



ANNUAL INVESTMENT REPORT
to the
CITY OF SOUTH BEND BOARD OF FINANCE

For the Year Ended December 31, 2023

Report Date: January 22, 2024

Report Distribution: South Bend Common Council Members
Mayor
Deputy Chief of Staff
City Clerk
Common Council Attorney Corporation
Counsel
State Board of Accounts (local office)

Submitted By: City Controller (pursuant to I.C. 5-13-7-7)



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INVESTMENT OFFICERS

City Controller: Kyle J. Willis

Director of Treasury: Jaime Kelley

INVESTMENT ADVISORS (1ST SOURCE BANK)

Paul W. Gifford, Jr., CFA
Senior Vice President & Chief Investment Officer

Erik Clapsaddle, CFA, CFP ®
Vice President & Sr. Fixed Income Portfolio Manager

Delia Salazar Nicholls
Trust Officer

AUTHORIZED INVESTMENT AMOUNT

Portfolio of \$200 million in investments with 1st Source Bank



INVESTMENT REVIEW MEETINGS

<u>QUARTER</u>	<u>DATE</u>	<u>TIME</u>
1 ST Quarter	04/17/2024	10:00 A.M.
2 ND Quarter	07/17/2024	10:00 A.M.
3 RD Quarter	10/16/2024	10:00 A.M.
4 TH Quarter	01/18/2025	10:00 A.M.

Investment Review Meetings will be held virtually via Microsoft Teams until further notice.



INVESTMENT REPORT (12/31/2023)



Wealth Advisory Services

Investment Presentation for

City of South Bend Corporate Agency

Account 619062011

The 1st Source Bank Wealth Advisory Services team includes 57 professionals and 37 support specialists, with over 1,700 years of combined industry experience and an average of 19 years of experience per team member.

- 8 MBA degrees
- 11 JD degrees
- 5 employees with the designation of CFA® (Chartered Financial Analyst®)
- 2 CPAs (Certified Public Accountant)
- 7 CFP® (CERTIFIED FINANCIAL PLANNER®) designations
- 1 CSOP (Certified Securities Operations Professionals)
- 2 CISPs (Certified IRA Services Professionals)
- 7 CTFAs (Certified Trust and Fiduciary Advisor)

Our Wealth Advisory Services team of professionals is here to serve our clients.



As of 12/31/2023**Economic Activity**

GDP in the third quarter of 2023 increased by 4.9%, which was the largest increase since 2014 excluding the pandemic and was now the fifth consecutive quarter of growth despite economists relentlessly calling for a 2023 recession during the latter part of 2022. Personal consumption in the second quarter increased by a notable 3.1% over the previous quarter—though a disappointing result relative to the initial forecast of 4%. GDP was surprisingly led higher from gross private domestic investment, an increase in nonfarm inventories, and government consumption.

Labor markets have continued to show changes throughout the fourth quarter that would favor the Fed moving to an official approach of nearer-term rate cuts. The most recent reading of job openings fell to their lowest level since March 2021 though they still exceed the number of unemployed people in the U.S. by 2.3 million but well down from the peak of 6 million in August 2022. The labor force participation rate increased to 62.8% in November, which moved back to its highest-level since February 2020, as 532K re-entered the labor force looking for employment. Despite labor markets loosening a little, wage growth continues to be strong at a 3.4% 3-month average annualized rate.

The Fed's favorite inflation gauge, the Core Personal Consumption Expenditure ("PCE Core") increased by 3.2% year-over-year at its last reading and was reached its lowest level since March 2021. The even more encouraging sign was the 0.06% MoM increase and PCE Core has now averaged a 1.86% 6-month annualized result.

Interest Rates

The Federal Open Market Committee (the "FOMC")

has not raised the Federal Funds Target Rate (the "Rate") since July 26 and it continues to be 5.25-5.50%. The FOMC continues to focus on reducing inflation, which has significantly subsided and to a lesser extent they continue to address their concerns with the tight labor markets. There was a notable reverse course in interest rate forecasts/expectations during the fourth quarter as the FOMC now believes their target rate will end 2024 at 4.5-4.625% but was forecasted to end 2024 at a 5-5.25% range at their third quarter meeting. The yield on the ten-year U.S. Treasury note hit a long-term high in the fourth quarter of 5.02% and since the moment has retreated to being well under of 4%.

Credit continues to be the outperforming asset class for the year within traditional fixed income even as interest rates have swiftly declined in the fourth quarter. Through the end of December, the Bloomberg Corporate Investment Grade Index was up over 5%, but the Bloomberg Treasury index was up less than 4%. The best performer within traditional fixed income for the year has been high yield corporate bonds as the Bloomberg High Yield Index has returned around 13% in 2023.

Stock Market

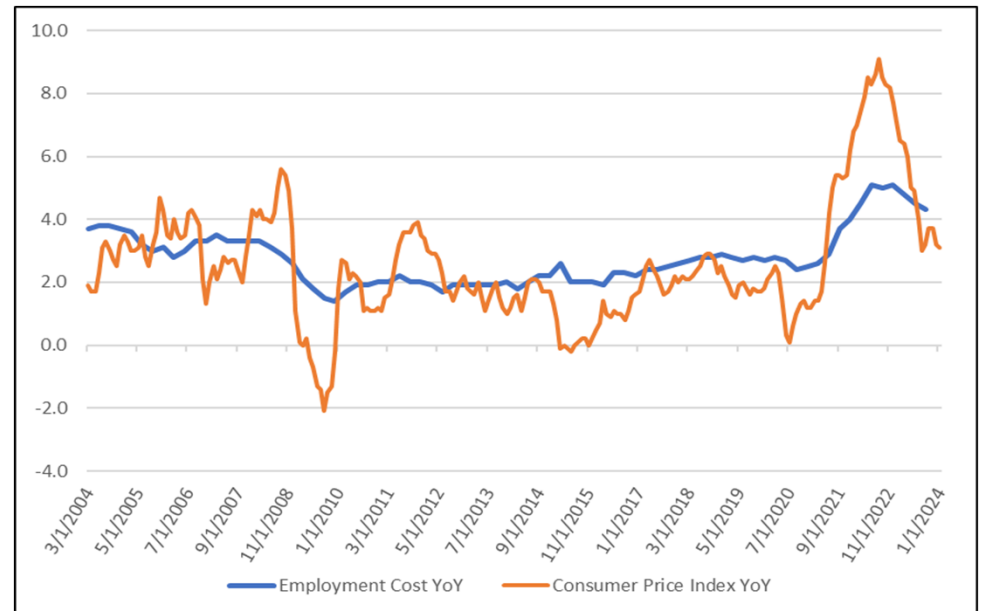
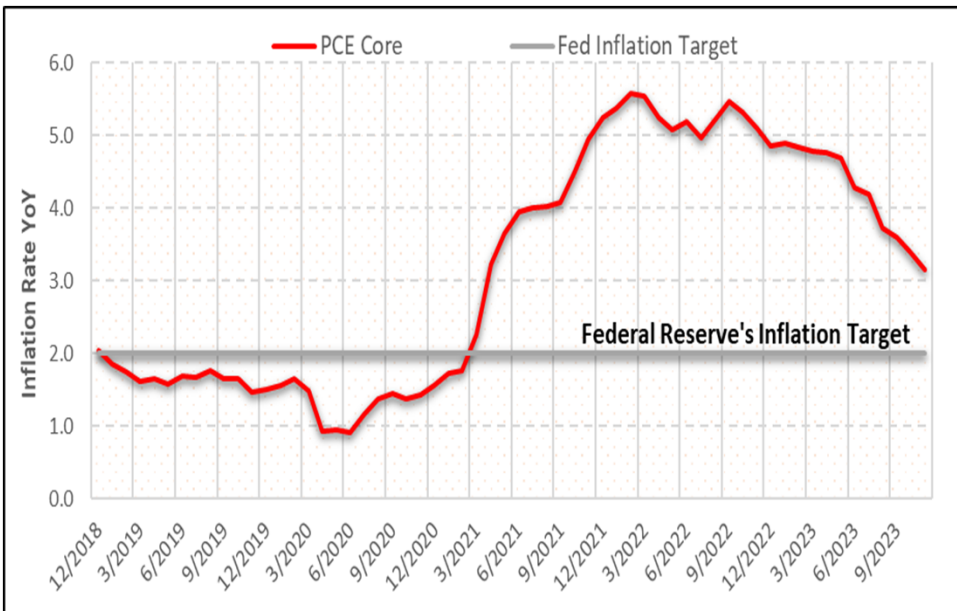
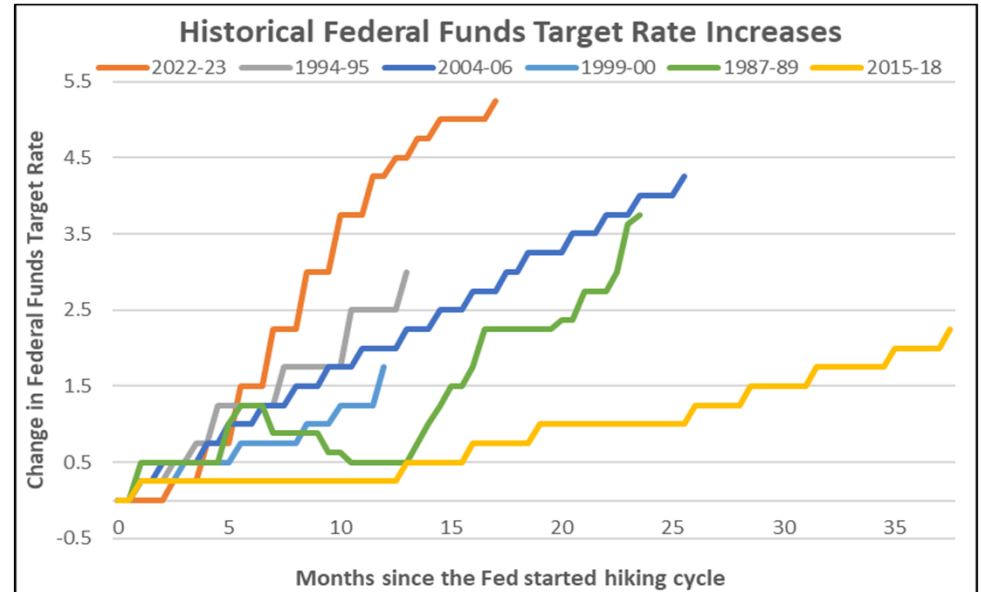
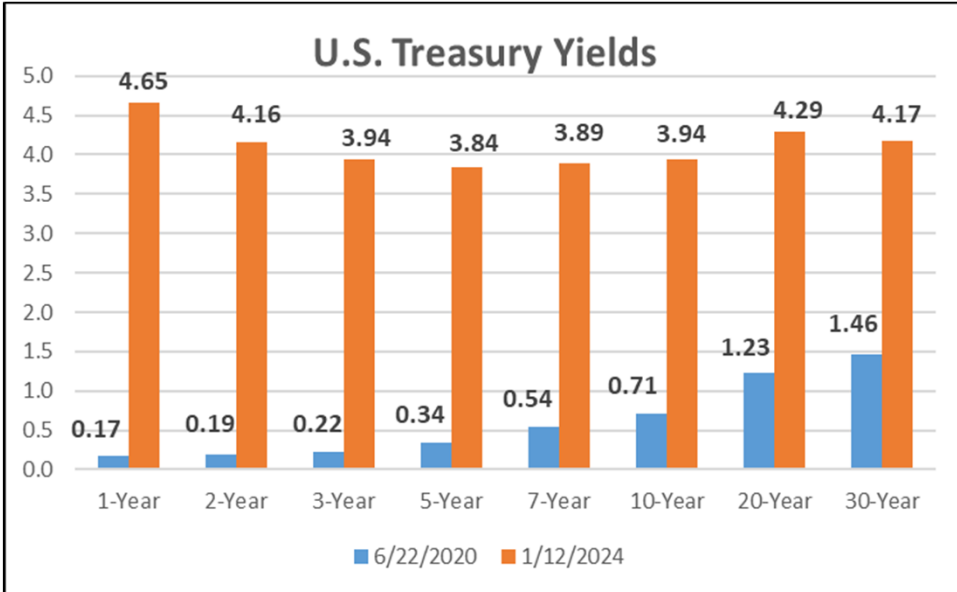
Equity markets finished the year strong with the NASDAQ (technology) up 43.4% and the S&P 500 up 24.2% not far from its intraday high of 4,818 reached in January 2022. Bloomberg data shows roughly 71% of stocks have underperformed the S&P 500 this year with most of the gains coming from a few large cap growth companies. These stocks known as the "Magnificent Seven;" Amazon, Microsoft, Apple, Tesla, Nvidia, Alphabet, and Meta (Facebook) have collectively risen 73% in 2023 and represent roughly 30% of the S&P 500 market value. Small cap companies measured by the Russell

2000 underperformed their large cap counterparts for the year but did outperform in the fourth quarter by 4.8%. International equities trailed U.S. equities by 9.4% for the year as Germany, the largest economy in Europe, officially entered a recession.

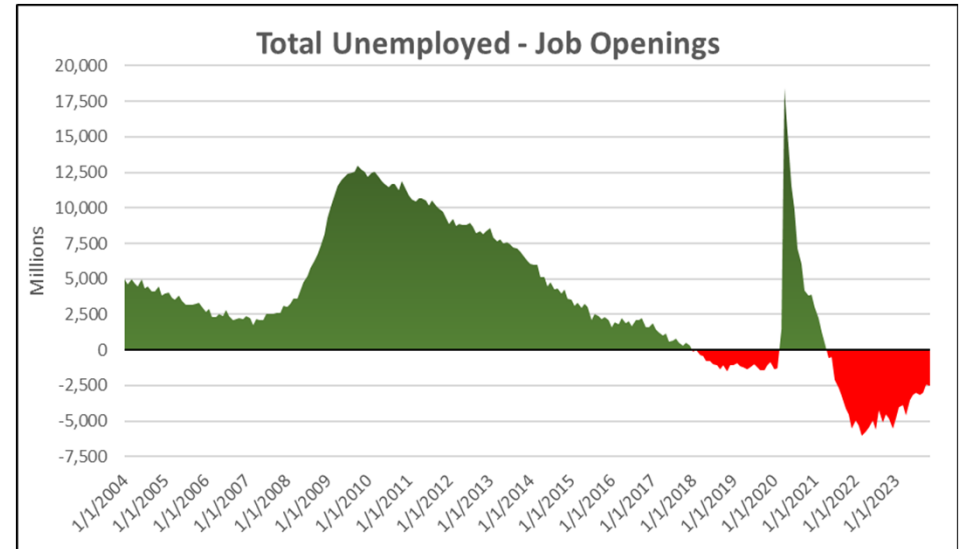
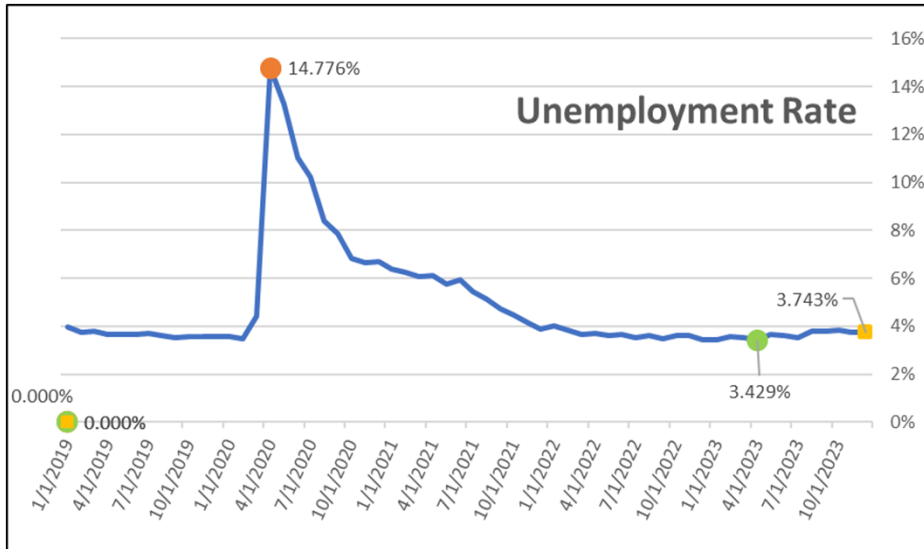
S&P 500 earnings are expected to grow 1% in 2023 after 4% earnings growth in 2022. For 2024 S&P 500 analysts are forecasting earnings growth to rebound strongly to 12%. We view this earnings growth as optimistic in an environment where current GDP forecasts are for the economy to grow in the range of 1.0-2.0%. Operating margins are below record highs seen in 2022 but have remained stable at a lower level as companies remain aggressive on trimming expenses. We believe revenue growth will be more problematic in 2024 and the moderating inflation which limits the ability of companies to pass along higher costs.

Recent market performance in December has been supported by Federal Reserve chairman Powell and his pivot to a dovish stance. A decline in yields led to outperformance in interest rate sensitive areas of the market: small cap, real estate, and financials. Other members of the Federal Reserve pushed back on the notion of a policy shift and reiterated its premature to think about interest rate cuts. Markets are currently forecasting an 85% chance of an interest rate cut in March and five additional rate cuts for the remainder of the year.

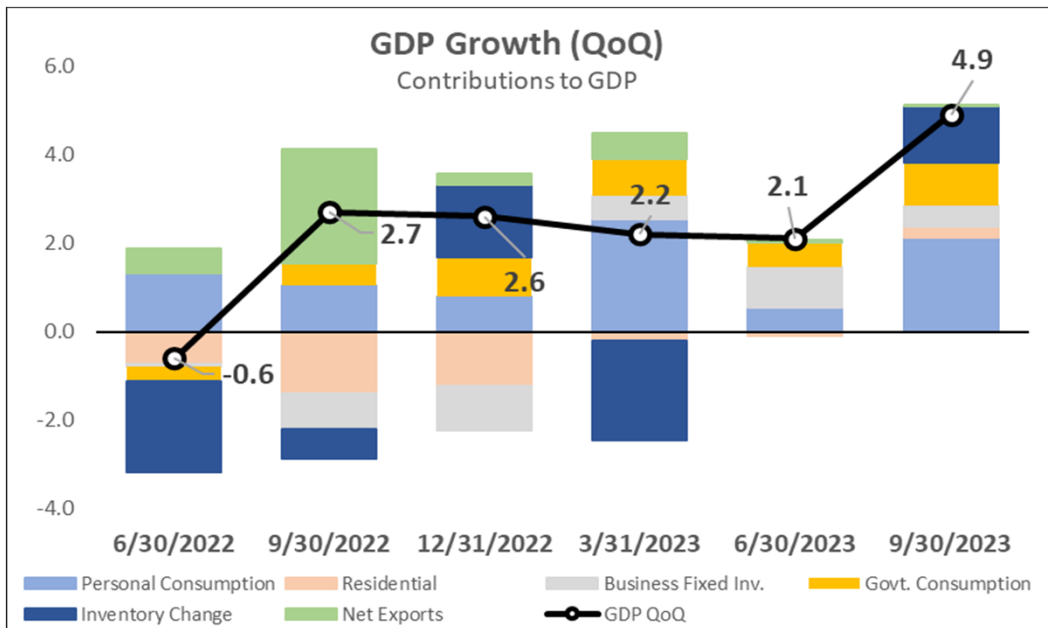
We believe a more favorable risk reward ratio is available outside the largest technology companies and in mid cap and smaller cap companies. For equity markets to continue their strong performance in 2024 we will need to see recent improvements in mid cap and small cap stocks extend into next year.



Data as of: January 12, 2023



Source: Bureau of Labor Statistics



- **Third quarter GDP grew by 4.9% in the U.S., which was the largest increase since 2014 excluding the pandemic, and was now the fifth consecutive quarter of strong growth despite economists relentlessly calling for a recession**
- Personal Consumption increased 3.1% over the previous quarter, as forecasted, and was the largest contributor to GDP as it accounted for 43% of the total. Gross private domestic investment also contributed 1.74% points to GDP.
- A change in nonfarm inventories was another large contributor to GDP in the third quarter as it contributed 1.24 percentage points and government consumption (mostly state & local and national defense) contributed 0.99 points.
- Private investment into residential real estate during the third quarter was positive for the first time since 1Q2021 after nine quarters of negative contribution to GDP. The only notable detractor within GDP were imports of goods which detracted -0.64% points from GDP.



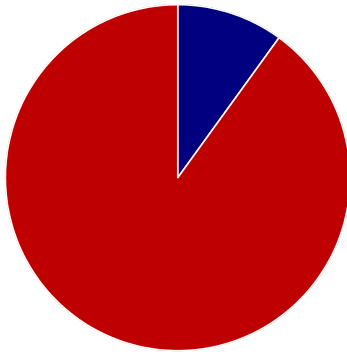
Wealth Advisory Services

Account Summary as of 1/16/2024

City of South Bend Corporate Agency

Asset Allocation

Asset Category	Market Value	% Total
Cash	19,834,448.92	10.0
Fixed Income	179,001,285.85	90.0
Total	\$198,835,734.77	100.0%



Account Statistics

Total Market Value	\$198,835,734.77
Total Unrealized Gain/Loss	-\$746,330.22
Estimated Annual Income	\$5,989,870.09
Estimated Portfolio Yield	3.01%
YTD Long Term Gain/Loss	\$0.00
YTD Short Term Gain/Loss	\$0.00
Policy Account	Income
Minor Account Type	AGENCY
Investment Officer	PAUL GIFFORD
Administrative Officer	DELIA SALAZAR NICHOLLS

Top 5 Holdings (Cash Excluded)

Asset	Units	Price	Tax Cost	Market Value	Gain/Loss	Est. Income	Yield	% Total
U.S. Treasury Notes 2.875% 5/31/25	7,000,000	97.97	6,942,496.12	6,882,023.99	-60,472.13	201,250.00	2.92	3.46
Wells Fargo Bank CD 4.800% 5/02/25	6,500,000	99.65	6,500,000.00	6,486,717.74	-13,282.26	312,000.00	4.81	3.26
U.S. Treasury Notes 2.250% 1/31/24	6,000,000	99.87	6,021,928.89	6,053,216.74	31,287.85	135,000.00	2.23	3.04
U.S. Treasury Notes 2.125% 3/31/24	6,000,000	99.34	5,985,433.04	5,996,977.87	11,544.83	127,500.00	2.13	3.02
U.S. Treasury Notes 2.375% 8/15/24	6,000,000	98.48	5,959,771.20	5,967,511.47	7,740.27	142,500.00	2.39	3.00
Total			\$31,409,629.25	\$31,386,447.81	-\$23,181.44	\$918,250.00	2.93%	15.79%

Market values include accruals.

Holdings Detail as of 1/16/2024

City of South Bend Corporate Agency

Asset	CUSIP	Quantity	Tax Cost	Market Value	Gain/Loss	Est. Income	Yield
Cash							
Taxable Money Market Funds							
Federated Hermes Govt Obl	608919718	3,117,822	3,117,821.85	3,129,578.92	11,757.07	167,402.09	5.35%
U.S. Treasury Bills							
U.S. Treasury Bills 4/25/24	912797HG5	7,000,000	6,836,813.19	6,899,270.00	62,456.81	0.00	0.00%
U.S. Treasury Bills 5/09/24	912797HQ3	5,000,000	4,909,243.51	4,918,550.00	9,306.49	0.00	0.00%
U.S. Treasury Bills 6/27/24	912796Y45	5,000,000	4,876,219.44	4,887,050.00	10,830.56	0.00	0.00%
Total Cash			\$19,740,097.99	\$19,834,448.92	\$94,350.93	\$167,402.09	0.84%
Fixed Income							
Time Deposits							
Ally Bank CD 4.700% 12/23/24	02007GH55	250,000	250,000.00	249,668.22	-331.78	11,750.00	4.71%
American Expr Bk CD 3.300% 7/01/24	02589AD41	250,000	250,000.00	248,341.54	-1,658.46	8,250.00	3.32%
Bank of America CD 5.300% 11/24/25	06051V5E2	892,000	892,000.00	905,344.93	13,344.93	47,276.00	5.22%
Bank of America CD 5.400% 5/22/25	06051V5G7	1,254,000	1,254,000.00	1,268,926.55	14,926.55	67,716.00	5.34%
Bank of America CD 5.450% 5/01/25	06051V4M5	5,000,000	5,000,000.00	5,076,500.00	76,500.00	272,500.00	5.37%
Bmo Bank CD 5.050% 12/16/24	05610LEJ9	2,000,000	2,000,000.00	2,006,241.37	6,241.37	101,000.00	5.03%
Bmo Bank CD 5.200% 11/24/25	05610LDU5	1,000,000	1,000,000.00	1,013,048.22	13,048.22	52,000.00	5.13%
Bmo Harris Bank CD 0.500% 3/28/25	05600XAY6	1,000,000	1,000,000.00	946,559.18	-53,440.82	5,000.00	0.53%
Bmo Harris Bank CD 0.700% 4/28/25	05600XCV0	3,000,000	3,000,000.00	2,841,080.14	-158,919.86	21,000.00	0.74%
Bmo Harris Bank CD 4.900% 5/28/24	05600XPB0	1,000,000	1,000,000.00	1,009,016.99	9,016.99	49,000.00	4.86%
Bmo Harris Bank CD 5.000% 7/14/25	05600XTB6	2,500,000	2,500,000.00	2,561,146.23	61,146.23	125,000.00	4.88%
Bmo Harris Bk CD 0.500% 2/27/25	05600XAV2	1,000,000	1,000,000.00	950,293.84	-49,706.16	5,000.00	0.53%
Bmo Harris Bk CD 4.850% 5/27/25	05600XQK9	2,000,000	2,000,000.00	2,007,767.67	7,767.67	97,000.00	4.83%
Bmo Harris Bk CD 4.900% 6/23/25	05600XRW2	2,000,000	2,000,000.00	2,002,455.34	2,455.34	98,000.00	4.89%
BMW Bank CD 5.150% 5/18/26	05580A4M3	250,000	250,000.00	253,603.12	3,603.12	12,875.00	5.08%
Capital One Bank CD 3.300% 7/01/24	14042THC4	250,000	250,000.00	248,341.54	-1,658.46	8,250.00	3.32%
Capital One CD 3.300% 7/01/24	14042RSH5	250,000	250,000.00	248,341.54	-1,658.46	8,250.00	3.32%
City Natl Bank CD 4.900% 11/24/25	178180GS8	199,000	199,000.00	200,428.14	1,428.14	9,751.00	4.87%
City Natl Bk-bev CD 4.350% 1/26/26	178180GW9	250,000	250,000.00	252,709.66	2,709.66	10,875.00	4.30%



Wealth Advisory Services

Holdings Detail as of 1/16/2024

City of South Bend Corporate Agency

Asset	CUSIP	Quantity	Tax Cost	Market Value	Gain/Loss	Est. Income	Yield
Fixed Income							
Time Deposits (continued)							
Comerica Bank CD 5.250% 9/30/24	200339FB0	250,000	249,937.50	253,958.18	4,020.68	13,125.00	5.17%
First Fed Svg Bk CD 5.250% 10/14/25	32021YEF6	260,000	260,000.00	261,457.99	1,457.99	13,650.00	5.22%
First Internet CD 4.450% 6/16/25	32056GDS6	150,000	150,000.00	148,791.00	-1,209.00	6,675.00	4.49%
Flagstar Bank CD 0.400% 9/30/24	33847E4E4	1,000,000	1,000,000.00	968,510.68	-31,489.32	4,000.00	0.41%
Flagstar Bank CD 0.500% 7/31/24	33847E3X3	1,000,000	1,000,000.00	977,843.97	-22,156.03	5,000.00	0.51%
Flagstar Bank NA CD 4.800% 6/30/25	33847GBT8	2,000,000	2,000,000.00	1,997,828.22	-2,171.78	96,000.00	4.81%
Goldman Sachs Bk CD 3.350% 7/08/24	38150VDH9	250,000	250,000.00	248,130.62	-1,869.38	8,375.00	3.38%
Manuf & Traders CD 4.900% 12/09/24	564759RJ9	250,000	250,000.00	250,699.28	699.28	12,250.00	4.89%
Morgan Stanle Bk CD 4.850% 3/30/27	61768ERB1	250,000	250,000.00	253,955.51	3,955.51	12,125.00	4.77%
Morgan Stanley Bk CD 4.850% 3/30/27	61690U3M0	250,000	250,000.00	253,955.51	3,955.51	12,125.00	4.77%
Oceanfirst Bank CD 3.250% 7/01/24	67523TBE2	250,000	250,000.00	248,278.90	-1,721.10	8,125.00	3.27%
Popular Bank CD 4.300% 12/11/25	73317ABH4	250,000	250,000.00	248,258.56	-1,741.44	10,750.00	4.33%
Sallie Mae Bk CD 4.900% 12/08/25	795451CL5	250,000	250,000.00	251,316.78	1,316.78	12,250.00	4.87%
Southern Bank CD 4.650% 12/09/24	843383CG3	250,000	250,000.00	249,009.90	-990.10	11,625.00	4.67%
Southern Sts Bank CD 0.500% 6/12/24	843879DC8	250,000	250,000.00	245,323.42	-4,676.58	1,250.00	0.51%
Tristate Cap Bank CD 5.000% 3/30/26	89677DJE7	250,000	250,000.00	254,315.89	4,315.89	12,500.00	4.92%
UBS Bank USA CD 4.350% 1/20/26	90355GAM8	250,000	250,000.00	248,339.86	-1,660.14	10,875.00	4.38%
United Fid Bank CD 5.000% 7/14/25	910286GQ0	2,500,000	2,500,000.00	2,509,798.97	9,798.97	125,000.00	4.98%
United Fidelit Bk CD 4.600% 12/29/26	910286GL1	2,000,000	2,000,000.00	1,989,740.82	-10,259.18	92,000.00	4.62%
United Fidelit Bk CD 4.900% 3/30/27	910286GA5	500,000	500,000.00	502,729.73	2,729.73	24,500.00	4.87%
US Bank CD 5.500% 12/03/24	90355UBG9	2,000,000	2,000,000.00	2,014,353.42	14,353.42	110,000.00	5.46%
US Bk Natl Assn CD 5.400% 12/13/24	90355UBM6	2,000,000	2,000,000.00	2,010,560.82	10,560.82	108,000.00	5.37%
Wells Fargo Bank CD 2.950% 3/27/24	949763YW0	1,000,000	1,000,000.00	996,793.97	-3,206.03	29,500.00	2.96%
Wells Fargo Bank CD 4.400% 1/27/25	9497635M4	1,000,000	1,000,000.00	994,740.41	-5,259.59	44,000.00	4.42%
Wells Fargo Bank CD 4.750% 12/16/24	9497634M5	1,750,000	1,750,000.00	1,750,392.19	392.19	83,125.00	4.75%
Wells Fargo Bank CD 4.800% 5/02/25	949764BP8	6,500,000	6,500,000.00	6,486,717.74	-13,282.26	312,000.00	4.81%
Wells Fargo Bank CD 4.800% 5/28/24	9497633V6	5,000,000	5,000,000.00	5,004,720.55	4,720.55	240,000.00	4.80%

Holdings Detail as of 1/16/2024

City of South Bend Corporate Agency

Asset	CUSIP	Quantity	Tax Cost	Market Value	Gain/Loss	Est. Income	Yield
Fixed Income							
Time Deposits (continued)							
Wells Fargo Bank CD 4.900% 5/23/25	949764CT9	625,000	625,000.00	625,461.99	461.99	30,625.00	4.90%
Wells Fargo Bank CD 5.200% 1/06/25	949764CW2	500,000	500,000.00	500,774.86	774.86	26,000.00	5.19%
Wells Fargo Bank CD 5.200% 1/21/25	949764DM3	3,000,000	3,000,000.00	3,012,582.33	12,582.33	156,000.00	5.18%
Wells Fargo Bank CD 5.300% 11/14/25	949764HQ0	2,000,000	2,000,000.00	2,022,492.33	22,492.33	106,000.00	5.24%
Wells Fargo Bank CD 5.400% 10/14/25	949764GM0	600,000	600,000.00	604,881.53	4,881.53	32,400.00	5.36%
US Treasury							
U.S. Treasury Notes 2.125% 3/31/24	912828W71	6,000,000	5,985,433.04	5,996,977.87	11,544.83	127,500.00	2.13%
U.S. Treasury Notes 2.125% 7/31/24	9128282N9	5,000,000	4,971,786.71	4,969,827.99	-1,958.72	106,250.00	2.14%
U.S. Treasury Notes 2.250% 1/31/24	912828V80	6,000,000	6,021,928.89	6,053,216.74	31,287.85	135,000.00	2.23%
U.S. Treasury Notes 2.375% 8/15/24	912828D56	6,000,000	5,959,771.20	5,967,511.47	7,740.27	142,500.00	2.39%
U.S. Treasury Notes 2.750% 2/15/24	912828B66	5,000,000	5,019,883.74	5,045,619.84	25,736.10	137,500.00	2.73%
U.S. Treasury Notes 2.875% 5/31/25	9128284R8	7,000,000	6,942,496.12	6,882,023.99	-60,472.13	201,250.00	2.92%
U.S. Treasury Notes 4.250% 10/15/25	91282CFP1	5,000,000	4,926,637.25	5,052,654.10	126,016.85	212,500.00	4.21%
U.S. Treasury Notes 4.375% 10/31/24	91282CFQ9	5,000,000	4,969,842.43	5,027,071.15	57,228.72	218,750.00	4.35%
U.S. Treasury Notes 4.500% 11/15/25	91282CFW6	2,000,000	1,977,539.05	2,024,907.91	47,368.86	90,000.00	4.44%
U.S. Treasury Notes 4.500% 11/30/24	91282CFX4	5,000,000	4,965,474.35	5,014,349.18	48,874.83	225,000.00	4.49%
Government Agency							
FFCB 0.330% 6/03/24	3133EME40	3,000,000	3,000,000.00	2,941,640.00	-58,360.00	9,900.00	0.34%
FFCB 0.340% 4/22/24	3133EMXB3	5,000,000	4,999,250.00	4,934,875.00	-64,375.00	17,000.00	0.34%
FFCB 0.420% 9/09/24	3133EL6E9	2,000,000	2,000,000.00	1,943,413.33	-56,586.67	8,400.00	0.43%
FFCB 0.600% 6/16/25	3133EMH47	2,000,000	2,000,000.00	1,893,640.00	-106,360.00	12,000.00	0.63%
FFCB 0.900% 6/15/26	3133EMH21	1,000,000	1,000,000.00	924,120.00	-75,880.00	9,000.00	0.97%
FFCB 1.670% 3/08/24	3133ENQX1	3,000,000	3,000,000.00	2,999,935.83	-64.17	50,100.00	1.67%
FFCB 2.190% 3/21/25	3133ENSK7	1,000,000	1,000,000.00	978,113.33	-21,886.67	21,900.00	2.24%
FFCB 5.070% 1/17/25	3133EN5Y2	750,000	750,499.89	766,497.50	15,997.61	38,025.00	4.96%
FHLB 0.370% 3/13/24	3130ANSW1	3,000,000	3,000,000.00	2,978,410.00	-21,590.00	11,100.00	0.37%
FHLB 1.000% 11/15/24	3130APRF4	500,000	489,174.89	484,570.56	-4,604.33	5,000.00	1.03%
FHLB 1.000% 8/12/26	3130ANET3	5,000,000	5,000,000.00	4,626,272.22	-373,727.78	50,000.00	1.08%

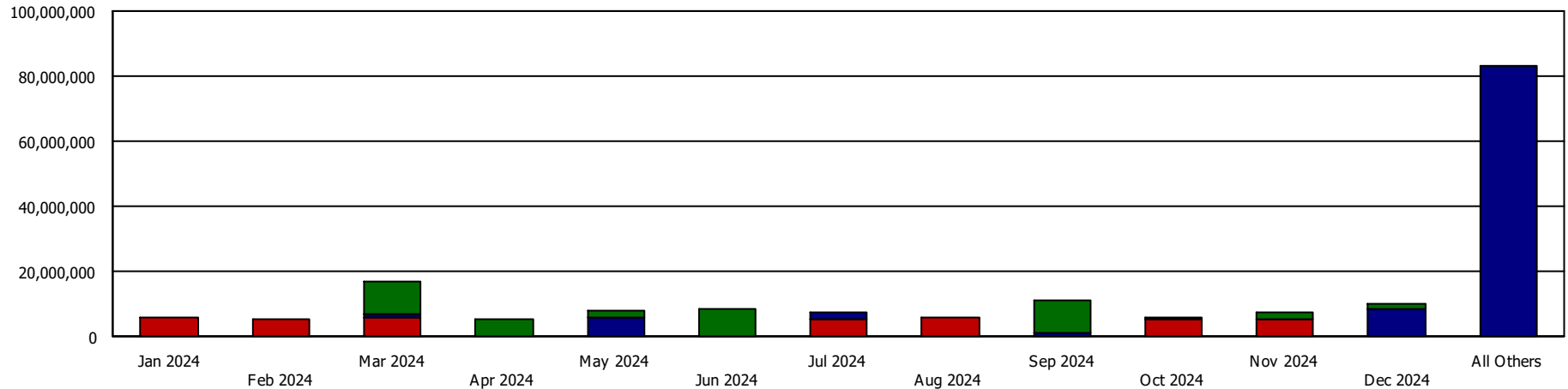
Holdings Detail as of 1/16/2024

City of South Bend Corporate Agency

Asset	CUSIP	Quantity	Tax Cost	Market Value	Gain/Loss	Est. Income	Yield
Fixed Income							
Government Agency (continued)							
FHLB 1.610% 9/04/24	3130AQV26	3,000,000	2,969,083.28	2,953,347.50	-15,735.78	48,300.00	1.64%
FHLB 2.000% 3/28/24	3130ARE31	900,000	900,000.00	899,202.00	-798.00	18,000.00	2.00%
FHLB 3.000% 5/17/24	3130ARV65	2,000,000	2,000,000.00	1,991,273.33	-8,726.67	60,000.00	3.01%
FHLB 4.500% 12/12/25	3130ATUC9	1,750,000	1,764,578.66	1,766,563.75	1,985.09	78,750.00	4.46%
FHLB 5.000% 12/12/24	3130ATXG7	1,500,000	1,500,000.00	1,501,568.33	1,568.33	75,000.00	4.99%
FHLB 5.000% 7/01/25	3130AYDF0	5,000,000	5,000,000.00	5,009,255.56	9,255.56	250,000.00	4.99%
FHLB 6.000% 7/27/26	3130AWML1	2,000,000	2,000,000.00	2,056,453.33	56,453.33	120,000.00	5.84%
FHLMC MTN 0.450% 9/11/24	3134GWN44	5,000,000	5,000,000.00	4,858,875.00	-141,125.00	22,500.00	0.46%
FHLMC MTN 1.850% 3/22/24	3134GXMM3	3,000,000	3,000,000.00	2,996,802.50	-3,197.50	55,500.00	1.85%
FHLMC MTN 2.850% 6/21/24	3134GXWD2	5,000,000	4,999,150.00	4,954,758.33	-44,391.67	142,500.00	2.88%
FHLMC MTN 5.000% 4/24/26	3134GYQC9	3,000,000	3,000,000.00	3,018,546.67	18,546.67	150,000.00	4.97%
FHLMC MTN 5.200% 10/25/24	3134GYDF6	1,000,000	1,000,000.00	1,009,046.67	9,046.67	52,000.00	5.15%
FHLMC MTN 6.000% 5/28/27	3134H1JN4	2,000,000	2,000,000.00	2,014,460.00	14,460.00	120,000.00	5.96%
FNMA 0.420% 11/18/24	3135G06E8	2,000,000	1,999,500.00	1,931,703.33	-67,796.67	8,400.00	0.43%
FNMA 0.625% 12/30/25	3135GABA8	2,000,000	2,000,000.00	1,857,251.39	-142,748.61	12,500.00	0.67%
Total Fixed Income			\$179,841,967.00	\$179,001,285.85	\$-840,681.15	\$5,822,468.00	3.25%
Total Portfolio			\$199,582,064.99	\$198,835,734.77	\$-746,330.22	\$5,989,870.09	3.01%

* Market values include accruals.

Par Value of Maturing Assets Over Time



Par Value of Maturing Assets Per Period

	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024
All Others	0	0	0	0	0	0
Time Deposits	0	0	1,000,000	0	6,000,000	250,000
US Treasury	6,000,000	5,000,000	6,000,000	0	0	0
Government Agency	0	0	9,900,000	5,000,000	2,000,000	8,000,000
Total	6,000,000	5,000,000	16,900,000	5,000,000	8,000,000	8,250,000
	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024
All Others	0	0	0	0	0	0
Time Deposits	2,250,000	0	1,250,000	0	0	8,500,000
US Treasury	5,000,000	6,000,000	0	5,000,000	5,000,000	0
Government Agency	0	0	10,000,000	1,000,000	2,500,000	1,500,000
Total	7,250,000	6,000,000	11,250,000	6,000,000	7,500,000	10,000,000



Wealth Advisory Services

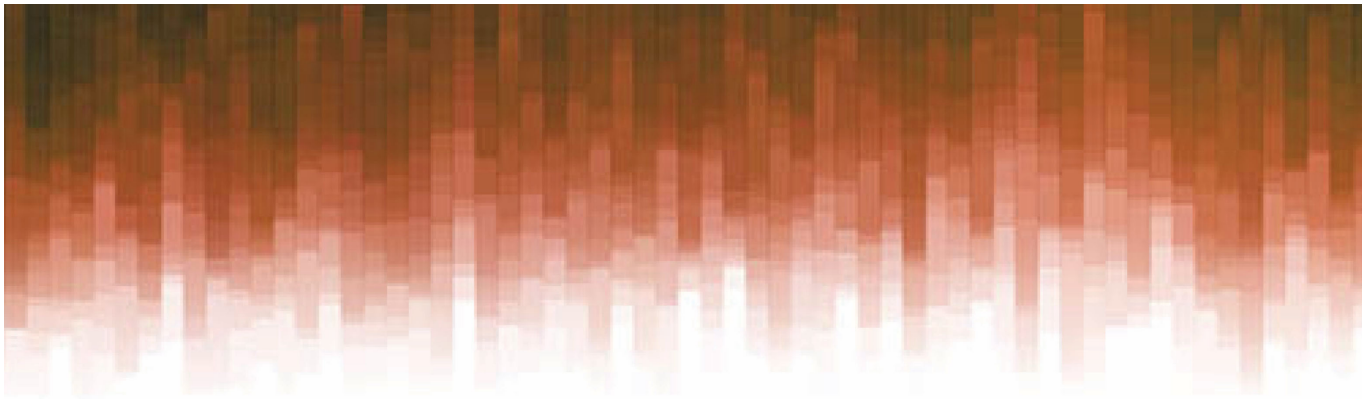
Performance Summary as of 12/31/2023

City of South Bend Corporate Agency

Return Details

	3 Month	1 Year	3 Year	5 Year	Since Inception
Total Managed	1.82%	4.88%	0.77%	1.35%	1.02%
Benchmark - Merrill 1-3 Yr Treasury	2.49%	4.26%	-0.04%	1.30%	0.96%

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Paul W. Gifford, Jr., CFA, Senior Vice President and Chief Investment Officer

Paul leads the investment's strategy for our clients. He has 35 years of investment management experience. Prior to joining 1st Source in April 2000, he worked for Bremer Trust, N.A. in St. Cloud, Minnesota. He has worked in sales, portfolio management, and product development in investments since 1989. Paul serves the community with organizations such as the CFA Institute, Christ the King Lutheran Church, and the South Bend Medical Foundation. Paul received his B.S. in Finance (magna cum laude) from the University of Minnesota in Mankato, Minnesota.

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Erik Clapsaddle, CFA, CFP® Vice President and Senior Fixed Income Portfolio Manager

Erik joined 1st Source in 2015 after working with Comerica in Detroit as a Senior Fixed Income Analyst & Strategist for seven years, and prior as a Closely-Held Investment Analyst for two years. He worked as a manager of fixed income analytics and worked closely with the capital markets and investment banking businesses. His work has focused on credit analytics, valuation, interest rate strategies, and macro-strategy. Erik has developed and implemented tailored portfolio asset allocation strategies, which were focused on fixed income, for a wide array of clients with a large range of financial instruments. He earned a B.S. in Marketing with Minors in Finance and Music Industry from York College of Pennsylvania.

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Delia Salazar, Trust Officer

Delia joined the 1st Source family in 2022 first working in our Personal Trust Tax group where she gained valuable insight into trusts and estates. With her past experience working alongside attorneys in a legal setting, Personal Trust Administration appealed to her, and she joined that team serving clients more directly.

Delia earned her B.S. in Communication at the University of Indianapolis in 2004, a B.S. in Psychology from The University of Michigan-Flint in 2012 and attended law school. This unique combination of education, paired with years of customer service experience allows Delia to truly understand and provide clients with the utmost care. As a Plymouth native, Delia is looking forward to developing relationships with clients and reconnecting with the northern Indiana community. Delia is currently working toward her Certified Trust and Financial Advisor (CTFA) certification.



12/31/2023 CASH REPORT

City of South Bend
 Report of Changes in Cash Balance
 January 1, 2023 through December 31, 2023

	1/1 Beginning Cash Balance	2023 YTD Revenue	2023 YTD Expenditures	Plus/ (Minus) Accrual Adjustments	Surplus (Deficit)	Ending Cash Balance 12/31/2023	Cash Reserve Requirement	Variance Above/(Below) Reserve Req.
City Controlled Funds								
101 General Fund	\$91,411,451.81	\$108,019,869.13	\$106,532,567.14	(\$638,197.45)	\$849,104.54	\$92,260,556.35	53,266,283.57	\$38,994,272.78
Special Revenue Funds								
102 Rainy Day	11,026,118.28	277,122.49	-	27,843.20	304,965.69	11,331,083.97	3,195,977.01	8,135,106.96
201 Parks & Recreation	6,223,908.52	22,279,583.06	20,047,243.54	70,068.84	2,302,408.36	8,526,316.88	5,011,810.89	3,514,506.00
202 Motor Vehicle Highway	5,878,351.56	8,320,956.59	10,538,217.82	21,515.12	(2,195,746.11)	3,682,605.45	2,634,554.46	1,048,051.00
209 Studebaker-Oliver Revitalizing Grants	657,860.04	16,072.79	25,657.63	1,661.23	(7,923.61)	649,936.43	-	-
210 Economic Development State Grants	(75,902.58)	76,650.00	144,348.00	-	(67,698.00)	(143,600.58)	-	-
211 Dept of Community Investment Operating	23,295.91	3,869,868.04	4,404,643.56	(3,441.40)	(538,216.92)	(514,921.01)	-	-
212 Dept of Community Investment Grants	(155,884.81)	4,278,048.04	4,310,456.71	(143,029.03)	(175,437.70)	(331,322.51)	-	-
216 Police State Seizures	199,089.77	56,481.96	-	502.76	56,984.72	256,074.49	-	-
217 Gift, Donation, Bequest	894,756.97	1,918,328.83	147,483.41	17,277.76	1,788,123.18	2,682,880.15	-	-
219 Unsafe Building	822,291.35	89,607.63	17,500.00	1,776.44	73,884.07	896,175.42	-	-
220 Law Enforcement Continuing Education	717,743.19	977,312.23	709,475.59	(3,773.06)	264,063.58	981,806.77	177,368.90	804,437.87
221 Rental Units Regulation	123,526.05	155,372.99	65,374.87	(4,274.71)	85,723.41	209,249.46	-	-
227 Loss Recovery	1,052,928.88	1,111,893.47	-	1,056.80	1,112,950.27	2,165,879.15	-	-
230 Code Enforcement	497,494.64	3,277,009.28	3,865,481.20	(39,145.15)	(627,617.07)	(130,122.43)	-	-
249 Local Income Tax - Public Safety	2,786,001.24	12,845,263.17	9,498,558.16	7,038.61	3,353,743.62	6,139,744.86	-	-
251 Local Road & Street	2,380,084.91	2,316,428.21	3,372,744.63	60,585.83	(995,730.59)	1,384,354.32	843,186.16	541,168.16
257 LOIT Special Distribution	248,242.70	3,125.12	189,096.47	4,941.33	(181,030.02)	67,212.68	-	-
258 Human Rights Federal Grants	315,523.02	35,100.49	196,769.65	490.67	(161,178.49)	154,344.53	-	-
263 American Rescue Plan	10,879,459.73	141,055.79	945,226.76	29,364.90	(774,806.07)	10,104,653.66	-	-
264 COVID-19 Response	(52,920.76)	343,547.19	383,404.75	(11,728.61)	(51,586.17)	(104,506.93)	-	-
265 Local Road & Bridge Grant	2,477,053.84	1,049,040.11	3,105,995.99	6,255.07	(2,050,700.81)	426,353.03	-	-
266 MVH Restricted	1,971,069.13	3,309,903.42	4,412,010.46	(24,447.95)	(1,126,554.99)	844,514.14	-	-
289 Haz-Mat	31,205.77	3,159.30	-	(2,296.20)	863.10	32,068.87	-	-
291 Indiana River Rescue	389,572.24	160,497.65	91,078.42	1,083.73	70,502.96	460,075.20	22,769.61	437,305.60
295 COPS MORE Grant	20,812.53	63.93	-	-	63.93	20,876.46	-	-
299 Police Federal Drug Enforcement	118,593.17	158,311.56	75,609.00	(1,789.84)	80,912.72	199,505.89	18,902.25	180,603.64
404 Local Income Tax - Certified Shares	16,451,802.78	(19,603.13)	14,394,532.14	(2,842.95)	(14,416,978.22)	2,034,824.56	-	-
408 Local Income Tax - Economic Development	23,374,857.37	18,315,517.17	14,505,009.27	233,118.63	4,043,266.53	27,418,123.90	7,252,504.64	20,165,619.27
410 Urban Development Action Grant	397,517.44	8,576.80	338,253.20	1,003.81	(328,672.59)	68,844.85	-	-
655 Project ReLeaf	353,065.11	471,926.41	337,286.80	(14.95)	134,624.66	487,689.77	84,321.70	403,368.07
725 Morris / Palais Box Office	1,622,910.78	-	-	(2,152,194.17)	(2,152,194.17)	(529,283.39)	(529,283.39)	-
730 City Cemetery	30,539.67	767.56	-	77.12	844.68	31,384.35	-	-
731 Bowman Cemetery	480,425.06	12,074.66	-	1,213.17	13,287.83	493,712.89	400,000.00	93,712.89
754 Industrial Revolving Fund	4,731,022.27	1,077,615.38	84,933.50	(2,735,105.50)	(1,742,423.62)	2,988,598.65	-	2,988,598.65
Total Special Revenue Funds	\$96,892,415.77	\$86,936,318.19	\$96,206,391.53	(\$4,637,208.50)	(\$13,907,281.84)	\$82,985,133.93	\$19,112,112.21	\$38,312,478.09
Debt Service Funds								
312 2017 Parks Bond Debt Service	196,572.04	1,135,938.73	1,179,165.00	-	(43,226.27)	153,345.77	-	153,345.77
350 2018 Fire Station #9 Debt Service	-	-	342,856.27	-	(342,856.27)	(342,856.27)	342,856.27	(685,712.54)
672 Century Center Energy Conservation Debt Service	176,962.17	263,591.43	407,917.46	319.43	(144,006.60)	32,955.57	-	32,955.57
752 South Bend Redevelopment Authority	258,752.91	3,064,900.47	3,793,967.76	-	(729,067.29)	(470,314.38)	(470,314.38)	-
755 South Bend Building Corporation	211,907.61	2,221,241.06	2,200,767.50	-	20,473.56	232,381.17	232,381.17	-
756 2015 Smart Streets Bond Debt Service Reserve	1,746,446.49	1,714,084.25	1,709,318.76	-	4,765.49	1,751,211.98	1,751,211.98	-
757 2015 Parks Bond Debt Service	590,147.84	312,237.43	375,581.26	-	(63,343.83)	526,804.01	526,804.01	-
760 2017 Eddy Street Commons Bond Debt Service	3,668,799.09	1,930,047.33	1,929,875.00	-	172.33	3,668,971.42	2,500,000.00	1,168,971.42
Total Debt Service Funds	\$6,849,588.15	\$10,642,040.70	\$11,939,449.01	\$319.43	(\$1,297,088.88)	\$5,552,499.27	\$4,882,939.05	\$669,560.22
Capital Funds								
287 Fire Department Capital	3,856,779.11	2,057,341.07	5,442,036.97	5,340.10	(3,379,355.80)	477,423.31	-	-
401 Coveleski Stadium Capital	4,226.09	31,684.50	33,159.40	10.67	(1,464.23)	2,761.86	-	-
406 Cumulative Capital Development	288,975.57	629,162.05	628,673.87	219.05	707.23	289,682.80	-	-
407 Cumulative Capital Improvement	359,020.22	101,335.65	250,996.40	1,007.70	(148,653.05)	210,367.17	-	-
412 Major Moves Construction	1,572,299.94	778,798.03	759,055.54	3,969.14	23,711.63	1,596,011.57	-	-
413 Professional Sports Convention Development Area	1,466,302.12	2,069,138.79	3,568,457.34	284,411.13	(1,214,907.42)	251,394.70	-	-
416 Morris Performing Arts Center Capital	1,368,109.91	329.14	1,440,953.97	(145,531.36)	(1,586,156.19)	(218,046.28)	-	-
450 Palais Royale Historic Preservation	108,786.08	18,550.25	-	274.70	18,824.95	127,611.03	-	-
451 2018 Fire Station #9 Bond Capital	319,451.59	8,028.89	-	806.68	8,835.57	328,287.16	-	-
453 Zoo Bond Capital	4,467,832.71	121.25	4,467,954.50	-	(4,467,833.25)	(0.54)	-	-
455 2021 Infrastructure Bond Capital	2,302,010.16	43,760.09	1,236,390.49	(191,505.04)	(1,384,135.44)	917,874.72	-	-
471 2017 Parks Bond Capital	2,587,911.37	38,042.75	780,322.24	(480,053.29)	(1,222,332.78)	1,365,578.59	-	-
759 2017 Eddy Street Commons Bond Capital	25,764.24	1.20	-	-	1.20	25,765.44	-	-
Total Capital Funds	\$18,727,469.11	\$5,776,293.66	\$18,608,000.72	(\$521,050.52)	(\$13,352,757.58)	\$5,374,711.53	-	-

	Plus/ (Minus)					Ending		Variance	
	1/1 Beginning	2023 YTD	2023 YTD	Accrual	Surplus	Cash Balance	Cash Reserve	Above/(Below)	
Enterprise Funds	Cash Balance	Revenue	Expenditures	Adjustments	(Deficit)	12/31/2023	Requirement	Reserve Req.	
600 Consolidated Building	2,112,163.65	2,148,665.91	2,175,719.60	5,492.51	(21,561.18)	2,090,602.47	543,929.90	1,546,672.57	
601 Parking Garages	864,960.88	932,779.69	1,253,861.76	16,108.74	(304,973.33)	559,987.55	313,465.44	246,522.11	
602 Morris Performing Arts Center Operations	435,479.03	882,667.56	1,390,779.90	461,240.25	(46,872.09)	388,606.94	139,077.99	249,528.95	
610 Solid Waste Operations	294,832.02	8,224,054.64	7,503,159.22	(138,452.85)	582,442.57	877,274.59	750,315.92	126,958.67	
611 Solid Waste Capital	1,582,026.77	901,599.27	900,883.76	-	715.51	1,582,742.28	-	-	
620 Water Works Operations	4,758,782.95	22,183,456.79	18,861,893.93	(146,946.22)	3,174,616.64	7,933,399.59	943,094.70	6,990,304.89	
622 Water Works Capital	11,059,854.29	96,489.30	4,237,906.91	(293,707.83)	(4,435,125.44)	6,624,728.85	-	-	
624 Water Works Customer Deposit	1,315,511.44	32,979.43	-	(4,117.39)	28,862.04	1,344,373.48	1,344,373.48	-	
625 Water Works Sinking (Debt Service)	2,273,787.36	2,790,130.46	1,401,674.98	(10,636.70)	1,377,818.78	3,651,606.14	-	3,651,606.14	
626 Water Works Bond Reserve	1,432,109.47	36,636.60	-	3,530.19	40,166.79	1,472,276.26	1,472,276.26	-	
629 Water Works Operations & Maintenance Reserve	2,946,775.39	74,062.14	-	7,441.21	81,503.35	3,028,278.74	3,144,277.72	(115,998.98)	
640 Sewer Repair Insurance	1,951,962.78	757,025.93	917,061.67	13,601.11	(146,434.63)	1,805,528.15	229,265.42	1,576,262.73	
641 Sewage Works Operations	13,821,062.52	43,361,031.20	36,921,307.89	(273,582.97)	6,166,140.34	19,987,202.86	1,846,065.39	18,141,137.47	
642 Sewage Works Capital	15,204,814.68	691,587.84	3,265,885.44	51,093.00	(2,523,204.60)	12,681,610.08	-	12,681,610.08	
643 Sewage Works Operations & Maintenance Reserve	5,586,493.45	140,406.90	-	14,107.04	154,513.94	5,741,007.39	6,154,782.03	(413,774.64)	
649 Sewage Sinking (Debt Service)	3,631,819.04	9,864,622.08	6,100,100.82	4,508.24	3,769,029.50	7,400,848.54	-	7,400,848.54	
653 Sewage Debt Service Reserve	3,773,871.30	94,849.76	-	9,529.79	104,379.55	3,878,250.85	3,878,250.85	-	
654 Sewage Works Customer Deposit	1,185,441.52	31,772.81	-	138,190.01	169,962.82	1,355,404.34	1,355,404.34	-	
667 Storm Sewer	1,285,692.83	1,390,709.73	676,423.20	155,347.76	869,634.29	2,155,327.12	-	2,155,327.12	
670 Century Center	945,928.24	4,232,734.60	4,576,738.32	(639,799.09)	(983,802.81)	(37,874.57)	1,144,184.58	(1,182,059.15)	
671 Century Center Capital	986,966.11	523,877.91	415,616.64	2,492.13	110,753.40	1,097,719.51	800,000.00	297,719.51	
Total Enterprise Funds	\$77,450,335.72	\$99,392,140.55	\$90,599,014.04	(\$624,561.07)	\$8,168,565.44	\$85,618,901.16	\$24,058,764.01	\$53,352,666.02	
Internal Service Funds									
222 Central Services	305,778.14	9,132,417.20	10,085,905.09	17,792.07	(935,695.82)	(629,917.68)	1,008,590.51	(1,638,508.19)	
226 Liability Insurance	5,760,772.80	3,925,455.34	3,021,317.47	(499,514.67)	404,623.20	6,165,396.00	1,510,658.74	4,654,737.27	
278 Take Home Vehicle Police	750,477.36	79,031.71	1,040.27	1,895.13	79,886.57	830,363.93	750,000.00	80,363.93	
279 IT / Innovation / 311 Call Center	4,698,328.43	9,409,653.33	9,426,437.59	(28,271.72)	(45,055.98)	4,653,272.45	-	-	
711 Self-Funded Employee Benefits	10,708,563.15	18,154,703.98	19,237,372.90	(35,585.11)	(1,118,254.03)	9,590,309.12	4,809,343.23	4,780,965.90	
713 Unemployment Compensation	77,878.33	10,255.24	77,692.96	35,171.65	(32,266.07)	45,612.26	19,423.24	26,189.02	
714 Parental Leave	410,517.25	296,420.95	83,395.63	1,036.74	214,062.06	624,579.31	6,671.65	617,907.66	
Total Internal Service Funds	\$22,712,315.46	\$41,007,937.75	\$41,933,161.91	(\$507,475.91)	(\$1,432,700.07)	\$21,279,615.39	\$8,104,687.36	\$8,521,655.58	
Fiduciary Funds									
701 Fire Pension	360,077.71	4,070,522.56	4,043,751.20	907.65	27,679.01	387,756.72	404,375.12	(16,618.40)	
702 Police Pension	616,514.83	5,995,004.21	6,115,326.23	1,554.54	(118,767.48)	497,747.35	611,532.62	(113,785.27)	
709 Payroll Clearing	-	-	-	(14,841.85)	(14,841.85)	(14,841.85)	-	-	
718 State Tax Withholding Fund	351,228.03	-	-	(28,480.58)	(28,480.58)	322,747.45	322,747.45	-	
726 Police Distributions Payable	1,048,916.01	-	-	(64,950.49)	(64,950.49)	983,965.52	983,965.52	-	
Total Fiduciary Funds	\$2,376,736.58	\$10,065,526.77	\$10,159,077.43	(\$105,810.73)	(\$199,361.39)	\$2,177,375.19	\$2,322,620.71	(\$130,403.67)	
Total City Controlled Funds	\$316,420,312.60	\$361,840,126.75	\$375,977,661.78	(\$7,033,984.75)	(\$21,171,519.78)	\$ 295,248,792.82	\$ 111,747,406.92	\$ 139,720,229.01	
Redevelopment Commission Controlled Funds									
Tax Increment Financing Funds									
324 TIF - River West Development Area	35,127,336.20	21,292,504.62	21,959,245.39	301,145.22	(365,595.55)	34,761,740.65	-	-	
422 TIF - West Washington	1,443,740.14	529,432.29	99,745.33	3,248.44	432,935.40	1,876,675.54	-	-	
429 TIF - River East Development Area (NE Dev)	11,899,914.41	6,530,161.07	3,603,824.37	(13,080.76)	2,913,255.94	14,813,170.35	-	-	
430 TIF - Southside Development Area #1	15,162,731.64	4,005,992.98	6,447,976.57	30,001.79	(2,411,981.80)	12,750,749.84	-	-	
435 TIF - Douglas Road	357,934.03	243,948.89	-	615.70	244,564.59	602,498.62	-	-	
436 TIF - River East Residential Area (NE Res)	6,838,774.53	7,363,125.89	5,236,835.02	37,464.20	2,163,755.07	9,002,529.60	-	-	
Total Tax Increment Financing Funds	\$70,830,430.95	\$39,965,165.74	\$37,347,626.68	\$359,394.59	\$2,976,933.65	\$73,807,364.60	-	-	
Redevelopment Funds									
433 Redevelopment General	3,754,261.07	1,830,992.60	2,170,908.58	10,979.97	(328,936.01)	3,425,325.06	542,727.15	2,882,597.92	
439 Certified Technology Park	11,263.77	283.09	-	28.45	311.54	11,575.31	-	11,575.31	
452 2018 TIF Park Bond Capital	2,302,851.06	57,792.44	7,480.00	5,814.55	56,126.99	2,358,978.05	-	2,358,978.05	
454 Airport Urban Enterprise Zone	414,758.14	10,424.24	-	1,047.35	11,471.59	426,229.73	-	426,229.73	
Total Redevelopment Funds	\$6,483,134.04	\$1,899,492.37	\$2,178,388.58	\$17,870.32	(\$261,025.89)	\$6,222,108.15	\$542,727.15	\$5,679,381.01	
Debt Service Funds									
315 Airport 2003 Debt Reserve	1,047,152.50	26,318.38	-	2,644.27	28,962.65	1,076,115.15	1,076,115.15	-	
328 SBCDA 2003 Debt Reserve	1,750,679.96	44,000.34	-	4,420.82	48,421.16	1,799,101.12	1,799,101.12	-	
351 2018 TIF Park Bond Debt Service Reserve	1,046,766.16	26,308.67	-	2,643.30	28,951.97	1,075,718.13	1,075,718.13	-	
352 2019 South Shore Double Tracking Debt Service	14,695.68	1,035,303.20	1,030,125.00	-	5,378.20	20,073.88	-	20,073.88	
353 2020 TIF Library Bond Debt Service Reserve	326,944.35	15.00	8.24	-	6.76	326,951.11	326,951.11	-	
Total Debt Service Funds	\$4,186,238.65	\$1,132,145.59	\$1,030,133.24	\$9,708.39	\$111,720.74	\$4,297,959.39	\$4,277,885.51	\$20,073.88	
Total Redevelopment Commission Funds	\$81,499,803.64	\$42,996,803.70	\$40,556,148.50	\$386,973.30	\$2,827,628.50	\$84,327,432.14	\$4,820,612.66	\$5,699,454.89	
Grand Total	\$397,920,116.24	\$404,836,930.45	\$416,533,810.28	(\$6,647,011.45)	(\$18,343,891.28)	\$379,576,224.96	\$116,568,019.57	\$145,419,683.90	



CASH MANAGEMENT & INVESTMENT POLICIES



ADMINISTRATION & FINANCE POLICIES

City of South Bend Cash Management and Investments Policy

Section 1. Authority

The City Controller (the “Controller”) of the City of South Bend, Indiana (the “City”) adopts this statement of policy (this “Policy”) pursuant to the Controller’s authority as the head of the Administration and Finance Department (the “Department”) under South Bend Municipal Code [Section 2-21\(b\)](#).

Section 2. Background and Purposes

The purpose of this Policy and the accompanying supplements is to set forth policies and procedures related to the City’s management of cash and investments. The City is permitted to invest funds in accordance with Indiana Code [5-13-9](#).

Maintaining adequate access to liquid assets (cash and investments) is of paramount importance to the City. The City’s liquidity is a major component of its overall fiscal health. The ability to access adequate cash reserves when needed is important for maintaining service levels during periods of lowered tax revenue or for ensuring that non-discretionary expenses (such as debt service) are adequately funded. Additionally, maintaining strong cash reserves is one of the foundations of the City’s General Obligation Bond Rating, which is currently one of the highest in the state.

In addition to the importance of maintaining strong liquidity, it is important that the City strive to increase its investment and interest income, within the confines of Indiana law and prudent financial management. Indiana law strictly limits the types of investments that the City is permitted to hold, which constrains income opportunity but also reduces risk of investment loss. This Policy will define the City’s investment philosophy and procedures designed to ensure compliance with all applicable laws and regulations.

The City recognizes that cash management procedures (including receipt, deposit, and reconciliation) carry inherent risk that must be mitigated with appropriate internal control procedures. This Policy will outline these internal controls that must be followed to protect employees and ensure that the City remains a good steward of taxpayer dollars.

The City’s financial system is Microsoft Dynamics 365 for Finance and Operations (“DFO”). DFO serves as the sole record of cash balances, cash receipts, and cash payments in the City. Any cash receipts that are initially recorded in a separate system must also be recorded in DFO. See the [City of South Bend Revenue Recognition Policy](#) for more information.

Section 3. Roles and Responsibilities

Controller

The Controller is responsible for the overall cash management and investment strategy for the City. It is the Controller’s responsibility to define acceptable cash reserve requirements and enforce corrective actions (as prescribed in this Policy) when cash reserve requirements are not met. Additionally, it is the Controller’s responsibility to oversee the City’s investments, including hiring and providing oversight to outside investment management consultants. Finally, the Controller is responsible for designing cash management procedures (including cash receipt and reconciliation) that mitigate inherent risks of cash handling through strong internal control. In fulfilling the Controller’s responsibilities under this Policy, the Controller is assisted by the Deputy City Controller and may delegate all appropriate authority to the Deputy City Controller to achieve the purposes of this Policy.



Director of Treasury

Under the direction of the Controller, the City's Director of Treasury is responsible for the day-to-day management of the City's cash and investment portfolio. This includes performing all bank reconciliations and resolving discrepancies, as well as serving as the point of contact for City employees, bank representatives, or investment management professionals on matters of cash handling, cash management, or investment management. The Director of Treasury is also responsible for ensuring that correct cash handling procedures are followed.

Directors of Department Finance

Directors of Department Finance are responsible for ensuring that cash receipts are correctly entered into DFO as they are received by various members of their assigned departments. Additionally, Directors of Department Finance work with the Director of Treasury to ensure that proper cash handling procedures are followed in each department and to identify cash receipts that are received by the Director of Treasury (especially those received via wire transfer or automated clearing house (ACH)).

Section 4. Establishment of Procedures

Except as otherwise provided, it is the Controller's responsibility to establish, direct, modify, and otherwise maintain, from time to time as the Controller may determine in the Controller's discretion, the procedures for carrying out the administrative and financial activities associated with the subject matter of this Policy. Due to the fundamental importance of maintaining strong cash reserves and the inherent risks associated with handling cash reserves, the Controller has established, both within and without DFO, certain rules and procedures for all divisions of the City to protect the City's financial position and safeguard the City's assets, including appropriate internal control measures in accordance with the [City of South Bend Internal Control Policy](#) and its supplemental materials. Those rules and procedures are included as supplements to this Policy and may be amended, supplemented, or eliminated from time to time as the Controller may deem appropriate, without the need for further approval of the Mayor or amendment to this Policy.

Section 5. Effective Date and Approval

This Policy is effective on May 1, 2021, and supersedes all prior policies addressing the same subject matter.

Established pursuant to South Bend Municipal Code Sec. 2-21(b):

Daniel Parker, City Controller
Date: May 10, 2021

Approved pursuant to South Bend Municipal Code Sec. 2-21(c):

James Mueller, Mayor
Date: May 10, 2021



ADMINISTRATION & FINANCE POLICIES

Supplement 202 – Investments

The City shall invest excess cash in various investment vehicles as allowed by Indiana law. The City shall make all investments, in both Deposit and Investment Accounts, in accordance with the terms and limitations of Indiana Code [5-13-9](#). The current authorization for the City to engage in these investment activities comes from Ordinance No. 10993-23. The City's practice is to obtain authorization via an ordinance on an annual basis, so as to maintain the maximum investment flexibility under Indiana Code [5-13-9](#).

Board of Finance

The local Board of Finance (as defined in [Indiana Code 5-13-7](#)) will review the investment policy and will receive an investment report on an annual basis coincident with the Annual Meeting of the Board of Finance, held after the 1st Monday in January and before January 31st.

Valuation of Investments

Currently, the total amount invested is \$200 million. On a monthly basis, the City's investment custodian (currently 1st Source) transfers any gain in market value over \$200 million or direct dividends paid from investments into the City's depository bank account. This investment income is allocated using the procedures described in [Supplement 203](#).

The City will not track the current fair market value of investments on a monthly basis in DFO. Rather, the City's books will be adjusted for FMV of investments on an annual basis only.



ADMINISTRATION & FINANCE POLICIES

Supplement 208 - Cash Reserve Requirements

The City of South Bend has established the following cash reserve guidelines to ensure adequate liquidity. Cash reserves are defined as cash balances on hand less outstanding encumbrances. “Annual expenditures” in each fund do not include capital expenditures.

Fund	Fund Name	Cash Reserve Policy
101	General Fund	50% of annual expenditures
102	Rainy Day	3% of prior year operational expenditures in Civil City funds, excluding interfund transfers
201	Parks & Recreation	25% of annual expenditures
202	Motor Vehicle Highway	25% of annual expenditures
209	Studebaker/Oliver Reverting Grants	No reserve requirement - Grant fund - spend down to zero
210	Department of Community Investment State Grants	No reserve requirement - Grant fund - spend down to zero
211	Department of Community Investment Operating	No reserve requirement
212	Department of Community Investment Grants	No reserve requirement - Grant fund - spend down to zero
216	Police State Seizures	25% of annual expenditures
217	Gift, Donation, Bequest	No reserve requirement
219	Unsafe Building	No reserve requirement
220	Law Enforcement Continuing Education	25% of annual expenditures
221	Rental Units Regulation	No reserve requirement
222	Central Services	No reserve requirement
226	Liability Insurance	50% of annual expenditures
227	Loss Recovery	No reserve requirement
230	Code Enforcement	No reserve requirement
249	Local Income Tax - Public Safety	No reserve requirement



Fund	Fund Name	Cash Reserve Policy
251	Local Road & Street	25% of annual expenditures
257	LOIT 2016 Special Distribution	No reserve requirement
258	Human Rights Federal Grants	No reserve requirement - Grant fund - spend down to zero
263	American Rescue Plan	No reserve requirement - Grant fund - spend down to zero
264	COVID-19 Response	No reserve requirement
265	Local Road & Bridge Matching Grant	No reserve requirement - Grant fund - spend down to zero
266	MVH Restricted	No reserve requirement
278	Police Take Home Vehicle	\$750,000 minimum
279	IT / Innovation / 311 Call Center	No reserve requirement
287	Fire Department Capital	No reserve requirement - Capital fund - spend down to zero
289	Haz-Mat	25% of annual expenditures
291	Indiana River Rescue	25% of annual expenditures
299	Police Federal Drug Enforcement	25% of annual expenditures
312	2017 Parks Bond Debt Service	No reserve requirement
315	Airport 2003 Debt Reserve	100% of debt service reserve per bond covenants
324	TIF - River West Development Area	No reserve requirement
328	SBCDA 2003 Debt Reserve	100% debt service reserve per bond covenants
350	2018 Fire Station #9 Bond Debt Service	No reserve requirement
351	2018 TIF Parks Bond Debt Service	100% debt service reserve per bond covenants
352	2019 South Shore Double Tracking Debt Service	No reserve requirement
353	2020 TIF Library Bond Debt Service Reserve	100% debt service reserve per bond covenants
401	Coveleski Stadium Capital	No reserve requirement - Capital fund - spend down to zero



Fund	Fund Name	Cash Reserve Policy
404	Local Income Tax - Certified Shares	50% of annual expenditures
406	Cumulative Capital Development	No reserve requirement - Capital fund - spend down to zero
407	Cumulative Capital Improvement	No reserve requirement - Capital fund - spend down to zero
408	Local Income Tax - Economic Development	50% of annual expenditures
410	Urban Development Action Grant (UDAG)	No reserve requirement - Grant fund - spend down to zero
412	Major Moves Construction	No reserve requirement - Capital fund - spend down to zero
413	Professional Sports Convention Development Area (PSCDA)	No reserve requirement - Capital fund - spend down to zero
416	Morris Performing Arts Center Capital	No reserve requirement - Capital fund - spend down to zero
422	TIF - West Washington	No reserve requirement
429	TIF - River East Development Area (NE Dev)	No reserve requirement
430	TIF - Southside Development Area #1	No reserve requirement
433	Redevelopment General	25% of annual expenditures
435	TIF - Douglas Road	No reserve requirement
436	TIF - River East Residential (NE Res)	No reserve requirement
439	Certified Technology Park	No reserve requirement
450	Palais Royale Historic Preservation	No reserve requirement
451	2018 Fire Station #9 Bond Capital	No reserve requirement - Bond capital fund - spend down to zero
452	2018 TIF Parks Bond Capital	No reserve requirement - Bond capital fund - spend down to zero
453	Zoo Bond Capital	No reserve requirement - Bond capital fund - spend down to zero
454	Airport Urban Enterprise Zone	No reserve requirement
455	2021 Infrastructure Bond Capital	No reserve requirement - Bond capital fund - spend down to zero



Fund	Fund Name	Cash Reserve Policy
471	2017 Parks Bond Capital	No reserve requirement - Bond capital fund - spend down to zero
600	Consolidated Building Department	25% of annual expenditures
601	Parking Garages	25% of annual expenditures
602	Morris Performing Arts Center Operations	10% of annual expenditures
610	Solid Waste Operations	10% of annual expenditures
611	Solid Waste Capital	No reserve requirement - Capital fund - spend down to zero
620	Water Works Operations	5% of annual expenditures
622	Water Works Capital	No reserve requirement - Capital fund - spend down to zero
624	Water Works Customer Deposit	100% cash reserves for customer deposits
625	Water Works Sinking (Debt Service)	No reserve requirement
626	Water Works Bond Reserve	100% cash reserves per bond covenants
629	Water Works Operations & Maintenance Reserve	16.67% of annual operating expenses in fund 620, net of transfers
640	Sewer Repair Insurance	25% of annual expenditures
641	Sewage Works Operations	5% of annual expenditures
642	Sewage Works Capital	No reserve requirement - Capital fund - spend down to zero
643	Sewage Works Operations & Maintenance Reserve	16.67% of annual operating expenses in fund 641, net of transfers
649	Sewage Works Sinking (Debt Service)	No reserve requirement
653	Sewage Works Debt Service Reserve	100% cash reserves per bond covenants
654	Sewage Works Customer Deposit	100% cash reserves for customer deposits
655	Project ReLeaf (Leaf Pickup and Removal)	25% of annual expenditures
667	Storm Sewer	No reserve requirement - Capital fund - spend down to zero



Fund	Fund Name	Cash Reserve Policy
670	Century Center Operations	25% of annual expenditures
671	Century Center Capital	\$800,000 minimum
672	Century Center Energy Conservation Bond	No reserve requirement
701	Firefighters Pension	10% of annual expenditures
702	Police Pension	10% of annual expenditures
709	Payroll Clearing	No reserve requirement – clearing fund
711	Self-Funded Employee Benefits	25% of annual expenditures
713	Unemployment Compensation	25% of annual expenditures
714	Parental Leave	8% of annual expenditures – 1 month of expenditures
718	State Tax Withholding Fund	100% cash reserves
725	Morris / Palais Box Office	100% cash reserves
726	Police Distributions Payable	100% cash reserves
730	City Cemetery	25% of annual expenditures
731	Bowman Cemetery	\$400,000 minimum
750	Equipment/Vehicle Leasing	No reserve requirement - Capital lease fund - spend down to zero
752	South Bend Redevelopment Authority	100% cash reserves per bond covenants
754	Industrial Revolving Fund	No City reserve requirement; there are program requirements
755	South Bend Building Corporation	100% cash reserves per bond covenants
756	2015 Smart Streets Bond Debt Service	100% cash reserves per bond covenants
757	2015 Parks Bond Debt Service	100% cash reserves per bond covenants
759	2017 Eddy Street Commons Bond Capital	No reserve requirement - Bond capital fund - spend down to zero
760	2017 Eddy Street Commons Bond Debt Service	\$2,500,000 minimum per bond covenant