



## CITY OF SOUTH BEND

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING ON DECEMBER 31, 2017

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CITY OF SOUTH BEND, INDIANA

Pete Buttigieg, Mayor

Jennifer Hockenhill, City Controller

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CITY OF SOUTH BEND    PETE BUTTIGIEG, MAYOR  
**DEPARTMENT OF ADMINISTRATION AND FINANCE**

June 30, 2018

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, 2017** 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, 2016. 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 Uniform Guidance, 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 2017 suggest that the city continues to experience growth, 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 269,141, 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 136,588 workers (2016, 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 87.7% of the area's adult population are high school graduates or higher (as compared to the national average of 87.0%) with an estimated 28.2% with a Bachelor's Degree or higher. There are nine 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; and Ivy Tech Community College. The St. Joseph County 2017 Annual Average Unemployment was 3.6%, which is slightly higher than the State of Indiana unemployment rate of 3.3%. The unemployment rate in St. Joseph County is similar to the surrounding counties—Elkhart (2.5%), LaPorte (4.5%), and Marshall (3.0%) in Indiana and Cass (4.7 %) and Berrien (5.0 %) in Michigan (2017 Annual Average).

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 2012-2016 American Community Survey 5-Year Estimates Civilian Employed Population):

| <b><u>Economic Sector</u></b>  | <b><u>Number Employed</u></b> | <b><u>% of Total</u></b> |
|--|-------------------------------|--------------------------|
| Educational Services, Healthcare,<br>Social Assistance                             | 35,343                        | 28.6%                    |
| Manufacturing  | 21,558                        | 17.4%                    |
| Retail Trade   | 13,912                        | 11.3%                    |
| Arts, Entertainment, Recreation, Accommodation,<br>Food Services                   | 11,247                        | 9.1%                     |
| Professional, Scientific, Management, Administrative,<br>Waste Management Services | 9,758                         | 7.9%                     |
| Finance and Insurance, Real Estate,<br>Rentals, Leasing                            | 6,153                         | 5.0%                     |
| Construction   | 5,583                         | 4.5%                     |
| Other Services, except Public Administration                                       | 5,730                         | 4.6%                     |
| Transportation and Warehousing, and Utilities                                      | 4,779                         | 3.9%                     |
| Public Administration  | 3,552                         | 2.9%                     |
| Wholesale Trade  | 3,520                         | 2.8%                     |
| Information  | 2,100                         | 1.7%                     |
| Agriculture, Forestry, Fishing, Hunting, Mining                                    | <u>431</u>                    | <u>0.3%</u>              |
| <b>Total</b>   | <b>123,666</b>                | <b>100.0%</b>            |

St. Joseph County presently has an estimated 100,861 households with an average per capita personal income of \$44,568, which compares to the State of Indiana average per capita personal income of \$43,091 and the United States per capita personal income of \$49,204. The per capita income in St. Joseph County compares favorably with most of its surrounding counties—Elkhart (\$41,712), La Porte (\$38,216), and Marshall (\$38,407) in Indiana and Cass (\$40,294) and Berrien (\$44,007) in Michigan.

Health and education lead the employment statistics for St. Joseph County. The largest employers in St. Joseph County as of August 2017 were as follows: Beacon Health Systems (7,088); University of Notre Dame (6,086); South Bend Community School Corporation (3,432); Indiana University – South Bend (1,401); St. Joseph County (1,377); City of South Bend (1,285); AM General (1,200); Honeywell International, Inc. (850); and Press Ganey Associates, Inc. (688).

**The following provides a profile of the residents of St. Joseph County (US Census Bureau 2012-2016 American Community Survey 5-Year):**

|                        |  |
|------------------------|--|
| Gender %, male/female: | 48.5% male; 51.5% female   |
| Age:                   | 27.5% under 20<br>7.7% 20-24 years of age<br>24.9% 25-44 years of age<br>25.6% 45-64 years of age<br>14.3% 65 years of age and older |
| Race:                  | 74.0% White<br>12.7% Black/African American<br>8.1% Hispanic/Latino<br>2.1% Asian<br>3.1% Other                                      |
| Home Ownership:        | 68.1% own; 31.9% 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 fourth quarter of 2017, the median sales price for a single-family home in the South Bend-Mishawaka Statistical Area was \$119,800 as compared to a median sales price of \$236,800 in Chicago and \$172,400 in Indianapolis. The national median sales price is \$247,800.

Between January 2016 and December 2017 the City of South Bend has seen approximately \$338 million in private investment and the announcement of roughly 940 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. City investments 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 17,700 students in grades pre-kindergarten through 12. An estimated 5,314 students attend private or parochial schools within the City. The nine institutions of higher education and technical training located within the South Bend area have a total enrollment of approximately 27,000. 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 review internal controls to determine the auditing procedures that are appropriate under the circumstances, 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, 2017 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 if 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 \$33.9 million dollars) but this revenue loss has been offset by cost savings and the adoption of local option income taxes 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. In his second term as Mayor for the City of South Bend, Mayor Pete has entered the national political scene and has been promoting the City of South Bend at the national level as a city based on best practices and innovative ideas.

**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**

|                | <b>In the administration</b>   | <b>In the community</b>   |
|----------------|--|---|
| 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, 2016. This was the 27th 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.

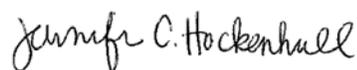
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **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, John Rucano III 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,



Jennifer Hockenhull, CPA  
City Controller



Government Finance Officers Association

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

Presented to

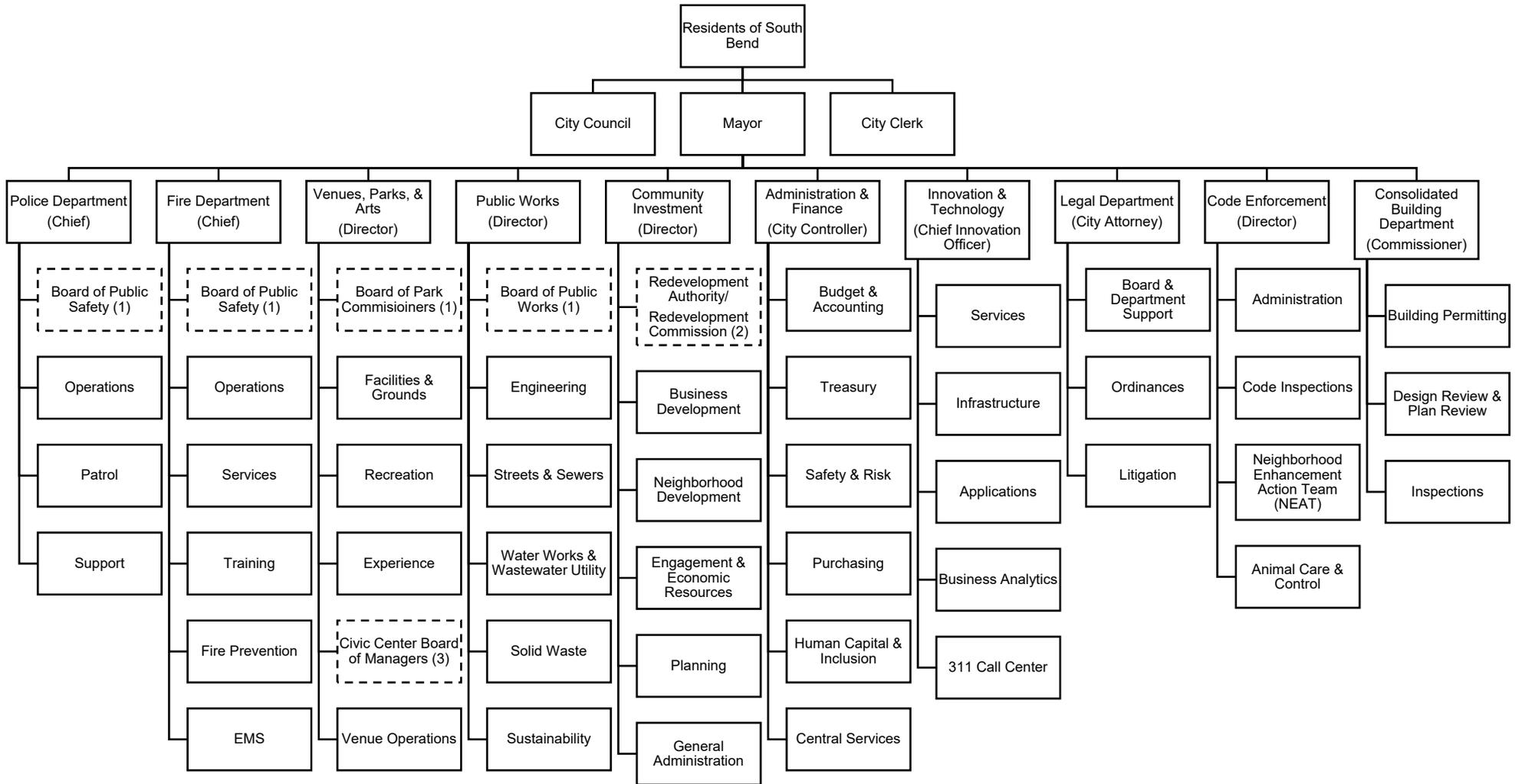
**City of South Bend  
Indiana**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO



- (1) Board Members include Mayoral Appointments
- (2) Board Members include Mayoral and Council Appointments for Redevelopment Commission, Mayoral Appointment for Redevelopment Authority
- (3) Board Members include 5 mayoral appointees and 4 council appointees

CITY OFFICIALS

| <u>Office</u>                             | <u>Official</u>                    | <u>Term</u>                                  |
|---|------------------------------------|--|
| Mayor                                     | Pete Buttigieg                     | 01-01-16 to 12-31-19                         |
| Controller                                | John Murphy<br>Jennifer Hockenhill | 01-01-17 to 07-20-17<br>07-20-17 to 12-31-19 |
| City Clerk                                | Kareemah Fowler                    | 01-01-16 to 12-31-19                         |
| President of the Board of<br>Public Works | Gary A. Gilot                      | 01-01-12 to 12-31-18                         |
| Common Council Members                    |                                    |  |
| 1 <sup>st</sup> District                  | Tim Scott                          | 01-01-16 to 12-31-19                         |
| 2 <sup>nd</sup> District                  | Regina Williams-Preston            | 01-01-16 to 12-31-19                         |
| 3 <sup>rd</sup> District                  | Randy Kelly                        | 01-01-16 to 02-10-18                         |
| 3 <sup>rd</sup> District                  | Sharon McBride                     | 02-24-18 to 12-31-19                         |
| 4 <sup>th</sup> District                  | Jo M. Borden                       | 01-01-16 to 12-31-19                         |
| 5 <sup>th</sup> District                  | David Varner                       | 01-01-16 to 05-15-18                         |
| 5 <sup>th</sup> District                  | Jake Teshka                        | 06-06-18 to 12-31-19                         |
| 6 <sup>th</sup> District                  | Oliver Davis                       | 01-01-16 to 12-31-19                         |
| At Large                                  | Karen L. White                     | 01-01-16 to 12-31-19                         |
| At Large                                  | John Voorde                        | 01-01-16 to 12-31-19                         |
| At Large                                  | Gavin Ferlic                       | 01-01-16 to 12-31-19                         |



## 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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 Fund Descriptions, Combining Balance Sheet, Combining Statement of Revenue, Expenditures and Changes in Fund Balances, Schedules 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 Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Changes in Assets and Liabilities, and Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

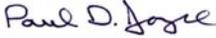
The Fund Descriptions, Combining Balance Sheet, Combining Statement of Revenue, Expenditures and Changes in Fund Balances, Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual, Combining Statement of Net Position, Combining Statements of Revenue, Expenses, and Changes in Net Position, Combining Statements of Cash Flows, Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and Schedule of Changes in Assets and Liabilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 14, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

June 14, 2018

## Management’s Discussion and Analysis

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, 2017**.

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<br>6 from defined districts within the City<br>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.

## City of South Bend, Indiana

# Management's Discussion and Analysis (Continued)

### Financial Highlights

|                                  | Governmental<br>Activities |                       | Business-type<br>Activities |                       | Government-wide<br>Activities |                       |
|----------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-------------------------------|-----------------------|
|                                  | 2017                       | 2016                  | 2017                        | 2016                  | 2017                          | 2016                  |
| Assets/deferred outflows         | \$ 543,902,663             | \$ 516,480,560        | \$ 313,897,918              | \$ 320,179,055        | \$ 857,800,581                | \$ 836,659,615        |
| Liabilities/deferred inflows     | 381,676,808                | 353,797,922           | 109,507,976                 | 117,568,564           | 491,184,784                   | 471,366,486           |
| <b>Net position</b>              |                            |                       |                             |                       |                               |                       |
| Net investment in capital assets | 155,912,682                | 161,341,318           | 145,585,038                 | 145,288,974           | 301,497,720                   | 306,630,292           |
| Restricted                       | 9,245,531                  | 8,669,117             | 29,623,015                  | 31,963,852            | 38,868,546                    | 40,632,969            |
| Unrestricted                     | -2,932,358                 | -7,327,797            | 29,181,889                  | 25,357,665            | 26,249,531                    | 18,029,868            |
| <b>Total net position</b>        | <b>\$ 162,225,855</b>      | <b>\$ 162,682,638</b> | <b>\$ 204,389,942</b>       | <b>\$ 202,610,491</b> | <b>\$ 366,615,797</b>         | <b>\$ 365,293,129</b> |
| Change vs. prior year            | \$ (456,783)               | \$ 21,822,743         | \$ 1,779,451                | \$ 7,799,078          | \$ 1,322,668                  | \$ 29,621,821         |
| Expenses                         | 160,322,797                | 134,519,353           | 71,240,609                  | 64,067,328            | 231,563,406                   | 198,586,681           |
| Revenues                         | 155,742,831                | 152,661,080           | 77,143,243                  | 75,547,422            | 232,886,074                   | 228,208,502           |

- Government-wide net position was \$366,615,797 as of December 31, 2017.
- Government-wide net position increased by \$1,322,668 or 0.4% during fiscal 2017. Governmental activity net position decreased by \$456,783 or 0.3% and business-type activity net position increased by \$1,779,451 or 0.9% during fiscal 2017. On an overall basis, the City is better off financially at December 31, 2017 than it was at December 31, 2016 on a government-wide financial basis. The primary reason is that the City received slightly higher than expected property taxes in 2017 and the Wastewater activities accumulated reserves to fund capital projects in the future.
- Total assets and deferred outflows of resources as of December 31, 2017 of \$857,800,581 increased by \$21,140,966 or 2.5% as compared to total assets and deferred outflows of resources as of December 31, 2016. The increase is mainly attributable to the closing of two bonds near the end of the year in which proceeds were received and deposited into the City's bank accounts but for which expenditures were not yet made.
- Total liabilities and deferred inflows of resources as of December 31, 2017 of \$491,184,784 increased by \$19,818,298 or 4.2% as compared to total liabilities and deferred inflows of resources as of December 31, 2016. The primary reason for this increase is related to the offsetting cash received in bond proceeds near the end of the year.
- As of December 31, 2017, the government-wide net position of \$366,615,797 has \$301,029,936 invested in capital assets (net of debt) which is not available for spending, \$39,291,227 classified as restricted for debt service; capital outlay; and other; and \$26,294,634 classified as unrestricted.
- Government-wide revenue received in fiscal 2017 totaled \$232,886,074, an increase of \$4,677,572 or 2.0% versus government-wide revenue received in fiscal 2016. Governmental activity revenue increased by \$3,081,751 or 2.0%, and business-type activity revenue increased by \$1,595,821 or 2.0%. Governmental activity revenue increases are due mainly to increases in overall property taxes and the increase in the business-type activity revenue is due mainly to a 5% surcharge for wastewater customers who live outside City limits as well as increases in solid waste fees during 2017.

# Management's Discussion and Analysis (Continued)

- Government-wide expenses in 2017 totaled \$231,563,406, an increase of \$32,976,725 or 16.6% compared to expenses of \$198,586,681 in 2016. Government activity expenses increased by \$25,803,444 or 19.2% and business-type activity expenses increased by \$7,173,281 or 11.2% compared to fiscal 2016. The increase in the governmental activity expenses are due mainly to the increased costs in the public safety area including negotiated wage increases for sworn police officers. The increase in the business-type activities is due mainly to increased costs in the Wastewater area due to increased costs of operations and ongoing maintenance needs.
- 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, 2017. 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, 2017. 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 local 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.

# Management's Discussion and Analysis (Continued)

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### **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 seventy-one (71) 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, Innovation & Technology and 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 Officers' 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).

## City of South Bend, Indiana

# Management's Discussion and Analysis (Continued)

### 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<br>Activities |                       | Business-type<br>Activities |                       | Government-wide<br>Activities |                       |
|----------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-------------------------------|-----------------------|
|                                  | 2017                       | 2016                  | 2017                        | 2016                  | 2017                          | 2016                  |
| <b>Assets</b>                    |                            |                       |                             |                       |                               |                       |
| Current and other                | \$ 249,677,530             | \$ 214,523,060        | \$ 68,091,995               | \$ 68,688,703         | \$ 317,769,525                | \$ 283,211,763        |
| Capital assets (net)             | 267,778,947                | 273,380,335           | 243,793,487                 | 249,215,298           | 511,572,434                   | 522,595,633           |
| Total Assets                     | 517,456,477                | 487,903,395           | 311,885,482                 | 317,904,001           | 829,341,959                   | 805,807,396           |
| <b>Deferred Outflows</b>         | 26,446,186                 | 28,577,165            | 2,012,436                   | 2,275,054             | 28,458,622                    | 30,852,219            |
| <b>Liabilities</b>               |                            |                       |                             |                       |                               |                       |
| Current                          | 12,896,073                 | 8,052,118             | 17,960,166                  | 17,885,075            | 30,856,239                    | 25,937,193            |
| Long term                        | 353,726,911                | 329,439,412           | 91,403,011                  | 99,440,549            | 445,129,922                   | 428,879,961           |
| Total Liabilities                | 366,622,984                | 337,491,530           | 109,363,177                 | 117,325,624           | 475,986,161                   | 454,817,154           |
| <b>Deferred Inflows</b>          | 15,053,824                 | 16,306,392            | 144,799                     | 242,940               | 15,198,623                    | 16,549,332            |
| <b>Net Position</b>              |                            |                       |                             |                       |                               |                       |
| Net investment in capital assets | 155,912,682                | 161,341,318           | 145,585,038                 | 145,288,974           | 301,497,720                   | 306,630,292           |
| Restricted                       | 9,245,531                  | 8,669,117             | 29,623,015                  | 31,963,852            | 38,868,546                    | 40,632,969            |
| Unrestricted                     | (2,932,358)                | (7,327,797)           | 29,181,889                  | 25,357,665            | 26,249,531                    | 18,029,868            |
| <b>Total Net Position</b>        | <b>\$ 162,225,855</b>      | <b>\$ 162,682,638</b> | <b>\$ 204,389,942</b>       | <b>\$ 202,610,491</b> | <b>\$ 366,615,797</b>         | <b>\$ 365,293,129</b> |

- As of December 31, 2017, total assets and deferred outflows exceeded liabilities and deferred inflows by \$366,615,797, an increase of \$1,322,668, or 0.4%, from the net position level as of December 31, 2016.

## City of South Bend, Indiana

# Management's Discussion and Analysis (Continued)

- Governmental activities net position of \$162,225,855 decreased by \$456,783, or 0.3%, from December 31, 2016.
- Business-type net position of \$204,389,942 increased by \$1,779,451, or 0.9%, from December 31, 2016. The increase in business-type net position was due primarily to a new system development charge which will be used to support long-term capital projects of the Wastewater and a 7% (commercial) and an 8% (residential) rate increase in the Solid Waste fees used to support operations and capital expenditures.
- Government-wide assets and deferred outflows increased by \$21,140,966, or 2.5%, as compared to amounts as of December 31, 2016 primarily due to the issuance of a Parks Bond at year end for which the cash was deposited; however, no expenditures were made before year end as well as increased tax revenue received during 2017.
- Government-wide liabilities and deferred inflows increased by \$19,818,298, or 4.2%, as compared to amounts as of December 31, 2016. The increase was due mainly to the issuance of a Parks Bond and a Redevelopment Bond during 2017 relating to improvements across the city.

### Statement of Changes in Net Position

|                               | Governmental Activities |                       | Business-type Activities |                       | Government-wide Activities |                       |
|-------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|----------------------------|-----------------------|
|                               | 2017                    | 2016                  | 2017                     | 2016                  | 2017                       | 2016                  |
| <b>Revenue</b>                |                         |                       |                          |                       |                            |                       |
| Program revenue:              |                         |                       |                          |                       |                            |                       |
| Charge for services           | \$ 8,541,200            | \$ 8,171,317          | \$ 74,114,912            | \$ 75,470,222         | \$ 82,656,112              | \$ 83,641,539         |
| Operating grants              | 11,828,681              | 2,644,272             | -                        | -                     | 11,828,681                 | 2,644,272             |
| Capital grants                | 1,000,000               | -                     | 1,170,970                | 649,609               | 2,170,970                  | 649,609               |
| General revenue:              |                         |                       |                          |                       |                            |                       |
| Taxes                         |                         |                       |                          |                       |                            |                       |
| Property tax                  | 78,266,107              | 76,331,581            | -                        | -                     | 78,266,107                 | 76,331,581            |
| Other tax                     | 28,527,005              | 31,463,184            | 1,275,000                | -                     | 29,802,005                 | 31,463,184            |
| Unrestricted grants           | 17,160,034              | 25,846,397            | -                        | -                     | 17,160,034                 | 25,846,397            |
| Investment earnings           | 1,687,888               | 1,458,787             | 578,773                  | 570,982               | 2,266,661                  | 2,029,769             |
| Other revenue                 | 8,731,916               | 6,745,542             | 3,588                    | (1,143,391)           | 8,735,504                  | 5,602,151             |
| <b>Total Revenue</b>          | <b>155,742,831</b>      | <b>152,661,080</b>    | <b>77,143,243</b>        | <b>75,547,422</b>     | <b>232,886,074</b>         | <b>228,208,502</b>    |
| <b>Expenses</b>               |                         |                       |                          |                       |                            |                       |
| General government            | 16,750,853              | 15,618,817            | -                        | -                     | 16,750,853                 | 15,618,817            |
| Public safety                 | 71,656,865              | 55,029,909            | -                        | -                     | 71,656,865                 | 55,029,909            |
| Highways and streets          | 21,716,658              | 13,550,535            | -                        | -                     | 21,716,658                 | 13,550,535            |
| Culture and recreation        | 19,332,902              | 17,156,094            | -                        | -                     | 19,332,902                 | 17,156,094            |
| Economic development          | 26,326,989              | 28,436,368            | -                        | -                     | 26,326,989                 | 28,436,368            |
| Interest on long-term debt    | 4,538,530               | 4,727,630             | -                        | -                     | 4,538,530                  | 4,727,630             |
| Water utility                 | -                       | -                     | 14,902,682               | 14,900,039            | 14,902,682                 | 14,900,039            |
| Wastewater utility            | -                       | -                     | 32,548,087               | 26,420,526            | 32,548,087                 | 26,420,526            |
| Civic center                  | -                       | -                     | 5,121,336                | 5,364,472             | 5,121,336                  | 5,364,472             |
| Building department           | -                       | -                     | 3,704,963                | 3,240,172             | 3,704,963                  | 3,240,172             |
| Parking                       | -                       | -                     | 1,177,363                | 909,857               | 1,177,363                  | 909,857               |
| Solid waste                   | -                       | -                     | 5,169,128                | 5,794,913             | 5,169,128                  | 5,794,913             |
| Emergency medical services    | -                       | -                     | 8,617,050                | 7,437,349             | 8,617,050                  | 7,437,349             |
| <b>Total Expenses</b>         | <b>160,322,797</b>      | <b>134,519,353</b>    | <b>71,240,609</b>        | <b>64,067,328</b>     | <b>231,563,406</b>         | <b>198,586,681</b>    |
| <b>Change in net position</b> |                         |                       |                          |                       |                            |                       |
| Before transfers              | (4,579,966)             | 18,141,727            | 5,902,634                | 11,480,094            | 1,322,668                  | 29,621,821            |
| Transfers                     | 4,123,183               | 3,681,016             | (4,123,183)              | (3,681,016)           | -                          | -                     |
| <b>Change in net position</b> | <b>(456,783)</b>        | <b>21,822,743</b>     | <b>1,779,451</b>         | <b>7,799,078</b>      | <b>1,322,668</b>           | <b>29,621,821</b>     |
| Beginning net position        | 162,682,638             | 140,859,895           | 202,610,491              | 194,811,413           | 365,293,129                | 335,671,308           |
| <b>Ending net position</b>    | <b>\$ 162,225,855</b>   | <b>\$ 162,682,638</b> | <b>\$ 204,389,942</b>    | <b>\$ 202,610,491</b> | <b>\$ 366,615,797</b>      | <b>\$ 365,293,129</b> |

## City of South Bend, Indiana

# Management's Discussion and Analysis (Continued)

### Governmental Activities

Net position for governmental activities decreased by \$456,783 during fiscal 2017, a decrease of 0.3% from the balance of Net Position at December 31, 2016. Revenue of \$155,742,831 increased by \$3,081,751, or 2.0%. Expenses were \$160,322,797 during 2017, an increase of \$25,803,444, or 19.2% as compared to fiscal 2016.

The governmental activities revenue increases were due primarily to higher property tax and income tax revenue during 2017 resulting from an increase in assessed property values and an improving local economy. Governmental activities expenses increased significantly in 2017, however, were closer in line with 2015 expenditures due to a decrease in net pension liability and deferrals in public safety in 2016.

### Business-type Activities

Net position from business-type activities increased by \$1,779,451 during fiscal 2017, an increase of 0.9% from the balance of Net Position at December 31, 2016. During 2017, business-type activities revenue of \$77,143,243 increased by \$1,595,821, or 2.1 %, over fiscal 2016. During 2017, business-type activities expenses of \$71,240,609 increased by \$7,173,281, or 11.2%, when compared to fiscal 2016.

Revenue increased in part, due to a 5% surcharge on outside-city customers. This increase was set to take effect in January 2017, but due to unforeseen issues, was not able to take effect until October 2017. Therefore, revenue should increase slightly in 2018 due to this surcharge. Revenue also increased in solid waste due to fee increases for service during 2017.

### 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, 2017

|                                    | General              | Park & Rec          | PS LOIT           | COIT                | EDIT                 | Rainy Day            | River West TIF       | Other                 | Total                 |
|------------------------------------|----------------------|---------------------|-------------------|---------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Total assets                       | \$ 37,248,988        | \$ 6,477,773        | \$ 987,592        | \$ 10,004,369       | \$ 13,018,166        | \$ 10,281,405        | \$ 43,556,040        | \$ 112,681,324        | \$ 234,255,657        |
| Total liabilities                  | 1,782,728            | 325,695             | 107,337           | 705,543             | 131,001              | -                    | 6,443,153            | 7,529,012             | 17,024,469            |
| <b>Fund Balances:</b>              |                      |                     |                   |                     |                      |                      |                      |                       |                       |
| Nonspendable                       | 447,003              | 30,833              | -                 | 1,400,455           | 270,001              | -                    | 9,297,922            | 10,928,010            | 22,374,224            |
| Restricted                         | -                    | 6,121,245           | 880,255           | -                   | -                    | -                    | 27,814,965           | 90,486,202            | 125,302,667           |
| Committed                          | -                    | -                   | -                 | -                   | -                    | -                    | -                    | 2,392,685             | 2,392,685             |
| Assigned                           | 1,242,770            | -                   | -                 | 7,898,371           | 12,617,164           | 10,281,405           | -                    | 1,972,261             | 34,011,971            |
| Unassigned                         | 33,776,487           | -                   | -                 | -                   | -                    | -                    | -                    | (626,846)             | 33,149,641            |
| <b>Total fund balance</b>          | <b>\$ 35,466,260</b> | <b>\$ 6,152,078</b> | <b>\$ 880,255</b> | <b>\$ 9,298,826</b> | <b>\$ 12,887,165</b> | <b>\$ 10,281,405</b> | <b>\$ 37,112,887</b> | <b>\$ 105,152,312</b> | <b>\$ 217,231,188</b> |
| Liabilities and fund balance       | \$ 37,248,988        | \$ 6,477,773        | \$ 987,592        | \$ 10,004,369       | \$ 13,018,166        | \$ 10,281,405        | \$ 43,556,040        | \$ 112,681,324        | \$ 234,255,657        |
| Revenues                           | 64,232,529           | 12,841,366          | 7,476,153         | 10,939,423          | 11,218,601           | 95,991               | 19,686,308           | 29,096,385            | 155,586,756           |
| Expenditures                       | 68,997,882           | 13,093,671          | 7,422,355         | 8,088,236           | 3,185,212            | -                    | 19,573,713           | 54,181,168            | 174,542,237           |
| Net surplus (deficit)              | (4,765,353)          | (252,305)           | 53,798            | 2,851,187           | 8,033,389            | 95,991               | 112,595              | (25,084,783)          | (18,955,481)          |
| Other sources (uses)               | 6,278,991            | 2,058,613           | -                 | (3,566,328)         | (6,346,113)          | -                    | (3,914,707)          | 49,934,993            | 44,445,449            |
| <b>Net change in fund balances</b> | <b>1,513,638</b>     | <b>1,806,308</b>    | <b>53,798</b>     | <b>(715,141)</b>    | <b>1,687,276</b>     | <b>95,991</b>        | <b>(3,802,112)</b>   | <b>24,850,210</b>     | <b>25,489,968</b>     |
| Beginning 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           |
| <b>Ending fund balances</b>        | <b>\$ 35,466,260</b> | <b>\$ 6,152,078</b> | <b>\$ 880,255</b> | <b>\$ 9,298,826</b> | <b>\$ 12,887,165</b> | <b>\$ 10,281,405</b> | <b>\$ 37,112,887</b> | <b>\$ 105,152,312</b> | <b>\$ 217,231,188</b> |

As of December 31, 2017, the City governmental funds reported a combined ending fund balance of \$217,231,188.

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Management's Discussion and Analysis (Continued)

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The nonspendable fund balance of \$22,374,224 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 \$125,302,667 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 \$2,392,685 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 \$34,011,971 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 \$33,149,641 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, 2017, the General Fund balance of \$35,466,260 represents an increase of \$1,513,638, or 4.5% from the balance as of December 31, 2016. The increase was due primarily to higher property tax revenue during 2017 than expected and lower spending for public safety and administration than anticipated.

As of December 31, 2017, the General Fund had an unassigned fund balance of \$33,776,487 which is equal to 48.9% of 2017 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 2017 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 2017.

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, 2017.

The **Parks and Recreation Fund** balance increased \$1,806,308 during fiscal 2017, due primarily to the receipt of higher property tax revenue and lower expenditures. As of December 31, 2017, the fund balance in the Parks and Recreation Fund was \$6,152,078, or 47.0% of 2017 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, 2017.

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 2017 of \$7,476,153 increased by \$677,960 or 10.0% compared to 2016. The increase in fund balance in the amount of \$53,798 during 2017 was due to increased revenue for this fund for police and fire personnel. The ending fund balance was \$880,255, or 11.9% of annual expenditures, and meets the City's cash reserve policy goal of 8%.

## City of South Bend, Indiana

# Management's Discussion and Analysis (Continued)

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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 major technology costs, and certain debt service payments.

The COIT fund balance decreased by \$715,141 during 2017, due to one-time capital projects and prior year encumbrances. 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, city-wide expenditures like telephone and electricity for street lights, and certain debt service payments.

As of December 31, 2017, the COIT Fund balance was \$9,298,826, or 79.8% of 2017 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 \$1,687,276 during 2017 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, 2017, the EDIT fund balance was \$12,887,165, or 125.5% of 2017 expenditures and transfers out. The City policy target is 50%.

The **Rainy Day 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 ending fund balance at December 31, 2017 was \$10,281,405, or 5.9% of government-wide expenses during 2017, and meets the City's cash reserve policy goal of 3%.

The fund balance in the **River West TIF Fund** decreased by \$3,802,112 during 2017. 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, 2017, the River West TIF Fund balance of \$37,112,887 including \$9,297,922 in nonspendable fund balances (primarily property held for resale) and \$27,814,965 in restricted fund balances. This fund continues to be a major success for the City of South Bend and has generated in excess of \$131 million in private investment during 2017.

During 2017, the fund balances in **Nonmajor Governmental funds** increased by \$24,850,210 due primarily to the issuance of bonds at year-end and various expenditures being less than anticipated during the year.

The total balance in Nonmajor Governmental Funds was \$105,152,312 at December 31, 2017. 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.

## City of South Bend, Indiana

# Management's Discussion and Analysis (Continued)

### Governmental Fund Revenue

The following schedule presents a summary of governmental fund revenue for the year ended December 31, 2017 with comparison to the prior year:

|                                 | <b>2017</b>           | <b>% of</b>   | <b>2016</b>           | <b>% of</b>   |
|---------------------------------|-----------------------|---------------|-----------------------|---------------|
|                                 | <b>Actual</b>         | <b>Total</b>  | <b>Actual</b>         | <b>Total</b>  |
| <u>Tax Based</u>                |                       |               |                       |               |
| General property                | \$ 77,872,107         | 50.1%         | \$ 75,724,582         | 49.6%         |
| County option income            | 17,926,883            | 11.5%         | 21,868,582            | 14.3%         |
| County economic development     | 10,600,122            | 6.8%          | 9,594,602             | 6.3%          |
| Professional sports development | 347,255               | 0.2%          | 673,787               | 0.5%          |
| <b>Total Tax</b>                | <b>106,746,367</b>    | <b>68.6%</b>  | <b>107,861,553</b>    | <b>70.7%</b>  |
| <u>Non-Tax Based</u>            |                       |               |                       |               |
| Licenses and permits            | 231,260               | 0.1%          | 224,677               | 0.1%          |
| Intergovernmental               | 29,634,896            | 19.1%         | 27,959,813            | 18.3%         |
| Charge for services             | 7,020,575             | 4.5%          | 7,062,108             | 4.6%          |
| Fines and forfeitures           | 562,466               | 0.4%          | 756,781               | 0.5%          |
| Interest income                 | 1,687,888             | 1.1%          | 1,624,527             | 1.1%          |
| Other                           | 9,703,304             | 6.2%          | 7,179,959             | 4.7%          |
| <b>Total Non-Tax Based</b>      | <b>48,840,389</b>     | <b>31.4%</b>  | <b>44,807,865</b>     | <b>29.3%</b>  |
| <b>Total Revenue</b>            | <b>\$ 155,586,756</b> | <b>100.0%</b> | <b>\$ 152,669,418</b> | <b>100.0%</b> |

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, 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.

## City of South Bend, Indiana

# Management's Discussion and Analysis (Continued)

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) "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 \$106,746,367 during 2017 and decreased by \$1,115,186, or 1.0%, from 2016. This decrease was due primarily to a one time distribution of local income taxes from the State of Indiana in 2016 of \$1,405,850 which was deposited into the Rainy Day fund. Overall, the tax revenue increased slightly with respect to the normal tax distributions due to the continuing improvement in the overall economy. Total non-tax based revenue was \$48,840,389 and increased \$4,032,524, or 9.0%, from 2016 and is due in part to the charging of increased interfund allocations to all departments for services provided.

### **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, 2017 with comparison to fiscal year 2016.

|                                    | <b>2017<br/>Actual</b> | <b>% of<br/>Total</b> | <b>2016<br/>Actual</b> | <b>% of<br/>Total</b> |
|------------------------------------|------------------------|-----------------------|------------------------|-----------------------|
| General government                 | \$ 14,221,015          | 8.1%                  | \$ 16,311,633          | 9.6%                  |
| Public safety                      | 72,010,182             | 41.3%                 | 64,350,281             | 37.7%                 |
| Highways and streets               | 13,600,140             | 7.8%                  | 11,294,768             | 6.6%                  |
| Community and economic development | 20,622,330             | 11.8%                 | 20,894,153             | 12.2%                 |
| Culture and recreation             | 15,904,306             | 9.1%                  | 13,070,606             | 7.6%                  |
| Debt service                       | 21,148,721             | 12.1%                 | 17,998,348             | 10.5%                 |
| Capital outlay                     | 17,035,543             | 9.8%                  | 27,056,295             | 15.8%                 |
| <b>Total Expenditures</b>          | <b>\$ 174,542,237</b>  | <b>100.0%</b>         | <b>\$ 170,976,084</b>  | <b>100.0%</b>         |

Government fund expenditures in fiscal 2017 of \$174,542,237 increased by \$3,566,153, or 2.1%, in comparison to government fund expenditures in fiscal 2016.

Capital outlay expenditures decreased by \$10,020,752, or 37.0%, during 2017 due primarily to overall decreased spending in tax increment financing funds, the County Option Income Tax Fund, the Major Moves Fund, and other capital projects funds during 2016, which did not occur in 2017. The largest project in 2016 being the one to two-way street conversion which was completed in early 2017.

## City of South Bend, Indiana

# Management's Discussion and Analysis (Continued)

Public Safety expenditures continue to be the primary use of government fund resources with 41.3% of expenditures used for this purpose in fiscal 2017. Public safety spending is followed by capital outlay expenditures (9.7%), community and economic development (11.8%), debt service (12.1%), general government (8.1%), culture and recreation (9.1%), and highways and streets (7.8%). General government spending is comprised of the executive offices of the Mayor, Common Council, City Clerk, Legal, Controller, Engineering and other administrative functions. Overall governmental expenditures increased during 2017, in part due to increases in public safety wages and benefits occurring in conjunction with a four-year collective bargaining agreement with the fraternal order of police. General governmental expenditures decreased during 2017 due to the transfer of technology costs to an internal service fund. This change allowed the City as a whole to see both the entire costs for technology as well as by user departments through allocations.

### Proprietary funds

#### Condensed Statement of Net Position Revenue, Expenses, and Changes in Fund Net Position As of December 31, 2017

|  | Water Utility        | Wastewater<br>Utility | Century Center       | Other                | Total Enterprise      | Internal Service     |
|--|----------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------|
| Total assets                                     | \$ 69,081,501        | \$ 192,379,864        | \$ 20,380,115        | \$ 30,085,385        | \$ 311,926,865        | \$ 21,356,966        |
| Total deferred outflows                          | 96,099               | 1,916,337             | -                    | -                    | 2,012,436             | -                    |
| Total liabilities                                | 19,820,524           | 79,771,119            | 290,452              | 9,522,465            | 109,404,560           | 3,768,791            |
| Total deferred inflows                           | -                    | -                     | 143,750              | 1,049                | 144,799               | -                    |
| <b>Net position:</b>                             |                      |                       |                      |                      |                       |                      |
| Net investment in capital assets                 | 38,943,616           | 82,760,015            | 17,801,414           | 6,079,993            | 145,585,038           | 1,360,712            |
| Restricted for:                                  |                      |                       |                      |                      |                       |                      |
| Debt service fund                                | 28,017               | 855,193               | -                    | -                    | 883,210               | -                    |
| Customer repair and deposit fund                 | 1,513,788            | 1,860,524             | -                    | -                    | 3,374,312             | -                    |
| Cash with fiscal agent                           | 637,812              | 439,500               | -                    | 620,445              | 1,697,757             | -                    |
| Bond reserve fund                                | 1,389,894            | 4,138,349             | -                    | -                    | 5,528,243             | -                    |
| Operating reserve fund                           | 2,609,708            | 5,144,668             | -                    | -                    | 7,754,376             | -                    |
| Capital outlay fund                              | 2,143,258            | 7,336,636             | 865,353              | 39,870               | 10,385,117            | -                    |
| Unrestricted                                     | 2,090,983            | 11,990,197            | 1,279,146            | 13,821,563           | 29,181,889            | 16,227,463           |
| <b>Total net position</b>                        | <b>\$ 49,357,076</b> | <b>\$ 114,525,082</b> | <b>\$ 19,945,913</b> | <b>\$ 20,561,871</b> | <b>\$ 204,389,942</b> | <b>\$ 17,588,175</b> |
| Operating revenues                               | \$ 15,283,325        | \$ 38,794,212         | \$ 3,055,793         | \$ 16,974,704        | \$ 74,108,034         | \$ 33,612,709        |
| Operating expenses                               | 13,426,567           | 30,110,128            | 5,115,447            | 18,256,920           | 66,909,062            | 28,988,283           |
| Operating income (loss)                          | 1,856,758            | 8,684,084             | (2,059,654)          | (1,282,216)          | 7,198,972             | 4,624,426            |
| Nonoperating rev (exp)                           | (1,358,707)          | (2,084,719)           | 1,269,977            | (293,859)            | (2,467,308)           | (252,411)            |
| Income (loss) before contributions and transfers | 498,051              | 6,599,365             | (789,677)            | (1,576,075)          | 4,731,664             | 4,372,015            |
| Capital contributions                            | 556,955              | 614,015               | -                    | -                    | 1,170,970             | -                    |
| Transfers in                                     | -                    | -                     | -                    | 2,167,316            | 2,167,316             | -                    |
| Transfers out                                    | (1,785,924)          | (4,422,408)           | (82,167)             | -                    | (6,290,499)           | -                    |
| <b>Change in net position</b>                    | <b>(730,918)</b>     | <b>2,790,972</b>      | <b>(871,844)</b>     | <b>591,241</b>       | <b>1,779,451</b>      | <b>4,372,015</b>     |
| Total net position – beginning                   | 50,087,994           | 111,734,110           | 20,817,757           | 19,970,630           | 202,610,491           | 13,216,160           |
| <b>Total net position – ending</b>               | <b>\$ 49,357,076</b> | <b>\$ 114,525,082</b> | <b>\$ 19,945,913</b> | <b>\$ 20,561,871</b> | <b>\$ 204,389,942</b> | <b>\$ 17,588,175</b> |

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

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Management's Discussion and Analysis (Continued)

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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, Innovation & Technology and 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, 2017, City enterprise funds reported a net position of \$204,389,942, an increase of \$1,779,451, or 0.9%, from the net position at December 31, 2016.

At December 31, 2017, net position includes net investment in capital assets of \$145,585,038, restricted net position of \$29,623,015 and unrestricted net position of \$29,181,889.

During 2017, the **Water utility** experienced a decrease in net position of \$730,918 and the **Wastewater utility** experienced an increase in net position of \$2,790,972. The Water utility experienced decrease operating revenues of \$191,953 while the Wastewater utility experienced an increase in operating revenue of \$267,350. The Wastewater utility had the benefit of a 5% surcharge to outside city customers during 2017 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 2017, **Century Center** experienced a decrease in net position of \$871,844, primarily as the result of expenses outpacing revenue in 2017.

**Nonmajor Enterprise Funds** experienced an increase in net position of \$591,241 during 2017. The Parking Garage Fund reported an increase in net position of \$98,163 primarily as the result of increased parking charges which went into effect in 2017. The Consolidated Building Fund reported an increase in net position of \$394,460 during 2017 as the result of underspending budgeted monies as well as higher than anticipated permit fee revenues due to the continued increase in construction in the South Bend area. The Solid Waste Fund reported an increase in net position of \$256,662 and continues to accumulate capital lease debt to finance new trash trucks. Emergency Medical Service reported a decrease in net position of \$158,044 as a result of costs outpacing revenues in 2017.

## City of South Bend, Indiana

# Management's Discussion and Analysis (Continued)

**Internal Services Funds** reported net position of \$17,588,175 at December 31, 2017, an increase of \$4,372,015, or 33.1%, compared to net position at December 31, 2016. The Liability Insurance Fund increased its net position by \$103,670 in 2017 as the result of public safety and parks fund paying into the fund which was not done in 2016 due to budget constraints. The Central Services Fund decreased its net position by \$325,264. The Self-Funded Employee Benefits Fund had an increase in its net position of \$3,321,692 due to a 8% 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 Innovation & Technology and 311 Call Center fund is a fully allocated fund which supports most city departments. The Innovation & Technology and 311 Call Center Fund had a net position of \$1,323,038 at December 31, 2017. The Police Take Home Vehicle Fund decreased its net position by \$934 in 2017 as a result of paying for small claims without offsetting revenues due to the fund having a strong net position. The Unemployment Compensation Insurance Fund decreased its net position by \$50,187 due to paying for claims without offsetting revenues due to the fund having a strong net position.

### 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 Officers' 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                   | \$ 1,352,044         | \$ 453,269                   | \$ 3,722,118  |
| Total liabilities              | 470                  | -                            | 3,722,118     |
| <b>Total net position</b>      | <b>\$ 1,351,574</b>  | <b>\$ 453,269</b>            | <b>\$ -</b>   |
| Total additions                | 11,152,596           | 25,996                       | -             |
| Total deductions               | 10,762,074           | 599                          | -             |
| <b>Changes in net position</b> | <b>\$ 390,522</b>    | <b>\$ 25,397</b>             | <b>\$ -</b>   |

Effective in fiscal 2009, with the passage of State legislation, the State of Indiana began making contributions to the **1925 Police Officers'** 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 increase 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). The cost of healthcare benefits to pension members are not covered by State contributions. In 2016, the regular Fire Department budget paid retiree health care costs while this change occurred in 2017 for the Police Department. The 1925 Police Officers' and 1937 Firefighters' pension funds will no longer pay retiree health insurance costs, these costs will be paid from the regular police and fire operating budgets.

### 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 2017 budget at its meeting held in October 2016.

## City of South Bend, Indiana

# Management's Discussion and Analysis (Continued)

The General Fund budget applicable for fiscal 2017 is reported as follows:

|                   | <u>Original</u>   | <u>Final</u>        | <u>Actual<br/>Budgetary<br/>Basis</u> | <u>Variance</u>     |
|-------------------|-------------------|---------------------|---------------------------------------|---------------------|
| Revenue           | \$ 58,587,268     | \$ 59,548,273       | \$ 59,227,693                         | \$ (320,580)        |
| Expenditures      | <u>58,587,268</u> | <u>60,150,305</u>   | <u>58,627,429</u>                     | <u>1,522,876</u>    |
| Surplus (deficit) | <u>\$ -</u>       | <u>\$ (602,032)</u> | <u>\$ 600,264</u>                     | <u>\$ 1,202,296</u> |

General Fund revenue/transfers in was originally budgeted at \$58,587,268 for fiscal 2017. During the year, the General Fund revenue/transfers in budget was increased by \$961,005 to \$59,548,273. 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 2017, the General Fund collected \$59,227,693 in revenue/transfers in on a budgetary basis, which was \$640,425 higher than the original budget. This difference is 1.1% more than the Original budget. This increase over budget is due mainly to higher than budgeted property tax receipts in 2017.

General Fund expenditures/transfers out were originally budgeted at \$58,587,268 for fiscal 2017. During the year, the General Fund expenditure/transfers out budgets were increased by \$1,563,037 to \$60,150,305. Additional appropriations were passed for Fire Department equipment and other purposes. Carry forward of unspent encumbrances from 2016 also increased the 2017 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 2017, 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, 2017, amounted to \$58,627,429. The expenditures/transfers out and commitments as of year-end December 31, 2017 are less than the 2017 amended General Fund budget by \$1,522,876 or 2.5%. 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.

Management’s Discussion and Analysis (Continued)

**Capital Assets and Debt Administration**

**Statement of Capital Assets**

|                                 | Governmental Activities |                       | Business type Activities |                       | Government-wide Activities |                       |
|---------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|----------------------------|-----------------------|
|                                 | 2017                    | 2016                  | 2017                     | 2016                  | 2017                       | 2016                  |
| <b>Assets not depreciated</b>   |                         |                       |                          |                       |                            |                       |
| Land                            | \$ 14,707,088           | \$ 14,707,088         | \$ 2,614,014             | \$ 2,614,014          | \$ 17,321,102              | \$ 17,321,102         |
| Construction in progress        | 29,957,697              | 23,595,717            | 21,254,911               | 19,259,541            | 51,212,608                 | 42,855,258            |
| <b>Total</b>                    | <b>44,664,785</b>       | <b>38,302,805</b>     | <b>23,868,925</b>        | <b>21,873,555</b>     | <b>68,533,710</b>          | <b>60,176,360</b>     |
| <b>Assets depreciated</b>       |                         |                       |                          |                       |                            |                       |
| Buildings                       | 125,886,853             | 125,966,988           | 83,233,461               | 84,190,901            | 209,120,314                | 210,157,889           |
| Non-building improvements       | 21,519,259              | 21,377,908            | 27,939,323               | 28,186,217            | 49,458,582                 | 49,564,125            |
| Machinery and equipment         | 47,094,150              | 47,301,986            | 42,205,000               | 41,959,457            | 89,299,150                 | 89,261,443            |
| Roads and Infrastructure        | 441,344,575             | 437,067,498           | 210,301,608              | 210,940,599           | 651,646,183                | 648,008,097           |
| <b>Total Cost</b>               | <b>635,844,837</b>      | <b>631,714,380</b>    | <b>363,679,392</b>       | <b>365,277,174</b>    | <b>999,524,229</b>         | <b>996,991,554</b>    |
| <b>Accumulated depreciation</b> |                         |                       |                          |                       |                            |                       |
| Buildings                       | 52,675,177              | 49,668,561            | 36,878,587               | 35,418,271            | 89,553,764                 | 85,086,832            |
| Non-building improvements       | 10,713,373              | 9,936,113             | 8,436,276                | 7,441,963             | 19,149,649                 | 17,378,076            |
| Machinery and equipment         | 33,644,985              | 33,115,197            | 23,955,240               | 22,720,699            | 57,600,225                 | 55,835,896            |
| Roads                           | 315,697,141             | 303,916,980           | 74,484,727               | 72,354,498            | 390,181,868                | 376,271,478           |
| <b>Total</b>                    | <b>412,730,676</b>      | <b>396,636,851</b>    | <b>143,754,830</b>       | <b>137,935,431</b>    | <b>556,485,506</b>         | <b>534,572,282</b>    |
| <b>Net Depreciated Assets</b>   | <b>223,114,161</b>      | <b>235,077,529</b>    | <b>219,924,562</b>       | <b>227,341,743</b>    | <b>443,038,723</b>         | <b>462,419,272</b>    |
| <b>Net Capital Assets</b>       | <b>\$ 267,778,946</b>   | <b>\$ 273,380,334</b> | <b>\$ 243,793,487</b>    | <b>\$ 249,215,298</b> | <b>\$ 511,572,433</b>      | <b>\$ 522,595,632</b> |

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 \$651,646,183 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 2017**

Included in capital asset additions for 2017 were the following projects:

- Infrastructure - \$4.3 million – Ignition Park Infrastructure Improvements
- Wastewater - \$1.4 million – Grit & Screening Improvement Projects
- Wastewater - \$1.0 million – Calvert Lift Station Replacement
- Fire Department - \$1.0 million – Hazardous Material Response Rig, Ambulances and various other equipment
- Parks Department - \$1.8 million – Lawnmowers, Playground Equipment and various other equipment

## City of South Bend, Indiana

# Management's Discussion and Analysis (Continued)

### Capital Assets Analysis

As of December 31, 2017, government-wide capital assets were valued at \$511,572,433, net of accumulated depreciation, a decrease of \$11,023,199, or 2.1%, since December 31, 2016. Construction in Progress increased by \$8,357,350, and capitalized assets in land, buildings, improvements, machinery and equipment, and roads decreased by \$10,890,025, net of depreciation, since December 31, 2016. 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, 2017, the cost of Roads & Infrastructure (\$651,646,183) was the major asset class followed by Buildings (\$209,120,314) and Machinery & Equipment (\$89,299,150).

Total depreciation expense was \$31,452,259 for 2017, as compared to \$31,308,797 for 2016. Depreciation expense was \$19,692,594 for governmental activities and \$11,759,665 for business-type activities for 2017.

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, 2017 was \$252,756,994, an increase of \$15,847,616, or 6.7%, from 2016. City outstanding debt includes revenue bonds, mortgage bonds, notes and loans payable and capital leases.

| Type              | Beginning             | Additions            | Retirements            | Ending                |
|-------------------|-----------------------|----------------------|------------------------|-----------------------|
| Revenue bonds     | \$ 194,517,179        | \$ 39,075,000        | \$ (20,403,356)        | \$ 213,188,823        |
| Mortgage bonds    | 17,648,415            | -                    | (2,167,960)            | 15,480,455            |
| Notes and loans   | 7,229,586             | -                    | (393,650)              | 6,835,936             |
| Capital leases    | 17,514,198            | 4,599,879            | (4,862,297)            | 17,251,780            |
| <b>Total Debt</b> | <b>\$ 236,909,378</b> | <b>\$ 43,674,879</b> | <b>\$ (27,827,263)</b> | <b>\$ 252,756,994</b> |

During 2017, the City entered into capital lease agreements in the amount of \$4.68 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 2017 was on average less than 2% for these leases.

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 issued a general obligation bond in December 2017 related to the MySB Parks and Trails project that will benefit almost all districts within the City. This debt issuance of \$14,075,000 is 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.

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**Management's Discussion and Analysis (Continued)**

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**Significant Subsequent Events**

On March 29, 2018, the City sold general obligation bonds in an amount of \$5,045,000. These bonds are financing a new Fire Station #9 and an additional building at the Fire Training Center.

On April 25, 2018, the City sold Redevelopment District Bonds in an amount of \$11,995,000. These bonds are financing various Park improvements related to the City's overall MySB Parks and Trails Master Plan.

On May 25, 2018, the City entered into a five year capital lease in an amount of \$6,115,434. This lease will be used to finance various equipment purchases in the Fire, Solid Waste, Police, Streets, Parks and other smaller departments.

On February 28, 2012, the City, the United States of America, and the State of Indiana, agreed to a consent decree to resolve claims against the City for alleged violations of the Clean Water Act. The decree includes several provisions, including a long term control plan that requires the City to complete a construction program by December 31, 2031 at a cost of approximately \$509.5 million in 2007 dollars to comprehensively upgrade and expand the City's sewage collection, storage, conveyance, and treatment system. Under this agreement South Bend was required to undertake a review of the Plan after 5 years and this review was completed in 2017. The review resulted in a revised plan that calls for a reduced investment of \$200 million in 2017 dollars. The plan will meet the same environmental goals and will still run to 2031. South Bend is currently working with State and Federal environmental regulators to have this new more cost efficient plan formally endorsed.

**Economic Factors and 2018 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 2017, the primary funds supported by property taxes (General Fund, Parks and Recreation Fund, and Cumulative Capital Development Fund) lost approximately \$33.9 million in taxable property tax levy due to the circuit breaker caps (Indiana Legislative Services Agency, Circuit Breaker Report, December 2017).

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 2017. 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.

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**Management’s Discussion and Analysis (Continued)**

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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 3.3% for 2018. Unemployment rates in the South Bend-Mishawaka Metropolitan Area continue to improve and were 3.9% in November 2017 as compared to a high of 13.0% in January 2010 (Bureau of Labor Statistics).

**2018 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. 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 2019 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 2019 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, 2017. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

Jennifer C. Hockenhull, Controller

City of South Bend  
Department of Administration and Finance  
227 W. Jefferson Blvd., 12<sup>th</sup> Floor  
South Bend, IN 46601

Telephone (574) 235-9822  
Email [jhockenh@southbendin.gov](mailto:jhockenh@southbendin.gov)

December 31, 2017

|   | Governmental<br>Activities | Business-type<br>Activities | Total          |
|---|----------------------------|-----------------------------|----------------|
| <b>Assets</b>                                   |                            |                             |                |
| Cash and cash equivalents                       | \$ 101,512,635             | \$ 10,362,542               | \$ 111,875,177 |
| Investments                                     | 124,837,380                | 19,087,370                  | 143,924,750    |
| Receivables:                                    |                            |                             |                |
| Taxes   | 766,803                    | -                           | 766,803        |
| Accounts  | 676,105                    | 8,257,072                   | 8,933,177      |
| Interest  | 353,403                    | 97,548                      | 450,951        |
| Allowance for doubtful accounts                 | -                          | (130,000)                   | (130,000)      |
| Intergovernmental                               | 1,139,212                  | -                           | 1,139,212      |
| Loans   | 5,575,602                  | -                           | 5,575,602      |
| Internal balances                               | 8,168                      | (8,168)                     | -              |
| Inventory                                       | 922,999                    | 688,178                     | 1,611,177      |
| Prepaid expenses                                | 629,133                    | 114,438                     | 743,571        |
| Restricted assets                               | -                          | 29,623,015                  | 29,623,015     |
| Property held for resale                        | 12,716,365                 | -                           | 12,716,365     |
| Net pension asset                               | 539,725                    | -                           | 539,725        |
| Capital assets:                                 |                            |                             |                |
| Assets not subject to depreciation              | 44,664,785                 | 23,868,925                  | 68,533,710     |
| Assets subject to depreciation - Net            | 223,114,162                | 219,924,562                 | 443,038,724    |
| Total assets                                    | 517,456,477                | 311,885,482                 | 829,341,959    |
| <b>Deferred Outflows of Resources</b>           |                            |                             |                |
| Unamortized loss on refunding                   | 2,100,425                  | 2,012,436                   | 4,112,861      |
| Deferred outflows related to pensions           | 24,345,761                 | -                           | 24,345,761     |
| Total deferred outflows of resources            | 26,446,186                 | 2,012,436                   | 28,458,622     |
| <b>Liabilities</b>                              |                            |                             |                |
| Accounts payable                                | 7,257,280                  | 4,095,929                   | 11,353,209     |
| Due to other governmental units                 | -                          | 75,293                      | 75,293         |
| Performance deposits payable                    | 203,703                    | 12,000                      | 215,703        |
| Accrued liabilities and other:                  |                            |                             |                |
| Accrued payroll payable                         | 1,861,847                  | 396,335                     | 2,258,182      |
| Accrued interest payable                        | 64,590                     | 309,598                     | 374,188        |
| Taxes payable                                   | 936                        | -                           | 936            |
| Customer deposits payable                       | -                          | 1,632,854                   | 1,632,854      |
| Unearned revenue                                | -                          | 6,841                       | 6,841          |
| Other current payables                          | 3,507,717                  | 89,348                      | 3,597,065      |
| Noncurrent liabilities:                         |                            |                             |                |
| Due within one year:                            |                            |                             |                |
| Accrued interest payable from restricted assets | 1,880,697                  | -                           | 1,880,697      |
| Compensated absences                            | 5,503,833                  | 414,692                     | 5,918,525      |
| Claims payable                                  | 2,109,761                  | -                           | 2,109,761      |
| Notes and loans payable                         | 328,293                    | 188,654                     | 516,947        |
| Mortgage bonds payable                          | 1,801,815                  | 298,185                     | 2,100,000      |
| Capital leases                                  | 2,821,968                  | 2,049,437                   | 4,871,405      |
| Revenue bonds payable                           | 7,455,635                  | 8,390,000                   | 15,845,635     |
| Due in more than one year:                      |                            |                             |                |
| Notes and loans payable                         | 4,108,822                  | 2,210,167                   | 6,318,989      |
| Mortgage bonds payable                          | 8,423,157                  | 4,957,298                   | 13,380,455     |
| Capital leases                                  | 6,973,644                  | 5,406,732                   | 12,380,376     |
| Net pension liability                           | 178,885,176                | -                           | 178,885,176    |
| Net OPEB obligation                             | 14,920,736                 | -                           | 14,920,736     |
| Revenue bonds payable                           | 118,513,374                | 78,829,814                  | 197,343,188    |
| Total liabilities                               | 366,622,984                | 109,363,177                 | 475,986,161    |

Statement of Net Position (Continued)

December 31, 2017

|                                      | Governmental<br>Activities | Business-type<br>Activities | Total                 |
|--------------------------------------|----------------------------|-----------------------------|-----------------------|
| <b>Deferred Inflows of Resources</b> |                            |                             |                       |
| Unamortized service agreement        | \$ -                       | \$ 143,750                  | \$ 143,750            |
| Unamortized gain on sale/leaseback   | -                          | 1,049                       | 1,049                 |
| Deferred inflows related to pensions | 15,053,824                 | -                           | 15,053,824            |
| Total deferred inflows of resources  | 15,053,824                 | 144,799                     | 15,198,623            |
| <b>Net Position</b>                  |                            |                             |                       |
| Net investment in capital assets     | 155,912,682                | 145,585,038                 | 301,497,720           |
| Restricted:                          |                            |                             |                       |
| Debt service fund                    | 5,957,929                  | 883,210                     | 6,841,139             |
| Customer repair and deposit fund     | -                          | 3,374,312                   | 3,374,312             |
| Cash with fiscal agent               | -                          | 1,697,757                   | 1,697,757             |
| Bond reserve fund                    | 3,287,602                  | 5,528,243                   | 8,815,845             |
| Operating reserve fund               | -                          | 7,754,376                   | 7,754,376             |
| Capital outlay fund                  | -                          | 10,385,117                  | 10,385,117            |
| Unrestricted                         | (2,932,358)                | 29,181,889                  | 26,249,531            |
| Total net position                   | <b>\$ 162,225,855</b>      | <b>\$ 204,389,942</b>       | <b>\$ 366,615,797</b> |

# City of South Bend, Indiana

| Functions/Programs                    | Program Revenue       |                      |                                    |                                  |
|---------------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|
|                                       | Expenses              | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government:                   |                       |                      |                                    |                                  |
| Governmental activities:              |                       |                      |                                    |                                  |
| General government                    | \$ 16,750,853         | \$ 1,118,328         | \$ 264,330                         | \$ 1,000,000                     |
| Public safety                         | 71,656,865            | 648,136              | 33,705                             | -                                |
| Highways and streets                  | 21,716,658            | 976,095              | 7,979,895                          | -                                |
| Community and economic development    | 26,326,989            | 1,489,942            | 3,061,732                          | -                                |
| Culture and recreation                | 19,332,902            | 4,308,699            | 489,019                            | -                                |
| Interest on long-term debt            | 4,538,530             | -                    | -                                  | -                                |
| <b>Total governmental activities</b>  | <b>160,322,797</b>    | <b>8,541,200</b>     | <b>11,828,681</b>                  | <b>1,000,000</b>                 |
| Business-type activities:             |                       |                      |                                    |                                  |
| Water Utility                         | 14,902,682            | 15,290,203           | -                                  | 556,955                          |
| Wastewater Utility                    | 32,548,087            | 38,794,212           | -                                  | 614,015                          |
| Century Center                        | 5,121,336             | 3,055,793            | -                                  | -                                |
| Consolidated Building                 | 3,704,963             | 1,902,493            | -                                  | -                                |
| Parking Garage                        | 1,177,363             | 1,264,706            | -                                  | -                                |
| Solid Waste                           | 5,169,128             | 5,420,711            | -                                  | -                                |
| Emergency Medical Services            | 8,617,050             | 8,386,794            | -                                  | -                                |
| <b>Total business-type activities</b> | <b>71,240,609</b>     | <b>74,114,912</b>    | <b>-</b>                           | <b>1,170,970</b>                 |
| <b>Total primary government</b>       | <b>\$ 231,563,406</b> | <b>\$ 82,656,112</b> | <b>\$ 11,828,681</b>               | <b>\$ 2,170,970</b>              |

General revenue:

Taxes:

Property taxes

Income taxes

Hotel/motel taxes

Unrestricted state-shared revenue:

State-shared revenue

Unrestricted investment income

Gain on sale of capital assets

Other miscellaneous income

Total general revenue

Transfers

**Change in Net Position**

**Net Position** - Beginning of year

**Net Position** - End of year

## Statement of Activities

Year Ended December 31, 2017

| Net (Expense) Revenue and Changes in Net Position |                          |                       |
|---|--------------------------|-----------------------|
| Primary Government                                |                          |                       |
| Governmental Activities                           | Business-type Activities | Total                 |
| \$ (14,368,195)                                   | \$ -                     | \$ (14,368,195)       |
| (70,975,024)                                      | -                        | (70,975,024)          |
| (12,760,668)                                      | -                        | (12,760,668)          |
| (21,775,315)                                      | -                        | (21,775,315)          |
| (14,535,184)                                      | -                        | (14,535,184)          |
| (4,538,530)                                       | -                        | (4,538,530)           |
| (138,952,916)                                     | -                        | (138,952,916)         |
| -   | 944,476                  | 944,476               |
| -   | 6,860,140                | 6,860,140             |
| -   | (2,065,543)              | (2,065,543)           |
| -   | (1,802,470)              | (1,802,470)           |
| -   | 87,343                   | 87,343                |
| -   | 251,583                  | 251,583               |
| -   | (230,256)                | (230,256)             |
| -   | 4,045,273                | 4,045,273             |
| (138,952,916)                                     | 4,045,273                | (134,907,643)         |
| 78,266,107  | -                        | 78,266,107            |
| 28,527,005  | -                        | 28,527,005            |
| -   | 1,275,000                | 1,275,000             |
| 17,160,034  | -                        | 17,160,034            |
| 1,687,888   | 578,773                  | 2,266,661             |
| 176,742   | -                        | 176,742               |
| 8,555,174   | 3,588                    | 8,558,762             |
| 134,372,950                                       | 1,857,361                | 136,230,311           |
| 4,123,183   | (4,123,183)              | -                     |
| (456,783)   | 1,779,451                | 1,322,668             |
| 162,682,638                                       | 202,610,491              | 365,293,129           |
| <b>\$ 162,225,855</b>                             | <b>\$ 204,389,942</b>    | <b>\$ 366,615,797</b> |

# City of South Bend, Indiana

|  | General Fund         | Parks and<br>Recreation | Public Safety<br>LOIT |
|--|----------------------|-------------------------|-----------------------|
| <b>Assets</b>                          |                      |                         |                       |
| Cash and cash equivalents              | \$ 8,639,763         | \$ 1,796,150            | \$ 285,991            |
| Investments                            | 27,662,398           | 4,395,121               | 699,811               |
| Receivables:                           |                      |                         |                       |
| Taxes                                  | -                    | -                       | -                     |
| Accounts                               | 274,952              | 47,176                  | -                     |
| Interest                               | 96,897               | 10,707                  | 1,790                 |
| Intergovernmental                      | 108,889              | 195,060                 | -                     |
| Loans                                  | -                    | -                       | -                     |
| Due from other funds                   | 19,086               | 2,726                   | -                     |
| Advances to other funds                | 447,003              | -                       | -                     |
| Inventory                              | -                    | 30,833                  | -                     |
| Property held for resale               | -                    | -                       | -                     |
|  | <u>\$ 37,248,988</u> | <u>\$ 6,477,773</u>     | <u>\$ 987,592</u>     |
| Total assets                           |                      |                         |                       |
| <b>Liabilities</b>                     |                      |                         |                       |
| Accounts payable                       | \$ 279,438           | \$ 195,716              | \$ -                  |
| Due to other funds                     | 14,796               | 8,281                   | -                     |
| Advances from other funds              | -                    | -                       | -                     |
| Performance deposits payable           | 78,806               | 3,665                   | -                     |
| Accrued liabilities and other:         |                      |                         |                       |
| Accrued payroll payable                | 1,409,119            | 117,656                 | 107,337               |
| Taxes payable                          | 559                  | 377                     | -                     |
| Other current payables                 | 10                   | -                       | -                     |
|  | <u>1,782,728</u>     | <u>325,695</u>          | <u>107,337</u>        |
| Total liabilities                      |                      |                         |                       |
| <b>Fund Balances</b>                   |                      |                         |                       |
| Nonspendable                           | 447,003              | 30,833                  | -                     |
| Restricted                             | -                    | 6,121,245               | 880,255               |
| Committed                              | -                    | -                       | -                     |
| Assigned                               | 1,242,770            | -                       | -                     |
| Unassigned                             | 33,776,487           | -                       | -                     |
|  | <u>35,466,260</u>    | <u>6,152,078</u>        | <u>880,255</u>        |
| Total fund balances                    |                      |                         |                       |
| Total liabilities and fund<br>balances | <u>\$ 37,248,988</u> | <u>\$ 6,477,773</u>     | <u>\$ 987,592</u>     |

Governmental Funds  
Balance Sheet

December 31, 2017

| COIT                 | EDIT                 | Rainy Day            | River West TIF       | Nonmajor Funds        | Total Governmental Funds |
|----------------------|----------------------|----------------------|----------------------|-----------------------|--------------------------|
| \$ 2,491,335         | \$ 3,687,154         | \$ 2,977,065         | \$ 11,062,685        | \$ 64,084,835         | \$ 95,024,978            |
| 6,096,216            | 9,037,026            | 7,284,779            | 22,348,937           | 35,394,816            | 112,919,104              |
| -                    | -                    | -                    | 766,803              | -                     | 766,803                  |
| 166                  | -                    | -                    | 692                  | 252,982               | 575,968                  |
| 16,197               | 23,985               | 19,561               | 58,153               | 94,063                | 321,353                  |
| -                    | -                    | -                    | -                    | 835,263               | 1,139,212                |
| -                    | -                    | -                    | 715,000              | 4,860,602             | 5,575,602                |
| -                    | -                    | -                    | 848                  | 1,288                 | 23,948                   |
| 1,225,456            | -                    | -                    | -                    | 3,489,032             | 5,161,491                |
| -                    | -                    | -                    | -                    | -                     | 30,833                   |
| 174,999              | 270,001              | -                    | 8,602,922            | 3,668,443             | 12,716,365               |
| <b>\$ 10,004,369</b> | <b>\$ 13,018,166</b> | <b>\$ 10,281,405</b> | <b>\$ 43,556,040</b> | <b>\$ 112,681,324</b> | <b>\$ 234,255,657</b>    |
| \$ 705,543           | \$ 130,191           | \$ -                 | \$ 2,606,546         | \$ 2,444,222          | \$ 6,361,656             |
| -                    | 810                  | -                    | 18,875               | 4,949                 | 47,711                   |
| -                    | -                    | -                    | 300,000              | 4,830,300             | 5,130,300                |
| -                    | -                    | -                    | 17,732               | 103,500               | 203,703                  |
| -                    | -                    | -                    | -                    | 138,334               | 1,772,446                |
| -                    | -                    | -                    | -                    | -                     | 936                      |
| -                    | -                    | -                    | 3,500,000            | 7,707                 | 3,507,717                |
| 705,543              | 131,001              | -                    | 6,443,153            | 7,529,012             | 17,024,469               |
| 1,400,455            | 270,001              | -                    | 9,297,922            | 10,928,010            | 22,374,224               |
| -                    | -                    | -                    | 27,814,965           | 90,486,202            | 125,302,667              |
| -                    | -                    | -                    | -                    | 2,392,685             | 2,392,685                |
| 7,898,371            | 12,617,164           | 10,281,405           | -                    | 1,972,261             | 34,011,971               |
| -                    | -                    | -                    | -                    | (626,846)             | 33,149,641               |
| 9,298,826            | 12,887,165           | 10,281,405           | 37,112,887           | 105,152,312           | 217,231,188              |
| <b>\$ 10,004,369</b> | <b>\$ 13,018,166</b> | <b>\$ 10,281,405</b> | <b>\$ 43,556,040</b> | <b>\$ 112,681,324</b> | <b>\$ 234,255,657</b>    |

**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

**December 31, 2017**

|   |                                     |
|---|-------------------------------------|
| <b>Fund Balances Reported in Governmental Funds</b>   | <b>\$ 217,231,188</b>               |
| Amounts reported for governmental activities in the statement of net position are different because:  |                                     |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds  | 266,366,831                         |
| Prepaid expenses are not available to pay for current period expenditures, and therefore are deferred in the funds  | 117,747                             |
| Deferred outflows of resources related to pensions are not available to pay for current period expenditures, and therefore are not reported in the funds                                | 24,345,761                          |
| Net pension assets are not available to pay for current period expenditures, and therefore are not reported in the funds  | 539,725                             |
| Deferred inflows on refunding are not due and payable in the current period and are not reported in the funds   | 2,100,425                           |
| Notes and loans payable, mortgage bonds payable, revenue bonds payable, and capital leases are not due and payable in the current period and are not reported in the funds              | (150,028,707)                       |
| Accrued interest is not due and payable in the current period and is not reported in the funds  | (1,944,216)                         |
| Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities | (5,231,338)                         |
| Deferred inflows of resources related to pensions do not present a claim on current financial resources and are not reported as fund liabilities  | (15,053,824)                        |
| Net OPEB obligations do not present a claim on current financial resources and are not reported as fund liabilities   | (14,920,736)                        |
| Net pension liabilities do not present a claim on current financial resources and are not reported as fund liabilities  | (178,885,176)                       |
| Internal service funds are included as part of governmental activities  | <u>17,588,175</u>                   |
| <b>Net Position of Governmental Activities</b>  | <b><u><u>\$ 162,225,855</u></u></b> |

# City of South Bend, Indiana

|  | General Fund        | Parks and Recreation | Public Safety LOIT | COIT                | EDIT                | Rainy Day           |
|--|---------------------|----------------------|--------------------|---------------------|---------------------|---------------------|
| <b>Revenue</b>                                     |                     |                      |                    |                     |                     |                     |
| Taxes:   |                     |                      |                    |                     |                     |                     |
| Property taxes                                     | \$39,568,076        | \$ 9,033,731         | \$ -               | \$ -                | \$ -                | \$ -                |
| Income taxes                                       | -                   | -                    | 7,467,618          | 10,459,265          | 10,600,122          | -                   |
| Professional sports development taxes              | -                   | -                    | -                  | -                   | -                   | -                   |
| Intergovernmental                                  | 15,603,864          | 986,838              | -                  | -                   | -                   | -                   |
| Charges for services                               | 1,956,844           | 2,368,740            | -                  | 318,864             | 150,000             | -                   |
| Fines and forfeitures                              | 8,919               | -                    | -                  | -                   | 354,660             | -                   |
| Licenses and permits                               | 231,260             | -                    | -                  | -                   | -                   | -                   |
| Interest and rentals:                              |                     |                      |                    |                     |                     |                     |
| Investment income                                  | 209,763             | 23,205               | 8,535              | 84,057              | 113,819             | 95,991              |
| Rental income                                      | -                   | 122,189              | -                  | -                   | -                   | -                   |
| Other revenue                                      | 6,653,803           | 306,663              | -                  | 77,237              | -                   | -                   |
| <b>Total revenue</b>                               | <b>64,232,529</b>   | <b>12,841,366</b>    | <b>7,476,153</b>   | <b>10,939,423</b>   | <b>11,218,601</b>   | <b>95,991</b>       |
| <b>Expenditures</b>                                |                     |                      |                    |                     |                     |                     |
| Current services:                                  |                     |                      |                    |                     |                     |                     |
| General government                                 | 5,720,461           | -                    | -                  | 6,922,195           | 997,998             | -                   |
| Public safety                                      | 60,268,286          | -                    | 7,422,355          | -                   | 2,020,453           | -                   |
| Public works                                       | 1,162,369           | -                    | -                  | -                   | -                   | -                   |
| Community and economic development                 | -                   | -                    | -                  | -                   | -                   | -                   |
| Recreation and culture                             | 1,673,015           | 12,808,466           | -                  | -                   | -                   | -                   |
| Capital outlay                                     | -                   | -                    | -                  | -                   | -                   | -                   |
| Debt service:                                      |                     |                      |                    |                     |                     |                     |
| Principal  | 165,724             | 265,258              | -                  | 1,112,770           | 107,653             | -                   |
| Interest on long-term debt                         | 8,027               | 19,947               | -                  | 53,271              | 59,108              | -                   |
| <b>Total expenditures</b>                          | <b>68,997,882</b>   | <b>13,093,671</b>    | <b>7,422,355</b>   | <b>8,088,236</b>    | <b>3,185,212</b>    | <b>-</b>            |
| <b>Excess of Revenue Over (Under) Expenditures</b> | <b>(4,765,353)</b>  | <b>(252,305)</b>     | <b>53,798</b>      | <b>2,851,187</b>    | <b>8,033,389</b>    | <b>95,991</b>       |
| <b>Other Financing Sources (Uses)</b>              |                     |                      |                    |                     |                     |                     |
| Transfers in                                       | 6,208,332           | 2,040,354            | -                  | -                   | 735,240             | -                   |
| Transfers out                                      | (47,726)            | -                    | -                  | (3,566,328)         | (7,084,054)         | -                   |
| Issuance of debt                                   | 4,563               | 16,253               | -                  | -                   | -                   | -                   |
| Cost of issuance                                   | -                   | -                    | -                  | -                   | -                   | -                   |
| Debt premium or discount                           | -                   | -                    | -                  | -                   | -                   | -                   |
| Proceeds from sale of capital assets               | 113,822             | 2,006                | -                  | -                   | 2,701               | -                   |
| <b>Total other financing sources (uses)</b>        | <b>6,278,991</b>    | <b>2,058,613</b>     | <b>-</b>           | <b>(3,566,328)</b>  | <b>(6,346,113)</b>  | <b>-</b>            |
| <b>Net Change in Fund Balances</b>                 | <b>1,513,638</b>    | <b>1,806,308</b>     | <b>53,798</b>      | <b>(715,141)</b>    | <b>1,687,276</b>    | <b>95,991</b>       |
| <b>Fund Balances - Beginning of year</b>           | <b>33,952,622</b>   | <b>4,345,770</b>     | <b>826,457</b>     | <b>10,013,967</b>   | <b>11,199,889</b>   | <b>10,185,414</b>   |
| <b>Fund Balances - End of year</b>                 | <b>\$35,466,260</b> | <b>\$ 6,152,078</b>  | <b>\$ 880,255</b>  | <b>\$ 9,298,826</b> | <b>\$12,887,165</b> | <b>\$10,281,405</b> |

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2017

| River West<br>TIF   | Nonmajor<br>Funds     | Total<br>Governmental<br>Funds |
|---------------------|-----------------------|--------------------------------|
| \$18,141,151        | \$ 11,129,149         | \$ 77,872,107                  |
| -                   | -                     | 28,527,005                     |
| -                   | 347,255               | 347,255                        |
| 394,000             | 12,650,194            | 29,634,896                     |
| -                   | 2,226,127             | 7,020,575                      |
| -                   | 198,887               | 562,466                        |
| -                   | -                     | 231,260                        |
| 251,735             | 900,783               | 1,687,888                      |
| 3,289               | 118,206               | 243,684                        |
| 896,133             | 1,525,784             | 9,459,620                      |
| 19,686,308          | 29,096,385            | 155,586,756                    |
| -                   | 580,361               | 14,221,015                     |
| -                   | 2,299,088             | 72,010,182                     |
| -                   | 12,437,771            | 13,600,140                     |
| 15,447,645          | 5,174,685             | 20,622,330                     |
| -                   | 1,422,825             | 15,904,306                     |
| -                   | 17,035,543            | 17,035,543                     |
| 3,039,837           | 11,942,953            | 16,634,195                     |
| 1,086,231           | 3,287,942             | 4,514,526                      |
| 19,573,713          | 54,181,168            | 174,542,237                    |
| 112,595             | (25,084,783)          | (18,955,481)                   |
| 24,891              | 20,132,468            | 29,141,285                     |
| (3,939,598)         | (10,380,396)          | (25,018,102)                   |
| -                   | 40,707,000            | 40,727,816                     |
| -                   | (588,770)             | (588,770)                      |
| -                   | 6,478                 | 6,478                          |
| -                   | 58,213                | 176,742                        |
| (3,914,707)         | 49,934,993            | 44,445,449                     |
| (3,802,112)         | 24,850,210            | 25,489,968                     |
| 40,914,999          | 80,302,102            | 191,741,220                    |
| <b>\$37,112,887</b> | <b>\$ 105,152,312</b> | <b>\$ 217,231,188</b>          |

**Governmental Funds**

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in  
Fund Balances to the Statement of Activities**

**Year Ended December 31, 2017**

|   |                      |
|---|----------------------|
| <b>Net Change in Fund Balance Reported in Governmental Funds</b>  | <b>\$ 25,489,968</b> |
| Amounts reported for governmental activities in the statement of activities are different because:  |                      |
| Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation::   |                      |
| Capital outlay  | 15,097,894           |
| Depreciation expense  | (19,533,481)         |
| Net book value of assets disposed of  | (2,567)              |
| Proceeds from sale of capital assets  | (176,742)            |
| Construction in progress costs expensed   | (990,546)            |
| Prepaid expenses recorded in the statement of net position do not require the use of current financial resources, and therefore are not reported in the fund statements   | (293,598)            |
| Debt proceeds (from notes and loans payable, mortgage bonds payable, revenue bonds payable, and capital leases) provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net position                                 | (40,727,816)         |
| Premium on debt proceeds provide financial resources to governmental funds, but not in the statement of activities (where it reduces long-term debt)  | (6,478)              |
| Repayment of debt principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)   | 16,634,196           |
| Other adjustments related to debt premiums, discounts, deferred inflows, and deferred outflows  | 529,234              |
| Changes in accrued interest payable and other   | (240,390)            |
| Changes in compensated absences reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment  | (654,554)            |
| Changes in the net OPEB obligation reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment   | (1,635,492)          |
| Changes in the net pension asset, net pension liabilities, and related deferred inflows and outflows reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment | 1,681,574            |
| Internal service funds are included as part of governmental activities - Net change in position   | 4,372,015            |
| <b>Change in Net Position of Governmental Activities</b>  | <b>\$ (456,783)</b>  |

Proprietary Funds  
Statement of Net Position

December 31, 2017

|   | Enterprise Funds |                       |                   |                        | Total<br>Enterprise<br>Funds | Governmental<br>Activities |
|---|------------------|-----------------------|-------------------|------------------------|------------------------------|----------------------------|
|   | Water Utility    | Wastewater<br>Utility | Century<br>Center | Nonmajor<br>Enterprise |                              | Internal<br>Service Funds  |
| <b>Assets</b>                           |                  |                       |                   |                        |                              |                            |
| Current assets:                         |                  |                       |                   |                        |                              |                            |
| Cash and cash equivalents               | \$ 1,612,821     | \$ 4,200,364          | \$ 1,354,273      | \$ 3,195,084           | \$ 10,362,542                | \$ 6,487,657               |
| Investments                             | 2,500,117        | 8,763,212             | -                 | 7,824,041              | 19,087,370                   | 11,918,276                 |
| Receivables:                            |                  |                       |                   |                        |                              |                            |
| Accounts                                | 872,418          | 2,886,795             | 300,865           | 4,196,994              | 8,257,072                    | 100,137                    |
| Interest                                | 21,627           | 54,805                | -                 | 21,116                 | 97,548                       | 32,050                     |
| Allowance for doubtful accounts         | (50,000)         | (80,000)              | -                 | -                      | (130,000)                    | -                          |
| Due from other funds                    | 30,165           | 3,050                 | -                 | -                      | 33,215                       | 3,178                      |
| Inventory                               | 495,324          | 155,938               | 36,916            | -                      | 688,178                      | 892,166                    |
| Prepaid expenses                        | 29,204           | 34,056                | 21,294            | 29,884                 | 114,438                      | 511,386                    |
| Total current assets                    | 5,511,676        | 16,018,220            | 1,713,348         | 15,267,119             | 38,510,363                   | 19,944,850                 |
| Noncurrent assets:                      |                  |                       |                   |                        |                              |                            |
| Restricted assets                       | 7,681,237        | 20,416,110            | 865,353           | 660,315                | 29,623,015                   | -                          |
| Capital assets:                         |                  |                       |                   |                        |                              |                            |
| Assets not subject to depreciation      | 523,717          | 21,472,354            | 713,434           | 1,159,420              | 23,868,925                   | -                          |
| Assets subject to depreciation - Net    | 55,364,871       | 134,473,180           | 17,087,980        | 12,998,531             | 219,924,562                  | 1,412,116                  |
| Total noncurrent assets                 | 63,569,825       | 176,361,644           | 18,666,767        | 14,818,266             | 273,416,502                  | 1,412,116                  |
| Total assets                            | 69,081,501       | 192,379,864           | 20,380,115        | 30,085,385             | 311,926,865                  | 21,356,966                 |
| <b>Deferred Outflows of Resources -</b> |                  |                       |                   |                        |                              |                            |
| Unamortized loss on refunding           | 96,099           | 1,916,337             | -                 | -                      | 2,012,436                    | -                          |
| <b>Liabilities</b>                      |                  |                       |                   |                        |                              |                            |
| Current liabilities:                    |                  |                       |                   |                        |                              |                            |
| Accounts payable                        | 501,732          | 3,067,985             | 125,806           | 400,406                | 4,095,929                    | 895,624                    |
| Due to other governmental units         | -                | -                     | -                 | 75,293                 | 75,293                       | -                          |
| Due to other funds                      | 3,261            | 671                   | 2,760             | 3,500                  | 10,192                       | 2,438                      |
| Performance deposits payable            | -                | -                     | -                 | 12,000                 | 12,000                       | -                          |
| Accrued liabilities and other:          |                  |                       |                   |                        |                              |                            |
| Accrued payroll payable                 | 88,033           | 148,223               | -                 | 160,079                | 396,335                      | 89,401                     |
| Accrued interest payable                | 18,618           | 189,638               | -                 | 101,342                | 309,598                      | 1,071                      |
| Customer deposits payable               | 1,516,289        | -                     | 116,565           | -                      | 1,632,854                    | -                          |
| Unearned revenue                        | 2,071            | 4,770                 | -                 | -                      | 6,841                        | -                          |
| Other current payables                  | 44,027           | -                     | 45,321            | -                      | 89,348                       | -                          |
| Compensated absences                    | -                | 255,080               | -                 | 159,612                | 414,692                      | 272,495                    |
| Notes and loans payable                 | 21,617           | 167,037               | -                 | -                      | 188,654                      | -                          |
| Mortgage bonds payable                  | -                | 73,185                | -                 | 225,000                | 298,185                      | -                          |
| Claims payable                          | -                | -                     | -                 | -                      | -                            | 2,109,761                  |
| Capital leases                          | 394,781          | 596,578               | -                 | 1,058,078              | 2,049,437                    | 130,541                    |
| Revenue bonds payable                   | 1,410,000        | 6,980,000             | -                 | -                      | 8,390,000                    | -                          |
| Total current liabilities               | 4,000,429        | 11,483,167            | 290,452           | 2,195,310              | 17,969,358                   | 3,501,331                  |
| Noncurrent liabilities:                 |                  |                       |                   |                        |                              |                            |
| Advances from other funds               | -                | -                     | -                 | 31,191                 | 31,191                       | -                          |
| Notes and loans payable                 | 290,033          | 1,920,134             | -                 | -                      | 2,210,167                    | -                          |
| Mortgage bonds payable                  | -                | 196,163               | -                 | 4,761,135              | 4,957,298                    | -                          |
| Capital leases                          | 1,296,601        | 1,575,302             | -                 | 2,534,829              | 5,406,732                    | 267,460                    |
| Revenue bonds payable                   | 14,233,461       | 64,596,353            | -                 | -                      | 78,829,814                   | -                          |
| Total noncurrent liabilities            | 15,820,095       | 68,287,952            | -                 | 7,327,155              | 91,435,202                   | 267,460                    |
| Total liabilities                       | 19,820,524       | 79,771,119            | 290,452           | 9,522,465              | 109,404,560                  | 3,768,791                  |

See notes to financial statements.

Proprietary Funds  
Statement of Net Position (Continued)

December 31, 2017

|                                      | Enterprise Funds     |                       |                      |                        | Total<br>Enterprise<br>Funds | Governmental<br>Activities |
|--------------------------------------|----------------------|-----------------------|----------------------|------------------------|------------------------------|----------------------------|
|                                      | Water Utility        | Wastewater<br>Utility | Century<br>Center    | Nonmajor<br>Enterprise |                              | Internal<br>Service Funds  |
| <b>Deferred Inflows of Resources</b> |                      |                       |                      |                        |                              |                            |
| Unamortized service agreement        | \$ -                 | \$ -                  | \$ 143,750           | \$ -                   | \$ 143,750                   | \$ -                       |
| Unamortized gain on sale/leaseback   | -                    | -                     | -                    | 1,049                  | 1,049                        | -                          |
| Total deferred inflows of resources  | -                    | -                     | 143,750              | 1,049                  | 144,799                      | -                          |
| <b>Net Position</b>                  |                      |                       |                      |                        |                              |                            |
| Net investment in capital assets     | 38,943,616           | 82,760,015            | 17,801,414           | 6,079,993              | 145,585,038                  | 1,360,712                  |
| Restricted:                          |                      |                       |                      |                        |                              |                            |
| Debt service fund                    | 28,017               | 855,193               | -                    | -                      | 883,210                      | -                          |
| Customer repair and deposit fund     | 1,513,788            | 1,860,524             | -                    | -                      | 3,374,312                    | -                          |
| Cash with fiscal agent               | 637,812              | 439,500               | -                    | 620,445                | 1,697,757                    | -                          |
| Bond reserve fund                    | 1,389,894            | 4,138,349             | -                    | -                      | 5,528,243                    | -                          |
| Operating reserve fund               | 2,609,708            | 5,144,668             | -                    | -                      | 7,754,376                    | -                          |
| Capital outlay fund                  | 2,143,258            | 7,336,636             | 865,353              | 39,870                 | 10,385,117                   | -                          |
| Unrestricted                         | 2,090,983            | 11,990,197            | 1,279,146            | 13,821,563             | 29,181,889                   | 16,227,463                 |
| Total net position                   | <u>\$ 49,357,076</u> | <u>\$ 114,525,082</u> | <u>\$ 19,945,913</u> | <u>\$ 20,561,871</u>   | <u>\$ 204,389,942</u>        | <u>\$ 17,588,175</u>       |

Proprietary Funds  
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2017

|   | Enterprise Funds     |                       |                      |                      |                        | Governmental           |
|---|----------------------|-----------------------|----------------------|----------------------|------------------------|------------------------|
|   | Water Utility        | Wastewater Utility    | Century Center       | Nonmajor Enterprise  | Total Enterprise Funds | Internal Service Funds |
| <b>Operating Revenue</b>                            |                      |                       |                      |                      |                        |                        |
| Metered revenue                                     | \$ 10,170,849        | \$ 37,924,579         | \$ -                 | \$ -                 | \$ 48,095,428          | \$ -                   |
| Convention fees                                     | -                    | -                     | 2,941,878            | -                    | 2,941,878              | -                      |
| Fire protection revenue                             | 2,018,754            | -                     | -                    | -                    | 2,018,754              | -                      |
| Licenses and permits                                | -                    | -                     | -                    | 1,898,375            | 1,898,375              | -                      |
| Interest and penalty charges                        | 75,208               | 661,502               | -                    | -                    | 736,710                | -                      |
| Parking fees  | -                    | -                     | 112,915              | 1,262,277            | 1,375,192              | -                      |
| Solid waste fees                                    | -                    | -                     | -                    | 5,346,175            | 5,346,175              | -                      |
| Employer/ employee contributions                    | -                    | -                     | -                    | -                    | -                      | 20,787,254             |
| Charges for sales and services                      | -                    | -                     | -                    | 8,370,063            | 8,370,063              | 12,702,550             |
| Water leak insurance revenue                        | 981,297              | -                     | -                    | -                    | 981,297                | -                      |
| Other   | 423,853              | 208,131               | 1,000                | 97,814               | 730,798                | 122,905                |
| Charges to other funds                              | 1,613,364            | -                     | -                    | -                    | 1,613,364              | -                      |
| <b>Total operating revenue</b>                      | <b>15,283,325</b>    | <b>38,794,212</b>     | <b>3,055,793</b>     | <b>16,974,704</b>    | <b>74,108,034</b>      | <b>33,612,709</b>      |
| <b>Operating Expenses</b>                           |                      |                       |                      |                      |                        |                        |
| Cost of water                                       | 5,995,304            | -                     | -                    | -                    | 5,995,304              | -                      |
| Cost of sewage treatment                            | -                    | 20,136,798            | -                    | -                    | 20,136,798             | -                      |
| Other operation and maintenance                     | -                    | -                     | -                    | 15,262,278           | 15,262,278             | 12,193,809             |
| General and administration                          | 2,515,121            | 2,805,879             | 4,075,906            | 1,447,510            | 10,844,416             | 1,923,479              |
| Insurance claims and premiums                       | -                    | -                     | -                    | -                    | -                      | 14,711,882             |
| Plumbing contractors                                | 788,859              | -                     | -                    | -                    | 788,859                | -                      |
| Customer service                                    | 2,121,742            | -                     | -                    | -                    | 2,121,742              | -                      |
| Depreciation  | 2,005,541            | 7,167,451             | 1,039,541            | 1,547,132            | 11,759,665             | 159,113                |
| <b>Total operating expenses</b>                     | <b>13,426,567</b>    | <b>30,110,128</b>     | <b>5,115,447</b>     | <b>18,256,920</b>    | <b>66,909,062</b>      | <b>28,988,283</b>      |
| <b>Operating Income (Loss)</b>                      | <b>1,856,758</b>     | <b>8,684,084</b>      | <b>(2,059,654)</b>   | <b>(1,282,216)</b>   | <b>7,198,972</b>       | <b>4,624,426</b>       |
| <b>Nonoperating Revenue (Expense)</b>               |                      |                       |                      |                      |                        |                        |
| Investment income                                   | 110,530              | 353,240               | 866                  | 114,137              | 578,773                | 145,074                |
| Interest expense                                    | (666,116)            | (2,377,344)           | -                    | (241,388)            | (3,284,848)            | (21,586)               |
| Hotel/motel tax revenue                             | -                    | -                     | 1,275,000            | -                    | 1,275,000              | -                      |
| Gain (loss) on sale of assets                       | (809,999)            | (60,615)              | (5,889)              | (170,196)            | (1,046,699)            | (375,899)              |
| Other nonoperating revenue (expenses) - Charges     | 6,878                | -                     | -                    | -                    | 6,878                  | -                      |
| Other nonoperating general revenue                  | -                    | -                     | -                    | 3,588                | 3,588                  | -                      |
| <b>Total nonoperating revenue (expense)</b>         | <b>(1,358,707)</b>   | <b>(2,084,719)</b>    | <b>1,269,977</b>     | <b>(293,859)</b>     | <b>(2,467,308)</b>     | <b>(252,411)</b>       |
| <b>Income (Loss) - Before capital contributions</b> | <b>498,051</b>       | <b>6,599,365</b>      | <b>(789,677)</b>     | <b>(1,576,075)</b>   | <b>4,731,664</b>       | <b>4,372,015</b>       |
| <b>Capital Contributions - Other</b>                | <b>556,955</b>       | <b>614,015</b>        | <b>-</b>             | <b>-</b>             | <b>1,170,970</b>       | <b>-</b>               |
| <b>Transfers In</b>                                 | <b>-</b>             | <b>-</b>              | <b>-</b>             | <b>2,167,316</b>     | <b>2,167,316</b>       | <b>-</b>               |
| <b>Transfers Out</b>                                | <b>(1,785,924)</b>   | <b>(4,422,408)</b>    | <b>(82,167)</b>      | <b>-</b>             | <b>(6,290,499)</b>     | <b>-</b>               |
| <b>Change in Net Position</b>                       | <b>(730,918)</b>     | <b>2,790,972</b>      | <b>(871,844)</b>     | <b>591,241</b>       | <b>1,779,451</b>       | <b>4,372,015</b>       |
| <b>Net Position - Beginning of year</b>             | <b>50,087,994</b>    | <b>111,734,110</b>    | <b>20,817,757</b>    | <b>19,970,630</b>    | <b>202,610,491</b>     | <b>13,216,160</b>      |
| <b>Net Position - End of year</b>                   | <b>\$ 49,357,076</b> | <b>\$ 114,525,082</b> | <b>\$ 19,945,913</b> | <b>\$ 20,561,871</b> | <b>\$ 204,389,942</b>  | <b>\$ 17,588,175</b>   |

Proprietary Funds  
Statement of Cash Flows

Year Ended December 31, 2017

|  | Enterprise Funds    |                       |                     |                        |                      | Governmental<br>Activities |
|--|---------------------|-----------------------|---------------------|------------------------|----------------------|----------------------------|
|  | Water Utility       | Wastewater<br>Utility | Century Center      | Nonmajor<br>Enterprise | Total                | Internal<br>Service Funds  |
| <b>Cash Flows from Operating Activities</b>                                    |                     |                       |                     |                        |                      |                            |
| Receipts from customers and users  | \$ 13,451,309       | \$ 38,764,528         | \$ 2,993,041        | \$ 17,325,447          | \$ 72,534,325        | \$ 3,782,960               |
| Receipts from interfund services and reimbursements                            | 1,608,422           | 31,791                | -                   | 1,200                  | 1,641,413            | 29,870,670                 |
| Payments to suppliers  | (5,484,408)         | (12,006,315)          | (4,120,065)         | (6,961,746)            | (28,572,534)         | (23,676,127)               |
| Payments to employees  | (5,152,359)         | (7,273,692)           | -                   | (9,028,651)            | (21,454,702)         | (5,056,578)                |
| Internal activity - Payments to other funds                                    | (743,415)           | (3,064,319)           | (93,186)            | (654,976)              | (4,555,896)          | (236,917)                  |
| Net cash and cash equivalents provided by operating activities                 | 3,679,549           | 16,451,993            | (1,220,210)         | 681,274                | 19,592,606           | 4,684,008                  |
| <b>Cash Flows from Noncapital Financing Activities</b>                         |                     |                       |                     |                        |                      |                            |
| Transfers from other funds   | -                   | -                     | -                   | 2,167,316              | 2,167,316            | -                          |
| Hotel/motel tax  | -                   | -                     | 1,275,000           | -                      | 1,275,000            | -                          |
| Transfers to other funds   | (1,785,924)         | (4,422,408)           | (82,167)            | -                      | (6,290,499)          | -                          |
| Other nonoperating revenue   | 6,878               | -                     | -                   | 3,588                  | 10,466               | -                          |
| Net cash and cash equivalents used in noncapital financing activities          | (1,779,046)         | (4,422,408)           | 1,192,833           | 2,170,904              | (2,837,717)          | -                          |
| <b>Cash Flows from Capital and Related Financing Activities</b>                |                     |                       |                     |                        |                      |                            |
| Proceeds from capital debt   | -                   | 546,090               | -                   | 784,763                | 1,330,853            | -                          |
| Contributions  | 52,440              | 618,785               | -                   | -                      | 671,225              | -                          |
| Proceeds from capital debt issued for future capital purchase                  | 491,243             | 373,174               | -                   | -                      | 864,417              | -                          |
| Purchase of capital assets   | (504,285)           | (5,662,067)           | -                   | (731,431)              | (6,897,783)          | (136,794)                  |
| Principal paid on capital debt   | (1,606,651)         | (7,666,400)           | -                   | (1,492,076)            | (10,765,127)         | (147,826)                  |
| Interest paid on capital debt  | (624,483)           | (2,196,651)           | -                   | (238,532)              | (3,059,666)          | (20,597)                   |
| Net cash and cash equivalents used in capital and related financing activities | (2,191,736)         | (13,987,069)          | -                   | (1,677,276)            | (17,856,081)         | (305,217)                  |
| <b>Cash Flows from Investing Activities</b>                                    |                     |                       |                     |                        |                      |                            |
| Interest received on investments   | 111,031             | 355,444               | 866                 | 110,713                | 578,054              | 138,840                    |
| Proceeds from sale and maturities of investment securities                     | 1,416,775           | 3,345,875             | -                   | (473,208)              | 4,289,442            | (1,149,835)                |
| Net cash and cash equivalents provided by investing activities                 | 1,527,806           | 3,701,319             | 866                 | (362,495)              | 4,867,496            | (1,010,995)                |
| <b>Net Increase in Cash and Cash Equivalents</b>                               | 1,236,573           | 1,743,835             | (26,511)            | 812,407                | 3,766,304            | 3,367,796                  |
| <b>Cash and Cash Equivalents - Beginning of year (1)</b>                       | 2,638,039           | 11,189,717            | 2,246,137           | 3,014,367              | 19,088,260           | 3,119,861                  |
| <b>Cash and Cash Equivalents - End of year</b>                                 | <b>\$ 3,874,612</b> | <b>\$ 12,933,552</b>  | <b>\$ 2,219,626</b> | <b>\$ 3,826,774</b>    | <b>\$ 22,854,564</b> | <b>\$ 6,487,657</b>        |

Proprietary Funds  
Statement of Cash Flows (Continued)

Year Ended December 31, 2017

|   | Enterprise Funds    |                       |                       |                        |                      | Governmental<br>Activities |
|---|---------------------|-----------------------|-----------------------|------------------------|----------------------|----------------------------|
|   | Water Utility       | Wastewater<br>Utility | Century Center        | Nonmajor<br>Enterprise | Total                | Internal<br>Service Funds  |
| <b>Classification of Cash and Cash Equivalents</b>                                      |                     |                       |                       |                        |                      |                            |
| Cash and investments  | \$ 3,471,698        | \$ 12,963,576         | \$ 1,354,273          | \$ 11,019,125          | \$ 28,808,672        | \$ 18,405,933              |
| Restricted cash   | 8,322,477           | 20,416,109            | 865,353               | 660,315                | 30,264,254           | -                          |
| Restricted investments  | (7,919,563)         | (20,446,133)          | -                     | (7,852,666)            | (36,218,362)         | (11,918,276)               |
| Total cash and cash equivalents   | <u>\$ 3,874,612</u> | <u>\$ 12,933,552</u>  | <u>\$ 2,219,626</u>   | <u>\$ 3,826,774</u>    | <u>\$ 22,854,564</u> | <u>\$ 6,487,657</u>        |
| <b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>         |                     |                       |                       |                        |                      |                            |
| Operating income (loss)   | \$ 1,856,758        | \$ 8,684,084          | \$ (2,059,654)        | \$ (1,282,216)         | \$ 7,198,972         | \$ 4,624,426               |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: |                     |                       |                       |                        |                      |                            |
| Depreciation and amortization   | 2,005,541           | 7,167,451             | 1,039,541             | 1,547,132              | 11,759,665           | 159,113                    |
| Lease proceeds used for noncapital expenses   | 471,068             | -                     | -                     | 280,726                | 751,794              | 84,397                     |
| Changes in assets and liabilities:  |                     |                       |                       |                        |                      |                            |
| Receivables   | (173,721)           | (2,984)               | (41,466)              | 350,742                | 132,571              | (34,647)                   |
| Due from other funds  | (4,942)             | (9)                   | -                     | 1,200                  | (3,751)              | 75,566                     |
| Inventory   | (26,163)            | 15,477                | (4,979)               | -                      | (15,665)             | (12,429)                   |
| Prepaid expenses and other assets   | (20,037)            | (5,692)               | (17,824)              | (29,884)               | (73,437)             | (308,670)                  |
| Accounts payable  | (270,947)           | 654,079               | (138,284)             | (78,847)               | 166,001              | 188,607                    |
| Due to other governments  | -                   | -                     | -                     | (25,849)               | (25,849)             | -                          |
| Performance deposit   | -                   | -                     | -                     | 7,000                  | 7,000                | -                          |
| Due to other funds  | (68,834)            | (3,659)               | 2,760                 | 1,064                  | (68,669)             | (1,850)                    |
| Allowance for uncollectible accounts  | -                   | 5,100                 | -                     | -                      | 5,100                | -                          |
| Accrued liabilities and other   | 1,763               | -                     | 20,042                | -                      | 21,805               | -                          |
| Accrued payroll payable   | (10,853)            | (50,744)              | -                     | (15,641)               | (77,238)             | 24,410                     |
| Compensated absences payable  | (35,150)            | (11,110)              | -                     | (74,153)               | (120,413)            | 92,939                     |
| Customer deposits   | (44,934)            | -                     | (20,346)              | -                      | (65,280)             | -                          |
| Estimate of unfiled claims  | -                   | -                     | -                     | -                      | -                    | (207,854)                  |
| Total adjustments   | <u>1,822,791</u>    | <u>7,767,909</u>      | <u>839,444</u>        | <u>1,963,490</u>       | <u>12,393,634</u>    | <u>59,582</u>              |
| Net cash and cash equivalents provided by operating activities                          | <u>\$ 3,679,549</u> | <u>\$ 16,451,993</u>  | <u>\$ (1,220,210)</u> | <u>\$ 681,274</u>      | <u>\$ 19,592,606</u> | <u>\$ 4,684,008</u>        |
| <b>Significant Noncash Transactions</b>   |                     |                       |                       |                        |                      |                            |
| Capital assets disposed (at cost)   | \$ (2,702,126)      | \$ (3,550,121)        | \$ -                  | \$ (679,219)           | \$ (6,931,466)       | \$ (3,426)                 |
| Capital asset contribution  | 505,465             | -                     | -                     | -                      | 505,465              | -                          |
| Work in progress completed transferred to capital assets                                | -                   | 2,134,607             | -                     | -                      | 2,134,607            | -                          |
| Accumulated depreciation on disposal of capital assets                                  | 1,892,130           | 3,470,812             | -                     | 509,023                | 5,871,965            | 3,426                      |
| Capital assets acquired by lease  | 468,757             | 526,826               | -                     | -                      | 995,583              | -                          |
| Net capital assets transferred between governmental and internal service funds          | -                   | -                     | -                     | -                      | -                    | 24,000                     |

(1) 2016 ending cash inadvertently included investments. 2017 beginning cash appropriately reflects cash balance as of January 1, 2017.

Fiduciary Funds  
Statement of Fiduciary Net Position

December 31, 2017

|                               | Pension Trust<br>Funds     | Private<br>Purpose Trust<br>Fund | Agency Funds               |
|-------------------------------|----------------------------|----------------------------------|----------------------------|
| <b>Assets</b>                 |                            |                                  |                            |
| Cash and cash equivalents     | \$ 390,741                 | \$ 8,246                         | \$ 3,722,118               |
| Investments                   | 956,132                    | 20,178                           | -                          |
| Receivables:                  |                            |                                  |                            |
| Interest                      | 2,809                      | 54                               | -                          |
| Accounts                      | 2,362                      | 424,791                          | -                          |
| Total assets                  | 1,352,044                  | 453,269                          | <b><u>\$ 3,722,118</u></b> |
| <b>Liabilities</b>            |                            |                                  |                            |
| Accounts payable              | 160                        | -                                | \$ -                       |
| Accrued liabilities and other | 310                        | -                                | 433,998                    |
| Customer deposits payable     | -                          | -                                | 2,446,226                  |
| Police distribution payable   | -                          | -                                | 841,894                    |
| Total liabilities             | 470                        | -                                | <b><u>\$ 3,722,118</u></b> |
| <b>Net Position</b>           | <b><u>\$ 1,351,574</u></b> | <b><u>\$ 453,269</u></b>         |                            |

**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**

|  | <b>Year Ended December 31, 2017</b> |                               |
|--|-------------------------------------|-------------------------------|
|  | Pension Trust<br>Funds              | Private Purpose<br>Trust Fund |
| <b>Additions</b>                           |                                     |                               |
| Investment income - Interest and dividends | \$ 9,910                            | \$ 25,996                     |
| Contributions:                             |                                     |                               |
| On behalf                                  | 11,124,891                          | -                             |
| Other                                      | 17,795                              | -                             |
| Total contributions                        | 11,142,686                          | -                             |
| Total additions                            | 11,152,596                          | 25,996                        |
| <b>Deductions</b>                          |                                     |                               |
| Benefit payments                           | 10,734,424                          | -                             |
| Administrative expenses                    | 27,650                              | 599                           |
| Total deductions                           | 10,762,074                          | 599                           |
| <b>Net Increase in Net Position</b>        | 390,522                             | 25,397                        |
| <b>Net Position - Beginning of year</b>    | 961,052                             | 427,872                       |
| <b>Net Position - End of year</b>          | <b>\$ 1,351,574</b>                 | <b>\$ 453,269</b>             |

**Note 1 - Significant Accounting Policies**

***Reporting Entity***

The City of South Bend (the "City") was established under the laws of the State of Indiana and operates under a Council-Mayor form of government. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations.

***Blended Component Units***

The South Bend Redevelopment Authority is a significant blended component unit of the City. Although it is legally separate from the City, the Redevelopment Authority is reported as if it were part of the City because its sole purpose is to finance and construct land, building, and other improvements for use by the City. Financial statements for the Redevelopment Authority are available at the City Controller's Office, City of South Bend, 227 West Jefferson, 12th Floor County-City Building, South Bend, Indiana 46601.

The South Bend Building Corporation, Inc. is also a legally separate nonprofit corporation and a significant blended component unit of the City. The Building Corporation is reported as if it were part of the City because its main purpose is to finance construction and remodeling of City buildings. Debt of the Building Corporation is repaid through lease payments from the City. Financial statements for the Building Corporation are available at the City Controller's Office, City of South Bend, 227 West Jefferson, 12th Floor County-City Building, South Bend, Indiana 46601.

***Related Organizations***

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The mayor and the Common Council appoint the board members of the South Bend Housing Authority, South Bend Public Transportation Corporation (TRANSPo), Urban Enterprise Association, St. Joseph County Housing Consortium, and the Saint Joseph County Board of Managers for Hotel-Motel Tax.

***Accounting and Reporting Principles***

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the City:

***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

December 31, 2017

**Note 1 - Significant Accounting Policies (Continued)**

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Fund Accounting**

The City accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

**Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital project funds. The City reports the following funds as "major" governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Parks and Recreation Fund is used to account for the operation of the City park system. Financing is provided by a specific annual property tax levy to the extent that user fees and miscellaneous revenues are insufficient to provide such financing.
- The Public Safety Local Option Income Tax (LOIT) Fund is used to account for the City's share of the public safety local option income tax. Expenditures are restricted to public safety.
- The County Option Income Tax (COIT) Fund is used to account for the City's share of the county option income tax. Expenditures include any lawful purpose of the City.
- The Economic Development Income Tax (EDIT) Fund is to account for the City's share of the County Economic Development Tax. Expenditures include any lawful purpose of the City.
- The Rainy Day fund is 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 (COIT) and county economic development income tax (CEDIT).
- The River West TIF (Tax Incremental Financing) Fund is used to account for public improvement projects in the river west economic development area. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of property in the district before redevelopment.

**Proprietary Funds**

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following funds as "major" enterprise funds:

- The Water Utility Fund accounts for the operation of the City's water distribution system.
- The Wastewater Utility Fund accounts for the operation of the City's wastewater treatment plant, pumping stations, and collection systems.

December 31, 2017

**Note 1 - Significant Accounting Policies (Continued)**

- The Century Center Fund accounts for the operation and maintenance of the City's convention center. Financing is received from various user fees for conventions, meetings, and other events held at the civic center and a subsidy from the St. Joseph County's Special Funds Board of Managers.

The City's internal service funds are used to account for various City liability coverage, employee medical coverage, police officers' take home vehicle, innovation & technology/311 call center, unemployment claims, and central services such as fuel, vehicle repairs, and various supplies provided to other departments on a cost-reimbursement basis. The activities are accounted for on a full accrual basis, so that the full costs are recognized and allocated to the various funds in the year that the costs are incurred.

***Fiduciary Funds***

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include the following:

- The pension trust funds account for the activities of the 1925 Police and 1937 Fire Pension Funds which accumulate resources for pension benefit payments.
- The Private-Purpose Trust Fund reports a trust arrangement under which principal and income benefit cemetery maintenance.
- The agency funds account for assets held by the City as an agent for employee payroll, pension, and payroll deductions, held for an entertainment center's event deposits, and collected by the South Bend Police Department from asset seizures.

***Interfund Activity***

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

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

***Basis of Accounting***

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

December 31, 2017

**Note 1 - Significant Accounting Policies (Continued)**

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: property taxes, franchise taxes, licenses, and interest associated with the current fiscal period.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows.

***Specific Balances and Transactions***

***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

***Investments***

State statute (IC 5-13-9) authorizes the City to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Nonparticipating certificates of deposit, demand deposits, and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost. A “nonparticipating” instrument is one that does not recognize market fluctuations in its valuation.

Debt securities are reported at fair value. Debt securities are defined as securities backed by the full faith and credit of the United States Treasury or fully insured or guaranteed by the United States or any United States government agency.

Open-end mutual funds are reported at fair value.

Money market investments are reported fair value.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

***Inventories and Prepaid Items***

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

***Restricted Assets***

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Restricted assets also include customer deposits, operating reserves, capital outlay accounts, and debt service reserve funds.

***Capital Assets***

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

**Note 1 - Significant Accounting Policies (Continued)**

The City has implemented retroactive reporting of its infrastructure as of December 31, 2006.

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All land purchases are capitalized regardless of acquisition price. Land is never depreciated.

Major outlays for capital assets and improvements are capitalized when projects have completed the construction phase. Interest capitalized during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City in its business-type activities during the current year was \$322,201.

Infrastructure, intangibles, buildings, equipment, roads, and vehicles are depreciated using the straight-line method over the following useful lives:

| Capital Asset Class                | Capitalization Threshold | Lives (in years) |
|------------------------------------|--------------------------|------------------|
| Buildings and improvements         | \$ 100,000               | 20 - 30          |
| Large office equipment             | 10,000                   | 5 - 10           |
| Vehicles and other equipment       | 10,000                   | 5 - 20           |
| Roads - Collectors and residential | 250,000                  | 40 - 50          |
| Utilities infrastructure (large)   | 250,000                  | 30 - 99          |

**Long-term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an “other financing source,” as well as bond premiums and discounts. Net position restricted for debt service and for capital outlay shown in the business-type activities and in the enterprise funds are restricted pursuant to state statute and/or local ordinance.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has two items that qualify for reporting in this category. The deferred charge on refunding and deferred charges on pensions that are reported in the governmental activities statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources are recorded with respect to pensions per GASB Statement No. 68.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

**Note 1 - Significant Accounting Policies (Continued)**

The City has three items that qualify for reporting in this category: an unamortized amount related to a service agreement, an unamortized gain related to a sale/leaseback transaction, and deferred inflows related to pensions per GASB Statement No. 68.

***Net Position Flow Assumption***

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

***Fund Balance Flow Assumptions***

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

***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Nonspendable fund balances include items that cannot be spent. This includes activity that is not in a spendable form (long-term portions of loans, property held for resale) and activity that is legally or contractually required to remain intact, such as principal balances in a permanent fund.

Restricted fund balances have constraints placed upon the use of the resources either by an external party such as a grantor or creditor or imposed by law through constitutional provisions or enabling legislation.

Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action by the South Bend Common Council, for all non-TIF Funds, or by the South Bend Redevelopment Commission for TIF Funds. This formal action is the passage of an ordinance by the Council or resolution by the Commission specifying the purposes for which the funds can be used. The same type of formal action is necessary to remove or change the specified use. The South Bend Common Council is the highest level of decision-making authority for the non-TIF Funds. The South Bend Redevelopment Commission is the highest level of decision-making authority for the TIF Funds.

Assigned fund balances include amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For the governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed. Currently, state statute does not require the City's Common Council to undertake any resolution regarding the assignment of fund balances. Assignments of fund balance are imposed by informal action of the City Controller. Formal action by a governing body is not required to assign fund balances.

**Note 1 - Significant Accounting Policies (Continued)**

The unassigned fund balance is the residual amount of the General Fund not included in the four categories above. Only the General Fund may report a positive unassigned fund balance whereas other governmental funds may need to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

The fund balance policy proscribes the minimum fund balance as noted below. This is deemed to be the prudent amount to maintain the City's ability to meet obligations as they come due throughout the year.

- General: 35 percent of annual expenditures
- COIT: 50 percent of annual expenditures
- EDIT: 50 percent of annual expenditures
- Water operating: 5 percent of annual expenditures
- Wastewater operating: 5 percent of annual expenditures
- Other: generally 25 percent of annual expenditures

The detail of the fund balance classifications of the governmental funds for the year ended December 31, 2017 can be found in Note 16.

***Property Tax Revenue***

Property taxes levied are collected by the County Treasurer and are usually distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates are based on the taxable valuation of property as of the preceding January 1. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively, at which time penalties and interest are assessed.

***Pension***

The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Other Postemployment Benefit Costs***

The City offers retiree healthcare benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

**Note 1 - Significant Accounting Policies (Continued)**

***Compensated Absences (Vacation and Sick Leave)***

- Sick Leave - City employees earn sick leave at the rate of four to eight days per year, depending upon employee classification and length of service. Police officers, teamsters, 40-hour-per-week firefighters, and all other employees earn eight sick days per year, regardless of tenure of service. Firefighters working 24-hour workdays with tenure greater than five years earn five days of sick leave per year, and firefighters working 24-hour workdays with tenure less than five years, earn four days of sick leave per year. Sick leave may accumulate to a maximum 90 days for police officers, 100 days for 40-hour-per-week firefighters, 38 days for 24-per-day firefighter, 75 days for teamsters, and 65 days for all other employees. Accumulated sick leave is paid to firefighters and police officers upon termination of employment depending upon the number of sick leave hours transacted, at a rate of 50 percent to 100 percent of the base hourly rate of pay for firefighters and at a rate of one-half the first class patrolman rank rate of pay for police officers. Accumulated sick leave is paid to teamster employees, upon retirement, at a rate of \$40 for each accumulated sick leave day transacted. Sick leave buy-back during employment is paid to firefighters and police officers annually upon request. Upon request, firefighters are paid unused sick days earned in the previous year in excess of 252 hours in the sick day bank at the base hourly rate of pay. Upon request, police officers are paid up to a maximum eight unused sick days at the first class patrolman rate of pay.
- Vacation Leave - Primary government employees earn vacation leave at rates from zero days to 28 days based upon hire date, years of service, and employee classification. Vacation leave does not accumulate from year to year for police officers, firefighters, and teamster employees, except in instances where special cases are approved. Nonbargaining employees carry over to the following year unused vacation time up to a maximum of 160 hours. Employees earn vacation leave during the year for use in the succeeding year. Unused vacation leave is paid to employees upon termination of employment. Firefighters may sell back vacation leave, up to a maximum three days per year, during selected times of the year, at the employee's normal hourly rate of pay.
- Personal Leave - City police officers earn personal leave at the rate of seven days per year, and have the opportunity to earn an additional three days leave with participation in regularly scheduled police practice shooting exercises. Police officers personal leave does not accumulate from year to year. Police officers unused personal leave may be rolled into sick leave. City employees under the teamster contract can use up to four days of their sick leave for personal leave. Personal leave of absence may be available for certain personal, family, and medical reasons when other forms of leave have been exhausted or otherwise not available. Leaves of absences are unpaid although employees may use accrued vacation, sick, and comp time. A leave of absence may not exceed 30 calendar days, however an employee facing exceptional circumstances may seek an additional 30 calendar day leave of absence subject to approval by the department and HR department. Employees who are enrolled in the City's insurance plans will be covered during the initial leave of absence, but benefit time, such as vacation and sick time, will not accrue during this period. While every effort will be made to retain employment opportunities for an individual during this time, there is no guarantee of employment at the completion of personal leave of absence.
- Compensatory Leave - City firefighters can elect to receive compensation for overtime hours worked either through wage payment or compensatory time off work up to a maximum of 240 hours. All other nonexempt employees working overtime hours earn compensatory time off up to a maximum balance of 32 hours, after which they are paid overtime wage. All other exempt employees working overtime hours earn compensatory time up to a maximum balance of 160 hours.

**Note 1 - Significant Accounting Policies (Continued)**

Unused vacation leave for all City employees, and unused sick leave and compensatory leave of firefighters, police officers, and teamsters, is accrued when incurred and reported as a liability in the statement of net position. Amounts due and payable at year end are included in the proprietary fund statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

***Proprietary Funds Operating Classification***

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Wastewater Utility Funds, Century Center fund, and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

***Upcoming Accounting Pronouncements***

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the City to recognize on the face of the financial statements its net OPEB liability related to its participation in the City of South Bend Retiree Health Care Plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending December 31, 2018.

**Note 2 - Stewardship, Compliance, and Accountability**

***Budgetary Information***

Annual budgets are adopted on the cash basis which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. Annual budgets are adopted for the following governmental funds:

Major governmental funds:

- General Fund
- Special Revenue Funds - Park and Recreation, Public Safety Local Option Income Tax (LOIT), County Option Income Tax (COIT), Economic Development Income Tax (EDIT), Rainy Day
- Capital Projects Fund - River West TIF

December 31, 2017

**Note 2 - Stewardship, Compliance, and Accountability (Continued)**

Nonmajor governmental funds:

- Special Revenue Funds - Motor Vehicle Highway, Recreation Nonreverting, Studebaker Oliver Revitalization Grants, Economic Development State Grants, DCI Operating, Community Investment Grants, Police State Seizure, Juvenile Positive Assistance, Unsafe Building, Law Enforcement Continuing Education, Landlord Registration, Loss Recovery, Emergency Telephone System, Local Road and Street, Excess Welfare Distribution, LOIT 2016 Special Distribution, Human Rights-Federal Grant, East Race Waterway, Morris and Palais Marketing, Police Block Grants, Economic Development Commission, Hazmat, Indiana River Rescue, COPS Block Grant II, Regional Police Academy, COPS MORE Grant, Federal Drug Enforcement, Gift, Urban Development Action Grant, Leaf Collection and Removal, Police K-9 Unit, Industrial Revolving, Local Road and Bridge Grant
- Debt Service Fund - College Football Hall of Fame Debt Service, Redevelopment Bond Airport Taxable, Coveleski Bond Debt Service Reserve, Redevelopment Bond Palais Royale, South Bend Building Corporation Debt Service, TIF Erskine Village Debt Service, Smart Streets Debt Service, 2017 Parks Bond Debt Service, Redevelopment Authority Debt Service, Century Center Energy Conservation Debt Service, Eddy St. Commons Debt Service
- Capital Projects Funds - Professional Sports Development, Coveleski Stadium Capital, Zoo Endowment, Park Nonreverting Capital, Cumulative Capital Development, Cumulative Capital Improvement, Morris Performing Arts Center Capital, TIF Leighton Plaza, TIF West Washington, Redevelopment General, TIF No. 1 Southside Development, TIF No. 3 Southside Development, Football Hall of Fame Capital, Major Moves, TIF River East Development, TIF Douglas Road, TIF River East Residential, Certified Technology Park, Palais Royale Historic Preservation, Airport Urban Enterprise Zone, Equipment Leasing, Century Center Energy Conservation Bond, Smart Streets Bond Capital Projects, Parks Bond Capital Projects, 2017 Parks Bond, Eddy St. Commons Capital

On or before August 31, the City Controller submits to the Common Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Common Council to obtain taxpayer comments. Prior to November 1 of each year, the Common Council, through the passage of an ordinance, approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the City Controller receives approval of the Indiana Department of Local Government Finance.

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

Expenditures did not exceed appropriations for any funds or any departments within the General fund, the Parks and Recreation Fund, the Public Safety LOIT Fund, the COIT Fund, the EDIT Fund, the Rainy Day Fund, or any other major or nonmajor governmental fund which required legally approved budgets except for the South Bend Building Corporation and 2017 Parks Bond Capital. These are funds held with a Trustee which had not been formally budgeted in the past. In 2017, trustee fees were not budgeted in the South Bend Building Corporation fund but were deducted from the trustee account in December 2017. A new Parks bond was issued in December 2017 and the closing costs were not formally budgeted in the Parks Bond Fund, however, were all approved during the passing of the bond. Therefore, both funds were over the formal budget in 2017.

**Note 2 - Stewardship, Compliance, and Accountability (Continued)**

***Fund Deficits***

At December 31, 2017, the following fund reported a deficit in fund equity, which are violations of State statute: Urban Development Action Grant (\$210,191).

Fund equity deficits arose primarily from expenditures or expenses exceeding revenues due to the underestimate of current requirements. It is anticipated that these deficits will be repaid from future revenue.

**Note 3 - Deposits and Investments**

Authorization for investment activity is stated in Indiana Code 5-13. Indiana Code 5-13-9 has authorized investment in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government-sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than five years.

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

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

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if that institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At year end, the bank balances held at the following institutions were collateralized with securities held by the pledging financial institution's trust department or agent in the depositor-City's name:

|                         |               |
|-------------------------|---------------|
| US Bank NA              | \$ 29,487,514 |
| Bank of New York Mellon | 4,167,479     |
| 1st Source Bank         | 3,240,894     |
| Wells Fargo Bank, NA    | 620,216       |

**Note 3 - Deposits and Investments (Continued)**

The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories. The City has not formally adopted a deposit policy for custodial credit risk.

**Custodial Credit Risk of Investments**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At year end, \$80,863,205 of investment securities was uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

**Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City must follow state statute and limit the stated final maturities of the investments to no more than five years. The City does not have a formal investment policy for interest rate risk.

At year end, the City had the following investments and maturities:

| Primary Government                | Fair Value    | Less Than 1 Year | One to Two Years | More than Two Years |
|-----------------------------------|---------------|------------------|------------------|---------------------|
| U.S. government agency securities | \$ 80,863,205 | \$ 54,012,331    | \$ 19,201,827    | \$ 7,649,047        |

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. government agency securities are implicitly guaranteed by the full faith and credit of the U.S. government and are recognized as one of the safest investments available. The City does not have a formal investment policy for credit risk.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. It is the City's practice to limit concentration of investments to no more than 10 percent of any institution's asset base. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

**Fair Value Measurements**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The City has the following recurring fair value measurements as of December 31, 2017:

The fair value of U.S. Government Agency securities of \$80,863,205 are valued using significant other observable inputs (Level 2 inputs).

December 31, 2017

**Note 4 - Receivables**

The following receivable accounts have timing and credit characteristics different from typical accounts receivable. As of December 31, 2017 City funds recognized the following loan receivable balances. The schedule shows the total receivable and the portion that is not due within one year. These loans were for economic development projects:

|                                   | Receivable          | Noncurrent          |
|-----------------------------------|---------------------|---------------------|
| TIF River West                    | \$ 715,000          | \$ 695,000          |
| Nonmajor governmental funds:      |                     |                     |
| Economic development state grants | 238,409             | 172,818             |
| Community investment grants       | 219,486             | 171,199             |
| Urban development action grant    | 543,909             | 416,655             |
| Industrial revolving              | 3,858,798           | 3,009,863           |
| Total nonmajor governmental funds | <u>\$ 4,860,602</u> | <u>\$ 3,770,535</u> |

**Note 5 - Net Investment in Capital Assets**

The net investment in capital assets is calculated as follows:

|  | Governmental<br>Activities | Business-type<br>Activities | Total                 |
|--|----------------------------|-----------------------------|-----------------------|
| Capital assets not subject to depreciation   | \$ 44,664,785              | \$ 23,868,925               | \$ 68,533,710         |
| Capital assets subject to depreciation - Net | 223,114,162                | 219,924,562                 | 443,038,724           |
| Deferred outflows (capital related)          | 2,100,425                  | 2,012,436                   | 4,112,861             |
| Revenue bonds payable - Current              | (7,455,635)                | (8,390,000)                 | (15,845,635)          |
| Mortgage bonds payable - Current             | (1,801,815)                | (298,185)                   | (2,100,000)           |
| Notes and loans payable - Current            | (328,293)                  | (188,655)                   | (516,948)             |
| Capital leases payable - Current             | (2,821,969)                | (2,049,437)                 | (4,871,406)           |
| Revenue bonds payable - Noncurrent           | (118,513,374)              | (78,829,814)                | (197,343,188)         |
| Mortgage bonds payable - Noncurrent          | (8,423,157)                | (4,957,298)                 | (13,380,455)          |
| Notes and loans payable - Noncurrent         | (4,108,822)                | (2,210,166)                 | (6,318,988)           |
| Capital leases payable - Noncurrent          | (6,973,643)                | (5,406,732)                 | (12,380,375)          |
| Unspent bond proceeds                        | 36,460,018                 | 2,109,402                   | 38,569,420            |
| Net investment in capital assets             | <u>\$ 155,912,682</u>      | <u>\$ 145,585,038</u>       | <u>\$ 301,497,720</u> |

The business-type activities' unspent bond debt proceeds includes \$641,240 unspent debt proceeds (Note 10) and \$1,468,162 unspent capital lease proceeds with the latter being reported as cash with fiscal agent.

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**Note 6 - Capital Assets**

Capital asset activity of the City's governmental and business-type activities was as follows:

**Governmental Activities**

|  | Balance<br>January 1, 2017 | Additions    | Disposals and<br>Adjustments | Balance<br>December 31,<br>2017 |
|--|----------------------------|--------------|------------------------------|---------------------------------|
| Capital assets not being depreciated:      |                            |              |                              |                                 |
| Land                                       | \$ 14,707,088              | \$ -         | \$ -                         | \$ 14,707,088                   |
| Construction in progress                   | 23,595,717                 | 11,494,134   | (5,132,154)                  | 29,957,697                      |
| Subtotal                                   | 38,302,805                 | 11,494,134   | (5,132,154)                  | 44,664,785                      |
| Capital assets being depreciated:          |                            |              |                              |                                 |
| Buildings                                  | 125,966,988                | 436,680      | (516,814)                    | 125,886,854                     |
| Improvements other than buildings          | 21,377,908                 | 141,351      | -                            | 21,519,259                      |
| Machinery and equipment                    | 47,301,986                 | 4,919,194    | (5,127,030)                  | 47,094,150                      |
| Roads and other infrastructure             | 437,067,498                | 4,373,042    | (95,965)                     | 441,344,575                     |
| Subtotal                                   | 631,714,380                | 9,870,267    | (5,739,809)                  | 635,844,838                     |
| Accumulated depreciation:                  |                            |              |                              |                                 |
| Buildings                                  | 49,668,561                 | 3,500,964    | (494,348)                    | 52,675,177                      |
| Improvements other than buildings          | 9,936,113                  | 777,260      | -                            | 10,713,373                      |
| Machinery and equipment                    | 33,115,197                 | 5,463,279    | (4,933,491)                  | 33,644,985                      |
| Roads and other infrastructure             | 303,916,980                | 11,876,126   | (95,965)                     | 315,697,141                     |
| Subtotal                                   | 396,636,851                | 21,617,629   | (5,523,804)                  | 412,730,676                     |
| Net capital assets being depreciated       | 235,077,529                | (11,747,362) | (216,005)                    | 223,114,162                     |
| Net governmental activities capital assets | \$ 273,380,334             | \$ (253,228) | \$ (5,348,159)               | \$ 267,778,947                  |

December 31, 2017

**Note 6 - Capital Assets (Continued)**

***Business-type Activities***

|   | Balance<br>January 1, 2017 | Additions             | Disposals and<br>Adjustments | Balance<br>December 31,<br>2017 |
|---|----------------------------|-----------------------|------------------------------|---------------------------------|
| Capital assets not being depreciated:     |                            |                       |                              |                                 |
| Land                                      | \$ 2,614,014               | \$ -                  | \$ -                         | \$ 2,614,014                    |
| Construction in progress                  | 19,259,541                 | 4,129,978             | (2,134,608)                  | 21,254,911                      |
| Subtotal                                  | 21,873,555                 | 4,129,978             | (2,134,608)                  | 23,868,925                      |
| Capital assets being depreciated:         |                            |                       |                              |                                 |
| Buildings                                 | 84,190,901                 | -                     | (957,440)                    | 83,233,461                      |
| Improvements other than buildings         | 28,186,217                 | -                     | (246,894)                    | 27,939,323                      |
| Machinery and equipment                   | 41,959,457                 | 2,528,595             | (2,283,052)                  | 42,205,000                      |
| Roads and other infrastructure            | 210,940,599                | 2,923,115             | (3,562,106)                  | 210,301,608                     |
| Subtotal                                  | 365,277,174                | 5,451,710             | (7,049,492)                  | 363,679,392                     |
| Accumulated depreciation:                 |                            |                       |                              |                                 |
| Buildings                                 | 35,418,271                 | 2,044,128             | (583,812)                    | 36,878,587                      |
| Improvements other than buildings         | 7,441,963                  | 1,238,683             | (244,370)                    | 8,436,276                       |
| Machinery and equipment                   | 22,720,699                 | 3,282,947             | (2,048,406)                  | 23,955,240                      |
| Roads and other infrastructure            | 72,354,498                 | 5,237,741             | (3,107,512)                  | 74,484,727                      |
| Subtotal                                  | 137,935,431                | 11,803,499            | (5,984,100)                  | 143,754,830                     |
| Net capital assets being depreciated      | 227,341,743                | (6,351,789)           | (1,065,392)                  | 219,924,562                     |
| Net business-type activity capital assets | <u>\$ 249,215,298</u>      | <u>\$ (2,221,811)</u> | <u>\$ (3,200,000)</u>        | <u>\$ 243,793,487</u>           |

Accumulated depreciation additions shown in the two schedules above include depreciation expense and also include accumulated depreciation on assets transferred from other funds.

Depreciation expense was charged to programs of the primary government as follows:

|  |                      |
|--|----------------------|
| Governmental activities:   |                      |
| General government   | \$ 43,134            |
| Public safety  | 3,047,951            |
| Highways and streets, and other general infrastructure   | 12,884,639           |
| Economic development   | 680,058              |
| Culture and recreation   | 2,877,699            |
| Internal Service funds (depreciation is charged to the various functions based on their usage of the assets) | 159,113              |
| Total governmental activities depreciation expense   | 19,692,594           |
| Prior year accumulated depreciation for transfer in to governmental activities                               | 1,925,035            |
| Total additions to accumulated depreciation per capital asset depreciation schedules                         | <u>\$ 21,617,629</u> |

December 31, 2017

**Note 6 - Capital Assets (Continued)**

|  |                      |
|--|----------------------|
| Business-type activities:  |                      |
| Emergency medical service  | \$ 494,269           |
| Water  | 2,005,541            |
| Wastewater   | 7,167,451            |
| Century Center   | 1,039,541            |
| Building department & code enforcement   | 155,713              |
| Parking garage   | 216,068              |
| Solid waste  | <u>681,082</u>       |
| Total business-type activities expense   | 11,759,665           |
| Prior year accumulated depreciation for transfer in to business-type activities      | <u>43,834</u>        |
| Total additions to accumulated depreciation per capital asset depreciation schedules | <u>\$ 11,803,499</u> |

**Construction Commitments**

The City has active construction projects at year end. As of December 31, 2017, the City's commitments with contractors are as follows:

|  | <u>Spent to Date</u> | <u>Remaining<br/>Commitment</u> |
|--|----------------------|---------------------------------|
| Governmental activities:                               |                      |                                 |
| Edison and Ironwood Road Corridor Rehabilitation       | \$ 1,003,927         | \$ 395,698                      |
| Howard Park Renovation - Demolition                    | 140,918              | 13,617                          |
| Fire Station #4  | 1,674,818            | 1,533,124                       |
| Western Avenue Corridor Improve. (Bendix to Olive St.) | 2,613,363            | 185,411                         |
| One Way to Two Way Conversion:                         |                      |                                 |
| Bartlett Improvements                                  | 588,059              | 30,555                          |
| Marion Roundabout                                      | 760,409              | 5,096                           |
| Main, Michigan, & St Joseph                            | 18,669,140           | 1,007,970                       |
| Chippewa Avenue Roundabout                             | <u>4,507,063</u>     | <u>333,658</u>                  |
| Total governmental activities                          | 29,957,697           | 3,505,129                       |
| Business-type activities:                              |                      |                                 |
| Water utility:   |                      |                                 |
| North Station Well #1 Replacement                      | 93,400               | 14,357                          |
| Prairie Ave Water Main Loop                            | 15,685               | 176,815                         |
| South Wellfield, Plant & Pressure Zone Improvements    | 37,681               | 112,319                         |
| Wastewater utility:                                    |                      |                                 |
| Secondary Clarifier Rehab/Secondary Treatment Impr.    | 16,719,451           | 9,051                           |
| Digester Gas Utilization                               | 702,812              | 51,188                          |
| WWTP Influent Gates Improvement                        | 65,801               | 1,006,419                       |
| East Bank Sewer Separation Phase 5                     | <u>3,620,081</u>     | <u>1,134</u>                    |
| Total business-type activities                         | <u>21,254,911</u>    | <u>1,371,283</u>                |
| Total  | <u>\$ 51,212,608</u> | <u>\$ 4,876,412</u>             |

December 31, 2017

**Note 7 - Interfund Receivables, Payables, and Transfers**

Interfund balances resulted from the time lag between the dates that (1) interfund loans are repaid, (2) interfund goods and services are provided or reimbursable expenditures occur, (3) transactions are recorded in the accounting system, and (4) payments between funds are made. The composition of interfund balances at December 31, 2017 is as follows:

| Receivable Fund             | Payable Fund           | Amount    |
|-----------------------------|------------------------|-----------|
| General Fund                | River West TIF         | \$ 18,875 |
|                             | Water Utility          | 211       |
|                             | Total General Fund     | 19,086    |
| Parks and Recreation        | Nonmajor governmental  | 2,726     |
| River West TIF              | Nonmajor governmental  | 848       |
| Nonmajor governmental funds | Internal service       | 1,288     |
| Water Utility               | General                | 14,378    |
|                             | Parks and Recreation   | 8,281     |
|                             | EDIT                   | 810       |
|                             | Nonmajor governmental  | 1,375     |
|                             | Wastewater Utility     | 671       |
|                             | Nonmajor enterprise    | 3,500     |
|                             | Internal service       | 1,150     |
|                             | Total Water Utility    | 30,165    |
| Wastewater Utility          | Water Utility          | 3,050     |
| Internal service            | General                | 418       |
|                             | Century Center         | 2,760     |
|                             | Total Internal service | 3,178     |
|                             | Total                  | \$ 60,341 |

The City has made the following long-term advances between funds:

| Fund Borrowed From          | Fund Loaned To                    | Amount       |
|-----------------------------|-----------------------------------|--------------|
| General Fund                | Nonmajor governmental funds       | \$ 447,003   |
| COIT                        | Nonmajor governmental funds       | 1,225,456    |
| Nonmajor governmental funds | River West TIF                    | 300,000      |
|                             | Nonmajor governmental funds       | 3,157,841    |
|                             | Nonmajor enterprise funds         | 31,191       |
|                             | Total Nonmajor governmental funds | 3,489,032    |
|                             | Total                             | \$ 5,161,491 |

December 31, 2017

**Note 7 - Interfund Receivables, Payables, and Transfers (Continued)**

Specific purposes of the advances are as follows: the General Fund advanced funds to the Football Hall of Fame to cover operating expenses. The COIT Fund advanced funds to the Urban Development Action Grant Fund for community development projects. Major Moves advanced funds to the Douglas Road and River East Residential TIFs for project costs incurred to construct roads and a parking garage.

Interfund transfers reported in the fund financial statements are comprised of the following:

| Receiving Fund (Transfer In) | Paying Fund (Transfer Out)  | Amount               |
|------------------------------|-----------------------------|----------------------|
| General Fund                 | Water Utility               | \$ 1,785,924         |
|                              | Wastewater Utility          | 4,422,408            |
|                              | Total General Fund          | 6,208,332            |
| Parks and Recreation         | COIT                        | 1,640,354            |
|                              | EDIT                        | 400,000              |
|                              | Total Parks and Recreation  | 2,040,354            |
| EDIT                         | Nonmajor governmental       | 735,240              |
| River West TIF               | Nonmajor governmental       | 24,891               |
| Nonmajor governmental        | General                     | 47,726               |
|                              | COIT                        | 1,925,974            |
|                              | EDIT                        | 4,516,738            |
|                              | River West TIF              | 3,939,598            |
|                              | Nonmajor governmental       | 9,620,265            |
|                              | Century Center              | 82,167               |
|                              | Total Nonmajor governmental | 20,132,468           |
| Nonmajor enterprise          | EDIT                        | 2,167,316            |
|                              | Total                       | <u>\$ 31,308,601</u> |

December 31, 2017

**Note 7 - Interfund Receivables, Payables, and Transfers (Continued)**

The City typically uses transfers to fund ongoing operating subsidies. Specific purposes of the transfers are as follows: The Water and Wastewater Utility Funds transferred PILOT funds to the General Fund for general use. The COIT, EDIT, River West TIF, Cumulative Capital Improvement, and TIF River East Residential Funds transferred funds to the Redevelopment Authority and South Bend Building Corporation Debt Services Funds for debt service payments. The COIT and EDIT Funds transferred funds to the Motor Vehicle Highway Fund for general operations as well as for the curb and sidewalk improvements. The EDIT Fund transferred funds to the DCI Operating Fund for salaries and wages relating to community investment initiatives and to the Consolidated Building Fund for general operations of Code Enforcement and Animal Care & Control. The Leaf Collection and Removal Fund transferred funds collected from customers for leaf collection to the Motor Vehicle Highway Fund to cover supervisory personnel in charge of the Leaf Collection and Removal program.

**Note 8 - Leases**

**Operating Leases**

The City has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for golf cart global positioning systems, office machines, and office space. Rental expenditures for these leases were \$195,110. The following is a schedule by years of future minimum rental payments as of December 31, 2017:

| Years Ending<br>December 31 | Amount            |
|-----------------------------|-------------------|
| 2018                        | \$ 198,675        |
| 2019                        | 162,166           |
| 2020                        | 140,081           |
| 2021                        | 108,370           |
| 2022                        | 108,370           |
| Total                       | <u>\$ 717,662</u> |

**Capital Leases**

The City has entered into various lease agreements as lessee for financing the purchase of various types of equipment and two parking garages. The parking garage capital leases are being repaid from governmental funds. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2017 are as follows:

| Years Ending December 31             | Governmental<br>Activities | Business-type<br>Activities |
|--------------------------------------|----------------------------|-----------------------------|
| 2018                                 | \$ 3,015,737               | \$ 2,188,756                |
| 2019                                 | 2,530,619                  | 1,963,099                   |
| 2020                                 | 2,145,675                  | 1,901,919                   |
| 2021                                 | 1,554,017                  | 1,102,981                   |
| 2022                                 | 544,011                    | 620,300                     |
| Thereafter                           | <u>600,000</u>             | <u>-</u>                    |
| Total minimum lease<br>payments      | 10,390,059                 | 7,777,055                   |
| Less amount representing<br>interest | <u>594,447</u>             | <u>320,886</u>              |
| Present value                        | <u>\$ 9,795,612</u>        | <u>\$ 7,456,169</u>         |

December 31, 2017

**Note 8 - Leases (Continued)**

Assets acquired through capital leases still in effect are as follows:

|                          | Governmental<br>Activities | Business-type<br>Activities |
|--------------------------|----------------------------|-----------------------------|
| Buildings                | \$ -                       | \$ 1,324,615                |
| Machinery and equipment  | 8,864,292                  | 6,219,293                   |
| Total                    | 8,864,292                  | 7,543,908                   |
| Accumulated depreciation | (3,437,787)                | (3,106,510)                 |
| Total                    | <u>\$ 5,426,505</u>        | <u>\$ 4,437,398</u>         |

**Note 9 - Long-term Debt**

Long-term debt activity for the year ended December 31, 2017 can be summarized as follows:

**Governmental Activities**

|   | Beginning<br>Balance  | Additions            | Reductions             | Ending Balance        | Due Within One<br>Year |
|---|-----------------------|----------------------|------------------------|-----------------------|------------------------|
| Bonds and contracts payable:                    |                       |                      |                        |                       |                        |
| Mortgage bonds payable                          | \$ 12,091,550         | \$ -                 | \$ (1,866,578)         | \$ 10,224,972         | \$ 1,801,815           |
| Revenue bonds                                   | 99,040,132            | 39,075,000           | (12,146,123)           | 125,969,009           | 7,455,635              |
| Total bonds payable                             | 111,131,682           | 39,075,000           | (14,012,701)           | 136,193,981           | 9,257,450              |
| Notes and loans payable                         | 4,647,381             | -                    | (210,266)              | 4,437,115             | 328,293                |
| Capital leases                                  | 10,929,075            | 1,652,816            | (2,786,279)            | 9,795,612             | 2,821,969              |
| Subtotal  | 126,708,138           | 40,727,816           | (17,009,246)           | 150,426,708           | 12,407,712             |
| Net pension liability                           | 180,714,296           | -                    | (1,829,120)            | 178,885,176           | -                      |
| Net OPEB obligation                             | 13,285,244            | 1,635,492            | -                      | 14,920,736            | -                      |
| Accumulated compensated<br>absences             | 4,756,341             | 5,503,833            | (4,756,341)            | 5,503,833             | 5,503,833              |
| Total governmental<br>activities long-term debt | <u>\$ 325,464,019</u> | <u>\$ 47,867,141</u> | <u>\$ (23,594,707)</u> | <u>\$ 349,736,453</u> | <u>\$ 17,911,545</u>   |

**Business-type Activities**

|  | Beginning<br>Balance  | Additions           | Reductions             | Ending Balance        | Due Within One<br>Year |
|--|-----------------------|---------------------|------------------------|-----------------------|------------------------|
| Bonds payable:                                   |                       |                     |                        |                       |                        |
| Mortgage bonds                                   | \$ 5,556,865          | \$ -                | \$ (301,382)           | \$ 5,255,483          | \$ 298,185             |
| Revenue bonds                                    | 95,477,047            | -                   | (8,257,233)            | 87,219,814            | 8,390,000              |
| Total bonds payable:                             | 101,033,912           | -                   | (8,558,615)            | 92,475,297            | 8,688,185              |
| Capital leases                                   | 6,585,123             | 2,947,063           | (2,076,018)            | 7,456,168             | 2,049,437              |
| Notes and loans payable                          | 2,582,205             | -                   | (183,384)              | 2,398,821             | 188,655                |
| Total business-type<br>activities long-term debt | <u>\$ 110,201,240</u> | <u>\$ 2,947,063</u> | <u>\$ (10,818,017)</u> | <u>\$ 102,330,286</u> | <u>\$ 10,926,277</u>   |

Total interest expense for the year was \$7,434,320.

**Note 9 - Long-term Debt (Continued)**

***Revenue Bonds***

The City issues bonds to provide for the acquisition and construction of major capital facilities. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets and to pay debt service.

The City has pledged future revenue, net of operating expenses, to repay water and wastewater utilities' bonds. Bond ordinances require monthly deposits of a portion of user fee revenue sufficient to meet requirements of the next principal, interest, and bank fiscal charge payment. Water and wastewater bond ordinances also require monthly deposits of user fee revenues over 60 months to produce a bond reserve equal to approximately the maximum annual debt service.

During 2017, the Water Utility paid \$2,272,767 in debt payments or approximately 14.9 percent of operating revenue. The Wastewater Utility paid \$10,043,744 in debt payments or approximately 25.9 percent of operating revenue.

The City has pledged tax incremental financing revenue to meet tax incremental financing and Redevelopment Authority debt requirements. The City has pledged economic development income taxes (EDIT) to meet the EDIT revenue bond debt requirements with payments of debt service of \$557,242 during 2017. The City has also pledged taxes in the Professional Sports and Convention Development (PSCD) Area to meet the PSCD revenue bonds with payments of debt service of \$827,155 during 2017.

December 31, 2017

**Note 9 - Long-term Debt (Continued)**

Revenue bonds outstanding at December 31, 2017 are as follows:

| Purpose   | Amount       |
|---|--------------|
| <b>Governmental Activities</b>  |              |
| 2014 St. Joseph County PSAP (EDIT) Revenue Bonds<br>City's portion of \$9,155,000 bond (29.03%)<br>Interest rates: 2.0% to 3.625%<br>Original issue: \$2,657,697<br>Installments of \$12,799 to \$16,611 plus interest<br>Maturity: December 31, 2034 | \$ 2,278,855 |
| 2014 TJX Special Taxing District Refunding Bonds<br>Interest rates: 2.0% - 3.0%<br>Original issue: \$3,440,000<br>Installments of \$395,000 to \$470,000 plus interest<br>Maturity: January 1, 2022   | 1,795,000    |
| 2003 Amended River West TIF Refunding<br>Interest rates: 4.0% to 5.2%<br>Original issue: \$14,420,000<br>Installments of \$254,036 to \$530,000 plus interest<br>Maturity: February 1, 2025   | 6,375,000    |
| 2011 Downtown TIF Refunding<br>Interest rates: 4.0% to 5.2%<br>Original issue: \$19,795,000<br>Installments of \$260,000 to \$935,000 plus interest<br>Maturity: February 1, 2025   | 11,185,000   |
| 2015 Eddy Street Common Refunding<br>Interest rates: 4.0% to 6.0%<br>Original issue: \$36,000,000<br>Installments of \$145,000 to \$1,420,000 plus interest<br>Maturity: February 15, 2033  | 28,760,000   |
| 2013 Century Center Improvements<br>Interest rates: 4.0% to 5.63%<br>Original issue: \$4,655,000<br>Installments: \$155,000 to \$375,000 plus interest *<br>Maturity: May 1, 2028   | 2,875,000    |
| 2011 Hall of Fame Refinancing<br>Interest rates: .8% to 3.65%<br>Original issue: \$7,580,000<br>Installments of \$550,000 to \$615,000 plus interest<br>Maturity: February 1, 2018  | 620,000      |
| 2011 Century Center Refinancing<br>Interest rates: 2.0% to 3.0%<br>Original issue: \$2,980,000<br>Installments of \$215,000 to \$260,000 plus interest<br>Maturity: February 1, 2018  | 245,000      |
| 2015 Redevelopment Authority Smart Streets Bonds (Bank of America/Merrill)<br>Interest rates: 3.0 - 4.0%<br>Original issue: \$25,000,000<br>Installments of \$460,000 to \$840,000 plus interest<br>Maturity: February 1, 2037                        | 24,540,000   |
| 2015 EDIT/Parks Bonds (Bank of America)<br>Interest rates: 3.00 - 3.75%<br>Original issue: \$5,605,000<br>Installments of \$16,667 to \$65,000 plus interest<br>Maturity: August 1, 2035  | 5,190,000    |

December 31, 2017

**Note 9 - Long-term Debt (Continued)**

| Purpose  | Amount             |
|--|--------------------|
| 2010 Stadium Recovery Zone - Taxable<br>Interest rates: 1.75% to 5.2%<br>Original issue: \$4,980,000<br>Installments of \$580,000 to \$670,000 plus interest<br>Maturity: January 5, 2019  | \$ 1,015,000       |
| 2017 Eddy Street Commons Phase II (First Internet Public Finance - private placement)<br>Interest rates: 5.0%<br>Original issue: \$25,000,000<br>Installments of \$628,472 to \$1,834,750 plus interest<br>Maturity: February 15, 2037 | 25,000,000         |
| 2017 Park District Bonds, Series 2017A-K<br>Interest rates: 1.75% to 5.2%<br>Original issue: \$14,075,000<br>Installments of \$350,000 to \$580,000 plus interest<br>Maturity: January 15, 2033  | <u>14,075,000</u>  |
| Total governmental activities  | <u>123,953,855</u> |
| <br><b>Business-type Activities</b>  |                    |
| 2016 Waterworks Refunding Bonds (City Securities)<br>Interest rates: 3.0%<br>Original issue: \$3,300,000<br>Installments of \$260,000 to \$440,000 plus interest<br>Maturity: January 1, 2027  | \$ 2,895,000       |
| 2009 Water Works Improvement<br>Interest rates: 3.80% to 5.89%<br>Original issue: \$5,380,000<br>Installments of \$195,000 to \$455,000 plus interest<br>Maturity: January 1, 2030   | 4,085,000          |
| 2012 Water Works Improvement<br>Interest rate: 2.0%<br>Original issue: \$5,975,000<br>Installments of \$335,000 to \$425,000 plus interest<br>Maturity: January 1, 2023  | 2,005,000          |
| 2012B Water Works Improvement<br>Interest rates: 2.0% to 3.7%<br>Original issue: \$8,300,000<br>Installments of \$340,000 to \$540,000 plus interest<br>Maturity: January 1, 2033  | 6,570,000          |
| 2015 Sewage Works Refunding Bonds (Huntington Public Capital)<br>Interest rates: 2.0%<br>Original issue: \$27,440,000<br>Installments of \$2,475,000 to \$3,025,000 plus interest<br>Maturity: December 1, 2025                        | 22,435,000         |
| 2010 Sewage Works Revenue Interest rates: 2.0% to 4.5%<br>Original issue: \$9,345,000<br>Installments of \$365,000 to \$665,000 plus interest<br>Maturity: December 1, 2030  | 6,750,000          |
| 2011 Sewage Works Revenue Interest rates: 3.0% to 4.0%<br>Original issue: \$21,500,000<br>Installments of \$365,000 to \$665,000 plus interest<br>Maturity: December 1, 2031   | 16,400,000         |

December 31, 2017

**Note 9 - Long-term Debt (Continued)**

| Purpose   | Amount            |
|---|-------------------|
| 2012 Sewage Works Revenue Interest rates: 2.0% to 2.75%<br>Original issue: \$25,000,000<br>Installments of \$1,105,000 to \$1,650,000 plus interest<br>Maturity: December 1, 2032 | 19,830,000        |
| 2013A Sewage Works Revenue<br>Interest rate: 1.94%<br>Original issue: \$14,765,000<br>Installments of \$1,065,000 to \$715,000 plus interest<br>Maturity: December 11, 2024       | <u>6,095,000</u>  |
| Total business-type activities  | <u>87,065,000</u> |

***Mortgage Bonds***

Mortgage bonds outstanding at December 31, 2017 are as follows:

| Purpose   | Amount           |
|---|------------------|
| <b>Governmental Activities</b>  |                  |
| 2010 Public Works Service Center Refunding<br>Interest rates: 3.0% to 5.0%<br>Original issue: \$6,075,000, 87.7% Governmental (\$5,327,775)<br>Principal installments: \$525,000 to \$615,000 plus interest<br>Maturity: February 1, 2021 | \$ 1,911,860     |
| 2012 New Fire Station/Police Renovations Refunding<br>Interest rates: 2.1% to 5.0%<br>Original issue: \$13,595,000<br>Principal installments: \$545,000 to \$770,000<br>Maturity: February 1, 2023  | <u>7,645,000</u> |
| Total governmental activities   | <u>9,556,860</u> |
| <b>Business-type Activities</b>   |                  |
| 2010 Public Works Service Center Refunding<br>Interest rates: 3.0% to 5.0%<br>Original issue: \$6,075,000, 12.3% Business-Type (\$747,225)<br>Installments of \$525,000 to \$615,000 plus interest<br>Maturity: February 1, 2021          | \$ 268,140       |
| 2013 Building Corp EMS Fire Station/Tower Bonds<br>Interest rates: 3.0% to 4.2%<br>Original issue: \$5,580,000<br>Installments \$215,000 to \$235,000 plus interest<br>Maturity: February 1, 2033   | <u>4,920,000</u> |
| Total business-type activities  | <u>5,188,140</u> |

December 31, 2017

**Note 9 - Long-term Debt (Continued)**

**Notes and Loans Payable**

Notes and loans payable outstanding at December 31, 2017 are as follows:

| Purpose  | Amount           |
|--|------------------|
| <b>Governmental Activities</b>   |                  |
| Indiana Development Finance Authority (Bosch Project)<br>Interest rate: 3.034%<br>Original issue: \$1,040,000<br>Installments of \$18,003 per quarter, includes interest<br>Maturity: March 22, 2021 | \$ 238,409       |
| 2014 Coveleski Stadium Synagogue Installment Purchase Agreement<br>Interest rate: none<br>Original issue: \$500,000<br>Installments of \$100,000 per year<br>Maturity: January 31, 2018              | 100,000          |
| 2015 Century Center Energy Conservation Bond<br>Interest rates: 3.5%<br>Original issue: \$4,167,897<br>Installments of \$22,585 to \$176,508 plus interest<br>Maturity: May 1, 2031                  | <u>4,098,706</u> |
| Total governmental activities  | <u>4,437,115</u> |
| <b>Business-type Activities</b>  |                  |
| 2009 Water Works State Revolving Loan<br>Interest rate: 3.37%<br>Original issue: \$427,332<br>Installments of \$17,719 to \$29,459 plus interest<br>Maturity: January 1, 2030                        | \$ 311,650       |
| 2009 Sewage Works State Revolving Loan<br>Interest rate: 2.81%<br>Original issue: \$3,297,000<br>Installments of \$130,201 to \$220,378 plus interest<br>Maturity: December 1, 2028                  | <u>2,087,171</u> |
| Total business-type activities   | <u>2,398,821</u> |

Excluded from the governmental activities amounts outstanding are total unamortized premiums of \$668,112 and \$2,015,154 related to the mortgage bonds and revenue bonds, respectively.

Excluded from the business-type activities amounts outstanding are total unamortized premiums of \$67,343 and \$154,814 related to the mortgage bonds and revenue bonds, respectively.

**Other Long-term Liabilities**

Compensated absences for governmental activities typically have been liquidated from the General Fund and special revenue funds. All of the December 31, 2017 business-type activities' compensated absences are due within one year. The net 1925 Police and 1937 Firefighters' pension liability will be liquidated from the pension trust funds. The Public Employees' Retirement Fund (PERF) liability will not be liquidated from the pension trust funds. The net OPEB obligation will be liquidated from the General Fund.

December 31, 2017

**Note 9 - Long-term Debt (Continued)**

**Debt Service Requirements to Maturity**

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

| Years Ending<br>December 31 | Governmental Activities |                      |                      | Business-type Activities |                      |                      |
|-----------------------------|-------------------------|----------------------|----------------------|--------------------------|----------------------|----------------------|
|                             | Principal               | Interest             | Total                | Principal                | Interest             | Total                |
| 2018                        | \$ 9,585,743            | \$ 5,146,211         | \$ 14,731,954        | \$ 8,876,840             | \$ 2,749,614         | \$ 11,626,454        |
| 2019                        | 9,130,564               | 4,975,843            | 14,106,407           | 7,729,722                | 2,538,876            | 10,268,598           |
| 2020                        | 9,192,967               | 4,636,529            | 13,829,496           | 7,733,376                | 2,346,547            | 10,079,923           |
| 2021                        | 9,545,632               | 4,292,243            | 13,837,875           | 7,910,986                | 2,149,441            | 10,060,427           |
| 2022                        | 9,305,874               | 3,893,829            | 13,199,703           | 8,096,301                | 1,948,819            | 10,045,120           |
| 2023-2027                   | 34,995,959              | 14,298,239           | 49,294,198           | 33,126,225               | 6,569,409            | 39,695,634           |
| 2028-2032                   | 32,027,888              | 8,481,113            | 40,509,001           | 20,753,511               | 2,033,813            | 22,787,324           |
| 2033-2037                   | 24,163,203              | 2,662,024            | 26,825,227           | 425,000                  | 8,925                | 433,925              |
| Total                       | <u>\$137,947,830</u>    | <u>\$ 48,386,031</u> | <u>\$186,333,861</u> | <u>\$ 94,651,961</u>     | <u>\$ 20,345,444</u> | <u>\$114,997,405</u> |

**Note 10 - Restricted Assets**

At December 31, 2017, the balances of restricted assets in the enterprise funds are comprised of the following:

|                                  |                      |
|----------------------------------|----------------------|
| Debt service fund                | \$ 883,210           |
| Customer repair and deposit fund | 3,374,312            |
| Cash with fiscal agent           | 1,697,757            |
| Bond reserve fund                | 5,528,243            |
| Operating reserve fund           | 7,754,376            |
| Capital outlay accounts          | 9,743,877            |
| Unspent bond proceeds            | <u>641,240</u>       |
| Total                            | <u>\$ 29,623,015</u> |

Cash with fiscal agent includes \$1,468,162 for capital asset purchases and \$229,595 for debt purchases.

**Note 11 - Property Held for Resale**

The City's Redevelopment Commission has purchased properties in blighted areas for redevelopment and subsequent resale. At December 31, 2017, the market value of these properties was not known. These properties are recognized as assets in the funds that purchased the property.

**Note 12 - Service Concession Agreement**

On July 1, 2013, the City entered into a Service Concession Agreement (SCA) with SMG, a civic center management company, with the purpose of obtaining high-quality professional management of the Century Center. The initial term of the contract extends through June 30, 2016, has been extended through December 31, 2019, and is renewable for an additional three-year period. SMG's compensation is a flat fee of \$135,000 for the first year and is then adjusted by the CPI (Consumer Price Index) for each successive year. There are also additional financial incentives based on various operational goals. SMG is responsible for all operations and financial reporting.

Additionally, SMG contributed a one-time capital infusion of \$575,000, to be used for capital improvement that will be amortized over seventy-two (72) months.

Both parties retain certain rights regarding operations and contract cessation.

**Note 13 - Risk Management**

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

***Liability Insurance***

The City has chosen to establish a risk financing fund for risks associated with job-related illnesses or injuries to employees, automobile liability, and comprehensive liability. The risk financing fund is accounted for in the Liability Insurance Premium Reserve Fund, an internal service fund, whereby assets are set aside for claim settlements. Excess policies through commercial insurance covers individual claims in excess of \$300,000 per claim for job-related illnesses or injuries to employees (workers' compensation) and \$100,000 per claim for damage to and destruction of assets (property damage). In recent years, claims resulting from property damage exceeded the property insurance self-retention amount. No such claims occurred in 2015. In 2016, a claim was incurred at a loss of \$425,000. In 2017, a claim was incurred at a loss of \$218,522. A premium is charged to each fund based on a study of paid claims and based on the number of employees and percent of the total budget. Provisions are also made for unexpected and unusual claims.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts, and other economic and social factors. The entire insurance liability balance is reported as a current liability as the City has the intent to pay within one year.

***Group Health Insurance***

The City has chosen to establish a risk financing fund for risks associated with medical benefits of employees and their covered dependents. The risk financing fund is accounted for in the Self-Funded Employee Benefits Fund, an internal service fund, whereby assets are set aside for benefit costs. An excess policy through commercial insurance covers individual claims in excess of \$300,000 per year. Claims resulting from this risk exceeded the self-retention amount during 2015, 2016, and 2017 by \$398,000, \$1,585,602, and \$109,466, respectively. A premium is charged to each fund based on the number of employees and estimated costs exceeding the employees' contributions. Provisions are also made for unexpected and unusual claims.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts, and other economic and social factors.

December 31, 2017

**Note 13 - Risk Management (Continued)**

Changes in the estimated liability for the past two fiscal years were as follows:

|   | Liability Insurance |                     | Group Health      |                     |
|---|---------------------|---------------------|-------------------|---------------------|
|   | 2017                | 2016                | 2017              | 2016                |
| Unpaid claims - Beginning of year                           | \$ 1,303,401        | \$ 1,476,268        | \$ 1,014,214      | \$ 1,097,776        |
| Incurred claims, including claims incurred but not reported | 686,896             | 653,732             | 13,366,020        | 12,074,811          |
| Claim payments  | (814,756)           | (826,599)           | (13,446,014)      | (12,158,373)        |
| Unpaid claims - End of year                                 | <u>\$ 1,175,541</u> | <u>\$ 1,303,401</u> | <u>\$ 934,220</u> | <u>\$ 1,014,214</u> |

**Note 14 - Subsequent Events**

On March 29, 2018, the City sold general obligation bonds in an amount of \$5,045,000. These bonds are financing a new Fire Station #9 and an additional building at the Fire Training Center.

On April 25, 2018, the City sold Redevelopment District Bonds in an amount of \$11,995,000. These bonds are financing various Park improvements related to the City’s overall MySB Parks and Trails Master Plan.

On May 25, 2018, the City entered into a five year capital lease in an amount of \$6,115,434. This lease will be used to finance various equipment purchases in the Fire, Solid Waste, Police, Streets, Parks and other smaller departments.

On February 28, 2012, the City, the United States of America, and the State of Indiana, agreed to a consent decree to resolve claims against the City for alleged violations of the Clean Water Act. The decree includes several provisions, including a long term control plan that requires the City to complete a construction program by December 31, 2031 at a cost of approximately \$509.5 million in 2007 dollars to comprehensively upgrade and expand the City's sewage collection, storage, conveyance, and treatment system. Under this agreement South Bend was required to undertake a review of the Plan after five years and this review was completed in 2017. The review resulted in a revised plan that calls for a reduced investment of \$200 million in 2017 dollars. The plan will meet the same environmental goals and will still run to 2031. South Bend is currently working with State and Federal environmental regulators to have this new more cost efficient plan formally endorsed.

**Note 15 - Conduit Debt Obligation**

From time to time, the City has issued industrial revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2017 there were several series of industrial revenue bonds outstanding. The City has been unable to obtain the total outstanding principal amount for the outstanding bonds. During 2017 the City approved no new industrial revenue bonds.

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**Note 16 - Fund Balance Constraints**

The detail of the various components of fund balance is as follows:

|                                     | General Fund         | Parks and Recreation | Public Safety LOIT | COIT                | EDIT                 | Rainy Day            | River West TIF       | Nonmajor Funds        | Total                 |
|-------------------------------------|----------------------|----------------------|--------------------|---------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| <b>Nonspendable:</b>                |                      |                      |                    |                     |                      |                      |                      |                       |                       |
| Inventory                           | \$ -                 | \$ 30,833            | \$ -               | \$ -                | \$ -                 | \$ -                 | \$ -                 | \$ -                  | \$ 30,833             |
| Advances to other funds             | 447,003              | -                    | -                  | 1,225,456           | -                    | -                    | -                    | 3,489,032             | 5,161,491             |
| Property held for resale            | -                    | -                    | -                  | 174,999             | 270,001              | -                    | 8,602,922            | 3,668,443             | 12,716,365            |
| Noncurrent loans receivable         | -                    | -                    | -                  | -                   | -                    | -                    | 695,000              | 3,770,535             | 4,465,535             |
| <b>Total nonspendable</b>           | <b>447,003</b>       | <b>30,833</b>        | <b>-</b>           | <b>1,400,455</b>    | <b>270,001</b>       | <b>-</b>             | <b>9,297,922</b>     | <b>10,928,010</b>     | <b>22,374,224</b>     |
| <b>Restricted:</b>                  |                      |                      |                    |                     |                      |                      |                      |                       |                       |
| Debt service                        | -                    | -                    | -                  | -                   | -                    | -                    | -                    | 9,282,672             | 9,282,672             |
| General administration              | -                    | -                    | -                  | -                   | -                    | -                    | -                    | 3,858,116             | 3,858,116             |
| Police and fire salaries            | -                    | -                    | 880,255            | -                   | -                    | -                    | -                    | -                     | 880,255               |
| Police and fire programs            | -                    | -                    | -                  | -                   | -                    | -                    | -                    | 1,055,724             | 1,055,724             |
| Street maintenance                  | -                    | -                    | -                  | -                   | -                    | -                    | -                    | 14,088,837            | 14,088,837            |
| Economic development projects       | -                    | -                    | -                  | -                   | -                    | -                    | 27,814,965           | 40,978,779            | 68,793,744            |
| Parks maintenance                   | -                    | 6,121,245            | -                  | -                   | -                    | -                    | -                    | 787,227               | 6,908,472             |
| Culture capital projects            | -                    | -                    | -                  | -                   | -                    | -                    | -                    | 16,530,347            | 16,530,347            |
| Street capital projects             | -                    | -                    | -                  | -                   | -                    | -                    | -                    | 3,904,500             | 3,904,500             |
| <b>Total restricted</b>             | <b>-</b>             | <b>6,121,245</b>     | <b>880,255</b>     | <b>-</b>            | <b>-</b>             | <b>-</b>             | <b>27,814,965</b>    | <b>90,486,202</b>     | <b>125,302,667</b>    |
| <b>Committed:</b>                   |                      |                      |                    |                     |                      |                      |                      |                       |                       |
| General administration              | -                    | -                    | -                  | -                   | -                    | -                    | -                    | 1,095,409             | 1,095,409             |
| Police and fire programs            | -                    | -                    | -                  | -                   | -                    | -                    | -                    | 124,318               | 124,318               |
| Economic development projects       | -                    | -                    | -                  | -                   | -                    | -                    | -                    | 414,621               | 414,621               |
| Cultural capital                    | -                    | -                    | -                  | -                   | -                    | -                    | -                    | 758,337               | 758,337               |
| <b>Total committed</b>              | <b>-</b>             | <b>-</b>             | <b>-</b>           | <b>-</b>            | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>2,392,685</b>      | <b>2,392,685</b>      |
| <b>Assigned:</b>                    |                      |                      |                    |                     |                      |                      |                      |                       |                       |
| General administration              | 1,242,770            | -                    | -                  | 7,898,371           | 12,617,164           | 10,281,405           | -                    | -                     | 32,039,710            |
| Police and fire programs            | -                    | -                    | -                  | -                   | -                    | -                    | -                    | 2,886                 | 2,886                 |
| Street maintenance                  | -                    | -                    | -                  | -                   | -                    | -                    | -                    | 858,520               | 858,520               |
| Economic development administration | -                    | -                    | -                  | -                   | -                    | -                    | -                    | 1,110,855             | 1,110,855             |
| <b>Total assigned</b>               | <b>1,242,770</b>     | <b>-</b>             | <b>-</b>           | <b>7,898,371</b>    | <b>12,617,164</b>    | <b>10,281,405</b>    | <b>-</b>             | <b>1,972,261</b>      | <b>34,011,971</b>     |
| <b>Unassigned</b>                   |                      |                      |                    |                     |                      |                      |                      |                       |                       |
|                                     | 33,776,487           | -                    | -                  | -                   | -                    | -                    | -                    | (626,846)             | 33,149,641            |
| <b>Total fund balance</b>           | <b>\$ 35,466,260</b> | <b>\$ 6,152,078</b>  | <b>\$ 880,255</b>  | <b>\$ 9,298,826</b> | <b>\$ 12,887,165</b> | <b>\$ 10,281,405</b> | <b>\$ 37,112,887</b> | <b>\$ 105,152,312</b> | <b>\$ 217,231,188</b> |

Public Safety LOIT funds are primarily restricted for payment of police and fire personnel. Parks and Recreation funds are restricted primarily for parks and recreation operating costs, including personnel. COIT and EDIT funds are assigned to general government primarily for debt service payments and operating expenses. River West TIF and Redevelopment Authority Debt Service are restricted for economic development projects and debt service.

The government-wide statement of net position reports restricted net position for debt service and capital outlay, which is restricted by enabling legislation.

**Note 17 - Other Postemployment Benefits**

**Plan Description**

The City of South Bend Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the City of South Bend, Department of Administration and Finance, through the City's self-insurance fund. The plan provides for medical insurance benefits to eligible retirees and their spouses. Indiana Code 5-10-8 gives the unit the authority to establish and amend the plan.

The City issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report is available by contacting the City Controller's office: 227 West Jefferson Blvd. Rm. 1200N, South Bend, IN 46601, Ph. (574) 235-9216.

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**Note 17 - Other Postemployment Benefits (Continued)**

**Funding Policy**

The contribution requirements of plan members for the City of South Bend Retiree Healthcare Plan are established and can be amended by the City's Common Council. The required contribution is based on projected "pay-as-you-go" financing requirements. For the year ended December 31, 2017, the City contributed \$696,083 to the plan for current premiums. Police and fire members receiving benefits contributed approximately 37 percent of the total premiums through their required contribution of \$214 per month for retiree-only coverage and approximately 43 percent of the total premiums through their required contribution of \$643 for retiree and spouse coverage. General employee members receiving benefits contributed approximately 100 percent of the total premiums through their required contribution of \$605 and \$552 per month for retiree-only coverage and \$1,587 and \$1,429 for retiree and spouse coverage for the PPO and HDHP plans, respectively.

**Funding Progress**

For the year ended December 31, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2017. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

|   |                             |
|---|-----------------------------|
| Annual required contribution (recommended)          | \$ 2,549,341                |
| Interest on the prior year's net OPEB obligation    | 597,836                     |
| Less adjustment to the annual required contribution | <u>(815,602)</u>            |
| Annual OPEB cost                                    | 2,331,575                   |
| Amounts contributed - Payment of current premiums   | <u>(696,083)</u>            |
| Increase in net OPEB obligation                     | 1,635,492                   |
| OPEB obligation - Beginning of year                 | <u>13,285,244</u>           |
| OPEB obligation - End of year                       | <u><u>\$ 14,920,736</u></u> |

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and two preceding years were as follows:

| Fiscal Year Ended | Annual OPEB<br>Costs | Percentage<br>Contributed | Net OPEB<br>Obligation |
|-------------------|----------------------|---------------------------|------------------------|
| December 31, 2015 | \$ 2,336,489         | 30.80 %                   | \$ 11,660,935          |
| December 31, 2016 | 2,374,852            | 31.60                     | 13,285,244             |
| December 31, 2017 | 2,331,575            | 29.90                     | 14,920,736             |

The funding progress of the plan as of the three most recent valuation dates is as follows:

| Actuarial Valuation Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability (AAL)<br>(b) | Unfunded<br>AAL (UAAL)<br>(b-a) | Funded Ratio<br>(Percent)<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage of<br>Covered<br>Payroll |
|--------------------------|--|--|---------------------------------|------------------------------------|---------------------------|--|
| January 1, 2015          | \$ -                                   | \$ 21,512,260                                  | \$ 21,512,260                   | -                                  | % \$ 51,521,030           | 41.75 %  |
| January 1, 2016          | -                                      | 21,512,260                                     | 21,512,260                      | -                                  | 51,521,030                | 41.75  |
| January 1, 2017          | -                                      | 21,847,997                                     | 21,847,997                      | -                                  | 57,547,446                | 37.97  |

December 31, 2017

**Note 17 - Other Postemployment Benefits (Continued)**

***Actuarial Methods and Assumptions***

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

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

As of December 31, 2017, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$21,847,997 and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability (UAAL) of \$21,847,997. The covered payroll was \$57,547,446, which as a percentage of the actuarial accrued liability was 263 percent.

In the December 31, 2017 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 9.0 percent initially reduced by decrements to an ultimate rate of 5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2017 was 30 years.

**Note 18 - Pension Plans**

***Plan Description***

**Public Employees' Retirement Fund**

The Public Employees' Retirement Fund, a cost-sharing multiple-employer plan, administered by the Indiana Public Employees' Retirement Plan (INPRS) Board, provides pensions for all full-time employees other than police officers and firefighters, who are covered under the 1977 Police Officers' and Firefighters' Pension and Disability Fund. The pension system issues a publicly available financial report that can be obtained at <http://www.inprs.in.gov>.

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

The 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer plan administered by the Indiana Public Employees' Retirement Plan (INPRS) Board, provides pensions for all police officers and firefighters hired after April 30, 1977. The pension system issues a publicly available financial report that can be obtained at <http://www.inprs.in.gov>.

**Note 18 - Pension Plans (Continued)**

**1925 Police Officers' Pension Plan**

The City contributes to the 1925 Police Officers' Pension Plan, a single-employer defined benefit pension plan administered by the local pension board as authorized by state statute (IC 36 8 6). The financial statements of the plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the 1925 Police Officers' Pension plan is vested in the pension board, which consists of nine members - six elected by plan members, the Mayor, the Chief, and the City Controller.

The pension plan is closed to new entrants.

**1937 Firefighters' Pension Plan**

The City contributes to the 1937 Firefighters' Pension Plan, a single-employer defined benefit pension plan administered by the 1937 Firefighters' Pension Plan Board as authorized by state statute (IC 36 8 6). The financial statements of the plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the 1937 Firefighters' Pension Plan is vested in the pension board.

The pension plan is closed to new entrants.

***Benefits Provided***

**Public Employees' Retirement Fund**

The plan provides retirement, disability and survivor benefits. The Indiana Code, Title 5, Articles 10.2 and 10.3, as amended only by the Indiana General Assembly, identifies the benefit provisions and establishes the authority under which members and employers are obligated to contribute to the plan. Retirement benefits for employees are calculated as years of credible service times the average highest 20 quarters of salary times 1.1 percent plus the employee's Annuity Savings account. Normal retirement ages is 60 with early retirement at 50-59 with 15 years of service. Vesting period is 10 years. An employee who leaves service may withdraw his or her Annuity Savings Account contributions, plus any accumulated interest. Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are granted by the Indiana General Assembly on an ad hoc basis.

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

The plan provides retirement, disability, and death benefits. Benefit terms are established and amended by State legislative action. Annual retirement benefits for employees are calculated as 50 percent of first-class salary for 20 years of service. Normal retirement age is 52 with early retirement at 50. Employees are eligible for non duty disability benefits after five years of service and for duty related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest. Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are determined by statute equal to the change in the Consumer Price Index but not in excess of a 3 percent increase.

**Note 18 - Pension Plans (Continued)**

**1925 Police Officers' Pension Plan**

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The financial statements of the plan are included in these financial statements as a pension trust fund (a fiduciary fund).

**1937 Firefighters' Pension Plan**

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The financial statements of the plan are included in these financial statements as a pension trust fund (a fiduciary fund).

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

|   | <u>1925 Police Officers'<br/>Pension Plan</u> | <u>1937 Firefighters'<br/>Pension Plan</u> |
|---|---|--|
| Date of member count  | December 31, 2017                             | December 31, 2017                          |
| Inactive plan members or beneficiaries currently receiving benefits | 207   | 162  |
| Active plan members   | <u>4</u>                                      | <u>4</u>                                   |
| Total employees covered by the plan                                 | <u><u>211</u></u>                             | <u><u>166</u></u>                          |

***Contributions***

**Public Employees' Retirement Fund**

Per Indiana Code, Title 5, Articles 10.2 and 10.3, the contribution requirements of the active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. Employees are required to contribute 3 percent of their annual pay. The City's contractually required contribution rate for the year ended December 31, 2017 was 11.2 percent of annual payroll. Contributions to the plan from the City were \$3,190,856 for the year ended December 31, 2017.

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

Per Indiana State statute (IC 36 8 8 and IC 36 8 8.5), the contribution requirements of the active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. Employees are required to contribute 6 percent of their annual pay. The City's contractually required contribution rate for the year ended December 31, 2017 was 17.5 percent of annual payroll. Contributions to the plan from the City were \$4,949,827 for the year ended December 31, 2017.

**1925 Police Officers' Pension Plan**

Plan members are required by state statute (IC 36 8 6 4) to contribute an amount equal to six percent (6 percent) of the salary of a first class patrolman. The contribution requirements of plan members are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note. The net pension liability (NPL) is considered an obligation of the City and is reflected in the statement of net position. The State of Indiana is required by statute to reimburse the City for benefits paid and has contributed \$6,204,179 during 2017 on behalf of the City. The City has recognized these on behalf payments as intergovernmental revenue and public safety expenditures in the General Fund.

December 31, 2017

**Note 18 - Pension Plans (Continued)**

**1937 Firefighters' Pension Plan**

Plan members are required by state statute (IC 36 8 7 8) to contribute an amount equal to six percent (6 percent) of the salary of a first class firefighter. The contribution requirements of plan members are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note. The net pension liability (NPL) is considered an obligation of the City and is reflected in the statement of net position. The State of Indiana is required by statute to reimburse the City for benefits paid and has contributed \$4,920,712 during 2017 on behalf of the City. The City has recognized these on behalf payments as intergovernmental revenue and public safety expenditures in the General Fund.

***Net Pension Liability***

The City chooses a date for each pension plan to measure its net pension liability. This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

|  | Public Employees' Retirement Fund | 1977 Police Officers' and Firefighters' Pension and Disability Fund | 1925 Police Officers' Pension Plan | 1937 Firefighters' Pension Plan |
|--|-----------------------------------|---|------------------------------------|---------------------------------|
| Measurement date used for the City NPL             | June 30, 2017                     | June 30, 2017   | December 31, 2017                  | December 31, 2017               |
| Based on a comprehensive actuarial valuation as of | June 30, 2017                     | June 30, 2017   | December 31, 2017                  | December 31, 2017               |

Changes in the net pension liability during the measurement year were as follows:

**1925 Police Officers' Pension Plan**

| Changes in Net Pension Liability                   | Increase (Decrease)     |                   |                       |
|--|-------------------------|-------------------|-----------------------|
|  | Total Pension Liability | Plan Net Position | Net Pension Liability |
| <b>Balance at January 1, 2017</b>                  | \$ 84,083,604           | \$ 793,858        | \$ 83,289,746         |
| Changes for the year:                              |                         |                   |                       |
| Service cost                                       | 78,812                  | -                 | 78,812                |
| Interest   | 2,653,831               | -                 | 2,653,831             |
| Differences between expected and actual experience | 995,949                 | -                 | 995,949               |
| Changes in assumptions                             | 3,926,922               | -                 | 3,926,922             |
| Non-employer contributing entity contributions     | -                       | 6,204,179         | (6,204,179)           |
| Net investment income                              | -                       | 6,557             | (6,557)               |
| Other revenue                                      | -                       | 13,544            | (13,544)              |
| Benefit payments, including refunds                | (6,045,097)             | (6,119,245)       | 74,148                |
| Administrative expenses                            | -                       | (13,577)          | 13,577                |
| Net changes  | 1,610,417               | 91,458            | 1,518,959             |
| <b>Balance at December 31, 2017</b>                | <b>\$ 85,694,021</b>    | <b>\$ 885,316</b> | <b>\$ 84,808,705</b>  |

The plan's fiduciary net position represents 1.03 percent of the total pension liability.

December 31, 2017

**Note 18 - Pension Plans (Continued)**

**1937 Firefighters' Pension Plan**

| Changes in Net Pension Liability                   | Increase (Decrease)     |                   |                       |
|--|-------------------------|-------------------|-----------------------|
|  | Total Pension Liability | Plan Net Position | Net Pension Liability |
| <b>Balance at January 1, 2017</b>                  | \$ 69,624,264           | \$ 167,194        | \$ 69,457,070         |
| Changes for the year:                              |                         |                   |                       |
| Service cost                                       | 81,717                  | -                 | 81,717                |
| Interest   | 2,124,050               | -                 | 2,124,050             |
| Differences between expected and actual experience | (1,611,010)             | -                 | (1,611,010)           |
| Changes in assumptions                             | 3,179,702               | -                 | 3,179,702             |
| Non-employer contributing entity contributions     | -                       | 4,920,712         | (4,920,712)           |
| Net investment income                              | -                       | 3,353             | (3,353)               |
| Other revenue                                      | -                       | 4,251             | (4,251)               |
| Benefit payments, including refunds                | (4,727,592)             | (4,615,179)       | (112,413)             |
| Administrative expenses                            | -                       | (14,073)          | 14,073                |
| <b>Net changes</b>                                 | <b>(953,133)</b>        | <b>299,064</b>    | <b>(1,252,197)</b>    |
| <b>Balance at December 31, 2017</b>                | <b>\$ 68,671,131</b>    | <b>\$ 466,258</b> | <b>\$ 68,204,873</b>  |

The plan's fiduciary net position represents 0.68 percent of the total pension liability.

**Public Employees' Retirement Fund**

At December 31, 2017, the City reported a liability of \$25,871,598 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's actuarially required contribution for the year ended December 31, 2017, relative to all other contributing employers. At June 30, 2017, the City's proportion was 0.57988 percent, which was a increase of 0.03243 from its proportion measured as of June 30, 2016.

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

At December 31, 2017, the City reported a pension asset of \$539,725 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on the City's actuarially required contribution for the year ended December 31, 2017, relative to all other contributing employers. At June 30, 2017, the City's proportion was 3.49894 percent, which was a decrease of 0.0151 from its proportion measured as of June 30, 2016.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2017, the City recognized pension expense of \$18,902,757 from all plans.

December 31, 2017

**Note 18 - Pension Plans (Continued)**

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

***Public Employees' Retirement Fund***

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience   | \$ 491,330                           | \$ 20,079                           |
| Changes in assumptions  | 415,390                              | -                                   |
| Net difference between projected and actual earnings on pension plan investments                                  | 4,092,433                            | 1,297,112                           |
| Changes in proportionate share, or difference between amount contributed and proportionate share of contributions | 833,257                              | 303,016                             |
| Employer contributions to the plan subsequent to the measurement date   | 2,263,154                            | -                                   |
|   | <u>2,263,154</u>                     | <u>-</u>                            |
| Total   | <u>\$ 8,095,564</u>                  | <u>\$ 1,620,207</u>                 |

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

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience   | \$ 2,173,464                         | \$ 1,695,971                        |
| Changes in assumptions  | -                                    | 8,072,827                           |
| Net difference between projected and actual earnings on pension plan investments                                  | 10,661,978                           | 3,535,962                           |
| Changes in proportionate share, or difference between amount contributed and proportionate share of contributions | 100,623                              | 128,857                             |
| Employer contributions to the plan subsequent to the measurement date   | 3,314,132                            | -                                   |
|   | <u>3,314,132</u>                     | <u>-</u>                            |
| Total   | <u>\$ 16,250,197</u>                 | <u>\$ 13,433,617</u>                |

December 31, 2017

**Note 18 - Pension Plans (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and therefore will not be included in future pension expense):

**Public Employees' Retirement Fund**

| Years Ending<br>December 31 | Amount              |
|-----------------------------|---------------------|
| 2018                        | \$ 1,653,654        |
| 2019                        | 2,080,452           |
| 2020                        | 617,277             |
| 2021                        | (139,180)           |
| 2022                        | -                   |
| Thereafter                  | -                   |
| <b>Total</b>                | <b>\$ 4,212,203</b> |

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

| Years Ending<br>December 31 | Amount              |
|-----------------------------|---------------------|
| 2018                        | \$ 922,579          |
| 2019                        | 2,715,368           |
| 2020                        | 193,387             |
| 2021                        | (1,679,285)         |
| 2022                        | (1,243,491)         |
| Thereafter                  | (1,406,110)         |
| <b>Total</b>                | <b>\$ (497,552)</b> |

**Actuarial Assumptions**

The total pension liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

|  | Public<br>Employees'<br>Retirement Fund  | 1977 Police<br>Officers' and<br>Firefighters'<br>Pension and<br>Disability Fund   | 1925 Police<br>Officers' Pension<br>Plan  | 1937<br>Firefighters'<br>Pension Plan   |
|--|--|---|---|---|
| Inflation  | 2.25%  | 2.25%   | 2.25%   | 2.25%   |
| Salary increases (including inflation)                 | 2.5-4.25%  | 2.50%   | 2.50%   | 2.50%   |
| Investment rate of return (net of investment expenses) | 6.75%  | 6.75%   | 2.75%   | 2.75%   |
| Mortality rates  | RP-2014<br>Mortality Table<br>with adjustments<br>for mortality<br>improvements<br>based on scale<br>MP 2014 | RP-2014 Blue<br>Collar Set<br>Mortality Table<br>with adjustments<br>for mortality<br>improvements<br>based on scale<br>MP 2014 | RP-2014 Blue<br>Collar Set<br>Mortality Table<br>with adjustments<br>for mortality<br>improvements<br>based on scale<br>MP 2014 | RP-2014 Blue<br>Collar Set<br>Mortality Table<br>with adjustments<br>for mortality<br>improvements<br>based on scale<br>MP 2014 |

December 31, 2017

**Note 18 - Pension Plans (Continued)**

The actuarial assumptions used in the June 30, 2017 actuarial valuation date valuation were based on the results of an actuarial experience study for the four years ended June 30, 2014.

**Discount Rate**

As shown below, the discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

|   | Public Employees' Retirement Fund | 1977 Police Officers' and Firefighters' Pension and Disability Fund | 1925 Police Officers' Pension Plan | 1937 Firefighters' Pension Plan |
|---|-----------------------------------|---|------------------------------------|---------------------------------|
| Assumed investment rate of return   | 7.50%                             | 7.25%   | 2.75%                              | 2.75%                           |
| Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits? | Yes                               | Yes   | No                                 | No                              |
| Discount rate used to measure TPL   | 6.25%                             | 7.25%   | 2.75%                              | 2.75%                           |

1925 Police Officers' Pension Plan's and 1937 Firefighters' Pension Plan's fiduciary net position were not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 2.75 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond (as referenced in *The Wall Street Journal*, December 31, 2017).

**Investment Rate of Return**

Best estimates of arithmetic real rates of return as of the June 30, 2017 measurement date for the Public Employees' Retirement Fund and 1977 Police Officers' and Firefighters' Pension and Disability Fund and December 31, 2017 measurement date for the 1925 Police Officers' Pension Plan and 1937 Firefighters' Pension Plan, and for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

**Public Employees' Retirement Fund and 1977 Police Officers' and Firefighters' Pension and Disability Fund**

| Asset Class                          | Target Allocation | Long-term Expected Real Rate of Return |
|--------------------------------------|-------------------|--|
| Public equity                        | 22.00 %           | 4.90 %                                 |
| Private equity                       | 14.00             | 5.70                                   |
| Fixed income - Ex inflation - Linked | 20.00             | 2.30                                   |
| Fixed income - Inflation - Linked    | 7.00              | 0.60                                   |
| Commodities                          | 8.00              | 2.20                                   |
| Real estate                          | 7.00              | 3.70                                   |
| Absolute return                      | 10.00             | 3.90                                   |
| Risk parity                          | 12.00             | 5.10                                   |

December 31, 2017

**Note 18 - Pension Plans (Continued)**

**1925 Police Officers' Pension Plan**

| Asset Class              | Long-term<br>Expected Real<br>Rate of Return |
|--------------------------|--|
| Cash or cash equivalents | 1.00 %                                       |
| Fixed income investments | 1.00   |

**1937 Firefighters' Pension Plan**

| Asset Class                  | Long-term<br>Expected<br>Real Rate of<br>Return |
|------------------------------|---|
| Cash or cash equivalents     | 1.00 %  |
| Government agency securities | 1.00  |

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

|  | 1 Percent<br>Decrease | Current Discount<br>Rate | 1 Percent<br>Increase |
|--|-----------------------|--------------------------|-----------------------|
| Net pension liability of the Public Employees' Retirement Fund                                   | \$ 37,732,683         | \$ 25,871,598            | \$ 16,011,736         |
| Net pension liability of the 1977 Police Officers' and Firefighters' Pension and Disability Fund | 29,515,190            | (539,725)                | (24,825,086)          |
| Net pension liability of the 1925 Police Officers' Pension Plan                                  | 93,998,609            | 84,808,705               | 77,044,550            |
| Net pension liability of the 1937 Firefighters' Pension Plan                                     | 75,682,202            | 68,204,873               | 61,897,905            |

***Pension Plan Fiduciary Net Position***

**Public Employees' Retirement Fund**

Detailed information about the plan's fiduciary net position is available in a separately issued financial report available at <http://www.inprs.in.gov>. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

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

Detailed information about the plan's fiduciary net position is available in a separately issued financial report available at [www.in.gov/inprs/files/2017\\_INPRSCAFRBookWeb.pdf](http://www.in.gov/inprs/files/2017_INPRSCAFRBookWeb.pdf). The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

**Note 18 - Pension Plans (Continued)**

**1925 Police Officers' Pension Plan**

The financial statements of the plan are included in these financial statements as a pension and other postemployment benefit trust fund. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are report by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

**1937 Firefighters' Pension Plan**

The financial statements of the plan are included in these financial statements as a pension and other postemployment benefit trust fund. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are report by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

**Assumption Changes**

The actuarial assumptions used in the Public Employees Retirement Fund and the 1977 Police Officers' and Firefighters' Pension and Disability Fund were the same assumptions used in the 2016 valuations, except for the mortality assumption for disabled members. The RP-2014 (with MP-2014 improvement removed) Disability Mortality Table was assumed instead of the RP-2014 (with MP-2014 improvement removed) Healthy Annuitant Mortality Tables with collar adjustments. There were no changes in actuarial methods for both the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension plan.

**Investment Policy**

The 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the pension board's adopted asset allocation policy as of December 31, 2017:

| Asset Class                  | Target Allocation |
|------------------------------|-------------------|
| Cash or cash equivalents     | 24 %              |
| Government agency securities | 76                |

**Rate of Return**

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.8 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

December 31, 2017

**Note 19 - Pension Trust Funds**

The following are condensed financial statements for the individual pension plans:

|   | 1925 Police<br>Pension | 1937<br>Firefighters'<br>Pension |
|---|------------------------|----------------------------------|
| <b>Statement of Net Position</b>            |                        |                                  |
| Cash and investments                        | \$ 883,586             | \$ 463,287                       |
| Other assets                                | 1,821                  | 3,350                            |
| Liabilities                                 | (91)                   | (379)                            |
| Net position                                | <u>\$ 885,316</u>      | <u>\$ 466,258</u>                |
| <b>Statement of Changes in Net Position</b> |                        |                                  |
| Investment income                           | \$ 6,557               | \$ 3,353                         |
| Contributions                               | 6,204,179              | 4,920,712                        |
| Other additions                             | 13,544                 | 4,251                            |
| Benefit payments                            | (6,119,245)            | (4,615,179)                      |
| Other deductions                            | (13,577)               | (14,073)                         |
| Net change in net position                  | <u>\$ 91,458</u>       | <u>\$ 299,064</u>                |

**Note 20 - Closure and Postclosure Care Cost**

As of January 1, 2008, the City of South Bend's Biosolids Lagoon #4 site has been closed. The City is required to maintain the one-acre site by monitoring methane and groundwater and maintain the site (mowing, cover inspection, gas collection system inspection, cover repair, ditch maintenance, etc.). The closure and postclosure care costs are reported as operating expenses, as incurred. For the year ending December 31, 2017, the total expenses incurred were \$45,028. The remaining expected liability relating to postclosure costs is estimated at less than \$250,000 and due to the minimal nature of these expenditures, is not included in the financial statements.

**Note 21 - Tax Abatements**

The City enters into property tax abatement agreements with local businesses and also for qualifying residential construction under the City's Municipal Code Chapter 2, Article 6, Tax Abatements, created by Ordinance 7267-83. Under this Article, the City may grant property tax abatements to a business located within or promising to relocate to the City for the purpose of attracting or retaining the business and also for the purpose of encouraging residential construction within economic development target areas.

For the fiscal year ended December 31, 2017, the City abated property taxes totaling \$1,051,208 under this program. One industrial property had property taxes abated that exceeded 10 percent of the total amount. For this property the taxes abated were \$558,818.

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## Required Supplemental Information

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**City of South Bend, Indiana**

**Required Supplemental Information  
1925 Police Officers' Pension Plan Schedule of Investment Returns**

**Last Four Fiscal Years  
Years Ended December 31**

|   | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 0.8 %       | 1.0 %       | 0.8 %       | 0.6 %       |

Information is presented for the years available

Required Supplemental Information  
1925 Police Officers' Pension Plan Schedule of City Contributions

**Last Ten Fiscal Years  
Years Ended December 31**

|  | 2017             | 2016              | 2015              | 2014                | 2013                | 2012                | 2011                | 2010                | 2009              | 2008                  |
|--|------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-----------------------|
| Actuarially determined contribution                                  | \$ 6,119,059     | \$ 6,133,389      | \$ 6,073,049      | \$ 6,432,800        | \$ 6,633,200        | \$ 6,986,200        | \$ 7,317,800        | \$ 6,673,100        | \$ 5,995,700      | \$ 6,421,500          |
| Contributions in relation to the actuarially determined contribution | 6,204,179        | 6,364,236         | 6,232,645         | 6,116,195           | 5,837,216           | 6,776,614           | 6,512,842           | 5,805,597           | 6,355,442         | 5,072,985             |
| <b>Contribution Excess (Deficiency)</b>                              | <b>\$ 85,120</b> | <b>\$ 230,847</b> | <b>\$ 159,596</b> | <b>\$ (316,605)</b> | <b>\$ (795,984)</b> | <b>\$ (209,586)</b> | <b>\$ (804,958)</b> | <b>\$ (867,503)</b> | <b>\$ 359,742</b> | <b>\$ (1,348,515)</b> |
| <b>Covered Employee Payroll</b>                                      | \$ -             | \$ -              | \$ 441,200        | \$ 441,200          | \$ 430,000          | \$ 421,800          | \$ 542,900          | \$ 569,500          | \$ 611,000        | \$ 652,000            |
| <b>Contributions as a Percentage of Covered Employee Payroll</b>     | - %              | - %               | 1,412.7 %         | 1,386.3 %           | 1,357.5 %           | 1,606.6 %           | 1,199.6 %           | 1,019.4 %           | 1,040.2 %         | 778.1 %               |

**Notes to Schedule of Contributions**

Actuarial valuation information relative to the determination of contributions:

Valuation date December 31, 2017

Methods and assumptions used to determine contribution rates:

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level percent of payroll   |
| Remaining amortization period | 30 years   |
| Asset valuation method        | Not applicable. Benefits are funded on a pay-as-you-go basis   |
| Inflation                     | 2.25% per year   |
| Salary increase               | 2.50% per year   |
| Investment rate of return     | 2.75% per year   |
| Retirement age                | Non-converted - any age with 20 or more years of creditable service; Converted - age 52 with 20 or more years of creditable service and no longer active   |
| Mortality                     | RP-2014 Total Data Set Mortality Tables with mortality improvement since 2006 using scale MP-2014 removed and projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report |
| Other information             | Cost of living increases of 2.50% per year in retirement for non-converted and 2.00% per year in retirement for converted  |

**City of South Bend, Indiana**

Required Supplemental Information  
 Schedule of Changes in the Net Pension Liability and Related Ratios  
 1925 Police Officers' Pension Plan

|   | <b>Last Four Fiscal Years</b> |                             |                             |                             |
|---|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 2017                          | 2016                        | 2015                        | 2014                        |
| <b>Total Pension Liability</b>  |                               |                             |                             |                             |
| Service cost  | \$ 78,812                     | \$ 164,481                  | \$ 184,104                  | \$ 157,965                  |
| Interest  | 2,653,831                     | 2,344,653                   | 2,415,583                   | 3,721,864                   |
| Differences between expected and actual experience                              | 995,949                       | 396,259                     | (2,973,249)                 | -                           |
| Changes in assumptions  | 3,926,922                     | (5,617,308)                 | (294,402)                   | 12,487,771                  |
| Projected benefit payments  | <u>(6,045,097)</u>            | <u>(5,977,290)</u>          | <u>(6,061,589)</u>          | <u>(6,122,870)</u>          |
| <b>Net Change in Total Pension Liability</b>                                    | 1,610,417                     | (8,689,205)                 | (6,729,553)                 | 10,244,730                  |
| <b>Total Pension Liability - Beginning of year</b>                              | <u>84,083,604</u>             | <u>92,772,809</u>           | <u>99,502,362</u>           | <u>89,257,632</u>           |
| <b>Total Pension Liability - End of year</b>                                    | <b><u>\$ 85,694,021</u></b>   | <b><u>\$ 84,083,604</u></b> | <b><u>\$ 92,772,809</u></b> | <b><u>\$ 99,502,362</u></b> |
| <b>Plan Fiduciary Net Position</b>  |                               |                             |                             |                             |
| Contributions - Other   | \$ 13,544                     | \$ 15,749                   | \$ 62                       | \$ 4,329                    |
| Contributions - Non-employer entity   | 6,204,179                     | 5,991,750                   | 6,378,359                   | 6,111,865                   |
| Net investment income   | 6,557                         | 6,713                       | 4,376                       | 3,759                       |
| Administrative expenses   | (13,577)                      | (13,551)                    | (12,462)                    | (10,957)                    |
| Benefit payments, including refunds   | <u>(6,119,245)</u>            | <u>(6,364,236)</u>          | <u>(6,323,646)</u>          | <u>(6,705,815)</u>          |
| <b>Net Change in Plan Fiduciary Net Position</b>                                | 91,458                        | (363,575)                   | 46,689                      | (596,819)                   |
| <b>Plan Fiduciary Net Position - Beginning of year</b>                          | <u>793,857</u>                | <u>1,157,432</u>            | <u>1,110,743</u>            | <u>1,707,562</u>            |
| <b>Plan Fiduciary Net Position - End of year</b>                                | <b><u>\$ 885,315</u></b>      | <b><u>\$ 793,857</u></b>    | <b><u>\$ 1,157,432</u></b>  | <b><u>\$ 1,110,743</u></b>  |
| <b>City's Net Pension Liability - Ending</b>                                    | <b><u>\$ 84,808,706</u></b>   | <b><u>\$ 83,289,747</u></b> | <b><u>\$ 91,615,377</u></b> | <b><u>\$ 98,391,619</u></b> |
| <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>   | 1.03 %                        | 0.94 %                      | 1.25 %                      | 1.12 %                      |
| <b>Covered Employee Payroll</b>   | \$ -                          | \$ -                        | \$ 441,200                  | \$ 441,200                  |
| <b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b> | -                             | -                           | 20,765.04 %                 | 22,300.91 %                 |

Information is presented for the years available

**City of South Bend, Indiana**

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Required Supplemental Information  
Schedule of Pension Investment Returns  
1937 Firefighters' Pension Plan

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**Last Four Fiscal Years  
Years Ended December 31**

|   | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 0.80 %      | 1.00 %      | 0.80 %      | 0.60 %      |

Information is presented for the years available

Required Supplemental Information  
1937 Firefighters' Pension Plan Schedule of City Contributions

**Last Ten Fiscal Years  
Years Ended December 31**

|  | 2017              | 2016             | 2015              | 2014                | 2013                | 2012                | 2011                | 2010                | 2009              | 2008              |
|--|-------------------|------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|
| Actuarially determined contribution                                  | \$ 4,727,592      | \$ 5,152,192     | \$ 4,977,042      | \$ 5,436,400        | \$ 5,550,900        | \$ 5,787,300        | \$ 6,399,700        | \$ 5,811,400        | \$ 5,258,600      | \$ 4,436,200      |
| Contributions in relation to the actuarially determined contribution | 4,920,712         | 5,165,758        | 5,197,158         | 5,130,581           | 5,051,319           | 5,208,570           | 5,503,742           | 5,172,146           | 5,416,358         | 4,702,372         |
| <b>Contribution Excess (Deficiency)</b>                              | <b>\$ 193,120</b> | <b>\$ 13,566</b> | <b>\$ 220,116</b> | <b>\$ (305,819)</b> | <b>\$ (499,581)</b> | <b>\$ (578,730)</b> | <b>\$ (895,958)</b> | <b>\$ (639,254)</b> | <b>\$ 157,758</b> | <b>\$ 266,172</b> |
| <b>Covered Employee Payroll</b>                                      | \$ -              | \$ -             | \$ 328,600        | \$ 328,600          | \$ 319,300          | \$ 365,500          | \$ 397,100          | \$ 429,500          | \$ 474,450        | \$ 519,400        |
| <b>Contributions as a Percentage of Covered Employee Payroll</b>     | - %               | - %              | 1,581.61 %        | 1,561.35 %          | 1,582.00 %          | 1,425.05 %          | 1,385.98 %          | 1,204.22 %          | 1,141.61 %        | 905.35 %          |

**Notes to Schedule of Contributions**

Actuarial valuation information relative to the determination of contributions:

Valuation date December 31, 2017

Methods and assumptions used to determine contribution rates:

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level percent of payroll   |
| Remaining amortization period | 30 years   |
| Asset valuation method        | Not applicable. Benefits are funded on a pay-as-you-go basis   |
| Inflation                     | 2.25% per year   |
| Salary increase               | 2.50% per year   |
| Investment rate of return     | 2.75% per year   |
| Retirement age                | Non-converted - any age with 20 or more years of creditable service; Converted - age 52 with 20 or more years of creditable service and no longer active   |
| Mortality                     | RP-2014 Total Data Set Mortality Tables with mortality improvement since 2006 using scale MP-2014 removed and projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report |
| Other information             | Cost of living increases of 2.50% per year in retirement for non-converted and 2.00% per year in retirement for converted  |

## City of South Bend, Indiana

### Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios 1937 Firefighters' Pension Plan

|   | Last Four Fiscal Years      |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 2017                        | 2016                        | 2015                        | 2014                        |
| <b>Total Pension Liability</b>  |                             |                             |                             |                             |
| Service cost  | \$ 81,717                   | \$ 163,162                  | \$ 155,487                  | \$ 114,297                  |
| Interest  | 2,124,050                   | 1,940,826                   | 2,020,796                   | 3,155,669                   |
| Differences between expected and actual experience                              | (1,611,010)                 | (262,337)                   | (2,816,692)                 | -                           |
| Changes in assumptions  | 3,179,702                   | (4,645,609)                 | (245,887)                   | 9,620,657                   |
| Projected benefit payments  | <u>(4,727,592)</u>          | <u>(4,980,991)</u>          | <u>(5,094,762)</u>          | <u>(5,206,870)</u>          |
| <b>Net Change in Total Pension Liability</b>                                    | (953,133)                   | (7,784,949)                 | (5,981,058)                 | 7,683,753                   |
| <b>Total Pension Liability - Beginning of year</b>                              | <u>69,624,264</u>           | <u>77,409,213</u>           | <u>83,390,271</u>           | <u>75,706,518</u>           |
| <b>Total Pension Liability - End of year</b>                                    | <b><u>\$ 68,671,131</u></b> | <b><u>\$ 69,624,264</u></b> | <b><u>\$ 77,409,213</u></b> | <b><u>\$ 83,390,271</u></b> |
| <b>Plan Fiduciary Net Position</b>  |                             |                             |                             |                             |
| Contributions - Other   | \$ 4,251                    | \$ 6,279                    | \$ 2,667                    | \$ 1,484                    |
| Contributions - Non-employer entity   | 4,920,712                   | 4,866,271                   | 5,039,025                   | 5,129,098                   |
| Net investment income   | 3,352                       | 2,852                       | 2,675                       | 1,963                       |
| Administrative expenses   | (14,771)                    | (14,485)                    | (14,255)                    | (10,920)                    |
| Benefit payments, including refunds   | <u>(4,614,480)</u>          | <u>(5,165,757)</u>          | <u>(5,197,159)</u>          | <u>(5,407,429)</u>          |
| <b>Net Change in Plan Fiduciary Net Position</b>                                | 299,064                     | (304,840)                   | (167,047)                   | (285,804)                   |
| <b>Plan Fiduciary Net Position - Beginning of year</b>                          | <u>167,194</u>              | <u>472,034</u>              | <u>639,081</u>              | <u>924,885</u>              |
| <b>Plan Fiduciary Net Position - End of year</b>                                | <b><u>\$ 466,258</u></b>    | <b><u>\$ 167,194</u></b>    | <b><u>\$ 472,034</u></b>    | <b><u>\$ 639,081</u></b>    |
| <b>City's Net Pension Liability - Ending</b>                                    | <b><u>\$ 68,204,873</u></b> | <b><u>\$ 69,457,070</u></b> | <b><u>\$ 76,937,179</u></b> | <b><u>\$ 82,751,190</u></b> |
| <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>   | 0.68 %                      | 0.24 %                      | 0.61 %                      | 0.77 %                      |
| <b>Covered Employee Payroll</b>   | \$ -                        | \$ -                        | \$ 328,600                  | \$ 328,600                  |
| <b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b> | - %                         | - %                         | 23,413.63 %                 | 25,182.95 %                 |

Information is presented for the years available

**Required Supplemental Information  
Schedule of OPEB Funding Progress**

**Last Ten Fiscal Years  
Years Ended December 31**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (Percent) (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll |
|--------------------------|-------------------------------|---------------------------------------|---------------------------|------------------------------|---------------------|---|
| January 1, 2012          | \$ -                          | \$18,649,906                          | \$18,649,906              | -                            | \$ -                | -                                       |
| January 1, 2013          | -                             | 21,493,998                            | 21,493,998                | -                            | -                   | -                                       |
| January 1, 2014          | -                             | 21,493,998                            | 21,493,998                | -                            | -                   | -                                       |
| January 1, 2015          | -                             | 21,512,620                            | 21,512,620                | -                            | 51,521,030          | 41.76                                   |
| January 1, 2016          | -                             | 21,512,620                            | 21,512,620                | -                            | 51,521,030          | 41.76                                   |
| January 1, 2017          | -                             | 21,847,997                            | 21,847,997                | -                            | 57,547,446          | 37.97                                   |

Information on covered payroll is not available prior to January 1, 2015.

Required Supplemental Information  
 Schedule of City Contributions  
 Public Employees' Retirement Fund

**Last Three Fiscal Years  
 Years Ended December 31**

|  | 2017                  | 2016                  | 2015                 |
|--|-----------------------|-----------------------|----------------------|
| Actuarially determined contribution                                  | \$ 5,307,308          | \$ 4,526,527          | \$ 3,650,212         |
| Contributions in relation to the actuarially determined contribution | 3,219,677             | 2,933,996             | 2,982,234            |
| <b>Contribution Deficiency</b>                                       | <b>\$ (2,087,631)</b> | <b>\$ (1,592,531)</b> | <b>\$ (667,978)</b>  |
| <b>Covered Employee Payroll</b>                                      | <b>\$ 28,768,543</b>  | <b>\$ 26,237,016</b>  | <b>\$ 26,681,229</b> |
| <b>Contributions as a Percentage of Covered Employee Payroll</b>     | <b>11.19 %</b>        | <b>11.18 %</b>        | <b>11.18 %</b>       |

**Notes to Schedule of Contributions**

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2017

Methods and assumptions used to determine contribution rates:

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level percent of payroll   |
| Remaining amortization period | 30 years   |
| Asset valuation method        | Not applicable. Benefits are funded on a pay-as-you-go basis   |
| Inflation                     | 2.25% per year   |
| Salary increase               | 2.50% to 4.25% per year  |
| Investment rate of return     | 6.75% per year   |
| Retirement age                | Normal retirement is age 62 with 10 years of service; early retirement is age 50 with 15 years of service (reduced benefit)  |
| Mortality                     | RP-2014 Total Data Set Mortality Tables with mortality improvement since 2006 using scale MP-2014 removed and projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report |
| Other information             | Cost of living increases of 1.00% per year in retirement   |

Information is presented for the years available

## City of South Bend, Indiana

### Required Supplemental Information Schedule of the City's Proportionate Share of the Net Pension Liability Public Employees' Retirement Fund

|   | <b>Last Four Fiscal Years</b>               |               |               |               |
|---|---|---------------|---------------|---------------|
|   | <b>For the Plan Years Ended December 31</b> |               |               |               |
|   | <u>2017</u>                                 | <u>2016</u>   | <u>2015</u>   | <u>2014</u>   |
| City's proportion of the net pension liability (asset)  | 0.57988 %                                   | 0.54700 %     | 0.55700 %     | 0.56300 %     |
| City's proportionate share of the net pension liability (asset)   | \$ 25,871,598                               | \$ 24,845,715 | \$ 22,687,694 | \$ 14,807,363 |
| City's covered employee payroll   | \$ 28,768,543                               | \$ 26,237,016 | \$ 26,681,229 | \$ 27,509,916 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll | 89.93 %                                     | 94.70 %       | 85.03 %       | 53.83 %       |
| Plan fiduciary net position as a percentage of total pension liability  | 76.60 %                                     | 75.30 %       | 77.30 %       | 84.30 %       |

Information is presented for the years available



**City of South Bend, Indiana**

**Required Supplemental Information  
Schedule of the City's Proportionate Share of the Net Pension Liability  
1977 Police Officers' Pension and Disability Fund**

|   | <b>Last Four Fiscal Years<br/>For the Plan Years Ended December 31</b> |               |                |               |
|---|--|---------------|----------------|---------------|
|   | <u>2017</u>  | <u>2016</u>   | <u>2015</u>    | <u>2014</u>   |
| City's proportion of the net pension liability (asset)  | 1.72294 %  | 1.75600 %     | 1.78700 %      | 1.82900 %     |
| City's proportionate share of the net pension liability (asset)   | \$ (265,770)   | \$ 1,559,932  | \$ (2,640,039) | \$ (932,236)  |
| City's covered employee payroll   | \$ 13,968,031  | \$ 13,571,531 | \$ 13,327,077  | \$ 12,981,067 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll | (1.90)%  | 11.49 %       | (19.81)%       | (7.18)%       |
| Plan fiduciary net position as a percentage of total pension liability  | 100.30 %   | 98.20 %       | 103.20 %       | 101.10 %      |

Information is presented for the years available



## City of South Bend, Indiana

### Required Supplemental Information Schedule of the City's Proportionate Share of the Net Pension Liability 1977 Firefighters' Pension and Disability Fund

|   | Last Four Fiscal Years<br>For the Plan Years Ended December 31 |               |                |               |
|---|--|---------------|----------------|---------------|
|   | 2017   | 2016          | 2015           | 2014          |
| City's proportion of the net pension liability (asset)  | 1.77600 %  | 1.75800 %     | 1.81500 %      | 1.79500 %     |
| City's proportionate share of the net pension liability (asset)   | \$ (273,955)   | \$ 1,561,833  | \$ (2,680,987) | \$ (915,265)  |
| City's covered employee payroll   | \$ 14,398,217  | \$ 13,588,032 | \$ 13,533,745  | \$ 12,744,754 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll | (1.90)%  | 11.49 %       | (19.81)%       | (7.18)%       |
| Plan fiduciary net position as a percentage of total pension liability  | 100.30 %   | 98.20 %       | 103.20 %       | 101.10 %      |

Information is presented for the years available

Required Supplementary Information  
 Budgetary Comparison Schedule - Major Special Revenue Funds  
 General Fund

Year Ended December 31, 2017

|                            | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|----------------------------|-------------------|-------------------|---|--|
|                            | Original          | Final             |   |  |
| <b>Revenue:</b>            |                   |                   |   |  |
| Taxes - Property           | \$ 39,188,000     | \$ 39,599,000     | \$ 39,568,076                           | \$ (30,924)  |
| Licenses and permits       | 208,730           | 241,798           | 239,745                                 | (2,053)  |
| Intergovernmental          | 10,702,321        | 10,452,076        | 10,641,914                              | 189,838  |
| Charges for services       | 7,605             | 7,638             | 5,264                                   | (2,374)  |
| Fines and forfeits         | 920               | 9,294             | 8,919                                   | (375)  |
| Other                      | <u>3,502,666</u>  | <u>4,261,441</u>  | <u>3,786,799</u>                        | <u>(474,642)</u>   |
| Total revenue              | <u>53,610,242</u> | <u>54,571,247</u> | <u>54,250,717</u>                       | <u>(320,530)</u>   |
| <b>Expenditures:</b>       |                   |                   |   |  |
| Current:                   |                   |                   |   |  |
| General government:        |                   |                   |   |  |
| Mayor:                     |                   |                   |   |  |
| Personnel services         | 704,849           | 703,814           | 658,820                                 | 44,994   |
| Supplies                   | 3,000             | 3,119             | 1,687                                   | 1,432  |
| Other services and charges | 164,955           | 165,990           | 165,498                                 | 492  |
| City Clerk:                |                   |                   |   |  |
| Personnel services         | 349,234           | 349,234           | 325,918                                 | 23,316   |
| Supplies                   | 7,800             | 8,800             | 7,234                                   | 1,566  |
| Other services and charges | 149,151           | 178,182           | 164,556                                 | 13,626   |
| Capital outlay             | -                 | -                 | -                                       | -  |
| Common Council:            |                   |                   |   |  |
| Personnel services         | 303,921           | 304,402           | 291,220                                 | 13,182   |
| Supplies                   | 4,500             | 16,003            | 8,124                                   | 7,879  |
| Other services and charges | 220,243           | 250,743           | 226,777                                 | 23,966   |
| WNIT Contract:             |                   |                   |   |  |
| Other services and charges | 43,000            | 43,000            | 43,000                                  | -  |
| Administration/Finance:    |                   |                   |   |  |
| Personnel services         | 2,053,815         | 2,041,635         | 2,004,639                               | 36,996   |
| Supplies                   | 23,500            | 25,158            | 23,912                                  | 1,246  |
| Other services and charges | 338,445           | 409,558           | 400,398                                 | 9,160  |
| Legal Department:          |                   |                   |   |  |
| Personnel services         | 968,368           | 961,703           | 895,972                                 | 65,731   |
| Supplies                   | 3,450             | 10,877            | 9,318                                   | 1,559  |
| Other services and charges | 140,182           | 185,987           | 175,118                                 | 10,869   |

Required Supplementary Information  
 Budgetary Comparison Schedule - Major Special Revenue Funds  
 (Continued)  
 General Fund (Continued)

Year Ended December 31, 2017

|                                     | Budgeted Amounts |            | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|-------------------------------------|------------------|------------|---|--|
|                                     | Original         | Final      |   |  |
| Expenditures (Continued):           |                  |            |   |  |
| Current (Continued):                |                  |            |   |  |
| General government (Continued):     |                  |            |   |  |
| Human Rights:                       |                  |            |   |  |
| Personnel services                  | \$ 294,036       | \$ 294,036 | \$ 280,291                              | \$ 13,745  |
| Supplies                            | 1,037            | 1,037      | 559                                     | 478  |
| Other services and charges          | 130,732          | 130,732    | 124,070                                 | 6,662  |
| Total General Government            | 5,904,218        | 6,084,010  | 5,807,111                               | 276,899  |
| Public Safety:                      |                  |            |   |  |
| Police Department:                  |                  |            |   |  |
| Personnel services                  | 23,671,143       | 22,901,143 | 22,683,180                              | 217,963  |
| Supplies                            | 273,227          | 1,421,776  | 1,301,302                               | 120,474  |
| Other services and charges          | 4,760,916        | 5,310,514  | 5,027,546                               | 282,968  |
| Capital outlay                      | -                | 35,000     | 17,028                                  | 17,972   |
| Communication Center:               |                  |            |   |  |
| Personnel services                  | -                | -          | -                                       | -  |
| Other services and charges          | -                | -          | -                                       | -  |
| Fire Department:                    |                  |            |   |  |
| Personnel services                  | 17,598,488       | 17,424,592 | 17,206,362                              | 218,230  |
| Supplies                            | 446,410          | 502,435    | 411,766                                 | 90,669   |
| Other services and charges          | 2,814,965        | 3,184,439  | 3,132,759                               | 51,680   |
| Total Public Safety                 | 49,565,149       | 50,779,899 | 49,779,943                              | 999,956  |
| Highways and Streets - Engineering: |                  |            |   |  |
| Personnel services                  | 841,376          | 841,636    | 731,815                                 | 109,821  |
| Supplies                            | 31,800           | 34,113     | 27,004                                  | 7,109  |
| Other services and charges          | 496,331          | 609,408    | 597,690                                 | 11,718   |
| Total highways and streets          | 1,369,507        | 1,485,157  | 1,356,509                               | 128,648  |
| Culture and recreation:             |                  |            |   |  |
| Palais Royale Ballroom:             |                  |            |   |  |
| Personnel services                  | 142,131          | 142,131    | 122,489                                 | 19,642   |
| Supplies                            | 1,600            | 3,398      | 2,139                                   | 1,259  |
| Other services and charges          | 362,486          | 384,671    | 373,347                                 | 11,324   |
| Capital outlay                      | -                | -          | -                                       | -  |

**City of South Bend, Indiana**

Required Supplementary Information  
 Budgetary Comparison Schedule - Major Special Revenue Funds  
 (Continued)  
 General Fund (Continued)  
 Year Ended December 31, 2017

|   | Budgeted Amounts            |                             | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|---|-----------------------------|-----------------------------|---|--|
|   | Original                    | Final                       |   |  |
| Expenditures (Continued):               |                             |                             |   |  |
| Current (Continued):                    |                             |                             |   |  |
| Culture and recreation (Continued):     |                             |                             |   |  |
| Morris Performing Arts Center:          |                             |                             |   |  |
| Personnel services                      | \$ 510,299                  | \$ 510,299                  | \$ 449,335                              | \$ 60,964  |
| Supplies                                | 3,600                       | 7,697                       | 5,446                                   | 2,251  |
| Other services and charges              | 728,278                     | 753,043                     | 731,110                                 | 21,933   |
| Total culture and recreation            | <u>1,748,394</u>            | <u>1,801,239</u>            | <u>1,683,866</u>                        | <u>117,373</u>   |
| Total expenditures                      | <u>58,587,268</u>           | <u>60,150,305</u>           | <u>58,627,429</u>                       | <u>1,522,876</u>   |
| Other financing sources - Transfers In  | <u>4,977,026</u>            | <u>4,977,026</u>            | <u>4,976,976</u>                        | <u>(50)</u>  |
| Other financing sources - Transfers Out | <u>-</u>                    | <u>-</u>                    | <u>-</u>                                | <u>-</u>   |
| Net change in fund balances             | -                           | (602,032)                   | 600,264                                 | 1,202,296  |
| Fund balances - Beginning               | <u>34,439,801</u>           | <u>34,439,801</u>           | <u>34,439,801</u>                       | <u>-</u>   |
| Fund balances - Ending                  | <u><b>\$ 34,439,801</b></u> | <u><b>\$ 33,837,769</b></u> | <u><b>\$ 35,040,065</b></u>             | <u><b>\$ 1,202,296</b></u>                                 |

**City of South Bend, Indiana**

**Required Supplementary Information**  
**Budgetary Comparison Schedule - Major Special Revenue Funds**  
**(Continued)**  
**Parks and Recreation**  
**Year Ended December 31, 2017**

|   | Budgeted Amounts    |                     | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---|--|
|   | Original            | Final               |   |  |
| <b>Revenue:</b>                         |                     |                     |   |  |
| Taxes - Property                        | \$ 7,878,000        | \$ 8,900,000        | \$ 9,033,731                            | \$ 133,731   |
| Intergovernmental                       | 2,180,007           | 7,180,007           | 2,206,785                               | (4,973,222)  |
| Charges for services                    | 2,905,347           | 3,046,464           | 2,440,921                               | (605,543)  |
| Fines and forfeits                      | -                   | -                   | -                                       | -  |
| Other                                   | 612,431             | 1,078,403           | 958,446                                 | (119,957)  |
| <b>Total revenue</b>                    | <b>13,575,785</b>   | <b>20,204,874</b>   | <b>14,639,883</b>                       | <b>(5,564,991)</b>   |
| <b>Expenditures:</b>                    |                     |                     |   |  |
| <b>Current:</b>                         |                     |                     |   |  |
| <b>Culture and recreation:</b>          |                     |                     |   |  |
| Personnel services                      | 8,194,663           | 8,309,352           | 7,742,299                               | 567,053  |
| Supplies                                | 1,316,177           | 1,300,323           | 915,953                                 | 384,370  |
| Other services and charges              | 3,979,271           | 5,330,363           | 4,503,007                               | 827,356  |
| Capital outlay                          | -                   | 4,000,000           | -                                       | 4,000,000  |
| Other Uses                              | -                   | -                   | -                                       | -  |
| <b>Total expenditures</b>               | <b>13,490,111</b>   | <b>18,940,038</b>   | <b>13,161,259</b>                       | <b>5,778,779</b>   |
| Other financing sources - Transfers out | (93,000)            | (102,850)           | -                                       | 102,850  |
| <b>Net change in fund balances</b>      | <b>(7,326)</b>      | <b>1,161,986</b>    | <b>1,478,624</b>                        | <b>316,638</b>   |
| Fund balances - Beginning               | 4,499,169           | 4,499,169           | 4,499,169                               | -  |
| <b>Fund balances - Ending</b>           | <b>\$ 4,491,843</b> | <b>\$ 5,661,155</b> | <b>\$ 5,977,793</b>                     | <b>\$ 316,638</b>  |

**City of South Bend, Indiana**

Required Supplementary Information  
 Budgetary Comparison Schedule - Major Special Revenue Funds  
 (Continued)  
 Public Safety LOIT

**Year Ended December 31, 2017**

|                              | Budgeted Amounts         |                          | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|------------------------------|--------------------------|--------------------------|---|--|
|                              | Original                 | Final                    |   |  |
|                              |                          |                          |   |  |
| Revenue:                     |                          |                          |   |  |
| Taxes - County option income | \$ 7,467,618             | \$ 7,467,618             | \$ 7,467,618                            | \$ -   |
| Other                        | <u>6,000</u>             | <u>11,000</u>            | <u>8,413</u>                            | <u>(2,587)</u>   |
| Total revenue                | <u>7,473,618</u>         | <u>7,478,618</u>         | <u>7,476,031</u>                        | <u>(2,587)</u>   |
| Expenditures:                |                          |                          |   |  |
| Personnel services           | <u>7,462,645</u>         | <u>7,462,645</u>         | <u>7,429,100</u>                        | <u>33,545</u>  |
| Net change in fund balances  | 10,973                   | 15,973                   | 46,931                                  | 30,958   |
| Fund balances - Beginning    | <u>940,622</u>           | <u>940,622</u>           | <u>940,622</u>                          | <u>-</u>   |
| Fund balances - Ending       | <b><u>\$ 951,595</u></b> | <b><u>\$ 956,595</u></b> | <b><u>\$ 987,554</u></b>                | <b><u>\$ 30,958</u></b>                                    |

**City of South Bend, Indiana**

Required Supplementary Information  
 Budgetary Comparison Schedule - Major Special Revenue Funds  
 (Continued)  
 COIT

**Year Ended December 31, 2017**

|                                      | Budgeted Amounts           |                            | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--------------------------------------|----------------------------|----------------------------|---|--|
|                                      | Original                   | Final                      |   |  |
| Revenue:                             |                            |                            |   |  |
| Taxes - County option income         | \$ 10,459,265              | \$ 10,459,265              | \$ 10,459,265                           | \$ -   |
| Other                                | <u>221,142</u>             | <u>624,163</u>             | <u>605,577</u>                          | <u>(18,586)</u>  |
| Total revenue                        | <u>10,680,407</u>          | <u>11,083,428</u>          | <u>11,064,842</u>                       | <u>(18,586)</u>  |
| Expenditures:                        |                            |                            |   |  |
| Current:                             |                            |                            |   |  |
| General Government:                  |                            |                            |   |  |
| Personnel Services                   | -                          | -                          | -                                       | -  |
| Supplies                             | 1,065,682                  | 1,118,191                  | 913,659                                 | 204,532  |
| Other services and charges           | 6,247,494                  | 6,997,606                  | 6,927,096                               | 70,510   |
| Capital outlay                       | <u>275,000</u>             | <u>513,218</u>             | <u>343,100</u>                          | <u>170,118</u>   |
| Total expenditures                   | <u>7,588,176</u>           | <u>8,629,015</u>           | <u>8,183,855</u>                        | <u>445,160</u>   |
| Other financing uses - Transfers out | <u>(3,092,231)</u>         | <u>(3,442,578)</u>         | <u>(3,442,578)</u>                      | <u>-</u>   |
| Net change in fund balances          | -                          | (988,165)                  | (561,591)                               | 426,574  |
| Fund balances - Beginning            | <u>8,952,977</u>           | <u>8,952,977</u>           | <u>8,952,977</u>                        | <u>-</u>   |
| Fund balances - Ending               | <u><b>\$ 8,952,977</b></u> | <u><b>\$ 7,964,812</b></u> | <u><b>\$ 8,391,386</b></u>              | <u><b>\$ 426,574</b></u>                                   |

**City of South Bend, Indiana**

Required Supplementary Information  
 Budgetary Comparison Schedule - Major Special Revenue Funds  
 (Continued)

EDIT

Year Ended December 31, 2017

|  | Budgeted Amounts     |                      | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|----------------------|----------------------|---|--|
|  | Original             | Final                |   |  |
|  | Revenue:             |                      |   |  |
| Taxes - County economic development income | \$ 10,433,361        | \$ 10,433,361        | \$ 10,433,361                           | \$ -   |
| Fines                                      | 354,660              | 354,660              | 354,660                                 | -  |
| Other financing uses - Transfers In        | -                    | 735,241              | 735,241                                 | -  |
| Other                                      | 210,000              | 430,847              | 413,998                                 | (16,849)   |
| <b>Total revenue</b>                       | <b>10,998,021</b>    | <b>11,954,109</b>    | <b>11,937,260</b>                       | <b>(16,849)</b>  |
| Expenditures:                              |                      |                      |   |  |
| General Government:                        |                      |                      |   |  |
| Personnel services                         | -                    | -                    | -                                       | -  |
| Supplies                                   | 1,000                | 83                   | 83                                      | -  |
| Other services and charges                 | 4,389,525            | 4,788,905            | 4,402,319                               | 386,586  |
| Capital outlay                             | -                    | 102,700              | 60,317                                  | 42,383   |
| <b>Total expenditures</b>                  | <b>4,390,525</b>     | <b>4,891,688</b>     | <b>4,462,719</b>                        | <b>428,969</b>   |
| Other financing uses - Transfers out       | (6,607,496)          | (6,667,496)          | (6,667,496)                             | -  |
| Net change in fund balances                | -                    | 394,925              | 807,045                                 | 412,120  |
| Fund balances - Beginning                  | 11,156,845           | 11,156,845           | 11,156,845                              | -  |
| <b>Fund balances - Ending</b>              | <b>\$ 11,156,845</b> | <b>\$ 11,551,770</b> | <b>\$ 11,963,890</b>                    | <b>\$ 412,120</b>  |

**City of South Bend, Indiana**

**Required Supplementary Information**  
**Budgetary Comparison Schedule - Major Special Revenue Funds**  
**(Continued)**  
**Rainy Day**  
**Year Ended December 31, 2017**

|                           | <u>Budgeted Amounts</u>     |                             | <u>Actual</u><br><u>Budgetary</u><br><u>Basis</u><br><u>Amounts</u> | <u>Variance</u><br><u>With Final</u><br><u>Budget</u><br><u>Positive</u><br><u>(Negative)</u> |
|---------------------------|-----------------------------|-----------------------------|---|---|
|                           | <u>Original</u>             | <u>Final</u>                |   |   |
| Revenue - Other           | \$ 60,000                   | \$ 107,516                  | \$ 93,891   | \$ (13,625)   |
| Fund balances - Beginning | <u>10,186,253</u>           | <u>10,186,253</u>           | <u>10,186,253</u>   | <u>-</u>  |
| Fund balances - Ending    | <u><b>\$ 10,246,253</b></u> | <u><b>\$ 10,293,769</b></u> | <u><b>\$ 10,280,144</b></u>   | <u><b>\$ (13,625)</b></u>   |

The major differences between budgetary (Non-GAAP) basis and GAAP basis are as follows:

- a. Revenue is recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP).
- c. Encumbrances are recorded as expenditures for budgetary purposes when purchase orders are issued.

Adjustments necessary to convert the results of operations at the end of the year on a budgetary basis to GAAP are as follows:

|   | General             | Parks and<br>Recreation | Public Safety<br>LOIT | COIT                | EDIT                | Rainy Day        |
|---|---------------------|-------------------------|-----------------------|---------------------|---------------------|------------------|
| Net change in fund balances (budgetary basis) | \$ 600,264          | \$ 1,478,624            | \$ 46,931             | \$ (561,591)        | \$ 807,045          | \$ 93,891        |
| Adjustments:                                  |                     |                         |                       |                     |                     |                  |
| To adjust revenue for accruals                | 11,331,553          | 260,093                 | 122                   | (125,417)           | (147,478)           | 2,100            |
| To adjust expenditures for accruals           | (11,660,949)        | (149,840)               | 6,745                 | (278,591)           | 244,991             | -                |
| To adjust expenditures for encumbrances       | 1,242,770           | 217,431                 | -                     | 250,458             | 782,718             | -                |
| Net change in fund balances (GAAP basis)      | <b>\$ 1,513,638</b> | <b>\$ 1,806,308</b>     | <b>\$ 53,798</b>      | <b>\$ (715,141)</b> | <b>\$ 1,687,276</b> | <b>\$ 95,991</b> |

### Note 1 – Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

- A. After conferring with the Common Council President and several department heads, the City Controller submits to the Common Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Prior to adoption, the City advertises the budget and the Common Council holds public hearings to obtain taxpayer comments. The Common Council may reduce, but not increase, the budget from the advertised amounts.
- C. No later than November 1 of each year, the budget for the next year is approved by the Common Council through the passage of an ordinance.
- D. Copies of the budget ordinance and advertisements for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance for their review and approval. The budget becomes legally enacted after the City Controller receives approval from the Indiana Department of Local Government Finance. This approval is required by Indiana statute and ad valorem property tax rates are to be set by February 15 of the year budgeted. The budget ordinance as approved by the Indiana Department of Local Government Finance becomes the City's expenditures budget. The City's maximum tax levy is restricted by Indiana law, with certain adjustments and exceptions. If the advertised budget, for funds for which property taxes are levied or for which highway use taxes are received, exceeds the spending and tax limits of the state control laws, an excess levy can be granted by the Indiana Department of Local Government Finance, upon appeal by the City.
- E. The legal level of budgetary control (the level at which expenditures may not exceed appropriations without the governing body's approval) is by object classification for all funds except for the General Fund, which is by object classification within each department. The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Common Council. Any revisions that alter the total appropriations for any fund or any department of the General Fund must be approved by the Common Council and, in some instances, by the Indiana Department of Local Government Finance. Formal budgetary integration is required by state statute and is employed as a management control method.
- F. Formal budgetary integration is required by State statute and is employed as a management control device. An annual budget was legally adopted for the following funds:

Major funds:

- General Fund
- Special revenue funds - parks and recreation, public safety local option income tax (LOIT), county option income tax (COIT), economic development income tax (EDIT), rainy day
- Capital projects fund - River West TIF

Nonmajor governmental funds:

- Special revenue funds - Motor Vehicle Highway, Recreation Nonreverting, Studebaker Oliver Revitalization Grants, Economic Development State Grants, DCI Operating, Community Investment Grants, Police State Seizure, Juvenile Positive Assistance, Unsafe Building, Law Enforcement Continuing Education, Landlord Registration, Loss Recovery, Emergency Telephone System, Local Road and Street, Excess Welfare Distribution, LOIT 2016 Special Distribution, Human Rights Federal Grant, Local Road and Bridge Grant, East Race Waterway, Morris and Palais Marketing, Police Block Grants, Economic Development Commission, Hazmat, Indiana River Rescue, COPS Block Grant II, Regional Police Academy, COPS MORE Grant, Federal Drug Enforcement, Gift, Urban Development Action Grant, Leaf Collection and Removal, Police K 9 Unit, Industrial Revolving
  - Debt service fund - College Football Hall of Fame Debt Service, Redevelopment Bond Airport Taxable, Coveleski Bond Debt Service Reserve, Redevelopment Bond Palais Royale, South Bend Building Corporation Debt Service, Redevelopment Authority Debt Service, TIF Erskine Village Debt Service, Smart Streets Debt Service, Parks Bond Debt Service, Century Center Energy Conservation Debt Service, Eddy St. Commons Debt Service
  - Capital projects funds - Professional Sports Development, Coveleski Stadium Capital, Zoo Endowment, Park Nonreverting Capital, Cumulative Capital Development, Cumulative Capital Improvement, Morris Performing Arts Center Capital, TIF Leighton Plaza, TIF West Washington, Redevelopment General, Community Revitalization Enhancement District, TIF No. 1 Southside Development, TIF No. 3 Southside Development, Football Hall of Fame Capital, Major Moves, TIF River East Development, TIF Douglas Road, TIF River East Residential, Certified Technology Park, Palais Royale Historic Preservation, Airport Urban Enterprise Zone, Equipment Leasing, Century Center Energy Conservation Bond, Smart Streets Bond Capital Projects, Parks Bond Capital Projects, 2017 Parks Bond, Eddy St. Commons Capital
- G. The City's budgetary process is based upon cash outflows, which is a non-GAAP basis. Appropriations lapse with the expiration of the budgetary period unless encumbered by a purchase order or contract. Encumbered appropriations are carried over and added to the subsequent year's budget.
- H. Budgeted amounts are as originally adopted, or as amended by the Common Council and approved by the Indiana Department of Local Government Finance in the regular legal manner. The net effect of individual amendments to the budget increased the original appropriations by \$44,788,111 in 2017 for the funds listed above.
- I. Expenditures did not exceed appropriations for any funds or any departments within the General Fund, the Parks and Recreation Fund, the Public Safety LOIT Fund, the COIT Fund, the EDIT Fund, the Rainy Day Fund, or any other major or nonmajor governmental fund which required legally approved budgets except for the South Bend Building Corporation and Parks Bond Capital. These are funds held with a Trustee which had not been formally budgeted in the past. In 2017, trustee fees were not budgeted in the South Bend Building Corporation fund but were deducted from the trustee account in December 2017. A new Parks bond was issued in December 2017 and the closing costs were not formally budgeted in the Parks Bond Fund, however, were all approved during the passing of the bond. Therefore, both funds were over the formal budget in 2017.

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## Other Supplemental Information

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**Special Revenue Funds**

**Motor Vehicle Highway**

To account for street construction and the operations of the street maintenance department. Financing is provided by state motor vehicle highway distributions.

**Recreation Non-Reverting**

To account for fees and related expenses from park department activities.

**Studebaker/Oliver Revitalization Grants**

To account for expenditures related to the Studebaker and Oliver revitalization projects. Financing is provided by federal and state grants and loans from other organizations.

**Economic Development State Grants**

To account for expenditures related to projects promoting economic development. Financing is provided by state grants and loan payments. Expenditures include grants and related expenses.

**DCI Operating**

To account for the operating expenditures related to the South Bend Department of Community Investment. Financing will be provided by revenues received from charges for services, other revenue sources, and from fund transfers.

**Community Investment Grants**

To account for revenues received from the U.S. Department of Housing and Urban Development related to community improvement projects.

**Police State Seizure**

To account for law enforcement expenditures financed by the authorized state or local agencies' sale of confiscated property.

**Juvenile Positive Assistance**

To account for monies received from penalties paid for curfew violations. Expenditures include Drug Abuse Resistance Education and Juvenile Aid Bureau.

**Unsafe Building**

To account for expenditures related to board ups and other services related to unsafe buildings. Financing will be provided by fines and fees related to the Unsafe Building law.

**Law Enforcement Continuing Education**

To account for police fees collected to finance police officers' continuing education, training, and supplies and equipment.

**Landlord Registration**

To account for costs related to the South Bend Landlord Registration program. Financing is provided by a registration fee paid by landlords.

**Loss Recovery Fund**

To account for compensatory or exemplary damage payments from third parties arising from loss or damage to City tangible or intangible property.

**Emergency Telephone System**

To account for 9-1-1 revenue from the county as well as state grants.

**Local Road and Street**

To account for operation and maintenance of local and arterial road and street systems. Financing is provided by state gasoline tax distributions.

**Excess Welfare Distribution**

To account for a special distribution from the County that can only be spent on public safety expenditures.

**LOIT 2016 Special Distribution**

To account for a special distribution from the State that can only be spent on road projects.

**Human Rights Federal**

To account for expenditures to prevent discrimination and to promote human rights. Financing is provided by federal grants.

**East Race Waterway**

To account for donations for the promotion and development of the East Race Waterway.

**Morris and Palais Marketing**

To account for marketing and promotion expenditures financed by sponsorship solicitations and donations.

**Police Block Grants**

To account for federal grants which provide financing for police activities.

**Economic Development Commission**

To account for administrative expenditures of the Economic Development Commission. Financing is provided by fees from businesses applying for Economic Development Revenue Bonds.

**Hazmat**

To account for monies generated by the South Bend Fire Department's response to hazardous materials incidents. Funds are used to purchase, repair, or replace hazmat equipment, or for training and supplies.

**Indiana River Rescue**

To account for expenditures related to river rescue training. Financing is provided by registration fees.

**COPS Block Grant II**

To account for federal grants which provide financing for police activities.

**Regional Police Academy**

To account for revenues (tuition) and expenditures (seminars, travel, lectures, and career days) related to the advancement of present and future police officers.

**COPS MORE Grant**

To account for a COPS MORE grant which provides financing for police activities.

**Federal Drug Enforcement**

To account for expenditures for drug enforcement. Financing is provided by distributions from the authorized federal agencies' confiscated property sale.

**Gift**

To account for donations, gifts, or bequeaths for purposes designated by the donor.

**Urban Development Action Grant**

To account for economic development expenditures which are financed by federal grants and loan repayments.

**Leaf Collection and Removal**

To account for the expenditures of a program to remove leaves from the City each fall. Financing is provided by a monthly service fee charged to all City residents.

**Police K-9 Unit**

To account for donations for development and maintenance of the K-9 unit.

**Industrial Revolving**

To account for the revenue and expenditures of providing special loans to qualifying local firms. Financing was originally provided by a \$5,000,000 Economic Adjustment Assistance Grant from the U.S. Department of Commerce.

**Local Road and Bridge Matching Grant**

To account for Community Crossing state grants and matching revenues which provide financing for eligible projects.

**Debt Service Funds**

**College Football Hall of Fame Debt Service**

To accumulate monies for the payment of Redevelopment Authority bonds issued to refinance bonds issued for construction of the College Football Hall of Fame. Financing is to be provided by an annual property tax levy.

**Redevelopment Bond - Airport Taxable**

To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the airport taxable project.

**Coveleski Bond Debt Service Reserve**

To accumulate monies as a reserve for the payment of the Coveleski Stadium recovery zone economic development bonds. Financing for debt payments is to be provided by professional sports and convention development area taxes (PSCDA) and county option income tax revenues if PSCDA revenues are insufficient.

**Redevelopment Bond - Palais Royale**

To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the Palais Royale project.

**South Bend Building Corporation Debt Service**

To account for debt retirement of the Building Corporation's Mortgage Bonds. Funding is provided by transfers from other City funds.

**Redevelopment Authority Debt Service**

To accumulate monies for the payment of Redevelopment Authority bonds issued to refinance bonds issued for construction of a parking garage facility, bonds issued for central development area land acquisition and construction of public improvements, bonds issued to purchase the Palais Royale, bonds issued to refinance bonds issued for construction of Century Center improvements, and bonds issued to refinance bonds issued for renovations to the

**TIF Erskine Village Debt Service**

To account for Erskine Village project debt retirement of the south side tax incremental financing (TIF) district. Financing is provided by transfers from the TIF South Side Development Fund.

**Smart Streets Debt Service**

To account for debt retirement of 2015 Redevelopment Authority bonds for smart streets/"two-way streets" conversion. Funding is provided by transfers from other City funds.

**Parks Bonds Debt Service Fund**

To account for debt retirement of the 2015 Building Corporation/EDIT bond for park improvements. Funding is provided by transfers from other City funds.

**Century Center Energy Conservation Debt Service**

To account for debt retirement of a 2015 qualified energy conservation bond for improvements at Century Center. Funding is provided by hotel/motel tax revenue, interest rebates, and transfers from other City funds.

**Eddy St. Commons Debt Service**

To account for the Eddy Street Commons phase II project debt retirement. Financing is provided by bond proceeds set aside for debt service and by transfers from the Tax Incremental Financing (TIF) River East Development fund.

**Capital Project Funds**

**Professional Sports Development**

To account for Professional Sports Development Tax revenues dedicated towards debt service and improvements at Four Winds Field baseball stadium (formerly known as Coveleski Stadium).

**Coveleski Stadium Capital**

To account for expenditures related to the maintenance and improvement of the baseball stadium. Financing is provided by a rental paid by the semi-pro baseball team.

**Zoo Endowment**

To account for construction projects at the City's zoo. Financing is provided by gifts and donations.

**Park Non-Reverting Capital**

To account for specific revenues used to finance capital improvements at the City parks.

**Cumulative Capital Development**

To account for expenditures relating to the purchase or lease of capital improvements in the City. Financing is provided by a specific property tax levy.

**Cumulative Capital Improvement**

To account for state cigarette tax distributions used for improvement projects.

**Morris Performing Art Center Capital**

To accumulate monies for major repairs and capital improvements to the Morris Civic Auditorium. Financing is provided by a surcharge on ticket sales for events held at the auditorium.

**Tax Incremental Financing (TIF) - Leighton Plaza**

To account for expenditures for public improvement projects in the Leighton Plaza tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment.

**Tax Incremental Financing (TIF) - West Washington**

To account for expenditures for public improvement projects in the West Washington Economic Development Area. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment.

**Redevelopment General**

To account for eligible redevelopment activities in the Studebaker Corridor financed by proceeds from land sales or leases.

**Tax Incremental Financing (TIF) No. 1 - Southside Development**

To account for expenditures for improvements in the Southside Development Tax incremental district No. 1. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.

**Tax Incremental Financing (TIF) No. 3 - Southside Development**

To account for expenditures for improvements in the Southside Development tax incremental district No. 3. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.

**Football Hall of Fame Capital**

To account for capital expenditures for the College Football Hall of Fame. Financing was provided by a transfer from the City's Professional Sports Development Fund. This fund also accounts for the advance from the General Fund which may be repaid from future operating surpluses.

**Major Moves**

To account for state distributions used for road construction and other uses authorized by Indiana statute.

**Tax Incremental Financing (TIF) - River East Development**

To account for expenditures for improvements in the northeast development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment. During TIF consolidation in 2015, this fund was renamed. It was formerly known as the TIF Northeast Development Fund.

**Tax Incremental Financing (TIF) - Douglas Road**

To account for expenditures for improvements in the Douglas Road development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.

**Tax Incremental Financing (TIF) - River East Residential**

To account for expenditures for improvements in the Northeast Neighborhood Residential development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment. During TIF consolidation in 2015, this fund was renamed. It was formerly known as the TIF Northeast Residential Fund.

**Certified Technology Park**

To account for expenditures related to acquisition, improvements, construction and maintenance of public facilities, debt service, and other permitted uses under Indiana Code 36-7-32-23 in connection with a certified technology park. Financing is provided by property tax proceeds, state gross retail and uses taxes, and other revenues.

**Palais Royale Historic Preservation**

To account for expenditures financed by a 2 percent fee charged for all Palais Royale services.

**Airport Urban Enterprise Zone**

To account for expenditures for improvements in the Zone area, financed by property taxes on qualifying properties in the Zone.

**Equipment Leasing**

To account for proceeds from capital lease-purchase agreements used to finance major equipment needs of the City.

**Century Center Energy Conservation Bond**

To account for capital expenditures at Century Center funded by a qualified energy conservation bond (QECCB) and other sources.

**Smart Streets Bond Capital Projects Fund**

To account for capital expenditures in connection with the conversion of one-way streets to two-way streets in the downtown area. Funding is provided by a Redevelopment Authority bond.

**Parks Bond Capital Projects Fund**

To account for capital expenditures in the City parks with funding provided by a Building Corporation bond.

**2017 Parks Bond**

To account for capital expenditures in the City parks with funding provided by a 2017 Park District bond.

**Eddy St. Commons Capital**

To account for capital expenditures in connection with the Eddy Street Commons phase II project with funding provided by issuance of revenue bonds.

December 31, 2017

|  | Nonmajor Special Revenue Funds |                         |   |                                   |                     |                             |                      |                              |                   |
|--|--------------------------------|-------------------------|---|-----------------------------------|---------------------|-----------------------------|----------------------|------------------------------|-------------------|
|  | Motor Vehicle Highway          | Recreation Nonreverting | Studebaker Oliver Revitalization Grants | Economic Development State Grants | DCI Operating       | Community Investment Grants | Police State Seizure | Juvenile Positive Assistance | Unsafe Building   |
| <b>Assets</b>                              |                                |                         |   |                                   |                     |                             |                      |                              |                   |
| Cash and cash equivalents                  | \$ 2,062,816                   | \$ 227,278              | \$ 253,459                              | \$ 118,789                        | \$ 322,350          | \$ 450,607                  | \$ 56,240            | \$ 3,719                     | \$ 379,148        |
| Investments                                | 5,047,642                      | 556,142                 | 620,206                                 | 290,674                           | 788,779             | -                           | 137,617              | 9,100                        | -                 |
| Receivables:                               |                                |                         |   |                                   |                     |                             |                      |                              |                   |
| Accounts                                   | 23,953                         | 21,141                  | 35,316                                  | 2,375                             | 46,000              | 832                         | 3,865                | -                            | 12,434            |
| Interest                                   | 13,615                         | 1,492                   | 1,671                                   | 767                               | 2,142               | -                           | 377                  | 24                           | -                 |
| Intergovernmental                          | 629,876                        | -                       | -                                       | -                                 | -                   | -                           | -                    | -                            | -                 |
| Loans                                      | -                              | -                       | -                                       | 238,409                           | -                   | 219,486                     | -                    | -                            | -                 |
| Due from other funds                       | -                              | 1,288                   | -                                       | -                                 | -                   | -                           | -                    | -                            | -                 |
| Advances to other funds                    | -                              | -                       | 300,000                                 | -                                 | -                   | -                           | -                    | -                            | -                 |
| Property held for resale                   | -                              | -                       | 1                                       | -                                 | -                   | 3,155,452                   | -                    | -                            | -                 |
| <b>Total assets</b>                        | <b>\$ 7,777,902</b>            | <b>\$ 807,341</b>       | <b>\$ 1,210,653</b>                     | <b>\$ 651,014</b>                 | <b>\$ 1,159,271</b> | <b>\$ 3,826,377</b>         | <b>\$ 198,099</b>    | <b>\$ 12,843</b>             | <b>\$ 391,582</b> |
| <b>Liabilities</b>                         |                                |                         |   |                                   |                     |                             |                      |                              |                   |
| Accounts payable:                          |                                |                         |   |                                   |                     |                             |                      |                              |                   |
| Accounts payable                           | \$ 153,524                     | \$ 16,086               | \$ 14,869                               | \$ -                              | \$ 25,200           | \$ 322,812                  | \$ -                 | \$ -                         | \$ 7,698          |
| Due to other funds                         | 626                            | -                       | -                                       | -                                 | -                   | -                           | -                    | -                            | 2,726             |
| Advances from other funds                  | -                              | -                       | -                                       | -                                 | -                   | -                           | -                    | -                            | -                 |
| Performance deposits payable               | -                              | -                       | -                                       | -                                 | -                   | -                           | -                    | -                            | 3,500             |
| Accrued liabilities and other              | 96,743                         | 4,028                   | -                                       | -                                 | 30,610              | -                           | -                    | -                            | 4,603             |
| Other current payables                     | -                              | -                       | -                                       | -                                 | -                   | 3,511                       | -                    | -                            | -                 |
| <b>Total liabilities</b>                   | <b>250,893</b>                 | <b>20,114</b>           | <b>14,869</b>                           | <b>-</b>                          | <b>55,810</b>       | <b>326,323</b>              | <b>-</b>             | <b>-</b>                     | <b>18,527</b>     |
| <b>Fund Balances</b>                       |                                |                         |   |                                   |                     |                             |                      |                              |                   |
| Nonspendable                               | -                              | -                       | 300,001                                 | 172,818                           | -                   | 3,326,651                   | -                    | -                            | -                 |
| Restricted                                 | 7,527,009                      | 787,227                 | 895,783                                 | 478,196                           | -                   | 173,403                     | 198,099              | -                            | -                 |
| Committed                                  | -                              | -                       | -                                       | -                                 | -                   | -                           | -                    | 12,843                       | 373,055           |
| Assigned                                   | -                              | -                       | -                                       | -                                 | 1,103,461           | -                           | -                    | -                            | -                 |
| Unassigned                                 | -                              | -                       | -                                       | -                                 | -                   | -                           | -                    | -                            | -                 |
| <b>Total fund balances</b>                 | <b>7,527,009</b>               | <b>787,227</b>          | <b>1,195,784</b>                        | <b>651,014</b>                    | <b>1,103,461</b>    | <b>3,500,054</b>            | <b>198,099</b>       | <b>12,843</b>                | <b>373,055</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 7,777,902</b>            | <b>\$ 807,341</b>       | <b>\$ 1,210,653</b>                     | <b>\$ 651,014</b>                 | <b>\$ 1,159,271</b> | <b>\$ 3,826,377</b>         | <b>\$ 198,099</b>    | <b>\$ 12,843</b>             | <b>\$ 391,582</b> |

Other Supplemental Information  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds

December 31, 2017

|  | Nonmajor Special Revenue Funds             |                          |                       |                                  |                          |                                |                                      |                         |                       |
|--|--|--------------------------|-----------------------|----------------------------------|--------------------------|--------------------------------|--------------------------------------|-------------------------|-----------------------|
|  | Law Enforcement<br>Continuing<br>Education | Landlord<br>Registration | Loss Recovery<br>Fund | Emergency<br>Telephone<br>System | Local Road and<br>Street | Excess Welfare<br>Distribution | LOIT 2016<br>Special<br>Distribution | Human Rights<br>Federal | East Race<br>Waterway |
| <b>Assets</b>                              |  |                          |                       |                                  |                          |                                |                                      |                         |                       |
| Cash and cash equivalents                  | \$ 165,726                                 | \$ 9,685                 | \$ 245,220            | \$ -                             | \$ 966,129               | \$ -                           | \$ 2,281,338                         | \$ 151,843              | \$ -                  |
| Investments                                | 405,526                                    | -                        | 600,046               | -                                | 2,364,087                | -                              | -                                    | 419,348                 | -                     |
| Receivables:                               |  |                          |                       |                                  |                          |                                |                                      |                         |                       |
| Accounts                                   | 24,388                                     | -                        | -                     | -                                | -                        | -                              | -                                    | 69                      | -                     |
| Interest                                   | 1,086                                      | -                        | 1,611                 | -                                | 6,310                    | -                              | 706                                  | 857                     | -                     |
| Intergovernmental                          | -  | -                        | -                     | -                                | 195,387                  | -                              | -                                    | 10,000                  | -                     |
| Loans                                      | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Due from other funds                       | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Advances to other funds                    | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Property held for resale                   | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| <b>Total assets</b>                        | <b>\$ 596,726</b>                          | <b>\$ 9,685</b>          | <b>\$ 846,877</b>     | <b>\$ -</b>                      | <b>\$ 3,531,913</b>      | <b>\$ -</b>                    | <b>\$ 2,282,044</b>                  | <b>\$ 582,117</b>       | <b>\$ -</b>           |
| <b>Liabilities</b>                         |  |                          |                       |                                  |                          |                                |                                      |                         |                       |
| Accounts payable:                          |  |                          |                       |                                  |                          |                                |                                      |                         |                       |
| Accounts payable                           | \$ 32,108                                  | \$ -                     | \$ 134,208            | \$ -                             | \$ 42,728                | \$ -                           | \$ 146,851                           | \$ 1,175                | \$ -                  |
| Due to other funds                         | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Advances from other funds                  | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Performance deposits payable               | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Accrued liabilities and other              | -  | -                        | -                     | -                                | -                        | -                              | -                                    | 2,292                   | -                     |
| Other current payables                     | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| <b>Total liabilities</b>                   | <b>32,108</b>                              | <b>-</b>                 | <b>134,208</b>        | <b>-</b>                         | <b>42,728</b>            | <b>-</b>                       | <b>146,851</b>                       | <b>3,467</b>            | <b>-</b>              |
| <b>Fund Balances</b>                       |  |                          |                       |                                  |                          |                                |                                      |                         |                       |
| Nonspendable                               | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Restricted                                 | 564,618                                    | -                        | -                     | -                                | 3,489,185                | -                              | 2,135,193                            | 578,650                 | -                     |
| Committed                                  | -  | 9,685                    | 712,669               | -                                | -                        | -                              | -                                    | -                       | -                     |
| Assigned                                   | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Unassigned                                 | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| <b>Total fund balances</b>                 | <b>564,618</b>                             | <b>9,685</b>             | <b>712,669</b>        | <b>-</b>                         | <b>3,489,185</b>         | <b>-</b>                       | <b>2,135,193</b>                     | <b>578,650</b>          | <b>-</b>              |
| <b>Total liabilities and fund balances</b> | <b>\$ 596,726</b>                          | <b>\$ 9,685</b>          | <b>\$ 846,877</b>     | <b>\$ -</b>                      | <b>\$ 3,531,913</b>      | <b>\$ -</b>                    | <b>\$ 2,282,044</b>                  | <b>\$ 582,117</b>       | <b>\$ -</b>           |

Other Supplemental Information  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds

December 31, 2017

|  | Nonmajor Special Revenue Funds |                        |                                       |                  |                         |                        |                            |                    |                             |
|--|--------------------------------|------------------------|---------------------------------------|------------------|-------------------------|------------------------|----------------------------|--------------------|-----------------------------|
|  | Morris and Palais<br>Marketing | Police Block<br>Grants | Economic<br>Development<br>Commission | Hazmat           | Indiana River<br>Rescue | COPS Block<br>Grant II | Regional Police<br>Academy | COPS MORE<br>Grant | Federal Drug<br>Enforcement |
| <b>Assets</b>                              |                                |                        |                                       |                  |                         |                        |                            |                    |                             |
| Cash and cash equivalents                  | \$ 15,975                      | \$ 1,136               | \$ 8,072                              | \$ 7,955         | \$ 35,820               | \$ 48,451              | \$ 25,297                  | \$ 39,148          | \$ 130,729                  |
| Investments                                | 39,091                         | 2,779                  | 19,751                                | 19,465           | 87,651                  | -                      | 61,902                     | 95,793             | -                           |
| Receivables:                               |                                |                        |                                       |                  |                         |                        |                            |                    |                             |
| Accounts                                   | -                              | -                      | -                                     | -                | -                       | -                      | -                          | 140                | -                           |
| Interest                                   | 104                            | 7                      | 53                                    | 52               | 235                     | -                      | 166                        | 262                | 164                         |
| Intergovernmental                          | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Loans                                      | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Due from other funds                       | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Advances to other funds                    | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Property held for resale                   | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| <b>Total assets</b>                        | <b>\$ 55,170</b>               | <b>\$ 3,922</b>        | <b>\$ 27,876</b>                      | <b>\$ 27,472</b> | <b>\$ 123,706</b>       | <b>\$ 48,451</b>       | <b>\$ 87,365</b>           | <b>\$ 135,343</b>  | <b>\$ 130,893</b>           |
| <b>Liabilities</b>                         |                                |                        |                                       |                  |                         |                        |                            |                    |                             |
| Accounts payable:                          |                                |                        |                                       |                  |                         |                        |                            |                    |                             |
| Accounts payable                           | \$ -                           | \$ -                   | \$ -                                  | \$ -             | \$ 389                  | \$ -                   | \$ 3,362                   | \$ 25,602          | \$ -                        |
| Due to other funds                         | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Advances from other funds                  | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Performance deposits payable               | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Accrued liabilities and other              | -                              | -                      | -                                     | -                | 58                      | -                      | -                          | -                  | -                           |
| Other current payables                     | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| <b>Total liabilities</b>                   | <b>-</b>                       | <b>-</b>               | <b>-</b>                              | <b>-</b>         | <b>447</b>              | <b>-</b>               | <b>3,362</b>               | <b>25,602</b>      | <b>-</b>                    |
| <b>Fund Balances</b>                       |                                |                        |                                       |                  |                         |                        |                            |                    |                             |
| Nonspendable                               | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Restricted                                 | -                              | 3,922                  | -                                     | -                | -                       | 48,451                 | -                          | 109,741            | 130,893                     |
| Committed                                  | 55,170                         | -                      | 27,876                                | 27,472           | 123,259                 | -                      | 84,003                     | -                  | -                           |
| Assigned                                   | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Unassigned                                 | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| <b>Total fund balances</b>                 | <b>55,170</b>                  | <b>3,922</b>           | <b>27,876</b>                         | <b>27,472</b>    | <b>123,259</b>          | <b>48,451</b>          | <b>84,003</b>              | <b>109,741</b>     | <b>130,893</b>              |
| <b>Total liabilities and fund balances</b> | <b>\$ 55,170</b>               | <b>\$ 3,922</b>        | <b>\$ 27,876</b>                      | <b>\$ 27,472</b> | <b>\$ 123,706</b>       | <b>\$ 48,451</b>       | <b>\$ 87,365</b>           | <b>\$ 135,343</b>  | <b>\$ 130,893</b>           |

Other Supplemental Information  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds

December 31, 2017

|  | Nonmajor Special Revenue Funds |                                |                             |                 |                           |                             | Nonmajor Debt Service Funds |  |                                      |
|--|--------------------------------|--------------------------------|-----------------------------|-----------------|---------------------------|-----------------------------|-----------------------------|--|--------------------------------------|
|  | Gift                           | Urban Development Action Grant | Leaf Collection and Removal | Police K-9 Unit | Industrial Revolving Fund | Local Road and Bridge Grant | Total Special Revenue Funds | College Football Hall of Fame Debt Service | Redevelopment Bond - Airport Taxable |
| <b>Assets</b>                              |                                |                                |                             |                 |                           |                             |                             |  |                                      |
| Cash and cash equivalents                  | \$ 29,180                      | \$ 136,485                     | \$ 237,750                  | \$ 836          | \$ 2,917,106              | \$ 992,943                  | \$ 12,321,230               | \$ 24,218                                  | \$ 300,902                           |
| Investments                                | 71,402                         | 333,974                        | 581,767                     | 2,045           | -                         | -                           | 12,554,787                  | -  | 736,297                              |
| Receivables:                               |                                |                                |                             |                 |                           |                             |                             |  |                                      |
| Accounts                                   | 60                             | -                              | 37,444                      | -               | -                         | -                           | 208,017                     | -  | -                                    |
| Interest                                   | 192                            | 897                            | 1,559                       | 5               | -                         | -                           | 34,354                      | -  | 1,977                                |
| Intergovernmental                          | -                              | -                              | -                           | -               | -                         | -                           | 835,263                     | -  | -                                    |
| Loans                                      | -                              | 543,909                        | -                           | -               | 3,858,798                 | -                           | 4,860,602                   | -  | -                                    |
| Due from other funds                       | -                              | -                              | -                           | -               | -                         | -                           | 1,288                       | -  | -                                    |
| Advances to other funds                    | -                              | -                              | -                           | -               | -                         | -                           | 300,000                     | -  | -                                    |
| Property held for resale                   | -                              | -                              | -                           | -               | 76,300                    | -                           | 3,231,753                   | -  | -                                    |
| <b>Total assets</b>                        | <b>\$ 100,834</b>              | <b>\$ 1,015,265</b>            | <b>\$ 858,520</b>           | <b>\$ 2,886</b> | <b>\$ 6,852,204</b>       | <b>\$ 992,943</b>           | <b>\$ 34,347,294</b>        | <b>\$ 24,218</b>                           | <b>\$ 1,039,176</b>                  |
| <b>Liabilities</b>                         |                                |                                |                             |                 |                           |                             |                             |  |                                      |
| Accounts payable:                          |                                |                                |                             |                 |                           |                             |                             |  |                                      |
| Accounts payable                           | \$ 3,461                       | \$ -                           | \$ -                        | \$ -            | \$ -                      | \$ 55,493                   | \$ 985,566                  | \$ -                                       | \$ -                                 |
| Due to other funds                         | -                              | -                              | -                           | -               | -                         | -                           | 3,352                       | -  | 317                                  |
| Advances from other funds                  | -                              | 1,225,456                      | -                           | -               | -                         | -                           | 1,225,456                   | -  | -                                    |
| Performance deposits payable               | -                              | -                              | -                           | -               | -                         | -                           | 3,500                       | -  | -                                    |
| Accrued liabilities and other              | -                              | -                              | -                           | -               | -                         | -                           | 138,334                     | -  | -                                    |
| Other current payables                     | -                              | -                              | -                           | -               | -                         | -                           | 3,511                       | -  | -                                    |
| <b>Total liabilities</b>                   | <b>3,461</b>                   | <b>1,225,456</b>               | <b>-</b>                    | <b>-</b>        | <b>-</b>                  | <b>55,493</b>               | <b>2,359,719</b>            | <b>-</b>                                   | <b>317</b>                           |
| <b>Fund Balances</b>                       |                                |                                |                             |                 |                           |                             |                             |  |                                      |
| Nonspendable                               | -                              | 416,655                        | -                           | -               | 3,086,163                 | -                           | 7,302,288                   | -  | -                                    |
| Restricted                                 | 97,373                         | -                              | -                           | -               | 3,766,041                 | 937,450                     | 21,921,234                  | 24,218                                     | 1,038,859                            |
| Committed                                  | -                              | -                              | -                           | -               | -                         | -                           | 1,426,032                   | -  | -                                    |
| Assigned                                   | -                              | -                              | 858,520                     | 2,886           | -                         | -                           | 1,964,867                   | -  | -                                    |
| Unassigned                                 | -                              | (626,846)                      | -                           | -               | -                         | -                           | (626,846)                   | -  | -                                    |
| <b>Total fund balances</b>                 | <b>97,373</b>                  | <b>(210,191)</b>               | <b>858,520</b>              | <b>2,886</b>    | <b>6,852,204</b>          | <b>937,450</b>              | <b>31,987,575</b>           | <b>24,218</b>                              | <b>1,038,859</b>                     |
| <b>Total liabilities and fund balances</b> | <b>\$ 100,834</b>              | <b>\$ 1,015,265</b>            | <b>\$ 858,520</b>           | <b>\$ 2,886</b> | <b>\$ 6,852,204</b>       | <b>\$ 992,943</b>           | <b>\$ 34,347,294</b>        | <b>\$ 24,218</b>                           | <b>\$ 1,039,176</b>                  |

Other Supplemental Information  
 Combining Balance Sheet (Continued)  
 Nonmajor Governmental Funds

December 31, 2017

|  | Nonmajor Debt Service Funds                  |  |   |  |                               |                                    |  |  |                                     |                             |
|--|--|--|---|--|-------------------------------|------------------------------------|--|--|-------------------------------------|-----------------------------|
|  | Coveleski<br>Bond Debt<br>Service<br>Reserve | Redevelopment<br>Bond - Palais<br>Royale | South Bend<br>Building<br>Corporation<br>Debt Service | TIF Erksine<br>Village Debt<br>Service | Smart Streets<br>Debt Service | Parks Bond<br>Debt Service<br>Fund | Century Center<br>Energy<br>Conservation<br>Debt Service | Redevelopment<br>Authority Debt<br>Service | Eddy St.<br>Commons<br>Debt Service | Total Debt<br>Service Funds |
| <b>Assets</b>                              |  |  |   |  |                               |                                    |  |  |                                     |                             |
| Cash and cash equivalents                  | \$ 149,803                                   | \$ 503,062                               | \$ 574,704  | \$ -                                   | \$ 1,718,645                  | \$ 557,768                         | \$ 58,882  | \$ 522,232                                 | \$ 2,501,480                        | \$ 6,911,696                |
| Investments                                | 366,562                                      | 1,230,976                                | -   | -                                      | -                             | -                                  | -  | -  | -                                   | 2,333,835                   |
| Receivables:                               |  |  |   |  |                               |                                    |  |  |                                     |                             |
| Accounts                                   | -  | -  | -   | -                                      | -                             | 31,723                             | -  | -  | -                                   | 31,723                      |
| Interest                                   | 984  | 3,305                                    | -   | -                                      | -                             | -                                  | -  | -  | -                                   | 6,266                       |
| Intergovernmental                          | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Loans                                      | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Due from other funds                       | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Advances to other funds                    | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Property held for resale                   | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| <b>Total assets</b>                        | <b>\$ 517,349</b>                            | <b>\$ 1,737,343</b>                      | <b>\$ 574,704</b>                                     | <b>\$ -</b>                            | <b>\$ 1,718,645</b>           | <b>\$ 589,491</b>                  | <b>\$ 58,882</b>   | <b>\$ 522,232</b>                          | <b>\$ 2,501,480</b>                 | <b>\$ 9,283,520</b>         |
| <b>Liabilities</b>                         |  |  |   |  |                               |                                    |  |  |                                     |                             |
| Accounts payable:                          |  |  |   |  |                               |                                    |  |  |                                     |                             |
| Accounts payable                           | \$ -   | \$ -                                     | \$ -  | \$ -                                   | \$ -                          | \$ -                               | \$ -   | \$ -                                       | \$ -                                | \$ -                        |
| Due to other funds                         | -  | 531                                      | -   | -                                      | -                             | -                                  | -  | -  | -                                   | 848                         |
| Advances from other funds                  | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Performance deposits payable               | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Accrued liabilities and other              | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Other current payables                     | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| <b>Total liabilities</b>                   | <b>-</b>                                     | <b>531</b>                               | <b>-</b>  | <b>-</b>                               | <b>-</b>                      | <b>-</b>                           | <b>-</b>   | <b>-</b>                                   | <b>-</b>                            | <b>848</b>                  |
| <b>Fund Balances</b>                       |  |  |   |  |                               |                                    |  |  |                                     |                             |
| Nonspendable                               | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Restricted                                 | 517,349                                      | 1,736,812                                | 574,704   | -                                      | 1,718,645                     | 589,491                            | 58,882   | 522,232                                    | 2,501,480                           | 9,282,672                   |
| Committed                                  | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Assigned                                   | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Unassigned                                 | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| <b>Total fund balances</b>                 | <b>517,349</b>                               | <b>1,736,812</b>                         | <b>574,704</b>  | <b>-</b>                               | <b>1,718,645</b>              | <b>589,491</b>                     | <b>58,882</b>  | <b>522,232</b>                             | <b>2,501,480</b>                    | <b>9,282,672</b>            |
| <b>Total liabilities and fund balances</b> | <b>\$ 517,349</b>                            | <b>\$ 1,737,343</b>                      | <b>\$ 574,704</b>                                     | <b>\$ -</b>                            | <b>\$ 1,718,645</b>           | <b>\$ 589,491</b>                  | <b>\$ 58,882</b>   | <b>\$ 522,232</b>                          | <b>\$ 2,501,480</b>                 | <b>\$ 9,283,520</b>         |

Other Supplemental Information  
 Combining Balance Sheet (Continued)  
 Nonmajor Governmental Funds

December 31, 2017

| Nonmajor Capital Projects Funds            |                                       |                              |               |                                 |                                      |                                      |   |                       |                          |  |
|--|---------------------------------------|------------------------------|---------------|---------------------------------|--------------------------------------|--------------------------------------|---|-----------------------|--------------------------|--|
|  | Professional<br>Sports<br>Development | Coveleski<br>Stadium Capital | Zoo Endowment | Park<br>Nonreverting<br>Capital | Cumulative<br>Capital<br>Development | Cumulative<br>Capital<br>Improvement | Morris<br>Performing Arts<br>Center Capital | TIF Leighton<br>Plaza | TIF - West<br>Washington |  |
| <b>Assets</b>                              |                                       |                              |               |                                 |                                      |                                      |   |                       |                          |  |
| Cash and cash equivalents                  | \$ 6,866                              | \$ 15,794                    | \$ -          | \$ 87,580                       | \$ 179,887                           | \$ 124,630                           | \$ 120,369                                  | \$ 64,938             | \$ 659,359               |  |
| Investments                                | 16,802                                | 38,647                       | -             | 88,843                          | 440,178                              | 304,966                              | 294,540                                     | 108,373               | 1,613,429                |  |
| Receivables:                               |                                       |                              |               |                                 |                                      |                                      |   |                       |                          |  |
| Accounts                                   | -                                     | -                            | -             | -                               | -                                    | -                                    | -   | 9,694                 | -                        |  |
| Interest                                   | 38                                    | 104                          | -             | 320                             | 1,128                                | 803                                  | 819   | 291                   | 4,287                    |  |
| Intergovernmental                          | -                                     | -                            | -             | -                               | -                                    | -                                    | -   | -                     | -                        |  |
| Loans                                      | -                                     | -                            | -             | -                               | -                                    | -                                    | -   | -                     | -                        |  |
| Due from other funds                       | -                                     | -                            | -             | -                               | -                                    | -                                    | -   | -                     | -                        |  |
| Advances to other funds                    | -                                     | -                            | -             | -                               | -                                    | -                                    | -   | -                     | -                        |  |
| Property held for resale                   | -                                     | -                            | -             | -                               | -                                    | -                                    | -   | -                     | 436,690                  |  |
| <b>Total assets</b>                        | <b>\$ 23,706</b>                      | <b>\$ 54,545</b>             | <b>\$ -</b>   | <b>\$ 176,743</b>               | <b>\$ 621,193</b>                    | <b>\$ 430,399</b>                    | <b>\$ 415,728</b>                           | <b>\$ 183,296</b>     | <b>\$ 2,713,765</b>      |  |
| <b>Liabilities</b>                         |                                       |                              |               |                                 |                                      |                                      |   |                       |                          |  |
| Accounts payable:                          |                                       |                              |               |                                 |                                      |                                      |   |                       |                          |  |
| Accounts payable                           | \$ -                                  | \$ -                         | \$ -          | \$ 38,640                       | \$ -                                 | \$ -                                 | \$ -  | \$ -                  | \$ 50,887                |  |
| Due to other funds                         | -                                     | -                            | -             | -                               | -                                    | -                                    | -   | -                     | -                        |  |
| Advances from other funds                  | -                                     | -                            | -             | -                               | -                                    | -                                    | -   | -                     | -                        |  |
| Performance deposits payable               | -                                     | -                            | -             | -                               | -                                    | -                                    | -   | -                     | -                        |  |
| Accrued liabilities and other              | -                                     | -                            | -             | -                               | -                                    | -                                    | -   | -                     | -                        |  |
| Other current payables                     | -                                     | -                            | -             | -                               | -                                    | -                                    | -   | 4,196                 | -                        |  |
| <b>Total liabilities</b>                   | <b>-</b>                              | <b>-</b>                     | <b>-</b>      | <b>38,640</b>                   | <b>-</b>                             | <b>-</b>                             | <b>-</b>                                    | <b>4,196</b>          | <b>50,887</b>            |  |
| <b>Fund Balances</b>                       |                                       |                              |               |                                 |                                      |                                      |   |                       |                          |  |
| Nonspendable                               | -                                     | -                            | -             | -                               | -                                    | -                                    | -   | -                     | 436,690                  |  |
| Restricted                                 | 23,706                                | -                            | -             | 138,103                         | 621,193                              | 430,399                              | -   | 179,100               | 2,226,188                |  |
| Committed                                  | -                                     | 54,545                       | -             | -                               | -                                    | -                                    | 415,728                                     | -                     | -                        |  |
| Assigned                                   | -                                     | -                            | -             | -                               | -                                    | -                                    | -   | -                     | -                        |  |
| Unassigned                                 | -                                     | -                            | -             | -                               | -                                    | -                                    | -   | -                     | -                        |  |
| <b>Total fund balances</b>                 | <b>23,706</b>                         | <b>54,545</b>                | <b>-</b>      | <b>138,103</b>                  | <b>621,193</b>                       | <b>430,399</b>                       | <b>415,728</b>                              | <b>179,100</b>        | <b>2,662,878</b>         |  |
| <b>Total liabilities and fund balances</b> | <b>\$ 23,706</b>                      | <b>\$ 54,545</b>             | <b>\$ -</b>   | <b>\$ 176,743</b>               | <b>\$ 621,193</b>                    | <b>\$ 430,399</b>                    | <b>\$ 415,728</b>                           | <b>\$ 183,296</b>     | <b>\$ 2,713,765</b>      |  |

Other Supplemental Information  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds

December 31, 2017

|  | Nonmajor Capital Projects Funds |   |   |                                  |                     |                               |                     |                                    |                                 |
|--|---------------------------------|---|---|----------------------------------|---------------------|-------------------------------|---------------------|------------------------------------|---------------------------------|
|  | Redevelopment<br>General        | TIF No. 1 -<br>Southside<br>Development | TIF No. 3 -<br>Southside<br>Development | Football Hall of<br>Fame Capital | Major Moves         | TIF River East<br>Development | TIF Douglas<br>Road | TIF - River<br>East<br>Residential | Certified<br>Technology<br>Park |
| <b>Assets</b>                              |                                 |   |   |                                  |                     |                               |                     |                                    |                                 |
| Cash and cash equivalents                  | \$ 2,141                        | \$ 2,269,840                            | \$ -                                    | \$ 129,650                       | \$ 841,827          | \$ 2,542,270                  | \$ 58,161           | \$ 1,010,068                       | \$ 177,572                      |
| Investments                                | 5,239                           | 5,554,224                               | -                                       | 317,249                          | 2,059,922           | 6,220,850                     | 142,317             | 2,471,604                          | 434,514                         |
| Receivables:                               |                                 |   |   |                                  |                     |                               |                     |                                    |                                 |
| Accounts                                   | -                               | -                                       | -                                       | -                                | -                   | 3,548                         | -                   | -                                  | -                               |
| Interest                                   | 14                              | 14,659                                  | -                                       | 853                              | 5,531               | 16,437                        | 342                 | 5,571                              | 1,167                           |
| Intergovernmental                          | -                               | -                                       | -                                       | -                                | -                   | -                             | -                   | -                                  | -                               |
| Loans                                      | -                               | -                                       | -                                       | -                                | -                   | -                             | -                   | -                                  | -                               |
| Due from other funds                       | -                               | -                                       | -                                       | -                                | -                   | -                             | -                   | -                                  | -                               |
| Advances to other funds                    | -                               | -                                       | -                                       | -                                | 3,189,032           | -                             | -                   | -                                  | -                               |
| Property held for resale                   | -                               | -                                       | -                                       | -                                | -                   | -                             | -                   | -                                  | -                               |
| <b>Total assets</b>                        | <b>\$ 7,394</b>                 | <b>\$ 7,838,723</b>                     | <b>\$ -</b>                             | <b>\$ 447,752</b>                | <b>\$ 6,096,312</b> | <b>\$ 8,783,105</b>           | <b>\$ 200,820</b>   | <b>\$ 3,487,243</b>                | <b>\$ 613,253</b>               |
| <b>Liabilities</b>                         |                                 |   |   |                                  |                     |                               |                     |                                    |                                 |
| Accounts payable:                          |                                 |   |   |                                  |                     |                               |                     |                                    |                                 |
| Accounts payable                           | \$ -                            | \$ 15,409                               | \$ -                                    | \$ -                             | \$ 42,936           | \$ 493,576                    | \$ -                | \$ -                               | \$ -                            |
| Due to other funds                         | -                               | -                                       | -                                       | 749                              | -                   | -                             | -                   | -                                  | -                               |
| Advances from other funds                  | -                               | -                                       | -                                       | 447,003                          | -                   | -                             | -                   | 3,157,841                          | -                               |
| Performance deposits payable               | -                               | -                                       | -                                       | -                                | -                   | 100,000                       | -                   | -                                  | -                               |
| Accrued liabilities and other              | -                               | -                                       | -                                       | -                                | -                   | -                             | -                   | -                                  | -                               |
| Other current payables                     | -                               | -                                       | -                                       | -                                | -                   | -                             | -                   | -                                  | -                               |
| <b>Total liabilities</b>                   | <b>-</b>                        | <b>15,409</b>                           | <b>-</b>                                | <b>447,752</b>                   | <b>42,936</b>       | <b>593,576</b>                | <b>-</b>            | <b>3,157,841</b>                   | <b>-</b>                        |
| <b>Fund Balances</b>                       |                                 |   |   |                                  |                     |                               |                     |                                    |                                 |
| Nonspendable                               | -                               | -                                       | -                                       | -                                | 3,189,032           | -                             | -                   | -                                  | -                               |
| Restricted                                 | -                               | 7,823,314                               | -                                       | -                                | 2,864,344           | 8,189,529                     | 200,820             | 329,402                            | 613,253                         |
| Committed                                  | -                               | -                                       | -                                       | -                                | -                   | -                             | -                   | -                                  | -                               |
| Assigned                                   | 7,394                           | -                                       | -                                       | -                                | -                   | -                             | -                   | -                                  | -                               |
| Unassigned                                 | -                               | -                                       | -                                       | -                                | -                   | -                             | -                   | -                                  | -                               |
| <b>Total fund balances</b>                 | <b>7,394</b>                    | <b>7,823,314</b>                        | <b>-</b>                                | <b>-</b>                         | <b>6,053,376</b>    | <b>8,189,529</b>              | <b>200,820</b>      | <b>329,402</b>                     | <b>613,253</b>                  |
| <b>Total liabilities and fund balances</b> | <b>\$ 7,394</b>                 | <b>\$ 7,838,723</b>                     | <b>\$ -</b>                             | <b>\$ 447,752</b>                | <b>\$ 6,096,312</b> | <b>\$ 8,783,105</b>           | <b>\$ 200,820</b>   | <b>\$ 3,487,243</b>                | <b>\$ 613,253</b>               |

Other Supplemental Information  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds

December 31, 2017

|  | Nonmajor Capital Project Funds            |                                  |                      |  |   |                                   |                      |                                |                                | Total Nonmajor<br>Governmental<br>Funds |
|--|---|----------------------------------|----------------------|--|---|-----------------------------------|----------------------|--------------------------------|--------------------------------|---|
|  | Palais Royale<br>Historic<br>Preservation | Airport Urban<br>Enterprise Zone | Equipment<br>Leasing | Century Center<br>Energy<br>Conservation<br>Bond | Smart Streets<br>Bond Capital<br>Projects Funds | Parks Bond<br>Capital<br>Projects | 2017 Parks<br>Bond   | Eddy St.<br>Commons<br>Capital | Total Capital<br>Project Funds |   |
| <b>Assets</b>                                  |   |                                  |                      |  |   |                                   |                      |                                |                                |   |
| Cash and cash equivalents                      | \$ 31,746                                 | \$ 111,985                       | \$ 2,087,574         | \$ -   | \$ 1,040,156                                    | \$ 3,271,224                      | \$ 13,888,958        | \$ 16,129,314                  | \$ 44,851,909                  | \$ 64,084,835                           |
| Investments                                    | 77,681                                    | 274,024                          | 42,792               | -  | -   | -                                 | -                    | -                              | 20,506,194                     | 35,394,816                              |
| Receivables:                                   |   |                                  |                      |  |   |                                   |                      |                                |                                |   |
| Accounts                                       | -   | -                                | -                    | -  | -   | -                                 | -                    | -                              | 13,242                         | 252,982                                 |
| Interest                                       | 208                                       | 736                              | 135                  | -  | -   | -                                 | -                    | -                              | 53,443                         | 94,063                                  |
| Intergovernmental                              | -   | -                                | -                    | -  | -   | -                                 | -                    | -                              | -                              | 835,263                                 |
| Loans  | -   | -                                | -                    | -  | -   | -                                 | -                    | -                              | -                              | 4,860,602                               |
| Due from other funds                           | -   | -                                | -                    | -  | -   | -                                 | -                    | -                              | -                              | 1,288                                   |
| Advances to other funds                        | -   | -                                | -                    | -  | -   | -                                 | -                    | -                              | 3,189,032                      | 3,489,032                               |
| Property held for resale                       | -   | -                                | -                    | -  | -   | -                                 | -                    | -                              | 436,690                        | 3,668,443                               |
| <b>Total assets</b>                            | <b>\$ 109,635</b>                         | <b>\$ 386,745</b>                | <b>\$ 2,130,501</b>  | <b>\$ -</b>                                      | <b>\$ 1,040,156</b>                             | <b>\$ 3,271,224</b>               | <b>\$ 13,888,958</b> | <b>\$ 16,129,314</b>           | <b>\$ 69,050,510</b>           | <b>\$ 112,681,324</b>                   |
| <b>Liabilities</b>                             |   |                                  |                      |  |   |                                   |                      |                                |                                |   |
| Accounts payable:                              |   |                                  |                      |  |   |                                   |                      |                                |                                |   |
| Accounts payable                               | \$ -                                      | \$ -                             | \$ -                 | \$ -   | \$ -  | \$ 791,644                        | \$ -                 | \$ 25,564                      | \$ 1,458,656                   | \$ 2,444,222                            |
| Due to other funds                             | -   | -                                | -                    | -  | -   | -                                 | -                    | -                              | 749                            | 4,949                                   |
| Advances from other funds                      | -   | -                                | -                    | -  | -   | -                                 | -                    | -                              | 3,604,844                      | 4,830,300                               |
| Performance deposits payable                   | -   | -                                | -                    | -  | -   | -                                 | -                    | -                              | 100,000                        | 103,500                                 |
| Accrued liabilities and other                  | -   | -                                | -                    | -  | -   | -                                 | -                    | -                              | -                              | 138,334                                 |
| Other current payables                         | -   | -                                | -                    | -  | -   | -                                 | -                    | -                              | 4,196                          | 7,707                                   |
| <b>Total liabilities</b>                       | <b>-</b>                                  | <b>-</b>                         | <b>-</b>             | <b>-</b>   | <b>-</b>  | <b>791,644</b>                    | <b>-</b>             | <b>25,564</b>                  | <b>5,168,445</b>               | <b>7,529,012</b>                        |
| <b>Fund Balances</b>                           |   |                                  |                      |  |   |                                   |                      |                                |                                |   |
| Nonspendable                                   | -   | -                                | -                    | -  | -   | -                                 | -                    | -                              | 3,625,722                      | 10,928,010                              |
| Restricted                                     | -   | -                                | 2,130,501            | -  | 1,040,156                                       | 2,479,580                         | 13,888,958           | 16,103,750                     | 59,282,296                     | 90,486,202                              |
| Committed                                      | 109,635                                   | 386,745                          | -                    | -  | -   | -                                 | -                    | -                              | 966,653                        | 2,392,685                               |
| Assigned                                       | -   | -                                | -                    | -  | -   | -                                 | -                    | -                              | 7,394                          | 1,972,261                               |
| Unassigned                                     | -   | -                                | -                    | -  | -   | -                                 | -                    | -                              | -                              | (626,846)                               |
| <b>Total fund balances</b>                     | <b>109,635</b>                            | <b>386,745</b>                   | <b>2,130,501</b>     | <b>-</b>   | <b>1,040,156</b>                                | <b>2,479,580</b>                  | <b>13,888,958</b>    | <b>16,103,750</b>              | <b>63,882,065</b>              | <b>105,152,312</b>                      |
| <b>Total liabilities and fund<br/>balances</b> | <b>\$ 109,635</b>                         | <b>\$ 386,745</b>                | <b>\$ 2,130,501</b>  | <b>\$ -</b>                                      | <b>\$ 1,040,156</b>                             | <b>\$ 3,271,224</b>               | <b>\$ 13,888,958</b> | <b>\$ 16,129,314</b>           | <b>\$ 69,050,510</b>           | <b>\$ 112,681,324</b>                   |

Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds

Year Ended December 31, 2017

|  | Special Revenue Funds |                         |   |                                   |                     |                             |                      |                              |                   |
|--|-----------------------|-------------------------|---|-----------------------------------|---------------------|-----------------------------|----------------------|------------------------------|-------------------|
|  | Motor Vehicle Highway | Recreation Nonreverting | Studebaker Oliver Revitalization Grants | Economic Development State Grants | DCI Operating       | Community Investment Grants | Police State Seizure | Juvenile Positive Assistance | Unsafe Building   |
| <b>Revenue</b>                                     |                       |                         |   |                                   |                     |                             |                      |                              |                   |
| Taxes:   |                       |                         |   |                                   |                     |                             |                      |                              |                   |
| Property taxes                                     | \$ -                  | \$ -                    | \$ -                                    | \$ -                              | \$ -                | \$ -                        | \$ -                 | \$ -                         | \$ -              |
| Professional sports development taxes              | -                     | -                       | -                                       | -                                 | -                   | -                           | -                    | -                            | -                 |
| Intergovernmental                                  | 6,060,971             | -                       | 290,389                                 | 58,358                            | 298,477             | 2,365,730                   | -                    | -                            | -                 |
| Charges for services                               | 208,367               | 871,092                 | -                                       | -                                 | 242,507             | -                           | -                    | -                            | 115,663           |
| Fines and forfeitures                              | -                     | -                       | -                                       | -                                 | -                   | -                           | -                    | 160                          | 80,386            |
| Interest and rentals:                              |                       |                         |   |                                   |                     |                             |                      |                              |                   |
| Investment income                                  | 62,560                | 8,617                   | 7,886                                   | 11,570                            | 10,632              | 723                         | 2,309                | 119                          | -                 |
| Rental income                                      | -                     | -                       | -                                       | -                                 | -                   | 7,387                       | -                    | -                            | -                 |
| Other revenue                                      | 28,699                | 53,814                  | -                                       | -                                 | 1,684               | 411,096                     | 12,413               | -                            | 21,834            |
| <b>Total revenue</b>                               | <b>6,360,597</b>      | <b>933,523</b>          | <b>298,275</b>                          | <b>69,928</b>                     | <b>553,300</b>      | <b>2,784,936</b>            | <b>14,722</b>        | <b>279</b>                   | <b>217,883</b>    |
| <b>Expenditures</b>                                |                       |                         |   |                                   |                     |                             |                      |                              |                   |
| Current services:                                  |                       |                         |   |                                   |                     |                             |                      |                              |                   |
| General government                                 | -                     | -                       | -                                       | -                                 | -                   | -                           | -                    | -                            | -                 |
| Public safety                                      | -                     | -                       | -                                       | -                                 | -                   | -                           | 69,204               | -                            | 757,146           |
| Public works                                       | 8,517,768             | -                       | -                                       | -                                 | -                   | -                           | -                    | -                            | -                 |
| Community and economic development                 | -                     | -                       | 320,360                                 | -                                 | 2,306,145           | 2,433,845                   | -                    | -                            | -                 |
| Recreation and culture                             | -                     | 977,520                 | -                                       | -                                 | -                   | -                           | -                    | -                            | -                 |
| Capital outlay                                     | -                     | -                       | -                                       | -                                 | -                   | -                           | -                    | -                            | -                 |
| Debt service                                       |                       |                         |   |                                   |                     |                             |                      |                              |                   |
| Principal  | 677,082               | -                       | -                                       | 63,660                            | -                   | -                           | -                    | -                            | -                 |
| Interest on long-term debt                         | 35,541                | -                       | -                                       | 8,350                             | -                   | -                           | -                    | -                            | -                 |
| <b>Total expenditures</b>                          | <b>9,230,391</b>      | <b>977,520</b>          | <b>320,360</b>                          | <b>72,010</b>                     | <b>2,306,145</b>    | <b>2,433,845</b>            | <b>69,204</b>        | <b>-</b>                     | <b>757,146</b>    |
| <b>Excess of Revenue Over (Under) Expenditures</b> | <b>(2,869,794)</b>    | <b>(43,997)</b>         | <b>(22,085)</b>                         | <b>(2,082)</b>                    | <b>(1,752,845)</b>  | <b>351,091</b>              | <b>(54,482)</b>      | <b>279</b>                   | <b>(539,263)</b>  |
| <b>Other Financing Sources (Uses)</b>              |                       |                         |   |                                   |                     |                             |                      |                              |                   |
| Transfers in                                       | 3,964,974             | -                       | -                                       | -                                 | 1,522,673           | -                           | -                    | -                            | 579,757           |
| Transfers out                                      | -                     | -                       | -                                       | -                                 | -                   | -                           | -                    | -                            | -                 |
| Issuance of debt                                   | -                     | -                       | -                                       | -                                 | -                   | -                           | -                    | -                            | -                 |
| Cost of issuance                                   | -                     | -                       | -                                       | -                                 | -                   | -                           | -                    | -                            | -                 |
| Debt premium or discount                           | -                     | -                       | -                                       | -                                 | -                   | -                           | -                    | -                            | -                 |
| Proceeds from sale of capital assets               | 33,373                | -                       | -                                       | -                                 | -                   | -                           | 24,840               | -                            | -                 |
| <b>Total other financing sources (uses)</b>        | <b>3,998,347</b>      | <b>-</b>                | <b>-</b>                                | <b>-</b>                          | <b>1,522,673</b>    | <b>-</b>                    | <b>24,840</b>        | <b>-</b>                     | <b>579,757</b>    |
| <b>Net Change in Fund Balances</b>                 | <b>1,128,553</b>      | <b>(43,997)</b>         | <b>(22,085)</b>                         | <b>(2,082)</b>                    | <b>(230,172)</b>    | <b>351,091</b>              | <b>(29,642)</b>      | <b>279</b>                   | <b>40,494</b>     |
| <b>Fund Balances - Beginning of year</b>           | <b>6,398,456</b>      | <b>831,224</b>          | <b>1,217,869</b>                        | <b>653,096</b>                    | <b>1,333,633</b>    | <b>3,148,963</b>            | <b>227,741</b>       | <b>12,564</b>                | <b>332,561</b>    |
| <b>Fund Balances - End of year</b>                 | <b>\$ 7,527,009</b>   | <b>\$ 787,227</b>       | <b>\$ 1,195,784</b>                     | <b>\$ 651,014</b>                 | <b>\$ 1,103,461</b> | <b>\$ 3,500,054</b>         | <b>\$ 198,099</b>    | <b>\$ 12,843</b>             | <b>\$ 373,055</b> |

Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)  
Nonmajor Governmental Funds

Year Ended December 31, 2017

|  | Special Revenue Funds                      |                          |                       |                                  |                          |                                |                                      |                         |                       |
|--|--|--------------------------|-----------------------|----------------------------------|--------------------------|--------------------------------|--------------------------------------|-------------------------|-----------------------|
|  | Law Enforcement<br>Continuing<br>Education | Landlord<br>Registration | Loss Recovery<br>Fund | Emergency<br>Telephone<br>System | Local Road and<br>Street | Excess Welfare<br>Distribution | LOIT 2016<br>Special<br>Distribution | Human Rights<br>Federal | East Race<br>Waterway |
| <b>Revenue</b>                                     |  |                          |                       |                                  |                          |                                |                                      |                         |                       |
| Taxes:   |  |                          |                       |                                  |                          |                                |                                      |                         |                       |
| Property taxes                                     | \$ -                                       | \$ -                     | \$ -                  | \$ -                             | \$ -                     | \$ -                           | \$ -                                 | \$ -                    | \$ -                  |
| Professional sports development taxes              | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Intergovernmental                                  | -  | -                        | -                     | -                                | 1,628,013                | -                              | -                                    | 125,250                 | -                     |
| Charges for services                               | 128,369                                    | 6,870                    | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Fines and forfeitures                              | 118,341                                    | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Interest and rentals:                              |  |                          |                       |                                  |                          |                                |                                      |                         |                       |
| Investment income                                  | 6,165                                      | -                        | 8,804                 | -                                | 27,198                   | -                              | 35,423                               | 4,515                   | 9                     |
| Rental income                                      | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Other revenue                                      | 23,126                                     | -                        | -                     | -                                | 8,722                    | -                              | 414,272                              | 16,362                  | -                     |
| <b>Total revenue</b>                               | <b>276,001</b>                             | <b>6,870</b>             | <b>8,804</b>          | <b>-</b>                         | <b>1,663,933</b>         | <b>-</b>                       | <b>449,695</b>                       | <b>146,127</b>          | <b>9</b>              |
| <b>Expenditures</b>                                |  |                          |                       |                                  |                          |                                |                                      |                         |                       |
| Current services:                                  |  |                          |                       |                                  |                          |                                |                                      |                         |                       |
| General government                                 | -  | -                        | 238,518               | -                                | -                        | -                              | -                                    | 127,258                 | -                     |
| Public safety                                      | 515,506                                    | 15                       | 26,416                | 33,671                           | -                        | 8                              | -                                    | -                       | -                     |
| Public works                                       | -  | -                        | -                     | -                                | 900,020                  | -                              | 1,316,846                            | -                       | -                     |
| Community and economic development                 | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Recreation and culture                             | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | 1,357                 |
| Capital outlay                                     | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Debt service                                       |  |                          |                       |                                  |                          |                                |                                      |                         |                       |
| Principal  | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Interest on long-term debt                         | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| <b>Total expenditures</b>                          | <b>515,506</b>                             | <b>15</b>                | <b>264,934</b>        | <b>33,671</b>                    | <b>900,020</b>           | <b>8</b>                       | <b>1,316,846</b>                     | <b>127,258</b>          | <b>1,357</b>          |
| <b>Excess of Revenue Over (Under) Expenditures</b> | <b>(239,505)</b>                           | <b>6,855</b>             | <b>(256,130)</b>      | <b>(33,671)</b>                  | <b>763,913</b>           | <b>(8)</b>                     | <b>(867,151)</b>                     | <b>18,869</b>           | <b>(1,348)</b>        |
| <b>Other Financing Sources (Uses)</b>              |  |                          |                       |                                  |                          |                                |                                      |                         |                       |
| Transfers in                                       | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Transfers out                                      | -  | -                        | -                     | -                                | -                        | -                              | (1,000,000)                          | -                       | -                     |
| Issuance of debt                                   | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Cost of issuance                                   | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Debt premium or discount                           | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| Proceeds from sale of capital assets               | -  | -                        | -                     | -                                | -                        | -                              | -                                    | -                       | -                     |
| <b>Total other financing sources (uses)</b>        | <b>-</b>                                   | <b>-</b>                 | <b>-</b>              | <b>-</b>                         | <b>-</b>                 | <b>-</b>                       | <b>(1,000,000)</b>                   | <b>-</b>                | <b>-</b>              |
| <b>Net Change in Fund Balances</b>                 | <b>(239,505)</b>                           | <b>6,855</b>             | <b>(256,130)</b>      | <b>(33,671)</b>                  | <b>763,913</b>           | <b>(8)</b>                     | <b>(1,867,151)</b>                   | <b>18,869</b>           | <b>(1,348)</b>        |
| <b>Fund Balances - Beginning of year</b>           | <b>804,123</b>                             | <b>2,830</b>             | <b>968,799</b>        | <b>33,671</b>                    | <b>2,725,272</b>         | <b>8</b>                       | <b>4,002,344</b>                     | <b>559,781</b>          | <b>1,348</b>          |
| <b>Fund Balances - End of year</b>                 | <b>\$ 564,618</b>                          | <b>\$ 9,685</b>          | <b>\$ 712,669</b>     | <b>\$ -</b>                      | <b>\$ 3,489,185</b>      | <b>\$ -</b>                    | <b>\$ 2,135,193</b>                  | <b>\$ 578,650</b>       | <b>\$ -</b>           |

Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)  
Nonmajor Governmental Funds

Year Ended December 31, 2017

|  | Special Revenue Funds          |                        |                                       |                  |                         |                        |                            |                    |                             |
|--|--------------------------------|------------------------|---------------------------------------|------------------|-------------------------|------------------------|----------------------------|--------------------|-----------------------------|
|  | Morris and Palais<br>Marketing | Police Block<br>Grants | Economic<br>Development<br>Commission | Hazmat           | Indiana River<br>Rescue | COPS Block<br>Grant II | Regional Police<br>Academy | COPS MORE<br>Grant | Federal Drug<br>Enforcement |
| <b>Revenue</b>                                     |                                |                        |                                       |                  |                         |                        |                            |                    |                             |
| Taxes:   |                                |                        |                                       |                  |                         |                        |                            |                    |                             |
| Property taxes                                     | \$ -                           | \$ -                   | \$ -                                  | \$ -             | \$ -                    | \$ -                   | \$ -                       | \$ -               | \$ -                        |
| Professional sports development taxes              | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Intergovernmental                                  | -                              | -                      | -                                     | 6,435            | 75,600                  | -                      | 19,075                     | 18,344             | 50,000                      |
| Charges for services                               | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Fines and forfeitures                              | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Interest and rentals:                              |                                |                        |                                       |                  |                         |                        |                            |                    |                             |
| Investment income                                  | 433                            | 36                     | 261                                   | 224              | 1,360                   | -                      | 794                        | 1,630              | 2,063                       |
| Rental income                                      | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Other revenue                                      | 13,318                         | -                      | -                                     | -                | -                       | -                      | 50                         | 54,556             | 1,823                       |
| <b>Total revenue</b>                               | <b>13,751</b>                  | <b>36</b>              | <b>261</b>                            | <b>6,659</b>     | <b>76,960</b>           | <b>-</b>               | <b>19,919</b>              | <b>74,530</b>      | <b>53,886</b>               |
| <b>Expenditures</b>                                |                                |                        |                                       |                  |                         |                        |                            |                    |                             |
| Current services:                                  |                                |                        |                                       |                  |                         |                        |                            |                    |                             |
| General government                                 | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Public safety                                      | -                              | -                      | -                                     | 5,964            | 94,460                  | 25,381                 | 11,836                     | 189,159            | 149,200                     |
| Public works                                       | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Community and economic development                 | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Recreation and culture                             | 2,875                          | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Capital outlay                                     | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Debt service                                       |                                |                        |                                       |                  |                         |                        |                            |                    |                             |
| Principal  | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Interest on long-term debt                         | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| <b>Total expenditures</b>                          | <b>2,875</b>                   | <b>-</b>               | <b>-</b>                              | <b>5,964</b>     | <b>94,460</b>           | <b>25,381</b>          | <b>11,836</b>              | <b>189,159</b>     | <b>149,200</b>              |
| <b>Excess of Revenue Over (Under) Expenditures</b> | <b>10,876</b>                  | <b>36</b>              | <b>261</b>                            | <b>695</b>       | <b>(17,500)</b>         | <b>(25,381)</b>        | <b>8,083</b>               | <b>(114,629)</b>   | <b>(95,314)</b>             |
| <b>Other Financing Sources (Uses)</b>              |                                |                        |                                       |                  |                         |                        |                            |                    |                             |
| Transfers in                                       | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Transfers out                                      | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Issuance of debt                                   | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Cost of issuance                                   | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Debt premium or discount                           | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| Proceeds from sale of capital assets               | -                              | -                      | -                                     | -                | -                       | -                      | -                          | -                  | -                           |
| <b>Total other financing sources (uses)</b>        | <b>-</b>                       | <b>-</b>               | <b>-</b>                              | <b>-</b>         | <b>-</b>                | <b>-</b>               | <b>-</b>                   | <b>-</b>           | <b>-</b>                    |
| <b>Net Change in Fund Balances</b>                 | <b>10,876</b>                  | <b>36</b>              | <b>261</b>                            | <b>695</b>       | <b>(17,500)</b>         | <b>(25,381)</b>        | <b>8,083</b>               | <b>(114,629)</b>   | <b>(95,314)</b>             |
| <b>Fund Balances - Beginning of year</b>           | <b>44,294</b>                  | <b>3,886</b>           | <b>27,615</b>                         | <b>26,777</b>    | <b>140,759</b>          | <b>73,832</b>          | <b>75,920</b>              | <b>224,370</b>     | <b>226,207</b>              |
| <b>Fund Balances - End of year</b>                 | <b>\$ 55,170</b>               | <b>\$ 3,922</b>        | <b>\$ 27,876</b>                      | <b>\$ 27,472</b> | <b>\$ 123,259</b>       | <b>\$ 48,451</b>       | <b>\$ 84,003</b>           | <b>\$ 109,741</b>  | <b>\$ 130,893</b>           |

Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)  
Nonmajor Governmental Funds

Year Ended December 31, 2017

|  | Special Revenue Funds |                                |                             |                 |                           |                             | Debt Service Funds          |  |                                      |
|--|-----------------------|--------------------------------|-----------------------------|-----------------|---------------------------|-----------------------------|-----------------------------|--|--------------------------------------|
|  | Gift                  | Urban Development Action Grant | Leaf Collection and Removal | Police K-9 Unit | Industrial Revolving Fund | Local Road and Bridge Grant | Total Special Revenue Funds | College Football Hall of Fame Debt Service | Redevelopment Bond - Airport Taxable |
| <b>Revenue</b>                                     |                       |                                |                             |                 |                           |                             |                             |  |                                      |
| Taxes:   |                       |                                |                             |                 |                           |                             |                             |  |                                      |
| Property taxes                                     | \$ -                  | \$ -                           | \$ -                        | \$ -            | \$ -                      | \$ -                        | \$ -                        | \$ 820,071                                 | \$ -                                 |
| Professional sports development taxes              | -                     | -                              | -                           | -               | -                         | -                           | -                           | -  | -                                    |
| Intergovernmental                                  | 20,000                | -                              | -                           | -               | -                         | 1,000,000                   | 11,915,532                  | 47,836                                     | -                                    |
| Charges for services                               | -                     | -                              | 444,734                     | -               | -                         | -                           | 2,118,712                   | -  | -                                    |
| Fines and forfeitures                              | -                     | -                              | -                           | -               | -                         | -                           | 198,887                     | -  | -                                    |
| Interest and rentals:                              |                       |                                |                             |                 |                           |                             |                             |  |                                      |
| Investment income                                  | 1,276                 | 4,960                          | 8,273                       | 28              | 151,924                   | -                           | 359,792                     | 286  | 9,747                                |
| Rental income                                      | -                     | -                              | -                           | -               | -                         | -                           | 7,387                       | -  | -                                    |
| Other revenue                                      | 139,080               | -                              | -                           | -               | 17,299                    | -                           | 1,218,148                   | -  | -                                    |
| <b>Total revenue</b>                               | <b>160,356</b>        | <b>4,960</b>                   | <b>453,007</b>              | <b>28</b>       | <b>169,223</b>            | <b>1,000,000</b>            | <b>15,818,458</b>           | <b>868,193</b>                             | <b>9,747</b>                         |
| <b>Expenditures</b>                                |                       |                                |                             |                 |                           |                             |                             |  |                                      |
| Current services:                                  |                       |                                |                             |                 |                           |                             |                             |  |                                      |
| General government                                 | 131,903               | -                              | 82,682                      | -               | -                         | -                           | 580,361                     | -  | -                                    |
| Public safety                                      | -                     | -                              | -                           | -               | -                         | -                           | 1,877,966                   | -  | -                                    |
| Public works                                       | -                     | -                              | -                           | -               | -                         | 1,062,550                   | 11,797,184                  | -  | -                                    |
| Community and economic development                 | -                     | -                              | -                           | -               | 113,202                   | -                           | 5,173,552                   | -  | -                                    |
| Recreation and culture                             | -                     | -                              | -                           | -               | -                         | -                           | 981,752                     | -  | -                                    |
| Capital outlay                                     | -                     | -                              | -                           | -               | -                         | -                           | -                           | -  | -                                    |
| Debt service                                       |                       |                                |                             |                 |                           |                             |                             |  |                                      |
| Principal  | -                     | -                              | 70,659                      | -               | -                         | -                           | 811,401                     | 1,082,547                                  | -                                    |
| Interest on long-term debt                         | -                     | -                              | 1,560                       | -               | -                         | -                           | 45,451                      | 54,222                                     | -                                    |
| <b>Total expenditures</b>                          | <b>131,903</b>        | <b>-</b>                       | <b>154,901</b>              | <b>-</b>        | <b>113,202</b>            | <b>1,062,550</b>            | <b>21,267,667</b>           | <b>1,136,769</b>                           | <b>-</b>                             |
| <b>Excess of Revenue Over (Under) Expenditures</b> | <b>28,453</b>         | <b>4,960</b>                   | <b>298,106</b>              | <b>28</b>       | <b>56,021</b>             | <b>(62,550)</b>             | <b>(5,449,209)</b>          | <b>(268,576)</b>                           | <b>9,747</b>                         |
| <b>Other Financing Sources (Uses)</b>              |                       |                                |                             |                 |                           |                             |                             |  |                                      |
| Transfers in                                       | -                     | -                              | -                           | -               | -                         | 1,000,000                   | 7,067,404                   | -  | -                                    |
| Transfers out                                      | -                     | -                              | (350,000)                   | -               | -                         | -                           | (1,350,000)                 | -  | (9,707)                              |
| Issuance of debt                                   | -                     | -                              | -                           | -               | -                         | -                           | -                           | -  | -                                    |
| Cost of issuance                                   | -                     | -                              | -                           | -               | -                         | -                           | -                           | -  | -                                    |
| Debt premium or discount                           | -                     | -                              | -                           | -               | -                         | -                           | -                           | -  | -                                    |
| Proceeds from sale of capital assets               | -                     | -                              | -                           | -               | -                         | -                           | 58,213                      | -  | -                                    |
| <b>Total other financing sources (uses)</b>        | <b>-</b>              | <b>-</b>                       | <b>(350,000)</b>            | <b>-</b>        | <b>-</b>                  | <b>1,000,000</b>            | <b>5,775,617</b>            | <b>-</b>                                   | <b>(9,707)</b>                       |
| <b>Net Change in Fund Balances</b>                 | <b>28,453</b>         | <b>4,960</b>                   | <b>(51,894)</b>             | <b>28</b>       | <b>56,021</b>             | <b>937,450</b>              | <b>326,408</b>              | <b>(268,576)</b>                           | <b>40</b>                            |
| <b>Fund Balances - Beginning of year</b>           | <b>68,920</b>         | <b>(215,151)</b>               | <b>910,414</b>              | <b>2,858</b>    | <b>6,796,183</b>          | <b>-</b>                    | <b>31,661,167</b>           | <b>292,794</b>                             | <b>1,038,819</b>                     |
| <b>Fund Balances - End of year</b>                 | <b>\$ 97,373</b>      | <b>\$ (210,191)</b>            | <b>\$ 858,520</b>           | <b>\$ 2,886</b> | <b>\$ 6,852,204</b>       | <b>\$ 937,450</b>           | <b>\$ 31,987,575</b>        | <b>\$ 24,218</b>                           | <b>\$ 1,038,859</b>                  |

Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)  
Nonmajor Governmental Funds

Year Ended December 31, 2017

|  | Debt Service Funds                           |  |   |  |                               |                                    |  |  |                                     |                             |
|--|--|--|---|--|-------------------------------|------------------------------------|--|--|-------------------------------------|-----------------------------|
|  | Coveleski<br>Bond Debt<br>Service<br>Reserve | Redevelopment<br>Bond - Palais<br>Royale | South Bend<br>Building<br>Corporation<br>Debt Service | TIF Erksine<br>Village Debt<br>Service | Smart Streets<br>Debt Service | Parks Bond<br>Debt Service<br>Fund | Century Center<br>Energy<br>Conservation<br>Debt Service | Redevelopment<br>Authority Debt<br>Service | Eddy St.<br>Commons<br>Debt Service | Total Debt<br>Service Funds |
| <b>Revenue</b>                                     |  |  |   |  |                               |                                    |  |  |                                     |                             |
| Taxes:   |  |  |   |  |                               |                                    |  |  |                                     |                             |
| Property taxes                                     | \$ -   | \$ -                                     | \$ -  | \$ -                                   | \$ -                          | \$ -                               | \$ -   | \$ -                                       | \$ -                                | \$ 820,071                  |
| Professional sports development taxes              | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Intergovernmental                                  | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | 47,836                      |
| Charges for services                               | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Fines and forfeitures                              | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Interest and rentals:                              |  |  |   |  |                               |                                    |  |  |                                     |                             |
| Investment income                                  | 4,830  | 16,299                                   | 3,020   | 114                                    | 3,095                         | 1,472                              | 110,959  | 3,871                                      | 1,480                               | 155,173                     |
| Rental income                                      | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Other revenue                                      | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| <b>Total revenue</b>                               | <b>4,830</b>                                 | <b>16,299</b>                            | <b>3,020</b>  | <b>114</b>                             | <b>3,095</b>                  | <b>1,472</b>                       | <b>110,959</b>   | <b>3,871</b>                               | <b>1,480</b>                        | <b>1,023,080</b>            |
| <b>Expenditures</b>                                |  |  |   |  |                               |                                    |  |  |                                     |                             |
| Current services:                                  |  |  |   |  |                               |                                    |  |  |                                     |                             |
| General government                                 | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Public safety                                      | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Public works                                       | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Community and economic development                 | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Recreation and culture                             | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Capital outlay                                     | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Debt service                                       |  |  |   |  |                               |                                    |  |  |                                     |                             |
| Principal  | -  | -  | 1,744,275   | 3,800,000                              | 460,000                       | 215,000                            | 46,606   | 2,605,000                                  | -                                   | 9,953,428                   |
| Interest on long-term debt                         | -  | -  | 413,927   | 161,668                                | 789,569                       | 175,482                            | 144,691  | 1,261,168                                  | -                                   | 3,000,727                   |
| <b>Total expenditures</b>                          | <b>-</b>                                     | <b>-</b>                                 | <b>2,158,202</b>                                      | <b>3,961,668</b>                       | <b>1,249,569</b>              | <b>390,482</b>                     | <b>191,297</b>   | <b>3,866,168</b>                           | <b>-</b>                            | <b>12,954,155</b>           |
| <b>Excess of Revenue Over (Under) Expenditures</b> | <b>4,830</b>                                 | <b>16,299</b>                            | <b>(2,155,182)</b>                                    | <b>(3,961,554)</b>                     | <b>(1,246,474)</b>            | <b>(389,010)</b>                   | <b>(80,338)</b>  | <b>(3,862,297)</b>                         | <b>1,480</b>                        | <b>(11,931,075)</b>         |
| <b>Other Financing Sources (Uses)</b>              |  |  |   |  |                               |                                    |  |  |                                     |                             |
| Transfers in                                       | -  | -  | 2,162,098   | 3,961,667                              | 856,500                       | 416,558                            | 82,167   | 3,887,000                                  | -                                   | 11,365,990                  |
| Transfers out                                      | -  | (15,185)                                 | -   | (561,230)                              | -                             | -                                  | -  | (735,240)                                  | -                                   | (1,321,362)                 |
| Issuance of debt                                   | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | 2,500,000                           | 2,500,000                   |
| Cost of issuance                                   | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Debt premium or discount                           | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| Proceeds from sale of capital assets               | -  | -  | -   | -                                      | -                             | -                                  | -  | -  | -                                   | -                           |
| <b>Total other financing sources (uses)</b>        | <b>-</b>                                     | <b>(15,185)</b>                          | <b>2,162,098</b>                                      | <b>3,400,437</b>                       | <b>856,500</b>                | <b>416,558</b>                     | <b>82,167</b>  | <b>3,151,760</b>                           | <b>2,500,000</b>                    | <b>12,544,628</b>           |
| <b>Net Change in Fund Balances</b>                 | <b>4,830</b>                                 | <b>1,114</b>                             | <b>6,916</b>  | <b>(561,117)</b>                       | <b>(389,974)</b>              | <b>27,548</b>                      | <b>1,829</b>   | <b>(710,537)</b>                           | <b>2,501,480</b>                    | <b>613,553</b>              |
| <b>Fund Balances - Beginning of year</b>           | <b>512,519</b>                               | <b>1,735,698</b>                         | <b>567,788</b>  | <b>561,117</b>                         | <b>2,108,619</b>              | <b>561,943</b>                     | <b>57,053</b>  | <b>1,232,769</b>                           | <b>-</b>                            | <b>8,669,119</b>            |
| <b>Fund Balances - End of year</b>                 | <b>\$ 517,349</b>                            | <b>\$ 1,736,812</b>                      | <b>\$ 574,704</b>                                     | <b>\$ -</b>                            | <b>\$ 1,718,645</b>           | <b>\$ 589,491</b>                  | <b>\$ 58,882</b>   | <b>\$ 522,232</b>                          | <b>\$ 2,501,480</b>                 | <b>\$ 9,282,672</b>         |

Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)  
Nonmajor Governmental Funds

Year Ended December 31, 2017

|  | Capital Project Funds           |                           |                 |                           |                                |                                |                                       |                    |                       |
|--|---------------------------------|---------------------------|-----------------|---------------------------|--------------------------------|--------------------------------|---------------------------------------|--------------------|-----------------------|
|  | Professional Sports Development | Coveleski Stadium Capital | Zoo Endowment   | Park Nonreverting Capital | Cumulative Capital Development | Cumulative Capital Improvement | Morris Performing Arts Center Capital | TIF Leighton Plaza | TIF - West Washington |
| <b>Revenue</b>                                     |                                 |                           |                 |                           |                                |                                |                                       |                    |                       |
| Taxes:   |                                 |                           |                 |                           |                                |                                |                                       |                    |                       |
| Property taxes                                     | \$ -                            | \$ -                      | \$ -            | \$ -                      | \$ 436,823                     | \$ -                           | \$ -                                  | \$ -               | \$ 342,134            |
| Professional sports development taxes              | 347,255                         | -                         | -               | -                         | -                              | -                              | -                                     | -                  | -                     |
| Intergovernmental                                  | -                               | -                         | -               | -                         | 38,286                         | 395,915                        | -                                     | -                  | -                     |
| Charges for services                               | -                               | -                         | -               | 5,754                     | -                              | -                              | 73,508                                | 25,703             | -                     |
| Fines and forfeitures                              | -                               | -                         | -               | -                         | -                              | -                              | -                                     | -                  | -                     |
| Interest and rentals:                              |                                 |                           |                 |                           |                                |                                |                                       |                    |                       |
| Investment income                                  | 1,271                           | 783                       | 146             | 1,208                     | 3,966                          | 3,254                          | 6,048                                 | 1,582              | 18,909                |
| Rental income                                      | -                               | -                         | -               | -                         | -                              | 25,000                         | -                                     | 85,819             | -                     |
| Other revenue                                      | 43,416                          | 41,814                    | -               | 79,000                    | -                              | -                              | -                                     | 3,791              | -                     |
| <b>Total revenue</b>                               | <b>391,942</b>                  | <b>42,597</b>             | <b>146</b>      | <b>85,962</b>             | <b>479,075</b>                 | <b>424,169</b>                 | <b>79,556</b>                         | <b>116,895</b>     | <b>361,043</b>        |
| <b>Expenditures</b>                                |                                 |                           |                 |                           |                                |                                |                                       |                    |                       |
| Current services:                                  |                                 |                           |                 |                           |                                |                                |                                       |                    |                       |
| General government                                 | -                               | -                         | -               | -                         | -                              | -                              | -                                     | -                  | -                     |
| Public safety                                      | -                               | -                         | -               | -                         | -                              | -                              | -                                     | -                  | -                     |
| Public works                                       | -                               | -                         | -               | -                         | -                              | -                              | -                                     | -                  | -                     |
| Community and economic development                 | -                               | -                         | -               | -                         | -                              | -                              | -                                     | -                  | -                     |
| Recreation and culture                             | -                               | -                         | -               | -                         | -                              | -                              | -                                     | -                  | -                     |
| Capital outlay                                     | -                               | 78,596                    | 50,049          | 424,922                   | -                              | -                              | 253,312                               | 120,907            | 132,963               |
| Debt service                                       |                                 |                           |                 |                           |                                |                                |                                       |                    |                       |
| Principal  | 750,000                         | -                         | -               | -                         | 428,124                        | -                              | -                                     | -                  | -                     |
| Interest on long-term debt                         | 77,955                          | -                         | -               | -                         | 10,118                         | 801                            | -                                     | -                  | -                     |
| <b>Total expenditures</b>                          | <b>827,955</b>                  | <b>78,596</b>             | <b>50,049</b>   | <b>424,922</b>            | <b>438,242</b>                 | <b>801</b>                     | <b>253,312</b>                        | <b>120,907</b>     | <b>132,963</b>        |
| <b>Excess of Revenue Over (Under) Expenditures</b> | <b>(436,013)</b>                | <b>(35,999)</b>           | <b>(49,903)</b> | <b>(338,960)</b>          | <b>40,833</b>                  | <b>423,368</b>                 | <b>(173,756)</b>                      | <b>(4,012)</b>     | <b>228,080</b>        |
| <b>Other Financing Sources (Uses)</b>              |                                 |                           |                 |                           |                                |                                |                                       |                    |                       |
| Transfers in                                       | -                               | -                         | -               | 185,000                   | -                              | -                              | -                                     | -                  | -                     |
| Transfers out                                      | -                               | -                         | -               | -                         | -                              | (371,250)                      | -                                     | -                  | -                     |
| Issuance of debt                                   | -                               | -                         | -               | -                         | -                              | -                              | -                                     | -                  | -                     |
| Cost of issuance                                   | -                               | -                         | -               | -                         | -                              | -                              | -                                     | -                  | -                     |
| Debt premium or discount                           | -                               | -                         | -               | -                         | -                              | -                              | -                                     | -                  | -                     |
| Proceeds from sale of capital assets               | -                               | -                         | -               | -                         | -                              | -                              | -                                     | -                  | -                     |
| <b>Total other financing sources (uses)</b>        | <b>-</b>                        | <b>-</b>                  | <b>-</b>        | <b>185,000</b>            | <b>-</b>                       | <b>(371,250)</b>               | <b>-</b>                              | <b>-</b>           | <b>-</b>              |
| <b>Net Change in Fund Balances</b>                 | <b>(436,013)</b>                | <b>(35,999)</b>           | <b>(49,903)</b> | <b>(153,960)</b>          | <b>40,833</b>                  | <b>52,118</b>                  | <b>(173,756)</b>                      | <b>(4,012)</b>     | <b>228,080</b>        |
| <b>Fund Balances - Beginning of year</b>           | <b>459,719</b>                  | <b>90,544</b>             | <b>49,903</b>   | <b>292,063</b>            | <b>580,360</b>                 | <b>378,281</b>                 | <b>589,484</b>                        | <b>183,112</b>     | <b>2,434,798</b>      |
| <b>Fund Balances - End of year</b>                 | <b>\$ 23,706</b>                | <b>\$ 54,545</b>          | <b>\$ -</b>     | <b>\$ 138,103</b>         | <b>\$ 621,193</b>              | <b>\$ 430,399</b>              | <b>\$ 415,728</b>                     | <b>\$ 179,100</b>  | <b>\$ 2,662,878</b>   |

Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)  
Nonmajor Governmental Funds

Year Ended December 31, 2017

|  | Capital Project Funds    |   |   |                                  |                     |                               |                     |                                 |                              |
|--|--------------------------|---|---|----------------------------------|---------------------|-------------------------------|---------------------|---------------------------------|------------------------------|
|  | Redevelopment<br>General | TIF No. 1 -<br>Southside<br>Development | TIF No. 3 -<br>Southside<br>Development | Football Hall of<br>Fame Capital | Major Moves         | TIF River East<br>Development | TIF Douglas<br>Road | TIF - River East<br>Residential | Certified<br>Technology Park |
| <b>Revenue</b>                                     |                          |   |   |                                  |                     |                               |                     |                                 |                              |
| Taxes:   |                          |   |   |                                  |                     |                               |                     |                                 |                              |
| Property taxes                                     | \$ -                     | \$ 2,365,692                            | \$ -                                    | \$ -                             | \$ -                | \$ 2,522,257                  | \$ 379,255          | \$ 4,262,917                    | \$ -                         |
| Professional sports development taxes              | -                        | -                                       | -                                       | -                                | -                   | -                             | -                   | -                               | -                            |
| Intergovernmental                                  | -                        | -                                       | -                                       | -                                | -                   | -                             | -                   | -                               | 252,625                      |
| Charges for services                               | -                        | -                                       | -                                       | -                                | -                   | 2,450                         | -                   | -                               | -                            |
| Fines and forfeitures                              | -                        | -                                       | -                                       | -                                | -                   | -                             | -                   | -                               | -                            |
| Interest and rentals:                              |                          |   |   |                                  |                     |                               |                     |                                 |                              |
| Investment income                                  | 73                       | 54,976                                  | 8,022                                   | 4,471                            | 176,111             | 71,501                        | 546                 | -                               | 9,986                        |
| Rental income                                      | -                        | -                                       | -                                       | -                                | -                   | -                             | -                   | -                               | -                            |
| Other revenue                                      | -                        | -                                       | -                                       | -                                | -                   | 59,613                        | -                   | -                               | -                            |
| <b>Total revenue</b>                               | <b>73</b>                | <b>2,420,668</b>                        | <b>8,022</b>                            | <b>4,471</b>                     | <b>176,111</b>      | <b>2,655,821</b>              | <b>379,801</b>      | <b>4,262,917</b>                | <b>262,611</b>               |
| <b>Expenditures</b>                                |                          |   |   |                                  |                     |                               |                     |                                 |                              |
| Current services:                                  |                          |   |   |                                  |                     |                               |                     |                                 |                              |
| General government                                 | -                        | -                                       | -                                       | -                                | -                   | -                             | -                   | -                               | -                            |
| Public safety                                      | -                        | -                                       | -                                       | -                                | -                   | -                             | -                   | -                               | -                            |
| Public works                                       | -                        | -                                       | -                                       | -                                | -                   | -                             | -                   | -                               | -                            |
| Community and economic development                 | 1,133                    | -                                       | -                                       | -                                | -                   | -                             | -                   | -                               | -                            |
| Recreation and culture                             | -                        | -                                       | -                                       | 52,197                           | -                   | -                             | -                   | -                               | -                            |
| Capital outlay                                     | -                        | 389,222                                 | -                                       | -                                | 554,641             | 2,364,480                     | -                   | 6,273                           | 1,800,000                    |
| Debt service                                       |                          |   |   |                                  |                     |                               |                     |                                 |                              |
| Principal  | -                        | -                                       | -                                       | -                                | -                   | -                             | -                   | -                               | -                            |
| Interest on long-term debt                         | -                        | -                                       | -                                       | -                                | -                   | -                             | 12,718              | 138,673                         | -                            |
| <b>Total expenditures</b>                          | <b>1,133</b>             | <b>389,222</b>                          | <b>-</b>                                | <b>52,197</b>                    | <b>554,641</b>      | <b>2,364,480</b>              | <b>12,718</b>       | <b>144,946</b>                  | <b>1,800,000</b>             |
| <b>Excess of Revenue Over (Under) Expenditures</b> | <b>(1,060)</b>           | <b>2,031,446</b>                        | <b>8,022</b>                            | <b>(47,726)</b>                  | <b>(378,530)</b>    | <b>291,341</b>                | <b>367,083</b>      | <b>4,117,971</b>                | <b>(1,537,389)</b>           |
| <b>Other Financing Sources (Uses)</b>              |                          |   |   |                                  |                     |                               |                     |                                 |                              |
| Transfers in                                       | -                        | 1,466,348                               | -                                       | 47,726                           | -                   | -                             | -                   | -                               | -                            |
| Transfers out                                      | -                        | -                                       | (4,866,784)                             | -                                | -                   | -                             | -                   | (2,471,000)                     | -                            |
| Issuance of debt                                   | -                        | -                                       | -                                       | -                                | -                   | -                             | -                   | -                               | -                            |
| Cost of issuance                                   | -                        | -                                       | -                                       | -                                | -                   | -                             | -                   | -                               | -                            |
| Debt premium or discount                           | -                        | -                                       | -                                       | -                                | -                   | -                             | -                   | -                               | -                            |
| Proceeds from sale of capital assets               | -                        | -                                       | -                                       | -                                | -                   | -                             | -                   | -                               | -                            |
| <b>Total other financing sources (uses)</b>        | <b>-</b>                 | <b>1,466,348</b>                        | <b>(4,866,784)</b>                      | <b>47,726</b>                    | <b>-</b>            | <b>-</b>                      | <b>-</b>            | <b>(2,471,000)</b>              | <b>-</b>                     |
| <b>Net Change in Fund Balances</b>                 | <b>(1,060)</b>           | <b>3,497,794</b>                        | <b>(4,858,762)</b>                      | <b>-</b>                         | <b>(378,530)</b>    | <b>291,341</b>                | <b>367,083</b>      | <b>1,646,971</b>                | <b>(1,537,389)</b>           |
| <b>Fund Balances - Beginning of year</b>           | <b>8,454</b>             | <b>4,325,520</b>                        | <b>4,858,762</b>                        | <b>-</b>                         | <b>6,431,906</b>    | <b>7,898,188</b>              | <b>(166,263)</b>    | <b>(1,317,569)</b>              | <b>2,150,642</b>             |
| <b>Fund Balances - End of year</b>                 | <b>\$ 7,394</b>          | <b>\$ 7,823,314</b>                     | <b>\$ -</b>                             | <b>\$ -</b>                      | <b>\$ 6,053,376</b> | <b>\$ 8,189,529</b>           | <b>\$ 200,820</b>   | <b>\$ 329,402</b>               | <b>\$ 613,253</b>            |

Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)  
Nonmajor Governmental Funds

Year Ended December 31, 2017

|  | Capital Project Funds               |                               |                     |   |   |                             |                      |                          | Total Nonmajor Governmental Funds |
|--|-------------------------------------|-------------------------------|---------------------|---|---|-----------------------------|----------------------|--------------------------|-----------------------------------|
|  | Palais Royale Historic Preservation | Airport Urban Enterprise Zone | Equipment Leasing   | Century Center Energy Conservation Bond | Smart Streets Bond Capital Projects Funds | Parks Bond Capital Projects | 2017 Parks Bond      | Eddy St. Commons Capital |                                   |
| <b>Revenue</b>                                     |                                     |                               |                     |   |   |                             |                      |                          |                                   |
| Taxes:   |                                     |                               |                     |   |   |                             |                      |                          |                                   |
| Property taxes                                     | \$ -                                | \$ -                          | \$ -                | \$ -                                    | \$ -                                      | \$ -                        | \$ -                 | \$ 10,309,078            | \$ 11,129,149                     |
| Professional sports development taxes              | -                                   | -                             | -                   | -                                       | -   | -                           | -                    | 347,255                  | 347,255                           |
| Intergovernmental                                  | -                                   | -                             | -                   | -                                       | -   | -                           | -                    | 686,826                  | 12,650,194                        |
| Charges for services                               | -                                   | -                             | -                   | -                                       | -   | -                           | -                    | 107,415                  | 2,226,127                         |
| Fines and forfeitures                              | -                                   | -                             | -                   | -                                       | -   | -                           | -                    | -                        | 198,887                           |
| Interest and rentals:                              |                                     |                               |                     |   |   |                             |                      |                          |                                   |
| Investment income                                  | 919                                 | 3,610                         | 7,265               | -                                       | 4,471                                     | 6,700                       | -                    | 385,818                  | 900,783                           |
| Rental income                                      | -                                   | -                             | -                   | -                                       | -   | -                           | -                    | 110,819                  | 118,206                           |
| Other revenue                                      | 16,423                              | -                             | -                   | -                                       | 63,579                                    | -                           | -                    | 307,636                  | 1,525,784                         |
| <b>Total revenue</b>                               | <b>17,342</b>                       | <b>3,610</b>                  | <b>7,265</b>        | <b>-</b>                                | <b>68,050</b>                             | <b>6,700</b>                | <b>-</b>             | <b>12,254,847</b>        | <b>29,096,385</b>                 |
| <b>Expenditures</b>                                |                                     |                               |                     |   |   |                             |                      |                          |                                   |
| Current services:                                  |                                     |                               |                     |   |   |                             |                      |                          |                                   |
| General government                                 | -                                   | -                             | -                   | -                                       | -   | -                           | -                    | -                        | 580,361                           |
| Public safety                                      | -                                   | -                             | 421,122             | -                                       | -   | -                           | -                    | 421,122                  | 2,299,088                         |
| Public works                                       | -                                   | -                             | 640,587             | -                                       | -   | -                           | -                    | 640,587                  | 12,437,771                        |
| Community and economic development                 | -                                   | -                             | -                   | -                                       | -   | -                           | -                    | 1,133                    | 5,174,685                         |
| Recreation and culture                             | 627                                 | -                             | 388,249             | -                                       | -   | -                           | -                    | 441,073                  | 1,422,825                         |
| Capital outlay                                     | -                                   | -                             | -                   | -                                       | 3,270,030                                 | 1,590,148                   | -                    | 6,000,000                | 17,035,543                        |
| Debt service                                       |                                     |                               |                     |   |   |                             |                      |                          |                                   |
| Principal  | -                                   | -                             | -                   | -                                       | -   | -                           | -                    | 1,178,124                | 11,942,953                        |
| Interest on long-term debt                         | -                                   | -                             | -                   | -                                       | 1,499                                     | -                           | -                    | 241,764                  | 3,287,942                         |
| <b>Total expenditures</b>                          | <b>627</b>                          | <b>-</b>                      | <b>1,449,958</b>    | <b>-</b>                                | <b>3,271,529</b>                          | <b>1,590,148</b>            | <b>-</b>             | <b>6,000,000</b>         | <b>54,181,168</b>                 |
| <b>Excess of Revenue Over (Under) Expenditures</b> | <b>16,715</b>                       | <b>3,610</b>                  | <b>(1,442,693)</b>  | <b>-</b>                                | <b>(3,203,479)</b>                        | <b>(1,583,448)</b>          | <b>-</b>             | <b>(6,000,000)</b>       | <b>(7,704,499)</b>                |
| <b>Other Financing Sources (Uses)</b>              |                                     |                               |                     |   |   |                             |                      |                          |                                   |
| Transfers in                                       | -                                   | -                             | -                   | -                                       | -   | -                           | -                    | 1,699,074                | 20,132,468                        |
| Transfers out                                      | -                                   | -                             | -                   | -                                       | -   | -                           | -                    | (7,709,034)              | (10,380,396)                      |
| Issuance of debt                                   | -                                   | -                             | 1,632,000           | -                                       | -   | -                           | 14,075,000           | 22,500,000               | 38,207,000                        |
| Cost of issuance                                   | -                                   | -                             | -                   | -                                       | -   | -                           | (192,520)            | (396,250)                | (588,770)                         |
| Debt premium or discount                           | -                                   | -                             | -                   | -                                       | -   | -                           | 6,478                | -                        | 6,478                             |
| Proceeds from sale of capital assets               | -                                   | -                             | -                   | -                                       | -   | -                           | -                    | -                        | 58,213                            |
| <b>Total other financing sources (uses)</b>        | <b>-</b>                            | <b>-</b>                      | <b>1,632,000</b>    | <b>-</b>                                | <b>-</b>                                  | <b>-</b>                    | <b>13,888,958</b>    | <b>22,103,750</b>        | <b>49,934,993</b>                 |
| <b>Net Change in Fund Balances</b>                 | <b>16,715</b>                       | <b>3,610</b>                  | <b>189,307</b>      | <b>-</b>                                | <b>(3,203,479)</b>                        | <b>(1,583,448)</b>          | <b>13,888,958</b>    | <b>16,103,750</b>        | <b>24,850,210</b>                 |
| <b>Fund Balances - Beginning of year</b>           | <b>92,920</b>                       | <b>383,135</b>                | <b>1,941,194</b>    | <b>-</b>                                | <b>4,243,635</b>                          | <b>4,063,028</b>            | <b>-</b>             | <b>39,971,816</b>        | <b>80,302,102</b>                 |
| <b>Fund Balances - End of year</b>                 | <b>\$ 109,635</b>                   | <b>\$ 386,745</b>             | <b>\$ 2,130,501</b> | <b>\$ -</b>                             | <b>\$ 1,040,156</b>                       | <b>\$ 2,479,580</b>         | <b>\$ 13,888,958</b> | <b>\$ 16,103,750</b>     | <b>\$ 63,882,065</b>              |
|  |                                     |                               |                     |   |   |                             |                      |                          | <b>\$ 105,152,312</b>             |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Major Governmental Funds**  
**Capital Projects Funds - River West TIF**

**Year Ended December 31, 2017**

|  | Budgeted Amounts     |                      | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|----------------------|----------------------|---|--|
|  | Original             | Final                |   |  |
| Revenue:                                 |                      |                      |   |  |
| Property taxes                           | \$ 17,808,613        | \$ 17,808,613        | \$ 17,259,902                           | \$ (548,711)   |
| Other                                    | 825,682              | 2,114,662            | 2,067,428                               | (47,234)   |
| Total revenue                            | 18,634,295           | 19,923,275           | 19,327,330                              | (595,945)  |
| Expenditures:                            |                      |                      |   |  |
| Current:                                 |                      |                      |   |  |
| Economic Development:                    |                      |                      |   |  |
| Other services and charges               | 8,372,352            | 12,943,303           | 12,443,803                              | 499,500  |
| Capital outlay                           | 21,627,648           | 26,675,584           | 24,773,153                              | 1,902,431  |
| Total expenditures                       | 30,000,000           | 39,618,887           | 37,216,956                              | 2,401,931  |
| Other financing sources - Transfers in   | 29,000               | 29,000               | 24,043                                  | (4,957)  |
| Net change in fund balances              | (11,336,705)         | (19,666,612)         | (17,865,583)                            | 1,801,029  |
| Fund balances - Beginning                | 32,516,123           | 32,516,123           | 32,516,123                              | -  |
| Fund balances - Ending                   | <b>\$ 21,179,418</b> | <b>\$ 12,849,511</b> | <b>\$ 14,650,540</b>                    | <b>\$ 1,801,029</b>  |
| <b><u>Budget/GAAP Reconciliation</u></b> |                      |                      |   |  |
| Net change in fund balance, budget basis |                      |                      | \$ (17,865,583)                         |  |
| To adjust revenues for accruals          |                      |                      | 359,826                                 |  |
| To adjust expenditures for accruals      |                      |                      | (5,152,533)                             |  |
| To adjust expenditures for encumbrances  |                      |                      | 18,856,178                              |  |
| Net change in fund balance, GAAP basis   |                      |                      | <b>\$ (3,802,112)</b>                   |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**Special Revenue Funds - Motor Vehicle Highway**

**Year Ended December 31, 2017**

|  | Budgeted Amounts    |                     | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---|--|
|  | Original            | Final               |   |  |
| <b>Revenue:</b>                        |                     |                     |   |  |
| Intergovernmental                      | \$ 5,650,000        | \$ 5,880,999        | \$ 6,040,898                            | \$ 159,899   |
| Charges for services                   | 223,365             | 227,329             | 227,329                                 | -  |
| Other                                  | 95,771              | 196,555             | 123,109                                 | (73,446)   |
| <b>Total revenue</b>                   | <b>5,969,136</b>    | <b>6,304,883</b>    | <b>6,391,336</b>                        | <b>86,453</b>  |
| <b>Expenditures:</b>                   |                     |                     |   |  |
| <b>Current:</b>                        |                     |                     |   |  |
| <b>Highways and streets:</b>           |                     |                     |   |  |
| Personnel services                     | 4,585,702           | 4,585,702           | 3,811,471                               | 774,231  |
| Supplies                               | 2,211,548           | 2,616,557           | 1,932,937                               | 683,620  |
| Other services and charges             | 3,926,884           | 4,520,472           | 3,936,411                               | 584,061  |
| Capital outlay                         | 20,000              | 42,800              | 42,793                                  | 7  |
| <b>Total expenditures</b>              | <b>10,744,134</b>   | <b>11,765,531</b>   | <b>9,723,613</b>                        | <b>2,041,918</b>   |
| Other financing sources - Transfers in | 3,964,974           | 3,964,974           | 3,964,974                               | -  |
| Net change in fund balances            | (810,024)           | (1,495,674)         | 632,697                                 | 2,128,371  |
| Fund balances - Beginning              | 6,134,408           | 6,134,408           | 6,134,408                               | -  |
| Fund balances - Ending                 | <b>\$ 5,324,384</b> | <b>\$ 4,638,734</b> | <b>\$ 6,767,106</b>                     | <b>\$ 2,128,371</b>  |

**Budget/GAAP Reconciliation**

|  |                     |
|--|---------------------|
| Net change in fund balance, budget basis | \$ 632,697          |
| To adjust revenues for accruals          | 2,635               |
| To adjust expenditures for accruals      | 139,458             |
| To adjust expenditures for encumbrances  | 353,763             |
| Net change in fund balance, GAAP basis   | <b>\$ 1,128,553</b> |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Recreation Nonreverting**  
**Year Ended December 31, 2017**

|  | <u>Budgeted Amounts</u>      |                              | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------------------|------------------------------|---|--|
|  | Original                     | Final                        |   |  |
| <b>Revenue:</b>                                    |                              |                              |   |  |
| Charges for services                               | \$ 1,365,787                 | \$ 1,081,212                 | \$ 886,152                              | \$ (195,060)   |
| Other  | <u>16,000</u>                | <u>76,556</u>                | <u>63,744</u>                           | <u>(12,812)</u>  |
| <br>Total revenue                                  | <br><u>1,381,787</u>         | <br><u>1,157,768</u>         | <br><u>949,896</u>                      | <br><u>(207,872)</u>                                       |
| <br><b>Expenditures:</b>                           |                              |                              |   |  |
| Current:   |                              |                              |   |  |
| Culture and recreation:                            |                              |                              |   |  |
| Personnel services                                 | 571,393                      | 556,393                      | 347,780                                 | 208,613  |
| Supplies   | 321,638                      | 318,589                      | 159,833                                 | 158,756  |
| Other services and charges                         | 578,576                      | 609,701                      | 421,958                                 | 187,743  |
| Capital outlay                                     | <u>115,000</u>               | <u>115,000</u>               | <u>56,050</u>                           | <u>58,950</u>  |
| <br>Total expenditures                             | <br><u>1,586,607</u>         | <br><u>1,599,683</u>         | <br><u>985,621</u>                      | <br><u>614,062</u>   |
| <br>Other financing sources (uses) - Transfers out | <br><u>-</u>                 | <br><u>-</u>                 | <br><u>-</u>                            | <br><u>-</u>   |
| <br>Net change in fund balances                    | <br>(204,820)                | <br>(441,915)                | <br>(35,725)                            | <br>406,190  |
| <br>Fund balances - Beginning                      | <br><u>810,264</u>           | <br><u>810,264</u>           | <br><u>810,264</u>                      | <br><u>-</u>   |
| <br>Fund balances - Ending                         | <br><u><b>\$ 605,444</b></u> | <br><u><b>\$ 368,349</b></u> | <br><u><b>\$ 774,539</b></u>            | <br><u><b>\$ 406,190</b></u>                               |
| <br><b>Budget/GAAP Reconciliation</b>              |                              |                              |   |  |
| Net change in fund balance, budget basis           |                              |                              | \$ (35,725)                             |  |
| To adjust revenues for accruals                    |                              |                              | (16,371)                                |  |
| To adjust expenditures for accruals                |                              |                              | (11,304)                                |  |
| To adjust expenditures for encumbrances            |                              |                              | <u>19,403</u>                           |  |
| <br>Net change in fund balance, GAAP basis         |                              |                              | <br><u><b>\$ (43,997)</b></u>           |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Studebaker Oliver Revitalization Grants**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|---|--|
|  | Original          | Final             |   |  |
| Revenue - Other                          | \$ 104,000        | \$ 427,441        | \$ 362,772                              | \$ (64,669)  |
| Expenditures:                            |                   |                   |   |  |
| Current:                                 |                   |                   |   |  |
| Economic Development:                    |                   |                   |   |  |
| Other Services and Charges               | 100,000           | 539,393           | 443,893                                 | 95,500   |
| Capital Outlay                           | -                 | -                 | -                                       | -  |
| Total expenditures                       | 100,000           | 539,393           | 443,893                                 | 95,500   |
| Net change in fund balances              | 4,000             | (111,952)         | (81,121)                                | 30,831   |
| Fund balances - Beginning                | 855,243           | 855,243           | 855,243                                 | -  |
| Fund balances - Ending                   | <b>\$ 859,243</b> | <b>\$ 743,291</b> | <b>\$ 774,122</b>                       | <b>\$ 30,831</b>   |
| <br><u>Budget/GAAP Reconciliation</u>    |                   |                   |   |  |
| Net change in fund balance, budget basis |                   |                   | \$ (81,121)                             |  |
| To adjust revenues for accruals          |                   |                   | (64,498)                                |  |
| To adjust expenditures for accruals      |                   |                   | 22,436                                  |  |
| To adjust expenditures for encumbrances  |                   |                   | 101,098                                 |  |
| Net change in fund balance, GAAP basis   |                   |                   | <b>\$ (22,085)</b>                      |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Economic Development State Grants**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|---|--|
|  | Original          | Final             |   |  |
| Revenue - Other                          | \$ 73,512         | \$ 262,837        | \$ 131,133                              | \$ (131,704)   |
| Expenditures:                            |                   |                   |   |  |
| Current:                                 |                   |                   |   |  |
| Economic Development:                    |                   |                   |   |  |
| Other services and charges               | 72,012            | 257,132           | 257,130                                 | 2  |
| Capital Outlay                           | -                 | 252,625           | -                                       | 252,625  |
| Total expenditures                       | 72,012            | 509,757           | 257,130                                 | 252,627  |
| Net change in fund balances              | 1,500             | (246,920)         | (125,997)                               | 120,923  |
| Fund balances - Beginning                | 351,060           | 351,060           | 351,060                                 | -  |
| Fund balances - Ending                   | <b>\$ 352,560</b> | <b>\$ 104,140</b> | <b>\$ 225,062</b>                       | <b>\$ 120,923</b>  |
| <u>Budget/GAAP Reconciliation</u>        |                   |                   |   |  |
| Net change in fund balance, budget basis |                   |                   | \$ (125,997)                            |  |
| To adjust revenues for accruals          |                   |                   | (61,205)                                |  |
| To adjust expenditures for accruals      |                   |                   | 0                                       |  |
| To adjust expenditures for encumbrances  |                   |                   | 185,120                                 |  |
| Net change in fund balance, GAAP basis   |                   |                   | <b>\$ (2,082)</b>                       |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)

Special Revenue Funds - DCI Operating  
 Year Ended December 31, 2017

|  | Budgeted Amounts           |                          | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|----------------------------|--------------------------|---|--|
|  | Original                   | Final                    |   |  |
| Revenue:                               |                            |                          |   |  |
| Intergovernmental                      | \$ 440,636                 | \$ 440,636               | \$ 298,477                              | \$ (142,159)   |
| Other                                  | 328,000                    | 331,215                  | 214,653                                 | (116,562)  |
| Total revenue                          | <u>768,636</u>             | <u>771,851</u>           | <u>513,130</u>                          | <u>(258,721)</u>   |
| Expenditures:                          |                            |                          |   |  |
| Current:                               |                            |                          |   |  |
| Economic Development:                  |                            |                          |   |  |
| Personnel services                     | 1,948,112                  | 1,876,469                | 1,697,620                               | 178,849  |
| Supplies                               | 24,692                     | 26,356                   | 13,404                                  | 12,952   |
| Other services and charges             | 623,130                    | 872,551                  | 815,743                                 | 56,808   |
| Capital Outlay                         | -                          | -                        | -                                       | -  |
| Other uses                             | -                          | -                        | -                                       | -  |
| Total expenditures                     | <u>2,595,934</u>           | <u>2,775,376</u>         | <u>2,526,767</u>                        | <u>248,609</u>   |
| Other financing sources - Transfers in | <u>1,522,673</u>           | <u>1,522,673</u>         | <u>1,522,673</u>                        | <u>-</u>   |
| Net change in fund balances            | (304,625)                  | (480,852)                | (490,964)                               | (10,112)   |
| Fund balances - Beginning              | <u>1,362,801</u>           | <u>1,362,801</u>         | <u>1,362,801</u>                        | <u>-</u>   |
| Fund balances - Ending                 | <u><b>\$ 1,058,176</b></u> | <u><b>\$ 881,949</b></u> | <u><b>\$ 871,837</b></u>                | <u><b>\$ (10,112)</b></u>                                  |

Budget/GAAP Reconciliation

|  |                            |
|--|----------------------------|
| Net change in fund balance, budget basis | \$ (490,964)               |
| To adjust revenues for accruals          | 40,171                     |
| To adjust expenditures for accruals      | (20,700)                   |
| To adjust expenditures for encumbrances  | <u>241,321</u>             |
| Net change in fund balance, GAAP basis   | <u><b>\$ (230,172)</b></u> |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Community Investment**  
**Year Ended December 31, 2017**

|  | <u>Budgeted Amounts</u>  |                          | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|--------------------------|--------------------------|---|--|
|  | <u>Original</u>          | <u>Final</u>             |   |  |
| Revenue:                                       |                          |                          |   |  |
| Intergovernmental                              | \$ 3,054,000             | \$ 5,356,228             | \$ 2,365,730                            | \$ (2,990,498)   |
| Other  | <u>200,000</u>           | <u>453,105</u>           | <u>429,228</u>                          | <u>(23,877)</u>  |
| Total revenue                                  | <u>3,254,000</u>         | <u>5,809,333</u>         | <u>2,794,958</u>                        | <u>(3,014,375)</u>   |
| Expenditures:                                  |                          |                          |   |  |
| Current:                                       |                          |                          |   |  |
| Economic development:                          |                          |                          |   |  |
| Other services and charges                     | <u>3,254,000</u>         | <u>5,580,838</u>         | <u>5,549,115</u>                        | <u>31,723</u>  |
| Other financing sources (uses) - Transfers out | <u>-</u>                 | <u>-</u>                 | <u>-</u>                                | <u>-</u>   |
| Net change in fund balances                    | -                        | 228,495                  | (2,754,157)                             | (2,982,652)  |
| Fund balances - Beginning                      | <u>241,313</u>           | <u>241,313</u>           | <u>241,313</u>                          | <u>-</u>   |
| Fund balances - Ending                         | <u><b>\$ 241,313</b></u> | <u><b>\$ 469,808</b></u> | <u><b>\$ (2,512,844)</b></u>            | <u><b>\$ (2,982,652)</b></u>                               |
| <b><u>Budget/GAAP Reconciliation</u></b>       |                          |                          |   |  |
| Net change in fund balance, budget basis       |                          |                          | \$ (2,754,157)                          |  |
| To adjust revenues for accruals                |                          |                          | (10,021)                                |  |
| To adjust expenditures for accruals            |                          |                          | 151,671                                 |  |
| To adjust expenditures for encumbrances        |                          |                          | <u>2,963,598</u>                        |  |
| Net change in fund balance, GAAP basis         |                          |                          | <u><b>\$ 351,091</b></u>                |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**

**Special Revenue Funds - Police State Seizure**

**Year Ended December 31, 2017**

|  | Budgeted Amounts  |                  | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------|------------------|---|--|
|  | Original          | Final            |   |  |
| Revenue - Other                          | \$ 36,000         | \$ 62,326        | \$ 45,767                               | \$ (16,559)  |
| Expenditures:                            |                   |                  |   |  |
| Current:                                 |                   |                  |   |  |
| Public Safety:                           |                   |                  |   |  |
| Other services and charges               | 36,000            | 136,000          | 5,868                                   | 130,132  |
| Capital outlay                           | -                 | 80,000           | 63,338                                  | 16,662   |
| Total expenditures                       | 36,000            | 216,000          | 69,206                                  | 146,794  |
| Net change in fund balances              | -                 | (153,674)        | (23,439)                                | 130,235  |
| Fund balances - Beginning                | 217,646           | 217,646          | 217,646                                 | -  |
| Fund balances - Ending                   | <b>\$ 217,646</b> | <b>\$ 63,972</b> | <b>\$ 194,207</b>                       | <b>\$ 130,235</b>  |
| <u>Budget/GAAP Reconciliation</u>        |                   |                  |   |  |
| Net change in fund balance, budget basis |                   |                  | \$ (23,439)                             |  |
| To adjust revenues for accruals          |                   |                  | (6,203)                                 |  |
| Net change in fund balance, GAAP basis   |                   |                  | <b>\$ (29,642)</b>                      |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Juvenile Positive Assistance**  
**Year Ended December 31, 2017**

|  | <u>Budgeted Amounts</u> |                         | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------------|-------------------------|---|--|
|  | <u>Original</u>         | <u>Final</u>            |   |  |
|  | Revenue:                |                         |   |  |
| Fines and fees                           | \$ 900                  | \$ 900                  | \$ 160                                  | \$ (740)   |
| Other                                    | <u>100</u>              | <u>134</u>              | <u>116</u>                              | <u>(18)</u>  |
| Total revenue                            | <u>1,000</u>            | <u>1,034</u>            | <u>276</u>                              | <u>(758)</u>   |
| Expenditures:                            |                         |                         |   |  |
| Current:                                 |                         |                         |   |  |
| Public safety:                           |                         |                         |   |  |
| Other services and charges               | <u>1,000</u>            | <u>1,000</u>            | <u>-</u>                                | <u>1,000</u>   |
| Net change in fund balances              | -                       | 34                      | 276                                     | 242  |
| Fund balances - Beginning                | <u>12,566</u>           | <u>12,566</u>           | <u>12,566</u>                           | <u>-</u>   |
| Fund balances - Ending                   | <u><b>\$ 12,566</b></u> | <u><b>\$ 12,600</b></u> | <u><b>\$ 12,842</b></u>                 | <u><b>\$ 242</b></u>                                       |
| <u>Budget/GAAP Reconciliation</u>        |                         |                         |   |  |
| Net change in fund balance, budget basis |                         |                         | \$ 276                                  |  |
| To adjust revenues for accruals          |                         |                         | <u>3</u>                                |  |
| Net change in fund balance, GAAP basis   |                         |                         | <u><b>\$ 279</b></u>                    |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**

**Special Revenue Funds - Unsafe Building**

**Year Ended December 31, 2017**

|  | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|------------------------------|--|
|  | Original          | Final             | Amounts                      |  |
| Revenue:                                   |                   |                   |                              |  |
| Charges for services                       | \$ 214,000        | \$ 255,293        | \$ 146,194                   | \$ (109,099)   |
| Fines and forfeits                         | -                 | 71,880            | 69,541                       | (2,339)  |
|  | 214,000           | 327,173           | 215,735                      | (111,438)  |
| <br>Expenditures:                          |                   |                   |                              |  |
| Current:                                   |                   |                   |                              |  |
| Culture and recreation:                    |                   |                   |                              |  |
| Personnel services                         | 273,536           | 273,536           | 273,514                      | 22   |
| Supplies                                   | 24,959            | 24,959            | 17,046                       | 7,913  |
| Other services and charges                 | 596,262           | 606,984           | 562,159                      | 44,825   |
|  | 894,757           | 905,479           | 852,719                      | 52,760   |
| <br>Other financing sources - Transfers In | 579,757           | 579,757           | 579,757                      | -  |
| <br>Net change in fund balances            | (101,000)         | 1,451             | (57,227)                     | (58,678)   |
| <br>Fund balances - Beginning              | 371,735           | 371,735           | 371,735                      | -  |
| <br>Fund balances - Ending                 | <b>\$ 270,735</b> | <b>\$ 373,186</b> | <b>\$ 314,507</b>            | <b>\$ (58,678)</b>   |

Budget/GAAP Reconciliation

|  |                  |
|--|------------------|
| Net change in fund balance, budget basis   | \$ (57,227)      |
| To adjust revenues for accruals            | 2,150            |
| To adjust expenditures for accruals        | 31,931           |
| To adjust expenditures for encumbrances    | 63,640           |
| <br>Net change in fund balance, GAAP basis | <b>\$ 40,494</b> |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Law Enforcement Continuing Education**  
**Year Ended December 31, 2017**

|                             | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|-----------------------------|-------------------|-------------------|---|--|
|                             | Original          | Final             |   |  |
| Revenue:                    |                   |                   |   |  |
| Intergovernmental           | \$ -              | \$ -              | \$ -                                    | \$ -   |
| Charges for services        | 120,000           | 132,205           | 124,345                                 | (7,860)  |
| Fines and fees              | 86,000            | 125,166           | 121,171                                 | (3,995)  |
| Other                       | 15,500            | 37,515            | 32,660                                  | (4,855)  |
| Total revenue               | 221,500           | 294,886           | 278,176                                 | (16,710)   |
| Expenditures:               |                   |                   |   |  |
| Current:                    |                   |                   |   |  |
| Public safety:              |                   |                   |   |  |
| Supplies                    | 275,500           | 318,332           | 184,249                                 | 134,083  |
| Other services and charges  | 458,000           | 470,090           | 370,198                                 | 99,892   |
| Capital outlay              | -                 | -                 | -                                       | -  |
| Total expenditures          | 733,500           | 788,422           | 554,446                                 | 233,976  |
| Net change in fund balances | (512,000)         | (493,536)         | (276,270)                               | 217,266  |
| Fund balances - Beginning   | 837,762           | 837,762           | 837,762                                 | -  |
| Fund balances - Ending      | <b>\$ 325,762</b> | <b>\$ 344,226</b> | <b>\$ 561,491</b>                       | <b>\$ 217,266</b>  |

Budget/GAAP Reconciliation

|  |                     |
|--|---------------------|
| Net change in fund balance, budget basis | \$ (276,270)        |
| To adjust revenues for accruals          | (2,177)             |
| To adjust expenditures for accruals      | (17,182)            |
| To adjust expenditures for encumbrances  | 56,124              |
| Net change in fund balance, GAAP basis   | <b>\$ (239,505)</b> |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**

**Special Revenue Funds - Landlord Registration**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts |                 | Actual                        | Variance                                       |
|--|------------------|-----------------|-------------------------------|--|
|  | Original         | Final           | Budgetary<br>Basis<br>Amounts | With Final<br>Budget<br>Positive<br>(Negative) |
| Revenue:                               |                  |                 |                               |  |
| Charges for services                   | \$ 1,000         | \$ 7,480        | \$ 8,475                      | \$ 995   |
| Fines and forfeits                     | -                | -               | -                             | -  |
| Total revenue                          | <u>1,000</u>     | <u>7,480</u>    | <u>8,475</u>                  | <u>995</u>                                     |
| Expenditures:                          |                  |                 |                               |  |
| Current:                               |                  |                 |                               |  |
| Culture and recreation:                |                  |                 |                               |  |
| Personnel services                     | -                | -               | -                             | -  |
| Supplies                               | -                | -               | -                             | -  |
| Other services and charges             | <u>1,000</u>     | <u>1,000</u>    | <u>15</u>                     | <u>985</u>                                     |
| Total expenditures                     | <u>1,000</u>     | <u>1,000</u>    | <u>15</u>                     | <u>985</u>                                     |
| Other financing sources - Transfers In | <u>-</u>         | <u>-</u>        | <u>-</u>                      | <u>-</u>                                       |
| Net change in fund balances            | -                | 6,480           | 8,460                         | 1,980  |
| Fund balances - Beginning              | <u>1,225</u>     | <u>1,225</u>    | <u>1,225</u>                  | <u>-</u>                                       |
| Fund balances - Ending                 | <u>\$ 1,225</u>  | <u>\$ 7,705</u> | <u>\$ 9,685</u>               | <u>\$ 1,980</u>                                |

**Budget/GAAP Reconciliation**

|  |                 |
|--|-----------------|
| Net change in fund balance, budget basis | \$ 8,460        |
| To adjust revenues for accruals          | (1,605)         |
| To adjust expenditures for accruals      | -               |
| To adjust expenditures for encumbrances  | -               |
| Net change in fund balance, GAAP basis   | <u>\$ 6,855</u> |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Loss Recovery**  
**Year Ended December 31, 2017**

|                             | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|-----------------------------|-------------------|-------------------|---|--|
|                             | Original          | Final             |   |  |
| Revenue - Other             | \$ 1,000          | \$ 9,766          | \$ 8,645                                | \$ (1,121)   |
| Expenditures:               |                   |                   |   |  |
| Current:                    |                   |                   |   |  |
| General government:         |                   |                   |   |  |
| Supplies                    | -                 | -                 | -                                       | -  |
| Other services and charges  | 500,000           | 550,333           | 349,573                                 | 200,760  |
| Capital outlay              | -                 | 48,342            | 48,342                                  | -  |
|                             | 500,000           | 598,675           | 397,915                                 | 200,760  |
| Total expenditures          |                   |                   |   |  |
| Net change in fund balances | (499,000)         | (588,909)         | (389,270)                               | 199,639  |
| Fund balances - Beginning   | 970,744           | 970,744           | 970,744                                 | -  |
| Fund balances - Ending      | <b>\$ 471,744</b> | <b>\$ 381,835</b> | <b>\$ 581,474</b>                       | <b>\$ 199,639</b>  |

Budget/GAAP Reconciliation

|  |                     |
|--|---------------------|
| Net change in fund balance, budget basis | \$ (389,270)        |
| To adjust revenues for accruals          | 159                 |
| To adjust expenditures for accruals      | (132,342)           |
| To adjust expenditures for encumbrances  | 265,323             |
| Net change in fund balance, GAAP basis   | <b>\$ (256,130)</b> |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Emergency Telephone System**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts |               | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|---------------|---|--|
|  | Original         | Final         |   |  |
| Expenditures:                            |                  |               |   |  |
| Current:                                 |                  |               |   |  |
| Other services and charges               | -                | 33,671        | 33,671                                  | -  |
| Net change in fund balances              | -                | (33,671)      | (33,671)                                | -  |
| Fund balances - Beginning                | 33,671           | 33,671        | 33,671                                  | -  |
| Fund balances - Ending                   | <b>\$ 33,671</b> | <b>\$ (0)</b> | <b>\$ (0)</b>                           | <b>\$ -</b>  |
| <b><u>Budget/GAAP Reconciliation</u></b> |                  |               |   |  |
| Net change in fund balance, budget basis |                  |               | \$ (33,671)                             |  |
| To adjust revenues for accruals          |                  |               | -                                       |  |
| Net change in fund balance, GAAP basis   |                  |               | <b>\$ (33,671)</b>                      |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Local Road and Street**  
**Year Ended December 31, 2017**

|  | <u>Budgeted Amounts</u>    |                            | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|----------------------------|----------------------------|---|--|
|  | Original                   | Final                      |   |  |
| Revenue:                                 |                            |                            |   |  |
| Intergovernmental                        | \$ 1,324,000               | \$ 1,590,565               | \$ 1,537,294                            | \$ (53,271)  |
| Other                                    | <u>20,000</u>              | <u>369,996</u>             | <u>35,508</u>                           | <u>(334,488)</u>   |
| Total revenue                            | <u>1,344,000</u>           | <u>1,960,561</u>           | <u>1,572,802</u>                        | <u>(387,759)</u>   |
| Expenditures:                            |                            |                            |   |  |
| Current:                                 |                            |                            |   |  |
| Highways and streets:                    |                            |                            |   |  |
| Supplies                                 | 450,000                    | 500,378                    | 455,670                                 | 44,708   |
| Other services and charges               | 720,000                    | 794,905                    | 711,313                                 | 83,592   |
| Capital outlay                           | <u>320,000</u>             | <u>1,013,261</u>           | <u>938,815</u>                          | <u>74,446</u>  |
| Total expenditures                       | <u>1,490,000</u>           | <u>2,308,544</u>           | <u>2,105,797</u>                        | <u>202,747</u>   |
| Net change in fund balances              | (146,000)                  | (347,983)                  | (532,995)                               | (185,012)  |
| Fund balances - Beginning                | <u>2,830,556</u>           | <u>2,830,556</u>           | <u>2,830,556</u>                        | <u>-</u>   |
| Fund balances - Ending                   | <b><u>\$ 2,684,556</u></b> | <b><u>\$ 2,482,573</u></b> | <b><u>\$ 2,297,561</u></b>              | <b><u>\$ (185,012)</u></b>                                 |
| <u>Budget/GAAP Reconciliation</u>        |                            |                            |   |  |
| Net change in fund balance, budget basis |                            |                            | \$ (532,995)                            |  |
| To adjust revenues for accruals          |                            |                            | 91,131                                  |  |
| To adjust expenditures for accruals      |                            |                            | 167,271                                 |  |
| To adjust expenditures for encumbrances  |                            |                            | <u>1,038,507</u>                        |  |
| Net change in fund balance, GAAP basis   |                            |                            | <b><u>\$ 763,914</u></b>                |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)

Special Revenue Funds - Excess Welfare Distribution

**Year Ended December 31, 2017**

|  | Budgeted Amounts |             | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|-------------|---|--|
|  | Original         | Final       |   |  |
| Revenue - Other                          | \$ -             | \$ -        | \$ -                                    | \$ -   |
| Expenditures:                            |                  |             |   |  |
| Current:                                 |                  |             |   |  |
| Public safety:                           |                  |             |   |  |
| Supplies                                 | -                | 8           | 8                                       | -  |
| Net change in fund balances              | -                | (8)         | (8)                                     | -  |
| Fund balances - Beginning                | 8                | 8           | 8                                       | -  |
| Fund balances - Ending                   | <b>\$ 8</b>      | <b>\$ -</b> | <b>\$ -</b>                             | <b>\$ -</b>  |
| <u>Budget/GAAP Reconciliation</u>        |                  |             |   |  |
| Net change in fund balance, budget basis |                  |             | \$ (8)                                  |  |
| To adjust revenues for accruals          |                  |             | -                                       |  |
| Net change in fund balance, GAAP basis   |                  |             | <b>\$ (8)</b>                           |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**

**Special Revenue Funds - LOIT 2016 Special Distribution**  
**Year Ended December 31, 2017**

|   | Budgeted Amounts    |                     | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---|--|
|   | Original            | Final               |   |  |
| Revenue:                                |                     |                     |   |  |
| Intergovernmental                       | \$ 1,278,000        | \$ 1,278,000        | \$ -                                    | \$ (1,278,000)   |
| Other                                   | 40,000              | 401,189             | 448,989                                 | 47,800   |
| Total revenue                           | 1,318,000           | 1,679,189           | 448,989                                 | (1,230,200)  |
| Expenditures:                           |                     |                     |   |  |
| Current:                                |                     |                     |   |  |
| Culture and recreation:                 |                     |                     |   |  |
| Other services and charges              | -                   | 852,100             | 833,520                                 | 18,580   |
| Capital outlay                          | 2,130,000           | 1,905,357           | 1,522,546                               | 382,811  |
| Other Uses                              | -                   | -                   | -                                       | -  |
| Total expenditures                      | 2,130,000           | 2,757,457           | 2,356,066                               | 401390.54  |
| Other financing sources - Transfers Out | -                   | (1,000,000)         | (1,000,000)                             | -  |
| Net change in fund balances             | (812,000)           | (2,078,268)         | (2,907,077)                             | (828,809)  |
| Fund balances - Beginning               | 4,025,066           | 4,025,066           | 4,025,066                               | -  |
| Fund balances - Ending                  | <b>\$ 3,213,066</b> | <b>\$ 1,946,798</b> | <b>\$ 1,117,989</b>                     | <b>\$ (828,809)</b>  |

Budget/GAAP Reconciliation

|  |                       |
|--|-----------------------|
| Net change in fund balance, budget basis | \$ (2,907,077)        |
| To adjust revenues for accruals          | 706                   |
| To adjust expenditures for accruals      | (124,129)             |
| To adjust expenditures for encumbrances  | 1,163,349             |
| Net change in fund balance, GAAP basis   | <b>\$ (1,867,151)</b> |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Human Rights Federal**  
**Year Ended December 31, 2017**

|  | <u>Budgeted Amounts</u>  |                          | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|--------------------------|--------------------------|---|--|
|  | <u>Original</u>          | <u>Final</u>             |   |  |
| Revenue:                                 |                          |                          |   |  |
| Intergovernmental                        | \$ 145,000               | \$ 236,200               | \$ 206,450                              | \$ (29,750)  |
| Other                                    | <u>20,040</u>            | <u>22,913</u>            | <u>20,779</u>                           | <u>(2,134)</u>   |
| Total revenue                            | <u>165,040</u>           | <u>259,113</u>           | <u>227,229</u>                          | <u>(31,884)</u>  |
| Expenditures:                            |                          |                          |   |  |
| Current:                                 |                          |                          |   |  |
| General government:                      |                          |                          |   |  |
| Personnel services                       | 126,096                  | 126,096                  | 77,478                                  | 48,618   |
| Supplies                                 | 2,000                    | 7,630                    | 7,054                                   | 576  |
| Other services and charges               | <u>67,300</u>            | <u>68,047</u>            | <u>51,105</u>                           | <u>16,942</u>  |
| Total expenditures                       | <u>195,396</u>           | <u>201,773</u>           | <u>135,636</u>                          | <u>66,137</u>  |
| Net change in fund balances              | (30,356)                 | 57,340                   | 91,593                                  | 34,253   |
| Fund balances - Beginning                | <u>480,139</u>           | <u>480,139</u>           | <u>480,139</u>                          | <u>-</u>   |
| Fund balances - Ending                   | <u><b>\$ 449,783</b></u> | <u><b>\$ 537,479</b></u> | <u><b>\$ 571,731</b></u>                | <u><b>\$ 34,253</b></u>                                    |
| <u>Budget/GAAP Reconciliation</u>        |                          |                          |   |  |
| Net change in fund balance, budget basis |                          |                          | \$ 91,593                               |  |
| To adjust revenues for accruals          |                          |                          | (81,101)                                |  |
| To adjust expenditures for accruals      |                          |                          | 8,056                                   |  |
| To adjust expenditures for encumbrances  |                          |                          | <u>321</u>                              |  |
| Net change in fund balance, GAAP basis   |                          |                          | <u><b>\$ 18,869</b></u>                 |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Local Road and Bridge Grant**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts |              | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|--------------|---|--|
|  | Original         | Final        |   |  |
|  | Original         | Final        | Amounts                                 | (Negative)   |
| Revenue:                                 |                  |              |   |  |
| Intergovernmental                        | \$ -             | \$ 1,000,000 | \$ 1,000,000                            | \$ -   |
| Expenditures:                            |                  |              |   |  |
| Current:                                 |                  |              |   |  |
| Culture and recreation:                  |                  |              |   |  |
| Other services and charges               | -                | 2,000,000    | 1,444,689                               | 555,311  |
| Other financing sources - Transfers In   | -                | 1,000,000    | 1,000,000                               | -  |
| Net change in fund balances              | -                | -            | 555,311                                 | 555,311  |
| Fund balances - Beginning                | -                | -            | -                                       | -  |
| Fund balances - Ending                   | <u>\$ -</u>      | <u>\$ -</u>  | <u>\$ 555,311</u>                       | <u>\$ 555,311</u>  |
| <b><u>Budget/GAAP Reconciliation</u></b> |                  |              |   |  |
| Net change in fund balance, budget basis |                  |              | \$ 555,311                              |  |
| To adjust revenues for accruals          |                  |              | -                                       |  |
| To adjust expenditures for accruals      |                  |              | (55,493)                                |  |
| To adjust expenditures for encumbrances  |                  |              | <u>437,632</u>                          |  |
| Net change in fund balance, GAAP basis   |                  |              | <u>\$ 937,450</u>                       |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Special Revenue Funds - East Race Waterway  
 Year Ended December 31, 2017

|  | Budgeted Amounts |         | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|---------|---|--|
|  | Original         | Final   |   |  |
| Revenue - Other                          | \$ -             | \$ 22   | \$ 9                                    | \$ (13)  |
| Expenditures:                            |                  |         |   |  |
| Current:                                 |                  |         |   |  |
| Culture and recreation:                  |                  |         |   |  |
| Supplies                                 | 1,367            | 1,367   | 1,356                                   | 11   |
| Total expenditures                       | 1,367            | 1,367   | 1,356                                   | 11   |
| Net change in fund balances              | (1,367)          | (1,345) | (1,347)                                 | (2)  |
| Fund balances - Beginning                | 1,347            | 1,347   | 1,347                                   | -  |
| Fund balances - Ending                   | \$ (20)          | \$ 2    | \$ 1                                    | \$ (2)   |
| <u>Budget/GAAP Reconciliation</u>        |                  |         |   |  |
| Net change in fund balance, budget basis |                  |         | \$ (1,347)                              |  |
| To adjust revenues for accruals          |                  |         | (1)                                     |  |
| Net change in fund balance, GAAP basis   |                  |         | \$ (1,348)                              |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Special Revenue Funds - Morris and Palais Marketing  
 Year Ended December 31, 2017

|  | <u>Budgeted Amounts</u> |                         | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------------|-------------------------|---|--|
|  | <u>Original</u>         | <u>Final</u>            |   |  |
| Revenue - Other                          | \$ 18,300               | \$ 18,495               | \$ 13,739                               | \$ (4,756)   |
| Expenditures:                            |                         |                         |   |  |
| Current:                                 |                         |                         |   |  |
| Culture and recreation:                  |                         |                         |   |  |
| Other services and charges               | <u>18,000</u>           | <u>21,675</u>           | <u>5,673</u>                            | <u>16,002</u>  |
| Net change in fund balances              | 300                     | (3,180)                 | 8,066                                   | 11,246   |
| Fund balances - Beginning                | <u>47,096</u>           | <u>47,096</u>           | <u>47,096</u>                           | <u>-</u>   |
| Fund balances - Ending                   | <u><b>\$ 47,396</b></u> | <u><b>\$ 43,916</b></u> | <u><b>\$ 55,162</b></u>                 | <u><b>\$ 11,246</b></u>                                    |
| <u>Budget/GAAP Reconciliation</u>        |                         |                         |   |  |
| Net change in fund balance, budget basis |                         |                         | \$ 8,066                                |  |
| To adjust revenue for accruals           |                         |                         | 12                                      |  |
| To adjust expenditures for accruals      |                         |                         | 2,798                                   |  |
| To adjust expenditures for encumbrances  |                         |                         | <u>-</u>                                |  |
| Net change in fund balance, GAAP basis   |                         |                         | <u><b>\$ 10,876</b></u>                 |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Special Revenue Funds - Police Block Grants  
 Year Ended December 31, 2017

|  | Budgeted Amounts |                 | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|-----------------|---|--|
|  | Original         | Final           |   |  |
| Revenue - Other                          | \$ -             | \$ 50           | \$ 36                                   | \$ (14)  |
| Net change in fund balances              | -                | 50              | 36                                      | (14)   |
| Fund balances - Beginning                | 3,886            | 3,886           | 3,886                                   | -  |
| Fund balances - Ending                   | <b>\$ 3,886</b>  | <b>\$ 3,936</b> | <b>\$ 3,922</b>                         | <b>\$ (14)</b>   |
| <u>Budget/GAAP Reconciliation</u>        |                  |                 |   |  |
| Net change in fund balance, budget basis |                  |                 | \$ 36                                   |  |
| To adjust revenues for accruals          |                  |                 | -                                       |  |
| Net change in fund balance, GAAP basis   |                  |                 | <b>\$ 36</b>                            |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Special Revenue Funds - Economic Development Commission  
 Year Ended December 31, 2017

|  | Budgeted Amounts |                  | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|---|--|
|  | Original         | Final            |   |  |
| Revenue - Other                          | \$ 200           | \$ 300           | \$ 255                                  | \$ (45)  |
| Fund balances - Beginning                | 27,617           | 27,617           | 27,617                                  | -  |
| Fund balances - Ending                   | <b>\$ 27,817</b> | <b>\$ 27,917</b> | <b>\$ 27,872</b>                        | <b>\$ (45)</b>   |
| <u>Budget/GAAP Reconciliation</u>        |                  |                  |   |  |
| Net change in fund balance, budget basis |                  |                  | \$ 255                                  |  |
| To adjust revenues for accruals          |                  |                  | 6                                       |  |
| Net change in fund balance, GAAP basis   |                  |                  | <b>\$ 261</b>                           |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Special Revenue Funds - Hazmat  
 Year Ended December 31, 2017

|  | Budgeted Amounts        |                         | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------------|-------------------------|---|--|
|  | Original                | Final                   |   |  |
| Revenue:                                 |                         |                         |   |  |
| Charges for services                     | \$ 10,000               | \$ 10,000               | \$ 6,435                                | \$ (3,565)   |
| Other                                    | -                       | 255                     | 218                                     | (37)   |
|  |                         |                         |   |  |
| Total revenue                            | 10,000                  | 10,255                  | 6,653                                   | (3,602)  |
| Expenditures:                            |                         |                         |   |  |
| Current:                                 |                         |                         |   |  |
| Public safety:                           |                         |                         |   |  |
| Supplies                                 | 10,000                  | 10,431                  | 5,964                                   | 4,467  |
|  |                         |                         |   |  |
| Net change in fund balances              | -                       | (176)                   | 689                                     | 865  |
| Fund balances - Beginning                | 26,779                  | 26,779                  | 26,779                                  | -  |
|  |                         |                         |   |  |
| Fund balances - Ending                   | <b><u>\$ 26,779</u></b> | <b><u>\$ 26,603</u></b> | <b><u>\$ 27,468</u></b>                 | <b><u>\$ 865</u></b>                                       |
| <br><u>Budget/GAAP Reconciliation</u>    |                         |                         |   |  |
| Net change in fund balance, budget basis |                         |                         | \$ 689                                  |  |
| To adjust revenues for accruals          |                         |                         | 6                                       |  |
| To adjust expenditures for accruals      |                         |                         | -                                       |  |
| To adjust expenditures for encumbrances  |                         |                         | -                                       |  |
|  |                         |                         |   |  |
| Net change in fund balance, GAAP basis   |                         |                         | <b><u>\$ 695</u></b>                    |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Indiana River Rescue**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts |                  | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|---|--|
|  | Original         | Final            |   |  |
| Revenue:                                 |                  |                  |   |  |
| Charges for services                     | \$ 45,000        | \$ 73,200        | \$ 75,600                               | \$ 2,400   |
| Intergovernmental                        | -                | -                | -                                       | -  |
| Other                                    | 500              | 1,600            | 1,339                                   | (261)  |
|  | <u>45,500</u>    | <u>74,800</u>    | <u>76,939</u>                           | <u>2,139</u>   |
| Total revenue                            |                  |                  |   |  |
| Expenditures:                            |                  |                  |   |  |
| Current:                                 |                  |                  |   |  |
| Public safety:                           |                  |                  |   |  |
| Personnel services                       | 15,500           | 15,500           | 3,777                                   | 11,723   |
| Supplies                                 | 7,800            | 16,849           | 16,299                                  | 550  |
| Other services and charges               | 65,000           | 85,000           | 75,215                                  | 9,785  |
| Capital outlay                           | -                | -                | -                                       | -  |
|  | <u>88,300</u>    | <u>117,349</u>   | <u>95,291</u>                           | <u>22,058</u>  |
| Total expenditures                       |                  |                  |   |  |
| Net change in fund balances              | (42,800)         | (42,549)         | (18,352)                                | 24,197   |
| Fund balances - Beginning                | 142,047          | 142,047          | 142,047                                 | -  |
| Fund balances - Ending                   | <u>\$ 99,247</u> | <u>\$ 99,498</u> | <u>\$ 123,695</u>                       | <u>\$ 24,197</u>   |
| <u>Budget/GAAP Reconciliation</u>        |                  |                  |   |  |
| Net change in fund balance, budget basis |                  |                  | \$ (18,352)                             |  |
| To adjust revenues for accruals          |                  |                  | 21                                      |  |
| To adjust expenditures for accruals      |                  |                  | 831                                     |  |
| To adjust expenditures for encumbrances  |                  |                  | -                                       |  |
| Net change in fund balance, GAAP basis   |                  |                  | <u>\$ (17,500)</u>                      |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - COPS Block Grant II**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts |                  | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|---|--|
|  | Original         | Final            |   |  |
| Revenue - Intergovernmental              | \$ -             | \$ -             | \$ -                                    | \$ -   |
| Expenditures:                            |                  |                  |   |  |
| Current:                                 |                  |                  |   |  |
| Public safety:                           |                  |                  |   |  |
| Supplies                                 | -                | -                | -                                       | -  |
| Other services and charges               | -                | 35,805           | 28,178                                  | 7,627  |
| Capital outlay                           | -                | -                | -                                       | -  |
| Total expenditures                       | -                | 35,805           | 28,178                                  | 7,627  |
| Net change in fund balances              | -                | (35,805)         | (28,178)                                | 7,627  |
| Fund balances - Beginning                | 76,628           | 76,628           | 76,628                                  | -  |
| Fund balances - Ending                   | <b>\$ 76,628</b> | <b>\$ 40,823</b> | <b>\$ 48,451</b>                        | <b>\$ 7,627</b>  |
| <b><u>Budget/GAAP Reconciliation</u></b> |                  |                  |   |  |
| Net change in fund balance, budget basis |                  |                  | \$ (28,178)                             |  |
| To adjust expenditures for accruals      |                  |                  | 2,797                                   |  |
| To adjust expenditures for encumbrances  |                  |                  | -                                       |  |
| Net change in fund balance, GAAP basis   |                  |                  | <b>\$ (25,381)</b>                      |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**

**Special Revenue Funds - Regional Police Academy**

**Year Ended December 31, 2017**

|  | Budgeted Amounts |                  | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|---|--|
|  | Original         | Final            |   |  |
| Revenue:                                 |                  |                  |   |  |
| Charges for services                     | \$ 20,000        | \$ 20,000        | \$ 19,075                               | \$ (925)   |
| Other                                    | 2,500            | 2,980            | 825                                     | (2,155)  |
| Total revenue                            | 22,500           | 22,980           | 19,900                                  | (3,080)  |
| Expenditures:                            |                  |                  |   |  |
| Current:                                 |                  |                  |   |  |
| Public safety:                           |                  |                  |   |  |
| Supplies                                 | 1,500            | 1,500            | 765                                     | 735  |
| Other services and charges               | 21,000           | 21,000           | 7,871                                   | 13,129   |
| Total expenditures                       | 22,500           | 22,500           | 8,637                                   | 13,863   |
| Net change in fund balances              | -                | 480              | 11,263                                  | 10,783   |
| Fund balances - Beginning                | 76,089           | 76,089           | 76,089                                  | -  |
| Fund balances - Ending                   | <b>\$ 76,089</b> | <b>\$ 76,569</b> | <b>\$ 87,352</b>                        | <b>\$ 10,783</b>   |
| <u>Budget/GAAP Reconciliation</u>        |                  |                  |   |  |
| Net change in fund balance, budget basis |                  |                  | \$ 11,263                               |  |
| To adjust revenues for accruals          |                  |                  | 20                                      |  |
| To adjust expenditures for accruals      |                  |                  | (3,199)                                 |  |
| Net change in fund balance, GAAP basis   |                  |                  | <b>\$ 8,084</b>                         |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Special Revenue Funds - COPS MORE Grant  
 Year Ended December 31, 2017

|  | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|---|--|
|  | Original          | Final             |   |  |
| Revenue:                                 |                   |                   |   |  |
| Intergovernmental                        | \$ 53,750         | \$ 72,094         | \$ 18,344                               | \$ (53,750)  |
| Other                                    | 38,250            | 69,750            | 56,222                                  | (13,528)   |
| Total revenue                            | 92,000            | 141,844           | 74,566                                  | (67,278)   |
| Expenditures:                            |                   |                   |   |  |
| Current:                                 |                   |                   |   |  |
| Public safety:                           |                   |                   |   |  |
| Supplies                                 | 47,000            | 110,467           | 63,860                                  | 46,607   |
| Other services and charges               | 45,000            | 153,300           | 133,759                                 | 19,541   |
| Capital outlay                           | -                 | -                 | -                                       | -  |
| Total expenditures                       | 92,000            | 263,767           | 197,619                                 | 66,148   |
| Other Financing (uses)                   |                   |                   |   |  |
| Transfers in                             | -                 | -                 | -                                       | -  |
| Net change in fund balances              | -                 | (121,923)         | (123,053)                               | (1,130)  |
| Fund balances - Beginning                | 237,468           | 237,468           | 237,468                                 | -  |
| Fund balances - Ending                   | <b>\$ 237,468</b> | <b>\$ 115,545</b> | <b>\$ 114,415</b>                       | <b>\$ (1,130)</b>  |
| <b>Budget/GAAP Reconciliation</b>        |                   |                   |   |  |
| Net change in fund balance, budget basis |                   |                   | \$ (123,053)                            |  |
| To adjust revenues for accruals          |                   |                   | (35)                                    |  |
| To adjust expenditures for accruals      |                   |                   | (12,326)                                |  |
| To adjust expenditures for encumbrances  |                   |                   | 20,785                                  |  |
| Net change in fund balance, GAAP basis   |                   |                   | <b>\$ (114,629)</b>                     |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Federal Drug Enforcement**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts        |                         | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------------|-------------------------|---|--|
|  | Original                | Final                   |   |  |
| Revenue:                                 |                         |                         |   |  |
| Intergovernmental                        | \$ -                    | \$ 50,000               | \$ 50,000                               | \$ -   |
| Other                                    | 32,000                  | 32,048                  | 3,871                                   | (28,177)   |
| Total revenue                            | <u>32,000</u>           | <u>82,048</u>           | <u>53,871</u>                           | <u>(28,177)</u>  |
| Expenditures:                            |                         |                         |   |  |
| Current:                                 |                         |                         |   |  |
| Public safety:                           |                         |                         |   |  |
| Supplies                                 | 55,000                  | 89,337                  | 34,337                                  | 55,000   |
| Other services and charges               | 62,000                  | 62,000                  | 16,372                                  | 45,628   |
| Capital outlay                           | 45,000                  | 135,000                 | 98,491                                  | 36,509   |
| Total expenditures                       | <u>162,000</u>          | <u>286,337</u>          | <u>149,200</u>                          | <u>137,137</u>   |
| Net change in fund balances              | (130,000)               | (204,289)               | (95,329)                                | 108,960  |
| Fund balances - Beginning                | <u>226,058</u>          | <u>226,058</u>          | <u>226,058</u>                          | <u>-</u>   |
| Fund balances - Ending                   | <u><b>\$ 96,058</b></u> | <u><b>\$ 21,769</b></u> | <u><b>\$ 130,729</b></u>                | <u><b>\$ 108,960</b></u>                                   |
| <u>Budget/GAAP Reconciliation</u>        |                         |                         |   |  |
| Net change in fund balance, budget basis |                         |                         | \$ (95,329)                             |  |
| To adjust revenues for accruals          |                         |                         | 15                                      |  |
| To adjust expenditures for accruals      |                         |                         | -                                       |  |
| To adjust expenditures for encumbrances  |                         |                         | -                                       |  |
| Net change in fund balance, GAAP basis   |                         |                         | <u><b>\$ (95,314)</b></u>               |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Gift**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts |                  | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|---|--|
|  | Original         | Final            |   |  |
| Revenue - Other                          | \$ 18,800        | \$ 214,383       | \$ 185,312                              | \$ (29,071)  |
| Expenditures:                            |                  |                  |   |  |
| Supplies                                 | 8,700            | 8,700            | -                                       | 8,700  |
| Other services and charges               | 30,000           | 233,000          | 205,004                                 | 27,996   |
| Capital outlay                           | -                | -                | -                                       | -  |
| Total expenditures                       | 38,700           | 241,700          | 205,004                                 | 36,696   |
| Net change in fund balances              | (19,900)         | (27,317)         | (19,692)                                | 7,625  |
| Fund balances - Beginning                | 116,796          | 116,796          | 116,796                                 | -  |
| Fund balances - Ending                   | <b>\$ 96,896</b> | <b>\$ 89,479</b> | <b>\$ 97,103</b>                        | <b>\$ 7,625</b>  |
| <b><u>Budget/GAAP Reconciliation</u></b> |                  |                  |   |  |
| Net change in fund balance, budget basis |                  |                  | \$ (19,692)                             |  |
| To adjust revenues for accruals          |                  |                  | (24,955)                                |  |
| To adjust expenditures for accruals      |                  |                  | 69,439                                  |  |
| To adjust expenditures for encumbrances  |                  |                  | 3,661                                   |  |
| Net change in fund balance, GAAP basis   |                  |                  | <b>\$ 28,453</b>                        |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Urban Development Action Grant**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|---|--|
|  | Original          | Final             |   |  |
| Revenue - Other                          | \$ 6,110          | \$ 6,110          | \$ 4,876                                | \$ (1,234)   |
| Expenditures:                            |                   |                   |   |  |
| Current:                                 |                   |                   |   |  |
| Economic Development                     |                   |                   |   |  |
| Other services and charges               | 126,144           | 126,144           | 126,142                                 | 2  |
| Net change in fund balances              | (120,034)         | (120,034)         | (121,266)                               | (1,232)  |
| Fund balances - Beginning                | 592,586           | 592,586           | 592,586                                 | -  |
| Fund balances - Ending                   | <b>\$ 472,552</b> | <b>\$ 472,552</b> | <b>\$ 471,320</b>                       | <b>\$ (1,232)</b>  |
| <u>Budget/GAAP Reconciliation</u>        |                   |                   |   |  |
| Net change in fund balance, budget basis |                   |                   | \$ (121,266)                            |  |
| To adjust revenues for accruals          |                   |                   | 84                                      |  |
| To adjust expenditures for accruals      |                   |                   | 126,142                                 |  |
| Net change in fund balance, GAAP basis   |                   |                   | <b>\$ 4,960</b>                         |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Special Revenue Funds - Leaf Collection and Removal**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts         |                          | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|--------------------------|--------------------------|---|--|
|  | Original                 | Final                    |   |  |
| Revenue:                                 |                          |                          |   |  |
| Charges for services                     | \$ 440,153               | \$ 444,693               | \$ 444,734                              | \$ 41  |
| Other                                    | 4,403                    | 9,188                    | 8,114                                   | (1,074)  |
| Total revenue                            | <u>444,556</u>           | <u>453,881</u>           | <u>452,848</u>                          | <u>(1,033)</u>   |
| Expenditures:                            |                          |                          |   |  |
| Current:                                 |                          |                          |   |  |
| General government:                      |                          |                          |   |  |
| Personnel services                       | 49,851                   | 61,606                   | 30,355                                  | 31,251   |
| Supplies                                 | 4,344                    | 4,344                    | 3,092                                   | 1,252  |
| Other services and charges               | 121,221                  | 121,221                  | 121,454                                 | (233)  |
| Other uses                               | -                        | -                        | -                                       | -  |
| Total expenditures                       | <u>175,416</u>           | <u>187,171</u>           | <u>154,901</u>                          | <u>32,270</u>  |
| Other financing uses -                   |                          |                          |   |  |
| Transfers out                            | <u>(350,000)</u>         | <u>(350,000)</u>         | <u>(350,000)</u>                        | <u>-</u>   |
| Net change in fund balances              | (80,860)                 | (83,290)                 | (52,053)                                | 31,237   |
| Fund balances - Beginning                | <u>873,267</u>           | <u>873,267</u>           | <u>873,267</u>                          | <u>-</u>   |
| Fund balances - Ending                   | <u><b>\$ 792,407</b></u> | <u><b>\$ 789,977</b></u> | <u><b>\$ 821,214</b></u>                | <u><b>\$ 31,237</b></u>                                    |
| <u>Budget/GAAP Reconciliation</u>        |                          |                          |   |  |
| Net change in fund balance, budget basis |                          |                          | \$ (52,053)                             |  |
| To adjust revenues for accruals          |                          |                          | 159                                     |  |
| To adjust expenditures for accruals      |                          |                          | <u>0</u>                                |  |
| Net change in fund balance, GAAP basis   |                          |                          | <u><b>\$ (51,894)</b></u>               |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Special Revenue Funds - Police K-9 Unit  
 Year Ended December 31, 2017

|  | Budgeted Amounts |                 | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|-----------------|---|--|
|  | Original         | Final           |   |  |
| Revenue - Other                          | \$ 2,020         | \$ 2,036        | \$ 26                                   | \$ (2,010)   |
| Expenditures:                            |                  |                 |   |  |
| Current:                                 |                  |                 |   |  |
| Public safety                            |                  |                 |   |  |
| Other services and charges               | 2,020            | 2,020           | -                                       | 2,020  |
| Net change in fund balances              | -                | 16              | 26                                      | 10   |
| Fund balances - Beginning                | 2,859            | 2,859           | 2,859                                   | -  |
| Fund balances - Ending                   | <b>\$ 2,859</b>  | <b>\$ 2,875</b> | <b>\$ 2,885</b>                         | <b>\$ 10</b>   |
| <u>Budget/GAAP Reconciliation</u>        |                  |                 |   |  |
| Net change in fund balance, budget basis |                  |                 | \$ 26                                   |  |
| To adjust expenditures for accruals      |                  |                 | 1                                       |  |
| Net change in fund balance, GAAP basis   |                  |                 | <b>\$ 27</b>                            |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Special Revenue Funds - Industrial Revolving Fund  
 Year Ended December 31, 2017

|  | Budgeted Amounts        |                         | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------------|-------------------------|---|--|
|  | Original                | Final                   |   |  |
| Revenue - Other                          | \$ 210,000              | \$ 239,705              | \$ 169,223                              | \$ (70,482)  |
| Expenditures:                            |                         |                         |   |  |
| Economic Development:                    |                         |                         |   |  |
| Other services and charges               | <u>157,000</u>          | <u>157,000</u>          | <u>113,202</u>                          | <u>43,798</u>  |
| Net change in fund balances              | 53,000                  | 82,705                  | 56,021                                  | (26,684)   |
| Fund balances - Beginning                | <u>-</u>                | <u>-</u>                | <u>-</u>                                | <u>-</u>   |
| Fund balances - Ending                   | <u><b>\$ 53,000</b></u> | <u><b>\$ 82,705</b></u> | <u><b>\$ 56,021</b></u>                 | <u><b>\$ (26,684)</b></u>                                  |
| <u>Budget/GAAP Reconciliation</u>        |                         |                         |   |  |
| Net change in fund balance, budget basis |                         |                         | \$ 56,021                               |  |
| To adjust revenues for accruals          |                         |                         | <u>-</u>                                |  |
| Net change in fund balance, GAAP basis   |                         |                         | <u><b>\$ 56,021</b></u>                 |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Debt Service Funds - College Football Hall of Fame Debt Service**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts         |                           | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|--------------------------|---------------------------|---|--|
|  | Original                 | Final                     |   |  |
| Revenue:                                 |                          |                           |   |  |
| Taxes:                                   |                          |                           |   |  |
| Property                                 | \$ 1,202,000             | \$ 827,000                | \$ 820,071                              | \$ (6,929)   |
| Intergovernmental                        | 67,000                   | 67,000                    | 47,836                                  | (19,164)   |
| Other                                    | -                        | 300                       | 285                                     | (15)   |
| Total revenue                            | <u>1,269,000</u>         | <u>894,300</u>            | <u>868,192</u>                          | <u>(26,108)</u>  |
| Expenditures:                            |                          |                           |   |  |
| Debt service:                            |                          |                           |   |  |
| Principal                                | 1,215,000                | 1,214,580                 | 1,082,547                               | 132,033  |
| Interest and fiscal agent fees           | <u>54,000</u>            | <u>54,419</u>             | <u>54,220</u>                           | <u>199</u>   |
| Total expenditures                       | <u>1,269,000</u>         | <u>1,268,999</u>          | <u>1,136,767</u>                        | <u>132,232</u>   |
| Net change in fund balances              | -                        | (374,699)                 | (268,575)                               | 106,124  |
| Fund balances - Beginning                | <u>289,757</u>           | <u>289,757</u>            | <u>289,757</u>                          | <u>-</u>   |
| Fund balances - Ending                   | <u><b>\$ 289,757</b></u> | <u><b>\$ (84,942)</b></u> | <u><b>\$ 21,182</b></u>                 | <u><b>\$ 106,124</b></u>                                   |
| <b><u>Budget/GAAP Reconciliation</u></b> |                          |                           |   |  |
| Net change in fund balance, budget basis |                          |                           | \$ (268,575)                            |  |
| To adjust revenues for accruals          |                          |                           | (1)                                     |  |
| To adjust expenditures for accruals      |                          |                           | -                                       |  |
| Net change in fund balance, GAAP basis   |                          |                           | <u><b>\$ (268,576)</b></u>              |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Debt Service Funds - Redevelopment Bond - Airport Taxable**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts    |                     | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---|--|
|  | Original            | Final               |   |  |
| Revenue - Other                          | \$ 14,000           | \$ 14,000           | \$ 9,536                                | \$ (4,464)   |
| Other financing uses - Transfers out     | (14,000)            | (14,000)            | (9,390)                                 | 4,610  |
| Net change in fund balances              | -                   | -                   | 146                                     | 146  |
| Fund balances - Beginning                | 1,038,904           | 1,038,904           | 1,038,904                               | -  |
| Fund balances - Ending                   | <b>\$ 1,038,904</b> | <b>\$ 1,038,904</b> | <b>\$ 1,039,050</b>                     | <b>\$ 146</b>  |
| <b><u>Budget/GAAP Reconciliation</u></b> |                     |                     |   |  |
| Net change in fund balance, budget basis |                     |                     | \$ 146                                  |  |
| To adjust revenues for accruals          |                     |                     | 212                                     |  |
| To adjust expenditures for accruals      |                     |                     | (318)                                   |  |
| Net change in fund balance, GAAP basis   |                     |                     | <b>\$ 40</b>                            |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Debt Service Funds - Coveleski Bond Debt Service Reserve**  
**Year Ended December 31, 2017**

|  | <u>Budgeted Amounts</u>  |                          | <u>Actual<br/>Budgetary<br/>Basis<br/>Amounts</u> | <u>Variance<br/>With Final<br/>Budget<br/>Positive<br/>(Negative)</u> |
|--|--------------------------|--------------------------|---|---|
|  | <u>Original</u>          | <u>Final</u>             |   |   |
| Revenue - Other                          | \$ 5,000                 | \$ 5,410                 | \$ 4,725  | \$ (685)  |
| Net change in fund balances              | 5,000                    | 5,410                    | 4,725   | (685)   |
| Fund balances - Beginning                | <u>512,561</u>           | <u>512,561</u>           | <u>512,561</u>                                    | <u>-</u>  |
| Fund balances - Ending                   | <b><u>\$ 517,561</u></b> | <b><u>\$ 517,971</u></b> | <b><u>\$ 517,286</u></b>                          | <b><u>\$ (685)</u></b>  |
| <u>Budget/GAAP Reconciliation</u>        |                          |                          |   |   |
| Net change in fund balance, budget basis |                          |                          | \$ 4,725  |   |
| To adjust revenues for accruals          |                          |                          | <u>105</u>  |   |
| Net change in fund balance, GAAP basis   |                          |                          | <b><u>\$ 4,830</u></b>                            |   |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Debt Service Funds - Redevelopment Bond - Palais Royale**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts           |                            | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|----------------------------|----------------------------|---|--|
|  | Original                   | Final                      |   |  |
| Revenue - Other                          | \$ 15,000                  | \$ 20,000                  | \$ 15,946                               | \$ (4,054)   |
| Other financing uses - Transfers out     | <u>(15,000)</u>            | <u>(15,000)</u>            | <u>(14,653)</u>                         | <u>347</u>   |
| Net change in fund balances              | -                          | 5,000                      | 1,293                                   | (3,707)  |
| Fund balances - Beginning                | <u>1,735,840</u>           | <u>1,735,840</u>           | <u>1,735,840</u>                        | <u>-</u>   |
| Fund balances - Ending                   | <u><b>\$ 1,735,840</b></u> | <u><b>\$ 1,740,840</b></u> | <u><b>\$ 1,737,133</b></u>              | <u><b>\$ (3,707)</b></u>                                   |
| <b>Budget/GAAP Reconciliation</b>        |                            |                            |   |  |
| Net change in fund balance, budget basis |                            |                            | \$ 1,293                                |  |
| To adjust revenues for accruals          |                            |                            | 351                                     |  |
| To adjust expenditures for accruals      |                            |                            | <u>(530)</u>                            |  |
| Net change in fund balance, GAAP basis   |                            |                            | <u><b>\$ 1,114</b></u>                  |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**

**Debt Service Funds - Century Center Energy Conservation Debt Service**

**Year Ended December 31, 2017**

|  | Budgeted Amounts |                  | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|---|--|
|  | Original         | Final            |   |  |
| Revenue - Other                          | \$ 110,130       | \$ 110,957       | \$ 110,958                              | \$ 1   |
| Expenditures:                            |                  |                  |   |  |
| Other services and charges               | 192,297          | 192,297          | 191,297                                 | 1,000  |
| Other financing sources - Transfers in   | 82,167           | 82,167           | 82,167                                  | -  |
| Net change in fund balances              | -                | 827              | 1,828                                   | 1,001  |
| Fund balances - Beginning                | 57,165           | 57,165           | 57,165                                  | -  |
| Fund balances - Ending                   | <b>\$ 57,165</b> | <b>\$ 57,992</b> | <b>\$ 58,994</b>                        | <b>\$ 1,001</b>  |
| <u>Budget/GAAP Reconciliation</u>        |                  |                  |   |  |
| Net change in fund balance, budget basis |                  |                  | \$ 1,828                                |  |
| To adjust expenditures for accruals      |                  |                  | 1                                       |  |
| Net change in fund balance, GAAP basis   |                  |                  | <b>\$ 1,829</b>                         |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Debt Service Fund - Redevelopment Authority Debt Service**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts |              | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|--------------|---|--|
|  | Original         | Final        |   |  |
| Revenue - Other                          | \$ 2,000         | \$ 3,771     | \$ 3,871                                | \$ 100   |
| Expenditures:                            |                  |              |   |  |
| Economic Development:                    |                  |              |   |  |
| Other services and charges               | 3,868,169        | 3,868,164    | 3,866,169                               | 1,995  |
| Other financing sources - Transfers in   | 3,866,169        | 3,887,000    | 3,887,000                               | -  |
| Other financing sources - Transfers out  | -                | (735,241)    | (735,241)                               | -  |
| Net change in fund balances              | -                | (712,634)    | (710,539)                               | 2,095  |
| Fund balances - Beginning                | -                | -            | -                                       | -  |
| Fund balances - Ending                   | \$ -             | \$ (712,634) | \$ (710,539)                            | \$ 2,095   |
| <b><u>Budget/GAAP Reconciliation</u></b> |                  |              |   |  |
| Net change in fund balance, budget basis |                  |              | \$ (710,539)                            |  |
| To adjust revenues for accruals          |                  |              | 1                                       |  |
| To adjust expenditures for encumbrances  |                  |              | 1                                       |  |
| Net change in fund balance, GAAP basis   |                  |              | \$ (710,536)                            |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Debt Service Funds - Smart Street Debt Service  
 Year Ended December 31, 2017

|  | Budgeted Amounts |                     | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|---------------------|---|--|
|  | Original         | Final               |   |  |
| Revenue - Other                          | \$ 1,000         | \$ 3,271            | \$ 3,274                                | \$ 3   |
| Expenditures:                            |                  |                     |   |  |
| Other services and charges               | 855,784          | 1,252,284           | 1,249,569                               | 2,715  |
| Other financing sources - Transfers in   | 854,784          | 856,500             | 856,500                                 | -  |
| Net change in fund balances              | -                | (392,513)           | (389,795)                               | 2,718  |
| Fund balances - Beginning                | -                | -                   | -                                       | -  |
| Fund balances - Ending                   | <b>\$ -</b>      | <b>\$ (392,513)</b> | <b>\$ (389,795)</b>                     | <b>\$ 2,718</b>  |
| <u>Budget/GAAP Reconciliation</u>        |                  |                     |   |  |
| Net change in fund balance, budget basis |                  |                     | \$ (389,795)                            |  |
| To adjust revenues for accruals          |                  |                     | (179)                                   |  |
| Net change in fund balance, GAAP basis   |                  |                     | <b>\$ (389,974)</b>                     |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Debt Service Funds - Parks Bond Debt Service  
 Year Ended December 31, 2017

|  | Budgeted Amounts |               | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|---------------|---|--|
|  | Original         | Final         |   |  |
| Revenue - Other                          | \$ 1,000         | \$ 1,409      | \$ 1,472                                | \$ 63  |
| Expenditures:                            |                  |               |   |  |
| Other services and charges               | 391,482          | 391,482       | 390,482                                 | 1,000  |
| Other financing sources - Transfers in   | 390,482          | 390,482       | 384,835                                 | (5,647)  |
| Net change in fund balances              | -                | 409           | (4,175)                                 | (4,584)  |
| Fund balances - Beginning                | -                | -             | -                                       | -  |
| Fund balances - Ending                   | <b>\$ -</b>      | <b>\$ 409</b> | <b>\$ (4,175)</b>                       | <b>\$ (4,584)</b>  |
| <u>Budget/GAAP Reconciliation</u>        |                  |               |   |  |
| Net change in fund balance, budget basis |                  |               | \$ (4,175)                              |  |
| To adjust revenues for accruals          |                  |               | 31,723                                  |  |
| Net change in fund balance, GAAP basis   |                  |               | <b>\$ 27,548</b>                        |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Debt Service Funds - Erskine Village Debt Service**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts           |                            | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|----------------------------|----------------------------|---|--|
|  | Original                   | Final                      |   |  |
| Revenue - Other                          | \$ -                       | \$ 115                     | \$ 114                                  | \$ (1)   |
| Expenditures:                            |                            |                            |   |  |
| Economic Development:                    |                            |                            |   |  |
| Other services and charges               | <u>3,960,668</u>           | <u>3,961,668</u>           | <u>3,961,668</u>                        | <u>-</u>   |
| Other financing sources - Transfers in   | <u>3,960,668</u>           | <u>3,961,667</u>           | <u>3,961,667</u>                        | <u>-</u>   |
| Other financing sources - Transfers out  | <u>(561,000)</u>           | <u>(561,250)</u>           | <u>(561,230)</u>                        | <u>20</u>  |
| Net change in fund balances              | (561,000)                  | (561,136)                  | (561,117)                               | 19   |
| Fund balances - Beginning                | <u>-</u>                   | <u>-</u>                   | <u>-</u>                                | <u>-</u>   |
| Fund balances - Ending                   | <u><b>\$ (561,000)</b></u> | <u><b>\$ (561,136)</b></u> | <u><b>\$ (561,117)</b></u>              | <u><b>\$ 19</b></u>  |
| <u>Budget/GAAP Reconciliation</u>        |                            |                            |   |  |
| Net change in fund balance, budget basis |                            |                            | \$ (561,117)                            |  |
| To adjust revenues for accruals          |                            |                            | <u>-</u>                                |  |
| Net change in fund balance, GAAP basis   |                            |                            | <u><b>\$ (561,117)</b></u>              |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Debt Service Funds - Eddy St. Commons Capital**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts |                 | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|-----------------|---|--|
|  | Original         | Final           |   |  |
| Revenue - Other                          | \$ -             | \$ 2,501,479    | \$ 2,501,480                            | \$ 1   |
| Expenditures:                            |                  |                 |   |  |
| Neighborhood Engagement:                 |                  |                 |   |  |
| Other services and charges               | -                | 2,500,000       | 2,500,000                               | -  |
| Total expenditures                       | -                | 2,500,000       | 2,500,000                               | -  |
| Net change in fund balances              | -                | 1,479           | 1,480                                   | 1  |
| Fund balances - Beginning                | -                | -               | -                                       | -  |
| Fund balances - Ending                   | <u>\$ -</u>      | <u>\$ 1,479</u> | <u>\$ 1,480</u>                         | <u>\$ 1</u>  |
| <b>Budget/GAAP Reconciliation</b>        |                  |                 |   |  |
| Net change in fund balance, budget basis |                  |                 | \$ 1,480                                |  |
| To adjust revenues for accruals          |                  |                 | -                                       |  |
| To adjust expenditures for accruals      |                  |                 | -                                       |  |
| To adjust expenditures for encumbrances  |                  |                 | <u>2,500,000</u>                        |  |
| Net change in fund balance, GAAP basis   |                  |                 | <u><b>\$ 2,501,480</b></u>              |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Capital Projects Funds - Professional Sports Development**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|---|--|
|  | Original          | Final             |   |  |
| Revenue:                                 |                   |                   |   |  |
| Intergovernmental                        | \$ 700,000        | \$ 700,000        | \$ 409,659                              | \$ (290,341)   |
| Other                                    | 32,000            | 34,325            | 44,724                                  | 10,399   |
| Total revenue                            | 732,000           | 734,325           | 454,383                                 | (279,942)  |
| Expenditures:                            |                   |                   |   |  |
| Culture and recreation:                  |                   |                   |   |  |
| Other services and charges               | 827,955           | 827,955           | 827,955                                 | -  |
| Other uses                               | -                 | -                 | -                                       | -  |
| Total expenditures                       | 827,955           | 827,955           | 827,955                                 | -  |
| Net change in fund balances              | (95,955)          | (93,630)          | (373,572)                               | (279,942)  |
| Fund balances - Beginning                | 397,351           | 397,351           | 397,351                                 | -  |
| Fund balances - Ending                   | <b>\$ 301,396</b> | <b>\$ 303,721</b> | <b>\$ 23,779</b>                        | <b>\$ (279,942)</b>  |
| <u>Budget/GAAP Reconciliation</u>        |                   |                   |   |  |
| Net change in fund balance, budget basis |                   |                   | \$ (373,572)                            |  |
| To adjust revenues for accruals          |                   |                   | (62,441)                                |  |
| Net change in fund balance, GAAP basis   |                   |                   | <b>\$ (436,013)</b>                     |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Capital Projects Funds - Coveleski Stadium Capital**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts  |                  | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------|------------------|---|--|
|  | Original          | Final            |   |  |
| Revenue - Other                          | \$ 40,200         | \$ 42,715        | \$ 42,590                               | \$ (125)   |
| Expenditures:                            |                   |                  |   |  |
| Culture and recreation:                  |                   |                  |   |  |
| Supplies                                 | -                 | -                | -                                       | -  |
| Other services and charges               | 30,000            | 79,000           | 78,597                                  | 403  |
| Capital outlay                           | -                 | -                | -                                       | -  |
| Total expenditures                       | 30,000            | 79,000           | 78,597                                  | 403  |
| Net change in fund balances              | 10,200            | (36,285)         | (36,007)                                | 278  |
| Fund balances - Beginning                | 90,551            | 90,551           | 90,551                                  | -  |
| Fund balances - Ending                   | <b>\$ 100,751</b> | <b>\$ 54,266</b> | <b>\$ 54,544</b>                        | <b>\$ 278</b>  |
| <b><u>Budget/GAAP Reconciliation</u></b> |                   |                  |   |  |
| Net change in fund balance, budget basis |                   |                  | \$ (36,007)                             |  |
| To adjust revenues for accruals          |                   |                  | 8                                       |  |
| To adjust expenditures for accruals      |                   |                  | (0)                                     |  |
| Net change in fund balance, GAAP basis   |                   |                  | <b>\$ (35,999)</b>                      |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Capital Projects Funds - Zoo Endowment  
 Year Ended December 31, 2017

|  | Budgeted Amounts     |                     | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|----------------------|---------------------|---|--|
|  | Original             | Final               |   |  |
| Revenue - Other                          | \$ 200               | \$ 200              | \$ 151                                  | \$ (49)  |
| Expenditures:                            |                      |                     |   |  |
| Capital                                  | <u>49,688</u>        | <u>50,050</u>       | <u>50,049</u>                           | <u>1</u>   |
| Net change in fund balances              | (49,488)             | (49,850)            | (49,898)                                | (48)   |
| Fund balances - Beginning                | <u>49,907</u>        | <u>49,907</u>       | <u>49,907</u>                           | <u>-</u>   |
| Fund balances - Ending                   | <u><b>\$ 419</b></u> | <u><b>\$ 57</b></u> | <u><b>\$ 9</b></u>                      | <u><b>\$ (48)</b></u>                                      |
| <u>Budget/GAAP Reconciliation</u>        |                      |                     |   |  |
| Net change in fund balance, budget basis |                      |                     | \$ (49,898)                             |  |
| To adjust revenues for accruals          |                      |                     | <u>(5)</u>                              |  |
| Net change in fund balance, GAAP basis   |                      |                     | <u><b>\$ (49,903)</b></u>               |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Capital Projects Funds - Park Nonreverting Capital**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts         |                          | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|--------------------------|--------------------------|---|--|
|  | Original                 | Final                    |   |  |
| Revenue:                                 |                          |                          |   |  |
| Charges for services                     | \$ 26,000                | \$ 26,000                | \$ 5,754                                | \$ (20,246)  |
| Other                                    | 26,000                   | 126,000                  | 80,198                                  | (45,802)   |
|  |                          |                          |   |  |
| Total revenue                            | 52,000                   | 152,000                  | 85,952                                  | (66,048)   |
| Expenditures:                            |                          |                          |   |  |
| Culture and recreation:                  |                          |                          |   |  |
| Supplies                                 | 51,000                   | 102,326                  | 81,590                                  | 20,736   |
| Other services and charges               | 54,000                   | 63,288                   | 28,873                                  | 34,415   |
| Capital outlay                           | 40,000                   | 387,410                  | 346,365                                 | 41,045   |
|  |                          |                          |   |  |
| Total expenditures                       | 145,000                  | 553,024                  | 456,828                                 | 96,196   |
| Other financing sources - Transfers in   | 93,000                   | 287,850                  | 185,000                                 | (102,850)  |
| Net change in fund balances              | -                        | (113,174)                | (185,876)                               | (72,702)   |
| Fund balances - Beginning                | 310,766                  | 310,766                  | 310,766                                 | -  |
| Fund balances - Ending                   | <b><u>\$ 310,766</u></b> | <b><u>\$ 197,592</u></b> | <b><u>\$ 124,891</u></b>                | <b><u>\$ (72,702)</u></b>                                  |
| <b><u>Budget/GAAP Reconciliation</u></b> |                          |                          |   |  |
| Net change in fund balance, budget basis |                          |                          | \$ (185,876)                            |  |
| To adjust revenues for accruals          |                          |                          | 10                                      |  |
| To adjust expenditures for encumbrances  |                          |                          | (19,966)                                |  |
| To adjust expenditures for encumbrances  |                          |                          | 51,872                                  |  |
| Net change in fund balance, GAAP basis   |                          |                          | <b><u>\$ (153,960)</u></b>              |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Capital Projects Funds - Cumulative Capital Development**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|---|--|
|  | Original          | Final             |   |  |
| Revenue:                                 |                   |                   |   |  |
| Taxes - Property                         | \$ 436,000        | \$ 444,000        | \$ 436,823                              | \$ (7,177)   |
| Intergovernmental                        | 37,500            | 37,500            | 38,286                                  | 786  |
| Other                                    | 3,000             | 4,745             | 3,875                                   | (870)  |
| Total revenue                            | 476,500           | 486,245           | 478,984                                 | (7,261)  |
| Expenditures:                            |                   |                   |   |  |
| General government:                      |                   |                   |   |  |
| Other services and charges               | 476,500           | 476,500           | 438,241                                 | 38,259   |
| Net change in fund balances              | -                 | 9,745             | 40,743                                  | 30,998   |
| Fund balances - Beginning                | 580,421           | 580,421           | 580,421                                 | -  |
| Fund balances - Ending                   | <b>\$ 580,421</b> | <b>\$ 590,166</b> | <b>\$ 621,164</b>                       | <b>\$ 30,998</b>   |
| <u>Budget/GAAP Reconciliation</u>        |                   |                   |   |  |
| Net change in fund balance, budget basis |                   |                   | \$ 40,743                               |  |
| To adjust revenues for accruals          |                   |                   | 90                                      |  |
| Net change in fund balance, GAAP basis   |                   |                   | <b>\$ 40,833</b>                        |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Capital Projects Funds - Cumulative Capital Improvement**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|---|--|
|  | Original          | Final             |   |  |
| Revenue:                                 |                   |                   |   |  |
| Intergovernmental                        | \$ 408,000        | \$ 408,000        | \$ 395,915                              | \$ (12,085)  |
| Other                                    | 27,000            | 29,000            | 28,174                                  | (826)  |
| Total revenue                            | 435,000           | 437,000           | 424,089                                 | (12,911)   |
| Expenditures:                            |                   |                   |   |  |
| General government:                      |                   |                   |   |  |
| Other services and charges               | 372,250           | 372,250           | 372,050                                 | 200  |
| Net change in fund balances              | 62,750            | 64,750            | 52,039                                  | (12,711)   |
| Fund balances - Beginning                | 378,315           | 378,315           | 378,315                                 | -  |
| Fund balances - Ending                   | <b>\$ 441,065</b> | <b>\$ 443,065</b> | <b>\$ 430,354</b>                       | <b>\$ (12,711)</b>   |
| <u>Budget/GAAP Reconciliation</u>        |                   |                   |   |  |
| Net change in fund balance, budget basis |                   |                   | \$ 52,039                               |  |
| To adjust revenues for accruals          |                   |                   | 79                                      |  |
| Net change in fund balance, GAAP basis   |                   |                   | <b>\$ 52,118</b>                        |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Capital Projects Funds - Morris Performing Arts Center Capital**  
**Year Ended December 31, 2017**

|                             | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|-----------------------------|-------------------|-------------------|---|--|
|                             | Original          | Final             |   |  |
| Revenue:                    |                   |                   |   |  |
| Charges for services        | \$ 100,000        | \$ 100,000        | \$ 73,508                               | \$ (26,492)  |
| Other                       | 4,000             | 6,500             | 5,951                                   | (549)  |
|                             | 104,000           | 106,500           | 79,459                                  | (27,041)   |
| Expenditures:               |                   |                   |   |  |
| Culture and recreation:     |                   |                   |   |  |
| Supplies                    | 20,000            | 20,958            | 3,603                                   | 17,355   |
| Other services and charges  | 27,500            | 80,186            | 46,383                                  | 33,803   |
| Capital outlay              | 50,000            | 300,000           | 222,733                                 | 77,267   |
|                             | 97,500            | 401,144           | 272,719                                 | 128,425  |
| Net change in fund balances | 6,500             | (294,644)         | (193,260)                               | 101,384  |
| Fund balances - Beginning   | 589,942           | 589,942           | 589,942                                 | -  |
| Fund balances - Ending      | <b>\$ 596,442</b> | <b>\$ 295,298</b> | <b>\$ 396,682</b>                       | <b>\$ 101,384</b>  |

**Budget/GAAP Reconciliation**

|  |                     |
|--|---------------------|
| Net change in fund balance, budget basis | \$ (193,260)        |
| To adjust revenues for accruals          | 96                  |
| To adjust expenditures for accruals      | 408                 |
| To adjust expenditures for encumbrances  | 19,000              |
| Net change in fund balance, GAAP basis   | <b>\$ (173,756)</b> |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Capital Projects Funds - TIF Leighton Plaza**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|---|--|
|  | Original          | Final             |   |  |
| Revenue - Other                          | \$ 197,014        | \$ 197,051        | \$ 116,772                              | \$ (80,279)  |
| Expenditures:                            |                   |                   |   |  |
| Economic Development:                    |                   |                   |   |  |
| Supplies                                 | 10,342            | 10,342            | 8,368                                   | 1,974  |
| Other services and charges               | 147,824           | 147,824           | 123,681                                 | 24,143   |
| Total expenditures                       | 158,166           | 158,166           | 132,049                                 | 26,117   |
| Net change in fund balances              | 38,848            | 38,885            | (15,277)                                | (54,162)   |
| Fund balances - Beginning                | 186,841           | 186,841           | 186,841                                 | -  |
| Fund balances - Ending                   | <b>\$ 225,689</b> | <b>\$ 225,726</b> | <b>\$ 171,564</b>                       | <b>\$ (54,162)</b>   |
| <u>Budget/GAAP Reconciliation</u>        |                   |                   |   |  |
| Net change in fund balance, budget basis |                   |                   | \$ (15,277)                             |  |
| To adjust revenues for accruals          |                   |                   | 123                                     |  |
| To adjust expenditures for accruals      |                   |                   | 11,142                                  |  |
| Net change in fund balance, GAAP basis   |                   |                   | <b>\$ (4,012)</b>                       |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Capital Projects Funds - TIF - West Washington**  
**Year Ended December 31, 2017**

|  | <u>Budgeted Amounts</u>    |                          | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|----------------------------|--------------------------|---|--|
|  | <u>Original</u>            | <u>Final</u>             |   |  |
| Revenue:                                 |                            |                          |   |  |
| Taxes                                    | \$ 420,000                 | \$ 420,000               | \$ 378,994                              | \$ (41,006)  |
| Other                                    | 16,000                     | 22,000                   | 18,448                                  | (3,552)  |
| Total revenue                            | <u>436,000</u>             | <u>442,000</u>           | <u>397,442</u>                          | <u>(44,558)</u>  |
| Expenditures:                            |                            |                          |   |  |
| Economic Development:                    |                            |                          |   |  |
| Other services and charges               | 26,000                     | 3,492                    | 3,492                                   | -  |
| Capital outlay                           | 1,099,000                  | 1,424,800                | 964,500                                 | 460,300  |
| Total expenditures                       | <u>1,125,000</u>           | <u>1,428,292</u>         | <u>967,992</u>                          | <u>460,300</u>   |
| Net change in fund balances              | (689,000)                  | (986,292)                | (570,550)                               | 415,742  |
| Fund balances - Beginning                | <u>1,961,420</u>           | <u>1,961,420</u>         | <u>1,961,420</u>                        | <u>-</u>   |
| Fund balances - Ending                   | <b><u>\$ 1,272,420</u></b> | <b><u>\$ 975,128</u></b> | <b><u>\$ 1,390,870</u></b>              | <b><u>\$ 415,742</u></b>                                   |
| <u>Budget/GAAP Reconciliation</u>        |                            |                          |   |  |
| Net change in fund balance, budget basis |                            |                          | \$ (570,550)                            |  |
| To adjust revenues for accruals          |                            |                          | (36,399)                                |  |
| To adjust expenditures for accruals      |                            |                          | (50,887)                                |  |
| To adjust expenditures for encumbrances  |                            |                          | <u>885,916</u>                          |  |
| Net change in fund balance, GAAP basis   |                            |                          | <b><u>\$ 228,080</u></b>                |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**

**Capital Projects Funds - Redevelopment General**

**Year Ended December 31, 2017**

|  | Budgeted Amounts |                 | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|-----------------|---|--|
|  | Original         | Final           |   |  |
| Revenue - Other                          | \$ 135           | \$ 135          | \$ 71                                   | \$ (64)  |
| Expenditures:                            |                  |                 |   |  |
| Economic Development:                    |                  |                 |   |  |
| Other services and charges               | 4,500            | 4,500           | 1,133                                   | 3,367  |
| Net change in fund balances              | (4,365)          | (4,365)         | (1,062)                                 | 3,303  |
| Fund balances - Beginning                | 8,455            | 8,455           | 8,455                                   | -  |
| Fund balances - Ending                   | <b>\$ 4,090</b>  | <b>\$ 4,090</b> | <b>\$ 7,393</b>                         | <b>\$ 3,303</b>  |
| <u>Budget/GAAP Reconciliation</u>        |                  |                 |   |  |
| Net change in fund balance, budget basis |                  |                 | \$ (1,062)                              |  |
| To adjust expenditures for accruals      |                  |                 | 2                                       |  |
| Net change in fund balance, GAAP basis   |                  |                 | <b>\$ (1,060)</b>                       |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**

**Capital Projects Funds - TIF No. 1 - Southside Development**

**Year Ended December 31, 2017**

|  | Budgeted Amounts    |                     | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---|--|
|  | Original            | Final               |   |  |
| Revenue:                               |                     |                     |   |  |
| Taxes                                  | \$ 2,400,000        | \$ 2,400,000        | \$ 2,365,692                            | \$ (34,308)  |
| Other                                  | 33,000              | 63,831              | 53,243                                  | (10,588)   |
| Total revenue                          | 2,433,000           | 2,463,831           | 2,418,935                               | (44,896)   |
| Expenditures:                          |                     |                     |   |  |
| Economic Development:                  |                     |                     |   |  |
| Other services and charges             | -                   | 1,411,554           | 1,385,614                               | 25,940   |
| Capital outlay                         | 6,000,000           | 5,505,872           | 2,840,998                               | 2,664,874  |
| Total expenditures                     | 6,000,000           | 6,917,426           | 4,226,613                               | 2,690,813  |
| Other financing sources - Transfers in | 1,448,127           | 1,468,127           | 1,466,348                               | (1,779)  |
| Net change in fund balances            | (2,118,873)         | (2,985,468)         | (341,330)                               | 2,644,138  |
| Fund balances - Beginning              | 4,622,741           | 4,622,741           | 4,622,741                               | -  |
| Fund balances - Ending                 | <b>\$ 2,503,868</b> | <b>\$ 1,637,273</b> | <b>\$ 4,281,411</b>                     | <b>\$ 2,644,138</b>  |

**Budget/GAAP Reconciliation**

|  |                     |
|--|---------------------|
| Net change in fund balance, budget basis | \$ (341,330)        |
| To adjust revenues for accruals          | 1,733               |
| To adjust expenditures for accruals      | 281,366             |
| To adjust expenditures for encumbrances  | 3,556,025           |
| Net change in fund balance, GAAP basis   | <b>\$ 3,497,794</b> |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Capital Projects Funds - TIF No. 3 - Southside Development**  
**Year Ended December 31, 2017**

|  | <u>Budgeted Amounts</u> |                           | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------------|---------------------------|---|--|
|  | <u>Original</u>         | <u>Final</u>              |   |  |
| Revenue:                                 |                         |                           |   |  |
| Taxes                                    | \$ -                    | \$ -                      | \$ -                                    | \$ -   |
| Other                                    | <u>6,000</u>            | <u>8,520</u>              | <u>8,519</u>                            | <u>(1)</u>   |
| Total revenue                            | <u>6,000</u>            | <u>8,520</u>              | <u>8,519</u>                            | <u>(1)</u>   |
| Expenditures:                            |                         |                           |   |  |
| Economic Development:                    |                         |                           |   |  |
| Other services and charges               | <u>3,961,668</u>        | <u>3,961,668</u>          | <u>3,961,667</u>                        | <u>1</u>   |
| Other Financing Sources- Transfers Out   | <u>(887,127)</u>        | <u>(917,127)</u>          | <u>(905,117)</u>                        | <u>12,010</u>  |
| Net change in fund balances              | (4,842,795)             | (4,870,275)               | (4,858,265)                             | 12,010   |
| Fund balances - Beginning                | <u>4,859,161</u>        | <u>4,859,161</u>          | <u>4,859,161</u>                        | <u>-</u>   |
| Fund balances - Ending                   | <u><b>\$ 16,366</b></u> | <u><b>\$ (11,114)</b></u> | <u><b>\$ 896</b></u>                    | <u><b>\$ 12,010</b></u>                                    |
| <u>Budget/GAAP Reconciliation</u>        |                         |                           |   |  |
| Net change in fund balance, budget basis |                         |                           | \$ (4,858,265)                          |  |
| To adjust revenues for accruals          |                         |                           | <u>(497)</u>                            |  |
| Net change in fund balance, GAAP basis   |                         |                           | <u><b>\$ (4,858,762)</b></u>            |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Capital Projects Funds - Football Hall of Fame Capital**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|---|--|
|  | Original          | Final             |   |  |
| Revenue - Other                        | \$ 5,000          | \$ 5,000          | \$ 4,383                                | \$ (617)   |
| Expenditures:                          |                   |                   |   |  |
| Culture and Recreation:                |                   |                   |   |  |
| Supplies                               | -                 | -                 | -                                       | -  |
| Other services and charges             | 80,000            | 81,091            | 54,436                                  | 26,655   |
| Total expenditures                     | 80,000            | 81,091            | 54,436                                  | 26,655   |
| Other financing sources - Transfers in | -                 | -                 | -                                       | -  |
| Net change in fund balances            | (75,000)          | (76,091)          | (50,053)                                | 26,038   |
| Fund balances - Beginning              | 495,531           | 495,531           | 495,531                                 | -  |
| Fund balances - Ending                 | <b>\$ 420,531</b> | <b>\$ 419,440</b> | <b>\$ 445,478</b>                       | <b>\$ 26,038</b>   |

Budget/GAAP Reconciliation

|  |             |
|--|-------------|
| Net change in fund balance, budget basis | \$ (50,053) |
| To adjust revenues for accruals          | 47,814      |
| To adjust expenditures for accruals      | 12          |
| To adjust expenditures for encumbrances  | 2,227       |
| Net change in fund balance, GAAP basis   | <b>\$ -</b> |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Capital Projects Funds - Major Moves**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts    |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|---------------------|-------------------|---|--|
|  | Original            | Final             |   |  |
| Revenue - Other                          | \$ 1,502,472        | \$ 1,058,403      | \$ 1,054,550                            | \$ (3,853)   |
| Expenditures:                            |                     |                   |   |  |
| Major Moves Construction:                |                     |                   |   |  |
| Other Services and Charges               | 750,000             | 1,468,807         | 1,334,429                               | 134,378  |
| Capital                                  | 750,000             | 1,001,901         | 283,271                                 | 718,630  |
| Total Expenditures                       | 1,500,000           | 2,470,708         | 1,617,700                               | 853,008  |
| Net change in fund balances              | 2,472               | (1,412,305)       | (563,150)                               | 849,155  |
| Fund balances - Beginning                | 2,364,526           | 2,364,526         | 2,364,526                               | -  |
| Fund balances - Ending                   | <b>\$ 2,366,998</b> | <b>\$ 952,221</b> | <b>\$ 1,801,376</b>                     | <b>\$ 849,155</b>  |
| <u>Budget/GAAP Reconciliation</u>        |                     |                   |   |  |
| Net change in fund balance, budget basis |                     |                   | \$ (563,150)                            |  |
| To adjust revenues for accruals          |                     |                   | (878,439)                               |  |
| To adjust expenditures for accruals      |                     |                   | (42,393)                                |  |
| To adjust expenditures for encumbrances  |                     |                   | 1,105,452                               |  |
| Net change in fund balance, GAAP basis   |                     |                   | <b>\$ (378,530)</b>                     |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Capital Projects Funds - TIF - River East Development**  
**Year Ended December 31, 2017**

|  | Budgeted Amounts           |                          | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|----------------------------|--------------------------|---|--|
|  | Original                   | Final                    |   |  |
| Revenue:                                 |                            |                          |   |  |
| Taxes                                    | \$ 3,000,000               | \$ 3,000,000             | \$ 2,630,887                            | \$ (369,113)   |
| Other                                    | 57,000                     | 146,120                  | 128,346                                 | (17,774)   |
| Total revenue                            | <u>3,057,000</u>           | <u>3,146,120</u>         | <u>2,759,233</u>                        | <u>(386,887)</u>   |
| Expenditures:                            |                            |                          |   |  |
| Economic Development:                    |                            |                          |   |  |
| Other services and charges               | -                          | 802,649                  | 610,870                                 | 191,779  |
| Capital outlay                           | 7,800,000                  | 9,800,047                | 6,184,562                               | 3,615,485  |
| Total expenditures                       | <u>7,800,000</u>           | <u>10,602,696</u>        | <u>6,795,432</u>                        | <u>3,807,264</u>   |
| Other Financing Sources (uses);          |                            |                          |   |  |
| Transfers In                             | -                          | -                        | -                                       | -  |
| Net change in fund balances              | (4,743,000)                | (7,456,576)              | (4,036,199)                             | 3,420,377  |
| Fund balances - Beginning                | <u>7,877,103</u>           | <u>7,877,103</u>         | <u>7,877,103</u>                        | <u>-</u>   |
| Fund balances - Ending                   | <b><u>\$ 3,134,103</u></b> | <b><u>\$ 420,527</u></b> | <b><u>\$ 3,840,904</u></b>              | <b><u>\$ 3,420,377</u></b>                                 |
| <u>Budget/GAAP Reconciliation</u>        |                            |                          |   |  |
| Net change in fund balance, budget basis |                            |                          | \$ (4,036,199)                          |  |
| To adjust revenues for accruals          |                            |                          | (103,413)                               |  |
| To adjust expenditures for accruals      |                            |                          | (406,738)                               |  |
| To adjust expenditures for encumbrances  |                            |                          | <u>4,837,691</u>                        |  |
| Net change in fund balance, GAAP basis   |                            |                          | <b><u>\$ 291,341</u></b>                |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Capital Projects Funds - TIF - Douglas Road**  
**Year Ended December 31, 2017**

|  | <u>Budgeted Amounts</u>  |                          | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|--------------------------|--------------------------|---|--|
|  | <u>Original</u>          | <u>Final</u>             |   |  |
| Revenue:                                 |                          |                          |   |  |
| Taxes                                    | \$ 327,108               | \$ 327,108               | \$ 379,255                              | \$ 52,147  |
| Other                                    | 750                      | 1,100                    | 534                                     | (566)  |
| Total revenue                            | <u>327,858</u>           | <u>328,208</u>           | <u>379,789</u>                          | <u>51,581</u>  |
| Expenditures:                            |                          |                          |   |  |
| Economic Development:                    |                          |                          |   |  |
| Other services and charges               | <u>340,000</u>           | <u>344,216</u>           | <u>339,924</u>                          | <u>4,292</u>   |
| Net change in fund balances              | (12,142)                 | (16,008)                 | 39,865                                  | 55,873   |
| Fund balances - Beginning                | <u>156,762</u>           | <u>156,762</u>           | <u>156,762</u>                          | <u>-</u>   |
| Fund balances - Ending                   | <b><u>\$ 144,620</u></b> | <b><u>\$ 140,754</u></b> | <b><u>\$ 196,627</u></b>                | <b><u>\$ 55,873</u></b>                                    |
| <u>Budget/GAAP Reconciliation</u>        |                          |                          |   |  |
| Net change in fund balance, budget basis |                          |                          | \$ 39,865                               |  |
| To adjust revenues for accruals          |                          |                          | 13                                      |  |
| To adjust expenditures for accruals      |                          |                          | 323,005                                 |  |
| To adjust expenditures for encumbrances  |                          |                          | <u>4,200</u>                            |  |
| Net change in fund balance, GAAP basis   |                          |                          | <b><u>\$ 367,083</u></b>                |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Capital Projects Funds - TIF - River East Residential**  
**Year Ended December 31, 2017**

|  | <u>Budgeted Amounts</u>    |                            | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|----------------------------|----------------------------|---|--|
|  | Original                   | Final                      |   |  |
| Revenue:                                 |                            |                            |   |  |
| Taxes                                    | \$ 3,298,403               | \$ 3,298,403               | \$ 4,262,917                            | \$ 964,514   |
| Other                                    | <u>2,500</u>               | <u>2,500</u>               | <u>(4,943)</u>                          | <u>(7,443)</u>   |
| Total revenue                            | <u>3,300,903</u>           | <u>3,300,903</u>           | <u>4,257,974</u>                        | <u>957,071</u>   |
| Expenditures:                            |                            |                            |   |  |
| Economic Development:                    |                            |                            |   |  |
| Other services and charges               | <u>3,430,000</u>           | <u>3,430,231</u>           | <u>3,167,084</u>                        | <u>263,147</u>   |
| Net change in fund balances              | (129,097)                  | (129,328)                  | 1,090,890                               | 1,220,218  |
| Fund balances - Beginning                | <u>2,396,796</u>           | <u>2,396,796</u>           | <u>2,396,796</u>                        | <u>-</u>   |
| Fund balances - Ending                   | <u><b>\$ 2,267,699</b></u> | <u><b>\$ 2,267,468</b></u> | <u><b>\$ 3,487,686</b></u>              | <u><b>\$ 1,220,218</b></u>                                 |
| <u>Budget/GAAP Reconciliation</u>        |                            |                            |   |  |
| Net change in fund balance, budget basis |                            |                            | \$ 1,090,890                            |  |
| To adjust revenues for accruals          |                            |                            | 4,944                                   |  |
| To adjust expenditures for accruals      |                            |                            | 551,137                                 |  |
| To adjust expenditures for encumbrances  |                            |                            | <u>-</u>                                |  |
| Net change in fund balance, GAAP basis   |                            |                            | <u><b>\$ 1,646,971</b></u>              |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Capital Projects Funds - Certified Technology Park  
 Year Ended December 31, 2017

|  | Budgeted Amounts           |                          | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|----------------------------|--------------------------|---|--|
|  | Original                   | Final                    |   |  |
| Revenue - Other                          | \$ -                       | \$ 302,625               | \$ 262,643                              | \$ (39,982)  |
| Expenditures:                            |                            |                          |   |  |
| Economic Development:                    |                            |                          |   |  |
| Capital outlay                           | -                          | 2,200,000                | 1,800,000                               | 400,000  |
| Net change in fund balances              | -                          | (1,897,375)              | (1,537,357)                             | 360,018  |
| Fund balances - Beginning                | 2,150,819                  | 2,150,819                | 2,150,819                               | -  |
| Fund balances - Ending                   | <b><u>\$ 2,150,819</u></b> | <b><u>\$ 253,444</u></b> | <b><u>\$ 613,462</u></b>                | <b><u>\$ 360,018</u></b>                                   |
| <u>Budget/GAAP Reconciliation</u>        |                            |                          |   |  |
| Net change in fund balance, budget basis |                            |                          | \$ (1,537,357)                          |  |
| To adjust revenues for accruals          |                            |                          | (32)                                    |  |
| To adjust expenditures for encumbrances  |                            |                          | -                                       |  |
| Net change in fund balance, GAAP basis   |                            |                          | <b><u>\$ (1,537,389)</u></b>            |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**

**Capital Projects Funds - Palais Royale Historical Preservation**

**Year Ended December 31, 2017**

|  | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|---|--|
|  | Original          | Final             |   |  |
| Revenue - Other                          | \$ 17,100         | \$ 17,541         | \$ 17,319                               | \$ (222)   |
| Expenditures:                            |                   |                   |   |  |
| Culture and recreation:                  |                   |                   |   |  |
| Other services and charges               | 5,000             | 5,000             | 627                                     | 4,373  |
| Net change in fund balances              | 12,100            | 12,541            | 16,692                                  | 4,151  |
| Fund balances - Beginning                | 92,927            | 92,927            | 92,927                                  | -  |
| Fund balances - Ending                   | <b>\$ 105,027</b> | <b>\$ 105,468</b> | <b>\$ 109,619</b>                       | <b>\$ 4,151</b>  |
| <u>Budget/GAAP Reconciliation</u>        |                   |                   |   |  |
| Net change in fund balance, budget basis |                   |                   | \$ 16,692                               |  |
| To adjust revenues for accruals          |                   |                   | 23                                      |  |
| Net change in fund balance, GAAP basis   |                   |                   | <b>\$ 16,715</b>                        |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Capital Projects Funds - Airport Urban Enterprise Zone  
 Year Ended December 31, 2017

|  | Budgeted Amounts         |                          | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|--------------------------|--------------------------|---|--|
|  | Original                 | Final                    |   |  |
| Revenue - Other                          | \$ 3,900                 | \$ 4,044                 | \$ 3,532                                | \$ (512)   |
| Expenditures:                            |                          |                          |   |  |
| Economic Development:                    |                          |                          |   |  |
| Other services and charges               | 50,000                   | 50,000                   | -                                       | 50,000   |
| Net change in fund balances              | (46,100)                 | (45,956)                 | 3,532                                   | 49,488   |
| Fund balances - Beginning                | 383,166                  | 383,166                  | 383,166                                 | -  |
| Fund balances - Ending                   | <b><u>\$ 337,066</u></b> | <b><u>\$ 337,210</u></b> | <b><u>\$ 386,698</u></b>                | <b><u>\$ 49,488</u></b>                                    |
| <u>Budget/GAAP Reconciliation</u>        |                          |                          |   |  |
| Net change in fund balance, budget basis |                          |                          | \$ 3,532                                |  |
| To adjust revenues for accruals          |                          |                          | 78                                      |  |
| Net change in fund balance, GAAP basis   |                          |                          | <b><u>\$ 3,610</u></b>                  |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Debt Service Funds - SB Building Corporation  
 Year Ended December 31, 2017

|  | Budgeted Amounts |                  | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|---|--|
|  | Original         | Final            |   |  |
| Revenue - Other                          | \$ 4,000         | \$ 4,000         | \$ 3,162                                | \$ (838)   |
| Expenditures:                            |                  |                  |   |  |
| Other services and charges               | 2,643,214        | 2,643,214        | 2,644,164                               | (950)  |
| Other financing sources - Transfers in   | 2,639,214        | 2,650,500        | 2,650,500                               | -  |
| Net change in fund balances              | -                | 11,286           | 9,498                                   | (1,788)  |
| Fund balances - Beginning                | -                | -                | -                                       | -  |
| Fund balances - Ending                   | <u>\$ -</u>      | <u>\$ 11,286</u> | <u>\$ 9,498</u>                         | <u>\$ (1,788)</u>  |
| <b>Budget/GAAP Reconciliation</b>        |                  |                  |   |  |
| Net change in fund balance, budget basis |                  |                  | \$ 9,498                                |  |
| To adjust revenues for accruals          |                  |                  | (488,544)                               |  |
| To adjust expenditures for accruals      |                  |                  | <u>485,962</u>                          |  |
| Net change in fund balance, GAAP basis   |                  |                  | <u>\$ 6,916</u>                         |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Capital Projects Funds - 2017 Parks Bond  
 Year Ended December 31, 2017

|  | Budgeted Amounts |                      | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|----------------------|---|--|
|  | Original         | Final                |   |  |
| Revenue - Other                          | \$ -             | \$ 13,856,100        | \$ 14,081,478                           | \$ 225,378   |
| Expenditures:                            |                  |                      |   |  |
| Other services and charges               | -                | -                    | 192,520                                 | (192,520)  |
| Net change in fund balances              | -                | 13,856,100           | 13,888,958                              | 32,858   |
| Fund balances - Beginning                | -                | -                    | -                                       | -  |
| Fund balances - Ending                   | <b>\$ -</b>      | <b>\$ 13,856,100</b> | <b>\$ 13,888,958</b>                    | <b>\$ 32,858</b>   |
| <u>Budget/GAAP Reconciliation</u>        |                  |                      |   |  |
| Net change in fund balance, budget basis |                  |                      | \$ 13,888,958                           |  |
| To adjust revenues for accruals          |                  |                      | -                                       |  |
| Net change in fund balance, GAAP basis   |                  |                      | <b><u>\$ 13,888,958</u></b>             |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Capital Projects Funds - Equipment Vehicle Leasing  
 Year Ended December 31, 2017

|  | Budgeted Amounts |                     | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|---------------------|---|--|
|  | Original         | Final               |   |  |
| Revenue:                                 |                  |                     |   |  |
| Debt Proceeds                            | \$ 5,499,000     | \$ 5,499,000        | \$ 4,548,500                            | \$ (950,500)   |
| Other                                    | 1,000            | 7,572               | 7,227                                   | (345)  |
| Total revenue                            | 5,500,000        | 5,506,572           | 4,555,727                               | (950,845)  |
| Expenditures:                            |                  |                     |   |  |
| Supplies                                 | 230,000          | -                   | -                                       | -  |
| Other services and charges               | -                | 186                 | 186                                     | -  |
| Capital Outlay                           | 5,270,000        | 6,455,484           | 4,793,565                               | 1,661,919  |
| Total expenditures                       | 5,500,000        | 6,455,670           | 4,793,751                               | 1,661,919  |
| Net change in fund balances              | -                | (949,098)           | (238,024)                               | 711,074  |
| Fund balances - Beginning                | -                | -                   | -                                       | -  |
| Fund balances - Ending                   | <b>\$ -</b>      | <b>\$ (949,098)</b> | <b>\$ (238,024)</b>                     | <b>\$ 711,074</b>  |
| <u>Budget/GAAP Reconciliation</u>        |                  |                     |   |  |
| Net change in fund balance, budget basis |                  |                     | \$ (238,024)                            |  |
| To adjust revenues for accruals          |                  |                     | (2,916,461)                             |  |
| To adjust expenditures for accruals      |                  |                     | 2,685,038                               |  |
| To adjust expenditures for encumbrances  |                  |                     | 658,754                                 |  |
| Net change in fund balance, GAAP basis   |                  |                     | <b>\$ 189,307</b>                       |  |

**City of South Bend, Indiana**

Other Supplemental Information  
 Budgetary Comparison Schedule - Nonmajor Governmental Funds  
 (Continued)  
 Capital Projects Funds - Parks Bond Capital

**Year Ended December 31, 2017**

|  | Budgeted Amounts      |                       | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-----------------------|-----------------------|---|--|
|  | Original              | Final                 |   |  |
| Revenue - Other                          | \$ 7,500              | \$ 7,500              | \$ 6,700                                | \$ (800)   |
| Expenditures:                            |                       |                       |   |  |
| Supplies                                 | -                     | 70,000                | 61,848                                  | 8,152  |
| Other services and charges               | -                     | 200,000               | 119,508                                 | 80,492   |
| Capital Outlay                           | 3,500,000             | 3,230,000             | 931,936                                 | 2,298,064  |
| Total expenditures                       | 3,500,000             | 3,500,000             | 1,113,292                               | 2,386,708  |
| Net change in fund balances              | (3,492,500)           | (3,492,500)           | (1,106,592)                             | 2,385,908  |
| Fund balances - Beginning                | -                     | -                     | -                                       | -  |
| Fund balances - Ending                   | <b>\$ (3,492,500)</b> | <b>\$ (3,492,500)</b> | <b>\$ (1,106,592)</b>                   | <b>\$ 2,385,908</b>  |
| <b><u>Budget/GAAP Reconciliation</u></b> |                       |                       |   |  |
| Net change in fund balance, budget basis |                       |                       | \$ (1,106,592)                          |  |
| To adjust revenues for accruals          |                       |                       | (1)                                     |  |
| To adjust expenditures for accruals      |                       |                       | (517,472)                               |  |
| To adjust expenditures for encumbrances  |                       |                       | 40,617                                  |  |
| Net change in fund balance, GAAP basis   |                       |                       | <b>\$ (1,583,448)</b>                   |  |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**  
**Capital Projects Funds - Smart Street Bond Capital**  
**Year Ended December 31, 2017**

|  | <u>Budgeted Amounts</u>      |                              | <u>Actual<br/>Budgetary<br/>Basis<br/>Amounts</u> | <u>Variance<br/>With Final<br/>Budget<br/>Positive<br/>(Negative)</u> |
|--|------------------------------|------------------------------|---|---|
|  | <u>Original</u>              | <u>Final</u>                 |   |   |
| Revenue - Other                          | \$ 17,000                    | \$ 100,579                   | \$ 68,654   | \$ (31,925)   |
| Expenditures:                            |                              |                              |   |   |
| Economic Development:                    |                              |                              |   |   |
| Other services and charges               | -                            | 1,500                        | 1,500   | -   |
| Capital outlay                           | <u>10,000,000</u>            | <u>9,998,500</u>             | <u>4,956,452</u>                                  | <u>5,042,048</u>  |
| Total expenditures                       | <u>10,000,000</u>            | <u>10,000,000</u>            | <u>4,957,952</u>                                  | <u>5,042,048</u>  |
| Net change in fund balances              | (9,983,000)                  | (9,899,421)                  | (4,889,298)                                       | 5,010,123   |
| Fund balances - Beginning                | <u>-</u>                     | <u>-</u>                     | <u>-</u>  | <u>-</u>  |
| Fund balances - Ending                   | <u><b>\$ (9,983,000)</b></u> | <u><b>\$ (9,899,421)</b></u> | <u><b>\$ (4,889,298)</b></u>                      | <u><b>\$ 5,010,123</b></u>  |
| <u>Budget/GAAP Reconciliation</u>        |                              |                              |   |   |
| Net change in fund balance, budget basis |                              |                              | \$ (4,889,298)                                    |   |
| To adjust revenues for accruals          |                              |                              | (603)   |   |
| To adjust expenditures for accruals      |                              |                              | 1,686,422   |   |
| To adjust expenditures for encumbrances  |                              |                              | <u>-</u>  |   |
| Net change in fund balance, GAAP basis   |                              |                              | <u><b>\$ (3,203,479)</b></u>                      |   |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Nonmajor Governmental Funds**  
**(Continued)**

**Capital Projects Funds - Eddy St. Commons Capital**

**Year Ended December 31, 2017**

|  | Budgeted Amounts |               | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|---------------|---|--|
|  | Original         | Final         |   |  |
| Revenue - Other (Debt Proceeds)          | \$ -             | \$ 22,500,000 | \$ 22,500,000                           | \$ -   |
| Expenditures:                            |                  |               |   |  |
| Neighborhood Engagement:                 |                  |               |   |  |
| Other services and charges               | -                | 396,250       | 396,250                                 | -  |
| Capital outlay                           | -                | 22,103,750    | 22,103,750                              | -  |
| Total expenditures                       | -                | 22,500,000    | 22,500,000                              | -  |
| Net change in fund balances              | -                | -             | -                                       | -  |
| Fund balances - Beginning                | -                | -             | -                                       | -  |
| Fund balances - Ending                   | \$ -             | \$ -          | \$ -                                    | \$ -   |
| <u>Budget/GAAP Reconciliation</u>        |                  |               |   |  |
| Net change in fund balance, budget basis |                  |               | \$ -                                    |  |
| To adjust revenues for accruals          |                  |               | -                                       |  |
| To adjust expenditures for accruals      |                  |               | -                                       |  |
| To adjust expenditures for encumbrances  |                  |               | 16,103,750                              |  |
| Net change in fund balance, GAAP basis   |                  |               | <b>\$ 16,103,750</b>                    |  |

**Consolidated Building**

The consolidated building fund accounts for the operation of the consolidated St. Joseph County/South Bend Building Department and the South Bend Code Enforcement and Animal Care and Control Department.

**Parking Garage**

The parking garage fund accounts for the operation and maintenance of the City's parking garages.

**Solid Waste**

The solid waste fund accounts for the provision of solid waste services to residents and businesses.

**Emergency Medical Services**

To account for the operations and purchases of necessary equipment for the Fire Department and Emergency Medical Services Department. Financing is provided by ambulance fees.

# City of South Bend, Indiana

## Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds

**December 31, 2017**

|   | Consolidated<br>Building | Parking<br>Garage   | Solid Waste         | Emergency<br>Medical<br>Services | Total<br>Nonmajor<br>Enterprise<br>Funds |
|---|--------------------------|---------------------|---------------------|----------------------------------|--|
| <b>Assets</b>                           |                          |                     |                     |                                  |  |
| Current assets:                         |                          |                     |                     |                                  |  |
| Cash and cash equivalents               | \$ 909,462               | \$ 354,343          | \$ 154,406          | \$ 1,776,873                     | \$ 3,195,084                             |
| Investments                             | 2,224,315                | 867,066             | 377,828             | 4,354,832                        | 7,824,041                                |
| Receivables:                            |                          |                     |                     |                                  |  |
| Accounts                                | 24,041                   | 179                 | 430,492             | 3,742,282                        | 4,196,994                                |
| Interest                                | 5,985                    | 2,336               | 1,089               | 11,706                           | 21,116                                   |
| Prepaid expenses                        | 3,250                    | -                   | -                   | 26,634                           | 29,884                                   |
| Total current assets                    | <u>3,167,053</u>         | <u>1,223,924</u>    | <u>963,815</u>      | <u>9,912,327</u>                 | <u>15,267,119</u>                        |
| Noncurrent assets:                      |                          |                     |                     |                                  |  |
| Restricted assets                       | 130,001                  | -                   | 411,275             | 119,039                          | 660,315                                  |
| Capital assets:                         |                          |                     |                     |                                  |  |
| Assets not subject to depreciation      | 27,400                   | 1,132,020           | -                   | -                                | 1,159,420                                |
| Assets subject to depreciation -<br>Net | <u>1,836,965</u>         | <u>3,093,852</u>    | <u>3,309,718</u>    | <u>4,757,996</u>                 | <u>12,998,531</u>                        |
| Total noncurrent assets                 | <u>1,994,366</u>         | <u>4,225,872</u>    | <u>3,720,993</u>    | <u>4,877,035</u>                 | <u>14,818,266</u>                        |
| Total assets                            | <u>5,161,419</u>         | <u>5,449,796</u>    | <u>4,684,808</u>    | <u>14,789,362</u>                | <u>30,085,385</u>                        |
| <b>Liabilities</b>                      |                          |                     |                     |                                  |  |
| Current liabilities:                    |                          |                     |                     |                                  |  |
| Accounts payable                        | 33,592                   | 37,811              | 65,291              | 263,712                          | 400,406                                  |
| Due to other governmental units         | -                        | -                   | -                   | 75,293                           | 75,293                                   |
| Due to other funds                      | 1,392                    | 727                 | -                   | 1,381                            | 3,500                                    |
| Performance deposits payable            | 12,000                   | -                   | -                   | -                                | 12,000                                   |
| Accrued liabilities and other           | 48,296                   | -                   | 54,156              | 158,969                          | 261,421                                  |
| Compensated absences                    | 122,365                  | -                   | 37,247              | -                                | 159,612                                  |
| Mortgage bonds payable                  | -                        | -                   | -                   | 225,000                          | 225,000                                  |
| Capital leases                          | 93,987                   | -                   | 825,058             | 139,033                          | 1,058,078                                |
| Total current liabilities               | <u>311,632</u>           | <u>38,538</u>       | <u>981,752</u>      | <u>863,388</u>                   | <u>2,195,310</u>                         |
| Noncurrent liabilities:                 |                          |                     |                     |                                  |  |
| Advances from other funds               | -                        | 31,191              | -                   | -                                | 31,191                                   |
| Mortgage bonds payable                  | -                        | -                   | -                   | 4,761,135                        | 4,761,135                                |
| Capital leases                          | <u>315,778</u>           | <u>-</u>            | <u>1,914,943</u>    | <u>304,108</u>                   | <u>2,534,829</u>                         |
| Total noncurrent liabilities            | <u>315,778</u>           | <u>31,191</u>       | <u>1,914,943</u>    | <u>5,065,243</u>                 | <u>7,327,155</u>                         |
| Total liabilities                       | <u>627,410</u>           | <u>69,729</u>       | <u>2,896,695</u>    | <u>5,928,631</u>                 | <u>9,522,465</u>                         |
| <b>Deferred Inflows of Resources</b>    | <u>-</u>                 | <u>1,049</u>        | <u>-</u>            | <u>-</u>                         | <u>1,049</u>                             |
| <b>Net Position</b>                     |                          |                     |                     |                                  |  |
| Net investment in capital assets        | 1,584,279                | 4,225,872           | 941,122             | (671,280)                        | 6,079,993                                |
| Restricted:                             |                          |                     |                     |                                  |  |
| Cash with fiscal agent                  | 130,001                  | -                   | 371,405             | 119,039                          | 620,445                                  |
| Capital outlay fund                     | -                        | -                   | 39,870              | -                                | 39,870                                   |
| Unrestricted                            | <u>2,819,729</u>         | <u>1,153,146</u>    | <u>435,716</u>      | <u>9,412,972</u>                 | <u>13,821,563</u>                        |
| Total net position                      | <u>\$ 4,534,009</u>      | <u>\$ 5,379,018</u> | <u>\$ 1,788,113</u> | <u>\$ 8,860,731</u>              | <u>\$ 20,561,871</u>                     |

**City of South Bend, Indiana**

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**

**December 31, 2017**

|   | <u>Consolidated<br/>Building</u> | <u>Parking<br/>Garage</u>  | <u>Solid Waste</u>         | <u>Emergency<br/>Medical<br/>Services</u> | <u>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</u> |
|---|----------------------------------|----------------------------|----------------------------|---|--|
| <b>Operating Revenue</b>                        |                                  |                            |                            |   |  |
| Licenses and permits                            | \$ 1,898,375                     | \$ -                       | \$ -                       | \$ -                                      | \$ 1,898,375                                       |
| Parking fees                                    | -                                | 1,262,277                  | -                          | -   | 1,262,277  |
| Solid waste fees                                | -                                | -                          | 5,346,175                  | -   | 5,346,175  |
| Charges for sales and services                  | -                                | -                          | -                          | 8,370,063                                 | 8,370,063  |
| Other   | 4,118                            | 2,429                      | 74,536                     | 16,731                                    | 97,814   |
| <b>Total operating revenue</b>                  | <b>1,902,493</b>                 | <b>1,264,706</b>           | <b>5,420,711</b>           | <b>8,386,794</b>                          | <b>16,974,704</b>                                  |
| <b>Operating Expenses</b>                       |                                  |                            |                            |   |  |
| Other operation and maintenance                 | 3,421,176                        | -                          | 3,985,362                  | 7,855,740                                 | 15,262,278   |
| General and administration                      | 121,296                          | 961,295                    | 364,919                    | -   | 1,447,510  |
| Depreciation                                    | 155,713                          | 216,068                    | 681,082                    | 494,269                                   | 1,547,132  |
| <b>Total operating expenses</b>                 | <b>3,698,185</b>                 | <b>1,177,363</b>           | <b>5,031,363</b>           | <b>8,350,009</b>                          | <b>18,256,920</b>                                  |
| <b>Operating Income (Loss)</b>                  | <b>(1,795,692)</b>               | <b>87,343</b>              | <b>389,348</b>             | <b>36,785</b>                             | <b>(1,282,216)</b>                                 |
| <b>Nonoperating Revenue (Expense) -</b>         |                                  |                            |                            |   |  |
| Investment income (loss)                        |                                  |                            |                            |   |  |
| Investment income                               | 26,026                           | 10,820                     | 5,079                      | 72,212                                    | 114,137  |
| Interest expense                                | (6,778)                          | -                          | (48,203)                   | (186,407)                                 | (241,388)  |
| Gain (loss) on sale of assets                   | -                                | -                          | (89,562)                   | (80,634)                                  | (170,196)  |
| Other nonoperating general revenue              | 3,588                            | -                          | -                          | -   | 3,588  |
| <b>Total nonoperating revenue<br/>(expense)</b> | <b>22,836</b>                    | <b>10,820</b>              | <b>(132,686)</b>           | <b>(194,829)</b>                          | <b>(293,859)</b>                                   |
| <b>Income (Loss) - Before transfers</b>         | <b>(1,772,856)</b>               | <b>98,163</b>              | <b>256,662</b>             | <b>(158,044)</b>                          | <b>(1,576,075)</b>                                 |
| <b>Transfers In</b>                             | <b>2,167,316</b>                 | <b>-</b>                   | <b>-</b>                   | <b>-</b>                                  | <b>2,167,316</b>                                   |
| <b>Change in Net Position</b>                   | <b>394,460</b>                   | <b>98,163</b>              | <b>256,662</b>             | <b>(158,044)</b>                          | <b>591,241</b>                                     |
| <b>Net Position - Beginning of year</b>         | <b>4,139,549</b>                 | <b>5,280,855</b>           | <b>1,531,451</b>           | <b>9,018,775</b>                          | <b>19,970,630</b>                                  |
| <b>Net Position - End of year</b>               | <b><u>\$ 4,534,009</u></b>       | <b><u>\$ 5,379,018</u></b> | <b><u>\$ 1,788,113</u></b> | <b><u>\$ 8,860,731</u></b>                | <b><u>\$ 20,561,871</u></b>                        |

**City of South Bend, Indiana**

**Other Supplemental Information  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds**

**December 31, 2017**

|  | Consolidated<br>Building | Parking<br>Garage | Solid Waste       | Emergency<br>Medical<br>Services | Total               |
|--|--------------------------|-------------------|-------------------|----------------------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>                                    |                          |                   |                   |                                  |                     |
| Receipts from customers and users  | \$ 1,888,203             | \$ 1,262,674      | \$ 5,441,364      | \$ 8,733,206                     | \$ 17,325,447       |
| Receipts from interfund services and reimbursements                            | 1,200                    | -                 | -                 | -                                | 1,200               |
| Payments to suppliers  | (757,194)                | (980,445)         | (2,148,517)       | (3,075,590)                      | (6,961,746)         |
| Payments to employees  | (2,586,649)              | -                 | (1,713,994)       | (4,728,008)                      | (9,028,651)         |
| Internal activity - Payments to other funds                                    | (162,297)                | (39,629)          | (433,032)         | (20,018)                         | (654,976)           |
| Net cash and cash equivalents used in operating activities                     | (1,616,737)              | 242,600           | 1,145,821         | 909,590                          | 681,274             |
| <b>Cash Flows from Noncapital Financing Activities</b>                         |                          |                   |                   |                                  |                     |
| Transfers from other funds   | 2,167,316                | -                 | -                 | -                                | 2,167,316           |
| Other nonoperating revenue   | 3,588                    | -                 | -                 | -                                | 3,588               |
| Net cash and cash equivalents provided by noncapital financing activities      | 2,170,904                | -                 | -                 | -                                | 2,170,904           |
| <b>Cash Flows from Capital and Related Financing Activities</b>                |                          |                   |                   |                                  |                     |
| Proceeds from capital debt issued for future capital purchases                 | 129,679                  | -                 | 371,405           | -                                | 501,084             |
| Proceeds from capital debt   | 107,474                  | -                 | 176,205           | -                                | 283,679             |
| Purchase of capital assets   | (178,821)                | -                 | (552,610)         | -                                | (731,431)           |
| Principal paid on capital debt   | (54,756)                 | -                 | (1,034,515)       | (402,805)                        | (1,492,076)         |
| Interest paid on capital debt  | (3,728)                  | -                 | (41,625)          | (193,179)                        | (238,532)           |
| Net cash and cash equivalents used in capital and related financing activities | (152)                    | -                 | (1,081,140)       | (595,984)                        | (1,677,276)         |
| <b>Cash Flows from Investing Activities</b>                                    |                          |                   |                   |                                  |                     |
| Interest received on investments   | 24,908                   | 10,281            | 4,975             | 70,549                           | 110,713             |
| Proceeds from sale and maturities of investment securities                     | (194,058)                | (114,551)         | 4,777             | (169,376)                        | (473,208)           |
| Net cash and cash equivalents used in investing activities                     | (169,150)                | (104,270)         | 9,752             | (98,827)                         | (362,495)           |
| <b>Net Increase in Cash and Cash Equivalents</b>                               | 384,865                  | 138,330           | 74,433            | 214,779                          | 812,407             |
| <b>Cash and Cash Equivalents - Beginning of year (1)</b>                       | 654,276                  | 216,013           | 462,945           | 1,681,133                        | 3,014,367           |
| <b>Cash and Cash Equivalents - End of year</b>                                 | <u>\$ 1,039,141</u>      | <u>\$ 354,343</u> | <u>\$ 537,378</u> | <u>\$ 1,895,912</u>              | <u>\$ 3,826,774</u> |

# City of South Bend, Indiana

## Other Supplemental Information Combining Statement of Cash Flows (Continued) Nonmajor Enterprise Funds

**December 31, 2017**

|   | Consolidated<br>Building     | Parking<br>Garage        | Solid Waste                | Emergency<br>Medical<br>Services | Total                      |
|---|------------------------------|--------------------------|----------------------------|----------------------------------|----------------------------|
| <b>Classification of Cash and Cash Equivalents</b>                                      |                              |                          |                            |                                  |                            |
| Cash and investments  | \$ 3,133,777                 | \$ 1,221,409             | \$ 532,234                 | \$ 6,131,705                     | \$ 11,019,125              |
| Restricted cash   | 130,001                      | -                        | 411,275                    | 119,039                          | 660,315                    |
| Restricted investments  | <u>(2,224,637)</u>           | <u>(867,066)</u>         | <u>(406,131)</u>           | <u>(4,354,832)</u>               | <u>(7,852,666)</u>         |
| Total cash and cash equivalents   | <b><u>\$ 1,039,141</u></b>   | <b><u>\$ 354,343</u></b> | <b><u>\$ 537,378</u></b>   | <b><u>\$ 1,895,912</u></b>       | <b><u>\$ 3,826,774</u></b> |
| <b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>         |                              |                          |                            |                                  |                            |
| Operating income (loss)   | \$ (1,795,692)               | \$ 87,343                | \$ 389,348                 | \$ 36,785                        | \$ (1,282,216)             |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: |                              |                          |                            |                                  |                            |
| Depreciation and amortization   | 155,713                      | 216,068                  | 681,082                    | 494,269                          | 1,547,132                  |
| Lease proceeds used for non-capital expenses  | -                            | -                        | 275,474                    | 5,252                            | 280,726                    |
| Changes in assets and liabilities:  |                              |                          |                            |                                  |                            |
| Receivables   | (14,290)                     | (2,031)                  | 20,652                     | 346,411                          | 350,742                    |
| Due from other funds  | 1,200                        | -                        | -                          | -                                | 1,200                      |
| Due to other governments  | -                            | -                        | -                          | (25,849)                         | (25,849)                   |
| Prepaid expenses and other assets   | (3,250)                      | -                        | -                          | (26,634)                         | (29,884)                   |
| Performance deposit   | 7,000                        | -                        | -                          | -                                | 7,000                      |
| Accounts payable  | 12,552                       | (59,507)                 | (200,879)                  | 168,987                          | (78,847)                   |
| Due to other funds  | 327                          | 727                      | -                          | 10                               | 1,064                      |
| Accrued payroll payable   | 537                          | -                        | (20,151)                   | 3,973                            | (15,641)                   |
| Compensated absences payable  | 19,166                       | -                        | 295                        | (93,614)                         | (74,153)                   |
| Total adjustments   | <u>178,955</u>               | <u>155,257</u>           | <u>756,473</u>             | <u>872,805</u>                   | <u>1,963,490</u>           |
| Net cash and cash equivalents used in operating activities                              | <b><u>\$ (1,616,737)</u></b> | <b><u>\$ 242,600</u></b> | <b><u>\$ 1,145,821</u></b> | <b><u>\$ 909,590</u></b>         | <b><u>\$ 681,274</u></b>   |
| <b>Significant Noncash Transactions</b>   |                              |                          |                            |                                  |                            |
| Capital assets disposed (at cost)   | \$ (46,721)                  | -                        | \$ (218,297)               | \$ (414,201)                     | \$ (679,219)               |
| Accumulated depreciation on disposals of capital assets                                 | 46,721                       | -                        | 128,735                    | 333,567                          | 509,023                    |

(1) 2016 ending cash inadvertently included investments. 2017 beginning cash appropriately reflects cash balance as of January 1, 2017.

**Liability Insurance Premium Reserve**

The Liability Insurance Premium Reserve fund accounts for expenses related to maintaining the City's self-funded liability insurance including administrative costs, claims, and premiums. Funding is provided by assessments to certain other City funds.

**Self-Funded Employee Benefits**

To account for employer and employees' contributions for a medical insurance plan.

**Central Service**

To account for expenses related to fuel, vehicle repairs, and various supplies provided to City departments on a cost-reimbursement basis.

**Police Take Home Vehicle**

To account for expenses associated with claims arising from use of program vehicles occurring while officers are not on duty. Funding is provided by officers participating in the program.

**Innovation & Technology/311 Call Center**

To account for expenses of the City's innovation and technology department. Funding is provided by allocations and fees from various City departments.

**Unemployment Compensation Insurance**

To account for payment of unemployment claims to the Indiana Department of Workforce Development. Financing is provided by allocating costs to user departments to cover the estimated costs of claims.

# City of South Bend, Indiana

## Other Supplemental Information Combining Statement of Net Position Internal Service Funds

**December 31, 2017**

|                                  | Liability<br>Insurance<br>Premium<br>Reserve | Self-Funded<br>Employee<br>Benefits | Central<br>Services | Police Take<br>Home Vehicle | Innovation &<br>Technology/<br>311 Call<br>Center | Unemployment<br>Compensation<br>Insurance | Total Internal<br>Service Funds |
|----------------------------------|--|-------------------------------------|---------------------|-----------------------------|---|---|---------------------------------|
| <b>Assets</b>                    |  |                                     |                     |                             |   |   |                                 |
| Current assets:                  |  |                                     |                     |                             |   |   |                                 |
| Cash and cash equivalents        | \$ 1,351,931                                 | \$ 2,893,341                        | \$ 370,203          | \$ 217,746                  | \$ 1,589,083                                      | \$ 65,353                                 | \$ 6,487,657                    |
| Investments                      | 3,308,131                                    | 7,011,537                           | 905,875             | 532,817                     | -   | 159,916                                   | 11,918,276                      |
| Receivables:                     |  |                                     |                     |                             |   |   |                                 |
| Accounts                         | 24,354                                       | 4,468                               | 54,876              | -                           | 16,439  | -   | 100,137                         |
| Interest                         | 8,931  | 18,953                              | 2,305               | 1,431                       | -   | 430                                       | 32,050                          |
| Due from other funds             | -  | -                                   | 418                 | -                           | 2,760   | -   | 3,178                           |
| Inventory                        | -  | -                                   | 892,166             | -                           | -   | -   | 892,166                         |
| Prepaid expenses                 | 193,012                                      | -                                   | 7,738               | -                           | 310,636   | -   | 511,386                         |
| <b>Total current assets</b>      | <b>4,886,359</b>                             | <b>9,928,299</b>                    | <b>2,233,581</b>    | <b>751,994</b>              | <b>1,918,918</b>                                  | <b>225,699</b>                            | <b>19,944,850</b>               |
| Noncurrent assets:               |  |                                     |                     |                             |   |   |                                 |
| Capital assets - Net             | 1,869  | -                                   | 1,404,402           | -                           | 5,845   | -   | 1,412,116                       |
| <b>Total noncurrent assets</b>   | <b>1,869</b>                                 | <b>-</b>                            | <b>1,404,402</b>    | <b>-</b>                    | <b>5,845</b>                                      | <b>-</b>                                  | <b>1,412,116</b>                |
| <b>Total assets</b>              | <b>4,888,228</b>                             | <b>9,928,299</b>                    | <b>3,637,983</b>    | <b>751,994</b>              | <b>1,924,763</b>                                  | <b>225,699</b>                            | <b>21,356,966</b>               |
| <b>Liabilities</b>               |  |                                     |                     |                             |   |   |                                 |
| Current liabilities:             |  |                                     |                     |                             |   |   |                                 |
| Accounts payable                 | 143,173                                      | 6,930                               | 648,783             | -                           | 96,173  | 565                                       | 895,624                         |
| Due to other funds               | -  | 1,288                               | 1,150               | -                           | -   | -   | 2,438                           |
| Accrued liabilities and other    | 4,270  | -                                   | 53,202              | -                           | 33,000  | -   | 90,472                          |
| Compensated absences             | 13,915                                       | -                                   | 138,470             | -                           | 120,110   | -   | 272,495                         |
| Claims payable                   | 1,175,541                                    | 934,220                             | -                   | -                           | -   | -   | 2,109,761                       |
| Capital leases                   | -  | -                                   | 13,272              | -                           | 117,269   | -   | 130,541                         |
| <b>Total current liabilities</b> | <b>1,336,899</b>                             | <b>942,438</b>                      | <b>854,877</b>      | <b>-</b>                    | <b>366,552</b>                                    | <b>565</b>                                | <b>3,501,331</b>                |
| Noncurrent liabilities:          |  |                                     |                     |                             |   |   |                                 |
| Capital leases                   | -  | -                                   | 32,287              | -                           | 235,173   | -   | 267,460                         |
| <b>Total liabilities</b>         | <b>1,336,899</b>                             | <b>942,438</b>                      | <b>887,164</b>      | <b>-</b>                    | <b>601,725</b>                                    | <b>565</b>                                | <b>3,768,791</b>                |
| <b>Net Position</b>              |  |                                     |                     |                             |   |   |                                 |
| Net investment in capital assets | 1,869  | -                                   | 1,358,843           | -                           | -   | -   | 1,360,712                       |
| Unrestricted                     | 3,549,460                                    | 8,985,861                           | 1,391,976           | 751,994                     | 1,323,038   | 225,134                                   | 16,227,463                      |
| <b>Total net position</b>        | <b>\$ 3,551,329</b>                          | <b>\$ 8,985,861</b>                 | <b>\$ 2,750,819</b> | <b>\$ 751,994</b>           | <b>\$ 1,323,038</b>                               | <b>\$ 225,134</b>                         | <b>\$ 17,588,175</b>            |

# City of South Bend, Indiana

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds

**Year Ended December 31, 2017**

|   | Liability<br>Insurance<br>Premium<br>Reserve | Self-Funded<br>Employee<br>Benefits | Central<br>Services | Police Take<br>Home Vehicle | Innovation &<br>Technology/<br>311 Call<br>Center | Unemploymen<br>t Compensatio<br>n Insurance | Total Internal<br>Service Funds |
|---|--|-------------------------------------|---------------------|-----------------------------|---|---|---------------------------------|
| <b>Operating Revenue</b>                |  |                                     |                     |                             |   |   |                                 |
| Employer/ employee contributions        | \$ 2,927,567                                 | \$ 17,857,727                       | \$ -                | \$ 1,960                    | \$ -  | \$ -  | \$ 20,787,254                   |
| Charges for sales and services          | -  | -                                   | 7,584,732           | -                           | 5,117,818   | -   | 12,702,550                      |
| Other                                   | 95,054                                       | 98                                  | 27,753              | -                           | -   | -   | 122,905                         |
| Total operating revenue                 | 3,022,621                                    | 17,857,825                          | 7,612,485           | 1,960                       | 5,117,818   | -   | 33,612,709                      |
| <b>Operating Expenses</b>               |  |                                     |                     |                             |   |   |                                 |
| Other operation and maintenance         | -  | 1,079,923                           | 7,675,983           | 9,986                       | 3,378,985   | 48,932                                      | 12,193,809                      |
| Insurance claims and premiums           | 1,345,862                                    | 13,366,020                          | -                   | -                           | -   | -   | 14,711,882                      |
| General and administration              | 1,611,184                                    | 173,563                             | 135,024             | -                           | -   | 3,708                                       | 1,923,479                       |
| Depreciation                            | 4,487  | -                                   | 134,097             | -                           | 20,529  | -   | 159,113                         |
| Total operating expenses                | 2,961,533                                    | 14,619,506                          | 7,945,104           | 9,986                       | 3,399,514   | 52,640                                      | 28,988,283                      |
| <b>Operating Income (Loss)</b>          | 61,088                                       | 3,238,319                           | (332,619)           | (8,026)                     | 1,718,304   | (52,640)                                    | 4,624,426                       |
| <b>Nonoperating Revenue (Expense)</b>   |  |                                     |                     |                             |   |   |                                 |
| Investment income                       | 42,582                                       | 83,373                              | 9,574               | 7,092                       | -   | 2,453                                       | 145,074                         |
| Interest expense                        | -  | -                                   | (2,219)             | -                           | (19,367)  | -   | (21,586)                        |
| Gain (loss) on sale of assets           | -  | -                                   | -                   | -                           | (375,899)   | -   | (375,899)                       |
| Total nonoperating revenue (expense)    | 42,582                                       | 83,373                              | 7,355               | 7,092                       | (395,266)   | 2,453                                       | (252,411)                       |
| <b>Change in Net Position</b>           | 103,670                                      | 3,321,692                           | (325,264)           | (934)                       | 1,323,038   | (50,187)                                    | 4,372,015                       |
| <b>Net Position - Beginning of year</b> | 3,447,659                                    | 5,664,169                           | 3,076,083           | 752,928                     | -   | 275,321                                     | 13,216,160                      |
| <b>Net Position - End of year</b>       | <u>\$ 3,551,329</u>                          | <u>\$ 8,985,861</u>                 | <u>\$ 2,750,819</u> | <u>\$ 751,994</u>           | <u>\$ 1,323,038</u>                               | <u>\$ 225,134</u>                           | <u>\$ 17,588,175</u>            |

Other Supplemental Information  
Combining Statement of Cash Flows  
Internal Service Funds

Year Ended December 31, 2017

|  | Liability<br>Insurance<br>Premium<br>Reserve | Self-Funded<br>Employee<br>Benefits | Central<br>Services | Police Take<br>Home Vehicle | Innovation &<br>Technology/311<br>Call Center | Unemployment<br>Compensation<br>Insurance | Total Internal<br>Service Funds |
|--|--|-------------------------------------|---------------------|-----------------------------|---|---|---------------------------------|
| <b>Cash Flows from Operating Activities</b>                                    |  |                                     |                     |                             |   |   |                                 |
| Receipts from customers  | \$ 95,053                                    | \$ 3,652,599                        | \$ 33,348           | \$ 1,960                    | \$ -  | \$ -                                      | \$ 3,782,960                    |
| Receipts from interfund services and reimbursements                            | 2,905,202                                    | 14,204,375                          | 7,593,641           | -                           | 5,167,452                                     | -   | 29,870,670                      |
| Payments to suppliers  | (2,662,491)                                  | (14,748,082)                        | (4,688,345)         | -                           | (1,517,581)                                   | (59,628)                                  | (23,676,127)                    |
| Payments to employees  | (262,116)                                    | -                                   | (2,892,150)         | -                           | (1,902,312)                                   | -   | (5,056,578)                     |
| Internal activity - Payments to other funds                                    | (57,012)                                     | -                                   | (160,427)           | (9,986)                     | (5,784)                                       | (3,708)                                   | (236,917)                       |
| Net cash and cash equivalents provided by operating activities                 | 18,636                                       | 3,108,892                           | (113,933)           | (8,026)                     | 1,741,775                                     | (63,336)                                  | 4,684,008                       |
| <b>Cash Flows from Capital and Related Financing Activities</b>                |  |                                     |                     |                             |   |   |                                 |
| Purchase of capital assets   | -  | -                                   | (136,794)           | -                           | -   | -   | (136,794)                       |
| Principal paid on capital debt   | -  | -                                   | (13,597)            | -                           | (134,229)                                     | -   | (147,826)                       |
| Interest paid on capital debt  | -  | -                                   | (2,134)             | -                           | (18,463)                                      | -   | (20,597)                        |
| Net cash and cash equivalents used in capital and related financing activities | -  | -                                   | (152,525)           | -                           | (152,692)                                     | -   | (305,217)                       |
| <b>Cash Flows from Investing Activities</b>                                    |  |                                     |                     |                             |   |   |                                 |
| Interest received on investments   | 42,221                                       | 76,940                              | 10,064              | 7,059                       | -   | 2,556                                     | 138,840                         |
| Proceeds from sale and maturities of investment securities                     | 265,302                                      | (1,812,520)                         | 283,951             | 51,097                      | -   | 62,335                                    | (1,149,835)                     |
| Net cash and cash equivalents provided by (used in) investing activities       | 307,523                                      | (1,735,580)                         | 294,015             | 58,156                      | -   | 64,891                                    | (1,010,995)                     |
| <b>Net Increase in Cash and Cash Equivalents</b>                               | 326,159                                      | 1,373,312                           | 27,557              | 50,130                      | 1,589,083                                     | 1,555                                     | 3,367,796                       |
| <b>Cash and Cash Equivalents - Beginning of year</b>                           | 1,025,772                                    | 1,520,029                           | 342,646             | 167,616                     | -   | 63,798                                    | 3,119,861                       |
| <b>Cash and Cash Equivalents - End of year</b>                                 | <u>\$ 1,351,931</u>                          | <u>\$ 2,893,341</u>                 | <u>\$ 370,203</u>   | <u>\$ 217,746</u>           | <u>\$ 1,589,083</u>                           | <u>\$ 65,353</u>                          | <u>\$ 6,487,657</u>             |
| <b>Classification of Cash and Cash Equivalents</b>                             |  |                                     |                     |                             |   |   |                                 |
| Cash and investments   | \$ 4,660,062                                 | \$ 9,904,878                        | \$ 1,276,078        | \$ 750,563                  | \$ 1,589,083                                  | \$ 225,269                                | \$ 18,405,933                   |
| Restricted investments   | (3,308,131)                                  | (7,011,537)                         | (905,875)           | (532,817)                   | -   | (159,916)                                 | (11,918,276)                    |
| <b>Total cash and cash equivalents</b>   | <u>\$ 1,351,931</u>                          | <u>\$ 2,893,341</u>                 | <u>\$ 370,203</u>   | <u>\$ 217,746</u>           | <u>\$ 1,589,083</u>                           | <u>\$ 65,353</u>                          | <u>\$ 6,487,657</u>             |

Other Supplemental Information  
Combining Statement of Cash Flows (Continued)  
Internal Service Funds

Year Ended December 31, 2017

|   | Liability<br>Insurance<br>Premium<br>Reserve | Self-Funded<br>Employee<br>Benefits | Central<br>Services | Police Take<br>Home Vehicle | Innovation &<br>Technology/311<br>Call Center | Unemployment<br>Compensation<br>Insurance | Total Internal<br>Service Funds |
|---|--|-------------------------------------|---------------------|-----------------------------|---|---|---------------------------------|
| <b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>         |  |                                     |                     |                             |   |   |                                 |
| Operating income (loss)   | \$ 61,088                                    | \$ 3,238,319                        | \$ (332,619)        | \$ (8,026)                  | \$ 1,718,304                                  | \$ (52,640)                               | \$ 4,624,426                    |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: |  |                                     |                     |                             |   |   |                                 |
| Depreciation and amortization   | 4,487  | -                                   | 134,097             | -                           | 20,529  | -   | 159,113                         |
| Lease proceeds used for noncapital purchases  | -  | -                                   | -                   | -                           | 84,397  | -   | 84,397                          |
| Changes in assets and liabilities:  |  |                                     |                     |                             |   |   |                                 |
| Receivables   | (22,365)                                     | (852)                               | 5,009               | -                           | (16,439)                                      | -   | (34,647)                        |
| Due from other funds  | -  | -                                   | 9,493               | -                           | 66,073  | -   | 75,566                          |
| Inventory   | -  | -                                   | (12,429)            | -                           | -   | -   | (12,429)                        |
| Prepaid and other assets  | 2,526  | -                                   | (560)               | -                           | (310,636)                                     | -   | (308,670)                       |
| Accounts payable  | 95,629                                       | (47,786)                            | 55,305              | -                           | 96,155  | (10,696)                                  | 188,607                         |
| Due to other funds  | -  | (795)                               | 145                 | -                           | (1,200)                                       | -   | (1,850)                         |
| Accrued payroll payable   | 203  | -                                   | 666                 | -                           | 23,541  | -   | 24,410                          |
| Compensated absences payable  | 4,928  | -                                   | 26,960              | -                           | 61,051  | -   | 92,939                          |
| Estimate of unfilled claims   | (127,860)                                    | (79,994)                            | -                   | -                           | -   | -   | (207,854)                       |
| Total adjustments   | (42,452)                                     | (129,427)                           | 218,686             | -                           | 23,471  | (10,696)                                  | 59,582                          |
| Net cash and cash equivalents provided by operating activities                          | <u>\$ 18,636</u>                             | <u>\$ 3,108,892</u>                 | <u>\$ (113,933)</u> | <u>\$ (8,026)</u>           | <u>\$ 1,741,775</u>                           | <u>\$ (63,336)</u>                        | <u>\$ 4,684,008</u>             |
| <b>Significant Noncash Transactions</b>   |  |                                     |                     |                             |   |   |                                 |
| Capital assets disposed (at cost)   | \$ (3,426)                                   | \$ -                                | \$ -                | \$ -                        | \$ -  | \$ -                                      | \$ (3,426)                      |
| Accumulated depreciation on disposals of capital assets                                 | 3,426  | -                                   | -                   | -                           | -   | -   | 3,426                           |
| Net capital assets transferred between governmental and internal service funds          | -  | -                                   | 24,000              | -                           | -   | -   | 24,000                          |

**Pension Trust Funds**

**1925 Police Pension**

To account for the provision of retirement and disability benefits to police officers hired prior to May 1, 1977. Financing is provided by mandatory contributions by active members and state pension relief distributions.

**1937 Firefighters' Pension**

To account for the provision of retirement and disability benefits to firefighters hired prior to May 1, 1977. Financing is provided by mandatory contributions by active members and state pension relief distributions.

**Agency Funds**

**Payroll**

To account for the payroll of City employees and pension benefits of the Police and Firefighters' Pension Funds. Gross payroll and pension benefits are treated as expenditures in other City funds and transferred into this fund, which serves as a clearing account.

**Morris Palais Royale Box Office**

To account for Morris Performing Arts Center and Palais Royale event advance deposits and related expenses.

**Police Distributions Payable**

To account for monies collected by the South Bend Police Department from asset seizures and other sources. Proceeds may be used to pay other governmental agencies for monies collected on their behalf or for related expenses.

Other Supplemental Information  
Statement of Fiduciary Net Position  
Fiduciary Funds

December 31, 2017

|                               | Pension Trust Funds |                            |                           | Agency Funds |                                 |                             |                    |
|-------------------------------|---------------------|----------------------------|---------------------------|--------------|---------------------------------|-----------------------------|--------------------|
|                               | 1925 Police Pension | 1937 Firefighters' Pension | Total Pension Trust Funds | Payroll      | Morris Palais Royale Box Office | Police Distribution Payable | Total Agency Funds |
| <b>Assets</b>                 |                     |                            |                           |              |                                 |                             |                    |
| Cash and cash equivalents     | \$ 256,337          | \$ 134,404                 | \$ 390,741                | \$ 433,998   | \$ 2,446,226                    | \$ 841,894                  | \$ 3,722,118       |
| Investments                   | 627,249             | 328,883                    | 956,132                   | -            | -                               | -                           | -                  |
| Receivables:                  |                     |                            |                           |              |                                 |                             |                    |
| Accounts                      | -                   | 2,362                      | 2,362                     | -            | -                               | -                           | -                  |
| Interest                      | 1,821               | 988                        | 2,809                     | -            | -                               | -                           | -                  |
| Total assets                  | 885,407             | 466,637                    | 1,352,044                 | 433,998      | 2,446,226                       | 841,894                     | 3,722,118          |
| <b>Liabilities</b>            |                     |                            |                           |              |                                 |                             |                    |
| Accounts payable              | 91                  | 69                         | 160                       | -            | -                               | -                           | -                  |
| Accrued liabilities and other | -                   | 310                        | 310                       | 433,998      | -                               | -                           | 433,998            |
| Customer deposits payable     | -                   | -                          | -                         | -            | 2,446,226                       | -                           | 2,446,226          |
| Police distribution payable   | -                   | -                          | -                         | -            | -                               | 841,894                     | 841,894            |
| Total liabilities             | 91                  | 379                        | 470                       | 433,998      | 2,446,226                       | 841,894                     | 3,722,118          |
| <b>Net Position</b>           | <b>\$ 885,316</b>   | <b>\$ 466,258</b>          | <b>\$ 1,351,574</b>       | <b>\$ -</b>  | <b>\$ -</b>                     | <b>\$ -</b>                 | <b>\$ -</b>        |

**Other Supplemental Information  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds**

**Year Ended December 31, 2017**

|   | 1925 Police<br>Pension | 1937<br>Firefighters'<br>Pension | Total Fiduciary<br>Funds |
|---|------------------------|----------------------------------|--------------------------|
| <b>Additions</b>  |                        |                                  |                          |
| Investment income:  |                        |                                  |                          |
| Interest and dividends  | \$ 6,557               | \$ 3,353                         | \$ 9,910                 |
| Total investment income   | 6,557                  | 3,353                            | 9,910                    |
| Contributions:  |                        |                                  |                          |
| On behalf   | 6,204,179              | 4,920,712                        | 11,124,891               |
| Other   | 13,544                 | 4,251                            | 17,795                   |
| Total contributions   | 6,217,723              | 4,924,963                        | 11,142,686               |
| Total additions   | 6,224,280              | 4,928,316                        | 11,152,596               |
| <b>Deductions</b>   |                        |                                  |                          |
| Benefit payments  | 6,119,245              | 4,615,179                        | 10,734,424               |
| Administrative expenses   | 13,577                 | 14,073                           | 27,650                   |
| Total deductions  | 6,132,822              | 4,629,252                        | 10,762,074               |
| <b>Net Increase (Decrease) in Net Position Held in Trust</b>                                      | 91,458                 | 299,064                          | 390,522                  |
| <b>Net Position Held in Trust for Pension and Other<br/>Employee Benefits - Beginning of year</b> | 793,858                | 167,194                          | 961,052                  |
| <b>Net Position Held in Trust for Pension and Other<br/>Employee Benefits - End of year</b>       | <b>\$ 885,316</b>      | <b>\$ 466,258</b>                | <b>\$ 1,351,574</b>      |

**City of South Bend, Indiana**

Other Supplemental Information  
Schedule of Changes in Assets and Liabilities  
Agency Funds

**Year Ended December 31, 2017**

|  | Payroll                         |                       |                         |                      |
|--|---------------------------------|-----------------------|-------------------------|----------------------|
|  | January 1,<br>2017              | Additions             | Deductions              | December 31,<br>2017 |
| <b>Assets - Cash and investments</b>               | <u>\$ 420,885</u>               | <u>\$ 110,546,978</u> | <u>\$ (110,533,865)</u> | <u>\$ 433,998</u>    |
| <b>Liabilities - Accrued liabilities and other</b> | <u>\$ 420,885</u>               | <u>\$ 110,546,978</u> | <u>\$ (110,533,865)</u> | <u>\$ 433,998</u>    |
|  | Morris Palais Royale Box Office |                       |                         |                      |
|  | January 1,<br>2017              | Additions             | Deductions              | December 31,<br>2017 |
| <b>Assets - Cash and cash equivalents</b>          | <u>\$ 1,692,774</u>             | <u>\$ 2,446,226</u>   | <u>\$ (1,692,774)</u>   | <u>\$ 2,446,226</u>  |
| <b>Liabilities - Customer deposits payable</b>     | <u>\$ 1,692,774</u>             | <u>\$ 2,446,226</u>   | <u>\$ (1,692,774)</u>   | <u>\$ 2,446,226</u>  |
|  | Police Distribution Payable     |                       |                         |                      |
|  | January 1,<br>2017              | Additions             | Deductions              | December 31,<br>2017 |
| <b>Assets - Cash and cash equivalents</b>          | <u>\$ 817,116</u>               | <u>\$ 841,894</u>     | <u>\$ (817,116)</u>     | <u>\$ 841,894</u>    |
| <b>Liabilities - Police distribution payable</b>   | <u>\$ 817,116</u>               | <u>\$ 841,894</u>     | <u>\$ (817,116)</u>     | <u>\$ 841,894</u>    |

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## Statistical Section

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This part of the City of South Bend's Comprehensive Annual Financial Report presents detailed information as context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

The statistical section is organized into the following main categories:

### Financial trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

### Revenue capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

### Debt capacity

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the government's ability to issue additional debt in the future.

### Demographic and economic information

These schedules help the reader understand the environment within which the City's financial activities take place.

### Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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## Financial Trends

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Net Position by Component

Last Ten Fiscal Years

|                                  | As of December 31,   |                      |                      |                      |                      | As of December 31,   |                      |                      |                      |                      |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                  | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014 (1)             | 2015 (1)             | 2016                 | 2017                 |
| <b>Governmental activities</b>   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital asset: | \$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        | \$155,912,682        |
| Restricted                       | 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            | 9,245,531            |
| Unrestricted                     | 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)          | (2,932,358)          |
| Total net position               | <u>\$246,041,948</u> | <u>\$274,186,457</u> | <u>\$292,151,758</u> | <u>\$287,891,667</u> | <u>\$282,822,829</u> | <u>\$286,593,845</u> | <u>\$158,417,429</u> | <u>\$140,859,895</u> | <u>\$162,682,638</u> | <u>\$162,225,855</u> |
| <b>Business-type activities</b>  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital asset: | \$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        | \$145,585,038        |
| Restricted                       | 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           | 29,623,015           |
| Unrestricted                     | 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           | 29,181,889           |
| Total net position               | <u>\$142,545,786</u> | <u>\$146,280,120</u> | <u>\$154,691,254</u> | <u>\$162,134,622</u> | <u>\$169,411,367</u> | <u>\$170,680,174</u> | <u>\$185,698,840</u> | <u>\$194,811,413</u> | <u>\$202,610,491</u> | <u>\$204,389,942</u> |
| <b>Primary government</b>        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital asset: | \$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        | \$301,497,720        |
| Restricted                       | 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           | 38,868,546           |
| Unrestricted                     | 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           | 26,249,531           |
| Total net position               | <u>\$388,587,734</u> | <u>\$420,466,577</u> | <u>\$446,843,012</u> | <u>\$450,026,289</u> | <u>\$452,234,196</u> | <u>\$457,274,019</u> | <u>\$344,116,269</u> | <u>\$335,671,308</u> | <u>\$365,293,129</u> | <u>\$366,615,797</u> |

(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)

|   | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Expenses</b>                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities:                    |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General Government                          | \$ (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)      | \$ (16,750,853)      |
| Public Safety                               | (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)         | (71,656,865)         |
| Highways and Streets                        | (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)         | (21,716,658)         |
| Health and Welfare                          | (75,000)             | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Community and Economic Development          | (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)         | (26,326,989)         |
| Culture and Recreation                      | (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)         | (19,332,902)         |
| Bond Issuance Costs                         | -                    | -                    | -                    | -                    | -                    | -                    | -                    | (372,432)            | -                    | -                    |
| Interest on Long-Term Debt                  | (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)          | (4,538,530)          |
| Total governmental activities expenses      | <u>(135,039,863)</u> | <u>(104,113,362)</u> | <u>(134,015,143)</u> | <u>(154,902,096)</u> | <u>(146,481,687)</u> | <u>(153,017,817)</u> | <u>(139,909,059)</u> | <u>(164,310,194)</u> | <u>(134,519,353)</u> | <u>(160,322,797)</u> |
| Business-type activities:                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Water                                       | (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)         | (14,902,682)         |
| Wastewater                                  | (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)         | (32,548,087)         |
| Century Center                              | (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)          | (5,121,336)          |
| Consolidated Building Department (1)        | (1,108,940)          | (1,113,867)          | (930,120)            | (871,299)            | (909,376)            | (1,131,815)          | (3,242,320)          | (3,552,347)          | (3,240,172)          | (3,704,963)          |
| Parking Garage                              | (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)            | (1,177,363)          |
| Solid Waste                                 | (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)          | (5,169,128)          |
| Blackthorn Golf Course                      | (1,829,122)          | (1,881,982)          | (1,995,556)          | (1,689,042)          | (1,841,998)          | (1,497,513)          | (1,874,962)          | (165,977)            | -                    | -                    |
| Emergency Medical Services (2)              | -                    | -                    | -                    | -                    | -                    | -                    | -                    | (6,596,206)          | (7,437,349)          | (8,617,050)          |
| Total business-type activities net expenses | <u>(48,780,128)</u>  | <u>(51,623,898)</u>  | <u>(45,486,515)</u>  | <u>(46,323,473)</u>  | <u>(48,559,092)</u>  | <u>(54,949,283)</u>  | <u>(55,879,605)</u>  | <u>(61,899,676)</u>  | <u>(64,067,328)</u>  | <u>(71,240,609)</u>  |
| Total primary government net position       | <u>(183,819,991)</u> | <u>(155,737,260)</u> | <u>(179,501,658)</u> | <u>(201,225,569)</u> | <u>(195,040,779)</u> | <u>(207,967,100)</u> | <u>(195,788,664)</u> | <u>(226,209,870)</u> | <u>(198,586,681)</u> | <u>(231,563,406)</u> |

Last Ten Fiscal Years

|  | 2008                | 2009                | 2010                | 2011               | 2012                | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 |
|--|---------------------|---------------------|---------------------|--------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Program revenue</b>                 |                     |                     |                     |                    |                     |                      |                      |                      |                      |                      |
| Governmental activities:               |                     |                     |                     |                    |                     |                      |                      |                      |                      |                      |
| Charges for services:                  |                     |                     |                     |                    |                     |                      |                      |                      |                      |                      |
| General Government                     | \$ 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         | \$ 1,118,328         |
| Public Safety                          | 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              | 648,136              |
| Highways and Streets                   | -                   | 5,152               | 28,110              | 227,000            | 291,840             | 451,363              | 728,343              | 676,429              | 707,547              | 976,095              |
| Community and Economic Develop.        | 636,722             | 332,454             | 283,420             | 683,503            | 271,366             | 444,839              | 485,938              | 408,654              | 481,293              | 1,489,942            |
| Culture and Recreation                 | 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            | 4,308,699            |
| Operating Grants and Contributions     | 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            | 11,828,681           |
| Capital Grants and Contributions       | 1,176,783           | 780,137             | 1,472,233           | 2,328,468          | 2,468,120           | 1,867,213            | -                    | -                    | -                    | 1,000,000            |
| Total governmental activities program  | <u>30,153,661</u>   | <u>30,288,740</u>   | <u>48,127,612</u>   | <u>45,273,337</u>  | <u>40,372,750</u>   | <u>36,492,193</u>    | <u>14,677,672</u>    | <u>9,342,840</u>     | <u>10,815,589</u>    | <u>21,369,881</u>    |
| Business-type activities:              |                     |                     |                     |                    |                     |                      |                      |                      |                      |                      |
| Charges for services:                  |                     |                     |                     |                    |                     |                      |                      |                      |                      |                      |
| Water                                  | 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           | 15,290,203           |
| Wastewater                             | 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           | 38,794,212           |
| Century Center                         | 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            | 3,055,793            |
| Consolidated Building Department       | 1,169,788           | 977,050             | 875,481             | 899,397            | 1,000,381           | 967,667              | 1,387,571            | 2,037,950            | 1,764,100            | 1,902,493            |
| Parking Garage                         | 1,003,889           | 1,070,519           | 1,047,784           | 1,071,078          | 921,044             | 968,868              | 1,017,218            | 968,417              | 996,197              | 1,264,706            |
| Solid Waste                            | 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            | 5,420,711            |
| Blackthorn Golf Course                 | 1,493,519           | 1,557,951           | 1,479,415           | 1,392,999          | 1,669,372           | 1,530,402            | 1,548,341            | 109,949              | -                    | -                    |
| Emergency Medical Services             | -                   | -                   | -                   | -                  | -                   | -                    | -                    | 6,470,446            | 7,921,172            | 8,386,794            |
| Operating Grants and Contributions     | -                   | -                   | -                   | -                  | -                   | -                    | -                    | -                    | -                    | -                    |
| Capital Grants and Contributions       | 1,209,380           | 4,038,412           | 1,889,165           | 4,291,731          | 2,010,253           | 697,916              | 95,834               | 4,683,424            | 649,609              | 1,170,970            |
| Total business-type activities program | <u>51,085,304</u>   | <u>54,440,880</u>   | <u>53,102,000</u>   | <u>58,868,315</u>  | <u>59,429,986</u>   | <u>60,604,915</u>    | <u>59,954,140</u>    | <u>74,680,710</u>    | <u>76,119,831</u>    | <u>75,285,882</u>    |
| Total primary government program rev   | <u>81,238,965</u>   | <u>84,729,620</u>   | <u>101,229,612</u>  | <u>104,141,652</u> | <u>99,802,736</u>   | <u>97,097,108</u>    | <u>74,631,812</u>    | <u>84,023,550</u>    | <u>86,935,420</u>    | <u>96,655,763</u>    |
|  | 2008                | 2009                | 2010                | 2011               | 2012                | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 |
| <b>Net (Expense)/Revenue</b>           |                     |                     |                     |                    |                     |                      |                      |                      |                      |                      |
| Governmental activities                | (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)        | (138,952,916)        |
| Business-type activities               | (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           | 4,045,273            |
| Total primary government net expense   | <u>(74,498,295)</u> | <u>(94,772,038)</u> | <u>(99,995,957)</u> | <u>104,141,652</u> | <u>(95,238,043)</u> | <u>(110,869,992)</u> | <u>(121,156,852)</u> | <u>(142,186,320)</u> | <u>(111,651,261)</u> | <u>(134,907,643)</u> |

Last Ten Fiscal Years

|  | 2008                 | 2009                | 2010                  | 2011                 | 2012                 | 2013                | 2014                 | 2015                  | 2016                 | 2017                |
|--|----------------------|---------------------|-----------------------|----------------------|----------------------|---------------------|----------------------|-----------------------|----------------------|---------------------|
| <b>General Revenue and Other Changes in Net Position</b> |                      |                     |                       |                      |                      |                     |                      |                       |                      |                     |
| Governmental activities:                                 |                      |                     |                       |                      |                      |                     |                      |                       |                      |                     |
| Taxes:   |                      |                     |                       |                      |                      |                     |                      |                       |                      |                     |
| Property taxes   | \$ 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        | \$ 78,266,107       |
| County Option Income Tax                                 | 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           | 17,579,628          |
| Economic Develop. Income Tax                             | 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            | 10,600,122          |
| Professional Sports Develop. Tax                         | 453,268              | 522,788             | 597,406               | 558,268              | 633,904              | 649,996             | 588,054              | 628,261               | 673,787              | 347,255             |
| Community Revitalization District Tax                    | 955,315              | 605,623             | 416,149               | 733,100              | 653,185              | 244,623             | -                    | -                     | -                    | -                   |
| Unrestricted Grants and Contributions                    | 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           | 17,160,034          |
| Unrestricted Investment earnings                         | 4,961,410            | 859,135             | 868,023               | 1,050,768            | 1,317,443            | 762,270             | 951,901              | 1,322,674             | 1,458,787            | 1,687,888           |
| Other  | 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            | 8,555,174           |
| Gain on sale of capital assets                           | -                    | -                   | -                     | -                    | -                    | -                   | -                    | -                     | -                    | 176,742             |
| Net Pension Obligation                                   | -                    | -                   | -                     | -                    | -                    | -                   | -                    | -                     | -                    | -                   |
| Transfers  | 34,970               | (645,992)           | (648,823)             | 3,041,176            | 3,879,721            | 4,525,187           | (683,049)            | 2,846,415             | 3,681,016            | 4,123,183           |
| Total governmental activities                            | <u>99,788,894</u>    | <u>100,409,357</u>  | <u>104,895,983</u>    | <u>110,540,547</u>   | <u>110,848,493</u>   | <u>120,296,641</u>  | <u>129,122,122</u>   | <u>137,410,000</u>    | <u>145,526,507</u>   | <u>138,496,133</u>  |
| Business-type activities:                                |                      |                     |                       |                      |                      |                     |                      |                       |                      |                     |
| Unrestricted Investment earnings                         | 1,514,287            | 271,360             | 146,826               | 206,409              | 285,572              | 138,362             | 128,168              | 358,918               | 570,982              | 578,773             |
| Other  | -                    | -                   | -                     | -                    | -                    | -                   | 1,501,664            | -                     | -                    | 1,278,588           |
| Transfers  | (34,970)             | 645,992             | 648,823               | (3,041,176)          | (3,879,721)          | (4,525,187)         | 683,049              | (2,846,415)           | (3,681,016)          | (4,123,183)         |
| Total business-type activities                           | <u>1,479,317</u>     | <u>917,352</u>      | <u>795,649</u>        | <u>(2,834,767)</u>   | <u>(3,594,149)</u>   | <u>(4,386,825)</u>  | <u>2,312,881</u>     | <u>(2,487,497)</u>    | <u>(3,110,034)</u>   | <u>(2,265,822)</u>  |
| Total primary government                                 | <u>101,268,211</u>   | <u>101,326,709</u>  | <u>105,691,632</u>    | <u>107,705,780</u>   | <u>107,254,344</u>   | <u>115,909,816</u>  | <u>131,435,003</u>   | <u>134,922,503</u>    | <u>142,416,473</u>   | <u>136,230,311</u>  |
| Special Item (Governmental activities):                  |                      |                     |                       |                      |                      |                     |                      |                       |                      |                     |
| Well field contamination settlement                      | 4,462,214            | -                   | -                     | -                    | -                    | -                   | -                    | -                     | -                    | -                   |
| Disposal of operations                                   | -                    | -                   | -                     | -                    | -                    | -                   | -                    | (1,180,964)           | -                    | -                   |
| Change in Net Position                                   |                      |                     |                       |                      |                      |                     |                      |                       |                      |                     |
| Governmental activities                                  | 524,705              | (6,365,127)         | 150,169,320           | 911,788              | 4,739,556            | 3,771,016           | 3,890,735            | (17,557,354)          | 21,822,743           | (456,783)           |
| Business-type activities                                 | 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            | 1,779,451           |
| Total primary government                                 | <u>\$ 10,958,387</u> | <u>\$ 1,330,752</u> | <u>\$ 209,833,284</u> | <u>\$ 10,621,863</u> | <u>\$ 12,016,301</u> | <u>\$ 5,039,823</u> | <u>\$ 10,278,151</u> | <u>\$ (8,444,781)</u> | <u>\$ 29,621,821</u> | <u>\$ 1,322,668</u> |

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

Fund Balances - Governmental Funds

Last Ten Fiscal Years

|                                    | As of December 31,    |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                    | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  | 2017                  |
| General fund                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Prior to adoption of GASB 54:      |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Reserved                           | \$ 3,245,271          | \$ 1,516,159          | \$ 1,824,454          | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  |
| Unreserved and undesignated        | 24,171,313            | 23,102,296            | 26,912,688            | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Subsequent to adoption of GASB 54: |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Nonspendable                       | -                     | -                     | -                     | 1,115,025             | 958,341               | 656,848               | 558,304               | 491,665               | 494,730               | 447,003               |
| Restricted                         | -                     | -                     | -                     | 327,267               | -                     | -                     | -                     | -                     | -                     | -                     |
| Committed                          | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Assigned                           | -                     | -                     | -                     | 255,287               | 165,389               | 516,506               | -                     | 466,088               | 1,380,036             | 1,242,770             |
| Unassigned                         | -                     | -                     | -                     | 26,233,637            | 27,671,353            | 26,495,559            | 27,029,101            | 29,664,303            | 32,077,856            | 33,776,487            |
| Total general fund                 | <u>27,416,584</u>     | <u>24,618,455</u>     | <u>28,737,142</u>     | <u>27,931,216</u>     | <u>28,795,083</u>     | <u>27,668,913</u>     | <u>27,587,405</u>     | <u>30,622,056</u>     | <u>33,952,622</u>     | <u>35,466,260</u>     |
| All other governmental funds:      |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Prior to adoption of GASB 54:      |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Reserved                           | 60,213,915            | 56,819,802            | 62,230,229            | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Unreserved, reported in:           |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Special revenue funds              | 32,054,329            | 36,398,024            | 31,996,398            | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Capital projects funds             | 87,571,056            | 78,214,132            | 85,237,947            | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Debt service funds                 | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Subsequent to adoption of GASB 54: |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Nonspendable                       | -                     | -                     | -                     | 37,036,839            | 37,706,861            | 22,828,476            | 20,537,450            | 27,042,236            | 23,566,267            | 21,927,221            |
| Restricted                         | -                     | -                     | -                     | 44,754,037            | 78,326,567            | 95,387,879            | 100,501,274           | 113,004,506           | 101,826,640           | 125,302,667           |
| Committed                          | -                     | -                     | -                     | 11,829,074            | 11,142,045            | 20,697,026            | 12,962,745            | 2,238,475             | 2,698,694             | 2,392,685             |
| Assigned                           | -                     | -                     | -                     | 77,460,284            | 35,180,652            | 35,455,190            | 35,147,874            | 32,138,059            | 31,998,790            | 32,769,201            |
| Unassigned                         | -                     | -                     | -                     | (2,777,374)           | (4,219,066)           | (4,852,169)           | (5,700,829)           | (4,218,596)           | (2,301,793)           | (626,846)             |
| Total all other governmental funds | <u>179,839,300</u>    | <u>171,431,958</u>    | <u>179,464,574</u>    | <u>168,302,860</u>    | <u>158,137,059</u>    | <u>169,516,402</u>    | <u>163,448,514</u>    | <u>170,204,680</u>    | <u>157,788,598</u>    | <u>181,764,928</u>    |
| Total of all governmental funds    | <u>\$ 207,255,884</u> | <u>\$ 196,050,413</u> | <u>\$ 208,201,716</u> | <u>\$ 196,234,076</u> | <u>\$ 186,932,142</u> | <u>\$ 197,185,315</u> | <u>\$ 191,035,919</u> | <u>\$ 200,826,736</u> | <u>\$ 191,741,220</u> | <u>\$ 217,231,188</u> |

Source: City of South Bend Comprehensive Annual Financial Reports

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

|   | As of December 31,   |                       |                      |                       |                       |                      |                       |                     |                       |                      |
|---|----------------------|-----------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|---------------------|-----------------------|----------------------|
|   | 2008                 | 2009                  | 2010                 | 2011                  | 2012                  | 2013                 | 2014                  | 2015                | 2016                  | 2017                 |
| <b>Revenue</b>  |                      |                       |                      |                       |                       |                      |                       |                     |                       |                      |
| Taxes   | \$ 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        | \$ 106,746,367       |
| Licenses, fees and permits                              | 177,329              | 206,594               | 192,397              | 190,943               | 189,714               | 177,019              | 141,565               | 151,923             | 224,677               | 231,260              |
| Fines and forfeits                                      | 412,707              | 423,981               | 409,775              | 636,749               | 334,767               | 660,841              | 563,999               | 454,327             | 756,781               | 562,466              |
| Charges for services                                    | 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             | 7,020,575            |
| Intergovernmental                                       | 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            | 29,634,896           |
| Investment earnings                                     | 4,962,768            | 859,135               | 868,023              | 1,050,768             | 1,317,443             | 762,270              | 955,376               | 1,253,242           | 1,624,527             | 1,687,888            |
| Other revenues  | 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             | 9,703,304            |
| <b>Total revenue</b>                                    | <b>139,717,856</b>   | <b>130,932,134</b>    | <b>158,342,276</b>   | <b>152,877,172</b>    | <b>147,379,084</b>    | <b>151,152,474</b>   | <b>144,489,791</b>    | <b>142,719,826</b>  | <b>152,669,418</b>    | <b>155,586,756</b>   |
| <b>Expenditures</b>                                     |                      |                       |                      |                       |                       |                      |                       |                     |                       |                      |
| Current:  |                      |                       |                      |                       |                       |                      |                       |                     |                       |                      |
| General government                                      | 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            | 14,221,015           |
| Public safety   | 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            | 72,010,182           |
| Highways and streets                                    | 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            | 13,600,140           |
| Public works  | 75,000               | -                     | -                    | -                     | -                     | -                    | -                     | -                   | -                     | -                    |
| Health & welfare  | 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            | 15,904,306           |
| Community & economic development                        | 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            | 20,622,330           |
| Capital outlay  | 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            | 17,035,543           |
| Bond Issuance Costs                                     | -                    | -                     | -                    | -                     | -                     | -                    | -                     | 372,432             | -                     | -                    |
| Debt service interest                                   | 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             | 4,514,526            |
| Debt service principal                                  | 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            | 16,634,195           |
| <b>Total expenditures</b>                               | <b>138,022,795</b>   | <b>142,962,710</b>    | <b>150,758,014</b>   | <b>172,397,679</b>    | <b>162,460,000</b>    | <b>152,860,750</b>   | <b>154,300,097</b>    | <b>172,658,733</b>  | <b>170,976,084</b>    | <b>174,542,237</b>   |
| <b>Excess of Revenue Over Expenditures</b>              | <b>1,695,061</b>     | <b>(12,030,576)</b>   | <b>7,584,262</b>     | <b>(19,520,507)</b>   | <b>(15,080,916)</b>   | <b>(1,708,276)</b>   | <b>(9,810,306)</b>    | <b>(29,938,907)</b> | <b>(18,306,666)</b>   | <b>(18,955,481)</b>  |
| Other Financing Sources (Uses)                          |                      |                       |                      |                       |                       |                      |                       |                     |                       |                      |
| Proceeds from debt issuance                             | 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             | 40,727,816           |
| Premium (discount) on debt issuance                     | 1,626,186            | 80,950                | 146,030              | 26,877                | 1,236,364             | 21,576               | 171,851               | 1,919,787           | -                     | 6,478                |
| Proceeds from refunding                                 | -                    | 7,210,000             | 5,327,775            | 38,307,431            | 13,595,000            | 3,990,000            | -                     | -                   | -                     | -                    |
| Payments to refunded bond escrow ac                     | -                    | (7,591,171)           | (5,538,255)          | (37,300,856)          | (14,613,147)          | (4,376,769)          | (3,482,205)           | (35,698,815)        | -                     | -                    |
| Transfers in  | 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            | 29,141,285           |
| Transfers out   | (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)          | (25,018,102)         |
| Other   | -                    | -                     | -                    | -                     | -                     | -                    | 28,476                | 1,235,744           | 541,081               | (412,028)            |
| <b>Total other financing sources (uses)</b>             | <b>47,283,964</b>    | <b>825,105</b>        | <b>4,567,041</b>     | <b>7,552,867</b>      | <b>9,758,835</b>      | <b>11,961,449</b>    | <b>7,111,663</b>      | <b>39,729,724</b>   | <b>9,221,150</b>      | <b>44,445,449</b>    |
| <b>Special Item</b>                                     |                      |                       |                      |                       |                       |                      |                       |                     |                       |                      |
| Well field contamination settlement                     | -                    | 4,462,214             | -                    | -                     | -                     | -                    | -                     | -                   | -                     | -                    |
| <b>Net change in fund balances</b>                      | <b>\$ 48,979,025</b> | <b>\$ (6,743,257)</b> | <b>\$ 12,151,303</b> | <b>\$(11,967,640)</b> | <b>\$ (5,322,081)</b> | <b>\$ 10,253,173</b> | <b>\$ (2,698,643)</b> | <b>\$ 9,790,817</b> | <b>\$ (9,085,516)</b> | <b>\$ 25,489,968</b> |
| Debt service as a percentage of noncapital expenditures | 12.10%               | 17.59%                | 15.42%               | 13.84%                | 12.92%                | 13.38%               | 13.53%                | 11.59%              | 12.74%                | 13.26%               |

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

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## Revenue Capacity

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These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax, and other major revenue sources.

Property Taxes Levies and Collections

Last Ten Fiscal Years

| Tax Year/<br>Collection Year | Per DLGF<br>Current<br>Tax Levy | Estimated<br>Circuit Breaker<br>Levy<br>Reduction | Adjusted<br>Current Tax<br>Levy<br>(County Abstract) | Current Tax<br>Collections<br>Current Tax<br>Collections | Current Tax<br>Collections<br>as a Percent of<br>Adjusted Tax Levy | Delinquent<br>Tax<br>Collections | Total Tax<br>Collections | Total Tax<br>Collections as<br>a Percent of<br>Adjusted Tax Levy | (1)<br>Outstanding<br>Delinquent<br>Taxes | Outstanding<br>Delinquent Taxes<br>as a Percent of<br>Adjusted Tax Levy |
|------------------------------|---------------------------------|---|--|--|--|----------------------------------|--------------------------|--|---|---|
| 2007/2008                    | \$65,534,282                    | \$ -  | \$ 65,534,282  | \$59,589,537   | 90.93%   | \$4,113,095                      | \$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                        | 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                        | 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                        | 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                        | 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                        | 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                        | 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                        | 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                        | 47,706,020               | 97.55%   | 7,468,597                                 | 15.27%  |
| 2016/2017                    | 81,487,640                      | 31,615,462  | 49,872,178   | 45,605,926   | 91.45%   | 3,432,704                        | 49,038,630               | 98.33%   | 12,106,873                                | 24.28%  |

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).

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years  
(Rate per \$100 of Net Assessed Value)

| Tax Year/<br>Collection Year | City Direct Rates |                      |                          |                   |                                      |                 | Overlapping Rates (3) |                      |          |         |           |                      | Grand<br>Total |
|------------------------------|-------------------|----------------------|--------------------------|-------------------|--------------------------------------|-----------------|-----------------------|----------------------|----------|---------|-----------|----------------------|----------------|
|                              | General<br>Fund   | Parks/<br>Recreation | Firefighters'<br>Pension | Police<br>Pension | Cumulative<br>Capital<br>Development | Total<br>Direct | St. Joseph<br>County  | Schools<br>Districts | Township | Library | Other (1) | Total<br>Overlapping |                |
| 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         |
| 2016/2017                    | 2.8382            | 0.6473               | -                        | -                 | 0.0313                               | 3.5168          | 0.6950                | 1.2049               | 0.0530   | 0.3372  | 0.1822    | 2.4723               | 5.9891         |

(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

Detail of Net Assessed Valuation

(Assessment For the Year 2016 Payable in 2017)

|  | South Bend<br>Centre Twp | South Bend<br>Clay Twp | South Bend<br>German Twp | South Bend<br>Penn Twp | South Bend<br>Warren Twp | South Bend<br>Portage Twp | Totals                  | Percent |
|--|--------------------------|------------------------|--------------------------|------------------------|--------------------------|---------------------------|-------------------------|---------|
| Value of land  | \$ 116,494,800           | \$ 26,382,600          | \$ 74,498,800            | \$ 16,598,800          | \$ 788,900               | \$ 389,449,000            | \$ 624,212,900          |         |
| Value of improvements                                      | 479,182,300              | 121,064,600            | 426,207,800              | 90,602,400             | 26,465,600               | 2,549,596,800             | 3,693,119,500           |         |
| Total value of real estate                                 | 595,677,100              | 147,447,200            | 500,706,600              | 107,201,200            | 27,254,500               | 2,939,045,800             | 4,317,332,400           |         |
| Less: Mortgage, veterans, blind, age 65 & other exemptions | (234,683,081)            | (34,128,403)           | (86,691,330)             | (30,268,173)           | -                        | (925,920,857)             | (1,311,691,844)         |         |
| Tax-exempt property  | (50,992,150)             | (8,680,106)            | (28,912,020)             | (9,355,400)            | -                        | (364,752,352)             | (462,692,028)           |         |
| Investment Deduction                                       | -                        | -                      | -                        | -                      | -                        | (2,001,600)               | (2,001,600)             |         |
| Tax increment financing                                    | (55,202,224)             | (9,133,628)            | (261,653,100)            | -                      | (27,254,500)             | (390,413,947)             | (743,657,399)           |         |
| Tax abatements   | (1,008,180)              | (201,993)              | (14,184,261)             | (1,479,055)            | -                        | (21,628,739)              | (38,502,228)            |         |
| Net value of real estate                                   | 253,791,465              | 95,303,070             | 109,265,889              | 66,098,572             | -                        | 1,234,328,305             | 1,758,787,301           | 75.57%  |
| Gross personal property assessments                        | 30,220,620               | 9,116,950              | 184,526,500              | 3,095,390              | 6,604,470                | 405,138,080               | 638,702,010             |         |
| Less: Tax abatements:                                      | (1,899,870)              | -                      | (14,624,036)             | -                      | -                        | (40,271,210)              | (56,795,116)            |         |
| Tax-exempt property  | (2,152,282)              | (173,130)              | (4,898,407)              | (1,511,410)            | -                        | (88,343,732)              | (97,078,961)            |         |
| Investment deduction                                       | -                        | -                      | -                        | -                      | -                        | (21,151,193)              | (21,151,193)            |         |
| Net value of personal property                             | 26,168,468               | 8,943,820              | 165,004,057              | 1,583,980              | 6,604,470                | 255,371,945               | 463,676,740             | 19.92%  |
| Net value of utilities                                     | 10,358,690               | 4,197,050              | 15,198,720               | 1,345,760              | 312,610                  | 73,623,370                | 105,036,200             | 4.51%   |
| <b>Total net assessed valuation</b>                        | <b>\$ 290,318,623</b>    | <b>\$ 108,443,940</b>  | <b>\$ 289,468,666</b>    | <b>\$ 69,028,312</b>   | <b>\$ 6,917,080</b>      | <b>\$ 1,563,323,620</b>   | <b>\$ 2,327,500,241</b> | 100.00% |
| Percentage of Total  | 12.47%                   | 4.66%                  | 12.44%                   | 2.97%                  | 0.30%                    | 67.17%                    | 100.00%                 |         |

Summary:

|                                     | Real Property           | Personal<br>Property/Utilities | Total                   | Percent |
|-------------------------------------|-------------------------|--------------------------------|-------------------------|---------|
| Total value                         | \$ 4,317,332,400        | \$ 743,738,210                 | \$ 5,061,070,610        | 100.00% |
| Deductions & exemptions             | (1,313,693,444)         | (21,151,193)                   | (1,334,844,637)         | -26.37% |
| Tax exempt property                 | (462,692,028)           | (97,078,961)                   | (559,770,989)           | -11.06% |
| Tax increment financing             | (743,657,399)           | -                              | (743,657,399)           | -14.69% |
| Tax abatements                      | (38,502,228)            | (56,795,116)                   | (95,297,344)            | -1.88%  |
| <b>Total net assessed valuation</b> | <b>\$ 1,758,787,301</b> | <b>\$ 568,712,940</b>          | <b>\$ 2,327,500,241</b> | 45.99%  |
| Percent                             | 75.57%                  | 24.43%                         | 100.00%                 |         |

Source: St. Joseph County Auditor's Office - Information from the County Abstract prepared by the Indiana Department of Local Government Finance

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

| Tax Year/<br>Collection Year | Gross Assessed Values |                      |                       |                  | Less:                     | Total Net        | (2)              | %<br>Taxable |
|------------------------------|-----------------------|----------------------|-----------------------|------------------|---------------------------|------------------|------------------|--------------|
|                              | Real<br>Property      | Personal<br>Property | Utilities<br>Property | Total<br>Value   | Non-Taxed<br>Property (1) | Taxable<br>Value | City Tax<br>Rate |              |
| 2007/2008                    | \$ 4,420,513,240      | \$ 527,383,785       | \$ 92,736,090         | \$ 5,040,633,115 | \$ 2,064,552,317          | \$ 2,976,080,798 | 2.2396           | 59.04%       |
| 2008/2009                    | 4,698,989,240         | 592,538,950          | 95,891,770            | 5,387,419,960    | 2,718,532,541             | 2,668,887,419    | 2.4081           | 49.54%       |
| 2009/2010                    | 4,368,497,000         | 604,951,450          | 98,433,750            | 5,071,882,200    | 2,618,376,627             | 2,453,505,573    | 2.7279           | 48.37%       |
| 2010/2011                    | 4,339,037,300         | 551,819,290          | 101,009,760           | 4,991,866,350    | 2,667,414,488             | 2,324,451,862    | 2.9541           | 46.56%       |
| 2011/2012                    | 4,255,238,900         | 560,331,660          | 95,165,650            | 4,910,736,210    | 2,529,861,602             | 2,380,874,608    | 3.0239           | 48.48%       |
| 2012/2013                    | 4,452,887,970         | 537,500,490          | 100,832,450           | 5,091,220,910    | 2,720,133,213             | 2,371,087,697    | 3.1108           | 46.57%       |
| 2013/2014                    | 4,199,757,500         | 552,872,520          | 90,252,180            | 4,842,882,200    | 2,633,155,528             | 2,209,726,672    | 3.3913           | 45.63%       |
| 2014/2015                    | 4,192,804,920         | 557,759,982          | 86,924,710            | 4,837,489,612    | 2,577,220,294             | 2,260,269,318    | 3.4314           | 46.72%       |
| 2015/2016                    | 4,199,285,400         | 603,870,040          | 83,786,930            | 4,886,942,370    | 2,609,772,627             | 2,277,169,743    | 3.4778           | 46.60%       |
| 2016/2017                    | 4,317,332,400         | 638,702,010          | 105,036,200           | 5,061,070,610    | 2,733,570,369             | 2,327,500,241    | 3.5168           | 45.99%       |

(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

Net Assessed Value of Taxable Property

Last Ten Fiscal Years

| Tax Year/<br>Collection Year | Real Estate<br>Net Assessed<br>Value | Personal<br>Net Assessed<br>Value | Utilities<br>Net Assessed<br>Value | Total<br>Net Assessed<br>Value | Percent<br>Change |
|------------------------------|--------------------------------------|-----------------------------------|------------------------------------|--------------------------------|-------------------|
| 2007/2008                    | \$ 2,493,481,003                     | \$ 389,863,705                    | \$ 92,736,090                      | \$ 2,976,080,798               | -1.53%            |
| 2008/2009                    | 2,137,129,242                        | 435,866,407                       | 95,891,770                         | 2,668,887,419                  | -10.32%           |
| 2009/2010                    | 1,911,818,036                        | 443,253,787                       | 98,433,750                         | 2,453,505,573                  | -8.07%            |
| 2010/2011                    | 1,809,523,734                        | 413,918,368                       | 101,009,760                        | 2,324,451,862                  | -5.26%            |
| 2011/2012                    | 1,858,836,588                        | 426,872,370                       | 95,165,650                         | 2,380,874,608                  | 2.43%             |
| 2012/2013                    | 1,858,213,181                        | 412,042,066                       | 100,832,450                        | 2,371,087,697                  | -0.41%            |
| 2013/2014                    | 1,687,672,152                        | 431,802,340                       | 90,252,180                         | 2,209,726,672                  | -6.81%            |
| 2014/2015                    | 1,753,122,893                        | 420,221,715                       | 86,924,710                         | 2,260,269,318                  | 2.29%             |
| 2015/2016                    | 1,737,036,616                        | 456,346,197                       | 83,786,930                         | 2,277,169,743                  | 0.75%             |
| 2016/2017                    | 1,758,787,301                        | 463,676,740                       | 105,036,200                        | 2,327,500,241                  | 2.21%             |

Source: St. Joseph County Auditor's office

Assessed Value of Taxable Property

Last Ten Fiscal Years

| Tax Year/<br>Collection Year | Total<br>Gross Valuation | Deductions (1)   | Tax Exempt<br>Property | Tax Increment<br>Financing | Tax<br>Abatements | Net<br>Assessed<br>Valuation |
|------------------------------|--------------------------|------------------|------------------------|----------------------------|-------------------|------------------------------|
| 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                |
| 2016/2017                    | 5,061,070,610            | (1,334,844,637)  | (559,770,989)          | (743,657,399)              | (95,297,344)      | 2,327,500,241                |

(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.

| 2017 Deductions                 | 2014/2015               | 2015/2016               | 2016/2017               |
|---------------------------------|-------------------------|-------------------------|-------------------------|
| Homestead Standard Deduction    | \$ 814,820,960          | \$ 820,420,116          | \$ 828,638,094          |
| Supplemental Standard Deduction | 368,795,377             | 375,610,821             | 400,306,547             |
| Mortgage Deduction              | 44,358,618              | 42,985,922              | 40,717,260              |
| Veteran's Deduction             | 11,027,128              | 11,784,608              | 11,986,495              |
| Age 65 and Over Deduction       | 25,146,428              | 24,608,600              | 23,876,138              |
| Energy Systems Deduction        | 403,400                 | 388,200                 | 396,600                 |
| Blind & Disabled Deduction      | 5,714,123               | 5,643,351               | 5,646,155               |
| Fertilizer/Pesticide Deduction  | -                       | -                       | 114,555                 |
| Heritage Barn Deduction         | -                       | -                       | 10,000                  |
| Investment Deduction            | 22,657,069              | 24,479,572              | 23,152,793              |
| <b>Total</b>                    | <b>\$ 1,292,923,103</b> | <b>\$ 1,305,921,190</b> | <b>\$ 1,334,844,637</b> |

Source: St. Joseph County Auditor's Office Abstract

Property Tax Collections - Cash Basis

Last Ten Fiscal Years

| Fund Name                                     | Fund Number | 2008 Actual (2)     | 2009 Actual (3)      | 2010 Actual          | 2011 Actual         | 2012 Actual         | 2013 Actual         | 2014 Actual         | 2015 Actual         | 2016 Actual         | 2017 Actual         |
|---|-------------|---------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund                                  | 101         | \$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        | \$39,568,076        |
| Excess Levy                                   | 103         | -                   | -                    | -                    | -                   | -                   | -                   | 3,648               | -                   | -                   | -                   |
| Parks & Recreation                            | 201         | 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           | 9,033,731           |
| College Football Hall of Fame Debt Service    | 313         | 360,682             | 2,362,057            | 1,488,453            | 1,549,954           | 1,133,205           | 1,268,179           | 497,768             | 906,263             | 1,361,512           | 820,071             |
| River West TIF District (1)                   | 324         | 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          | 17,259,902          |
| Cumulative Capital Development                | 406         | 291,600             | 1,420,833            | 587,063              | 540,454             | 517,710             | 463,331             | 430,786             | 428,727             | 440,887             | 436,823             |
| South Bend Central Development Area TIF (1)   | 420         | 12,696              | 3,870,188            | 7,336,117            | 3,633,473           | 3,671,478           | 2,590,808           | 4,309,727           | -                   | -                   | -                   |
| West Washington Street TIF District           | 422         | 1,785               | 358,844              | 860,049              | 431,085             | 422,715             | 493,608             | 580,987             | 402,911             | 453,503             | 378,994             |
| Central Medical Service Area TIF District (1) | 426         | 2,793               | 919,174              | 3,524,962            | 1,704,238           | 1,606,915           | 1,221,676           | 851,211             | -                   | -                   | -                   |
| River East (Northeast) TIF District           | 429         | -                   | 22,191               | 195,400              | 715,063             | 1,351,048           | 841,627             | 1,568,240           | 2,421,308           | 2,348,608           | 2,630,887           |
| Southside Development Area TIF District       | 430         | 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           | 2,365,692           |
| Erskine Commons TIF District (5)              | 431         | 10                  | 1,240,184            | 5,978,592            | 784,373             | -                   | -                   | -                   | -                   | -                   | -                   |
| Erskine Village TIF District (5)              | 432         | 2,713               | 1,531,403            | 3,759,287            | 1,603,182           | -                   | 1,311,129           | 9,175               | 19,183              | -                   | -                   |
| Douglas Road TIF District                     | 435         | -                   | 125,294              | 460,760              | 306,053             | 285,713             | 323,939             | 321,895             | 270,758             | 345,262             | 379,255             |
| River East (Northeast) Residential TIF        | 436         | -                   | -                    | 1,815,829            | 2,446,103           | 2,514,048           | 2,262,765           | 2,725,909           | 3,129,681           | 3,932,947           | 4,262,917           |
| Airport Urban Enterprise                      | 454         | -                   | -                    | 301,430              | 123,165             | 111,721             | -                   | -                   | -                   | -                   | -                   |
| Fire Department Employees Pension (4)         | 701         | 462,375             | 1,437,539            | (5,867)              | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Police Department Employees Pension (4)       | 702         | 425,760             | 1,609,905            | (9,479)              | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Total</b>                                  |             | <b>\$18,631,151</b> | <b>\$119,144,153</b> | <b>\$ 98,267,940</b> | <b>\$72,962,173</b> | <b>\$72,904,530</b> | <b>\$69,980,289</b> | <b>\$72,037,669</b> | <b>\$70,914,834</b> | <b>\$76,708,415</b> | <b>\$77,136,348</b> |

(1) 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 and Village TIF District funds were released and outstanding bonds were paid off.

Source - City of South Bend Accounting Records

## City of South Bend, Indiana

# 2017 Circuit Breaker Property Tax Cap Credits

December 31, 2017

| Taxing Unit Name                               | (1%)<br>Homesteads  | (2%)<br>Other Residential<br>and Farmland | (3%)<br>All Other<br>Real/Personal | Elderly         | Total<br>Credits     |
|--|---------------------|---|------------------------------------|-----------------|----------------------|
| <b>City of South Bend (101,168 population)</b> |                     |   |                                    |                 |                      |
| South Bend Civil City                          | \$ 7,795,561        | \$ 13,683,497                             | \$ 10,908,442                      | \$33,569        | \$ 32,421,069        |
| TIF - SB So. #1 Centre                         | 3,366               | 37,501                                    | 1,007,625                          | -               | 1,048,492            |
| TIF - Douglas Road EDA                         | -                   | 2,898                                     | 152,809                            | -               | 155,707              |
| TIF - River East Clay                          | -                   | -   | 21,862                             | -               | 21,862               |
| TIF - River West German                        | 2,911               | 50,200                                    | 4,770,598                          | -               | 4,823,709            |
| TIF - SB West Washington                       | 6,354               | 42,175                                    | 139,492                            | 83              | 188,104              |
| TIF - SB So. #1 Portage                        | 4,127               | 49,553                                    | 49,442                             | -               | 103,122              |
| TIF - River West Portage                       | 14,162              | 415,243                                   | 2,977,673                          | -               | 3,407,078            |
| TIF - River West Warren                        | -                   | -   | 528,591                            | -               | 528,591              |
| TIF - River East Portage                       | 96,486              | 2,784,255                                 | 695,750                            | -               | 3,576,491            |
| <b>Total Credits</b>                           | <b>\$ 7,922,967</b> | <b>\$ 17,065,322</b>                      | <b>\$ 21,252,284</b>               | <b>\$33,652</b> | <b>\$ 46,274,225</b> |
| Per Capita Credits                             | 78.31               | 168.68                                    | 210.07                             | 0.33            | 457.40               |
| Percent of Total                               | 17.12%              | 36.88%                                    | 45.93%                             | 0.07%           | 100.00%              |

### Selected Benchmark Local Governments:

| Local Unit                    | Total<br>Credits | 2010<br>Population | Per Capita<br>Credits |
|-------------------------------|------------------|--------------------|-----------------------|
| South Bend Civil City         | \$ 32,421,068    | 101,168            | \$ 320                |
| Anderson Civil City           | 11,856,221       | 56,120             | 211                   |
| East Chicago Civil City       | 5,216,391        | 29,698             | 176                   |
| Elkhart Civil City            | 11,998,699       | 50,949             | 236                   |
| Evansville Civil City         | 10,967,158       | 117,429            | 93                    |
| Fort Wayne Civil City         | 19,385,574       | 253,691            | 76                    |
| Gary Civil City               | 39,394,467       | 80,294             | 491                   |
| Goshen Civil City             | 4,359,043        | 31,719             | 137                   |
| Hammond Civil City            | 9,340,181        | 80,830             | 116                   |
| Jeffersonville Civil City     | 3,646,336        | 44,953             | 81                    |
| Kokomo Civil City             | 9,936,873        | 45,468             | 219                   |
| Lafayette Civil City          | 1,868,196        | 61,140             | 31                    |
| LaPorte Civil City            | 2,630,116        | 22,053             | 119                   |
| Mishawka Civil City           | 4,729,491        | 48,252             | 98                    |
| Muncie Civil City             | 16,780,487       | 70,085             | 239                   |
| Noblesville Civil City        | 4,284,214        | 51,969             | 82                    |
| Saint Joseph County           | 7,838,731        | 266,931            | 29                    |
| South Bend School Corporation | 6,981,354        | 101,168            | 69                    |
| Terre Haute Civil City        | 12,283,546       | 60,785             | 202                   |

Notes: Circuit breaker tax cap credits are tax savings for taxpayers and revenue losses for local governmental units. Circuit breaker credits are highest in tax districts with the highest tax rates. These are usually districts that include cities or towns because the municipal tax rate is included in the district tax rate. This means that most circuit breaker credits are in cities and towns and in units that overlap cities and towns.

Sources - Circuit Breaker Report. Prepared by the Legislative Services Agency, December 20, 2016 ([www.iga.in.gov](http://www.iga.in.gov)). County Property Tax Studies, Saint Joseph County, Property Tax Changes in Saint Joseph County between 2016 and 2017. Prepared by the Legislative Services Agency, October 2016. ([www.iga.in.gov](http://www.iga.in.gov)). U.S. Census Bureau, 2010 Census information (<http://factfinder.census.gov/>).

Principal Property Taxpayers - Current and Nine Years Ago

December 31, 2017

| Taxpayer  | Type of Business           | 2017                   |      |                  | 2008                   |      |                  |
|---|----------------------------|------------------------|------|------------------|------------------------|------|------------------|
|   |                            | Net Assessed Value (1) | Rank | Percent of Total | Net Assessed Value (2) | Rank | Percent of Total |
| Indiana Michigan Power Company - AEP                    | Utility                    | \$ 50,290,160          | 1    | 2.16%            | \$ 20,498,400          | 6    | 0.81%            |
| University of Notre Dame                                | Higher Education           | 43,287,836             | 2    | 1.86%            | -                      |      |                  |
| Edward Rose of Indiana                                  | Apartments and Real Estate | 37,011,700             | 3    | 1.59%            | 83,866,500             | 1    | 3.33%            |
| Honeywell International, Inc.                           | Airplane and Auto Parts    | 35,957,771             | 4    | 1.54%            | -                      |      |                  |
| Steel Warehouse Co., Inc./Lock Joint Tube LLC           | Steel Processing           | 33,327,984             | 5    | 1.43%            |                        |      |                  |
| Indiana Bell - AT&T Inc.                                | Telecommunications         | 33,185,910             | 6    | 1.43%            | -                      |      |                  |
| JVE Investments LLC/The Tire Rack                       | Automotive Parts           | 24,703,590             | 7    | 1.06%            | -                      |      |                  |
| Federal-Mogul Powertrain Systems                        | Automotive Parts           | 23,751,180             | 8    | 1.02%            | -                      |      |                  |
| NIPSCO  | Utility                    | 22,260,990             | 9    | 0.96%            | -                      |      |                  |
| Eddy Property Development, Inc./South Bend Clinic       | Health Care                | 21,728,410             | 10   | 0.93%            |                        |      |                  |
| Castle Point Apartments                                 | Apartments & Real Estate   | -                      |      |                  | 47,934,500             | 2    | 1.90%            |
| Memorial Health Systems, Inc.                           | Health Care                | -                      |      |                  | 34,070,700             | 3    | 1.35%            |
| Park Jefferson Realty                                   | Apartments and Real Estate | -                      |      |                  | 27,273,300             | 4    | 1.08%            |
| Wal Mart  | Retail Store               | -                      |      |                  | 24,967,700             | 5    | 0.99%            |
| 1st Source Bank   | Financial Institution      | -                      |      |                  | 18,058,100             | 7    | 0.72%            |
| Meijer  | Retail Store               | -                      |      |                  | 16,817,800             | 8    | 0.67%            |
| Marriott Hotel  | Hotel                      | -                      |      |                  | 15,565,600             | 9    | 0.62%            |
| Maple Lane Apartments                                   | Apartments and Real Estate | -                      |      |                  | 15,033,500             | 10   | 0.60%            |
| <b>Total Net Assessed Value - Ten Largest Taxpayers</b> |                            | <b>\$ 325,505,531</b>  |      | 13.99%           | <b>\$ 304,086,100</b>  |      | 12.07%           |
| <b>Total Net Assessed Value (3)</b>                     |                            | <b>\$2,327,500,241</b> |      | 100.00%          | <b>\$2,520,098,365</b> |      | 100.00%          |

Source:

(1) Crowe Horwath LLP

(2) 2008 Comprehensive Annual Financial Report

(3) St. Joseph County Auditor

| Distribution Year | County Economic Development Income Tax (EDIT) Revenue |                                   |                |                              |                |                                  |                                     |
|-------------------|---|-----------------------------------|----------------|------------------------------|----------------|----------------------------------|-------------------------------------|
|                   | EDIT (1) Tax Rate                                     | Total Est County EDIT Collections | Rate of Growth | South Bend EDIT Distribution | Rate of Growth | South Bend as a Percent of Total | Actual City Collections During Year |
| 2008              | 0.20%   | \$ 11,136,493                     | 5.48%          | \$ 3,997,997                 | 7.98%          | 35.90%                           | \$ 3,997,997                        |
| 2009              | 0.20%   | 11,938,605                        | 7.20%          | 4,612,694                    | 15.38%         | 38.64%                           | 3,843,912                           |
| 2010              | (2) 0.40%   | 22,789,919                        | 90.89%         | 8,321,633                    | 80.41%         | 36.51%                           | 9,090,415                           |
| 2011              | (3) 0.40%   | 18,826,685                        | -17.39%        | 7,300,866                    | -12.27%        | 38.78%                           | 7,300,866                           |
| 2012              | (4) 0.40%   | 17,649,256                        | -6.25%         | 8,324,626                    | 14.02%         | 47.17%                           | 9,068,785                           |
| 2013              | 0.40%   | 20,611,415                        | 16.78%         | 8,177,352                    | -1.77%         | 39.67%                           | 8,177,352                           |
| 2014              | 0.40%   | 22,063,091                        | 7.04%          | 8,796,821                    | 7.58%          | 39.87%                           | 8,796,821                           |
| 2015              | 0.40%   | 23,081,049                        | 4.61%          | 9,181,206                    | 4.37%          | 39.78%                           | 9,181,206                           |
| 2016              | 0.40%   | 23,733,626                        | 2.83%          | 9,594,602                    | 4.50%          | 40.43%                           | 9,594,602                           |
| 2017              | 0.40%   | 26,149,949                        | 10.18%         | 10,600,122                   | 10.48%         | 40.54%                           | 10,600,122                          |
| Total             |   | <b>\$ 197,980,088</b>             |                | <b>\$ 78,907,919</b>         |                | 39.86%                           | <b>\$ 79,652,078</b>                |

(1) This tax was first enacted as of July 1, 1995 at the rate of 0.1% of City residents' adjusted gross income. The rate was increased to 0.2% effective July 1, 1997.

(2) The CEDIT tax rate for 2010 and subsequent years was increased by City of South Bend Common Council and the Saint Joseph County Common Council.

(3) In 2011, the State of Indiana underpaid due to an accounting error.

(4) The City's 2012 CEDIT distribution included \$744,159, the amount the State of Indiana underpaid the City in 2011.

Source - State of Department of Local Government Finance CEDIT Distribution Reports  
City of South Bend Accounting Records

| Distribution Year | County Option Income Tax (COIT) Revenue |                                 |                |                              |                |                                  |                                     |
|-------------------|---|---------------------------------|----------------|------------------------------|----------------|----------------------------------|-------------------------------------|
|                   | COIT Tax Rate (1)                       | Total County COIT Distributions | Rate of Growth | South Bend COIT Distribution | Rate of Growth | South Bend as a Percent of Total | Actual City Collections During Year |
| 2008              | 0.60%                                   | \$ 20,689,958                   | 21.75%         | \$ 6,382,478                 | 23.67%         | 30.85%                           | \$ 6,192,452                        |
| 2009              | 0.60%                                   | 26,973,887                      | 30.37%         | 8,952,424                    | 40.27%         | 33.19%                           | 8,302,694                           |
| 2010              | 0.60%                                   | 25,147,806                      | -6.77%         | 7,855,776                    | -12.25%        | 31.24%                           | 7,648,824                           |
| 2011              | (2) 0.60%                               | 19,907,430                      | -20.84%        | 6,458,586                    | -17.79%        | 32.44%                           | 7,097,462                           |
| 2012              | (3) 0.60%                               | 22,536,457                      | 13.21%         | 7,691,991                    | 19.10%         | 34.13%                           | 8,610,742                           |
| 2013              | 0.60%                                   | 22,923,958                      | 1.72%          | 7,846,939                    | 2.01%          | 34.23%                           | 7,846,939                           |
| 2014              | 0.60%                                   | 25,275,541                      | 10.26%         | 8,645,811                    | 10.18%         | 34.21%                           | 8,645,811                           |
| 2015              | 0.60%                                   | 26,435,155                      | 4.59%          | 8,859,912                    | 2.48%          | 33.52%                           | 8,859,912                           |
| 2016              | 0.60%                                   | 27,898,910                      | 5.54%          | 9,454,023                    | 6.71%          | 33.89%                           | 9,454,023                           |
| 2017              | 0.60%                                   | <u>26,149,949</u>               | -6.27%         | <u>10,459,265</u>            | 10.63%         | 40.00%                           | <u>10,459,265</u>                   |
| Total             |   | <b><u>\$ 243,939,051</u></b>    |                | <b><u>\$ 82,607,205</u></b>  |                | 33.86%                           | <b><u>\$ 83,118,124</u></b>         |

(1) This tax was first enacted as of July 1, 1997 at the rate of 0.2% of City residents' adjusted gross income. The COIT rate increased 0.1% each year until it reached 0.6% as of July 1, 2001. The above collections/distribution amounts are net of the additional homestead credits that accompanied the passage of this income tax.

(2) In 2011, the State of Indiana underpaid due to an accounting error.

(3) The City's 2012 COIT distribution included \$918,751, the amount the State of Indiana underpaid the City in 2011.

Source - State of Indiana Department of Local Government Finance COIT Distribution Reports  
City of South Bend Accounting Records

Public Safety Local Option Income Tax (PS LOIT) Revenue

| Distribution Year |     | PS LOIT Tax Rate | Total County LOIT Distributions | Rate of Growth | South Bend LOIT Distribution | Rate of Growth | South Bend as a Percent of Total | Actual City Collections During Year |
|-------------------|-----|------------------|---------------------------------|----------------|------------------------------|----------------|----------------------------------|-------------------------------------|
| 2010              | (1) | 0.25%            | \$ 13,846,267                   | 100.00%        | \$ 6,078,454                 | 100.00%        | 43.90%                           | \$ 6,078,454                        |
| 2011              | (2) | 0.25%            | 11,371,882                      | -17.87%        | 5,293,619                    | -12.91%        | 46.55%                           | 5,293,619                           |
| 2012              | (3) | 0.25%            | 10,644,975                      | -6.39%         | 6,056,334                    | 14.41%         | 56.89%                           | 6,605,601                           |
| 2013              |     | 0.25%            | 12,457,864                      | 17.03%         | 5,892,356                    | -2.71%         | 47.30%                           | 5,892,386                           |
| 2014              |     | 0.25%            | 13,476,753                      | 8.18%          | 6,380,029                    | 8.28%          | 47.34%                           | 6,380,029                           |
| 2015              |     | 0.25%            | 13,734,382                      | 1.91%          | 6,466,190                    | 1.35%          | 47.08%                           | 6,466,190                           |
| 2016              |     | 0.25%            | 14,237,777                      | 3.67%          | 6,791,160                    | 5.03%          | 47.70%                           | 6,791,160                           |
| 2017              |     | 0.25%            | <u>15,673,247</u>               | 10.08%         | <u>7,467,618</u>             | 9.96%          | 47.65%                           | <u>7,467,618</u>                    |
| Total             |     |                  | <b><u>\$ 105,443,147</u></b>    |                | <b><u>\$ 50,425,760</u></b>  |                | 47.82%                           | <b><u>\$ 50,975,057</u></b>         |

(1) This tax was effective in October 2009 at the rate of 0.25% of City residents' adjusted gross income. The measure is being used to support the Public Safety operations consisting of the Police Department and the Fire Department, to keep the staffing levels at their full complement.

(2) In 2011, the State of Indiana underpaid due to an accounting error.

(3) The City's 2012 PS LOIT distribution included \$549,267, the amount the State of Indiana underpaid the City in 2011.

Source - State of Indiana Department of Local Government Finance LOIT Public Safety Distribution Reports  
City of South Bend Accounting Records

Total County Income Tax Distributions by Taxing Unit

Last Ten Years

| Unit of Government                           | 2008                | 2009                | 2010                 | 2011                | 2012                | 2013                | 2014                | 2015                | 2016                | 2017                |
|--|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total County Certified Distribution          | \$32,574,042        | \$34,801,729        | \$ 33,231,041        | \$27,292,516        | \$29,898,874        | \$29,898,874        | \$32,344,207        | \$32,962,518        | \$34,170,664        | \$37,640,869        |
| Less: Homestead Credit (1)                   | (11,884,084)        | (7,827,842)         | (8,083,235)          | (7,385,086)         | (7,362,417)         | (6,974,918)         | (7,068,666)         | (6,527,363)         | (6,271,754)         | (6,319,453)         |
| Total Distributive Shares                    | <b>\$20,689,958</b> | <b>\$26,973,887</b> | <b>\$ 25,147,806</b> | <b>\$19,907,430</b> | <b>\$22,536,457</b> | <b>\$22,923,956</b> | <b>\$25,275,541</b> | <b>\$26,435,155</b> | <b>\$27,898,910</b> | <b>\$31,321,416</b> |
| Distributive Shares/Total County Distributic | 63.52%              | 77.51%              | 75.68%               | 72.94%              | 75.38%              | 76.67%              | 78.15%              | 80.20%              | 81.65%              | 83.21%              |
| <b>Amount</b>                                |                     |                     |                      |                     |                     |                     |                     |                     |                     |                     |
| St. Joseph County                            | \$ 8,825,206        | \$10,358,300        | \$ 9,819,576         | \$ 7,383,180        | \$ 7,986,750        | \$ 8,460,192        | \$ 9,314,201        | \$ 9,611,416        | \$ 9,983,016        | \$10,908,099        |
| Townships                                    | 820,241             | 1,180,913           | 1,168,352            | 1,054,827           | 1,244,481           | 954,332             | 1,069,408           | 1,541,211           | 1,695,662           | 2,396,851           |
| City of South Bend - Civil City              | 6,266,381           | 8,748,506           | 7,677,730            | 6,304,224           | 7,511,976           | 7,711,609           | 8,483,839           | 8,754,940           | 9,275,956           | 10,267,284          |
| City of South Bend - Redevelopment           | 116,097             | 203,918             | 178,046              | 154,363             | 184,790             | 135,330             | 161,972             | 104,972             | 178,067             | 191,981             |
| Other Cities & Towns                         | 2,367,929           | 3,592,330           | 3,462,786            | 2,667,400           | 3,077,335           | 3,137,086           | 3,378,481           | 3,508,422           | 3,683,131           | 4,118,009           |
| Libraries                                    | 1,646,819           | 2,007,809           | 2,042,942            | 1,762,365           | 1,879,376           | 1,849,933           | 2,126,185           | 2,144,046           | 2,279,241           | 2,541,672           |
| Special Districts                            | 647,285             | 882,111             | 798,374              | 581,071             | 651,749             | 675,474             | 741,455             | 770,148             | 803,837             | 897,520             |
| Total  | <b>\$20,689,958</b> | <b>\$26,973,887</b> | <b>\$ 25,147,806</b> | <b>\$19,907,430</b> | <b>\$22,536,457</b> | <b>\$22,923,956</b> | <b>\$25,275,541</b> | <b>\$26,435,155</b> | <b>\$27,898,910</b> | <b>\$31,321,416</b> |
| <b>Percentage of Distribution</b>            |                     |                     |                      |                     |                     |                     |                     |                     |                     |                     |
| St. Joseph County                            | 42.65%              | 38.40%              | 39.05%               | 37.09%              | 35.44%              | 36.91%              | 36.85%              | 36.36%              | 35.78%              | 34.83%              |
| Townships                                    | 3.96%               | 4.38%               | 4.65%                | 5.30%               | 5.52%               | 4.16%               | 4.23%               | 5.83%               | 6.08%               | 7.65%               |
| City of South Bend - Civil City              | 30.29%              | 32.43%              | 30.53%               | 31.67%              | 33.33%              | 33.64%              | 33.57%              | 33.12%              | 33.25%              | 32.78%              |
| City of South Bend - Redevelopment           | 0.56%               | 0.76%               | 0.71%                | 0.78%               | 0.82%               | 0.59%               | 0.64%               | 0.40%               | 0.64%               | 0.61%               |
| Other Cities & Towns                         | 11.44%              | 13.32%              | 13.77%               | 13.40%              | 13.65%              | 13.68%              | 13.37%              | 13.27%              | 13.20%              | 13.15%              |
| Libraries                                    | 7.96%               | 7.44%               | 8.12%                | 8.85%               | 8.34%               | 8.07%               | 8.41%               | 8.11%               | 8.17%               | 8.11%               |
| Special Districts                            | 3.14%               | 3.27%               | 3.17%                | 2.91%               | 2.90%               | 2.95%               | 2.93%               | 2.91%               | 2.88%               | 2.87%               |
| Total  | 100.00%             | 100.00%             | 100.00%              | 100.00%             | 100.00%             | 100.00%             | 100.00%             | 100.00%             | 100.00%             | 100.00%             |

(1) A portion of the county option income tax is used for property tax relief through homestead credits for residential property owners.

Source - State of Indiana Department of Local Government Finance COIT Distribution Reports

Ten Largest Water Customers

December 31, 2017

| Name  | 2017<br>Revenue                 | Percentage of<br>Total Water<br>Operating<br>Revenue | Usage<br>CCF* |
|---|---------------------------------|--|---------------|
| South Bend Community School Corporation         | \$ 141,966                      | 0.93%  | 103,068       |
| Memorial Hospital of South Bend                 | 100,183                         | 0.66%  | 79,065        |
| South Bend Park Department                      | 92,285                          | 0.60%  | 79,441        |
| Irish Hills Apartments                          | 88,440                          | 0.58%  | 73,105        |
| Honeywell Aerospace Co                          | 68,378                          | 0.45%  | 63,797        |
| Indiana University South Bend                   | 68,355                          | 0.45%  | 42,797        |
| Indian Springs Apartments and Townhouses        | 62,244                          | 0.41%  | 47,054        |
| Housing Authority of South Bend                 | 55,049                          | 0.36%  | 34,054        |
| St Joseph County Maintenance Department         | 45,467                          | 0.30%  | 50,566        |
| Aramark Uniform Services                        | 44,475                          | 0.29%  | 56,848        |
| <br>Total of Ten Largest Water Customers        | <br><b><u>\$ 766,842</u></b>    | <br>5.02%  |               |
| <br>Total for Operating Revenue for Water Works | <br><b><u>\$ 15,283,325</u></b> | <br>100.00%  |               |

\*Hundreds of Cubic Feet

Source: City of South Bend Water Utility

Ten Largest Sewage Works Customers

December 31, 2017

| Name  | 2017<br>Revenue      | Percentage of<br>Total Water<br>Sewer<br>Revenue | Usage<br>CCF* |
|---|----------------------|--|---------------|
| I/N TEK Plant                                 | \$ 2,142,320         | 5.52%  | 744,181       |
| University of Notre Dame                      | 1,348,806            | 3.48%  | 536,302       |
| Noble Americas Ethanol                        | 582,602              | 1.50%  | 178,925       |
| South Bend Community School Corp.             | 371,560              | 0.96%  | 67,314        |
| Memorial Hospital                             | 366,790              | 0.95%  | 67,480        |
| Honeywell Aerospace Co                        | 308,631              | 0.80%  | 59,508        |
| Irish Hills Apartments                        | 224,000              | 0.58%  | 53,271        |
| Indiana Springs Apartments and Townhomes      | 223,942              | 0.58%  | 38,754        |
| Indiana University of South Bend              | 206,746              | 0.53%  | 29,320        |
| Aramark Uniform Services                      | 188,945              | 0.49%  | 56,848        |
| <b>Total of Ten Largest Sewer Customers</b>   | <b>\$ 5,964,342</b>  | 15.37%   |               |
| <b>Total Operating Revenue for Wastewater</b> | <b>\$ 38,794,212</b> |  |               |

\*Hundreds of Cubic Feet

Source: City of South Bend Sewage Works Utility

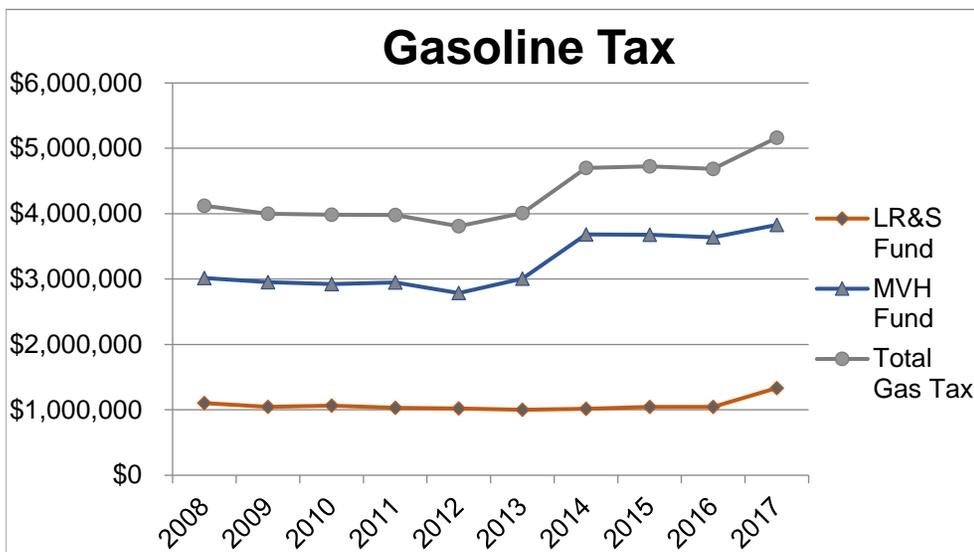
## Gasoline Tax Collections - Cash Basis

**Last Ten Fiscal Years**

| Year | LR&S<br>Fund | MVH<br>Fund  | Total Gas<br>Tax | %<br>Change |
|------|--------------|--------------|------------------|-------------|
| 2008 | \$ 1,104,260 | \$ 3,016,198 | \$ 4,120,458     | -6.68%      |
| 2009 | 1,045,477    | 2,954,086    | 3,999,563        | -2.93%      |
| 2010 | 1,064,149    | 2,922,165    | 3,986,314        | -0.33%      |
| 2011 | 1,030,958    | 2,951,072    | 3,982,030        | -0.11%      |
| 2012 | 1,022,508    | 2,786,592    | 3,809,100        | -4.34%      |
| 2013 | 1,001,871    | 3,006,122    | 4,007,993        | 5.22%       |
| 2014 | 1,017,383    | 3,682,329    | 4,699,712        | 17.26%      |
| 2015 | 1,045,516    | 3,679,371    | 4,724,887        | 0.54%       |
| 2016 | 1,046,446    | 3,640,561    | 4,687,007        | -0.80%      |
| 2017 | 1,334,565    | 3,829,167    | 5,163,732        | 10.17%      |

Distributions of gas tax revenue are made monthly by the Indiana Department of Revenue to the Local Road and Street (LR&S) and Motor Vehicle Highway (MVH) funds for use in construction and maintenance of streets and highways. Distributions are based on a complex formula developed by the State of Indiana. The formula takes into account population, road and street mileage and other factors. Gas tax revenue was declining in prior years due to the economy and more fuel efficient vehicles, however, due to an improvement in the economy and temporary increase in state funding for two years, total gas tax increased in 2014. Gas tax remained consistent in 2016. Legislation passed by the Indiana General Assembly in 2017 will increase gas tax collections in the LR&S and MVH funds by 49% and 40% respectively.

Source: City Accounting Records



**City of South Bend, Indiana**

**Wheel and Excise Surtax Collections**

**Cash Basis**

**Last Ten Years**

| Year | 2017<br>Wheel & Excise Tax | %<br>Change |
|------|----------------------------|-------------|
| 2008 | \$ 2,040,751               | 3.80%       |
| 2009 | 1,893,982                  | -7.19%      |
| 2010 | 1,975,397                  | 4.30%       |
| 2011 | 1,863,283                  | -5.68%      |
| 2012 | 1,795,538                  | -3.64%      |
| 2013 | 2,045,213                  | 13.91%      |
| 2014 | 1,637,707                  | -19.92%     |
| 2015 | 2,135,441                  | 30.39%      |
| 2016 | 2,006,547                  | -6.04%      |
| 2017 | 2,211,731                  | 10.23%      |

Effective January 1, 2004, St. Joseph County enacted a wheel tax and annual license excise surtax as allowed by Indiana State law to provide additional funding for road maintenance and repair. Indiana State law allows an annual wheel tax of \$5-40 per vehicle and an annual license excise surtax of 2-10%. St. Joseph County has enacted a \$25 County Excise surtax. The tax applies to all passenger cars, trucks less than 11,000 pounds, buses, tractors and motorcycles registered in the County. (Other rates apply to recreational vehicles, semitrailers and trucks exceeding 11,000 pounds.) The tax is collected by the Indiana Bureau of Motor Vehicles, remitted to the County and distributed monthly to the local units based on population and road miles.

Increase in the 2015 wheel tax due to 13 months of taxes being collected during the year (September 2014 - September 2015). Prior year tax collections were several months behind.

Source: City of South Bend Accounting Records

## Hotel/Motel Tax Revenue - Cash Basis - City Distributions

Last Ten Fiscal Years

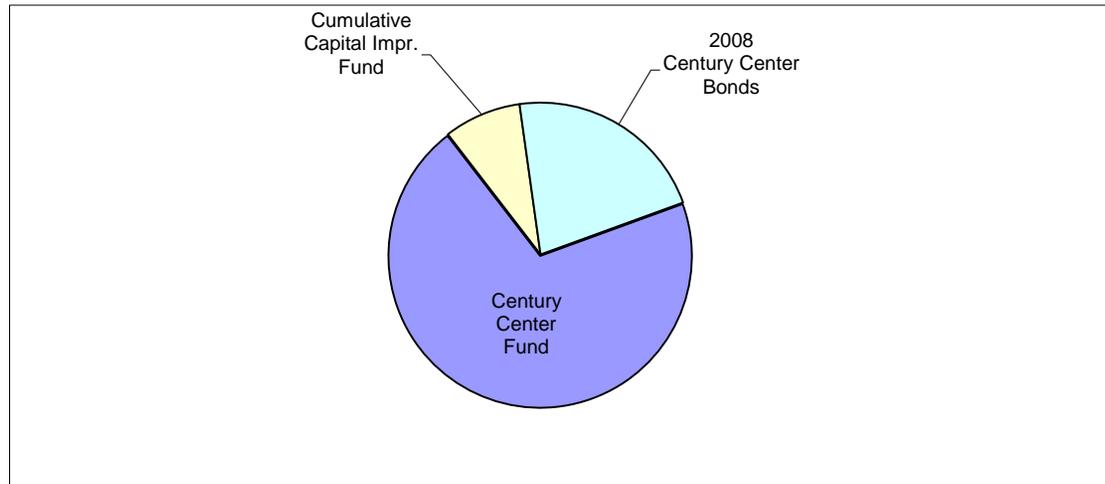
| Year | -----Paid to City of South Bend----- |                                   |                               |                           |                                      | -----Direct Payments----- |                           |                               |                       |         | % Change |
|------|--------------------------------------|-----------------------------------|-------------------------------|---------------------------|--------------------------------------|---------------------------|---------------------------|-------------------------------|-----------------------|---------|----------|
|      | Century Center Fund                  | Professional Sports Develop. Fund | Cumulative Capital Impr. Fund | 2008 Century Center Bonds | Subtotal: Paid to City of South Bend | 1992 Century Center Bonds | 2008 Century Center Bonds | Other Century Center Projects | Total Hotel/Motel Tax |         |          |
| 2008 | \$ 1,497,390                         | \$ 589,620                        | \$ 150,000                    | \$ -                      | \$ 2,237,010                         | \$ 356,918                | \$ -                      | \$ 694,135                    | \$ 3,288,063          | 30.99%  |          |
| 2009 | 1,347,651                            | 530,137                           | 150,000                       | -                         | 2,027,788                            | -                         | 198,500                   | 265,258                       | 2,491,546             | -24.22% |          |
| 2010 | 1,313,152                            | 521,800                           | 150,000                       | 399,000                   | 2,383,952                            | -                         | -                         | 97,000                        | 2,480,952             | -0.43%  |          |
| 2011 | 1,313,436                            | 494,325                           | 150,000                       | 400,000                   | 2,357,761                            | -                         | -                         | -                             | 2,357,761             | -4.97%  |          |
| 2012 | 1,313,436                            | 489,152                           | 150,000                       | 398,000                   | 2,350,588                            | -                         | -                         | -                             | 2,350,588             | -0.30%  |          |
| 2013 | 1,313,436                            | -                                 | 150,000                       | 398,500                   | 1,861,936                            | -                         | -                         | -                             | 1,861,936             | -20.79% |          |
| 2014 | 1,313,450                            | -                                 | 150,000                       | 400,000                   | 1,863,450                            | -                         | -                         | 457,739                       | 2,321,189             | 24.67%  |          |
| 2015 | 1,313,450                            | -                                 | 150,000                       | 492,000                   | 1,955,450                            | -                         | -                         | 976,855                       | 2,932,305             | 26.33%  |          |
| 2016 | 1,313,450                            | -                                 | 150,000                       | 396,000                   | 1,859,450                            | -                         | -                         | 713,601                       | 2,573,051             | -12.25% |          |
| 2017 | 1,275,000                            | -                                 | 150,000                       | 394,000                   | 1,819,000                            | -                         | -                         | 546,965                       | 2,365,965             | -8.05%  |          |

The hotel/motel tax was enacted in 1973 and the current tax rate is 6%. The tax is accounted for in a fund of the Saint Joseph County government and is administered by the 11 member Saint Joseph County Board of Managers for Hotel-Motel Tax. Appointments to the Board of Managers are made by the Mayors of South Bend and Mishawaka and the Saint Joseph County Commissioners.

Proceeds from the hotel/motel tax fund are budgeted and distributed annually to important economic development and tourism projects in the County. South Bend receives distributions for the operations, maintenance and debt service of Century Center (convention center), the Cumulative Capital Development Fund (used for repayment of 1994 Century Center Bonds), repayment of a 2008 Century Center Bond and other capital projects. Hotel/Motel tax will also be used to pay the 2015 Energy Conservation Bond which was issued by the City for the energy improvements made at the Century Center in 2015.

The hotel/motel tax fund also supports other activities not included in the City of South Bend's financial statements such as the South Bend/Mishawaka Convention and Visitors Bureau. The total distribution of hotel/motel tax during 2017 to all organizations was \$4,416,002. The cash balance in the County Hotel/Motel Tax Fund was \$5,453,192 at December 31, 2017.

Source: City of South Bend Accounting Records and Saint Joseph County Auditor's Office



Professional Sports Development Area (PSDA) Tax - Cash Basis

Last Ten Fiscal Years

| Year | Total PSDA Tax | % Change |
|------|----------------|----------|
| 2008 | \$ 396,873     | 2.34%    |
| 2009 | 617,304        | 55.54%   |
| 2010 | 640,760        | 3.80%    |
| 2011 | 409,020        | -36.17%  |
| 2012 | 721,763        | 76.46%   |
| 2013 | 597,111        | -17.27%  |
| 2014 | 551,252        | -7.68%   |
| 2015 | 628,261        | 13.97%   |
| 2016 | 760,390        | 21.03%   |
| 2017 | 409,659        | -46.13%  |

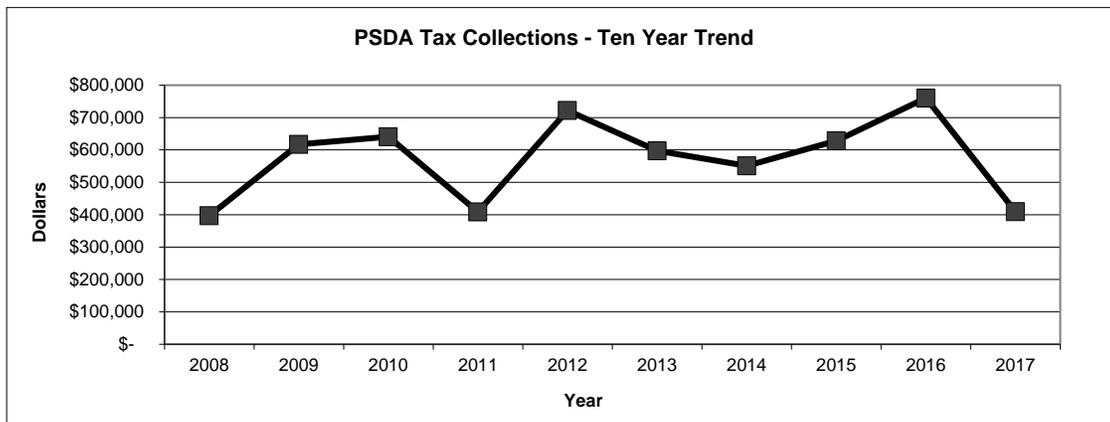
The Professional Sports Development Area (PSDA) tax is a combination of Indiana state income tax withholding, local income tax withholding and sales tax withholding from businesses and employees in South Bend's designated PSDA area, which includes the College Football Hall of Fame, Century Center, Coveleski Stadium, Morris Performing Arts Center, Palais Royale Ballroom and Studebaker National Museum. South Bend's PSDA area was formed on November 3, 1997 and expires on December 31, 2027. PSDA capture of state sales and income taxes ended in 2017.

The PSDA taxes are collected by the Indiana Department of Revenue and are remitted on a monthly basis to Saint Joseph County which issues a check to the City of South Bend. There are currently four professional sports development areas in the State--South Bend, Indianapolis/Marion County, Evansville and Ft. Wayne.

PSDA tax revenue increased in 2009 primarily due to the increase in the State of Indiana sales tax rate from 6% to 7% and the increase in local option income taxes from .8% to 1.75% as a consequence of property tax reform. PSDA tax revenue decreased in 2011 due to delays in payments in amounts owed by the State until 2012. The decrease PSDA tax revenues in 2014 were due to a delay in payments from the state whereas the increase in 2015 is due to 12 months of receipts being deposited.

In prior years, PSDA tax revenue has been used to fund the College Football Hall of Fame Capital Fund. PSDA tax revenue is pledged to pay debt service on 2010 Coveleski Stadium Taxable Revenue bonds in the amount of \$4,980,000 issued on December 23, 2010. The bond proceeds were used to make certain capital improvements to the City-owned facility. The operations of the minor league baseball team (South Bend Cubs) in the stadium accounts for the majority of PSDA tax revenue earned each year.

Source: City of South Bend Accounting Records



## City of South Bend, Indiana

### Cable Television Franchise Fee Collections - Cash Basis

**Last Ten Years**

| Year | Comcast    | AT&T    | Total Franchise Fees | % Change |
|------|------------|---------|----------------------|----------|
| 2008 | \$ 694,387 | \$ -    | \$ 694,387           | 0.27%    |
| 2009 | 702,048    | 41,043  | 743,091              | 7.01%    |
| 2010 | 817,023    | 131,263 | 948,286              | 27.61%   |
| 2011 | 677,949    | 176,586 | 854,535              | -9.89%   |
| 2012 | 691,586    | 192,621 | 884,207              | 3.47%    |
| 2013 | 736,071    | 191,529 | 927,600              | 4.91%    |
| 2014 | 717,156    | 238,309 | 955,465              | 3.00%    |
| 2015 | 723,676    | 281,873 | 1,005,549            | 5.24%    |
| 2016 | 749,565    | 256,611 | 1,006,176            | 0.06%    |
| 2017 | 771,128    | 156,394 | 927,522              | -7.82%   |

Pursuant to Indiana State law, the City of South Bend receives video franchise fees in the amount of 5% of gross revenue for cable operations in the City. The payments are made to the City on a quarterly basis. The franchise agreement with Comcast was effective October 19, 1998 and the franchise agreement with AT&T was effective January 1, 2009.

The video franchise fee revenue is deposited in the General Fund and is used for general operating costs. A portion of the proceeds (\$43,000) are spent on support of the local public access channel.

Under Indiana State law, the City is required to submit an Annual Franchise Fee Report (State Form 55122) summarizing franchise fee revenue received during the year and the purpose for which the revenue was expended. The report must be filed with the Indiana Utility Regulatory Commission by March 1st of the following year.

Source: City of South Bend Accounting Records

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## Debt Capacity

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These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

**Computation of Legal Debt Margin**

**December 31, 2017**

**Civil City**

|  |                             |
|--|-----------------------------|
| Net Assessed Valuation (2016 pay 2017) of Taxable Property in South Bend | \$ 2,327,500,241            |
| Debt limit: 2% of one third thereof                                      | 15,516,668                  |
| Less Bonds subject to limitation:  |                             |
| Economic Development Income Tax Bonds of 2015<br>(Parks Bond)            | <u>(5,190,000)</u>          |
| Issuance Margin  | <u><b>\$ 10,326,668</b></u> |
| Percentage of Debt to Debt Limit   | 33.45%                      |

**Redevelopment District**

|  |                             |
|--|-----------------------------|
| Net Assessed Valuation (2016 pay 2017) of Taxable Property in South Bend | \$ 2,327,500,241            |
| Debt limit: 2% of one third thereof                                      | 15,516,668                  |
| Less Bonds subject to limitation:  |                             |
| Special Taxing District Bonds of 2014                                    | <u>(1,795,000)</u>          |
| Issuance Margin  | <u><b>\$ 13,721,668</b></u> |
| Percentage of Debt to Debt Limit   | 11.57%                      |

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.

|                                    | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Civil City</b>                  |              |              |              |              |              |              |              |              |              |              |
| Debt Limit (1)                     | \$19,840,538 | \$17,792,583 | \$16,356,704 | \$15,495,323 | \$15,599,467 | \$15,579,379 | \$14,731,511 | \$15,068,462 | \$15,181,132 | \$15,516,668 |
| Total Net Debt Applicable To Limit | 6,105,000    | 5,500,000    | 9,850,000    | 8,910,000    | 7,650,000    | 6,335,000    | 4,970,000    | 7,270,000    | 5,835,000    | 5,190,000    |
| Debt Margin                        | 13,735,538   | 12,292,583   | 6,506,704    | 6,585,323    | 7,949,467    | 9,244,379    | 9,761,511    | 7,798,462    | 9,346,132    | 10,326,668   |
| Percentage of Debt Limit           | 30.77%       | 30.91%       | 60.22%       | 57.50%       | 49.04%       | 40.66%       | 33.74%       | 48.25%       | 38.44%       | 33.45%       |
| <b>Redevelopment District</b>      |              |              |              |              |              |              |              |              |              |              |
| Debt Limit (1)                     | \$19,840,538 | \$17,792,583 | \$16,356,704 | \$15,495,323 | \$15,599,467 | \$15,579,379 | \$14,731,511 | \$15,068,462 | \$15,181,132 | \$15,516,668 |
| Total Net Debt Applicable To Limit | 5,300,000    | 5,010,000    | 4,715,000    | 4,085,000    | 4,085,001    | 3,405,000    | 3,010,000    | 2,615,000    | 2,210,000    | 1,795,000    |
| Debt Margin                        | 14,540,538   | 12,782,583   | 11,641,704   | 11,410,323   | 11,514,466   | 12,174,379   | 11,721,511   | 12,453,462   | 12,971,132   | 13,721,668   |
| Percentage of Debt Limit           | 26.71%       | 28.16%       | 28.83%       | 26.36%       | 26.19%       | 21.86%       | 20.43%       | 17.35%       | 14.56%       | 11.57%       |

(1) A 2% of net assessed value debt limit has been established by the Constitution of the State of Indiana for certain type of debt including general obligation bonds, Economic Development Income Tax bonds and tax revenue notes. This limitation does not apply to revenue bonds payable from governmental or proprietary funds.

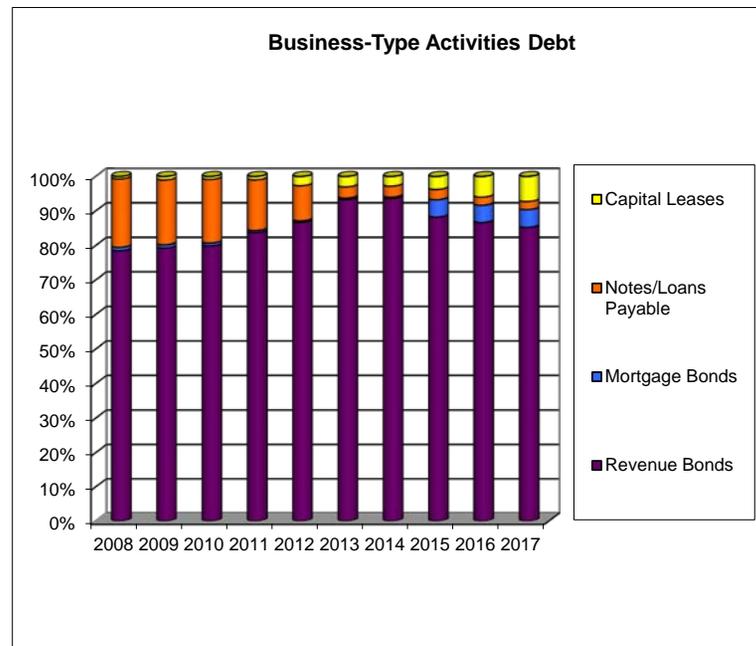
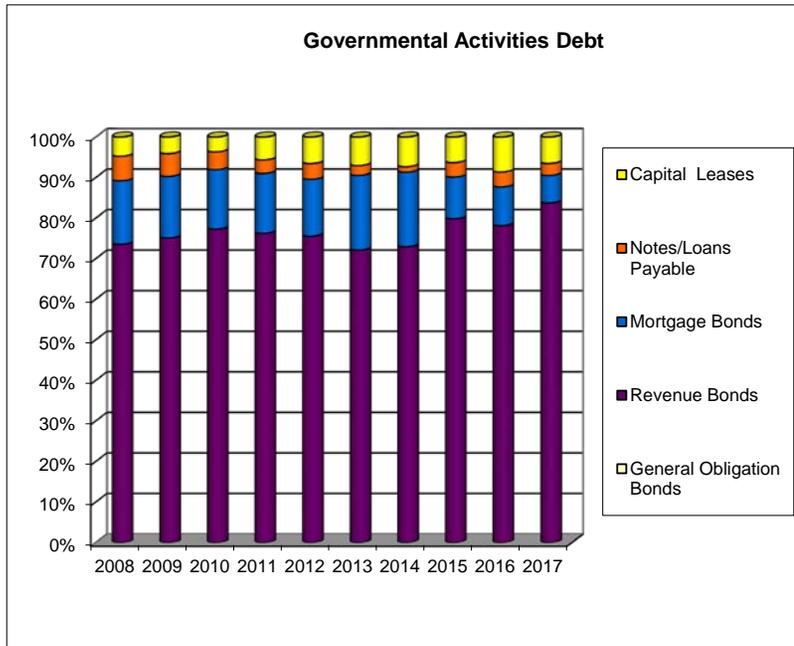
| Fiscal Year | Governmental Activities  |               |                |                     |                | Business-Type Activities |                |                     |                | Total Primary Government | Estimated Population (1) | Debt Per Capita | South Bend Estimated Personal Income (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 |                          |                          |                 |  |                                   |
| 2008        | \$ -                     | \$115,240,000 | \$24,534,464   | \$9,543,790         | \$7,388,443    | \$67,535,000             | \$ 878,835     | \$17,031,649        | \$ 628,427     | \$242,780,608            | 104,905                  | \$ 2,314        | \$3,709,126,085                          | 6.55%                             |
| 2009        | -                        | 113,975,000   | 23,061,148     | 8,470,308           | 6,214,206      | 68,225,000               | 829,020        | 16,145,358          | 893,233        | 237,813,273              | 106,192                  | 2,239           | 3,679,658,992                            | 6.46%                             |
| 2010        | -                        | 111,510,000   | 21,117,295     | 6,323,199           | 5,299,341      | 72,655,000               | 717,705        | 16,755,369          | 799,402        | 235,177,311              | 101,168                  | 2,325           | 3,505,572,368                            | 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      | 263,325,022              | 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    | 12,091,550     | 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%                             |
| 2017        | -                        | 125,969,009   | 10,224,972     | 4,437,115           | 9,795,612      | 87,219,814               | 5,255,484      | 2,398,821           | 7,456,169      | 252,756,996              | 101,168                  | 2,498           | 3,492,622,864                            | 7.24%                             |

Percent of Total I      0.00%      49.84%      4.05%      1.76%      3.88%      34.51%      2.08%      0.95%      2.95%      100.00%

Sources: City of South Bend Comprehensive Annual Financial Reports

(1) U.S. Census Bureau, 2010 Census information (<http://factfinder.census.gov>). 2017 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, 2012-2016 American Community Survey 5-Year Estimates (<http://factfinder.census.gov>)



Computation of Direct and Overlapping Debt

December 31, 2017

|  | 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 |
|--|----------------|-------------------------------------|---------------------------------|-----------------|-----------------------------------|--------------------------------|
| <b>Direct Debt:</b>  |                |                                     |                                 |                 |                                   |                                |
| <b>City of South Bend</b>  |                |                                     |                                 |                 |                                   |                                |
| General Obligation Bonds   |                |                                     |                                 |                 |                                   |                                |
| Revenue Bonds - Governmental Activities  | \$ 125,969,009 | 100.00%                             | \$ 125,969,009                  |                 |                                   |                                |
| Mortgage Bonds - Governmental Activities   | 10,224,972     | 100.00%                             | 10,224,972                      |                 |                                   |                                |
| Notes Payable - Governmental Activities  | 4,437,115      | 100.00%                             | 4,437,115                       |                 |                                   |                                |
| Capital Leases - Governmental Activities   | 9,795,612      | 100.00%                             | <u>9,795,612</u>                |                 |                                   |                                |
| Total Direct Debt and Lease Obligation Debt  |                |                                     | <u>150,426,708</u>              | <u>\$ 1,487</u> | 6.46%                             | 3.20%                          |
| <b>Overlapping Debt (1)</b>  |                |                                     |                                 |                 |                                   |                                |
| South Bend Community School Corporation  | \$ 98,390,369  | 52.85%                              | \$ 51,999,309                   |                 |                                   |                                |
| South Bend Public Transport  | \$ 375,000     | 62.41%                              | 234,038                         |                 |                                   |                                |
| St. Joseph County Public Library   | 2,465,000      | 49.51%                              | 1,220,422                       |                 |                                   |                                |
| St. Joseph County Airport Authority  | 10,800,000     | 28.17%                              | 3,042,360                       |                 |                                   |                                |
| St. Joseph County  | 48,174,788     | 28.17%                              | 13,570,838                      |                 |                                   |                                |
| St. Joseph County Solid Waste Management   | 445,090        | 28.17%                              | 125,382                         |                 |                                   |                                |
| Penn-Harris-Madison School Corporation   | 35,638,708     | 2.67%                               | 955,117                         |                 |                                   |                                |
| Mishawaka-Penn-Harris Public Library   | 3,525,000      | 2.19%                               | <u>77,198</u>                   |                 |                                   |                                |
| Total Overlapping and Underlying Direct Debt and Lease Obligations   |                |                                     | <u>71,224,664</u>               | <u>\$ 704</u>   | 3.06%                             | 1.51%                          |
| Total Direct Debt and Lease Obligation Debt and Overlapping and Underlying Direct Debt and Lease Obligations |                |                                     | <u>\$ 221,651,372</u>           | <u>\$ 2,191</u> | 9.52%                             | 4.71%                          |
| <b>Ratio Factors</b>   |                |                                     |                                 |                 |                                   |                                |
| Net Assessed Valuation (2016 payable 2017)   | 2,327,500,241  |                                     |                                 |                 |                                   |                                |
| Population - 2010 Census   | 101,168        | (2)                                 |                                 |                 |                                   |                                |
| South Bend Median Household Income 2016  | 46,489         | (3)                                 |                                 |                 |                                   |                                |
| Estimated South Bend Total Personal Income (2 x 3)   | 4,703,199,152  |                                     |                                 |                 |                                   |                                |

(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/>). 2017 information not available.

(3) U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates (<http://factfinder.census.gov/>)

**City of South Bend, Indiana**

**Ratio of Annual Debt Service Expenditures For  
General Obligation Bonded Debt to Total  
Governmental Fund Expenditures**

**Last Ten Fiscal Years**

| Fiscal Year | Principal | Interest | Total Debt Service | Total Governmental Fund Expenditures | Ratio of Debt Service To Governmental Fund Expenditures |
|-------------|-----------|----------|--------------------|--------------------------------------|---|
| 2008        | \$ -      | \$ -     | \$ -               | \$ 138,022,795                       | 0.00%   |
| 2009        | -         | -        | -                  | 142,962,710                          | 0.00%   |
| 2010        | -         | -        | -                  | 150,758,014                          | 0.00%   |
| 2011        | -         | -        | -                  | 172,397,679                          | 0.00%   |
| 2012        | -         | -        | -                  | 162,460,000                          | 0.00%   |
| 2013        | -         | -        | -                  | 152,889,475                          | 0.00%   |
| 2014        | -         | -        | -                  | 154,300,097                          | 0.00%   |
| 2015        | -         | -        | -                  | 172,658,733                          | 0.00%   |
| 2016        | -         | -        | -                  | 170,976,084                          | 0.00%   |
| 2017        | -         | -        | -                  | 174,542,237                          | 0.00%   |

The City of South Bend has no General Obligation bonded debt.

Source - City of South Bend Comprehensive Annual Financial Reports

**City of South Bend, Indiana**

**Ratio of Net General Obligation Bonded Debt to Net Assessed Valuation and  
Net Bonded Debt Per Capita**

**Last Ten Fiscal Years**

| Tax Year/<br>Collection Year | Population (1) | Net Assessed<br>Value | Gross<br>General Obligation<br>Bonded Debt | Debt Service<br>Monies<br>Available | Net<br>General Obligation<br>Bonded Debt | Percent of Net<br>GO Bonded Debt<br>To Net Assessed<br>Value | Net GO<br>Bonded Debt<br>Per Capita |
|------------------------------|----------------|-----------------------|--|-------------------------------------|--|--|-------------------------------------|
| 2007/2008                    | 104,905        | \$ 2,976,080,798      | \$ -                                       | \$ -                                | \$ -                                     | 0.00%  | \$ -                                |
| 2008/2009                    | 106,192        | 2,668,887,419         | -  | -                                   | -  | 0.00%  | -                                   |
| 2009/2010                    | 101,168        | 2,453,505,573         | -  | -                                   | -  | 0.00%  | -                                   |
| 2010/2011                    | 101,168        | 2,324,451,862         | -  | -                                   | -  | 0.00%  | -                                   |
| 2011/2012                    | 101,168        | 2,380,874,608         | -  | -                                   | -  | 0.00%  | -                                   |
| 2012/2013                    | 101,168        | 2,371,087,697         | -  | -                                   | -  | 0.00%  | -                                   |
| 2013/2014                    | 101,168        | 2,209,726,672         | -  | -                                   | -  | 0.00%  | -                                   |
| 2014/2015                    | 101,168        | 2,260,269,318         | -  | -                                   | -  | 0.00%  | -                                   |
| 2015/2016                    | 101,168        | 2,277,169,743         | -  | -                                   | -  | 0.00%  | -                                   |
| 2016/2017                    | 101,168        | 2,327,500,241         | -  | -                                   | -  | 0.00%  | -                                   |

The City of South Bend has no General Obligation bonded debt.

(1) U.S. Census Bureau, 2010 Census information (<http://factfinder.census.gov/>). 2017 information not available.

**Saint Joseph County Hotel/Motel Tax Board  
Statement of Estimated Cash Flow and Debt Service Coverage**

| Year         | Projected<br>Hotel/Motel<br>Tax<br>Revenues | 2011 B<br>Century Center<br>Refunding<br>Bonds (1) | 2013<br>Century Center<br>Refunding<br>Bonds | 2015<br>Century Center<br>Energy Conservation<br>Bonds | Total Annual<br>Debt Service | Estimated<br>Excess<br>Funds | Estimated<br>Coverage |
|--------------|---|--|--|--|------------------------------|------------------------------|-----------------------|
| 2018         | \$ 4,845,475                                | \$ 150,000   | \$ 394,000                                   | \$ 46,606  | \$ 590,606                   | \$ 4,254,869                 | 820.42%               |
| 2019         | 4,893,930                                   | -  | 395,000                                      | 162,702  | 557,702                      | 4,336,228                    | 877.52%               |
| 2020         | 4,942,869                                   | -  | 396,500                                      | 280,090  | 676,590                      | 4,266,279                    | 730.56%               |
| 2021         | 4,992,298                                   | -  | 397,000                                      | 285,614  | 682,614                      | 4,309,684                    | 731.35%               |
| 2022         | 5,042,221                                   | -  | 396,500                                      | 291,274  | 687,774                      | 4,354,447                    | 733.12%               |
| 2023         | 5,092,643                                   | -  | 395,000                                      | 297,175  | 692,175                      | 4,400,468                    | 735.74%               |
| 2024         | 5,143,569                                   | -  | 394,500                                      | 303,221  | 697,721                      | 4,445,848                    | 737.20%               |
| 2025         | 5,195,005                                   | -  | 396,000                                      | 309,315  | 705,315                      | 4,489,690                    | 736.55%               |
| 2026         | 5,246,955                                   | -  | 283,500                                      | 315,561  | 599,061                      | 4,647,894                    | 875.86%               |
| 2027         | 5,299,425                                   | -  | 84,500                                       | 321,964  | 406,464                      | 4,892,961                    | 1303.79%              |
| 2028         | 5,352,419                                   | -  | -  | 328,529  | 328,529                      | 5,023,890                    | 1629.21%              |
| 2029         | 5,405,943                                   | -  | -  | 335,259  | 335,259                      | 5,070,684                    | 1612.47%              |
| 2030         | 5,460,003                                   | -  | -  | 342,159  | 342,159                      | 5,117,844                    | 1595.75%              |
| 2031         | 5,514,603                                   | -  | -  | 349,334  | 349,334                      | 5,165,269                    | 1578.60%              |
| 2032         | 5,569,749                                   | -  | -  | 176,508  | 176,508                      | 5,393,241                    | 3155.52%              |
| 2033         | 5,625,446                                   | -  | -  | -  | -                            | 5,625,446                    | n/a                   |
| <b>Total</b> | <b>\$ 83,622,551</b>                        | <b>\$ 150,000</b>                                  | <b>\$ 3,532,500</b>                          | <b>\$ 4,145,311</b>                                    | <b>\$ 7,827,811</b>          | <b>\$ 75,794,740</b>         |                       |

Source: Saint Joseph County Hotel/Motel Tax Board financial reports  
City of South Bend Debt Schedules

(1) \$150,000 paid from hotel/motel tax revenue. The balance paid from City of South Bend revenue sources.

Schedule of Revenue Bond Coverage  
Water Utility Bonds

Last Ten Years

| Year | Gross             |                        | Net Revenue                | Debt Service Requirements |            |             | Debt Coverage |
|------|-------------------|------------------------|----------------------------|---------------------------|------------|-------------|---------------|
|      | Operating Revenue | Operating Expenses (1) | Available for Debt Service | Principal                 | Interest   | Total       |               |
| 2008 | \$13,343,210      | \$ 8,528,933           | \$ 4,814,277               | \$2,908,014               | \$ 888,199 | \$3,796,213 | 126.82%       |
| 2009 | 13,471,890        | 8,838,405              | 4,633,485                  | 2,481,871                 | 754,108    | 3,235,979   | 143.19%       |
| 2010 | 13,513,995        | 8,560,390              | 4,953,605                  | 2,605,840                 | 937,293    | 3,543,133   | 139.81%       |
| 2011 | 14,032,074        | 9,301,552              | 4,730,522                  | 2,729,925                 | 823,265    | 3,553,190   | 133.13%       |
| 2012 | 14,190,243        | 9,021,274              | 5,168,969                  | 821,847                   | 823,944    | 1,645,791   | 314.07%       |
| 2013 | 13,783,701        | 10,665,913             | 3,117,788                  | 1,241,768                 | 809,673    | 2,051,441   | 151.98%       |
| 2014 | 14,373,176        | 10,105,709             | 4,267,467                  | 1,251,588                 | 769,025    | 2,020,613   | 211.20%       |
| 2015 | 14,204,285        | 10,651,321             | 3,552,964                  | 1,319,285                 | 732,394    | 2,051,679   | 173.17%       |
| 2016 | 15,091,372        | 12,081,699             | 3,009,673                  | 1,077,725                 | 623,226    | 1,700,951   | 176.94%       |
| 2017 | 15,283,325        | 11,421,026             | 3,862,299                  | 1,606,652                 | 623,909    | 2,230,561   | 173.15%       |

(1) Operating expenses exclude depreciation.

Operating revenue used to make debt service payments is obtained primarily through monthly user charges to water

Source - City of South Bend Comprehensive Annual Financial Report.

Schedule of Revenue Bond Coverage  
Wastewater Utility Bonds

Last Ten Years

| Year | Gross             |                        | Net Revenue                | Debt Service Requirements |              |              | Debt Coverage |
|------|-------------------|------------------------|----------------------------|---------------------------|--------------|--------------|---------------|
|      | Operating Revenue | Operating Expenses (1) | Available for Debt Service | Principal                 | Interest     | Total        |               |
| 2008 | (2) \$ 22,941,734 | \$ 14,079,734          | \$ 8,862,000               | \$3,701,524               | \$ 2,647,324 | \$ 6,348,848 | 139.58%       |
| 2009 | 24,313,147        | 17,504,825             | 6,808,322                  | 3,130,000                 | 2,557,940    | 5,687,940    | 119.70%       |
| 2010 | 25,444,404        | 12,193,363             | 13,251,041                 | 3,385,205                 | 2,314,275    | 5,699,480    | 232.50%       |
| 2011 | 29,023,547        | 14,869,660             | 14,153,887                 | 3,867,584                 | 2,737,027    | 6,604,611    | 214.30%       |
| 2012 | 30,963,483        | 13,777,728             | 17,185,755                 | 4,736,450                 | 3,489,057    | 8,225,507    | 208.93%       |
| 2013 | 31,926,078        | 11,526,554             | 20,399,524                 | 5,080,425                 | 3,354,156    | 8,434,581    | 241.86%       |
| 2014 | 34,009,117        | 14,313,967             | 19,695,150                 | 6,320,626                 | 3,376,045    | 9,696,671    | 203.11%       |
| 2015 | (3) 36,635,501    | 13,557,598             | 23,077,903                 | 4,691,336                 | 3,419,351    | 8,110,687    | 284.54%       |
| 2016 | 39,061,562        | 16,920,370             | 22,141,192                 | 7,522,453                 | 2,342,132    | 9,864,586    | 224.45%       |
| 2017 | 38,794,212        | 22,942,677             | 15,851,535                 | 7,666,400                 | 2,197,813    | 9,864,213    | 160.70%       |

(1) Operating expenses exclude depreciation.

(2) Two large Sewage Works revenue bonds were issued during 2007 with principal and interests payments beginning in 2008.

These bonds are part of the City of South Bend's long term combined sewer overflow (CSO) control plan.

(3) Sewer bonds were refunded in 2015 and the principal repayments are not included in the 2015 principal total.

Operating revenue used to make debt service payments is obtained primarily through monthly user charges to sewer customers.

Source - City of South Bend Comprehensive Annual Financial Report

Municipal Sewage Works

Annual Wastewater Flow Data

|                    | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Capacity (MGD)     | 48     | 48     | 48     | 48     | 48     | 48     | 48     | 48     | 48     | 48     |
| Average Daily Flow | 37.80  | 38.42  | 30.86  | 35.80  | 31.77  | 30.69  | 32.00  | 30.20  | 43.87  | 35.80  |
| Peak Flow          | 75.00  | 68.80  | 62.00  | 72.50  | 63.70  | 62.50  | 68.50  | 57.70  | 67.80  | 62.40  |
| Annual Flow (MG)   | 13,835 | 14,024 | 11,264 | 13,068 | 11,596 | 11,203 | 11,677 | 11,023 | 16,014 | 13,067 |

Number of Customers - South Bend Municipal Sewage Works

| Year | Total Number<br>of Customers |
|------|------------------------------|
| 2008 | 38,282                       |
| 2009 | 36,664                       |
| 2010 | 38,455                       |
| 2011 | 39,027                       |
| 2012 | 39,068                       |
| 2013 | 39,322                       |
| 2014 | 39,461                       |
| 2015 | 39,763                       |
| 2016 | 40,073                       |
| 2017 | 40,543                       |

Source: City of South Bend Environmental Services Department

**City of South Bend, Indiana**

**Statement of City-Owned Utility Debt**

**December 31, 2017**

**South Bend Municipal Sewage Works**

|  |    |                   |
|--|----|-------------------|
| Sewage Works State Revolving Fund (SRF) Loan of 2009 | \$ | 2,087,171         |
| Sewage Works Revenue Bonds of 2010                   |    | 6,750,000         |
| Sewage Works Revenue Bonds of 2011                   |    | 16,400,000        |
| Sewage Works Revenue Bonds of 2012                   |    | 19,830,000        |
| Sewage Works Revenue Bonds of 2013 A                 |    | 6,095,000         |
| Sewage Works Refunding Revenue Bonds of 2015         |    | <u>22,435,000</u> |
| Total Sewage Utility Debt                            |    | <u>73,597,171</u> |

**South Bend Municipal Waterworks**

|  |           |                          |
|--|-----------|--------------------------|
| Waterworks Revenue Bonds of 2009, Series A           |           |                          |
| State Revolving Fund (SRF) Loan                      | \$        | 311,650                  |
| Waterworks Revenue Bonds of 2009, Series B           |           |                          |
| Indiana Bond Bank                                    |           | 4,085,000                |
| Waterworks Revenue Bonds of 2012                     |           | 2,005,000                |
| Waterworks Revenue Refunding Bonds of 2012, Series B |           | 6,570,000                |
| Waterworks Refunding Bonds of 2016                   |           | <u>2,985,000</u>         |
| Total Water Utility Debt                             |           | <u>15,956,650</u>        |
| Total Utility Debt                                   | <b>\$</b> | <b><u>89,553,821</u></b> |

Source: City of South Bend Finance Department

Estimated Debt Service Coverage Calculation of Sewage Works

---

December 31, 2017

|  |    |                         |
|--|----|-------------------------|
| Operating Revenues   | \$ | 38,794,212              |
| Less: Operation and Maintenance Expenses (Net of Depreciation) |    | <u>(22,942,677)</u>     |
| Net Revenues Available for Debt Service                        |    | 15,851,535              |
| Estimated Combined Annual Debt Service                         |    | <u>9,864,213</u>        |
| Coverage - \$  | \$ | <u><b>5,987,322</b></u> |
| Coverage - %   |    | 160.70%                 |

## Estimated Debt Service Coverage Calculation of Water Utility

---

**December 31, 2017**

|  |           |                         |
|--|-----------|-------------------------|
| Operating Revenues   | \$        | 15,283,325              |
| Less: Operation and Maintenance Expenses (Net of Depreciation) |           | <u>(11,421,026)</u>     |
| Net Revenues Available for Debt Service                        |           | 3,862,299               |
| Estimated Combined Maximum Annual Debt Service                 |           | <u>2,230,561</u>        |
| Coverage - \$  | <b>\$</b> | <b><u>1,631,738</u></b> |
| Coverage - %   |           | 173.15%                 |

Projected City of South Bend COIT Revenue

0.6% COIT Tax Rate

Levy is used to Distribute COIT

| Year of Collection | St. Joseph County<br>Projected<br>Distribution | Projected<br>COIT | Projected<br>COIT Amount<br>Available For<br>Debt Service |
|--------------------|--|-------------------|---|
| 2018               | \$ 31,321,416                                  | 33.39%            | \$ 10,459,265   |
| 2019               | 31,947,844                                     | 33.39%            | 10,668,450  |
| 2020               | 32,586,801                                     | 33.39%            | 10,881,819  |
| 2021               | 33,238,537                                     | 33.39%            | 11,099,456  |
| 2022               | 33,903,308                                     | 33.39%            | 11,321,445  |
| 2023               | 34,581,374                                     | 33.39%            | 11,547,874  |
| 2024               | 35,273,002                                     | 33.39%            | 11,778,831  |
| 2025               | 35,978,462                                     | 33.39%            | 12,014,408  |
| 2026               | 36,698,031                                     | 33.39%            | 12,254,696  |
| 2027               | 37,431,992                                     | 33.39%            | 12,499,790  |
|                    |  | Total             | <b>\$ 114,526,034</b>                                     |

Estimated 2% increase to COIT distributions due to improving economic conditions. Starting in 2017, COIT is part of the new Local Income Tax (LIT) category.

Source: Department of Local Government Finance (DLGF)

Projected City of South Bend CEDIT Revenue

0.4% CEDIT Tax Rate

Levy is used to Distribute CEDIT

| Year of Collection | St. Joseph County<br>Projected<br>Distribution | Projected<br>CEDIT | Projected<br>CEDIT Amount<br>Available For<br>Debt Service |
|--------------------|--|--------------------|--|
| 2018               | \$ 26,149,949                                  | 40.54%             | \$ 10,600,122  |
| 2019               | 26,672,948                                     | 40.54%             | 10,812,124   |
| 2020               | 27,206,407                                     | 40.54%             | 11,028,367   |
| 2021               | 27,750,535                                     | 40.54%             | 11,248,934   |
| 2022               | 28,305,546                                     | 40.54%             | 11,473,913   |
| 2023               | 28,871,657                                     | 40.54%             | 11,703,391   |
| 2024               | 29,449,090                                     | 40.54%             | 11,937,459   |
| 2025               | 30,038,072                                     | 40.54%             | 12,176,208   |
| 2026               | 30,638,833                                     | 40.54%             | 12,419,732   |
| 2027               | 31,251,610                                     | 40.54%             | 12,668,127   |
|                    |  | Total              | <b>\$ 116,068,378</b>                                      |

Estimated 2% increase to CEDIT distributions due to improving economic conditions. Starting in 2017, CEDIT is part of the new Local Income Tax (LIT) category.

Source: Department of Local Government Finance (DLGF)

Projected City of South Bend PS LOIT Revenue

**0.25% PS LOIT Tax Rate  
Levy is used to Distribute CEDIT**

| Year of Collection | St. Joseph County<br>Projected<br>Distribution | Projected<br>PS LOIT | Projected<br>PS LOIT Amount<br>Available For<br>Debt Service |
|--------------------|--|----------------------|--|
| 2018               | \$ 15,673,247                                  | 43.33%               | \$ 6,791,160   |
| 2019               | 15,986,712                                     | 43.33%               | 6,926,983  |
| 2020               | 16,306,446                                     | 43.33%               | 7,065,523  |
| 2021               | 16,632,575                                     | 43.33%               | 7,206,833  |
| 2022               | 16,965,227                                     | 43.33%               | 7,350,970  |
| 2023               | 17,304,531                                     | 43.33%               | 7,497,989  |
| 2024               | 17,650,622                                     | 43.33%               | 7,647,949  |
| 2025               | 18,003,634                                     | 43.33%               | 7,800,908  |
| 2026               | 18,363,707                                     | 43.33%               | 7,956,926  |
| 2027               | 18,730,981                                     | 43.33%               | 8,116,065  |
|                    |  | Total                | <b>\$ 74,361,307</b>   |

Estimated 2% increase to PS LOIT distributions due to improving economic conditions. Starting in 2017, PS LOIT is part of the new Local Income Tax (LIT) category.

Source: Department of Local Government Finance (DLGF)

Statement of Estimated Cash Flow and Debt Service Coverage (COIT)

| Year         | Projected<br>City of South Bend<br>COIT<br>Revenues | Redevelopment<br>District<br>Taxable Revenue<br>Bonds, Series 2010 | COIT<br>Lease Rental Revenue<br>Refunding Bonds of 2010<br>Lease Payments | First Mortgage<br>Revenue Refunding<br>Bonds, Series 2012<br>Lease Payments | First Mortgage<br>Revenue Bonds<br>Series 2013<br>Lease Payments | Total Lease<br>Payments | Estimated<br>Excess<br>Funds | Estimated<br>Coverage |
|--------------|---|--|---|---|--|-------------------------|------------------------------|-----------------------|
| 2018         | \$ 10,668,450                                       | \$ 714,070   | \$ 671,775  | \$ 1,564,520  | \$ 395,730   | \$ 3,346,095            | \$ 7,322,355                 | 318.83%               |
| 2019         | 10,881,819  | 353,970  | 671,144   | 1,557,920   | 398,830  | 2,981,864               | 7,899,955                    | 364.93%               |
| 2020         | 11,099,456  | -  | 672,500   | 1,555,880   | 396,705  | 2,625,085               | 8,474,371                    | 422.82%               |
| 2021         | 11,321,445  | -  | 336,600   | 1,566,750   | 399,355  | 2,302,705               | 9,018,740                    | 491.66%               |
| 2022         | 11,547,874  | -  | -   | 1,555,000   | 396,780  | 1,951,780               | 9,596,094                    | 591.66%               |
| 2023         | 11,778,831  | -  | -   | 779,625   | 398,980  | 1,178,605               | 10,600,226                   | 999.39%               |
| 2024         | 12,014,408  | -  | -   | -   | 406,543  | 406,543                 | 11,607,865                   | 2955.26%              |
| 2025         | 12,254,696  | -  | -   | -   | 411,493  | 411,493                 | 11,843,203                   | 2978.11%              |
| 2026         | 12,499,790  | -  | -   | -   | 410,643  | 410,643                 | 12,089,147                   | 3043.96%              |
| 2027         | 12,749,786  | -  | -   | -   | 414,149  | 414,149                 | 12,335,637                   | 3078.55%              |
| 2028         | 13,004,781  | -  | -   | -   | 421,605  | 421,605                 | 12,583,176                   | 3084.59%              |
| 2029         | 13,264,877  | -  | -   | -   | 422,742  | 422,742                 | 12,842,135                   | 3137.82%              |
| 2030         | 13,530,175  | -  | -   | -   | 422,742  | 422,742                 | 13,107,433                   | 3200.57%              |
| 2031         | 13,800,778  | -  | -   | -   | 427,550  | 427,550                 | 13,373,228                   | 3227.87%              |
| 2032         | 14,076,794  | -  | -   | -   | 431,254  | 431,254                 | 13,645,540                   | 3264.15%              |
| 2033         | 14,358,329  | -  | -   | -   | 433,925  | 433,925                 | 13,924,404                   | 3308.94%              |
| 2034         | 14,645,496  | -  | -   | -   | 433,925  | 433,925                 | 14,211,571                   | 3375.12%              |
| <b>Total</b> | <b>\$ 213,497,784</b>                               | <b>\$ 1,068,040</b>  | <b>\$ 2,352,019</b>   | <b>\$ 8,579,695</b>   | <b>\$ 7,022,951</b>  | <b>\$ 19,022,705</b>    | <b>\$ 194,475,079</b>        | <b>1122.33%</b>       |

Note: These payments include principal and interest.

Source: City of South Bend Finance Department

Statement of Estimated Cash Flow and Debt Service Coverage (CEDIT)

| Year         | Projected<br>City of South Bend<br>CEDIT<br>Revenues | 2014<br>St. Joseph County<br>PSAP Revenue<br>Bond | 2015<br>Parks/CEDIT<br>Bond | Total Lease<br>Payments | Estimated<br>Excess<br>Funds | Estimated<br>Coverage |
|--------------|--|---|-----------------------------|-------------------------|------------------------------|-----------------------|
| 2018         | \$ 10,812,124  | \$ 198,966  | \$ 379,107                  | \$ 578,073              | \$ 10,234,051                | 1870.37%              |
| 2019         | 11,028,367   | 199,242   | 382,732                     | 581,974                 | 10,446,393                   | 1894.99%              |
| 2020         | 11,248,934   | 199,460   | 381,132                     | 580,592                 | 10,668,343                   | 1937.49%              |
| 2021         | 11,473,913   | 199,271   | 374,382                     | 573,653                 | 10,900,260                   | 2000.15%              |
| 2022         | 11,703,391   | 199,423   | 372,557                     | 571,980                 | 11,131,411                   | 2046.12%              |
| 2023         | 11,937,459   | 199,423   | 375,582                     | 575,005                 | 11,362,454                   | 2076.06%              |
| 2024         | 12,176,208   | 199,314   | 368,382                     | 567,696                 | 11,608,512                   | 2144.84%              |
| 2025         | 12,419,732   | 154,405   | 381,032                     | 535,437                 | 11,884,295                   | 2319.55%              |
| 2026         | 12,668,127   | 155,363   | 373,232                     | 528,595                 | 12,139,532                   | 2396.57%              |
| 2027         | 12,921,490   | 154,724   | 375,357                     | 530,081                 | 12,391,409                   | 2437.65%              |
| 2028         | 13,179,919   | 155,298   | 377,182                     | 532,480                 | 12,647,440                   | 2475.20%              |
| 2029         | 13,443,518   | 154,128   | 383,616                     | 537,744                 | 12,905,773                   | 2499.98%              |
| 2030         | 13,712,388   | 154,172   | 384,038                     | 538,210                 | 13,174,178                   | 2547.78%              |
| 2031         | 13,986,636   | 154,051   | 388,463                     | 542,514                 | 13,444,122                   | 2578.11%              |
| 2032         | 14,266,369   | 153,630   | 387,176                     | 540,806                 | 13,725,562                   | 2637.98%              |
| 2033         | 14,551,696   | 153,038   | 389,813                     | 542,851                 | 14,008,845                   | 2680.61%              |
| 2034         | 14,842,730   | 153,582   | 391,781                     | 545,363                 | 14,297,367                   | 2721.62%              |
| 2035         | 15,139,584   | -   | 593,094                     | 593,094                 | 14,546,490                   | 2552.65%              |
| <b>Total</b> | <b>\$ 231,512,586</b>                                | <b>\$ 2,937,492</b>                               | <b>\$ 7,058,658</b>         | <b>\$ 9,996,150</b>     | <b>\$ 221,516,436</b>        | <b>2316.02%</b>       |

Note: These payments include principal and interest.

Source: City of South Bend Finance Department

**City of South Bend, Indiana**

**Estimated Tax Increment Revenue**

**Erskine Village Project**

| Tax Year /<br>Collection Year | Estimated<br>Tax<br>Increment (1) | 12/13<br>Net Tax<br>Rate (2) | Estimated<br>Tax Increment<br>Revenue |
|-------------------------------|-----------------------------------|------------------------------|---------------------------------------|
| 2012/2013                     | \$ 1,311,129                      | \$ 4                         | \$ 1,311,129                          |
| 2013/2014                     | 9,175                             | -                            | 9,175                                 |
| 2014/2015                     | 19,183                            | -                            | 19,183                                |
| 2015/2016                     | -                                 | -                            | -                                     |
| 2016/2017                     | -                                 | -                            | -                                     |

(1) The City passed back incremental assessed value for payable year 2013. The City will make a yearly decision on the pass back of incremental assessed value. The Redevelopment Commission released TIF for 2013 pay 2014, 2015 pay 2016 and 2016 pay 2017.

Note: This TIF area was closed during 2017.

Source: City of South Bend Finance Department

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## Demographic and Economic Information

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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

| Year | City of South Bend Population (1) | Percent Increase/Decrease | South Bend Metropolitan Area Median Family Income (2) | Percent Increase/Decrease | South Bend Metro Area Total Personal Income (3) (Millions) | Percent Increase/Decrease | South Bend Metro Area Per Capita Income (3) | Percent Increase/Decrease | City of South Bend Median Age (4) | City of South Bend Public School Enrollment (5) | Percent Increase/Decrease |
|------|-----------------------------------|---------------------------|---|---------------------------|--|---------------------------|---|---------------------------|-----------------------------------|---|---------------------------|
| 2008 | 104,905                           | 0.80%                     | \$ 40,684   | -8.37%                    | \$ 11,343  | 3.50%                     | \$ 35,450                                   | 3.08%                     | 34.6                              | 20,800  | -4.21%                    |
| 2009 | 106,192                           | 1.23%                     | 43,403  | 6.68%                     | 10,581   | -6.71%                    | 33,151                                      | -6.49%                    | 32.3                              | 20,451  | -1.68%                    |
| 2010 | 101,168                           | -4.73%                    | 40,789  | -6.02%                    | 10,788   | 1.95%                     | 33,819                                      | 2.02%                     | 33.4                              | 20,066  | -1.88%                    |
| 2011 | 101,168                           | 0.00%                     | 40,873  | 0.21%                     | 11,447   | 6.11%                     | 35,867                                      | 6.06%                     | 33.3                              | 19,467  | -2.99%                    |
| 2012 | 101,168                           | 0.00%                     | 40,873  | 0.00%                     | 11,948   | 4.37%                     | 37,505                                      | 4.57%                     | 33.3                              | 18,982  | -2.49%                    |
| 2013 | 101,168                           | 0.00%                     | 40,873  | 0.00%                     | 12,196   | 2.08%                     | 38,265                                      | 2.03%                     | 33.3                              | 19,680  | 3.68%                     |
| 2014 | 101,168                           | 0.00%                     | 34,656  | -15.21%                   | 12,887   | 5.67%                     | 40,342                                      | 5.43%                     | 33.9                              | 19,308  | -1.89%                    |
| 2015 | 101,168                           | 0.00%                     | 34,656  | 0.00%                     | 13,560   | 5.22%                     | 42,362                                      | 5.01%                     | 34.0                              | 18,680  | -3.25%                    |
| 2016 | 101,168                           | 0.00%                     | 34,523  | -0.38%                    | 14,074   | 3.79%                     | 43,880                                      | 3.58%                     | 34.9                              | 18,110  | -3.05%                    |
| 2017 | 101,168                           | 0.00%                     | 35,758  | 3.58%                     | 14,074   | 0.00%                     | 43,880                                      | 0.00%                     | 34.9                              | 17,697  | -2.28%                    |

Sources:

(1) U.S. Census Bureau, 2010 Census information (<http://factfinder.census.gov/>). 2017 information not available.

(2) U.S. Census Bureau, 2012-2016 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/>). 2017 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.

Demographic Statistics (Continued)

Last Ten Years

| Year | December<br>South Bend<br>Metropolitan<br>Area Labor<br>Force (1) | Percent<br>Increase/<br>(Decrease) | December<br>South Bend<br>Metropolitan<br>Area<br>Unemployment (1) | Percent<br>Increase/<br>(Decrease) | December<br>South Bend<br>Metropolitan<br>Unemployment<br>Rate (1) |
|------|---|------------------------------------|--|------------------------------------|--|
| 2008 | 159,417   | -0.35%                             | 10,494   | 30.43%                             | 6.58%  |
| 2009 | 154,409   | -3.14%                             | 17,713   | 68.79%                             | 11.47%   |
| 2010 | 155,045   | 0.41%                              | 17,869   | 0.88%                              | 11.53%   |
| 2011 | 155,025   | -0.01%                             | 15,582   | -12.80%                            | 10.05%   |
| 2012 | 151,520   | -2.26%                             | 14,085   | -9.61%                             | 9.30%  |
| 2013 | 150,796   | -0.48%                             | 13,021   | -7.55%                             | 8.63%  |
| 2014 | 152,583   | 1.19%                              | 10,040   | -22.89%                            | 6.58%  |
| 2015 | 154,598   | 1.32%                              | 7,768  | -22.63%                            | 5.02%  |
| 2016 | 158,279   | 2.38%                              | 7,176  | -7.62%                             | 4.53%  |
| 2017 | 157,856   | -0.27%                             | 5,442  | -24.16%                            | 3.45%  |

Source:

(1) 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.

## Employment By Type and Industry

Last Ten Years

| Description                                      | 2007           | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | 2016           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Total employment</b>                          | 176,686        | 174,085        | 165,304        | 164,086        | 167,018        | 165,870        | 165,639        | 168,250        | 172,229        | 175,721        |
| <b>By Type:</b>                                  |                |                |                |                |                |                |                |                |                |                |
| Wage and salary employment                       | 147,123        | 144,931        | 135,840        | 134,779        | 137,009        | 136,455        | 136,112        | 138,520        | 141,609        | 144,810        |
| Proprietors employment                           | 29,563         | 29,154         | 29,464         | 29,307         | 30,009         | 29,415         | 29,527         | 29,730         | 30,620         | 30,911         |
| Farm proprietors employment                      | 1,350          | 1,331          | 1,329          | 1,340          | 1,342          | 1,300          | 1,310          | 1,298          | 1,291          | 1,292          |
| Nonfarm proprietors employment                   | 28,213         | 27,823         | 28,135         | 27,967         | 28,667         | 28,115         | 28,217         | 28,432         | 29,329         | 29,619         |
| <b>By Industry:</b>                              |                |                |                |                |                |                |                |                |                |                |
| <b>Farm employment</b>                           | <b>1,966</b>   | <b>1,791</b>   | <b>1,765</b>   | <b>1,758</b>   | <b>1,770</b>   | <b>1,680</b>   | <b>1,692</b>   | <b>1,681</b>   | <b>1,686</b>   | <b>1,674</b>   |
| <b>Nonfarm employment</b>                        | <b>174,720</b> | <b>172,294</b> | <b>163,539</b> | <b>162,328</b> | <b>165,248</b> | <b>164,190</b> | <b>163,947</b> | <b>166,569</b> | <b>170,543</b> | <b>174,047</b> |
| Private nonfarm employment                       | 156,625        | 154,068        | 145,200        | 144,045        | 147,071        | 146,899        | 147,190        | 149,978        | 153,884        | 157,232        |
| Forestry, fishing, and related activities        | 222            | (D)            | (D)            | 245            | 271            | 301            | 287            | (D)            | (D)            | (D)            |
| Mining   | 75             | 105            | 96             | 117            | 105            | 154            | 178            | (D)            | (D)            | (D)            |
| Utilities  | (D)            |
| Construction                                     | 9,300          | 9,257          | 7,988          | 6,927          | 6,951          | 6,639          | 6,823          | 6,839          | 7,536          | 7,736          |
| Manufacturing                                    | 20,479         | 19,324         | 16,516         | 16,286         | 17,624         | 17,657         | 17,139         | 17,523         | 18,109         | 18,444         |
| Wholesale trade                                  | 8,217          | 7,962          | 7,057          | 7,170          | 7,256          | 7,100          | 6,871          | 7,161          | 7,449          | 7,678          |
| Retail trade                                     | 20,082         | 19,141         | 18,105         | 17,728         | 17,834         | 17,670         | 17,623         | 17,759         | 17,992         | 18,186         |
| Transportation and warehousing                   | (D)            | (D)            | (D)            | 4,349 E        | (D)            | (D)            | (D)            | (D)            | (D)            | (D)            |
| Information                                      | 2,658          | 2,556          | (D)            | 2,227          | 2,081          | 2,113          | 2,265          | 2,265          | 2,215          | 2,053          |
| Finance and insurance                            | 6,972          | 7,028          | 6,988          | 6,817          | 7,021          | 6,797          | 6,213          | 6,057          | 6,028          | 6,188          |
| Real estate and rental and leasing               | 6,614          | 6,423          | 6,128          | 5,933          | 6,107          | 5,987          | 6,069          | 6,285          | 6,358          | 6,502          |
| Professional, scientific, and technical services | 7,666 E        | 7,642 E        | 7,273 E        | 7,169 E        | 7,180 E        | 6,986 E        | 7,416          | 7,422          | 7,687          | (D)            |
| Management of companies and enterprises          | 1,133 E        | 1,218 E        | 1,246 E        | 1,307 E        | 1,411 E        | 1,515 E        | 2,195          | 2,330          | 2,428          | (D)            |
| Administrative and waste management service      | 9,636          | 9,111          | 8,108          | 8,529          | 8,363          | 7,912          | 7,787          | 8,149          | 8,415          | 8,657          |
| Educational services                             | 12,848         | 13,254         | 13,067         | 13,200 E       | 13,755         | 14,120         | (D)            | (D)            | (D)            | 15,284         |
| Health care and social assistance                | 20,161         | 20,339         | 20,882         | 20,341 E       | 21,268         | 21,875         | (D)            | (D)            | (D)            | 23,679         |
| Arts, entertainment, and recreation              | 2,864          | 2,839          | 2,655          | 2,626          | 2,813          | 2,768          | 2,811          | 2,726          | 2,786          | 2,852          |
| Accommodation and food services                  | 11,350         | 11,647         | 10,945         | 11,032         | 11,590         | 11,823         | 12,195         | 12,358         | 12,810         | 13,248         |
| Other services, except public administration     | 10,425         | 10,196         | (D)            | 9,763          | 10,071         | 10,070         | 9,956          | 10,344         | 10,431         | 10,569         |
| <b>Government and government enterprises</b>     | <b>18,095</b>  | <b>18,226</b>  | <b>18,339</b>  | <b>18,283</b>  | <b>18,177</b>  | <b>17,291</b>  | <b>16,757</b>  | <b>16,591</b>  | <b>16,659</b>  | <b>16,815</b>  |
| Federal, civilian                                | 1,236          | 1,223          | 1,241          | 1,265          | 1,091          | 1,071          | 1,010          | 962            | 944            | 952            |
| Military   | 995            | 1,003          | 1,013          | 1,003          | 1,043          | 1,006          | 991            | 1,002          | 1,023          | 1,005          |
| State and local                                  | 15,864         | 16,000         | 16,085         | 16,015         | 16,043         | 15,214         | 14,756         | 14,627         | 14,692         | 14,858         |
| State government                                 | 3,069          | 3,188          | 3,350          | 3,434          | 3,535          | 3,458          | 3,237          | 3,062          | 3,035          | 3,109          |
| Local government                                 | 12,795         | 12,812         | 12,735         | 12,581         | 12,508         | 11,756         | 11,519         | 11,565         | 11,657         | 11,749         |

Source: Bureau of Local Economic Analysis (<https://www.bea.gov/>)

\* 2017 information not available

1 - The estimates of employment for 2001-2006 are based on the 2002 North American Industry Classification System (NAICS), a comprehensive, industrial classification system--developed and used by the United States, Canada, and Mexico--that groups establishments according to the similarity of their production processes. The estimates for 2007-2010 are based on the 2007 NAICS. The estimates for 2011 forward are based on the 2012 NAICS.

2 - Excludes limited partners.

E The estimate shown here constitutes the major portion of the true estimate.

(D) Not shown to avoid disclosure of confidential information, but the estimates for this item are included in the totals.

Last updated: November 17, 2017 -- new estimates for 2016; revised estimates for 2014-2015.

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.

**City of South Bend, Indiana**

**Comparison of Growth Rates in Personal Income for St. Joseph County,  
The State of Indiana and U.S. Personal Income**

**Last Ten Years**

| Calendar Year                                       | Amount in Millions             |                         | Amount in Billions   | Annual Percentage Increase     |                         |                      |
|---|--------------------------------|-------------------------|----------------------|--------------------------------|-------------------------|----------------------|
|   | St. Joseph Co. Personal Income | Indiana Personal Income | U.S. Personal Income | St. Joseph Co. Personal Income | Indiana Personal Income | U.S. Personal Income |
| 2007  | \$ 9,018                       | \$ 207,377              | \$ 11,381            | 7.16%                          | 6.28%                   | 7.27%                |
| 2008  | 9,381                          | 215,099                 | 11,995               | 4.02%                          | 3.72%                   | 5.40%                |
| 2009  | 9,708                          | 225,760                 | 12,493               | 3.49%                          | 4.96%                   | 4.15%                |
| 2010  | 9,042                          | 220,157                 | 12,079               | -6.86%                         | -2.48%                  | -3.31%               |
| 2011  | 9,144                          | 227,692                 | 12,460               | 1.14%                          | 3.42%                   | 3.15%                |
| 2012  | 9,668                          | 242,798                 | 13,233               | 5.72%                          | 6.63%                   | 6.21%                |
| 2013  | 10,152                         | 253,771                 | 13,904               | 5.01%                          | 4.52%                   | 5.07%                |
| 2014  | 10,349                         | 257,170                 | 14,069               | 1.94%                          | 1.34%                   | 1.18%                |
| 2015  | 10,961                         | 266,953                 | 14,802               | 5.91%                          | 3.80%                   | 5.21%                |
| 2015  | 11,554                         | 277,629                 | 15,464               | 5.40%                          | 4.00%                   | 4.47%                |
| 2016  | 11,995                         | 285,864                 | 16,028               | 3.82%                          | 2.97%                   | 3.65%                |
| <b>Average Annual Growth - Most Recent 5 Years</b>  |                                |                         |                      | <b>4.42%</b>                   | <b>3.33%</b>            | <b>3.92%</b>         |
| <b>Average Annual Growth - Most Recent 10 Years</b> |                                |                         |                      | <b>3.34%</b>                   | <b>3.56%</b>            | <b>3.86%</b>         |

Source: Bureau of Local Economic Analysis (<https://www.bea.gov/>)

Note-- All dollar estimates are in current dollars (not adjusted for inflation).

Last updated: March 28, 2017-- new estimates for 2016; revised estimates for 2011-2016.

\* 2017 information not available.

Principal Employers - Current and Nine Years Ago

December 31, 2017

| Employer   | Type of Business        | 2017                |                  |      | 2008                |                  |      |
|--|-------------------------|---------------------|------------------|------|---------------------|------------------|------|
|  |                         | Number of Employees | Percent of Total | Rank | Number of Employees | Percent of Total | Rank |
| Beacon Health System (Memorial)                                | Health Care             | 7,088               | 4.49%            | 1    | 3,529               | 2.64%            | 2    |
| University of Notre Dame                                       | Higher Education        | 6,086               | 3.86%            | 2    | 4,596               | 3.44%            | 1    |
| South Bend Community School Corp                               | Public Schools          | 3,432               | 2.17%            | 3    | 3,130               | 2.35%            | 3    |
| Indiana University South Bend                                  | Higher Education        | 1,401               | 0.89%            | 4    | 1,259               | 0.94%            | 8    |
| St. Joseph County  | Government              | 1,377               | 0.87%            | 5    | 1,305               | 0.98%            | 7    |
| City of South Bend   | Government              | 1,285               | 0.81%            | 6    | 1,213               | 0.91%            | 9    |
| Four Winds Casino (2)  | Casino and restaurants  | 1,200               | 0.76%            | 7    |                     |                  |      |
| AM General Corporation   | Manufacturing/Assembly  | 1,200               | 0.76%            | 8    | 2,400               | 1.80%            | 5    |
| Honeywell Aerospace  | Aerospace Manufacturing | 850                 | 0.54%            | 9    |                     | 0.00%            |      |
| Press Ganey  | Health Care Management  | 688                 | 0.44%            | 10   |                     | 0.00%            |      |
| Saint Joseph Health System                                     | Health Care             |                     |                  |      | 2,617               | 1.96%            | 4    |
| The Diocese of Fort Wayne/South Bend                           | Parochial Schools       |                     |                  |      | 1,403               | 1.05%            | 6    |
| Madison Center   | Health Care             |                     |                  |      | 871                 | 0.65%            | 10   |
| Total Number of Employees                                      |                         | <u>24,607</u>       | 15.59%           |      | <u>22,323</u>       | 16.73%           |      |
| Total Employees - South Bend Metropolitan Area Labor Force (1) |                         | <u>157,856</u>      | 100.00%          |      | <u>133,433</u>      | 100.00%          |      |

Source:

Crowe Horwath CPAs and conversations with employers

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

(2) Found Winds Casino opened to the public on January 16, 2018.

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## Operating Information

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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Operating Indicators by Function/Program

Last Ten Fiscal Years

| Function/ Program  | As of December 31, |        |        |        |        |        |        |        |        |        |
|--|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|  | 2008               | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
| Police:  |                    |        |        |        |        |        |        |        |        |        |
| Physical arrests   | 4,091              | 3,785  | 3,077  | 3,626  | 3,174  | 2,959  | 2,608  | 2,483  | 2,342  | 2,229  |
| Parking violations                                       | 1,672              | 1,479  | 979    | 904    | 1,051  | 1,019  | 299    | 691    | 480    | 919    |
| Traffic violations                                       | 5,901              | 11,746 | 14,163 | 4,236  | 7,561  | 2,180  | 1,487  | 4,327  | 6,437  | 4,701  |
| Fire:  |                    |        |        |        |        |        |        |        |        |        |
| Emergency responses                                      | 15,123             | 14,341 | 15,578 | 15,408 | 15,720 | 15,865 | 15,902 | 15,340 | 15,886 | 16,829 |
| Fires extinguished                                       | 264                | 264    | 225    | 251    | 214    | 220    | 227    | 213    | 236    | 339    |
| Inspections  | 4,467              | 4,205  | 4,233  | 3,553  | 3,325  | 2,273  | 3,133  | 3,778  | 2,148  | 2,522  |
| Refuse collection:                                       |                    |        |        |        |        |        |        |        |        |        |
| Refuse collected (tons per day)                          | 137                | 70     | 120    | 123    | 128    | 122    | 128    | 149    | 139    | 142    |
| Other public works:                                      |                    |        |        |        |        |        |        |        |        |        |
| Street resurfacing (miles)                               | 15                 | 15     | 20     | 18     | 17     | 21     | 22     | 17     | 20     | 19     |
| Potholes repaired (tonnage)                              | 898                | 629    | 380    | 332    | 117    | 691    | 826    | 526    | 462    | 363    |
| Parks and recreation:                                    |                    |        |        |        |        |        |        |        |        |        |
| Athletic field permits issued                            | 738                | 700    | 381    | 227    | 133    | 93     | 120    | 113    | 427    | 142    |
| Fitness Center Admissions                                | 70,193             | 74,438 | 60,118 | 67,408 | 61,002 | 63,671 | 67,428 | 64,547 | 67,294 | 73,405 |
| Water:   |                    |        |        |        |        |        |        |        |        |        |
| New billable housing starts                              | 299                | 194    | 179    | 144    | 160    | 242    | 141    | 108    | 189    | 214    |
| Water mains breaks                                       | 72                 | 87     | 76     | 60     | 66     | 80     | 134    | 99     | 53     | 45     |
| Average daily consumption<br>(thousands of gallons)      | 18,280             | 16,100 | 15,955 | 15,600 | 16,600 | 15,300 | 11,000 | 14,500 | 14,640 | 14,358 |
| Wastewater:  |                    |        |        |        |        |        |        |        |        |        |
| Average daily sewage treatment<br>(thousands of gallons) | 37,800             | 41,200 | 30,861 | 35,800 | 31,770 | 30,690 | 31,991 | 30,200 | 43,874 | 35,800 |

Sources: Various city departments

Capital Asset and Infrastructure Statistics by Function/Program

Last Ten Fiscal Years

| Function/program                          | As of December 31, |        |        |        |        |        |        |        |        |        |
|---|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|   | 2008               | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
| Police                                    |                    |        |        |        |        |        |        |        |        |        |
| Stations                                  | 1                  | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Patrol units                              | 25                 | 25     | 25     | 19     | 19     | 19     | 19     | 19     | 19     | 19     |
| Fire                                      |                    |        |        |        |        |        |        |        |        |        |
| Stations                                  | 11                 | 11     | 11     | 11     | 11     | 11     | 11     | 11     | 11     | 11     |
| Training Center                           | -                  | -      | -      | -      | -      | -      | 1      | 1      | 1      | 1      |
| Rescue units                              | 32                 | 33     | 33     | 33     | 33     | 33     | 33     | 33     | 33     | 33     |
| Refuse collection                         |                    |        |        |        |        |        |        |        |        |        |
| Collection trucks                         | 22                 | 21     | 23     | 23     | 19     | 19     | 19     | 19     | 19     | 19     |
| Other public works                        |                    |        |        |        |        |        |        |        |        |        |
| Streets (miles)                           | 500                | 532    | 532    | 499    | 525    | 525    | 525    | 525    | 525    | 525    |
| Streetlights                              | 1,242              | 2,500  | 2,500  | 2,500  | 2,700  | 2,700  | 3,000  | 3,015  | 3,015  | 3,015  |
| Traffic signals                           | 160                | 162    | 162    | 164    | 165    | 167    | 162    | 158    | 164    | 163    |
| Parks and recreation                      |                    |        |        |        |        |        |        |        |        |        |
| Acreage                                   | 1,292              | 1,292  | 1,292  | 1,292  | 1,292  | 1,292  | 1,292  | 1,292  | 1,292  | 1,500  |
| Playgrounds                               | 23                 | 23     | 23     | 23     | 23     | 23     | 23     | 23     | 23     | 23     |
| Baseball/softball diamonds                | 27                 | 27     | 27     | 27     | 27     | 27     | 27     | 27     | 27     | 27     |
| Soccer/football fields                    | 17                 | 17     | 17     | 17     | 19     | 19     | 19     | 19     | 19     | 19     |
| Swimming pools                            | 2                  | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |
| Splash Pads                               | 4                  | 5      | 5      | 5      | 5      | 6      | 6      | 6      | 7      | 8      |
| Community center                          | 5                  | 5      | 5      | 5      | 5      | 5      | 4      | 4      | 4      | 4      |
| Water                                     |                    |        |        |        |        |        |        |        |        |        |
| Water mains (miles)                       | 560                | 560    | 580    | 582    | 583    | 584    | 583    | 583    | 583    | 586    |
| Fire hydrants                             | 5,081              | 5,317  | 5,345  | 5,377  | 5,401  | 5,436  | 5,448  | 5,439  | 5,459  | 5,539  |
| Storage capacity (thousands of gallons)   | 17,300             | 17,300 | 17,300 | 17,300 | 17,300 | 17,300 | 17,300 | 17,300 | 17,300 | 17,300 |
| Wastewater                                |                    |        |        |        |        |        |        |        |        |        |
| Sanitary sewers (miles)                   | 540                | 534    | 534    | 534    | 528    | 526    | 527    | 527    | 527    | 535    |
| Storm sewers (miles)                      | 200                | 200    | 127    | 127    | 133    | 133    | 133    | 133    | 155    | 155    |
| Treatment capacity (thousands of gallons) | 48,000             | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 |

Sources: Various city departments

New Construction - Number of Permits and Property Values

Last Ten Fiscal Years  
(Dollar Amounts in 000's)

| Year | Residential          | Residential         | Commercial           | Commercial          | Public                       | Public                      | Manufacturing        | Manufacturing       | Total Value | Increase/<br>(Decrease) |          |
|------|----------------------|---------------------|----------------------|---------------------|------------------------------|-----------------------------|----------------------|---------------------|-------------|-------------------------|----------|
|      | Number of<br>Permits | Value<br>(in 000's) | Number of<br>Permits | Value<br>(in 000's) | Utility Number<br>of Permits | Utility Value<br>(in 000's) | Number of<br>Permits | Value<br>(in 000's) |             |                         |          |
| 2008 | 55                   | 10,032              | 15                   | 44,678              | 1,662                        | 29,685                      | 1                    | 2,416               | 86,811      | 7.54%                   |          |
| 2009 | 48                   | 8,467               | 10                   | 29,451              | 1,627                        | 28,785                      | -                    | -                   | 66,703      | -23.16%                 |          |
| 2010 | 35                   | 7,450               | 5                    | 28,283              | 1,221                        | 25,998                      | -                    | -                   | 61,731      | -7.45%                  |          |
| 2011 | 33                   | 6,300               | 14                   | 10,737              | 880                          | 20,265                      | 1                    | 2,023               | 39,325      | -36.30%                 |          |
| 2012 | 45                   | 9,827               | 11                   | 21,247              | -                            | -                           | 2                    | 2,291               | 33,365      | -15.16%                 |          |
| 2013 | 50                   | 15,136              | 8                    | 4,954               | -                            | -                           | 1                    | 160                 | 20,250      | -39.31%                 |          |
| 2014 | 51                   | 13,101              | 12                   | 10,392              | -                            | -                           | -                    | -                   | 23,493      | 16.01%                  |          |
| 2015 | (1)                  | 77                  | 18,615               | 70                  | 415,219                      | -                           | -                    | 6                   | 28,460      | 462,294                 | 1867.79% |
| 2016 |                      | 61                  | 15,215               | 22                  | 53,622                       | -                           | -                    | -                   | 68,837      | -85.11%                 |          |
| 2017 | (1)                  | 88                  | 23,195               | 13                  | 17,843                       | -                           | -                    | -                   | 466         | 41,504                  | -39.71%  |

Source - Consolidated City/County Building Department

(1) - Increase in commercial construction due to major construction taking place at the University of Notre Dame.

Full-Time City Government Employees by Department

Last Ten Fiscal Years

| Department                                    | As of December 31, |              |              |              |              |              |              |              |              |              |
|---|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 2008               | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         |
| General Government:                           |                    |              |              |              |              |              |              |              |              |              |
| Mayor's Office                                | 9                  | 8            | 7            | 7            | 6            | 6            | 7            | 7            | 6            | 7            |
| City Clerk's Office                           | 5                  | 5            | 5            | 5            | 5            | 5            | 5            | 5            | 5            | 5            |
| Common Council (elected officials, part-time) | 9                  | 9            | 9            | 9            | 9            | 9            | 9            | 9            | 9            | 9            |
| Administration and Finance                    | 29                 | 26           | 26           | 27           | 22           | 20           | 21           | 18           | 26           | 21           |
| Legal Department                              | 15                 | 9            | 9            | 9            | 9            | 10           | 10           | 12           | 11           | 10           |
| Engineering                                   | 19                 | 16           | 19           | 17           | 15           | 13           | 14           | 16           | 18           | 18           |
| 311 Call Center                               | -                  | -            | -            | -            | -            | 5            | 7            | 7            | 7            | 6            |
| Innovation and Technology (3)                 | -                  | -            | -            | -            | -            | -            | -            | -            | -            | 17           |
| Safety and Risk                               | -                  | -            | -            | -            | 3            | 3            | 3            | 2            | 2            | 2            |
| Human Rights                                  | -                  | -            | -            | -            | 6            | 6            | 6            | 6            | 6            | 5            |
| Public Safety:                                |                    |              |              |              |              |              |              |              |              |              |
| Police Department                             | 317                | 279          | 293          | 293          | 291          | 291          | 295          | 300          | 287          | 283          |
| Communication Center                          | 30                 | 37           | 38           | 35           | 35           | 33           | 34           | -            | -            | -            |
| Fire Department                               | 254                | 246          | 255          | 258          | 249          | 255          | 257          | 259          | 268          | 272          |
| Building Maintenance                          | 7                  | 4            | 3            | 3            | -            | -            | -            | -            | 3            | 2            |
| Culture and Recreation:                       |                    |              |              |              |              |              |              |              |              |              |
| Parks and Recreation (2)                      | 121                | 111          | 113          | 114          | 114          | 113          | 87           | 88           | 89           | 94           |
| Convention and Events Management (1)          | 15                 | 13           | 13           | 14           | 14           | 14           | 14           | 14           | 12           | 9            |
| Economic Development:                         |                    |              |              |              |              |              |              |              |              |              |
| Department of Community Investment            | 33                 | 26           | 26           | 25           | 24           | 26           | 25           | 25           | 23           | 22           |
| Highways and Streets:                         |                    |              |              |              |              |              |              |              |              |              |
| Street Department                             | 54                 | 51           | 52           | 56           | 52           | 60           | 59           | 53           | 59           | 55           |
| Traffic & Lighting                            | 11                 | 6            | -            | -            | -            | -            | -            | -            | -            | -            |
| Enterprise Funds:                             |                    |              |              |              |              |              |              |              |              |              |
| Water Works                                   | 80                 | 82           | 75           | 74           | 73           | 70           | 68           | 67           | 65           | 67           |
| Wastewater                                    | 57                 | 48           | 51           | 49           | 46           | 45           | 42           | 43           | 44           | 45           |
| Organic Resources (formerly in Wastewater)    | -                  | -            | -            | -            | 6            | 6            | 6            | 6            | 6            | 6            |
| Sewer   | 28                 | 33           | 35           | 36           | 39           | 34           | 33           | 30           | 31           | 38           |
| Solid Waste                                   | 26                 | 26           | 26           | 23           | 24           | 26           | 22           | 21           | 25           | 23           |
| Building Department                           | 22                 | 15           | 13           | 13           | 13           | 14           | 13           | 13           | 14           | 14           |
| Code Enforcement/Animal Care & Control        | 27                 | 27           | 23           | 25           | 25           | 24           | 23           | 23           | 26           | 29           |
| Internal Service Fund:                        |                    |              |              |              |              |              |              |              |              |              |
| Central Services                              | 46                 | 39           | 41           | 41           | 42           | 43           | 38           | 36           | 37           | 40           |
| <b>Total Positions</b>                        | <b>1,213</b>       | <b>1,116</b> | <b>1,132</b> | <b>1,133</b> | <b>1,122</b> | <b>1,131</b> | <b>1,098</b> | <b>1,060</b> | <b>1,079</b> | <b>1,099</b> |

Full-Time City Government Employees by Department (Continued)

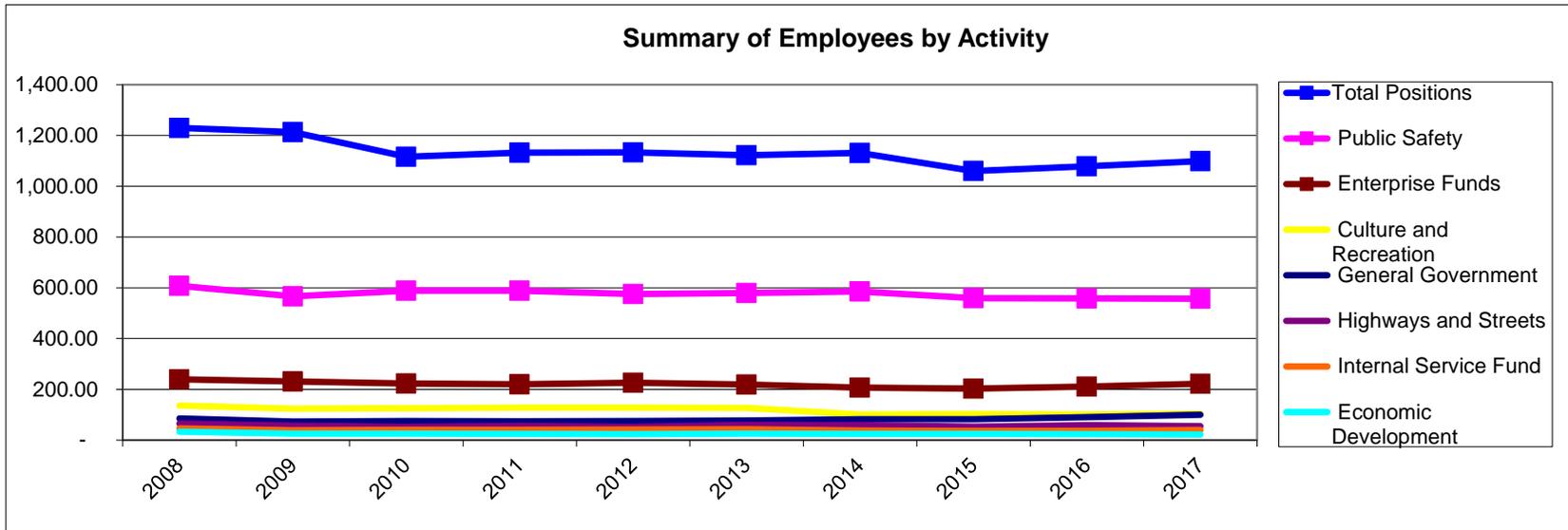
Last Ten Fiscal Years

| Department                 | As of December 31, |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|----------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                            | 2008               | 2009            | 2010            | 2011            | 2012            | 2013            | 2014            | 2015            | 2016            | 2017            |
| <b>Summary by Activity</b> |                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| General Government         | 85.50              | 73.00           | 75.00           | 74.00           | 75.00           | 77.00           | 82.00           | 82.00           | 90.00           | 100.00          |
| Public Safety              | 608.00             | 566.00          | 589.00          | 589.00          | 575.00          | 579.00          | 586.00          | 559.00          | 558.00          | 557.00          |
| Culture and Recreation     | 136.00             | 124.00          | 126.00          | 128.00          | 128.00          | 127.00          | 101.00          | 102.00          | 101.00          | 103.00          |
| Economic Development       | 33.00              | 26.00           | 26.00           | 25.00           | 24.00           | 26.00           | 25.00           | 25.00           | 23.00           | 22.00           |
| Highways and Streets       | 65.00              | 57.00           | 52.00           | 56.00           | 52.00           | 60.00           | 59.00           | 53.00           | 59.00           | 55.00           |
| Enterprise Funds           | 239.50             | 231.00          | 223.00          | 220.00          | 226.00          | 219.00          | 207.00          | 203.00          | 211.00          | 222.00          |
| Internal Service Fund      | 46.00              | 39.00           | 41.00           | 41.00           | 42.00           | 43.00           | 38.00           | 36.00           | 37.00           | 40.00           |
| <b>Total Positions</b>     | <b>1,230.00</b>    | <b>1,213.00</b> | <b>1,116.00</b> | <b>1,132.00</b> | <b>1,133.00</b> | <b>1,122.00</b> | <b>1,131.00</b> | <b>1,060.00</b> | <b>1,079.00</b> | <b>1,099.00</b> |

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.
- (3) Innovation & Technology became a stand alone department in 2017; this department includes technology employees as well as business analysis.

Source: City of South Bends Performance Based Budgets and personnel records



Salary Rate Comparison

1990 - 2017

| Year | ---1st Class Patrol Officer--- |             | ---1st Class Fire Fighter--- |             | Non-bargaining      | Teamsters          |
|------|--------------------------------|-------------|------------------------------|-------------|---------------------|--------------------|
|      | Percent                        | Base Salary | Percent                      | Base Salary |                     |                    |
| 1990 | 3.62%                          | \$ 20,071   | 4.74%                        | \$ 19,869   | 3.00-4.00%          | .25 per hour       |
| 1991 | 0.92%                          | 20,256      | 2.52%                        | 20,369      | 3.00%               | .25 per hour       |
| 1992 | 4.69%                          | 21,206      | 2.45%                        | 20,869      | 3.00%               | .30 per hour       |
| 1993 | 0.44%                          | 21,300      | 5.00%                        | 21,912      | 4.24%               | 0.00%              |
| 1994 | 2.35%                          | 21,800      | 0.00%                        | 21,912      | 1.50% + \$300 bonus | .15 per hour       |
| 1995 | 4.82%                          | 22,850      | 3.00%                        | 22,569      | 1.50% + \$300 bonus | .30 per hour       |
| 1996 | 4.38%                          | 23,850      | 5.00%                        | 23,697      | 3.00%               | .27 per hour       |
| 1997 | 4.19%                          | 24,850      | 4.87%                        | 24,850      | 3.00%               | .33 per hour       |
| 1998 | 4.63%                          | 26,000      | 0.60%                        | 25,000      | 3.00%               | .37 per hour       |
| 1999 | 3.85%                          | 27,000      | 2.60%                        | 25,650      | 3.25%               | 3.50%              |
| 2000 | 5.56%                          | 28,500      | 9.34%                        | 28,045      | 3.50%               | 3.50%              |
| 2001 | 9.74%                          | 31,275      | 11.52%                       | 31,275      | 3.50%               | 4.00%              |
| 2002 | 4.50%                          | 32,682      | 4.03%                        | 32,534      | 4.00%               | 4.00%              |
| 2003 | 5.57%                          | 34,504      | 4.04%                        | 33,850      | 4.00%               | 4.00%              |
| 2004 | 6.01%                          | 36,578      | 5.17%                        | 35,600      | 4.00%               | 4.00%              |
| 2005 | 9.36%                          | 40,000      | 12.36%                       | 40,000      | 4.00%               | 4.00%              |
| 2006 | 2.50%                          | 41,000      | 2.00%                        | 40,800      | 2.00%               | 4.25%              |
| 2007 | 2.50%                          | 42,025      | 2.50%                        | 41,820      | \$750/0%            | .38 per hour       |
| 2008 | 3.50%                          | 43,496      | 3.50%                        | 43,285      | 3.00%               | 3.00%              |
| 2009 | 2.20%                          | 44,453      | 2.00%                        | 44,150      | 2.00%               | 2.00%              |
| 2010 | 0.00%                          | 44,453      | 6.80%                        | 47,150      | 2.00%               | 2.00%              |
| 2011 | 11.50%                         | 49,563      | 4.06%                        | 49,066      | 2.00%               | 0.00%              |
| 2012 | 2.00%                          | 50,554      | 2.00%                        | 50,047      | 2.00%               | 2.00%              |
| 2013 | 2.50%                          | 51,818      | 3.00%                        | 51,550      | 2.00%               | 2.00%              |
| 2014 | 2.50%                          | 53,113      | 3.00%                        | 53,100      | 2.00%               | 2.00%              |
| 2015 | 2.20%                          | 54,281      | 2.20%                        | 54,268      | 2.00%               | 2.00%              |
| 2016 | 2.20%                          | 55,475      | 2.20%                        | 55,462      | 2.00%               | 2.00%              |
| 2017 | 2.50%                          | 56,861      | 2.20%                        | 56,682      | 2.00%               | 1% + 1.5% for PERF |

| Type of Coverage   |               | Limits of Liability | Estimated Annual Premium |
|--|---------------|---------------------|--------------------------|
| <b>Liability</b>   |               |                     |                          |
| Comprehensive General Liability  |               | Statutory           | Self-Insured             |
| Police Professional Liability  |               | Statutory           | Self-Insured             |
| Ambulance Malpractice Liability  |               | Statutory           | Self-Insured             |
| Premises Liability<br>(Clay Utilities, Century Center,<br>Parking Garages) |               | Statutory           | Self-Insured             |
| CGL - Stadium  |               | Statutory           | Self-Insured             |
| Liquor Liability   | 4/26/17 - 18  | \$ 1,000,000        | \$ 1,739 Premium         |
| Special Events (Arbor Day/Rum Village Aerial)                              | 4/20/17 - 18  | \$ 1,000,000        | \$ 2,510 Premium         |
| <b>Crime</b>   |               |                     |                          |
| Public Employee Dishonesty   | 12/31/17 - 18 | \$ 1,000,000        | \$ 9,374 Premium         |
| <b>Property</b>  |               |                     |                          |
|  | 7/1/17 - 18   |                     |                          |
| All risk blanket building & contents                                       |               | \$ 550,000,000      | \$386,025 Premium        |
| Business Income  |               | Included in above   | Included in above        |
| Machinery Breakdown  |               | Included in above   | Included in above        |
| Fine Arts  |               | Included in above   | Included in above        |
| Valuable Papers & Records  |               | Included in above   | Included in above        |
| Contractors Equipment  |               | Included in above   | Included in above        |
| Flood Insurance - Pump station & contents                                  | 1/15/17 - 18  | \$ 721,800          | \$ 8,468 Premium         |
| Eddy Street Commons Parking Garage   | 3/2/17 - 18   |                     |                          |
| Building & Infrastructure  |               | \$ 36,000,000       | \$ 26,115 Premium        |
| Business Income & Rental Value   |               | \$ 15,000,000       | Included in above        |
| Flood  |               | \$ 25,000,000       | Included in above        |
| Earthquake   |               | \$ 25,000,000       | Included in above        |
| <b>Other</b>   |               |                     |                          |
|  | 1/1/17 - 18   |                     |                          |
| Workers Compensation   |               | Statutory           | Self-Insured             |
| Third Party Fee  |               | Statutory           | \$ 51,000 Fee            |
| Excess Over Self-insured<br>\$400,000 Retention Each Accident              |               | Statutory           | \$136,465 Premium/Fee    |

Source: City of South Bend Administration & Finance Department  
Gibson Insurance Company

Last Ten Years  
(Amounts in 000's)

| Year            | Banks     |                  | Savings and Loans |          | Credit Unions                    |              | Total Deposits      | Percent Increase/ (Decrease) |
|-----------------|-----------|------------------|-------------------|----------|----------------------------------|--------------|---------------------|------------------------------|
|                 | Branches  | Deposits         | Branches          | Deposits | Branches                         | Deposits     |                     |                              |
| 2008            | 40        | \$ 2,184,092     | -                 | \$ -     | 24                               | \$ 2,699,677 | \$ 4,883,769        | 15.05%                       |
| 2009            | 40        | 2,443,390        | -                 | -        | 23                               | 2,914,347    | 5,357,737           | 9.70%                        |
| 2010            | 40        | 3,108,702        | -                 | -        | n/a                              | 2,410,711    | 5,519,413           | 3.02%                        |
| 2011            | 39        | 3,342,964        | -                 | -        | n/a                              | 2,474,034    | 5,816,998           | 5.39%                        |
| 2012            | 40        | 3,201,888        | -                 | -        | n/a                              | 2,735,212    | 5,937,100           | 2.06%                        |
| 2013            | 37        | 3,730,018        | -                 | -        | n/a                              | 2,854,527    | 6,584,545           | 10.91%                       |
| 2014            | 39        | 2,548,101        | -                 | -        | n/a                              | 2,911,596    | 5,459,697           | -17.08%                      |
| 2015            | 40        | 2,454,129        | 1                 | 25,077   | n/a                              | 3,089,732    | 5,568,938           | 2.00%                        |
| 2016            | 39        | 2,607,360        | 1                 | 25,077   | n/a                              | 3,262,413    | 5,894,850           | 5.85%                        |
| 2017            | 35        | 2,853,276        | -                 | -        | n/a                              | 3,451,457    | 6,304,733           | 6.95%                        |
| <b>Banks</b>    |           |                  |                   |          | <b>Credit Unions</b>             |              |                     |                              |
| 1st Source Bank | \$        | 1,466,041        | 51.39%            |          | Teacher's Credit Union           |              | \$ 2,471,346        | 71.60%                       |
| Key Bank        |           | 575,612          | 20.17%            |          | Notre Dame Federal Credit Union  |              | 480,702             | 13.93%                       |
| Wells Fargo     |           | 262,325          | 9.19%             |          | Community Wide Credit Union      |              | 342,737             | 9.93%                        |
| Others          |           | 549,298          | 19.25%            |          | AAA Federal Credit Union         |              | 53,852              | 1.56%                        |
| Total           | <b>\$</b> | <b>2,853,276</b> | 100.00%           |          | Policemen's Federal Credit Union |              | 49,295              | 1.43%                        |
|                 |           |                  |                   |          | Others                           |              | 53,525              | 1.55%                        |
|                 |           |                  |                   |          | Total                            |              | <b>\$ 3,451,457</b> | 100.00%                      |

n/a - information is not available

Bank of America closed operations in South Bend prior to June 30, 2014 reducing total bank deposits.

Sources:

Federal Deposit Insurance Corporation Website (www.fdic.gov). Research and Analysis: Summary of Deposits, Deposits Market Share Report, Indiana, St. Joseph County, South Bend, Run Report.

National Credit Union Association Website (www.ncua.gov). Custom Query, Search Fields, State = Indiana, Total Shares Greater than 1, City = South Bend or Notre Dame. Check data for CU name and total amount of shares and deposits.

| Police Department                |           |           | Department of Public Works                                   |             |             |
|----------------------------------|-----------|-----------|--|-------------|-------------|
|                                  | 2016      | 2017      |  | 2016        | 2017        |
| Authorized Officers              | 247       | 230       | Traffic Signals  | 164         | 163         |
| Vehicles                         | 363       | 340       | Street Lights (City maintained)                              | 3,015       | 3,015       |
| Special Officer Groups:          |           |           | Miles of Streets   | 525         | 525         |
| K-9 Patrols                      | 8         | 7         | Miles of Sidewalks   | 695         | 695         |
| SWAT Team                        | 17        | 18        | Miles of Alleys  | 398         | 398         |
| NEST - Special Neighborhood Unit | 9         | 12        | Miles of Sanitary Sewers and Storm Drains                    | 691         | 691         |
| Motorcycle Patrol Officers       | 7         | 6         | City Owned Vehicles & Related Units                          | 1,183       | 1,190       |
| Bomb Squad                       | 3         | 3         | Trash Picked Up Per Week (in tons)                           | 556/wk      | 568/wk      |
| Crime Prevention Officers        | 3         | 4         |  |             |             |
| Crime Data:                      |           |           | Sign Shop  |             |             |
| Murders                          | 15        | 17        |  | 2016        | 2017        |
| Rapes                            | 70        | 93        | Work orders for sign maintenance,<br>installation or removal | 3,119       | 1,641       |
| Robbery                          | 388       | 345       | Miles of yellow and white paint                              | 288         | 297         |
| Aggravated Assault               | 565       | 611       | Pre-formed plastic arrows used for<br>street markings        | 91          | 46          |
| Residential Burglary             | 955       | 830       | Crosswalk painting at intersections                          | 487         | 387         |
| Non-residential Burglary         | 286       | 362       | Turn arrows in turn lanes                                    | 56          | 56          |
| Larceny                          | 3,359     | 3,438     | Detour routes  | 30          | 30          |
| Auto Theft                       | 566       | 469       | Temporary No Parking postings                                | 462         | 499         |
| Arson                            | 47        | 37        | Railroad Crossings   | 7           | 4           |
| Calls for Service                | 103,183   | 99,542    | Special Signs Built  | 350         | 273         |
| Dispatches                       | 103,183   | 99,542    | Built Portables  | 75          | 75          |
| Miles Driven                     | 3,137,616 | 3,038,700 | Barricades set up for events (# of events):                  | 86          | 100         |
| Arrests                          | 2,342     | 2,229     | Block Parties  | 47          | 40          |
|                                  |           |           |  |             |             |
| Fire Department                  |           |           | Sewer Utility  |             |             |
| Paid Department established 1887 |           |           |  | 2016        | 2017        |
|                                  | 2016      | 2017      |  |             |             |
| Sworn Firefighters               |           |           | Customers  | 40,043      | 40,543      |
| (51 of which are Paramedics)     | 244       | 253       | Dry Tons of Sludge produced per year                         | 2,704       | 2,397       |
| Fire Apparatus                   | 20        | 20        | Miles of Sanitary Sewer Lines                                | 230         | 230         |
| Hazardous Materials Truck        | 1         | 1         | Miles of Storm Sewer Lines                                   | 155         | 155         |
| Reserve Pumper Trucks            | 3         | 3         | Miles of Combined Lines (not separated)                      | 305         | 305         |
| Reserve Ladder Trucks            | 2         | 2         |  |             |             |
| River Rescue Boats               | 3         | 3         | Water Utility  |             |             |
| Ambulances                       | 7         | 7         |  | 2016        | 2017        |
| Neonatal (Newborn) Units         | 3         | 3         | Customers/Meters   | 40,670      | 41,200      |
| Fire Runs                        | 3,421     | 3,582     | Irrigation Customers   | 2,973       | 2,907       |
| Ambulance Runs                   | 14,583    | 15,442    | Wells/Pumps in service                                       | 30          | 27          |
|                                  |           |           | Pumping Capacity   | 53.7 m.g.d. | 48 m.g.d.   |
|                                  |           |           | Daily Consumption  | 14.6 m.g.d. | 14.4m.g.d.  |
|                                  |           |           | Peak Demand  | 26.5 m.g.d. | 25.8 m.g.d. |
|                                  |           |           | Miles of Distribution Systems                                | 583         | 586         |
|                                  |           |           | Fire Hydrants  | 5,459       | 5,539       |

South Bend International Airport

| Passenger Volume: |                      |                   |                       |
|-------------------|----------------------|-------------------|-----------------------|
| Year              | Airline Enplanements | South Shore Train | Bus to O'Hare/ Midway |
| 2013              | 314,114              | 257,997           | 31,058                |
| 2014              | 301,878              | 251,426           | 37,315                |
| 2015              | 314,300              | 248,506           | 34,394                |
| 2016              | 328,897              | 243,920           | 34,145                |
| 2017              | 305,491              | 260,794           | 33,696                |

On average, more than 1,600 airline passengers travel through South Bend International every day.

Commercial airlines with operations at South Bend International Airport (market share):

|                       | 2015    | 2016    |
|-----------------------|---------|---------|
| Allegiant Air         | 31.07%  | 31.73%  |
| Delta Connection      | 45.34%  | 45.79%  |
| United Express        | 21.38%  | 20.63%  |
| Charters/Nonscheduled | 2.21%   | 1.85%   |
| Total                 | 100.00% | 100.00% |

\* 2017 information not available

Transpo

| South Bend Public Transportation Corporation |           |           |
|--|-----------|-----------|
|  | 2016      | 2017      |
| <b>Motor Bus (Fixed Route)</b>               |           |           |
| Route Miles                                  | 288       | 291       |
| Ridership                                    | 1,676,030 | 1,571,446 |
| Miles of Service                             | 1,358,176 | 1,356,792 |
| Revenue Miles                                | 1,283,562 | 1,282,475 |
| <b>Demand Response (ACCESS)</b>              |           |           |
| Ridership                                    | 65,099    | 68,572    |
| Total Miles                                  | 342,319   | 347,186   |
| Revenue Miles                                | 306,798   | 312,417   |

Other Transportation

- 43 Trucking Lines, 33 Terminals
- 4 Interstate Bus Lines
- 4 Major Rail Systems (freight and passenger)

Colleges and Universities

| Colleges                         | Enrollment |        |
|----------------------------------|------------|--------|
|                                  | 2016       | 2017   |
| University of Notre Dame *       | 12,292     | 12,393 |
| Indiana University at South Bend | 7,185      | 5,385  |
| Bethel College                   | 1,639      | 1,650  |
| St. Mary's College               | 1,606      | 1,600  |
| Holy Cross College *             | 530        | 500    |
| Trine University - South Bend    | 75         | 78     |
| Purdue University South Bend     | 130        | 150    |

Technical Colleges

|                              | Enrollment |       |
|------------------------------|------------|-------|
|                              | 2016       | 2017  |
| IVY Tech Community College * | 5,694      | 5,694 |

\* 2016 information not available

Convention Facilities

|                                 |  |
|---------------------------------|--|
| Century Center                  | 75,000 square feet of exhibit space<br>2,270 max available seating<br>694 seat theater |
| Morris Performing Arts Center   | 2,500 available seating  |
| Hotels/Motels                   | 25 Hotels/Motels<br>3 Bed & Breakfasts   |
| Major hotels and meeting rooms: |  |
| DoubleTree by Hilton            | facilities to seat 600   |
| Waterford Estates Lodge         | facilities to seat 500   |
| The Morris Inn                  | facilities to seat 400   |
| Aloft                           | facilities to seat 150   |

Health Care

The City of South Bend has excellent health care access at costs below the national average and the lowest in the Midwest region. The City has one major hospital:

|   |          |
|---|----------|
| Beacon Health Systems (Memorial Hospital) | 525 beds |
|---|----------|

Communications

- Access to:
- 3 Major Television Networks: NBC (WNDU), ABC (WBND), and CBS/FOX (WSBT)
  - 1 Public Broadcasting Television Station (WNIT)
  - 2 Local Television Stations (WHME, WJSV)
  - 1 Major Newspaper (The South Bend Tribune)
  - 25 Radio Stations

Famous Residents

- South Bend has been the home to the many distinguished individuals including the following persons:
- Schuyler Colfax, 17th U.S. Vice President
  - John Fogerty, singer
  - Michael Warren, actor
  - Chad Everett, actor
  - Sidney Pollack, actor/director
  - Knute Rockne, football coach
  - John Wooden, basketball coach
  - Joe Kernan, former South Bend Mayor and Indiana Governor
  - Ryan Newman, racecar driver
  - Skylar Diggins, woman's basketball player

Other

- Incorporated in 1865
- County Seat of St. Joseph County
- South Bend officially began under the name South Hold, but the name was changed by the Post Office in 1830 to avoid confusion with other communities that used that name. The name South Bend was used because the City is located at the southernmost point of the St. Joseph River.
- Average High Temperature:

|         |                       |
|---------|-----------------------|
| January | 31 degrees Fahrenheit |
| July    | 83 degrees Fahrenheit |

# SOUTH BEND

## BY THE NUMBERS

### 6 weeks of fully paid

parental leave for City employees, one of the most generous plans in the state.



### 675 private jobs created



through partnerships with the Department of Community Investment.

### \$207,663,000

in private investment in the City.



**0** The number of fire fatalities in the City in 2017.

**55,287 HOURS OF TRAINING** by the South Bend Fire Department.

### OVER 7,000 FOOT PATROLS

conducted by the South Bend police Department, nearly double the year before.



**2,914 Access to Public Records requests** fulfilled by the Legal Department.



**125,057 calls** taken by 311.



**3.5 Million Pounds** of litter removed by Code Enforcement NEAT crews.



**48%**

participation in the City Yard Waste Program, twice the national average.



At Animal Care and Control, **the number of adopted animals DOUBLED.**



**50,000 Attendees**

to the First Annual **Best. Week. Ever.**

### 35 parks and 20 miles

of trails touched by the My SB Parks & Trails plan.



### 31 lane miles

paved in the city streetscape.



**210,000**

trips taken by LimeBike riders.

**44,935 feet**

of curbs and sidewalks added or replaced.

