



CAFR EXECUTIVE SUMMARY

fiscal year ending on December 31, 2013



CITY OF SOUTH BEND, IN MAYOR PETE BUTTIGIEG

Prepared by: Department of Administration and Finance — John Murphy, City Controller

City of South Bend, Indiana
Comprehensive Annual Financial Report – Executive Summary
For The Year Ending December 31, 2013

Table of Contents

Purpose & Summaries

Purpose of the Executive Summary	1
Quick Facts about South Bend	2
Charts and Graphs	3–10

Introduction

Controller's Letter of Transmittal.....	11–23
Independent Auditor's Report on Financial Statements.....	24–25
Management's Discussion and Analysis	26–44

Government-Wide Financial Statements:

Statement of Net Position	45–46
Statement of Activities	47

Fund Financial Statements:

Balance Sheet – Governmental Funds	48–49
Statement of Revenues, Expenditures and Other Changes in Fund Balances – Governmental Funds	50
Statement of Net Position – Proprietary Funds	51–52
Statement of Revenues, Expenses and Other Changes in Net Position – Proprietary Funds	53–54
Statement of Fiduciary Net Position – Fiduciary Funds.....	55
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	56

Financial Trends

Net Position by Component – Last Ten Years.....	57
Changes in Net Position – Last Ten Years.....	58–60
Fund Balances, Governmental Funds – Last Ten Years.....	61
Changes in Fund Balances, Governmental Funds – Last Ten Years.....	62

Revenue Capacity

Property Tax Levies and Collections – Last Ten Years.....	63
Direct and Overlapping Property Tax Rates – Last Ten Years.....	64
Assessed Value and Actual Value of Taxable Property – Last Ten Years.....	65
Property Tax Collections – Cash Basis – 2004 to 2013.....	66

Debt Capacity

Computation of Legal Debt Margin – December 31, 2013.....	67
Ratios of Outstanding Debt by Type – Last Ten Years	68
Computation of Direct and Overlapping Debt – December 31, 2013	69

Demographic and Economic Information

Demographic Statistics – Last Ten Years.....	70–71
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Operating and Other Information

Full-Time City Government Employees by Department – Last Ten Years.....	72–73
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Grant Compliance

Schedule of Expenditures of Federal Awards.....	74
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City of South Bend, Indiana

2013 CAFR Executive Summary

Purpose of the Executive Summary

The City of South Bend has prepared a Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2013. The 2013 CAFR totals 271 pages and meets all of the requirements set forth by the Government Finance Officers Association for its Certificate of Achievement for Excellence in Financial Reporting program. If the award is received for 2013, this will be the twenty-fourth consecutive year that the City of South Bend has received this prestigious award.

The purpose of this Executive Summary is to present the most essential schedules and summaries from the 2013 CAFR, as determined by the City, to allow more ready access to them by the reader. The schedules and summaries are presented in their original format and the order of presentation is the same as in the full 2013 CAFR. In addition, the CAFR Executive Summary includes summary charts and graphs not featured in the 2013 CAFR. The Executive Summary totals 74 pages.

The Executive Summary and full CAFR are available at:

<http://docs.southbendin.gov/WebLink8/0/doc/54777/Electronic.aspx>

or by contacting:

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City of South Bend
Department of Administration & Finance
227 W. Jefferson Boulevard
South Bend, Indiana 46601
Telephone – (574) 235-7678
Fax – (574) 235-9928

On the cover:

View overlooking the Century Center and the East Race during a summer festival.



Quick Facts about South Bend



Year of Incorporation	1865
Mayor	Pete Buttigieg
Number of Council Members	9
Population (2010 census)	101,168
Full-time Employees (12/31/13)	1,131
2013 Governmental Fund Expenditures	\$ 152,860,750
2013 Government-Wide Expenses	\$ 207,967,100
Net Position (12/31/13)	\$ 457,274,019
Unrestricted Net Position (12/31/13)	\$ 94,319,485
Largest Employer	University of Notre Dame (5,590 employees)
Gross Assessed Property Tax Value	\$ 5,091,222,000

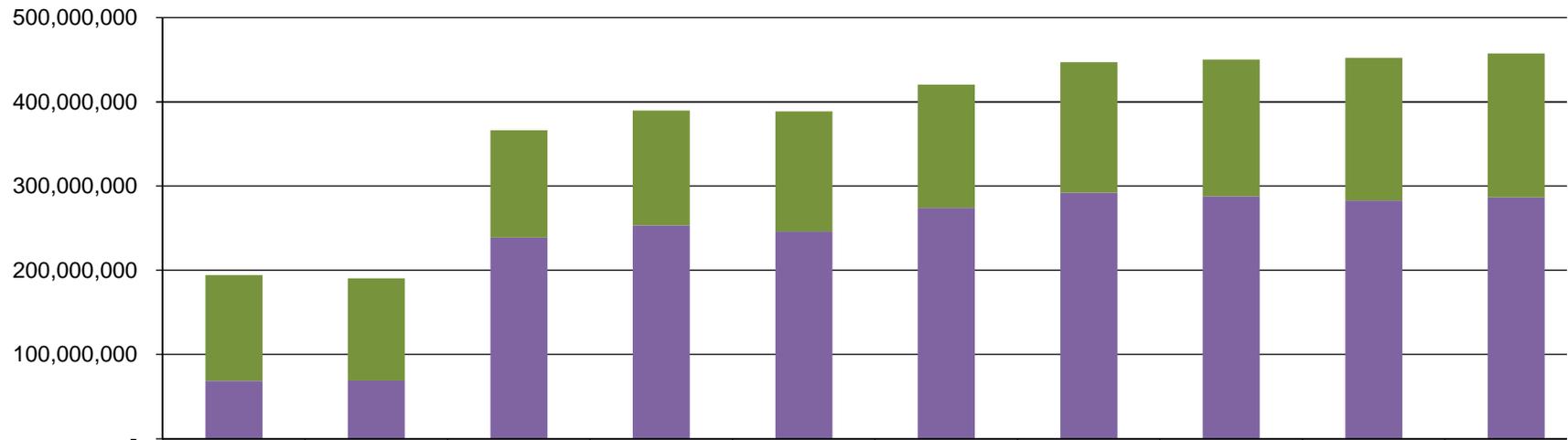
Local Colleges:

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

Attractions:

- Morris Performing Arts Center
- Century Center
- South Bend Cubs (Formerly the South Bend Silver Hawks)
- East Race Waterway
- Potawatomi Zoo
- Palais Royale
- Blackthorn Golf Course

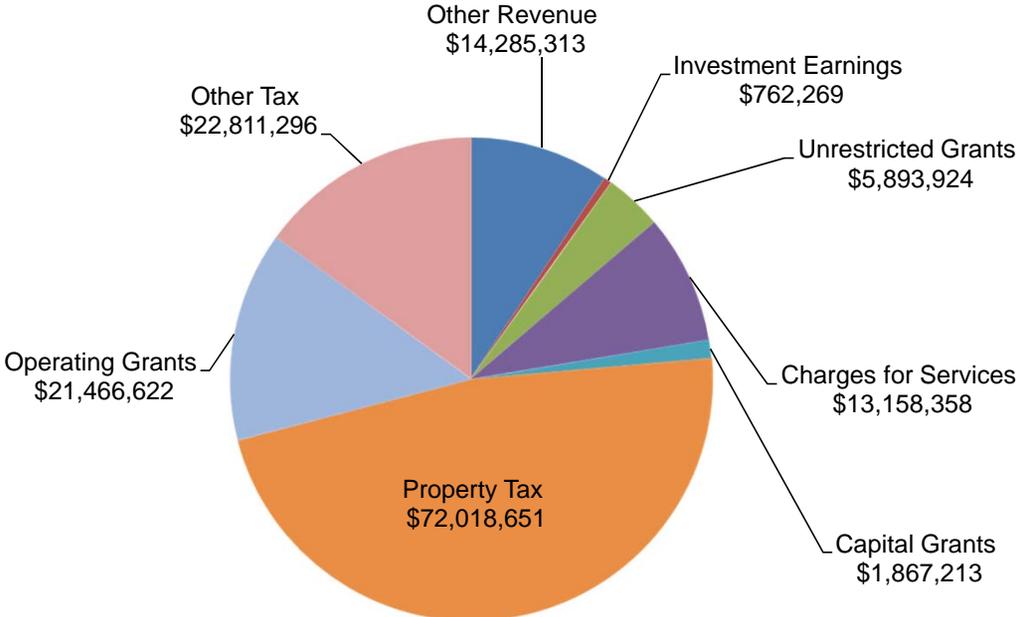
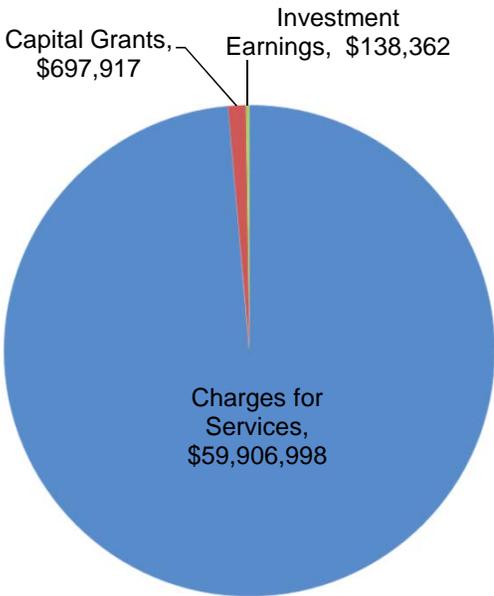
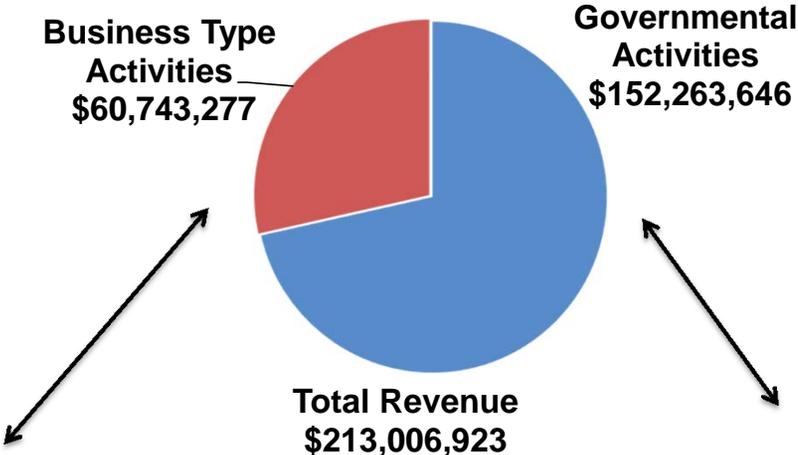
**City of South Bend, Indiana
Net Position by Component
Last Ten Fiscal Years**



	2004	2005	2006 (1)	2007	2008	2009	2010	2011	2012	2013
Total Governmental Activities Net Position	68,600,571	68,873,163	238,635,255	253,155,810	246,041,948	274,186,457	292,151,758	287,891,667	282,822,829	286,593,845
Total Business Type Activities Net Position	125,640,721	121,528,244	127,375,243	136,261,490	142,545,786	146,280,120	154,691,254	162,134,622	169,411,367	170,680,174
Total Primary Government Net Position	194,241,292	190,401,407	366,010,498	389,417,300	388,587,734	420,466,577	446,843,012	450,026,289	452,234,196	457,274,019

(1) The City implemented the retroactive reporting of infrastructure assets required by GASB Statement No. 34 during 2006.

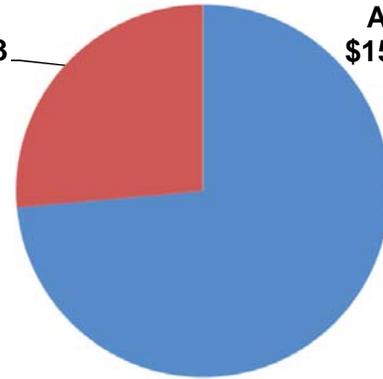
Government-Wide Revenue 2013



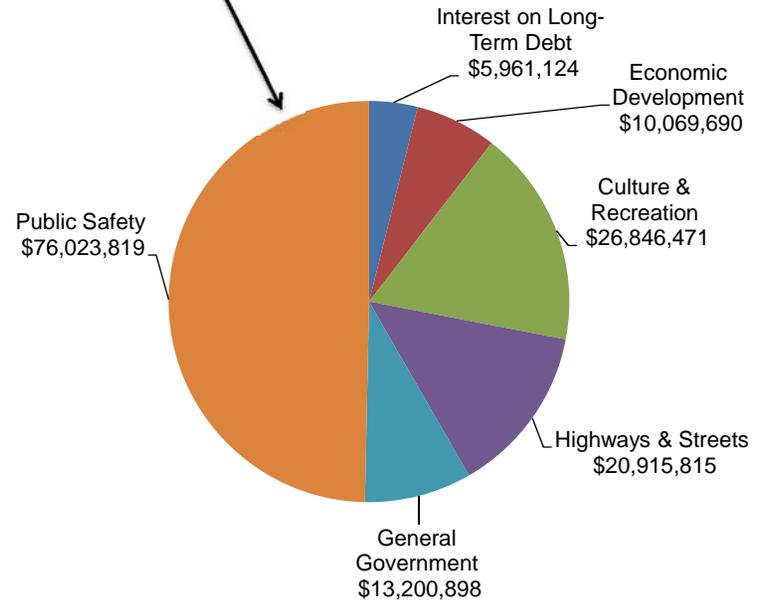
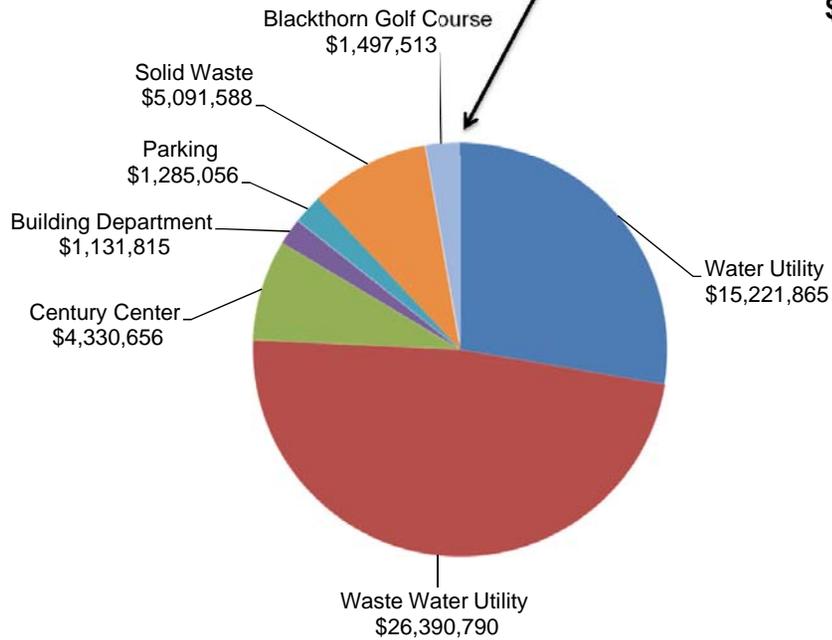
Government-Wide Expenses 2013

Business Type Activities
\$54,949,283

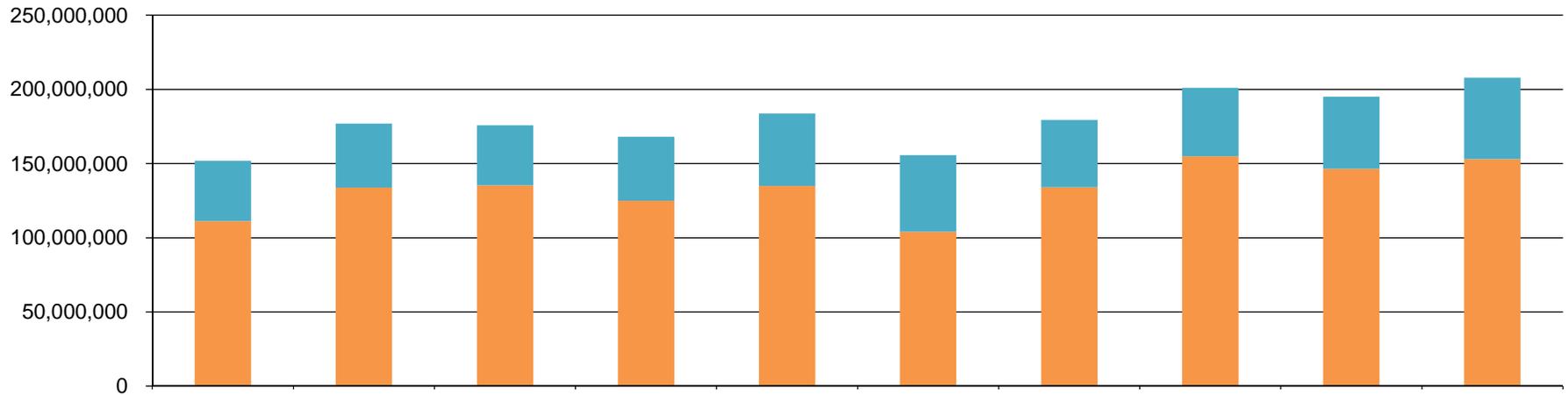
Governmental Activities
\$153,017,817



Total Expenses
\$207,967,100



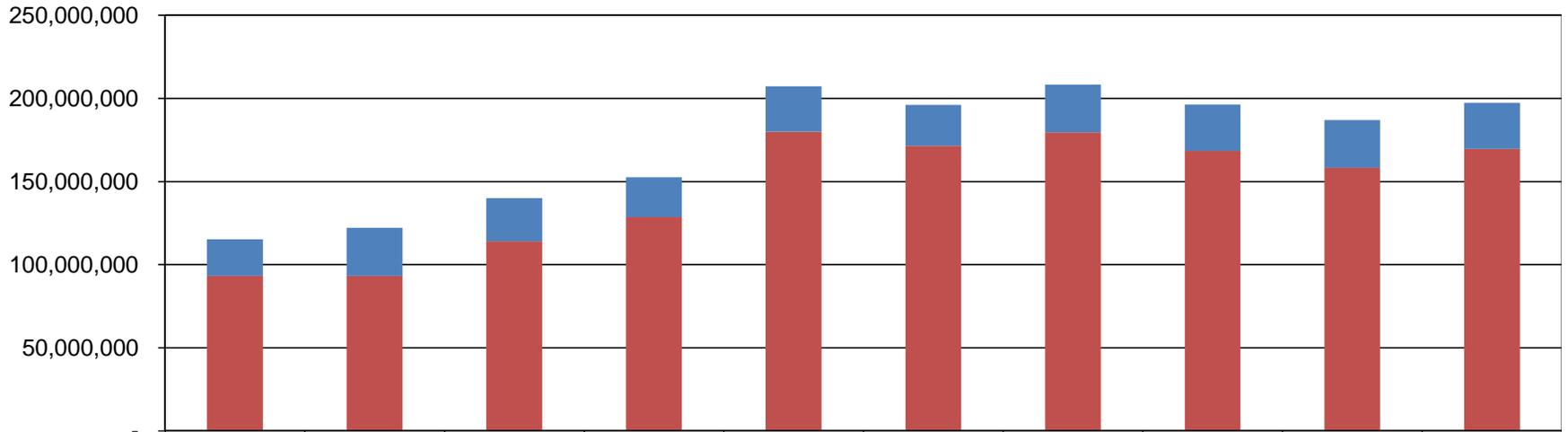
**City of South Bend, Indiana
Government-Wide Expenses
Last Ten Fiscal Years**



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Governmental Activities Expenses	111,282,406	133,791,075	135,371,383	124,932,023	135,039,863	104,113,362	134,015,143	154,902,096	146,481,687	153,017,817
Total Business Type Activities Expenses	40,661,073	43,248,197	40,608,005	43,266,850	48,780,128	51,623,898	45,486,515	46,323,473	48,559,092	54,949,283

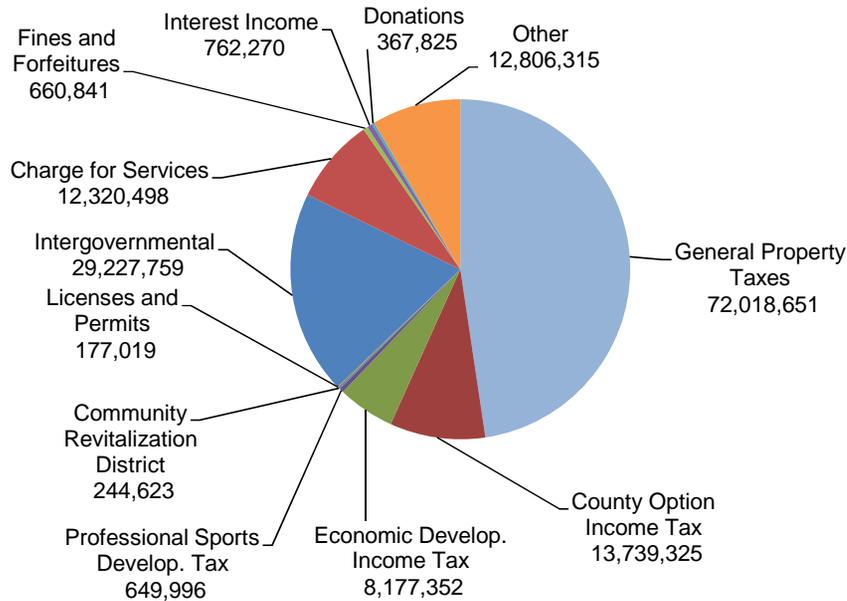
Total Primary Government Expenses	\$ 151,943,479	\$ 177,039,272	\$ 175,979,388	\$ 168,198,873	\$ 183,819,991	\$ 155,737,260	\$ 179,501,658	\$ 201,225,569	\$ 195,040,779	\$ 207,967,100
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**City of South Bend, Indiana
Fund Balances, Governmental Funds
Last Ten Fiscal Years**



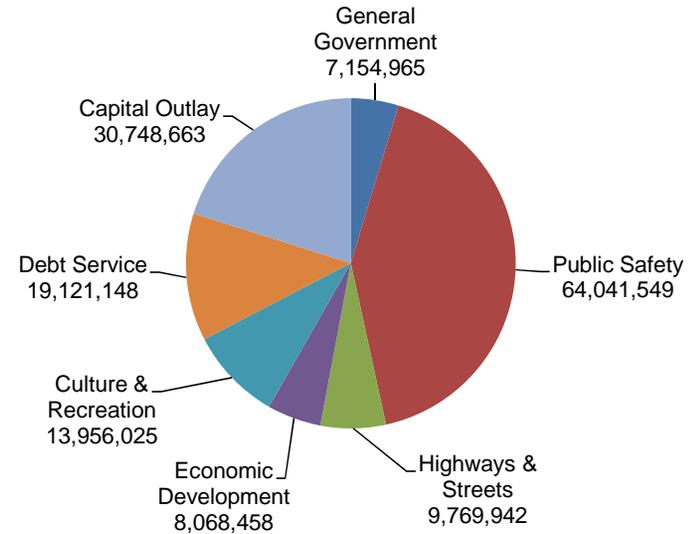
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund	22,021,693	28,744,194	25,851,295	23,760,753	27,416,584	24,618,455	28,737,142	27,931,216	28,795,083	27,668,913
Other Governmental Funds	93,199,594	93,257,366	114,039,617	128,671,603	179,839,300	171,431,958	179,464,574	168,302,860	158,137,059	169,516,402
Total	115,221,287	122,001,560	139,890,912	152,432,356	207,255,884	196,050,413	208,201,716	196,234,076	186,932,142	197,185,315

Governmental Funds Revenue 2013



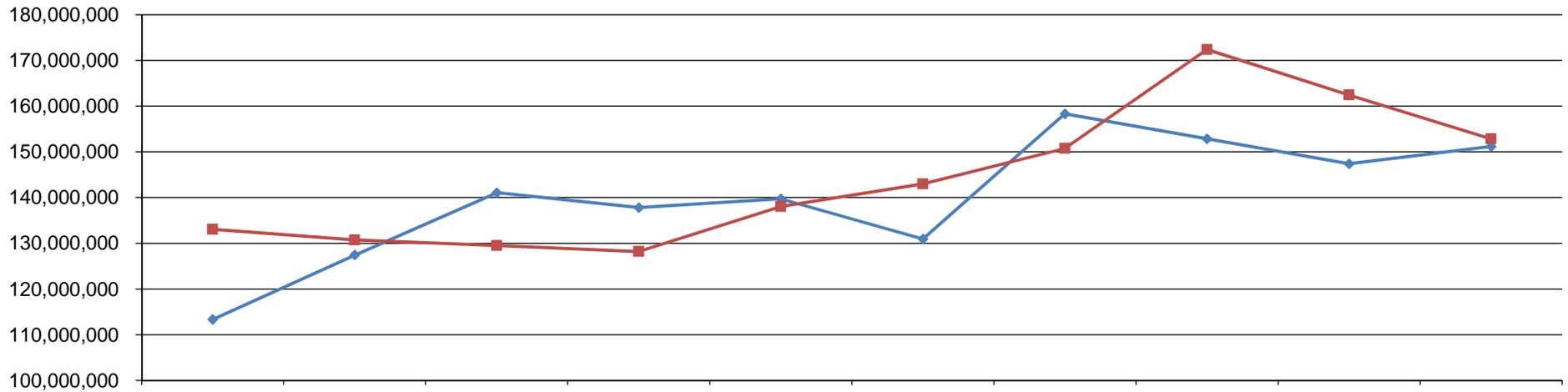
General Property Taxes	\$	72,018,651	47.6%
County Option Income Tax		13,739,325	9.1%
Economic Develop. Income Tax		8,177,352	5.4%
Professional Sports Develop. Tax		649,996	0.4%
Community Revitalization District		244,623	0.2%
Licenses and Permits		177,019	0.1%
Intergovernmental		29,227,759	19.3%
Charge for Services		12,320,498	8.2%
Fines and Forfeitures		660,841	0.4%
Interest Income		762,270	0.5%
Donations		367,825	0.2%
Other		12,806,315	8.5%
Total Revenue	\$	151,152,474	100.0%

Governmental Funds Expenses 2013



General Government	\$	7,154,965	4.7%
Public Safety		64,041,549	41.9%
Highways & Streets		9,769,942	6.4%
Economic Development		8,068,458	5.3%
Culture & Recreation		13,956,025	9.1%
Debt Service		19,121,148	12.5%
Capital Outlay		30,748,663	20.1%
Total Expenses	\$	152,860,750	100.0%

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



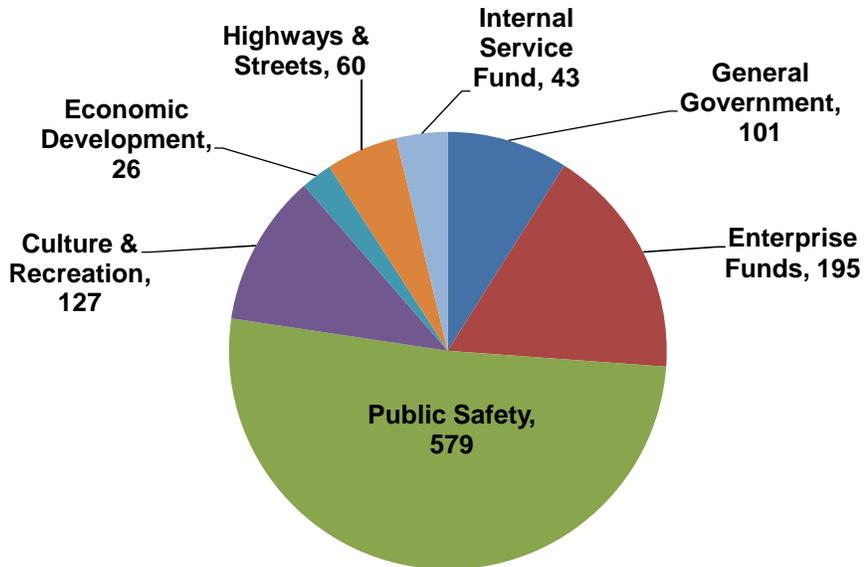
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues	113,371,670	127,437,135	141,065,245	137,826,642	139,717,856	130,932,134	158,342,276	152,877,172	147,379,084	151,152,474
Expenditures	133,062,773	130,713,640	129,527,536	128,209,220	138,022,795	142,962,710	150,758,014	172,397,679	162,460,000	152,860,750

Notes:

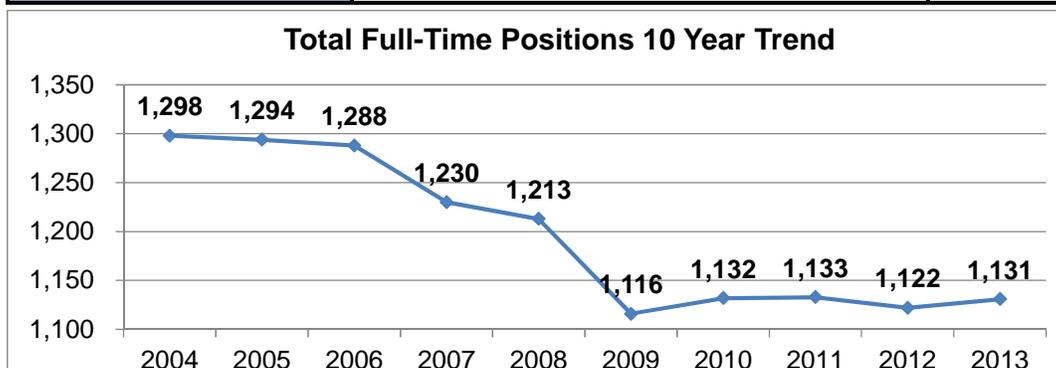
Does not include Other Financing Sources/Uses.

Spending on one-time capital items may result in expenditures exceeding revenue during the year.

**City of South Bend, Indiana
Full-Time City Government Employees by Department**



Department	Full-Time Positions	
General Government	Mayor's Office	6
	City Clerk's Office	5
	Common Council (elected officials, part-time)	9
	Administration and Finance	20
	Legal Department	10
	Code Enforcement	24
	Engineering	13
	311 Call Center	5
	Safety and Risk	3
	Human Rights	6
	Public Safety	Police Department
Communication Center		33
Fire Department		255
Culture and Recreation	Parks and Recreation	113
	Morris PAC/Palais Royale	14
Economic Development	Department of Community Investment	26
Highways and Streets	Street Department	60
Enterprise Funds	Water Works	70
	Wastewater	45
	Organic Resources	6
	Sewer	34
	Solid Waste	26
	Building Department	14
Internal Service Fund	Central Services	43





CITY OF SOUTH BEND PETE BUTTIGIEG, MAYOR

DEPARTMENT OF ADMINISTRATION AND FINANCE

June 17, 2014

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, 2013** 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, 2012. The **financial section** begins with the independent auditors' report on the City's financial statements and schedules, the City managements' discussion and analysis report, followed by the City's basic financial statements and accompanying notes. The remaining portion of this section includes the combining and individual fund and other financial statements and schedules. The **statistical section** includes selected financial and demographic information generally presented on a multi-year basis, which has been provided to give the reader a broader understanding of the City. **The federal awards compliance section, which includes the results of the supplemental audit of the City's federal awards and the internal controls necessary for compliance, is included in a separate report.**

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, the provisions of Indiana Code section 5-11-1-9 and the requirements of the Indiana State Board of Accounts. Information related to the single audit, including the schedule of

federal financial assistance, findings and recommendations, and the auditors' reports on the internal control structure and compliance with applicable laws and regulations, is included in a separate report.

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

GENERAL INFORMATION

The City of South Bend is the county seat of St. Joseph County, Indiana, and is the fourth largest city in the state. The City of South Bend's 2010 U.S. Bureau of the Census population was 101,168. Accordingly, South Bend is classified as a "City of the Second Class" under Indiana statutes (cities with a population of 35,000 to 250,000). 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 provides a full range of traditional general governmental services to its citizens. 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 "Michiana" area. The Michiana area 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.

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

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

The estimated labor force in St. Joseph County is 135,516 workers (US Census Bureau 2007-2011 Survey 5-Year Estimates). The workers are typical of the Midwest: well-trained with a strong work ethic. Approximately 87.5% of the area's adult population are high school graduates or higher (as compared to the national average of 75%) with an estimated 26.2% with a Bachelor's Degree or higher. There are ten colleges, universities and technical schools within South Bend and the surrounding area including the University of Notre Dame; Indiana University South Bend; Bethel College; Saint Mary's College; Purdue University College of Technology at South Bend; Holy Cross College; Trine University South Bend; Brown Mackie College; ITT Technical Institute; and Ivy Tech Community College. At the high school level, there are school-to-work transition programs. As of April 2014, St. Joseph County is experiencing an unemployment rate of 6.6%, which is higher than the State of Indiana unemployment rate of 5.5%. The unemployment rate in St. Joseph County is somewhat higher than some of its surrounding counties—Elkhart (5.0%), LaPorte (7.3%), and Marshall (5.5%) in Indiana and Cass (5.9%) and Berrien (6.8%) in Michigan (as of April 2014).

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 2007-2011 Survey 5-Year Estimates Civilian Employed Population):

<u>Economic Sector</u>	<u>Number Employed</u>	<u>% of Total</u>
Educational Services, Healthcare, Social Assistance	32,442	26.7%
Manufacturing	20,204	16.6%
Retail Trade	14,014	11.5%
Arts, Entertainment, Recreation, Accommodation, Food Services	11,120	9.1%
Professional, Scientific, Management, Administrative, Waste Management Services	9,858	8.1%
Finance and Insurance, Real Estate, Rentals, Leasing	6,956	5.7%
Construction	6,168	5.1%
Transportation and Warehousing, and Utilities	5,644	4.6%
Other Services, except Public Administration	5,530	4.5%
Wholesale Trade	3,824	3.1%
Public Administration	3,334	2.7%
Information	2,105	1.7%
Agriculture, Forestry, Fishing, Hunting, Mining	514	0.4%
Total	121,713	100.00%

St. Joseph County presently has an estimated 101,071 households with an average per capita

personal income of \$23,420, which compares to the State of Indiana average per capita income of \$24,497 and the United States per capita income of \$27,915. The per capita income in St. Joseph County compares favorably with many of its surrounding counties—Elkhart (\$21,879), La Porte (\$22,968), and Marshall (\$22,376) in Indiana and Cass (\$23,045) and Berrien (\$24,490) in Michigan.

Health and education lead the employment statistics for St. Joseph County. The largest employers in St. Joseph County as of December 2013 were as follows: University of Notre Dame (5,590); Beacon Health Systems (3,450); South Bend Community School Corporation (2,880); AM General (2,858); Trinity Health/Saint Joseph Regional Medical Center (2,597); Martin’s Super Market (1,555); Meijer, Inc. (1,450); Indiana University – South Bend (1,445); The City of South Bend (1,130); and Wal-Mart (1,245).

The following provides a profile of the residents of St. Joseph County (2010 Census Information):

Gender:	48.5% male; 51.5% female
Age:	36.2% 0-24 years of age; 25.3% 25-44 years of age; 25.3% 45-64 years of age; and 13.2% 65 years of age and older.
Race:	76.0% White; 12.4% Black/African American; 7.1% Hispanic/Latino; 1.7% Asian; and 2.8% Other
Marital Status:	46.1% Married; 53.9% Single/Widowed/Divorced/Other
Home Ownership:	70.7% own; 29.3% 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 first quarter of 2014, the median sales price for a single family home in the South Bend-Mishawaka Statistical Area was \$85,700 as compared to a median sales price of \$176,900 in Chicago and \$132,900 in Indianapolis. The national median sales price is \$191,600.

The City of South Bend continues to place high emphasis on a growing and diversified local economy. It has been active in developing ten industrial parks, offering itself as a low-cost alternative to the Chicago metropolitan area to companies engaged in light manufacturing, distribution and services. More than 240 businesses operate in South Bend’s industrial parks, including companies engaged in metalworking, plastics, warehousing and distribution, and professional services. In recent years, the City has developed Innovation and Ignition parks, the first dual-site, state-certified technology park in the State of Indiana.

The South Bend Community School Corporation serves the entire City and some of the surrounding area and has a current enrollment of approximately 19,014 students in grades kindergarten through

high school. An estimated 5,438 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 33,500. 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.

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 Belleville 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 Silver Hawks, a minor league team affiliated with the Arizona Diamondbacks. During 2011, the Silver Hawks were sold to Chicago businessman, Andrew Berlin, who has forged a strong partnership with the City and plans to keep the team in South Bend for many years to come. Total attendance of approximately 237,000 for 2013 was up 25% from 2012's total attendance of 189,575 and doubled since 2011's season total attendance of 112,795.

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.

Single Audit. As a recipient of federal and state financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City. As part of the City's single audit described earlier, tests are performed to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the year ended December 31, 2013 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 City Common Council or Redevelopment Commission (depending on the fund) and then reviewed and approved by the State of Indiana Department of Local Government and Finance (DLGF). Activities of the general fund, special revenue funds, capital project funds, enterprise funds, internal service funds, pension trust funds and debt service funds are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major budget classification within funds. The Mayor and Common Council may transfer appropriations from one major budget classification to another within a department by ordinance as long as the total appropriations for that fund are not exceeded. Additional appropriations in excess of the original budget must be approved by the Mayor and Common Council and are also submitted to the DLGF for either approval or acknowledgement (depending on the fund). Additional appropriations for funds approved by the Redevelopment Commission do not require DLGF approval. Beginning in budget year 2009, the City must also submit its annual budget to the St. Joseph County Common Council for a non-binding review and recommendation. 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 but has been overcome by cost savings and the adoption of local option income taxes in order to continue providing essential City services, including police and fire protection.

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

Citywide Goals and Objectives for 2014 and Beyond

The City has developed **eight broad goals** that focus on the following areas: economy, safety, quality of life, trust, responsiveness, infrastructure, finance and workforce. The City has identified various objectives that are tied directly to these goals which, if achieved, will result in the attainment of these goals. The eight goals are listed below.

GOAL ONE: The Community's Economy

Improve South Bend's economy to ensure a vigorous local business climate; ample employment, business and investment opportunities for all our customers; and a tax base that is sufficient to meet the needs of the City, its residents and other customers.

GOAL TWO: The Community's Public Safety and Civility

Improve South Bend's public safety and civility to ensure that every resident and other customers can live, work, play, run a business and raise a family in a humane, pleasant and safe environment; have adequate, affordable and timely access to all forms of emergency services; and can contribute and participate in a community where people of different backgrounds live in mutual respect and harmony.

GOAL THREE: The Community's Quality of Life

Improve South Bend's quality of life to ensure that every resident and every family can earn an adequate income; secure adequate housing; live in a safe, pleasant and humane neighborhood; enjoy

a wide range of social, cultural and recreational opportunities; and have access to quality educational and medical services within an excellent natural and manmade environment.

GOAL FOUR: Trust in City Government

Improve residents’ trust in City government to ensure that South Bend has a broad base of consensus and support on which to build the future, a strong foundation for collaborative action and community partnerships; and an increase in resident and customer participation in the daily public life of the community.

GOAL FIVE: The City’s Responsiveness, Efficiency, and Effectiveness

Improve the responsiveness, efficiency, and effectiveness of City government to ensure that the City’s customers get the value they expect and deserve.

GOAL SIX: The City’s Infrastructure

Improve the City’s infrastructure to ensure that South Bend can support physical growth and economic development; and offer an excellent quality of life to all of its residents and other customers.

GOAL SEVEN: The City’s Financial Condition

Improve the financial condition of City government to ensure that South Bend has the financial resources necessary to achieve all of its goals during the next five years, while maintaining its strong credit rating.

GOAL EIGHT: The City’s Workforce

Improve the City government’s existing workforce, work environment and human development systems to ensure that South Bend has the human resources necessary to achieve all its goals during the next five years.

City Mission Statement and Department Purpose Statements

The City provides services to its customers through thirteen administrative departments. These departments have unique purposes that are intended to support the citywide mission statement which is “**to be recognized as a model city.**” Each department has developed a purpose statement which identifies their specific role.

Mayor’s Office: Leading the community to become a model city through formulating policy, directing operations and responding to customer concerns.

Common Council: Making certain that our City government is always responsive to the needs of our residents and that the betterment of South Bend is always our highest priority.

City Clerk's Office: Preserving all City Ordinances and Council meeting minutes for generations yet to be, and providing fair and consistent treatment of our Ordinance Violations Bureau customers.

Administration and Finance: Providing financial and organizational stability for the City through sound financial and human resources management while ensuring the existence of a safe work environment, quality employee benefits and equal treatment for all City employees.

Legal Department: Providing superior, professional and ethical legal services for our client, the City of South Bend.

Police Department: Protecting the life, property and personal liberties of all individuals; improving the overall quality of life by deterring criminal activity and respecting cultural diversity; delivering fair and impartial law enforcement services to all residents.

Fire Department: Providing the highest level of fire protection and emergency medical services possible to all of our customers, saving lives and property, and striving to become a model Fire Department for other cities in an efficient and cost-effective manner.

Code Enforcement: Maintaining and improving the physical quality of life in our neighborhoods.

Parks and Recreation: Offering all residents and guests of South Bend the highest quality of recreational and leisure activities, while providing well-managed parks and recreational facilities with updated programming and friendly productive service.

Community Investment (Econ Dev): Creating and expanding opportunities through partnerships in neighborhood revitalization, commercial and industrial development and community enhancement.

Public Works: Providing leadership in the development and delivery of engineering, fleet, transportation, sanitation, wastewater, water and other services as called upon by our customers.

Building Department: Serving our customers by inspecting, informing and ensuring a safe place to work, play and live.

Century Center: Providing a state-of-the-art convention facility with excellent services to

customers while generating maximum economic benefit to our community.

Building South Bend in 2014 and beyond

The City Administration's theme for the past several years has been "We're Building South Bend." That theme has had a major influence on the development of the 2014 budget. There are five areas of concentration that became or remained budget priorities for 2014.

- ***We're Building Neighborhoods*** - The City continues with its strong commitment to neighborhoods. The City will make a significant investment to fund or leverage state and federal funding for housing assistance, development and home ownership programs, neighborhood public works and parks, neighborhood development for social services and organizations, and public safety initiatives. Committing these resources will help us maintain, improve and support strong neighborhood development.
- ***We're Building a Safe City*** - Public safety is the foundation of all the City's efforts to build South Bend. Through the targeted and creative use of available resources, the City is working to provide quality police, fire and ambulance services for the community. The crime rate has decreased in several significant categories over the past year. The City's Fire Departments is rated one of the best in the State. A key initiative will focus on community policing, group violence, and placing more emphasis on training and recruitment for the Police and Fire Departments.
- ***We're Building an Attractive City*** - We are working to enhance the natural and man-made beauty of our city through effective City programs. The City has taken steps through its Department of Code Enforcement and a Mayoral Task force to address the issue of vacant and abandoned properties. The City is funding major programs to renovate the former Studebaker Corridor area and other parts of the City. The City has been recognized as a Bicycle Friendly Community by the League of American Bicyclists and has established over 60 miles of bicycle routes to date.
- ***We're Building Opportunity*** - A key issue for any city is education and opportunity for young people. The City is committed to keeping schools open in our neighborhoods and to maximizing their use by the community. We are building partnerships with the South Bend School Corporation and other key stakeholders that will create new strategies for enhancing our formal educational systems. Working together with families, student groups, school officials, neighborhoods, the faith community and civic organizations, we can support our local schools and improve the level of individual student performance.
- ***We're Building a Strong Economy*** - Local government plays a key role in economic development. By providing adequate infrastructure and offering targeted assistance, the City can stimulate private investment, creating business opportunities and jobs. The City's policies 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 the areas around the East

Bank and the downtown areas. The City has had many significant economic development projects including Eddy Street Commons, a \$220 million dollar mixed-use development south of Notre Dame, with more than 20 stores and restaurants, office space and hundreds of town homes, apartments and condominiums. In addition, the City has created Indiana's first dual-site, state-certified technology park site known as Innovation Park and Ignition Park.

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. Elected at age 29, Mayor Buttigieg is the youngest chief executive of a municipality exceeding 100,000 residents in the United States. During 2012, Mayor Buttigieg launched eight new initiatives to improve city government:

1. **New Economic Partnerships** – to lay out a new economic vision for our community as well as to agree on a smarter division of labor among various groups involved in economic development.
2. **High Ethical Standards** – on his first day in office the Mayor issued an executive order introducing a new ethics code for City employees.
3. **Customer Service Mentality** – design ways that City employees can track and resolve citizens' issues efficiently by using more advanced technology. This effort led to the creation of a "311 Call Center" for non-emergency municipal telephone calls during 2012.
4. **Strong Partnerships with Schools** – the Mayor has improved dialogue with the South Bend School Corporation and other stakeholders to ensure a strong educational system in the City. The Mayor has begun programs to double the number of public school mentors and curb youth and gun violence.
5. **Transparency and Accessibility** – choosing not to serve from behind his desk, Mayor Buttigieg has conducted a series of monthly "Mayor's Night Out" and "Mayor's Night In" events around town to allow citizens to speak to him and his department heads directly about concerns and ideas. Also, efforts to implement a first-class performance management system have been initiated and departmental performance measures are being monitored on a monthly basis. The City website has been re-designed and additional financial and operational reports are being made available online.
6. **Vacant and Abandoned Buildings** – as with many large cities, the City of South Bend has an issue with vacant and abandoned buildings. The city has taken on this issue with the appointment of a blue-ribbon task force that developed new strategies and initiated an aggressive three-year program—1,000 buildings in 1,000 days—to reduce the number of vacant and abandoned buildings. Funding for demolition and remediation has increased significantly and is over \$2.0 million dollars in the 2014 budget.
7. **Smart Streets** – an effort to improve the role of streets within South Bend. Projects within this initiative utilize the "Complete Streets" philosophy which advocates for the design of

streets to enable safe access for all users, including pedestrians, bicyclists, motorists and transit riders of all ages and abilities.

8. **South Bend Group Violence Intervention (SBGVI)** – unites community leaders around a common goal: to stop gun violence and keep South Bend’s highest risk citizens alive and out of prison. SBGVI is a partnership among 30 community leaders from law enforcement, government, education, civil service, health-care and faith-based agencies.

Administration Vision

The administration of Mayor Buttigieg has a single, overarching vision—**a safe, inclusive and well-connected South Bend**. In support of this vision, the Mayor has established three main pillars of administration policy:

1. **Basics are easy** – it is essential to provide City residents basic services so seamlessly that they take them for granted and are able to focus on their own families and daily challenges.
2. **Good government** – make government more accessible and accountable to those it serves by adopting a people-focused approach, trading partisanship for partnership and using technology to better serve all residents.
3. **Create Jobs** – focus on economic growth and make much needed investments in the future.

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, 2012. This was the 23rd 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, Cecil Eastman and Danny Cocanower. In addition, we would like to thank the Field Examiners of the Indiana State Board of Accounts (led by Doug Wiese, Bruce Snyder and Alex Flores) for their hard work and dedication in this effort.

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

Sincerely,

John H. Murphy

John H. Murphy, MPA
City Controller

Jennifer C Hockenull

Jennifer Hockenull, CPA
Deputy City Controller



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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, 2013, 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 of 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 entity'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 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 our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit, 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, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities, and Budgetary Comparison Schedules, 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

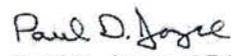
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City basic financial statements. The accompanying introductory section, combining and individual fund financial statements, other budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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.

The introductory section and statistical schedules 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

June 17, 2014

Management Discussion & Analysis

The Management of the City of South Bend, Indiana (“City”) provides herewith this Management Discussion & Analysis (“MD&A”) of the financial activities and condition of the **City of South Bend, Indiana** for the **fiscal year ended December 31, 2013**.

Readers of the information contained within this Management Discussion & 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.

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 and other commercial and tourism based industries. The diverse economic mix creates varied employment opportunities for residents while providing insulation via diversification from economic downturns.

The City of South Bend provides a full range of general governmental services to citizens. Services include general government, public safety, street construction and maintenance, infrastructure construction and maintenance, parks & recreation services, arts & culture, and sanitation services. In addition, the City provides Water Utility and Wastewater Utility 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 Museum, South Bend Redevelopment Authority and Public Parking Garages within the city footprint.

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

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

All elected official current terms of office expire on December 31, 2015.

The City of South Bend was incorporated in 1865, compliant to Indiana Statute, and remains as such through the period covered by this Management Discussion & Analysis report.

Management Discussion & Analysis

Financial Highlights

	Governmental Activities		Business-type Activities		Government-wide Activities	
	2013	2012 (Restated)	2013	2012	2013	2012 (Restated)
Assets/deferred outflows	502,405,650	507,008,554	304,776,403	311,488,235	807,182,053	818,496,789
Liabilities/deferred inflows	215,811,805	221,879,951	134,096,229	142,076,868	349,908,034	363,956,819
Net position						
Capital net of debt	192,190,446	202,779,954	114,506,252	113,193,929	306,696,698	315,973,883
Restricted	7,990,172	8,050,418	48,267,664	29,259,933	56,257,836	37,310,351
Unrestricted	86,413,227	71,992,457	7,906,258	26,957,505	94,319,485	98,949,962
Total net position	286,593,845	282,822,829	170,680,174	169,411,367	457,274,019	452,234,196
Change vs. prior year	3,771,016	4,739,556	1,268,807	7,276,745	5,039,823	12,016,301
Expenses	153,017,817	153,984,307	54,949,283	48,559,092	207,967,100	202,543,399
Revenues	152,263,646	147,341,522	60,743,277	59,715,558	213,006,923	207,057,080

- Government-wide net position was \$457,274,019 as of December 31, 2013.
- Government-wide net position increased by \$5,039,823 or 1.1% during fiscal 2013. Governmental activity net position increased by \$3,771,016 or 1.3% and business-type activity net position increased by \$1,268,807 or 0.7% during fiscal 2013.
- Total assets and deferred outflows of resources as of December 31, 2013 of \$807,182,053 decreased by \$11,314,736 or -1.4% as compared to total assets and deferred outflows of resources as of December 31, 2012.
- Total liabilities and deferred inflows of resources as of December 31, 2013 of \$349,908,034 decreased by \$14,048,785 or -3.9% as compared to total liabilities and deferred inflows of resources as of December 31, 2012.
- As of December 31, 2013, the government-wide net position of \$457,274,019 has \$306,696,698 invested in capital assets (net of debt) which is not available for spending, \$56,257,836 classified as restricted for debt service and capital outlay, and \$94,319,485 classified as unrestricted and may be used to meet ongoing obligations to creditors.
- Government-wide revenue received in fiscal 2013 totaled \$213,006,923, an increase of \$5,949,843 or 2.9% versus government-wide revenues received in fiscal 2012. Governmental activity revenue increased by \$4,922,124 or 3.3%, whereas business-type activity revenue increased by \$1,027,719 or 1.7%.
- Government-wide expenses in 2013 totaled \$207,967,100, an increase of \$5,423,701 or 2.7% compared to expenses of \$202,543,399 in 2012. Government activity expenses decreased by \$966,490 or -0.6% and business-type activity expenses increased by \$6,390,191 or 13.2% compared to fiscal 2012.
- 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

Management Discussion & Analysis

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, 2013. 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, 2013. Changes in net position are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The statement of activities displays the expense of the City's various programs net of the related revenues, as well as a separate presentation of revenue available for general purposes including property and county option income taxes, fees for services and other revenue sources.

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

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.

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 six (6) major governmental funds (General, Parks and Recreation, Public Safety Local Option Income Tax, County Option Income Tax, Economic Development Income Tax, and Airport TIF) and sixty-two (62) non-major governmental funds.

Management Discussion & Analysis

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 convention center, which are considered major enterprise funds. Data from the other four (4) non-major enterprise funds (Consolidated St. Joseph County/South Bend Building Department, Parking Garage, Solid Waste and Blackthorn Golf Course) are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 five (5) 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 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 five (5) fiduciary funds, which consist of two (2) pension trust funds (1925 Police Pension and 1937 Firefighter's Pension), two (2) agency funds (Payroll and Morris/Palais Royale Box Office), and one (1) private-purpose trust fund (City Cemetery).

Pension Trust Fund Operations

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

Effective in fiscal 2009 with the passage of State legislation, funding responsibility for the 1925 Police and 1937 Firefighter's Pension Funds was assumed by the State of Indiana. These funds no longer receive property tax revenue distributions beyond fiscal 2009. The transfer of pension responsibility to the State of Indiana is on a reimbursement basis and will not provide additional revenue to the City for use in other property tax funded areas. The administration of the pension plans remains the responsibility of the City.

Management Discussion & Analysis

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 & disclosures, this CAFR report presents supplementary information. The combining statements referred to earlier in connection with non-major governmental, enterprise, internal service and fiduciary funds are presented immediately after the basic financial statements within the financial statement section of the CAFR report.

Government-wide Financial Statements

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

Statement of Net Position

	Governmental Activities		Business type Activities		Government-wide Activities	
	2013	2012 (Restated)	2013	2012	2013	2012 (Restated)
Assets						
Current & other	218,030,938	212,405,426	71,410,179	87,285,352	289,441,117	299,690,778
Capital assets (net)	284,374,712	294,607,604	231,494,566	222,492,214	515,869,278	517,099,818
Total Assets	502,405,650	507,013,030	302,904,745	309,777,566	805,310,395	816,790,596
Deferred Outflows	-	-	1,871,658	1,710,669	1,871,658	1,710,669
Liabilities						
Current	30,589,281	33,851,096	15,240,917	14,244,876	45,830,198	48,095,972
Long term	184,657,140	187,369,257	118,317,952	127,793,032	302,975,092	315,162,289
Total Liabilities	215,246,421	221,220,353	133,558,869	142,037,908	348,805,290	363,258,261
Deferred Inflows	565,384	659,598	537,360	38,960	1,102,744	698,558
Net position						
Capital net of debt	192,190,446	202,779,954	114,506,252	113,193,929	306,696,698	315,973,883
Restricted	7,990,172	8,050,418	48,267,664	29,259,933	56,257,836	37,310,351
Unrestricted	86,413,227	71,992,457	7,906,258	26,957,505	94,319,485	98,949,962
Total net position	286,593,845	282,822,829	170,680,174	169,411,367	457,274,019	452,234,196

- As of December 31, 2013, total assets and deferred outflows exceeded liabilities and deferred inflows by \$457,274,019, an increase of \$5,039,823, or 1.1%, from the net position level as of December 31, 2012.
- Governmental activities net position of \$286,593,845 increased by \$3,771,016 from December 31, 2012, an increase of 1.3%.
- Business-type net position of \$170,680,174 increased by \$1,268,807 over December 31, 2012, an increase of 0.7%. The increase in business-type net position was due primarily to a 9% increase in sewer rates which will be used to support long-term capital projects of the Wastewater utility.
- Government-wide assets and deferred outflows decreased \$11,319,212 or -1.4% as compared to amounts as of December 31, 2012 mainly due to a decrease in governmental

Management Discussion & Analysis

capital assets as a result of a capitalization policy change.

- Government-wide liabilities and deferred inflows decreased by \$14,048,785 or -3.9% as compared to amounts as of December 31, 2012. The decrease is due mainly to the City's decision to not seek new debt financing for the Wastewater utility in 2013, unlike the previous 2 years in which the utility issued bonds of \$20 million or more.

Statement of Changes in Net Position

	Governmental Activities		Business type Activities		Government-wide Activities	
	2013	2012 (Restated)	2013	2012	2013	2012 (Restated)
Revenue						
Program Revenue						
Charge for services	13,158,358	12,967,034	59,906,998	57,419,733	73,065,356	70,386,767
Operating grants	21,466,622	24,937,596	-	-	21,466,622	24,937,596
Capital grants	1,867,213	2,468,120	697,917	2,010,253	2,565,130	4,478,373
General Revenue						
Taxes						
Property tax	72,018,650	71,775,415	-	-	72,018,650	71,775,415
Other tax	22,811,296	23,360,791	-	-	22,811,296	23,360,791
Unrestricted grants	5,893,924	3,891,810	-	-	5,893,924	3,891,810
Investment earnings	762,269	1,317,443	138,362	285,572	900,631	1,603,015
Other revenue	14,285,314	6,623,313	-	-	14,285,314	6,623,313
Total Revenue	152,263,646	147,341,522	60,743,277	59,715,558	213,006,923	207,057,080
Expense						
General government	13,200,898	16,102,189	-	-	13,200,898	16,102,189
Public safety	76,023,819	69,977,237	-	-	76,023,819	69,977,237
Highways & streets	20,915,815	15,198,102	-	-	20,915,815	15,198,102
Culture & recreation	26,846,471	21,724,589	-	-	26,846,471	21,724,589
Economic development	10,069,690	27,158,034	-	-	10,069,690	27,158,034
Interest on long term debt	5,961,124	6,134,406	-	-	5,961,124	6,134,406
Water utility	-	-	15,221,865	12,228,014	15,221,865	12,228,014
Wastewater utility	-	-	26,390,790	23,809,975	26,390,790	23,809,975
Civic center	-	-	4,330,656	2,929,268	4,330,656	2,929,268
Building department	-	-	1,131,815	909,376	1,131,815	909,376
Parking	-	-	1,285,056	1,721,655	1,285,056	1,721,655
Solid waste	-	-	5,091,588	5,118,806	5,091,588	5,118,806
Golf course	-	-	1,497,513	1,841,998	1,497,513	1,841,998
Total Expense	153,017,817	156,294,557	54,949,283	48,559,092	207,967,100	204,853,649
Change in net position						
Before transfers / special	(754,171)	(8,953,035)	5,793,994	11,156,466	5,039,823	2,203,431
Transfers	4,525,187	3,879,721	(4,525,187)	(3,879,721)	-	-
Change in net position	3,771,016	(5,073,314)	1,268,807	7,276,745	5,039,823	2,203,431
Beginning net position (restated)	282,822,829	287,896,143	169,411,367	162,134,622	452,234,196	450,030,765
Ending net position	286,593,845	282,822,829	170,680,174	169,411,367	457,274,019	452,234,196

Governmental Activities

Net position for government-wide activities increased by \$5,039,823 during fiscal 2013. Revenue of \$213,006,923 increased by \$5,949,843, or 2.9%. Expenses were \$207,967,100 during 2013, an increase of \$3,113,451, or 1.5% as compared to fiscal 2012.

The revenue increase was due primarily to one-time payments for legal settlements, most notably from the Studebaker-Oliver brownfield (\$3.8 million) and Bosch (\$2.0 million). Economic

Management Discussion & Analysis

Development expenditures decreased significantly due to the continued phase-out of ARRA but increases in other areas resulted in the minimal net decrease of expenditures noted above.

Interest on long term debt of \$5,961,124 decreased by \$173,282 from 2012, as the City continued to take advantage of favorable financing rates by either retiring older, higher-rate instruments or refinancing instruments at better terms.

Transfers in the amount of \$4,525,187 for 2013 represent payment in lieu of taxes (PILOT) paid by the wastewater and water utilities to the General Fund, Parks & Recreation Fund and other funds that receive property taxes. The transfer amount increased by \$645,466 from 2012.

Business-Type Activities

Net position from business-type activities increased by \$1,268,807 during fiscal 2013. During 2013, revenue of \$60,743,277 increased by \$1,027,719 or 1.7% over fiscal 2012. During 2013, expenses of \$54,949,283 increased by \$6,390,191 or 13.2% when compared to fiscal 2012.

Revenue increased primarily in the Water and Wastewater utilities as a result of rate increases which were again offset by lower grant revenues.

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, 2013

	General	Park & Rec	PS LOIT	COIT	EDIT	TIF Airport	Other	Total
Total assets	29,689,725	4,388,261	2,030,864	17,495,359	11,284,910	36,673,858	111,348,345	212,911,322
Total liabilities	2,020,812	302,843	235,645	696,591	119,988	658,839	11,691,289	15,726,007
Fund Balances:								
Non-spendable	656,848	84,308	-	2,597,472	449,831	10,498,432	9,198,433	23,485,324
Restricted	-	4,001,110	1,795,219	-	-	25,516,587	64,074,963	95,387,879
Committed	-	-	-	-	-	-	20,697,026	20,697,026
Assigned	531,959	-	-	14,201,296	10,715,091	-	10,538,803	35,987,149
Unassigned	26,480,106	-	-	-	-	-	(4,852,169)	21,627,937
Total fund balance	27,668,913	4,085,418	1,795,219	16,798,768	11,164,922	36,015,019	99,657,056	197,185,315
Liability & fund balance	29,689,725	4,388,261	2,030,864	17,495,359	11,284,910	36,673,858	111,348,345	212,911,322
Revenues	60,034,428	10,927,283	5,895,440	8,421,470	8,769,448	16,908,969	40,195,436	151,152,474
Expenditures	72,497,416	12,057,938	235,645	7,599,409	2,520,034	6,486,862	51,463,446	152,860,750
Net surplus (deficit)	(12,462,988)	(1,130,655)	5,659,795	822,061	6,249,414	10,422,107	(11,268,010)	(1,708,276)
Other sources (uses)	11,336,818	502,315	(6,857,086)	(1,807,098)	(5,456,519)	(1,021,953)	15,264,972	11,961,449
Net change in fund balances	(1,126,170)	(628,340)	(1,197,291)	(985,037)	792,895	9,400,154	3,996,962	10,253,173
Beginning fund balances - restated	28,795,083	4,713,758	2,992,510	17,783,805	10,372,027	26,614,865	95,660,094	186,932,142
Ending fund balances	27,668,913	4,085,418	1,795,219	16,798,768	11,164,922	36,015,019	99,657,056	197,185,315

As of December 31, 2013, the City governmental funds reported a combined ending fund balance of \$197,185,315.

The Non-spendable fund balance of \$23,485,324 is sequestered for property held for resale, inventory, non-current loans receivable and advances to other funds and is, therefore, not available for new spending. The Restricted fund balance of \$95,387,879 consists of monies in

Management Discussion & Analysis

debt service funds or other funds such as road funds that are limited by external parties as to their use. The Committed fund balance of \$20,697,026 is designated by the South Bend Common Council to be used for certain purposes such as for environmental projects. The Assigned fund balance of \$35,987,149 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 \$21,627,937 consists of money primarily in the General Fund that has not been obligated in any manner by the City.

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

As of December 31, 2013, the General Fund balance of \$27,668,913 represents a decrease of \$1,126,170 or -3.9% from the balance as of December 31, 2012. The decrease was due primarily to degrading tax revenues that continue to challenge City operations.

As of December 31, 2013, the General Fund had an unassigned fund balance of \$26,480,106 which is equal to 44.1% of 2013 General Fund Revenue.

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 will use the unassigned fund balance in 2014 as a cash flow bridge to the receipt of property tax revenues from the County collection authority which distributes property tax revenue two times per year (June and December). General Fund unassigned balance will provide sufficient cash to cover City operating obligations without incurring tax anticipation notes and resultant borrowing costs during fiscal 2014.

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 lower if circumstances dictate, such as a delay in collection of a major revenue source.

The **Parks and Recreation Fund** balance decreased \$628,340 during fiscal 2013, due primarily to a combination of flat revenues and increased service costs. As of December 31, 2013, the fund balance in the Parks and Recreation Fund was \$4,085,418, or 37.4% of 2013 revenue.

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. Operating transfers are made quarterly from the Public Safety LOIT Fund to the General Fund to cover the personnel costs of police officers and firefighters. Receipts of Public Safety LOIT tax revenue commenced in January 2010. The revenue collected in fiscal 2013 of \$5,895,440 decreased by \$169,660 or -2.8% compared to 2012. The decrease in fund balance in the amount of \$1,197,291 during 2013 is the result of increased costs for police and fire personnel.

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

The COIT fund decreased by \$985,037 during 2013, due to higher expenditures in the areas of public safety, economic development, and general government. The City has operationally

Management Discussion & Analysis

sequestered COIT funds for use in major capital and construction funding initiatives, certain subsidies and support to organizations and units that benefit city economic development and cultural venues, information technology costs, city-wide expenditures like telephone costs, and certain debt service payments.

As of December 31, 2013, the COIT Fund balance of \$16,798,768 included assigned fund balance of \$14,201,296 and non-spendable fund balance of \$2,597,472, primarily for property held for resale and advances to other funds.

The EDIT fund increased by \$792,895 during 2013 due to higher income tax receipts than originally estimated and conservative commitment of expenses to initiatives of the highest priority. 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 department, and certain debt service payments.

As of December 31, 2013, the EDIT Fund balance of \$11,164,922 included assigned fund balance of \$10,715,091 and non-spendable fund balance of \$449,831, consisting of property held for resale.

The fund balance in the **TIF Airport Fund** increased by \$9,400,154 during 2013. Revenue increased by \$5,023,905 due to increased tax collection and a one-time payment of \$2 million from Bosch in fulfillment of their lease termination agreement. Actual expenditures dropped by \$9,440,000 due to continuation of projects into 2014, and thus the fund's restricted balance for encumbrances increased proportionately.

As of December 31, 2013 the TIF Airport Fund balance of \$36,015,019 included \$10,498,432 in property held for resale and advances to other funds, and \$25,516,587 in restricted fund balance reserves. The TIF Airport Fund continues to be a major success for the City of South Bend and has generated in excess of \$500 million dollars in private investment since its inception.

During 2013, the fund balances in **Other Governmental funds** increased by \$3,996,962 due primarily to a one-time litigation settlement of \$3.5 million for the Studebaker-Oliver brownfield rehabilitation.

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 its boundaries.

Individual fund data for each of the non-major governmental funds is provided in the form of the combining statements in the Supplemental Information section of the CAFR report.

Management Discussion & Analysis

Governmental Fund Revenue

The following schedule presents a summary of governmental fund revenue for the year ended December 31, 2013 with comparison to the prior year:

	2013 Actual	% of Total	2012 Actual	% of Total
<u>Tax Based</u>				
General property	72,018,651	47.6%	71,775,415	48.7%
County option income	13,739,325	9.1%	13,748,824	9.3%
County economic development	8,177,352	5.4%	8,324,878	5.7%
Professional sports development	649,996	0.4%	633,904	0.4%
Community revitalization district	244,623	0.2%	653,185	0.5%
Total Tax	94,829,947	62.7%	95,136,206	64.6%
<u>Non Tax Based</u>				
Licenses and permits	177,019	0.1%	189,714	0.1%
Intergovernmental	29,227,759	19.3%	31,297,526	21.3%
Charge for services	12,320,498	8.2%	12,442,553	8.4%
Fines and forfeitures	660,841	0.4%	334,767	0.2%
Interest income	762,270	0.5%	1,317,443	0.9%
Donations	367,825	0.2%	324,266	0.2%
Other	12,806,315	8.5%	6,336,609	4.3%
Total Non-Tax Based	56,322,527	37.3%	52,242,878	35.4%
Total Revenue	151,152,474	100.0%	147,379,084	100.0%

Tax revenue continues to represent the most significant source of revenue required to support services provided by the City. Property tax revenue is the primary source of funding for governmental expenditures. Property tax revenue is based on a relationship between two variables. The first variable is the 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, or so-called "circuit breaker" property tax caps in 2009 of 1.0% (homestead), 2.0% (other residential/rental) and 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 Tax Incremental Financing ("TIF") Funds, and a special levy to cover debt service of the College Football Hall of Fame.

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 new 0.25% public safety local option income tax and a new 0.5% property tax relief local option income tax.

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 Indiana Association of Cities and Towns ("IACT") "Hometown Matters" to lobby the state legislature to legislatively enable alternative revenue sources that best fit the needs of the community. A viable source of revenue is from

Management Discussion & Analysis

user fees and/or charges for services currently being performed. City performed services are priced based 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.

Governmental Fund Expenditures

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

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2013 with comparison to the prior year.

	2013	% of	2012	% of
	Actual	Total	Actual	Total
General government	7,154,965	4.7%	6,390,585	3.9%
Public safety	64,041,549	41.9%	67,138,414	41.3%
Highways & streets	9,769,942	6.4%	9,288,682	5.7%
Economic development	8,068,458	5.3%	3,543,180	2.2%
Culture & recreation	13,956,025	9.1%	18,557,986	11.4%
Debt service	19,121,148	12.5%	17,557,026	10.9%
Capital outlay	30,748,663	20.1%	39,984,127	24.6%
Total Expenditures	152,860,750	100.0%	162,460,000	100.0%

Government fund expenditures in fiscal 2013 of \$152,860,750 decreased by \$9,599,250 or -5.9% in comparison to government fund expenditures in fiscal 2012.

Capital outlay expenditures decreased by \$9,235,464 during 2013 due primarily to a change in categorization of economic development projects from tax increment financing (TIF) funds. In addition, there was less spending on general government capital projects from the EDIT fund.

Public Safety expenditures decreased \$3,096,865 or -4.6% as less grant funding was available for police and fire programs. Highways and Street expenditures increased by \$481,260 as the curb and sidewalk program was expanded and additional work on street maintenance was performed.

Economic development spending increased \$4,525,278 as a counter-balance to the decreased capital outlay spending noted above, due to a higher qualification threshold for capital expenditure.

Public Safety expenditure continues to be the primary use of government fund resources with 41.9% of expenditures used for this purpose in fiscal 2013. Public safety spending is followed by capital outlay expenditures (20.1%), debt service (12.5%), culture and recreation (9.1%), highways & streets (6.4%), economic development operating (5.3%), and general government (4.7%). General government spending is comprised of the executive offices of the Mayor, Common Council, City Clerk, City Attorney, Controller, Engineering and other administrative offices.

Management Discussion & Analysis

Proprietary funds

Condensed Statement of Net Position Revenue, Expenses, and Changes in Fund Net Position As of December 31, 2013

	Water Utility	Wastewater Utility	Century Center	Other	Total Enterprise	Internal Service
Total assets	76,986,961	195,232,020	18,922,414	13,524,160	304,665,555	15,298,896
Total deferred outflows	132,668	613,689	-	1,125,301	1,871,658	-
Total liabilities	23,722,037	106,123,750	332,759	5,141,133	135,319,679	4,889,811
Total deferred inflows	-	-	527,083	10,277	537,360	-
Net position:						
Capital assets (net of debt)	41,813,616	40,925,619	16,175,602	15,591,415	114,506,252	1,367,470
Restricted for:						
Debt service	3,596,396	11,070,930	-	-	14,667,326	-
Capital outlay	4,181,496	27,454,651	1,757,697	206,494	33,600,338	-
Unrestricted	3,806,084	10,270,759	129,273	(6,299,858)	7,906,258	9,041,615
Total net position	53,397,592	89,721,959	18,062,572	9,498,051	170,680,174	10,409,085
Operating revenues	13,783,701	31,926,078	2,034,509	8,865,981	56,610,269	22,432,997
Operating expenses	14,244,940	17,793,476	4,330,437	8,394,227	44,763,080	22,095,310
Operating income (loss)	(461,239)	14,132,602	(2,295,928)	471,754	11,847,189	337,687
Non-operating rev (exp)	369,048	(7,944,865)	1,432,479	(607,774)	(6,751,112)	30,086
Income (loss) before contributions & transfers	(92,191)	6,187,737	(863,449)	(136,020)	5,096,077	367,773
Capital contributions	-	-	697,917	-	697,917	-
Transfers in	-	-	-	-	-	-
Transfers out	(1,541,755)	(2,775,553)	-	(207,879)	(4,525,187)	-
Change in net position	(1,633,946)	3,412,184	(165,532)	(343,899)	1,268,807	367,773
Total net position – beginning	55,031,538	86,309,775	18,228,104	9,841,950	169,411,367	10,041,312
Total net position – ending	53,397,592	89,721,959	18,062,572	9,498,051	170,680,174	10,409,085

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

The City maintains seven 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 non-major enterprise funds (Consolidated St. Joseph County/South Bend Building Department, Parking Garage, Solid Waste and Blackthorn Golf Course) are combined into a single, aggregated presentation.

The City maintains five 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 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, 2013, City enterprise funds reported a net position of \$170,680,174, an increase of \$1,268,807 or 0.7% from December 31, 2012.

At December 31, 2013, net position includes capital assets, net of related debt of \$114,506,252, restricted for debt service and capital outlay of \$48,267,664 and unrestricted of \$7,906,258.

During 2013, the Water Works experienced a decrease in net position of \$1,633,946 while the Wastewater utility experienced an increase of \$3,412,184. The water utility experienced

Management Discussion & Analysis

decreased revenues of \$406,542 while transmission and distribution/pumping expense rose by \$1,732,197. The Wastewater utility experienced an increase in revenue of \$962,595 as operating expense dropped by \$930,244. 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.

During 2013, **Century Center** experienced a decrease in net position of \$165,532 as the facility transitioned to a new management company, SMG. SMG also contributed \$575,000 to the facility to provide some much-needed equipment upgrades. The transition occurred on July 1, 2013 and the capital contribution will be amortized to revenue over the course of the initial contract which expires June 30, 2016.

Other Enterprise Funds experienced a decrease in net position of \$343,899 during 2013. The Parking Garage Fund reported a decrease in net position of \$315,057 primarily as the result of the amortization of sales/leaseback charges on the original acquisition. The Blackthorn Golf Course Fund reported an operating gain of \$50,982 as the result of improved golf fee revenue.

As of December 31, 2013, City internal service funds reported a net position of \$10,409,085, an increase of \$367,773 or 3.7% compared to 2012. The Liability Insurance fund increased its net position by \$2,746,670 in 2013 as the result of the Bosch payment from the lease agreement noted above. The Central Services fund decreased its net position by \$339,497. The Self-Funded Employee Benefits fund had a decrease its net position of \$2,276,893 due to continually climbing health insurance claims. The City has initiated changes in its health insurance plan design and has an ongoing, active employee wellness program to help control future health insurance costs.

Fiduciary funds

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

	Pension Trust	Private Purpose Trust	Agency
Total assets	2,645,067	36,910	1,638,295
Total liabilities	12,620	-	1,638,295
Total net position	2,632,447	36,910	-
Total Additions	10,908,243	78	-
Total Deductions	11,934,649	4,315	-
Changes in net position	(1,026,406)	(4,237)	-

The net position in the pension trust funds decreased by \$1,026,406 during 2013. The net position in the private purpose trust fund (Cemetery) decreased by \$4,237 as the City initiated a refurbishment program.

Effective in fiscal 2009, with the passage of State legislation, funding responsibility for the **1925 Police** and **1937 Firefighters' Pension Funds** was assumed by the State of Indiana. These funds no longer receive property tax revenue distributions beyond fiscal 2009. The transfer of pension responsibility to the State of Indiana is on a reimbursement basis and will not provide additional revenue to the City for use in other property tax funded areas. The administration of the pension plans remains the responsibility of the City.

Management Discussion & Analysis

The State of Indiana reimbursement is on a year delayed basis, thus reimbursement in fiscal 2013 from the State of Indiana included reimbursement for pension benefits paid by the City in fiscal 2012. In addition, State reimbursement excludes healthcare benefit coverage to pension plan members, which is covered under the City of South Bend pension benefit program and which is paid from the pension trust funds.

The decline in the net asset position of the pension trust is the result of timing differences in the payment of pension benefits and the reimbursement of same from the State of Indiana, as well as the cost of healthcare benefits to pension members, not covered by the state reimbursement program.

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 1st 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 2013 budget at its meeting held in October, 2012.

The General Fund budget applicable for fiscal 2013 is reported as follows:

	Original	Final	Actual Budgetary Basis	Variance
Revenue	64,269,461	63,932,287	61,684,651	(2,247,636)
Expenditures	64,223,178	65,091,572	62,469,125	2,622,447
Surplus (deficit)	46,283	(1,159,285)	(784,474)	374,811

General Fund revenue was originally budgeted at \$64,269,461 for fiscal 2013. During the year, the General Fund revenue budget was decreased by \$337,174 to \$63,932,287. The revenue budget may be increased or decreased at any time based on updated revenue projections. By closely aligning the budget revenue with actual, more meaningful analysis is made possible.

During 2013, the General Fund collected \$61,684,651 in revenue, a deficiency from the final budget level of \$2,247,636. The primary reasons for the revenue shortfall were property tax collections, intergovernmental grants and charges for services revenue that were lower than budgeted.

General Fund expenditures were originally budgeted at \$64,223,178 for fiscal 2013. During the year, the General Fund expenditure budget was increased \$868,394 to \$65,091,572.

General Fund spending is reviewed on a monthly basis under the direction of the City Controller to ensure spending remains within budgetary constraints. Quarterly 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) are submitted to Common Council at mid-year and year-end, as required to adjust the budget as necessary to prevent any budget overruns in any expense 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 incurred on a budgetary basis, including cash expended and outstanding encumbrances as of year-end December 31, 2013, amounted to \$62,469,125. The expenditures and commitments as of year-end December 31, 2013 are less than the 2013

Management Discussion & Analysis

General Fund expenditure budget by \$2,622,447 or 4.0%. The largest savings were in the police, fire, city attorney and administration/finance department budgets as personnel and other costs spent were less than budgeted due to position vacancies and other factors.

Capital Assets and Debt Administration

	Statement of Capital Assets					
	Governmental Activities		Business type Activities		Government-wide Activities	
	2013	2012	2013	2012	2013	2012
Assets not depreciated						
Land	15,883,485	15,921,386	3,024,582	3,024,582	18,908,067	18,945,968
Construction in progress	-	-	13,925,011	6,647,833	13,925,011	6,647,833
Total	15,883,485	15,921,386	16,949,593	9,672,415	32,833,078	25,593,801
Assets depreciated						
Buildings	130,068,334	127,656,887	82,972,550	82,297,980	213,040,883	209,954,867
Non-building improvements	16,281,242	16,038,868	26,380,406	23,987,898	42,661,648	40,026,766
Machinery & equipment	46,353,978	50,304,539	30,211,994	29,235,757	76,565,972	79,540,296
Roads & Infrastructure	421,539,956	420,291,533	195,443,128	190,938,764	616,983,084	611,230,297
Total Cost	614,243,509	614,291,827	335,008,078	326,460,399	949,251,587	940,752,226
Accumulated depreciation						
Buildings	40,365,200	36,735,257	33,316,084	31,348,151	73,681,284	68,083,408
Non-building improvements	8,031,397	7,370,754	5,728,277	4,659,688	13,759,674	12,030,442
Machinery & equipment	28,077,898	33,647,007	21,578,145	22,162,990	49,656,043	55,809,997
Roads	269,277,787	257,852,591	59,840,599	55,469,771	329,118,386	313,322,362
Total	345,752,282	335,605,609	120,463,105	113,640,600	466,215,387	449,246,209
Net Depreciated Assets	268,491,227	278,686,218	214,544,973	212,819,799	483,036,200	491,506,017
Net Capital Assets	284,374,712	294,607,604	231,494,566	222,492,214	515,869,278	517,099,818

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 \$616,983,084 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 2013

Improvements			
Water utility improvements	2,107,867	Continued project	
East Bank Sewer Separation, Phases 3 & 4	3,197,954	Continued project	
Chloride feed system	23,520	Continued project	
Wastewater primary clarifier	3,047,919	Continued project	
Other Sewer separation projects	5,126,741	Continued project	
M&E			
Wastewater M&E	421,010	New projects	

Management Discussion & Analysis

Capital Assets Analysis

As of December 31, 2013, Government-wide capital assets were valued at \$515,869,279, net of accumulated depreciation, a decrease of \$1,230,540 or -0.2% since December 31, 2012. Construction In Progress increased by \$7,277,178, and capitalized assets in land, buildings, improvements, machinery and equipment, and roads decreased by \$8,507,718, net of depreciation, since December 31, 2012. 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, therefore, was the result of fewer assets being added to the register as those assets that remain continue to depreciate.

At December 31, 2013, the cost of Roads & Infrastructure (\$616,983,084) was the major asset class followed by Buildings (\$213,040,883). Major new acquisitions include completed sewer separation projects (\$4.1 million) and the newly-rebuilt Fire Station #5 (\$1.1 million).

Total depreciation expense for 2013 was \$29,559,898, compared to \$25,827,428 for 2012.

Additional information on capital assets can be found in the notes to the financial statements in Statement Note I.D.6, Capital Asset Capitalization Policy, Statement Note III.C, Capital Asset Activity, and Statement Note III.D, Construction Commitments.

Debt Administration

Outstanding debt principal as of December 31, 2013 was \$248,694,531, a decrease of \$14,630,491 or -5.6%. City outstanding debt includes revenue bonds, mortgage bonds, notes & loans payable and capital leases.

Type	Beginning	Additions	Retirements	Ending
Revenue bonds	214,060,000	18,755,000	(26,210,000)	206,605,000
Mortgage bonds	18,485,000	5,580,000	(1,735,000)	22,330,000
Notes & loans	18,802,540	34,302	(11,685,278)	7,151,564
Capital leases	11,977,482	3,292,737	(2,662,252)	12,607,967
Total Debt	263,325,022	27,662,039	(42,292,530)	248,694,531

During 2013 the City issued the 2013A Sewage Works Revenue Bond in the amount of \$14,765,000 for the purpose of refunding a bond issuance in order to take advantage of a more favorable interest rate environment and lower future debt service payments. This bond is a twenty (20) year issue with maturity in 2033 with debt service coverage from the Sewage Works Bond Sinking fund. The bond issue refunded one revenue bond for \$7,980,000 and one note for \$9,445,000 that financed capital improvements addressing combined sewer overflow issues improving sewage discharge into the St. Joseph River, in compliance with the Environmental Protection Agency ("EPA") consent decree. It was part of a twenty year long-term control plan which will require additional bonding and sewer rate increases.

During 2013 the City refunded a bond issuance in order to take advantage of a more favorable interest rate environment and lower future debt service payments. The City issued bonds in the amount of \$3,990,000 to refinance a 2008 revenue bond for Century Center, saving the City approximately \$1.02 million over the remaining term of the bond. The City also issued the 2013 Building Corporation EMS Fire Station/Tower Bonds in the amount of \$5,580,000 to finance the new fire department training facility.

During 2013 the City entered into capital lease agreements in the amount of \$3,292,737 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. Of the \$3.292 million, \$3.196 million were to acquire police cars and other vehicles needed by various

Management Discussion & Analysis

City departments; the remaining \$81,806 was used to lease office equipment such as copiers. The City solicits competitive financing proposals for lease financing from local and national companies.

Under the Indiana Constitution and State statute, the City's general obligation bonded debt and certain other debt is subject to a legal limitation based upon 2% of total assessed value of real and personal property. The City had no general obligation bonded debt outstanding at December 31, 2013 and none of the above debt issuance amounts are subject to this debt limitation.

In 2014, the City anticipates issuing additional debt for sewer improvement and fire department projects and plans to continue issuing refunding bonds as appropriate to take advantage of lower interest rates. In April, 2014 the City approved issuance of refunding bonds in an amount not to exceed \$3,700,000 to refinance its 2002 Redevelopment Special Taxing District bonds for the remaining 8 years of their original 20-year lives..

Additional information on debt can be found in the notes to the financial statements in Statement Note I.D.8, Long-Term Obligations, Statement Note III.F.2, Capital Lease Obligations, Statement Note III.G.5, Long-Term Liabilities, and Statement Note IV.C, Conduit Debt.

A calculation of the City's legal debt limitation can be found in the statistical debt capacity section of this document.

Economic Factors and 2015 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 of 2008. House Enrolled Act 1001 (HEA 1001) which 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. This process involves comparing property values to sales activity in the neighborhood and adjusting the current assessed values up or down according to the trended data.

This legislation (known as "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 2009.

In 2013, the primary funds supported by property taxes (General Fund, Parks and Recreation Fund, and Cumulative Capital Development Fund) lost approximately \$26 million dollars in taxable property tax levy due to the circuit breaker caps.

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 & recreation, code enforcement, highways & streets and general government.

Management of the City of South Bend will continue to manage the financial affairs from a posture of fiscal conservatism similar to the management practices engaged during fiscal 2013.

Management Discussion & Analysis

City Management believes that the national economic recovery will continue according to the predictions of governmental economists, with low to no inflation over the next fiscal period. In addition, job creation is the primary engine to drive economic recovery.

2015 Budget

The City will engage to ensure effective delivery of required services to taxpayers and citizens within the constraints of available financial resources. The City will continue to provide required services within the constraints of a balanced general fund budget.

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 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 2015 that will remain fiscally responsible to the effective delivery of required services to city citizens and stakeholders within the existing revenue constraints. Specific concerns for the 2015 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.

Current Economic Development Projects

Executive management of the City of South Bend continues to pursue economic development and public works opportunities that will have long term favorable impact on the economic prospects for the community as a whole. These projects include:

- **Ignition Park**– Along with Innovation Park at Notre Dame, these two sites are Indiana's first dual-site, state-certified technology park. Transpo, the county's public transportation authority, was the first tenant in Ignition Park and dedicated its new facility in early 2010. The second tenant in Ignition Park, Data Realty, is a 50,000 square foot colocation, cloud services data center, with disaster recovery solutions and a managed analytics platform. Data Realty employs over 20 employees and committed over \$15 million in private investment.
- **Renaissance District / Ivy Tower** – Rehabilitation of an 800,000 square foot industrial space near downtown to create an expected 400 new jobs through a mixed use space to include data centers, high tech office space, and research facilities. The owner of this property has committed \$10 million in private investment over a 10 year period.
- **Triangle Development** – Planned construction of 55 new single family residential properties in the Triangle area adjacent to the existing new Eddy Street Commons commercial development, creating a diverse new neighborhood in the City's northeast sector. Eleven new homes are underway, with many more in the planning stages. Seventy percent of the lots are being sold at market rate and thirty percent are reserved for income-eligible buyers. Six million dollars in private investment will transform this neighborhood.
- **Western Ave./Lincolnway West Business Corridors** – The Department of Community Investment is working with citizens and stakeholders in the design and implementation of new streetscapes along these streets with the intention of attracting new business development to the west side of the City.
- **2-Way Streets** – The City will be undertaking the reversion of some of its downtown streets from 1-way to 2-way over the course of the next couple of years. This type of

Management Discussion & Analysis

activity has proven to be very successful in other cities at attracting business and residential growth in city centers.

- **Workforce Strategy** – The Department of Community Investment is preparing a workforce training initiative to coordinate those who offer workforce training into a single council. This council will focus its training efforts in areas of greatest need and growth, and will include measurable goals and assessment factors. The council has identified and implemented a program to offer training in “deconstruction” – the process of recovering useful materials from buildings slated for demolition.
- **Existing Business Expansions** – The City continues to work with private sector business concerns to enable expansion of their business operations in the City, adding new employment opportunities and tax base to the City. Tax abatements in 2012 are expected to result in \$41,411,500 of new investment and add 83 jobs with an annual payroll of \$4,921,000.

Requests for Information

This Management Discussion & 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, 2013. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

John H. Murphy, City Controller
City of South Bend
Department of Administration and Finance
227 W. Jefferson Boulevard, 12th Floor
South Bend, Indiana 46601

Telephone 574-235-9216
Facsimile 574-235-9928

Email jmurphy@southbendin.gov

City of South Bend
May 8, 2014

CITY OF SOUTH BEND
STATEMENT OF NET POSITION
December 31, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<u>Assets</u>			
Cash and cash equivalents	\$ 46,756,222	\$ 4,766,303	\$ 51,522,525
Cash with fiscal agent	50,162	-	50,162
Investments	126,656,282	9,426,151	136,082,433
Receivables (net of allowances for uncollectibles):			
Interest	189,677	16,422	206,099
Taxes	3,806,157	-	3,806,157
Accounts	948,234	3,626,627	4,574,861
Intergovernmental	802,771	-	802,771
Loans	7,694,684	-	7,694,684
Internal balances	1,725,261	(1,725,261)	-
Inventories	943,844	342,916	1,286,760
Prepaid expense	347,271	66,594	413,865
Restricted assets:			
Cash and cash equivalents	6,158,300	20,661,402	26,819,702
Cash with fiscal agent	-	628,472	628,472
Investments	2,967,526	33,550,935	36,518,461
Interest receivable	4,118	49,618	53,736
Taxes	6,349	-	6,349
Property held for resale	18,974,080	-	18,974,080
Capital assets:			
Land and construction in progress	15,883,485	16,949,593	32,833,078
Other capital assets, net of depreciation	268,491,227	214,544,973	483,036,200
Total assets	<u>502,405,650</u>	<u>302,904,745</u>	<u>805,310,395</u>
Deferred outflows of resources:			
Unamortized loss on refunding	-	746,357	746,357
Unamortized loss on sale/leaseback	-	1,125,301	1,125,301
Total deferred outflows of resources	<u>-</u>	<u>1,871,658</u>	<u>1,871,658</u>

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

Continued on next page

CITY OF SOUTH BEND
STATEMENT OF NET POSITION
December 31, 2013
(Continued)

<u>Liabilities</u>	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
Accounts payable	5,912,699	929,559	6,842,258
Accrued payroll payable	2,372,712	560,351	2,933,063
Unearned revenue	-	8,241	8,241
Taxes payable	2,678	43,398	46,076
Customer deposits	247,198	182,522	429,720
Accrued interest payable	839,166	-	839,166
Estimate of unfiled claims	2,891,134	-	2,891,134
Other current payables	18,172	-	18,172
Payable from restricted assets:			
Accounts payable	-	2,374,695	2,374,695
Contracts payable	-	474,016	474,016
Customer deposits	-	1,452,855	1,452,855
Accrued interest payable	1,158,368	295,469	1,453,837
Noncurrent liabilities:			
Due within one year:			
Mortgage bonds payable	1,580,425	64,575	1,645,000
Compensated absences	3,892,728	615,884	4,508,612
Revenue bonds payable	7,950,000	6,910,000	14,860,000
Capital lease obligations	2,115,937	1,003,006	3,118,943
Notes and loans payable	1,608,064	326,346	1,934,410
Due in more than one year:			
Mortgage bonds payable (net of discounts or premiums)	21,499,356	487,027	21,986,383
Compensated absences	1,292,184	-	1,292,184
Revenue bonds payable (net of discounts or premiums)	82,222,826	111,208,539	193,431,365
Capital lease obligations	6,661,301	2,827,722	9,489,023
Notes and loans payable	1,422,490	3,794,664	5,217,154
Net other postemployment benefits obligation	8,300,677	-	8,300,677
Net pension obligation	63,258,306	-	63,258,306
Total liabilities	215,246,421	133,558,869	348,805,290
Deferred inflows of resources:			
Unamortized gain on refunding	565,384	-	565,384
Unamortized Service Agreement	-	527,083	527,083
Unamortized gain on sale/leaseback	-	10,277	10,277
Total deferred inflows of resources	565,384	537,360	1,102,744
<u>Net position</u>			
Investment in capital assets	192,190,446	114,506,252	306,696,698
Restricted for:			
Debt service	7,990,172	14,667,326	22,657,498
Capital outlay	-	33,600,338	33,600,338
Unrestricted	86,413,227	7,906,258	94,319,485
Total net position	\$ 286,593,845	\$ 170,680,174	\$ 457,274,019

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

CITY OF SOUTH BEND
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 13,200,898	\$ 1,939,865	\$ 146,650	\$ 1,452,802	\$ (9,661,581)	\$ -	\$ (9,661,581)
Public safety	76,023,819	5,210,272	11,209,299	-	(59,604,248)	-	(59,604,248)
Highways and streets	20,915,815	451,363	4,924,283	-	(15,540,169)	-	(15,540,169)
Economic development	26,846,471	444,839	4,566,550	398,500	(21,436,582)	-	(21,436,582)
Culture and recreation	10,069,690	5,112,019	619,840	15,911	(4,321,920)	-	(4,321,920)
Interest on long-term debt	5,961,124	-	-	-	(5,961,124)	-	(5,961,124)
Total governmental activities	<u>153,017,817</u>	<u>13,158,358</u>	<u>21,466,622</u>	<u>1,867,213</u>	<u>(116,525,624)</u>	<u>-</u>	<u>(116,525,624)</u>
Business-type activities:							
Water	15,221,865	15,102,461	-	-	-	(119,404)	(119,404)
Wastewater	26,390,790	32,474,743	-	-	-	6,083,953	6,083,953
Civic center	4,330,656	3,463,813	-	697,917	-	(168,926)	(168,926)
Building department	1,131,815	967,667	-	-	-	(164,148)	(164,148)
Parking	1,285,056	968,868	-	-	-	(316,188)	(316,188)
Solid waste	5,091,588	5,399,044	-	-	-	307,456	307,456
Golf course	1,497,513	1,530,402	-	-	-	32,889	32,889
Total business-type activities	<u>54,949,283</u>	<u>59,906,998</u>	<u>-</u>	<u>697,917</u>	<u>-</u>	<u>5,655,632</u>	<u>5,655,632</u>
Total primary government	<u>\$ 207,967,100</u>	<u>\$ 73,065,356</u>	<u>\$ 21,466,622</u>	<u>\$ 2,565,130</u>	<u>(116,525,624)</u>	<u>5,655,632</u>	<u>(110,869,992)</u>
General revenues:							
Property taxes					72,018,650	-	72,018,650
County option income tax					13,739,325	-	13,739,325
Economic development income tax					8,177,352	-	8,177,352
Professional sports development tax					649,996	-	649,996
Community revitalization enhancement district tax					244,623	-	244,623
Grants and contributions not restricted to specific programs					5,893,924	-	5,893,924
Unrestricted investment earnings					762,269	138,362	900,631
Other					14,285,314	-	14,285,314
Transfers					4,525,187	(4,525,187)	-
Total general revenues and transfers					<u>120,296,640</u>	<u>(4,386,825)</u>	<u>115,909,815</u>
Change in net position					3,771,016	1,268,807	5,039,823
Net position - beginning (restated)					<u>282,822,829</u>	<u>169,411,367</u>	<u>452,234,196</u>
Net position - ending					<u>\$ 286,593,845</u>	<u>\$ 170,680,174</u>	<u>\$ 457,274,019</u>

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

CITY OF SOUTH BEND
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013

	General	Park and Recreation	Public Safety LOIT	COIT	EDIT	TIF Airport	Other Nonmajor Governmental Funds	Totals
<u>Assets</u>								
Cash and cash equivalents	\$ 7,088,418	\$ 1,084,386	\$ 517,885	\$ 3,798,556	\$ 2,763,011	\$ 6,376,137	\$ 27,947,211	\$ 49,575,604
Cash with fiscal agent	-	-	-	-	-	-	50,162	50,162
Investments	21,222,360	3,163,455	1,510,814	11,081,441	8,060,469	18,600,958	56,319,954	119,959,451
Receivables (net of allowances for uncollectibles):								
Interest	30,330	4,519	2,165	15,970	11,599	26,767	88,517	179,867
Taxes	200,045	35,531	-	-	-	1,171,564	2,405,366	3,812,506
Accounts	475,847	4,284	-	1,920	-	-	426,700	908,751
Intergovernmental	-	-	-	-	-	-	802,771	802,771
Loans	-	-	-	-	-	-	7,694,684	7,694,684
Interfund receivable:								
Interfund services provided and used	15,877	11,778	-	-	-	-	1,710	29,365
Inventories	-	84,308	-	-	-	-	-	84,308
Advances to other funds	656,848	-	-	2,027,973	-	1,742,115	6,412,837	10,839,773
Property held for resale	-	-	-	569,499	449,831	8,756,317	9,198,433	18,974,080
Total assets	\$ 29,689,725	\$ 4,388,261	\$ 2,030,864	\$ 17,495,359	\$ 11,284,910	\$ 36,673,858	\$ 111,348,345	\$ 212,911,322
<u>Liabilities and fund balances</u>								
<u>Liabilities:</u>								
Accounts payable	\$ 309,592	\$ 68,957	\$ -	\$ 696,591	\$ 119,988	\$ 102,797	\$ 2,844,159	\$ 4,142,084
Accrued payroll payable	1,494,589	227,793	235,645	-	-	-	213,184	2,171,211
Interfund payable:								
Interfund services provided and used	18,310	3,265	-	-	-	5,008	20,423	47,006
Taxes payable	407	2,271	-	-	-	-	-	2,678
Performance deposits payable	196,164	-	-	-	-	51,034	-	247,198
Other current payables	1,750	557	-	-	-	-	15,865	18,172
Advances from other funds	-	-	-	-	-	500,000	8,597,658	9,097,658
Total liabilities	2,020,812	302,843	235,645	696,591	119,988	658,839	11,691,289	15,726,007
<u>Fund balances:</u>								
Non-spendable								
Inventory	-	84,308	-	-	-	-	-	84,308
Property held for resale	-	-	-	569,499	449,831	8,756,317	9,198,433	18,974,080
Advances to other funds	656,848	-	-	2,027,973	-	1,742,115	-	4,426,936
Restricted	-	4,001,110	1,795,219	-	-	25,516,587	64,074,963	95,387,879
Committed	-	-	-	-	-	-	20,697,026	20,697,026
Assigned	531,959	-	-	14,201,296	10,715,091	-	10,538,803	35,987,149
Unassigned	26,480,106	-	-	-	-	-	(4,852,169)	21,627,937
Total fund balances	27,668,913	4,085,418	1,795,219	16,798,768	11,164,922	36,015,019	99,657,056	197,185,315
Total liabilities and fund balances	\$ 29,689,725	\$ 4,388,261	\$ 2,030,864	\$ 17,495,359	\$ 11,284,910	\$ 36,673,858	\$ 111,348,345	

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

Continued on next page

CITY OF SOUTH BEND
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013
(Continued)

	Totals
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, therefore, are not reported in the funds.	282,995,172
Prepaid expenses are not available to pay for current period expenditures and, therefore are deferred in the funds.	347,271
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	10,409,085
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated absences payable	(1,292,184)
Deferred charge on refunding (to be amortized as interest expense)	(565,384)
Bonds payable	(110,585,645)
Less: Issuance discount or (premium) (to be amortized as interest expense)	(2,666,962)
Capital leases payable	(8,765,168)
Notes payable	(3,030,554)
Net other postemployment benefits obligation	(8,300,677)
Net pension obligation	(63,258,306)
Short-term liabilities that are not recognized in governmental funds until due:	
Accrued interest payable	(1,997,397)
Compensated absences payable	(3,880,721)
	\$ 286,593,845
Net position of governmental activities	

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

CITY OF SOUTH BEND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2013

	General	Park and Recreation	Public Safety LOIT	COIT	EDIT	TIF Airport	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes								
Property	\$ 35,767,912	\$ 7,110,505	\$ -	\$ -	\$ -	\$ 14,490,282	\$ 14,649,952	\$ 72,018,651
County option income	-	-	5,892,386	7,846,939	-	-	-	13,739,325
County economic development income	-	-	-	-	8,177,352	-	-	8,177,352
Professional sports development tax	-	-	-	-	-	-	649,996	649,996
Community revitalization enhancement district	-	-	-	-	-	-	244,623	244,623
Licenses and permits	177,019	-	-	-	-	-	-	177,019
Intergovernmental	15,223,844	619,840	-	-	-	-	13,384,075	29,227,759
Charges for services	3,376,541	3,032,837	-	503,028	150,000	-	5,258,092	12,320,498
Fines and forfeits	220,444	5,150	-	-	354,660	-	80,587	660,841
Interest	37,880	5,082	3,054	27,364	17,471	30,736	640,683	762,270
Donations	287,822	800	-	42,900	-	-	36,303	367,825
Sale of property	-	6,302	-	-	-	1,673	35,977	43,952
Other	4,942,966	146,767	-	1,239	69,965	2,386,278	5,215,148	12,762,363
Total revenues	60,034,428	10,927,283	5,895,440	8,421,470	8,769,448	16,908,969	40,195,436	151,152,474
Expenditures:								
Current:								
General government	6,605,015	-	-	-	-	-	549,950	7,154,965
Public safety	63,179,341	-	235,645	-	-	-	626,563	64,041,549
Highways and streets	1,381,498	-	-	-	-	-	8,388,444	9,769,942
Economic development	-	-	-	-	-	-	8,068,458	8,068,458
Culture and recreation	1,314,196	11,750,558	-	-	-	-	891,271	13,956,025
Debt service:								
Principal	15,285	289,849	-	852,887	720,000	1,862,500	9,267,584	13,008,105
Interest and fiscal charges	2,081	17,531	-	593,515	155,214	276,127	4,748,566	5,793,034
Debt issue costs	-	-	-	-	-	-	320,009	320,009
Capital outlay:								
General government	-	-	-	4,769,037	1,434,044	-	737	6,203,818
Public safety	-	-	-	1,040,226	-	-	8,752,702	9,792,928
Highways and streets	-	-	-	-	-	-	1,839,121	1,839,121
Economic development	-	-	-	4,411	210,776	4,348,235	7,685,071	12,248,493
Culture and recreation	-	-	-	339,333	-	-	324,970	664,303
Total expenditures	72,497,416	12,057,938	235,645	7,599,409	2,520,034	6,486,862	51,463,446	152,860,750
Excess (deficiency) of revenues over (under) expenditures	(12,462,988)	(1,130,655)	5,659,795	822,061	6,249,414	10,422,107	(11,268,010)	(1,708,276)
Other financing sources (uses):								
Transfers in	12,044,166	696,009	683,303	-	-	211,047	12,730,714	26,365,239
Transfers out	(744,364)	(209,824)	(7,540,389)	(1,807,098)	(5,456,519)	(1,233,000)	(4,848,858)	(21,840,052)
Debt issuance	37,016	16,130	-	-	-	-	7,748,309	7,801,455
Premium on debt issuance	-	-	-	-	-	-	21,576	21,576
Issuance of refunding bonds	-	-	-	-	-	-	3,990,000	3,990,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	(4,376,769)	(4,376,769)
Total other financing sources and uses	11,336,818	502,315	(6,857,086)	(1,807,098)	(5,456,519)	(1,021,953)	15,264,972	11,961,449
Net change in fund balances	(1,126,170)	(628,340)	(1,197,291)	(985,037)	792,895	9,400,154	3,996,962	10,253,173
Fund balances - beginning (restated)	28,795,083	4,713,758	2,992,510	17,783,805	10,372,027	26,614,865	95,660,094	186,932,142
Fund balances - ending	\$ 27,668,913	\$ 4,085,418	\$ 1,795,219	\$ 16,798,768	\$ 11,164,922	\$ 36,015,019	\$ 99,657,056	\$ 197,185,315

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

CITY OF SOUTH BEND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2013

<u>Assets</u>	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other Nonmajor Enterprise Funds	Totals	Internal Service Funds
Current assets:						
Cash and cash equivalents	\$ 894,427	\$ 1,856,767	\$ 903,475	\$ 1,111,634	\$ 4,766,303	\$ 3,338,918
Investments	2,609,292	5,416,704	-	1,400,155	9,426,151	9,664,357
Interest receivable	15,137	-	-	1,285	16,422	13,927
Accounts receivable (net of allowance)	796,971	2,158,717	72,070	441,634	3,469,392	39,483
Accounts receivable - other	52,558	104,677	-	-	157,235	-
Interfund receivables:						
Interfund services provided and used	20,906	8,383	6,260	-	35,549	3,135
Inventories	157,480	163,398	-	22,038	342,916	859,536
Prepaid items	22,270	37,014	7,310	-	66,594	-
Restricted assets:						
Cash and cash equivalents:						
Repair fund	-	347,525	-	-	347,525	-
Customer deposits	370,236	-	-	-	370,236	-
Revenue bond covenant accounts	938,824	8,325,406	-	-	9,264,230	-
Capital outlay accounts	1,107,117	7,696,156	1,757,697	118,441	10,679,411	-
Cash with fiscal agent	-	76,130	-	552,342	628,472	-
Investments:						
Repair fund	-	1,013,826	-	-	1,013,826	-
Customer deposits	1,080,080	-	-	-	1,080,080	-
Revenue bond covenant accounts	2,657,572	3,029,819	-	-	5,687,391	-
Capital outlay accounts	3,229,767	22,451,818	-	88,053	25,769,638	-
Interest receivable	-	49,618	-	-	49,618	-
	<u>13,952,637</u>	<u>52,735,958</u>	<u>2,746,812</u>	<u>3,735,582</u>	<u>73,170,989</u>	<u>13,919,356</u>
Total current assets						
Noncurrent assets:						
Capital assets:						
Land and construction in progress	2,484,818	12,181,352	702,934	1,580,489	16,949,593	-
Other capital assets (net of accumulated depreciation)	<u>60,549,506</u>	<u>130,314,710</u>	<u>15,472,668</u>	<u>8,208,089</u>	<u>214,544,973</u>	<u>1,379,540</u>
	<u>63,034,324</u>	<u>142,496,062</u>	<u>16,175,602</u>	<u>9,788,578</u>	<u>231,494,566</u>	<u>1,379,540</u>
Total noncurrent assets						
Total assets	<u>76,986,961</u>	<u>195,232,020</u>	<u>18,922,414</u>	<u>13,524,160</u>	<u>304,665,555</u>	<u>15,298,896</u>
Deferred outflows of resources:						
Unamortized loss on refunding	132,668	613,689	-	-	746,357	-
Unamortized loss on sale/leaseback	-	-	-	1,125,301	1,125,301	-
Total deferred outflows of resources	<u>132,668</u>	<u>613,689</u>	<u>-</u>	<u>1,125,301</u>	<u>1,871,658</u>	<u>-</u>

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

Continued on next page

CITY OF SOUTH BEND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2013
(Continued)

Liabilities	Business-Type Activities - Enterprise Funds				Governmental	
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	Internal Service Funds
Current liabilities:						
Accounts payable	431,541	10,042	166,236	321,740	929,559	1,770,615
Interfund payables:						
Interfund services provided and used	9,050	2,289	-	7,356	18,695	2,348
Accrued payroll payable	189,227	239,037	21,438	110,649	560,351	201,501
Compensated absences payable	196,516	257,748	-	161,620	615,884	12,007
Unearned revenue	8,241	-	-	-	8,241	-
Taxes payable	43,398	-	-	-	43,398	-
Performance deposits payable	-	-	-	37,437	37,437	-
Customer deposits	-	-	145,085	-	145,085	-
Capital leases payable	-	-	-	-	-	5,802
Interest payable	-	-	-	-	-	136
Estimate of unfiled claims	-	-	-	-	-	2,891,134
Current liabilities payable from restricted assets:						
Accounts payable	-	2,374,695	-	-	2,374,695	-
Contracts and retainage payable	155,388	318,628	-	-	474,016	-
Customer deposits	1,452,855	-	-	-	1,452,855	-
Mortgage bonds payable	-	64,575	-	-	64,575	-
Revenue bonds payable	1,105,000	5,805,000	-	-	6,910,000	-
Capital leases payable	2,698	233,457	-	766,851	1,003,006	-
Notes and loans payable	176,835	149,511	-	-	326,346	-
Accrued interest payable	-	284,295	-	11,174	295,469	-
Total current liabilities	3,770,749	9,739,277	332,759	1,416,827	15,259,612	4,883,543
Noncurrent liabilities:						
Advances from other funds	-	-	-	1,742,115	1,742,115	-
Mortgage bonds payable (net of unamortized discount)	-	487,027	-	-	487,027	-
Revenue bonds payable (net of unamortized discounts, and premiums)	18,705,596	92,502,943	-	-	111,208,539	-
Capital leases payable	12,415	833,116	-	1,982,191	2,827,722	6,268
Notes and loans payable	1,233,277	2,561,387	-	-	3,794,664	-
Total noncurrent liabilities	19,951,288	96,384,473	-	3,724,306	120,060,067	6,268
Total liabilities	23,722,037	106,123,750	332,759	5,141,133	135,319,679	4,889,811
Deferred inflows of resources:						
Unamortized Service Agreement	-	-	527,083	-	527,083	-
Unamortized gain on sale/leaseback	-	-	-	10,277	10,277	-
Total deferred inflows of resources	-	-	527,083	10,277	537,360	-
Net position						
Investment in capital assets	41,813,616	40,925,619	16,175,602	15,591,415	114,506,252	1,367,470
Restricted for debt service	3,596,396	11,070,930	-	-	14,667,326	-
Restricted for capital outlay	4,181,496	27,454,651	1,757,697	206,494	33,600,338	-
Unrestricted	3,806,084	10,270,759	129,273	(6,299,858)	7,906,258	9,041,615
Total net position	\$ 53,397,592	\$ 89,721,959	\$ 18,062,572	\$ 9,498,051	\$ 170,680,174	\$ 10,409,085

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

CITY OF SOUTH BEND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2013

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other Nonmajor Enterprise Funds	Totals	Internal Service Funds
Operating revenues:						
Metered revenue:						
Residential	\$ 6,527,228	\$ 19,414,745	\$ -	\$ -	\$ 25,941,973	\$ -
Commercial	3,315,238	6,871,803	-	-	10,187,041	-
Industrial	318,555	4,299,896	-	-	4,618,451	-
Fire protection revenue	1,961,037	-	-	-	1,961,037	-
Leak insurance revenue	956,921	-	-	-	956,921	-
Penalties	134,372	682,471	-	-	816,843	-
Convention fees	-	-	1,923,625	-	1,923,625	-
Licenses and permits	-	-	-	964,240	964,240	-
Parking fees	-	-	110,884	948,722	1,059,606	-
Solid waste fees	-	-	-	4,800,454	4,800,454	-
Golf course fees	-	-	-	1,530,402	1,530,402	-
Employee/employer contributions	-	-	-	-	-	15,221,383
Charges for sales and services	-	-	-	-	-	7,199,304
Other	570,350	657,163	-	622,163	1,849,676	12,310
Total operating revenues	13,783,701	31,926,078	2,034,509	8,865,981	56,610,269	22,432,997
Operating expenses:						
Source of supply and expense/collection system expense - operations and maintenance	1,143,558	4,496,044	-	-	5,639,602	-
Transmission and distribution/pumping expense - operations and maintenance	5,621,388	5,591,192	-	-	11,212,580	-
Treatment and disposal expense - operations and maintenance	2,155,898	-	-	-	2,155,898	-
Operations and maintenance	-	-	-	6,679,325	6,679,325	7,242,586
Customer accounts	1,518,372	194,012	-	-	1,712,384	-
Administration and general	1,880,791	1,245,306	3,566,567	941,065	7,633,729	1,033,318
Insurance claims and premiums	-	-	-	-	-	13,703,625
Depreciation	1,924,933	6,266,922	763,870	773,837	9,729,562	115,781
Total operating expenses	14,244,940	17,793,476	4,330,437	8,394,227	44,763,080	22,095,310
Operating income (loss)	(461,239)	14,132,602	(2,295,928)	471,754	11,847,189	337,687

CITY OF SOUTH BEND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities	
	Water Utility	Wastewater Utility	Century Center	Other Nonmajor Enterprise Funds	Totals	Internal Service Funds
Nonoperating revenues (expenses):						
Interest and investment revenue	27,213	103,784	3,394	3,971	138,362	28,690
Hotel/motel tax	-	-	1,313,436	-	1,313,436	-
Professional sports development tax	-	-	100,000	-	100,000	-
Repair fund revenues	-	548,665	-	-	548,665	-
Management fees	1,196,379	(1,029,948)	-	-	166,431	-
Miscellaneous revenue	122,381	-	15,868	-	138,249	-
Interest expense	(863,417)	(6,759,042)	-	(51,405)	(7,673,864)	1,396
Amortization expense	-	(410,190)	-	(560,340)	(970,530)	-
Repair fund expenses	-	(316,855)	-	-	(316,855)	-
Debt issue costs	(1,200)	(81,279)	-	-	(82,479)	-
Gain (loss) on disposition of assets	(112,308)	-	(219)	-	(112,527)	-
Total nonoperating revenue (expenses)	<u>369,048</u>	<u>(7,944,865)</u>	<u>1,432,479</u>	<u>(607,774)</u>	<u>(6,751,112)</u>	<u>30,086</u>
Income (loss) before contributions and transfers	(92,191)	6,187,737	(863,449)	(136,020)	5,096,077	367,773
Capital contributions	-	-	697,917	-	697,917	-
Transfers out	(1,541,755)	(2,775,553)	-	(207,879)	(4,525,187)	-
Change in net position	(1,633,946)	3,412,184	(165,532)	(343,899)	1,268,807	367,773
Total net position - beginning	<u>55,031,538</u>	<u>86,309,775</u>	<u>18,228,104</u>	<u>9,841,950</u>	<u>169,411,367</u>	<u>10,041,312</u>
Total net position - ending	<u>\$ 53,397,592</u>	<u>\$ 89,721,959</u>	<u>\$ 18,062,572</u>	<u>\$ 9,498,051</u>	<u>\$ 170,680,174</u>	<u>\$ 10,409,085</u>

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

CITY OF SOUTH BEND
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2013

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>	<u>Agency Fund</u>
Cash and cash equivalents	\$ 674,500	\$ 9,412	\$ 1,638,295
Investments	1,967,704	27,458	-
Receivables:			
Interest	<u>2,863</u>	<u>40</u>	<u>-</u>
 Total assets	 <u>2,645,067</u>	 <u>36,910</u>	 <u>\$ 1,638,295</u>
 <u>Liabilities</u>			
Current liabilities:			
Accounts payable	12,000	-	-
Accrued payroll and withholdings payable	620	-	298,697
Customer Deposits	<u>-</u>	<u>-</u>	<u>1,339,598</u>
 Total liabilities	 <u>12,620</u>	 <u>-</u>	 <u>\$ 1,638,295</u>
 <u>Net Position</u>			
Net position held in trust for:			
Employees' pension benefits	2,632,447	-	
Individuals, organizations, and other governments	<u>-</u>	<u>36,910</u>	
 Total net position	 <u>\$ 2,632,447</u>	 <u>\$ 36,910</u>	

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

CITY OF SOUTH BEND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For The Year Ended December 31, 2013

<u>Additions</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>
Contributions:		
On behalf	\$ 10,898,989	\$ -
Plan members	881	-
Other	<u>4,854</u>	<u>-</u>
Total contributions	<u>10,904,724</u>	<u>-</u>
Investment income:		
Interest	<u>3,519</u>	<u>78</u>
Total additions	<u>10,908,243</u>	<u>78</u>
<u>Deductions</u>		
Benefits	11,922,137	-
Administrative expense	<u>12,512</u>	<u>4,315</u>
Total deductions	<u>11,934,649</u>	<u>4,315</u>
Changes in net position	(1,026,406)	(4,237)
Net position - beginning	<u>3,658,853</u>	<u>41,147</u>
Net position - ending	<u>\$ 2,632,447</u>	<u>\$ 36,910</u>

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

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

	<u>2004</u>	<u>2005</u>	<u>2006 (1)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities										
Invested in capital assets, net of related debt	7,383,902	35,777,247	208,509,577	200,634,954	178,178,047	178,483,535	186,771,216	196,265,413	202,779,954	192,190,446
Restricted	1,966,388	6,138,257	5,225,642	5,370,627	11,077,687	12,825,227	8,840,610	9,354,772	8,050,418	7,990,172
Unrestricted	59,250,281	26,957,659	24,900,036	47,150,229	56,786,214	82,877,695	96,539,932	82,271,482	71,992,457	86,413,227
Total governmental activities net position	68,600,571	68,873,163	238,635,255	253,155,810	246,041,948	274,186,457	292,151,758	287,891,667	282,822,829	286,593,845
Business-type activities										
Invested in capital assets, net of related debt	93,370,899	94,833,960	97,670,533	112,194,451	124,705,327	119,607,643	122,108,095	103,463,004	113,193,929	114,506,252
Restricted	13,254,447	17,942,700	22,535,858	8,273,257	8,630,542	14,075,339	13,320,967	12,937,988	29,259,933	48,267,664
Unrestricted	19,015,375	8,751,584	7,168,852	15,793,782	9,209,917	12,597,138	19,262,192	45,733,630	26,957,505	7,906,258
Total business-type activities net position	125,640,721	121,528,244	127,375,243	136,261,490	142,545,786	146,280,120	154,691,254	162,134,622	169,411,367	170,680,174
Primary government										
Invested in capital assets, net of related debt	100,754,801	130,611,207	306,180,110	312,829,405	302,883,374	298,091,178	308,879,311	299,728,417	315,973,883	306,696,698
Restricted	15,220,835	24,080,957	27,761,500	13,643,884	19,708,229	26,900,566	22,161,577	22,292,760	37,310,351	56,257,836
Unrestricted	78,265,656	35,709,243	32,068,888	62,944,011	65,996,131	95,474,833	115,802,124	128,005,112	98,949,962	94,319,485
Total primary government net position	194,241,292	190,401,407	366,010,498	389,417,300	388,587,734	420,466,577	446,843,012	450,026,289	452,234,196	457,274,019

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

(1) The City implemented the retroactive reporting of infrastructure assets required by GASB Statement No. 34 during 2006.

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.

City of South Bend, Indiana
Changes in Net Position
Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses										
Governmental activities:										
General government	(17,523,559)	(15,033,018)	(17,194,920)	(13,680,203)	(10,253,389)	(7,903,378)	(8,261,861)	(16,783,351)	(13,788,310)	(13,200,898)
Public safety	(45,799,395)	(72,450,941)	(56,600,175)	(52,751,974)	(49,728,256)	(50,800,573)	(62,106,991)	(73,530,442)	(69,977,237)	(76,023,819)
Highways and streets	(9,855,890)	(9,010,971)	(21,813,189)	(17,904,129)	(22,292,012)	(15,042,344)	(9,526,537)	(7,574,003)	(14,639,158)	(20,915,815)
Health and welfare	(102,314)	(75,352)	(114,131)	(75,000)	(75,000)	0	0	0	0	0
Culture and recreation	(13,689,893)	(8,840,970)	(14,994,300)	(16,454,667)	(18,311,807)	(17,981,839)	(16,036,194)	(15,566,794)	(21,724,589)	(26,846,471)
Economic development	(18,102,343)	(22,436,802)	(18,813,636)	(18,206,948)	(27,299,233)	(4,335,618)	(30,744,012)	(34,648,975)	(20,217,987)	(10,069,690)
Interest on long-term debt	(6,209,012)	(5,943,021)	(5,841,032)	(5,859,102)	(7,080,166)	(8,049,610)	(7,339,548)	(6,798,531)	(6,134,406)	(5,961,124)
Total governmental activities expenses	(111,282,406)	(133,791,075)	(135,371,383)	(124,932,023)	(135,039,863)	(104,113,362)	(134,015,143)	(154,902,096)	(146,481,687)	(153,017,817)
Business-type activities:										
Water	(12,275,029)	(12,447,141)	(11,916,504)	(13,061,750)	(13,492,744)	(12,584,679)	(12,525,246)	(11,972,840)	(12,228,014)	(15,221,865)
Wastewater	(16,125,258)	(18,452,785)	(16,972,401)	(18,295,813)	(23,020,991)	(27,047,143)	(21,403,663)	(22,260,005)	(23,809,975)	(26,390,790)
Civic Center	(3,592,627)	(3,478,359)	(3,355,531)	(3,490,103)	(3,562,285)	(3,488,266)	(2,989,586)	(3,100,484)	(2,929,268)	(4,330,656)
Building department	(1,134,986)	(1,047,007)	(1,102,164)	(1,090,327)	(1,108,940)	(1,113,867)	(930,120)	(871,299)	(909,376)	(1,131,815)
Parking	(1,739,235)	(1,165,502)	(1,261,942)	(1,444,146)	(1,466,200)	(1,471,960)	(1,438,288)	(1,467,646)	(1,721,655)	(1,285,056)
Solid waste	(4,015,831)	(4,920,464)	(4,187,706)	(4,072,910)	(4,299,846)	(4,036,001)	(4,204,056)	(4,962,157)	(5,118,806)	(5,091,588)
Golf course	(1,778,107)	(1,736,939)	(1,811,757)	(1,811,801)	(1,829,122)	(1,881,982)	(1,995,556)	(1,689,042)	(1,841,998)	(1,497,513)
Total business-type activities net expenses	(40,661,073)	(43,248,197)	(40,608,005)	(43,266,850)	(48,780,128)	(51,623,898)	(45,486,515)	(46,323,473)	(48,559,092)	(54,949,283)
Total primary government net position	(151,943,479)	(177,039,272)	(175,979,388)	(168,198,873)	(183,819,991)	(155,737,260)	(179,501,658)	(201,225,569)	(195,040,779)	(207,967,100)

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.

City of South Bend, Indiana
Changes in Net Position, Last Ten Fiscal Years (continued)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities:										
Charges for services:										
General government	\$6,054,637	\$148,150	\$6,883,104	\$6,553,121	\$6,647,223	\$6,855,830	\$6,964,269	\$1,165,018	\$2,100,103	\$1,939,865
Public safety	2,075,522	2,239,368	5,132,285	4,228,405	5,035,433	5,051,827	4,916,958	4,096,566	5,079,182	5,210,272
Highways and streets	0	135,313	44,250	0	0	5,152	28,110	227,000	291,840	451,363
Economic development	168,523	516,570	562,807	604,873	636,722	332,454	283,420	683,503	271,366	444,839
Culture and recreation	1,044,512	3,784,176	4,940,629	5,057,076	5,300,818	5,063,896	4,995,049	4,681,536	5,224,543	5,112,019
Operating grants and contributions	10,718,149	12,916,362	12,452,463	15,628,287	11,356,682	12,199,444	29,467,573	32,091,246	24,937,596	21,466,622
Capital grants and contributions	10,326,795	9,447,723	13,793,363	960,502	1,176,783	780,137	1,472,233	2,328,468	2,468,120	1,867,213
Total governmental activities program revenues	30,388,138	29,187,662	43,808,901	33,032,264	30,153,661	30,288,740	48,127,612	45,273,337	40,372,750	36,492,193
Business-type activities:										
Charges for services:										
Water	12,513,333	12,130,549	14,757,819	15,336,891	14,926,833	14,151,289	14,194,442	14,080,592	15,409,171	15,102,462
Wastewater	14,773,651	14,830,607	18,725,903	21,349,401	23,567,973	25,012,163	26,001,156	29,407,263	30,657,698	32,474,743
Civic Center	1,837,763	1,604,352	3,113,264	3,371,553	3,370,802	2,873,966	2,869,010	2,894,913	2,680,076	3,463,813
Building Department	983,102	1,125,312	1,039,405	1,078,258	1,169,788	977,050	875,481	899,397	1,000,381	967,667
Parking	768,503	763,581	799,350	861,307	1,003,889	1,070,519	1,047,784	1,071,078	921,044	968,868
Solid Waste	3,964,487	3,764,229	4,177,897	4,187,821	4,343,120	4,759,530	4,745,547	4,830,342	5,081,991	5,399,044
Golf Course	1,689,984	1,546,244	1,565,649	1,512,150	1,493,519	1,557,951	1,479,415	1,392,999	1,669,372	1,530,402
Operating grants and contributions	1,165,243	1,282,780	0	0	0	0	0	0	0	0
Capital grants and contributions	118,953	1,479,581	1,413,861	1,253,332	1,209,380	4,038,412	1,889,165	4,291,731	2,010,253	697,916
Total business-type activities program revenues	37,815,019	38,527,235	45,593,148	48,950,713	51,085,304	54,440,880	53,102,000	58,868,315	59,429,986	60,604,915
Total primary government program revenues	68,203,157	67,714,897	89,402,049	81,982,977	81,238,965	84,729,620	101,229,612	104,141,652	99,802,736	97,097,108
Net (Expense)/Revenue										
Governmental activities	(103,402,937)	(106,183,721)	(81,123,122)	(102,007,599)	(73,959,701)	(103,726,403)	(106,774,484)	45,273,337	(106,108,937)	(116,525,624)
Business-type activities	(5,433,178)	(2,080,770)	2,326,298	170,585	(538,594)	8,954,365	6,778,527	58,868,315	10,870,894	5,655,632
Total primary government net expense	(108,836,115)	(108,264,491)	(78,796,824)	(101,837,014)	(74,498,295)	(94,772,038)	(99,995,957)	104,141,652	(95,238,043)	(110,869,992)

City of South Bend, Indiana
Changes in Net Position, Last Ten Fiscal Years (continued)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$62,279,784	\$72,743,697	\$68,256,602	\$77,120,683	\$76,109,499	\$73,882,128	\$77,315,641	\$76,445,349	\$71,775,415	\$72,018,650
County Option Income Tax	7,001,198	5,695,618	6,410,405	8,072,623	5,813,846	10,270,179	11,502,052	13,219,723	13,748,824	13,739,325
Economic Development Income Tax	3,448,688	3,464,152	4,013,475	4,681,134	3,788,754	4,536,245	7,335,113	8,044,773	8,324,878	8,177,352
Professional Sports Development Tax	378,099	385,553	336,281	435,791	453,268	522,788	597,406	558,268	633,904	649,996
Community Revitalization District Tax	655,269	965,052	1,000,000	1,000,000	955,315	605,623	416,149	733,100	653,185	244,623
Unrestricted grants and contributions	5,133,838	5,160,298	5,063,541	4,032,300	5,664,011	7,597,883	4,883,081	3,964,336	3,891,810	5,893,924
Unrestricted Investment earnings	1,660,720	3,543,469	4,762,484	6,247,113	4,961,410	859,135	868,023	1,050,768	1,317,443	762,270
Other	598,600	10,790,170	3,520,138	5,016,902	2,007,821	2,781,368	2,627,341	3,483,054	6,623,313	14,285,314
Transfers	14,873	33,589	44,200	3,735	34,970	(645,992)	(648,823)	3,041,176	3,879,721	4,525,187
Total governmental activities	81,171,069	102,781,598	93,407,126	106,610,281	99,788,894	100,409,357	104,895,983	110,540,547	110,848,493	120,296,641
Business-type activities:										
Unrestricted Investment earnings	362,676	745,966	906,056	1,301,348	1,514,287	271,360	146,826	206,409	285,572	138,362
Other	0	1,990,515	0	0	0	0	0	0	0	0
Transfers	(14,873)	(33,589)	(44,200)	(3,735)	(34,970)	645,992	648,823	(3,041,176)	(3,879,721)	(4,525,187)
Total business-type activities	347,803	2,702,892	861,856	1,297,613	1,479,317	917,352	795,649	(2,834,767)	(3,594,149)	(4,386,825)
Total primary government	81,518,872	105,484,490	94,268,982	107,907,894	101,268,211	101,326,709	105,691,632	107,705,780	107,254,344	115,909,816
Special Item (Governmental activities):										
Well field contamination settlement	0	0	0	0	4,462,214	0	0	0	0	0
Change in Net Position										
Governmental activities	(25,012,652)	21,658,476	(8,600,473)	32,650,580	524,705	(6,365,127)	150,169,320	911,788	4,739,556	3,771,016
Business-type activities	(1,732,967)	5,029,190	1,032,441	759,019	10,433,682	7,695,879	59,663,964	9,710,075	7,276,745	1,268,807
Total primary government	(\$26,745,619)	\$26,687,666	(\$7,568,032)	\$33,409,599	\$10,958,387	\$1,330,752	\$209,833,284	\$10,621,863	\$12,016,301	\$5,039,823

Excludes prior period adjustments

Source : City of South Bend Comprehensive Annual Financial Reports

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>	<u>2012</u>	<u>2013</u>
General fund										
Reserved	2,365,669	10,581,739	4,162,853	2,213,970	3,245,271	1,516,159	1,824,454	-	-	-
Unreserved	19,656,024	18,162,455	21,688,442	21,546,783	24,171,313	23,102,296	26,912,688	-	-	-
Nonspendable	-	-	-	-	-	-	-	1,115,025	958,341	656,848
Restricted	-	-	-	-	-	-	-	327,267	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	255,287	165,389	516,506
Unassigned	-	-	-	-	-	-	-	26,233,637	27,671,353	26,495,559
Total - General Fund	22,021,693	28,744,194	25,851,295	23,760,753	27,416,584	24,618,455	28,737,142	27,931,216	28,795,083	27,668,913
Other Governmental Funds										
Reserved	39,224,425	38,498,351	34,251,520	36,374,517	60,213,915	56,819,802	62,230,229	-	-	-
Unreserved, reported in:										
Special revenue funds	10,159,432	14,134,371	19,348,846	25,703,180	32,054,329	36,398,024	31,996,398	-	-	-
Capital projects funds	43,815,737	40,624,644	60,447,079	66,593,906	87,571,056	78,214,132	85,237,947	-	-	-
Debt service funds	-	-	(7,828)	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	37,036,839	37,706,861	22,828,476
Restricted	-	-	-	-	-	-	-	44,754,037	78,326,567	95,387,879
Committed	-	-	-	-	-	-	-	11,829,074	11,142,045	20,697,026
Assigned	-	-	-	-	-	-	-	77,460,284	35,180,652	35,455,190
Unassigned	-	-	-	-	-	-	-	(2,777,374)	(4,219,066)	(4,852,169)
Total - Other Governmental Funds	93,199,594	93,257,366	114,039,617	128,671,603	179,839,300	171,431,958	179,464,574	168,302,860	158,137,059	169,516,402
Grand Total - Governmental Funds	115,221,287	122,001,560	139,890,912	152,432,356	207,255,884	196,050,413	208,201,716	196,234,076	186,932,142	197,185,315

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

Source: City of South Bend Comprehensive Annual Financial Reports

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues										
Taxes	75,289,946	78,650,044	84,049,414	88,695,023	96,930,953	89,139,585	101,785,765	99,001,213	95,136,206	94,829,947
Licenses, fees and permits	223,006	246,780	186,470	173,604	177,329	206,594	192,397	190,943	189,714	177,019
Fines and forfeits	302,376	245,680	444,861	437,732	412,707	423,981	409,775	636,749	334,767	660,841
Charges for services	15,187,711	15,293,779	16,931,744	15,832,139	17,030,160	16,678,584	16,585,634	13,990,267	12,442,553	12,320,498
Intergovernmental	17,968,454	18,665,828	31,275,541	21,400,166	18,196,118	20,577,464	35,822,886	34,419,714	31,297,526	29,227,759
Investment earnings	1,668,050	3,543,469	4,762,484	6,248,605	4,962,768	859,135	868,023	1,050,768	1,317,443	762,270
Other revenues	2,732,127	10,791,555	3,414,731	5,039,373	2,007,821	3,046,791	2,677,796	3,587,518	6,660,875	13,174,140
Total revenues	113,371,670	127,437,135	141,065,245	137,826,642	139,717,856	130,932,134	158,342,276	152,877,172	147,379,084	151,152,474
Expenditures										
General government	6,814,675	7,828,275	11,244,734	9,611,354	6,902,426	5,969,141	5,214,424	6,680,855	6,390,585	7,154,965
Public Safety	44,371,673	49,010,645	51,050,640	53,203,005	50,413,055	48,790,068	62,586,177	69,612,754	67,138,414	64,041,549
Highways and Streets	12,638,026	9,874,281	13,583,761	13,257,781	13,369,611	11,716,810	10,702,555	5,079,041	9,288,682	9,769,942
Health and Welfare	75,000	75,000	75,000	75,000	75,000	0	0	0	0	0
Culture and Recreation	14,347,497	14,226,463	13,849,622	13,469,798	14,542,481	12,733,094	12,841,596	13,816,699	18,557,986	13,956,025
Economic Development	13,208,131	7,531,650	9,752,254	7,710,242	9,726,718	8,938,134	17,408,376	9,698,611	3,543,180	8,068,458
Capital Outlay	30,722,396	29,299,053	16,391,192	17,293,302	26,695,208	37,485,105	21,952,522	46,691,030	39,984,127	30,748,663
Debt Service										
Interest and Fiscal Charges	5,287,658	5,793,386	6,144,611	5,718,572	7,258,201	8,053,995	7,499,683	7,186,494	6,734,305	6,113,043
Principal	5,597,717	7,074,887	7,435,722	7,870,166	9,040,095	9,276,363	12,552,681	13,632,195	10,822,721	13,008,105
Total expenditures	133,062,773	130,713,640	129,527,536	128,209,220	138,022,795	142,962,710	150,758,014	172,397,679	162,460,000	152,860,750
Excess of revenues over (under) expenditures	(19,691,103)	(3,276,505)	11,537,709	9,617,422	1,695,061	(12,030,576)	7,584,262	(19,520,507)	(15,080,916)	(1,708,276)
Other Financing Sources (Uses)										
Proceeds from debt issuance	613,767	10,023,189	14,050,557	2,920,287	45,622,808	1,771,318	5,280,314	3,478,239	5,660,897	7,801,455
Premium (discount) on debt issuance	0	0	0	0	1,626,186	80,950	146,030	26,877	1,236,364	21,576
Proceeds from refunding	0	0	0	0	0	7,210,000	5,327,775	38,307,431	13,595,000	3,990,000
Payments to refunded bond escrow agent	0	0	(8,371,711)	0	0	(7,591,171)	(5,538,255)	(37,300,856)	(14,613,147)	(4,376,769)
Transfers in	6,571,247	8,332,742	8,928,540	7,872,575	10,574,625	8,687,172	16,314,577	22,483,564	25,368,413	26,365,239
Transfers out	(6,556,374)	(8,299,153)	(8,884,340)	(7,868,840)	(10,539,655)	(9,333,164)	(16,963,400)	(19,442,388)	(21,488,692)	(21,840,052)
Other	0	0	0	0	0	0	0	0	0	0
Total other financing sources (uses)	628,640	10,056,778	5,723,046	2,924,022	47,283,964	825,105	4,567,041	7,552,867	9,758,835	11,961,449
Special Item:										
Well field contamination settlement	0	0	0	0	0	4,462,214	0	0	0	0
Net change in fund balances	(19,062,463)	6,780,273	17,260,755	12,541,444	48,979,025	(6,743,257)	12,151,303	(11,967,640)	(5,322,081)	10,253,173
Debt service as a percentage of noncapital expenditures (1)	9.8%	11.1%	10.8%	11.4%	12.1%	17.6%	15.4%	13.8%	12.9%	13.4%

Excludes prior period adjustments

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

Source: City of South Bend Comprehensive Annual Financial Reports

**CITY OF SOUTH BEND, INDIANA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

Tax Year/ Collection Year	Per DLGF Current Tax Levy	Estimated Circuit Breaker Levy Reduction	Adjusted Current Tax Levy (County Abstract)	Current Tax Collections	Current Tax Collections as a Percent of Adjusted Tax Levy	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as a Percent of Adjusted Tax Levy	(1) Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Adjusted Tax Levy
2003/2004	\$ 59,875,358	\$ -	\$ 59,875,358	\$ 56,031,449	93.58 %	\$ 2,914,419	\$ 58,945,868	98.45 %	\$ 6,189,942	10.34 %
2004/2005	60,833,109	-	60,833,109	56,114,865	92.24	2,335,278	58,450,143	96.08	8,093,237	13.30
2005/2006	62,058,519	-	62,058,519	58,849,337	94.83	3,847,872	62,697,209	101.03	5,495,442	8.86
2006/2007	62,723,113	-	62,723,113	57,979,187	92.44	2,289,138	60,268,325	96.09	7,411,505	11.82
2007/2008	65,534,282	-	65,534,282	59,589,537	90.93	4,113,095	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	47,728,794	102.00	5,111,380	52,840,174	112.93	9,550,891	20.41
2012/2013	72,696,497	27,863,156	44,833,341	43,943,006	98.01	9,790,520	53,733,526	119.85	11,146,473	24.86

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).

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.

City of South Bend, Indiana
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of net assessed value)

Tax Year/ Collection Year	City Direct Rates						Overlapping Rates (3)						Grand Total
	General Fund	Parks/ Recreation	Firefighters' Pension	Police Pension	Cumulative Capital Development	Total Direct	St. Joseph County	Schools Districts	Township	Library	Other (1)	Total Overlapping	
2003/2004	1.6871	0.2859	0.0532	0.0477	0.0376	2.1115	0.7652	1.6201	0.0923	0.1830	0.2209	2.8815	4.9930
2004/2005	1.6845	0.2902	0.0540	0.0485	0.0376	2.1148	0.7831	1.5969	0.0276	0.1854	0.1828	2.7758	4.8906
2005/2006	1.7386	0.2981	0.0554	0.0498	0.0376	2.1795	0.9899	1.6033	0.0269	0.2027	0.1501	2.9729	5.1524
2006/2007	1.6838	0.2858	0.0531	0.0477	0.0342	2.1046	0.8711	1.5419	0.0285	0.1957	0.1737	2.8109	4.9155
2007/2008	1.7924	0.2979	0.0579	0.0572	0.0342	2.2396	0.7576	1.5417	0.0482	0.2216	0.1944	2.7635	5.0031
2008/2009	1.9777	0.3656	0.0117	0.0189	0.0342	2.4081	0.5693	1.0297	0.0537	0.2257	0.1733	2.0517	4.4598
2009/2010 (2)	2.2536	0.4401	0.0000	0.0000	0.0342	2.7279	0.5866	1.0728	0.0406	0.2657	0.1835	2.1492	4.8771
2010/2011	2.4381	0.4818	0.0000	0.0000	0.0342	2.9541	0.5424	1.2211	0.0438	0.3027	0.1958	2.3058	5.2599
2011/2012	2.4954	0.4957	0.0000	0.0000	0.0328	3.0239	0.6212	1.1931	0.0464	0.2941	0.1817	2.3365	5.3604
2012/2013	2.5678	0.5102	0.0000	0.0000	0.0328	3.1108	0.6731	1.3493	0.0453	0.3227	0.1971	2.5875	5.6983

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

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

(2) Firefighters' Pension and Police Pension no longer 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.

City of South Bend, Indiana
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Tax Year/ Collection Year	Gross Assessed Values				Less: Non-Taxed Property (1)	Total Net Taxable Value	(2) City Tax Rate	% Taxable
	Real Property	Personal Property	Utilities Property	Total Value				
2002/2003	3,849,091,300	816,672,723	74,065,200	4,739,829,223	1,771,726,609	2,968,102,614	1.9606	62.62%
2003/2004	3,731,377,160	659,263,940	103,129,310	4,493,770,410	1,685,920,064	2,807,850,346	2.1115	62.48%
2004/2005	3,764,507,180	689,419,365	105,604,270	4,559,530,815	1,740,625,997	2,818,904,818	2.1148	61.82%
2005/2006	3,789,447,190	655,066,401	98,165,420	4,542,679,011	1,707,413,121	2,835,265,890	2.1795	62.41%
2006/2007	4,374,431,415	544,460,152	90,443,780	5,009,335,347	1,986,978,200	3,022,357,147	2.1046	60.33%
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%

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

(2) Excludes Redevelopment Commission (Hall of Fame) tax rate.

Source: St. Joseph County Auditor's Office

City of South Bend, Indiana
Property Tax Collections - Cash Basis
2004-2013

Fund Name	Fund Number	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual (2)	2009 Actual (3)	2010 Actual	2011 Actual	2012 Actual	2013 Actual
General Fund	101	\$44,149,333	\$44,999,550	\$48,768,150	\$48,720,726	\$14,574,480	\$79,162,937	\$38,780,847	\$38,514,550	\$39,368,431	\$36,251,397
Parks & Recreation	201	7,479,711	7,754,973	8,363,955	8,271,741	2,461,101	13,919,096	7,591,932	7,613,760	7,824,056	7,207,060
Redevelopment Bonds Studebaker Corridor	310	609,732	565,420	0	11,590	0	0	0	0	0	0
College Football Hall of Fame Debt Service	313	1,300,588	1,246,067	899,472	1,127,140	360,682	2,362,057	1,488,453	1,549,954	1,133,205	1,268,179
Airport TIF District (1)	324	5,588,045	6,246,028	7,515,744	8,851,077	33,400	10,808,912	21,508,430	11,187,768	11,631,287	13,340,354
Cumulative Capital Development	406	984,945	1,004,779	1,054,963	989,824	291,600	1,420,833	587,063	540,454	517,710	463,331
Sample-Ewing TIF District (1)	414	533,304	525,671	732,356	778,093	0	0	0	0	0	0
South Bend Central Development Area TIF	420	2,606,365	2,359,430	3,283,075	3,276,169	12,696	3,870,188	7,336,117	3,633,473	3,671,478	2,590,808
West Washington Street TIF District	422	216,948	193,911	255,510	287,095	1,785	358,844	860,049	431,085	422,715	493,608
Central Medical Service Area TIF District	426	337,721	329,269	333,585	928,113	2,793	919,174	3,524,962	1,704,238	1,606,915	1,221,676
Northeast TIF District	429	0	0	0	13,468	0	22,191	195,400	715,063	1,351,048	841,627
Southside Development Area TIF District	430	0	25,351	28,565	457,985	1,756	355,596	4,094,135	1,808,952	2,466,203	2,404,416
Erskine Commons TIF District (5)	431	0	548	2,585	2,891	10	1,240,184	5,978,592	784,373	0	0
Erskine Village TIF District	432	0	109,248	305,399	775,622	2,713	1,531,403	3,759,287	1,603,182	0	1,311,129
Douglas Road TIF District	435	0	0	0	13,941	0	125,294	460,760	306,053	285,713	323,939
Northeast Residential TIF	436	0	0	0	0	0	0	1,815,829	2,446,103	2,514,048	2,262,765
Airport Urban Enterprise	454	0	0	0	0	0	0	301,430	123,165	111,721	0
Fire Department Employees Pension (4)	701	1,293,471	1,443,033	1,554,387	1,536,839	462,375	1,437,539	(5,867)	0	0	0
Police Department Employees Pension (4)	702	1,128,733	1,296,055	1,397,265	1,380,555	425,760	1,609,905	(9,479)	0	0	0
Total		\$66,228,896	\$68,099,332	\$74,495,010	\$77,422,867	\$18,631,150	\$119,144,153	\$98,267,940	\$72,962,173	\$72,904,530	\$69,980,289

Source - City Accounting System

- (1) Fund 414 closed out during 2008 into Fund 324.
- (2) Delays in sending out property tax bills until December 19, 2008 (with an on-time due date of February 20, 2009) resulted in interfund borrowing in the General Fund (101), Parks and Recreation Fund (201) and the College Football Hall of Fame Debt Service Fund (313) at year end. The remainder of property tax revenue was received during the first half of 2009 with final settlement with the St. Joseph County Auditor in July, 2009
- (3) Includes collections of 2008 taxes as noted above. Tax Increment Financing (TIF) 2009 property tax collections were received from the County Auditor on January 21, 2010.
- (4) Property tax levy for Police and Fire pension plans eliminated. Funding provided by the State of Indiana.
- (5) Erskine Commons TIF District funds were released and outstanding bonds were paid off.

**CITY OF SOUTH BEND, INDIANA
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2013 (\$'s whole)**

Civil City

Net Assessed Valuation (2012 pay 2013) of Taxable Property in South B	\$2,336,906,810
Debt limit: 2% of one third thereof	15,579,379
Less Bonds subject to limitation:	
County Economic Development Income Tax Refunding Revenue Bonds, Series 2006 A	(1,455,000)
County Economic Development Income Tax Refunding Revenue Bonds, Series 2006 B	(1,360,000)
Redevelopment District Taxable Revenue Bonds, Series 2010	<u>(3,520,000)</u>
Issuance Margin	<u>\$9,244,379</u>
Percentage of Debt to Debt Limit	<u>40.66%</u>

Redevelopment District

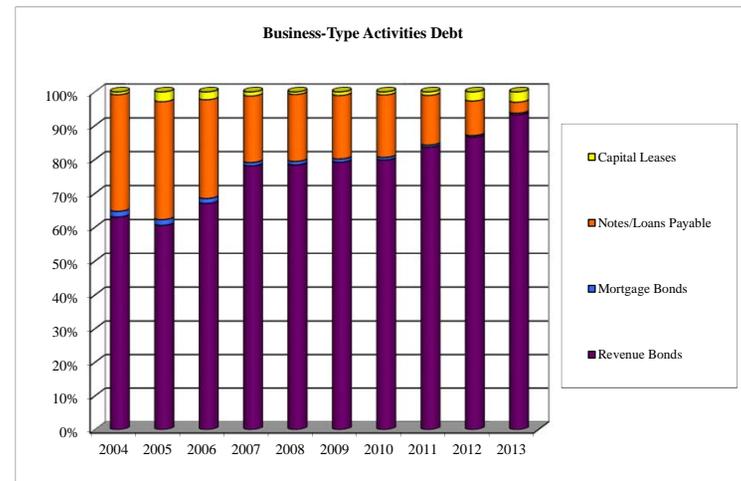
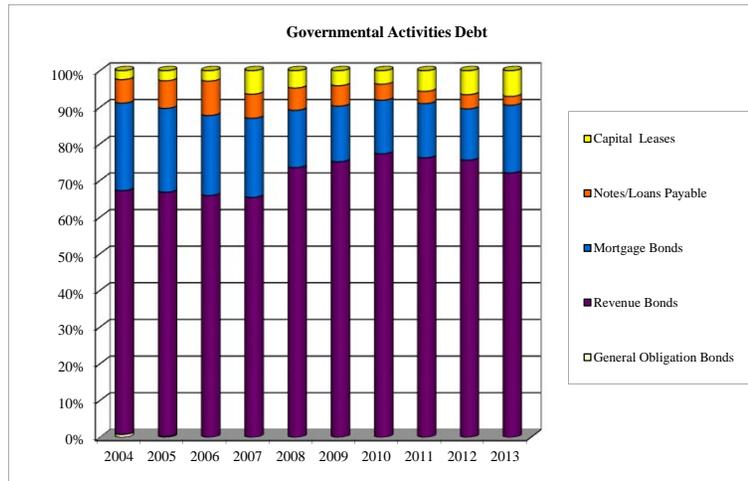
Net Assessed Valuation (2012 pay 2013) of Taxable Property in South B	\$2,336,906,810
Debt limit: 2% of one third thereof	15,579,379
Less Bonds subject to limitation:	
Special Taxing District Bonds of 2002	<u>(3,405,000)</u>
Issuance Margin	<u>\$12,174,379</u>
Percentage of Debt to Debt Limit	<u>21.86%</u>

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.

**City of South Bend, Indiana
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Estimated Population	Debt Per Capita	South Bend Estimated Personal Income	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					
2004	935,000	82,135,000	29,525,289	7,948,868	2,971,007	39,815,000	1,058,415	21,730,271	520,389	186,639,239	105,206	1,774	3,297,156,040	5.66%
2005	320,000	84,225,000	28,994,057	9,539,771	3,454,627	35,990,000	1,015,980	20,659,864	1,710,033	185,909,332	105,743	1,758	3,418,459,704	5.44%
2006	0	82,445,000	27,337,124	11,758,552	3,533,187	44,345,000	972,315	19,258,433	1,523,594	191,173,205	104,457	1,830	3,450,632,538	5.54%
2007	0	78,570,000	25,957,839	7,900,658	7,695,487	73,145,000	926,805	18,380,491	1,127,394	213,703,674	104,069	2,053	3,511,183,991	6.09%
2008	0	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	0	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	0	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	0	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	0	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	0	90,172,826	23,079,781	3,030,554	8,777,238	118,118,539	551,602	4,121,010	3,830,728	251,682,278	101,168	2,488	3,371,120,096	7.47%
Percent of Total Debt	0.00%	35.83%	9.17%	1.20%	3.49%	46.93%	0.22%	1.64%	1.52%	100.00%				

Sources: City of South Bend Comprehensive Annual Financial Reports
Population statistics obtained from the U.S. Census Bureau.
City of South Bend estimated personal income is computed as estimated City population x 2012 South Bend Metro Area Per Capita Income (see Demographic Statistics)



**CITY OF SOUTH BEND, INDIANA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2013 (\$'s whole)**

	<u>Gross Debt</u>	<u>Percentage Applicable to South Bend</u>	<u>Amount Applicable to South Bend</u>	<u>Debt Per Capita</u>	<u>Ratio of Debt/ Net Assessed Value</u>	<u>Ratio of Debt/ Personal Income</u>
<u>Direct Debt:</u>						
City of South Bend						
General Obligation Bonds						
Revenue Bonds - Governmental Activities	\$ 89,622,021	100.00 %	\$ 89,622,021			
Mortgage Bonds - Governmental Activities	22,330,000	100.00	22,330,000			
Notes Payable - Governmental Activities	4,505,000	100.00	4,505,000			
Capital Leases - Governmental Activities	8,777,239	100.00	8,777,239			
Total Direct Debt and Lease Obligation Debt			<u>\$ 125,234,260</u>	<u>\$ 1,238</u>	<u>5.28 %</u>	<u>3.24 %</u>
<u>Overlapping Debt (1)(2)</u>						
South Bend Community School Corporation	\$ 168,273,370	56.35 %	\$ 94,822,044			
St. Joseph County Public Library	8,945,000	52.97	4,738,167			
South Bend Regional Airport Authority	12,790,000	30.58	3,911,182			
St. Joseph County	22,025,000	30.58	6,735,245			
Penn-Harris-Madison School Corporation	57,438,994	3.06	1,757,633			
Mishawaka-Penn-Harris Public Library	4,030,000	2.44	98,332			
Total Overlapping and Underlying Direct Debt and Lease Obligations			<u>\$ 112,062,603</u>	<u>\$ 1,108</u>	<u>4.73 %</u>	<u>2.90 %</u>
Total Direct Debt and Lease Obligation Debt and Overlapping and Underlying Direct Debt and Lease Obligations			<u>\$ 237,296,863</u>	<u>\$ 2,346</u>	<u>10.01 %</u>	<u>6.15 %</u>

Ratio Factors

Net Assessed Valuation (2012 payable 2013)	2,371,087,697
Population - 2010 US Census Bureau	101,168 (3)
South Bend Metropolitan Area 2012 Per Capita Income	38,152 (4)
Estimated South Bend Total Personal Income (3 x 4)	3,859,761,536

- (1) Overlapping debt information and schedule prepared by Crowe Horwath LLP, Indianapolis, Indiana.
- (2) Overlapping debt percentages are based on the net assessed value of South Bend properties in proportion to the total net assessed value.
- (3) Population statistics obtained from the U.S. Census Bureau (<http://factfinder.census.gov/servlet>).
- (4) South Bend-Mishawaka, IN Metropolitan Area Profile (www.stats.indiana.edu).

**CITY OF SOUTH BEND, INDIANA
DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

Year	City of South Bend Population (1)	Percent Increase/ (Decrease)	South Bend Metropolitan Area Median Family Income (4)	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 (2)	Percent Increase/ (Decrease)
2004	105,206	-0.3%	39,940	7.5%	8,295	5.2%	31,340	5.2%	32.7	22,140	0.7%
2005	105,743	0.5%	37,971	-4.9%	8,565	3.3%	32,328	3.2%	34.5	22,100	-0.2%
2006	104,457	-1.2%	39,046	2.8%	8,958	4.6%	33,034	2.2%	34.6	21,926	-0.8%
2007	104,069	-0.4%	44,400	13.7%	8,978	0.2%	33,739	2.1%	34.6	21,715	-1.0%
2008	104,905	0.8%	40,684	-8.4%	9,396	4.7%	35,357	4.8%	34.6	20,800	-0.6%
2009	106,192	1.2%	43,403	6.7%	9,466	0.7%	34,651	-2.0%	32.3	20,451	-1.5%
2010	101,168	-4.7%	40,789	-6.0%	9,289	-1.9%	34,286	-1.1%	33.4	20,066	-1.9%
2011	101,168	0.0%	40,873	0.2%	9,768	5.2%	33,322	-2.8%	33.3	19,467	-3.0%
2012	101,168	0.0%	40,873	0.2%	9,768	5.2%	33,322	-2.8%	33.3	18,982	-5.4%
2013	101,168	0.0%	40,873	0.0%	10,162	4.0%	38,152	14.5%	33.3	19,680	1.1%

Sources:

- (1) U.S. Census Bureau 2010 Census information (<http://factfinder2.census.gov>). No 2013 information available.
- (2) South Bend Community School Corporation Administration office for enrollment on October 1, 2013.
- (3) South Bend-Mishawaka, IN_MI Metropolitan Area Profile (<http://www.stats.indiana.edu>).
- (4) U.S. Census Bureau (<http://factfinder2.census.gov>). No 2013 information available.

**CITY OF SOUTH BEND, INDIANA
DEMOGRAPHIC STATISTICS (CONTINUED)
LAST TEN YEARS**

Year	December South Bend Metropolitan Area Labor Force (1)	Percent Increase/ (Decrease)	December South Bend Metropolitan Area Unemployment (1)	Percent Increase/ (Decrease)	December South Bend Metropolitan Unemployment Rate (1)
2004	132,981	1.3%	6,669	6.1%	5.0%
2005	134,033	0.8%	6,956	4.3%	5.2%
2006	134,651	0.5%	6,501	-6.5%	4.8%
2007	132,693	-1.5%	6,291	-3.2%	4.7%
2008	133,433	0.6%	12,476	98.3%	9.4%
2009	123,792	-7.2%	13,474	8.0%	10.9%
2010	125,853	-5.7%	12,648	1.4%	10.0%
2011	129,438	4.6%	12,366	-8.2%	9.6%
2012	124,968	0.9%	12,108	-10.1%	9.7%
2013	124,145	-1.4%	9,211	-27.2%	7.4%

Source:

(1) South Bend-Mishawaka, IN_MI Metropolitan Area Profile (<http://www.stats.indiana.edu>).
"Labor Force Overview" employment statistics annual averages.

City of South Bend, Indiana
Full-Time Equivalent City Government Employees by Department
Last Ten Fiscal Years

<u>Department</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>General Government</u>										
Mayor's Office	10.00	10.00	10.00	10.00	9.00	8.00	7.00	7.00	6.00	6.00
City Clerk's Office	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Common Council (elected officials, part-time)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Administration and Finance	29.00	31.00	32.00	31.00	29.00	26.00	26.00	27.00	22.00	20.00
City Attorney's Office	15.00	15.00	15.00	15.00	15.00	9.00	9.00	9.00	9.00	10.00
Code Enforcement	28.00	28.00	28.00	27.00	27.00	27.00	23.00	25.00	25.00	24.00
Engineering	20.00	19.00	19.00	18.50	18.50	16.00	19.00	17.00	15.00	13.00
311 Call Center	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00
Safety and Risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	3.00
Human Rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00	6.00
<u>Public Safety</u>										
Police Department	315.00	317.00	317.00	320.00	317.00	279.00	293.00	293.00	291.00	291.00
Communication Center	31.00	31.00	31.00	30.00	30.00	37.00	38.00	35.00	35.00	33.00
Fire Department	257.00	255.00	255.00	254.00	254.00	246.00	255.00	258.00	249.00	255.00
Building Maintenance	6.00	7.00	7.00	7.00	7.00	4.00	3.00	3.00	0.00	0.00
<u>Culture and Recreation</u>										
Parks and Recreation	124.00	123.00	122.00	122.00	121.00	111.00	113.00	114.00	114.00	113.00
Convention and Events Management (1)	50.00	50.00	49.00	16.00	15.00	13.00	13.00	14.00	14.00	14.00
<u>Economic Development</u>										
Department of Community Investment	42.00	42.00	42.00	35.00	33.00	26.00	26.00	25.00	24.00	26.00
<u>Highways and Streets</u>										
Street Department	71.00	71.00	66.00	54.00	54.00	51.00	52.00	56.00	52.00	60.00
Traffic & Lighting	11.00	11.00	11.00	11.00	11.00	6.00	0.00	0.00	0.00	0.00
<u>Enterprise Funds</u>										
Water Works	87.00	86.00	86.00	86.00	80.00	82.00	75.00	74.00	73.00	70.00
Wastewater	55.00	51.00	53.00	54.50	56.50	48.00	51.00	49.00	46.00	45.00
Organic Resources (formerly in Wastewater)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00	6.00
Sewer	30.00	30.00	29.00	28.00	28.00	33.00	35.00	36.00	39.00	34.00
Solid Waste	31.00	31.00	31.00	26.00	26.00	26.00	26.00	23.00	24.00	26.00
Building Department	22.00	22.00	22.00	22.00	22.00	15.00	13.00	13.00	13.00	14.00
<u>Internal Service Fund</u>										
Central Services	50.00	50.00	49.00	49.00	46.00	39.00	41.00	41.00	42.00	43.00
Total Positions	1,298.00	1,294.00	1,288.00	1,230.00	1,213.00	1,116.00	1,132.00	1,133.00	1,122.00	1,131.00

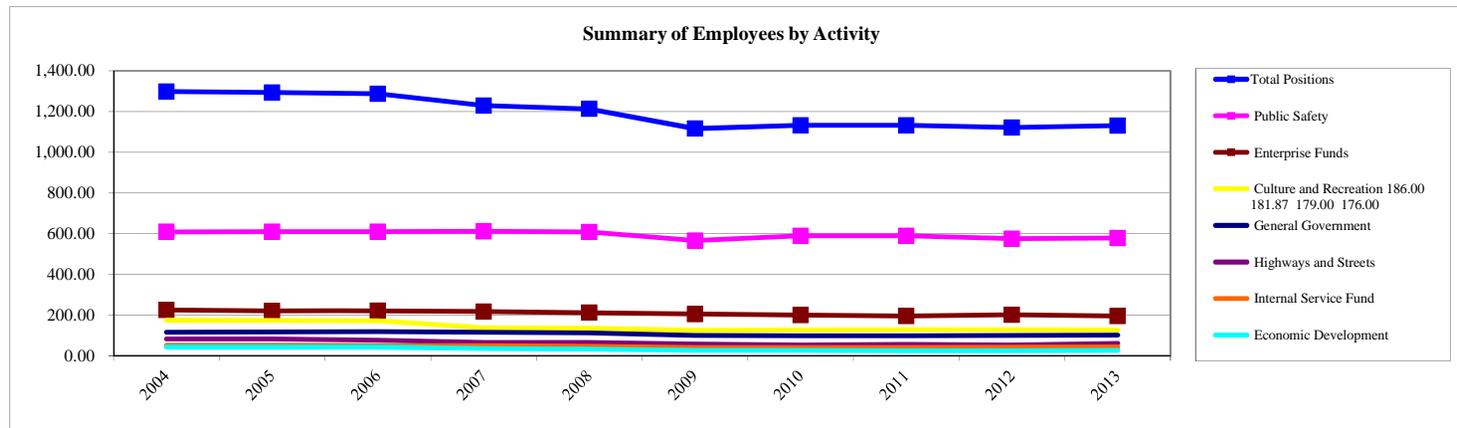
City of South Bend, Indiana
Full-Time Equivalent City Government Employees by Department
Last Ten Fiscal Years

<u>Department</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Summary by Activity										
General Government	116.00	117.00	118.00	115.50	112.50	100.00	98.00	99.00	100.00	101.00
Public Safety	609.00	610.00	610.00	611.00	608.00	566.00	589.00	589.00	575.00	579.00
Culture and Recreation	174.00	173.00	171.00	138.00	136.00	124.00	126.00	128.00	128.00	127.00
Economic Development	42.00	42.00	42.00	35.00	33.00	26.00	26.00	25.00	24.00	26.00
Highways and Streets	82.00	82.00	77.00	65.00	65.00	57.00	52.00	56.00	52.00	60.00
Enterprise Funds	225.00	220.00	221.00	216.50	212.50	204.00	200.00	195.00	201.00	195.00
Internal Service Fund	50.00	50.00	49.00	49.00	46.00	39.00	41.00	41.00	42.00	43.00
Total Positions	1,298.00	1,294.00	1,288.00	1,230.00	1,213.00	1,116.00	1,132.00	1,133.00	1,122.00	1,131.00

Excludes seasonal, part-time and temporary positions

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

Source: City of South Bends Performance Based Budgets and personnel records



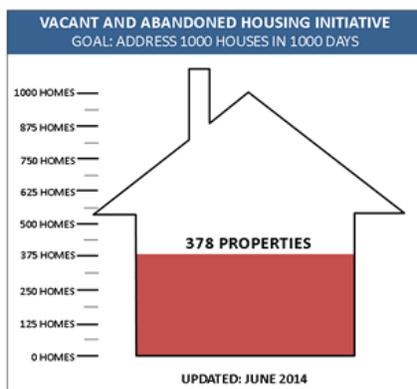
CITY OF SOUTH BEND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Commerce</u>				
Economic Development Cluster				
Economic Adjustment Assistance	Direct grant			
Industrial Revolving Fund		11.307	06-19-01251	\$ 7,613,083
<u>Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants NSP-1	Direct grant	14.218	B08-MN-18-0011	126,712
Community Development Block Grants/Entitlement Grants Block Grant 2011	Direct grant	14.218	B-11-MC-18-0011	668,561
Community Development Block Grants/Entitlement Grants Block Grant 2012	Direct grant	14.218	B12-MC-18-0011	<u>1,623,618</u>
Total - Community Development Block Grants/Entitlement Grants				2,418,891
ARRA - Community Development Block Grants/Entitlement Grants NSP-3	Direct grant	14.218	B-11-MN-18-0011	<u>1,596,790</u>
Total - CDBG - Entitlement Grants Cluster				<u>4,015,681</u>
Emergency Solutions Grant Program				
Emergency Shelter Grant	Direct grant	14.231	E-11-MC-180-011	51,993
Emergency Shelter Grant		14.231	E-12-MC-180-011	56,849
Hearth Emergency Shelter Grant		14.231	E13-MC-18-0011	<u>94,763</u>
Total - Emergency Solutions Grant Program				<u>203,605</u>
Shelter Plus Care				
Shelter Plus Care	Direct grant	14.238	IN0009C5H0001104	<u>186,807</u>
Fair Housing Assistance Program - State and Local				
Fair Housing Assistance	Direct grant	14.401	FF050018072	47,429
Fair Housing		14.401	FF205K105014	<u>66,093</u>
Total - Fair Housing Assistance Program - State and Local				<u>113,522</u>
Total - Department of Housing and Urban Development				<u>4,519,615</u>
<u>Department of Justice</u>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program	Direct grant			
Justice Assistance Grant #7		16.738	11DJBX3458	89,873
Justice Assistance Grant #8		16.738	12DJBX0955	<u>49,124</u>
Total - Edward Byrne Memorial Justice Assistance Grant Program				<u>138,997</u>
ARRA - Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government Byrne Justice Assistance Grant	Direct grant	16.804	09SBB91280	<u>3,815</u>
Total - JAG Program Cluster				<u>142,812</u>
Equitable Sharing Program				
Equitable Sharing Program	Direct grant	16.922	2013	<u>144,750</u>
Total - Department of Justice				<u>287,562</u>
<u>Equal Employment Opportunity Commission</u>				
Employment Discrimination - State and Local Fair Employment Practices Fair Employment Practices Grant	Direct grant	30.002	EECCN100092	<u>84,016</u>
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds Wastewater State Revolving Ln Fund	Indiana Finance Authority	66.458	SRF Ln# VVW09547102	<u>27,505</u>
Total federal awards expended				<u>\$ 12,531,781</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

BY THE NUMBERS

from the City of South Bend



1,000 Homes in 1,000 Days: 119 houses repaired, 128 houses demolished, 129 houses under contract for demolition.



The City saw over \$69.9 million in construction investment in 2013.

AA
BOND RATING
=#1
of all of Indiana's
Second Class Cities



109,724 calls to 311, South Bend's customer-service line.

Over 1,000 jobs were created in 2013. The Department of Community Investment assisted with the development of 1 out of 3 of these jobs.

Through the efforts of the Department of Community Investment, 330 jobs were created in 2013.

An additional 489 jobs were retained.



The City has paired up with EnFocus, which encourages graduates of Notre Dame's ESTEEM program to spend a postgraduate year in our community solving problems and working on issues of civic importance. In 2013, EnFocus fellows helped save the South Bend community, including the South Bend Fire Department, \$3.2 million through innovative initiatives.



The City refinanced its Century Center and Sewer Bonds, saving over \$1 million and \$970,000 respectively.



In 2013, the South Bend's Parks and Recreation volunteer program generated 21,892 volunteer hours valued at \$460,128.



Energizing Indiana presented the City of South Bend with \$95,550 in rebate checks for the efficiency achieved in three downtown parking garages from replacing 775 light fixtures with T5 fluorescent bulbs, a change which saved \$35,433 in electricity costs. The City will get a full return on its \$250,000 investment in just over 1.5 years.