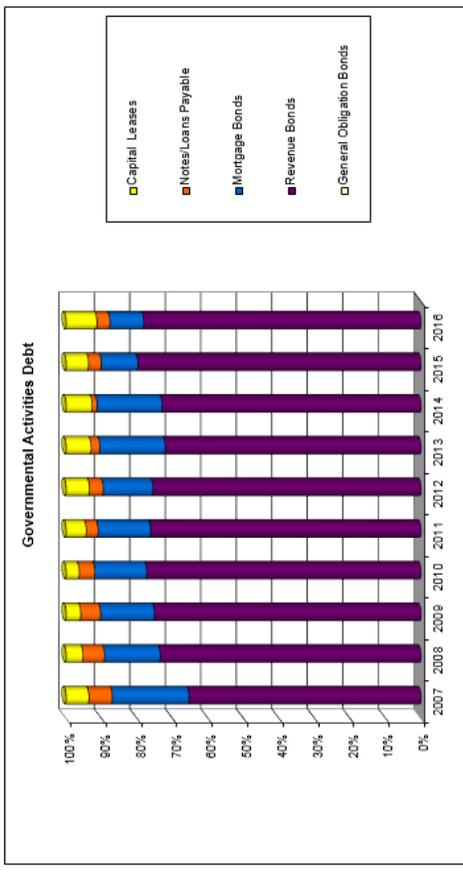
Statistical Section

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | | | Business-Type Activities | | | | | Total Primary Government | Estimated Population (1) | Debt Per Capita | South Bend Estimated Personal Income (2) | South Bend Debt Percent of Income |
|------------------------------|--------------------------|---------------|----------------|---------------------|----------------|--------------------------|----------------|---------------------|----------------|----------------|--------------------------|--------------------------|------------------|--|-----------------------------------|
| | General Obligation Bonds | Revenue Bonds | Mortgage Bonds | Notes/Loans Payable | Capital Leases | Revenue Bonds | Mortgage Bonds | Notes/Loans Payable | Capital Leases | | | | | | |
| 2007 | \$ - | \$ 78,570,000 | \$ 25,957,839 | \$ 7,900,658 | \$ 7,695,487 | \$ 73,145,000 | \$ 926,895 | \$ 18,380,491 | \$ 1,127,394 | \$ 213,703,674 | 104,069 | \$ 2,053 | \$ 3,511,183,991 | 6.09% | |
| 2008 | - | 85,000,000 | 25,957,839 | 9,900,658 | 7,695,487 | 73,145,000 | 926,895 | 18,380,491 | 1,127,394 | 213,703,674 | 104,069 | 2,053 | 3,511,183,991 | 6.33% | |
| 2009 | - | 113,275,000 | 23,647,148 | 8,470,708 | 4,384,204 | 68,335,000 | 929,020 | 16,015,558 | 893,233 | 237,613,279 | 101,792 | 2,139 | 3,479,489,999 | 6.36% | |
| 2010 | - | 111,510,000 | 21,117,295 | 6,323,189 | 5,299,341 | 72,655,000 | 717,205 | 16,755,169 | 799,402 | 235,177,311 | 101,168 | 2,125 | 3,505,572,348 | 6.71% | |
| 2011 | - | 101,472,431 | 19,724,490 | 4,431,871 | 7,510,749 | 88,655,000 | 660,510 | 15,542,372 | 1,077,642 | 239,075,065 | 101,168 | 2,363 | 3,371,120,096 | 7.09% | |
| 2012 | - | 96,410,000 | 17,883,530 | 4,953,639 | 8,336,120 | 117,650,000 | 601,470 | 13,848,901 | 3,641,362 | 263,252,022 | 101,168 | 2,603 | 3,371,120,096 | 7.81% | |
| 2013 | - | 90,172,826 | 23,079,781 | 3,030,554 | 8,777,238 | 118,121,963 | 546,973 | 4,121,010 | 3,831,933 | 251,682,278 | 101,168 | 2,488 | 3,371,120,096 | 7.47% | |
| 2014 | - | 84,862,512 | 21,331,548 | 1,617,491 | 8,481,375 | 111,209,874 | 480,604 | 3,794,664 | 3,307,802 | 235,085,870 | 101,168 | 2,324 | 3,371,120,096 | 6.97% | |
| 2015 | - | 107,815,890 | 13,904,973 | 4,831,752 | 8,491,407 | 102,871,921 | 5,851,565 | 3,458,899 | 4,411,042 | 251,637,449 | 101,168 | 2,487 | 3,371,120,096 | 7.46% | |
| 2016 | - | 99,040,132 | 12,091,150 | 4,647,381 | 10,929,075 | 95,477,047 | 5,556,865 | 2,582,205 | 6,585,123 | 236,909,378 | 101,168 | 2,342 | 3,492,622,864 | 6.78% | |
| Percent of Total Debt | 0% | 41.81% | 5.10% | 1.96% | 4.61% | 40.30% | 2.35% | 1.09% | 2.78% | 100.00% | | | | | |

Sources: City of South Bend Comprehensive Annual Financial Reports
 (1) U.S. Census Bureau, 2010 Census information (<http://factfinder.census.gov/>), 2016 information not available.
 (2) City of South Bend estimated personal income is computed as estimated City population x City of South Bend Median Household Income from U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates (<http://factfinder.census.gov/>)



Statistical Section
Computation of Direct and Overlapping Debt
December 31, 2016

| | Gross Debt | Percentage Applicable to South Bend | Amount Applicable to South Bend | Debt Per Capita | Ratio of Debt/ Net Assessed Value | Ratio of Debt/ Personal Income |
|---|----------------|-------------------------------------|---------------------------------|-----------------|-----------------------------------|--------------------------------|
| Direct Debt: | | | | | | |
| City of South Bend | | | | | | |
| General Obligation Bonds | | | | | | |
| Revenue Bonds - Governmental Activities | \$ 99,040,132 | 100.00 % | \$ 99,040,132 | | | |
| Mortgage Bonds - Governmental Activities | 12,091,550 | 100.00 | 12,091,550 | | | |
| Notes Payable - Governmental Activities | 4,647,381 | 100.00 | 4,647,381 | | | |
| Capital Leases - Governmental Activities | 10,929,075 | 100.00 | 10,929,075 | | | |
| | | | \$ 126,708,138 | \$ 1,252 | 5.56 % | 3.63 % |
| Total Direct Debt and Lease Obligation Debt | | | | | | |
| Overlapping Debt (1) | | | | | | |
| South Bend Community School Corporation | \$ 114,089,291 | 52.85 % | \$ 60,296,190 | | | |
| St. Joseph County Public Library | 4,015,000 | 49.51 | 1,987,827 | | | |
| St. Joseph County Airport Authority | 12,080,000 | 28.17 | 3,402,936 | | | |
| St. Joseph County | 30,465,000 | 28.17 | 8,581,991 | | | |
| Penn-Harris-Madison School Corporation | 36,675,073 | 2.68 | 982,892 | | | |
| Mishawaka-Penn-Harris Public Library | 2,475,000 | 2.19 | 54,203 | | | |
| | | | \$ 75,306,038 | \$ 744 | 3.31 % | 2.16 % |
| Total Overlapping and Underlying Direct Debt and Lease Obligations | | | | | | |
| Total Direct Debt and Lease Obligation Debt and Overlapping and Underlying Direct Debt and Lease Obligations | | | | | | |
| | | | \$ 202,014,176 | \$ 1,997 | 8.87 % | 5.78 % |
| Ratio Factors | | | | | | |
| Net Assessed Valuation (2015 payable 2016) | 2,277,169,743 | | | | | |
| Population - 2010 Census | 101,168 (2) | | | | | |
| South Bend Median Household Income 2015 | 34,523 (3) | | | | | |
| Estimated South Bend Total Personal Income (2 x 3) | 3,492,622,864 | | | | | |

(1) Overlapping debt percentages are based on the net assessed value of South Bend properties in proportion to the total net assessed value.

(2) U.S. Census Bureau, 2010 Census information (<http://factfinder.census.gov/>). 2016 information not available.

(3) U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates (<http://factfinder.census.gov/>)

Statistical Section Demographic Statistics Last Ten Years

| Year | City of South Bend | | South Bend Metropolitan Area | | South Bend Metro Area | | South Bend Metro Area | | City of South Bend | |
|------|--------------------|---------------------------|------------------------------|--------------------------|---------------------------|---------------------------|-----------------------|---------------------------|--------------------|------------------------------|
| | Population (1) | Percent Increase/Decrease | Area | Median Family Income (2) | Total Personal Income (3) | Percent Increase/Decrease | Per Capita Income (3) | Percent Increase/Decrease | Median Age (4) | Public School Enrollment (5) |
| 2007 | 104,069 | -0.4% | \$ | 44,400 | \$ | 13.7% | \$ | 34,391 | 34.6 | 21,715 |
| 2008 | 104,905 | 0.8% | | 40,684 | | -8.4% | | 35,450 | 34.6 | 20,800 |
| 2009 | 106,192 | 1.2% | | 43,403 | | 6.7% | | 33,151 | 32.3 | 20,451 |
| 2010 | 101,168 | -4.7% | | 40,789 | | -6.0% | | 33,819 | 33.4 | 20,066 |
| 2011 | 101,168 | 0.0% | | 40,873 | | 0.2% | | 35,867 | 33.3 | 19,467 |
| 2012 | 101,168 | 0.0% | | 40,873 | | 0.0% | | 37,505 | 33.3 | 18,982 |
| 2013 | 101,168 | 0.0% | | 40,873 | | 0.0% | | 38,265 | 33.3 | 19,680 |
| 2014 | 101,168 | 0.0% | | 34,656 | | -15.2% | | 40,342 | 33.9 | 19,308 |
| 2015 | 101,168 | 0.0% | | 34,656 | | 0.0% | | 42,362 | 34.0 | 18,680 |
| 2016 | 101,168 | 0.0% | | 34,523 | | -0.4% | | 42,362 | 32.7 | 18,110 |

Sources:

- (1) U.S. Census Bureau, 2010 Census information (<http://factfinder.census.gov/>), 2016 information not available.
- (2) U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates (<http://factfinder.census.gov/>)
- (3) Bureau of Local Economic Analysis, South Bend-Mishawaka, IN, MI Metropolitan Area Profile (<https://www.bea.gov/>), 2016 information not available.
Personal income includes net earnings by place of residence; dividends, interest, and rent; and personal current transfer receipts received by the residents of South Bend-Mishawaka.
- (4) U.S. Census Bureau, Profile of General Demographic Characteristics (<http://factfinder.census.gov/>)
- (5) Indiana Department of Education, South Bend School Corporation Total Enrollment (<http://compass.doe.in.gov/>)

Metropolitan statistical area (MSA)- An area consisting of a core county or counties in which lies an urban area having a population of at least 50,000, plus adjacent counties having a high degree of social and economic integration with the core counties as measured through commuting ties.

**Statistical Section
Demographic Statistics (Continued)
Last Ten Years**

| <u>Year</u> | <u>December South Bend Metropolitan Area Labor Force (I)</u> | <u>Percent Increase/ (Decrease)</u> | <u>December South Bend Metropolitan Area Unemployment (I)</u> | <u>Percent Increase/ (Decrease)</u> | <u>December South Bend Metropolitan Unemployment Rate (I)</u> |
|-------------|--|---|---|---|---|
| 2007 | 159,981 | -1.4% | 8,046 | -5.4% | 5.0% |
| 2008 | 159,417 | -0.4% | 10,494 | 30.4% | 6.6% |
| 2009 | 154,409 | -3.1% | 17,713 | 68.8% | 11.5% |
| 2010 | 155,045 | 0.4% | 17,869 | 0.9% | 11.5% |
| 2011 | 155,025 | 0.0% | 15,582 | -12.8% | 10.1% |
| 2012 | 151,520 | -2.3% | 14,085 | -9.6% | 9.3% |
| 2013 | 150,796 | -0.5% | 13,021 | -7.6% | 8.6% |
| 2014 | 152,583 | 1.2% | 10,040 | -22.9% | 6.6% |
| 2015 | 154,598 | 1.3% | 7,768 | -22.6% | 5.0% |
| 2016 | 158,279 | 2.4% | 7,176 | -7.6% | 4.5% |

Source:

(I) Bureau of Labor Statistics, Local Area Unemployment Statistics: South Bend-Mishwaka IN-MI Metropolitan Statistical Area (<https://www.bls.gov/data/>)

Metropolitan statistical area (MSA)- An area consisting of a core county or counties in which lies an urban area having a population of at least 50,000, plus adjacent counties having a high degree of social and economic integration with the core counties as measured through commuting ties.

Statistical Section
Full-Time City Government Employees by Department
Last Ten Fiscal Years

| <u>Department</u> | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <u>General Government</u> | | | | | | | | | | |
| Mayor's Office | 10.00 | 9.00 | 8.00 | 7.00 | 7.00 | 6.00 | 6.00 | 7.00 | 7.00 | 6.00 |
| City Clerk's Office | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Common Council (elected officials, part-time) | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| Administration and Finance/Information Tech | 31.00 | 29.00 | 26.00 | 26.00 | 27.00 | 22.00 | 20.00 | 21.00 | 18.00 | 26.00 |
| Legal Department | 15.00 | 15.00 | 9.00 | 9.00 | 9.00 | 9.00 | 10.00 | 10.00 | 12.00 | 11.00 |
| Engineering | 18.50 | 18.50 | 16.00 | 19.00 | 17.00 | 15.00 | 13.00 | 14.00 | 16.00 | 18.00 |
| 3 11 Call Center | - | - | - | - | - | - | 5.00 | 7.00 | 7.00 | 7.00 |
| Safety and Risk | - | - | - | - | - | 3.00 | 3.00 | 3.00 | 2.00 | 2.00 |
| Human Rights | - | - | - | - | - | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| <u>Public Safety</u> | | | | | | | | | | |
| Police Department | 320.00 | 317.00 | 279.00 | 293.00 | 293.00 | 291.00 | 291.00 | 295.00 | 300.00 | 287.00 |
| Communication Center | 30.00 | 30.00 | 37.00 | 38.00 | 35.00 | 35.00 | 33.00 | 34.00 | 0.00 | 0.00 |
| Fire Department | 254.00 | 254.00 | 246.00 | 255.00 | 258.00 | 249.00 | 255.00 | 257.00 | 259.00 | 268.00 |
| Building Maintenance | 7.00 | 7.00 | 4.00 | 3.00 | 3.00 | - | - | - | - | 3.00 |
| <u>Culture and Recreation</u> | | | | | | | | | | |
| Parks and Recreation (2) | 122.00 | 121.00 | 111.00 | 113.00 | 114.00 | 114.00 | 113.00 | 87.00 | 88.00 | 89.00 |
| Convention and Events Management (1) | 16.00 | 15.00 | 13.00 | 13.00 | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 | 12.00 |
| <u>Economic Development</u> | | | | | | | | | | |
| Department of Community Investment | 35.00 | 33.00 | 26.00 | 26.00 | 25.00 | 24.00 | 26.00 | 25.00 | 25.00 | 23.00 |
| <u>Highways and Streets</u> | | | | | | | | | | |
| Street Department | 54.00 | 54.00 | 51.00 | 52.00 | 56.00 | 52.00 | 60.00 | 59.00 | 53.00 | 59.00 |
| Traffic & Lighting | 11.00 | 11.00 | 6.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| <u>Enterprise Funds</u> | | | | | | | | | | |
| Water Works | 86.00 | 80.00 | 82.00 | 75.00 | 74.00 | 73.00 | 70.00 | 68.00 | 67.00 | 65.00 |
| Wastewater | 54.50 | 56.50 | 48.00 | 51.00 | 49.00 | 46.00 | 45.00 | 42.00 | 43.00 | 44.00 |
| Organic Resources (formerly in Wastewater) | - | - | - | - | - | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Sewer | 28.00 | 28.00 | 33.00 | 35.00 | 36.00 | 39.00 | 34.00 | 33.00 | 30.00 | 31.00 |
| Solid Waste | 26.00 | 26.00 | 26.00 | 26.00 | 23.00 | 24.00 | 26.00 | 22.00 | 21.00 | 25.00 |
| Building Department | 22.00 | 22.00 | 15.00 | 13.00 | 13.00 | 13.00 | 14.00 | 13.00 | 13.00 | 14.00 |
| Code Enforcement/Animal Care & Control | 27.00 | 27.00 | 27.00 | 23.00 | 25.00 | 25.00 | 24.00 | 23.00 | 23.00 | 26.00 |
| <u>Internal Service Fund</u> | | | | | | | | | | |
| Central Services | 49.00 | 46.00 | 39.00 | 41.00 | 41.00 | 42.00 | 43.00 | 38.00 | 36.00 | 37.00 |
| Total Positions | 1,230.00 | 1,213.00 | 1,116.00 | 1,132.00 | 1,133.00 | 1,122.00 | 1,131.00 | 1,098.00 | 1,060.00 | 1,079.00 |

Statistical Section Full-Time City Government Employees by Department (Continued) Last Ten Fiscal Years

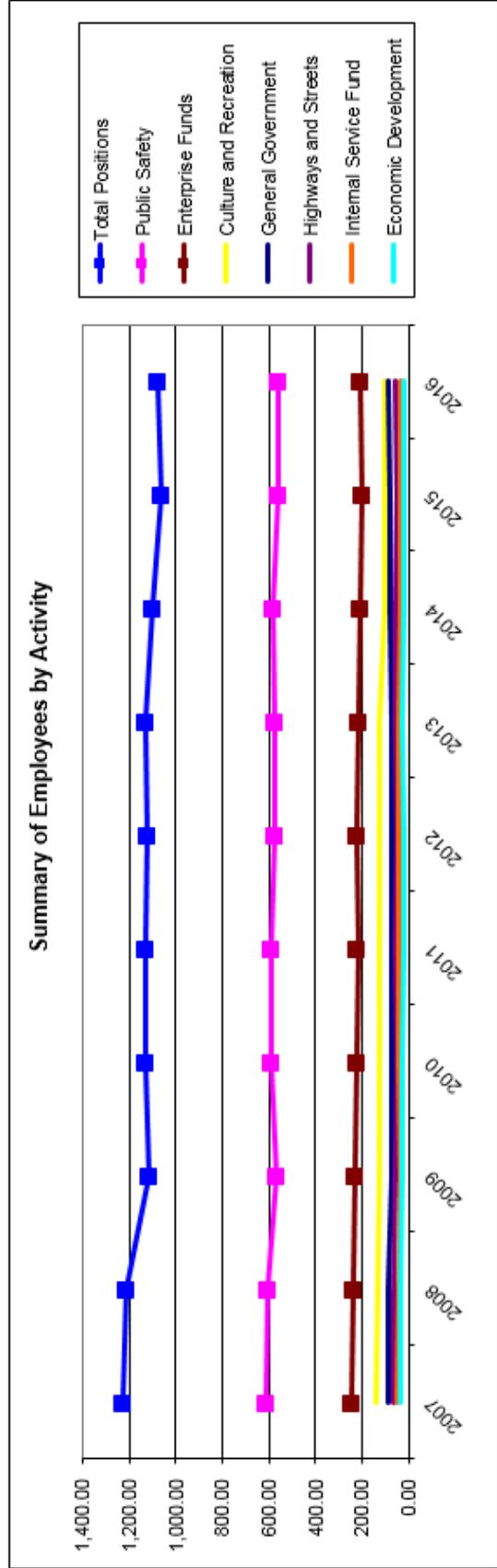
| Department | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Summary by Activity | | | | | | | | | | |
| General Government | 88.50 | 85.50 | 73.00 | 75.00 | 74.00 | 75.00 | 77.00 | 82.00 | 82.00 | 90.00 |
| Public Safety | 611.00 | 608.00 | 566.00 | 589.00 | 589.00 | 575.00 | 579.00 | 586.00 | 559.00 | 558.00 |
| Culture and Recreation | 138.00 | 136.00 | 124.00 | 126.00 | 128.00 | 128.00 | 127.00 | 101.00 | 102.00 | 101.00 |
| Economic Development | 35.00 | 33.00 | 26.00 | 26.00 | 25.00 | 24.00 | 26.00 | 25.00 | 25.00 | 23.00 |
| Highways and Streets | 65.00 | 65.00 | 57.00 | 52.00 | 56.00 | 52.00 | 60.00 | 59.00 | 53.00 | 59.00 |
| Enterprise Funds | 243.50 | 239.50 | 231.00 | 223.00 | 220.00 | 226.00 | 219.00 | 207.00 | 203.00 | 211.00 |
| Internal Service Fund | 49.00 | 46.00 | 39.00 | 41.00 | 41.00 | 42.00 | 43.00 | 38.00 | 36.00 | 37.00 |
| Total Positions | 1,230.00 | 1,213.00 | 1,116.00 | 1,132.00 | 1,133.00 | 1,122.00 | 1,131.00 | 1,098.00 | 1,060.00 | 1,079.00 |

Excludes seasonal, part-time and temporary positions

(1) Includes reduction of 34 positions in the City's convention facility (Century Center) during 2007. Century Center is being managed by a private company under an agreement with the City of South Bend.

(2) Potawatomi Zoo employees (33) became employees of the Potawatomi Zoological Society through a public-private partnership as of January 1, 2014.

Source: City of South Bend's Performance Based Budgets and personnel records



City of South Bend, Indiana
Schedule of Expenditures of Federal Awards
December 31, 2016

| Grantor/Project Title | Federal CFDA Number | Direct or Pass Through | Award / Identifying Number | 2016 Expenditures |
|--|------------------------|---------------------------|-------------------------------|----------------------|
| <u>Department of Commerce</u> | | | | |
| Economic Adjustment Assistance | 11.307 | Direct | 06-19-01251 | 7,566,372 |
| <u>Dept of Housing and Urban Development</u> | | | | |
| Community Development Block Grants/Entitlement Grants | | | | |
| Neighborhood Stabilization Grant 2008 | 14.218 | Direct | B08-MN-18-0011 | 32,114 |
| Neighborhood Stabilization Grant 2011 | 14.218 | Direct | B11-MN-18-0011 | 338,908 |
| Block Grant 2014 | 14.218 | Direct | B14-MC-18-0011 | 1,007,087 |
| Block Grant 2015 | 14.218 | Direct | B15-MC-18-0011 | 961,442 |
| Block Grant 2016 | 14.218 | Direct | B16-MC-18-0011 | 544,634 |
| Emergency Solutions Grant Program | | | | |
| Hearth Emergency Shelter Grant 2014 | 14.231 | Direct | E14-MC-18-0011 | 2,376 |
| Hearth Emergency Shelter Grant 2015 | 14.231 | Direct | E15-MC-18-0011 | 93,984 |
| Hearth Emergency Shelter Grant 2016 | 14.231 | Direct | E16-MC-18-0011 | 122,358 |
| Continuum of Care Program | | | | |
| | 14.267 | Direct | IN0009L5H001407 | 224,777 |
| | 14.267 | Direct | IN0012L5H001407 | 47,458 |
| | 14.267 | Direct | IN0012L5H001508 | 59,818 |
| Education and Outreach Initiatives | | | | |
| Fair Housing Assistance Program - State and Local | 14.416 | Direct | FF205K105014 | 2,583 |
| | 14.416 | Direct | FF205K165014 | 112,215 |
| <u>Department of Justice</u> | | | | |
| Project Safe Neighborhoods | 16.609 | Pass-through | 2014-GP-BX-0002 | 75,827 |
| Edward Byrne Memorial Justice Assistance Grant Program | | | | |
| | 16.738 | Direct | 14DJBX0690 | 15,256 |
| | 16.738 | Direct | 2015-DJ-BX-0392 | 60,000 |
| | 16.738 | Direct | 20163DJBX0724 | 62,689 |
| | 16.738 | Direct | 2016-DJ-BX-0812 | 8,497 |
| Equitable Sharing Program | 16.922 | Direct | CY 2015 | 53,413 |
| <u>Department of Transportation</u> | | | | |
| Federal Highway Administration | 20.205 | Pass-through | A249-14-320311 | 97,612 |
| Highway Planning and Construction | 20.205 | Pass-through | A249-15-320123A | 81,343 |
| | 20.205 | Pass-through | A249-15-320124 | 29,430 |
| | 20.205 | Pass-through | A249-15-320126A | 72,514 |
| | 20.205 | Pass-through | A249-15-320127A | 52,018 |
| | 20.205 | Pass-through | A249-15-L150057 | 79,600 |
| | 20.205 | Pass-through | A249-15-L150058 | 72,880 |
| | 20.205 | Pass-through | A249-16-L160016 | 127,897 |
| | 20.205 | Pass-through | A249-16-L160015 | 69,380 |
| | 20.205 | Pass-through | A249-16-L160021 | 63,748 |
| | 20.205 | Pass-through | A249-16-L160022 | 109,222 |
| | 20.205 | Pass-through | A249-16-L160023 | 106,664 |
| <u>Department of US Treasury</u> | | | | |
| Neighborhood Reinvestment Corporation | 21.000 | Pass-through | IFPN-2016-024 | 5,952 |
| <u>Equal Employment Opportunity Commission</u> | | | | |
| Employment Discrimination | 30.002 | Direct | EEC45016C0084 | 70,891 |
| State and Local Fair Employment Practices Agency Contracts | | | | |
| <u>Environmental Protection Agency</u> | | | | |
| Brownfield Assessment Grant | 66.818 | Direct | BF00E01371 | 172,817 |
| Total Federal Awards Expended | | | | \$ 12,603,776 |

SOUTH BEND BY THE NUMBERS

7,922 YOUTHS SERVED 
through MADE program at MLK Center.

 **4 MILLION POUNDS**
of litter and debris abated by the NEAT crew in 2016.

OVER ONE MILLION PEOPLE
in attendance at South Bend Cubs, Potawatomi Zoo, Morris Performing Arts Center and events and recreation programming. 10% increase over 2015 and setting a new record!



380,000 ATTENDEES
at Venues, Parks & Arts programs and events.

The City's new Employee Health & Wellness Center opened for employee use in January. The clinic recorded a total of

5,563 APPOINTMENTS. 

3,000th instance of graffiti abated in the 5 year life of the clean and safe patrol program.

Legal Department drafted the City's first dog park lease, leading to the successful opening of the City's first dog park.



188 properties were removed from Vacant and Abandoned List.

\$261,000,000 in private investment in 2016 created

300 RESIDENTIAL UNITS 
downtown plus an additional **400 UNITS**
in Eddy St phase II and **300 JOBS.** 

We introduced our **DIVERSITY AND INCLUSION** plan with 23 key performance indicators and 62 action items.

AA
BOND RATING

Bond refunding saved taxpayers **\$160,000** in 2016.

And a total of **\$9,067,367** in bond refunding savings has been realized since Mayor Pete assumed office in 2012.

77,691 FEET
of new or replaced sidewalk installed by Public Works.

60,295 FEET
of new or replaced curb installed by Public Works.

 **769** ADA Curb Ramps were installed.

36.5 MILES of lanes were paved in 2016.

 **5.2 BILLION GALLONS** of safe drinking water and fire protection for a safer community. 

103,183 CALLS for Police service, 6,500 more than in 2015  Use of Force and complaints down

The South Bend Fire Department responded to **20,000+ EMERGENCY CALLS FOR SERVICE** and achieved ISO level 2. 

150,431 CALLS ANSWERED 
by 311, with an average 35 second wait time.

1,809 PUBLIC RECORDS REQUESTS were processed by the Legal Department in 2016, bringing the Administration total to 9,722.

City negotiated agreements with Pokagon Band of Potawatomi Indians and Pokagon Gaming Authority to result in guaranteed annual **\$2 MILLION** in city revenue and estimated **\$5 MILLION** community donation impact.

 **874 LANDLORDS & PROPERTY MANAGERS** registered **5,100 PROPERTIES** 
through Code Enforcement's Landlord Registration.

 **\$2.75 MILLION** of savings and efficiencies realized through Innovation & Technology.