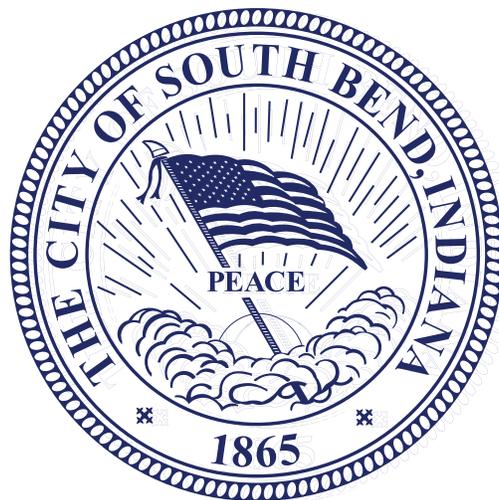




CAFR Executive Summary

FISCAL YEAR ENDING ON DECEMBER 31, 2014



**CITY OF SOUTH BEND
PETE BUTTIGIEG, MAYOR
JOHN MURPHY, CITY CONTROLLER**

*REPORT PREPARED BY
CITY OF SOUTH BEND DEPARTMENT OF ADMINISTRATION AND FINANCE*

City of South Bend, Indiana
Comprehensive Annual Financial Report – Executive Summary
For The Year Ending December 31, 2014

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City of South Bend, Indiana

2014 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, 2014. The 2014 CAFR totals 274 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 2014, this will be the twenty-fifth 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 2014 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 2014 CAFR. In addition, the CAFR Executive Summary includes summary charts and graphs not featured in the 2014 CAFR. The Executive Summary totals 79 pages.

The full CAFR is available at the following link:

<http://docs.southbendin.gov/weblink8/0/doc/62055/Electronic.aspx>

The CAFR Executive Summary is available here:

www.southbendin.gov/2014CAFREx

or by contacting:

John H. Murphy, City Controller
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 the SB150 River Lights Lighting.



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 (12/31/14)	1,098
2014 Governmental Activities Expenses	\$ 139,909,059
2014 Business-type Activities Expenses	\$ 55,879,605
2014 Government-Wide Expenses	\$ 195,788,664
Net Position (12/31/14)	\$ 470,512,374
Unrestricted Net Position (12/31/14)	\$ 130,240,152
Largest Employer	University of Notre Dame (5,590 employees)
Gross Assessed Property Tax Value	\$ 4,842,882,200

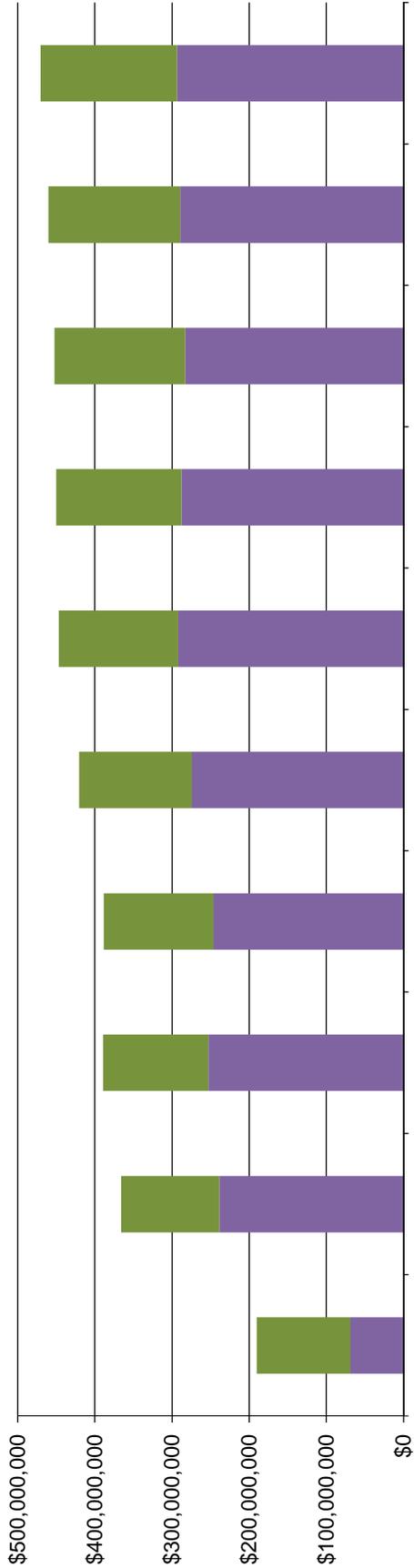
Local Colleges:

- 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
- East Race Waterway
- Potawatomi Zoo
- Palais Royale
- Blackthorn Golf Course

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



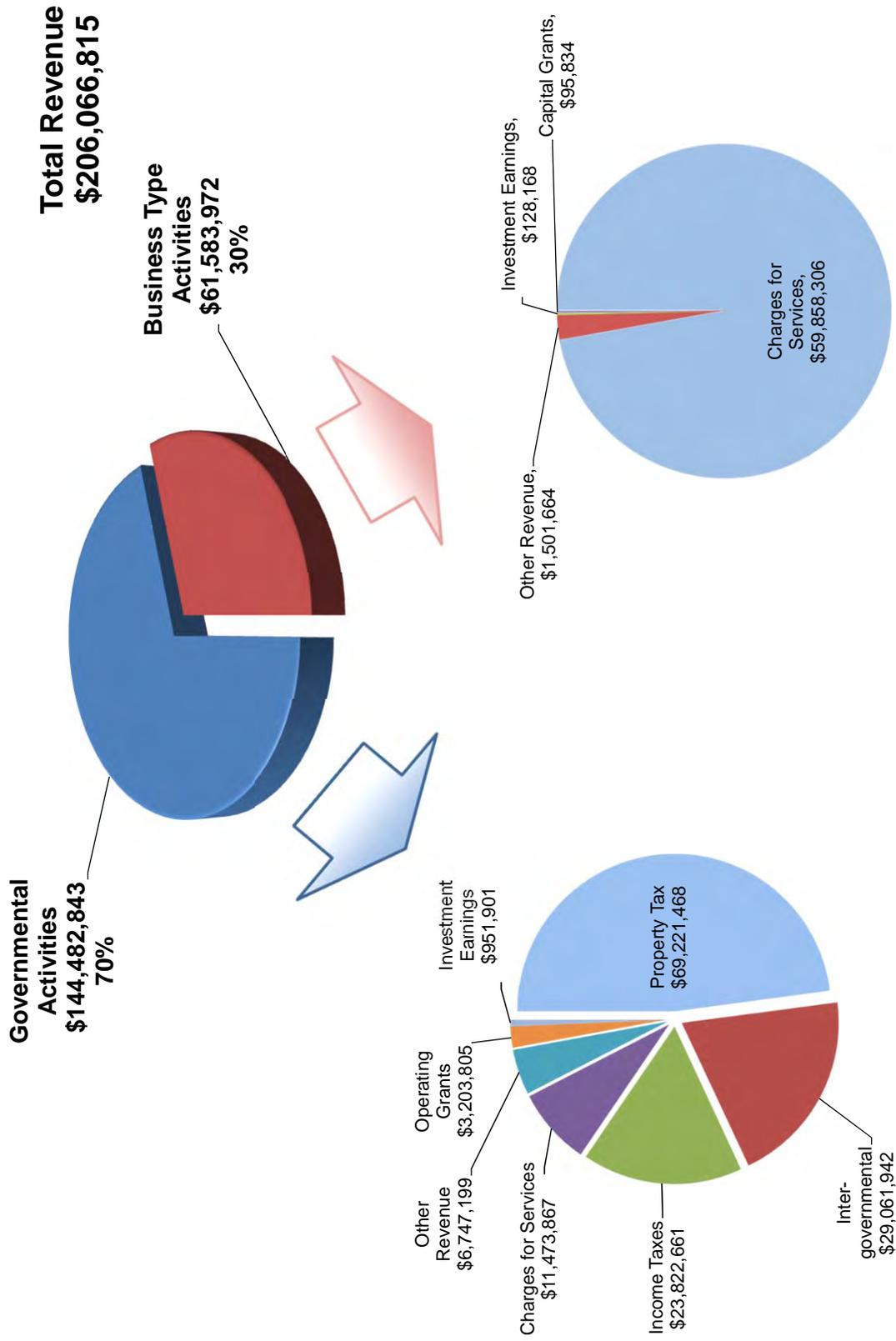
	2005	2006 (1)	2007	2008	2009	2010	2011	2012	2013	2014
Total Governmental Activities Net Position	68,873,163	238,635,255	253,155,810	246,041,948	274,186,457	292,151,758	287,891,667	282,822,829	289,554,049	293,444,784
Total Business Type Activities Net Position	121,528,244	127,375,243	136,261,490	142,545,786	146,280,120	154,691,254	162,134,622	169,411,367	170,680,174	177,067,590
Total Primary Government Net Position	\$ 190,401,407	\$ 366,010,498	\$ 389,417,300	\$ 388,587,734	\$ 420,466,577	\$ 446,843,012	\$ 450,026,289	\$ 452,234,196	\$ 460,234,223	\$ 470,512,374

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

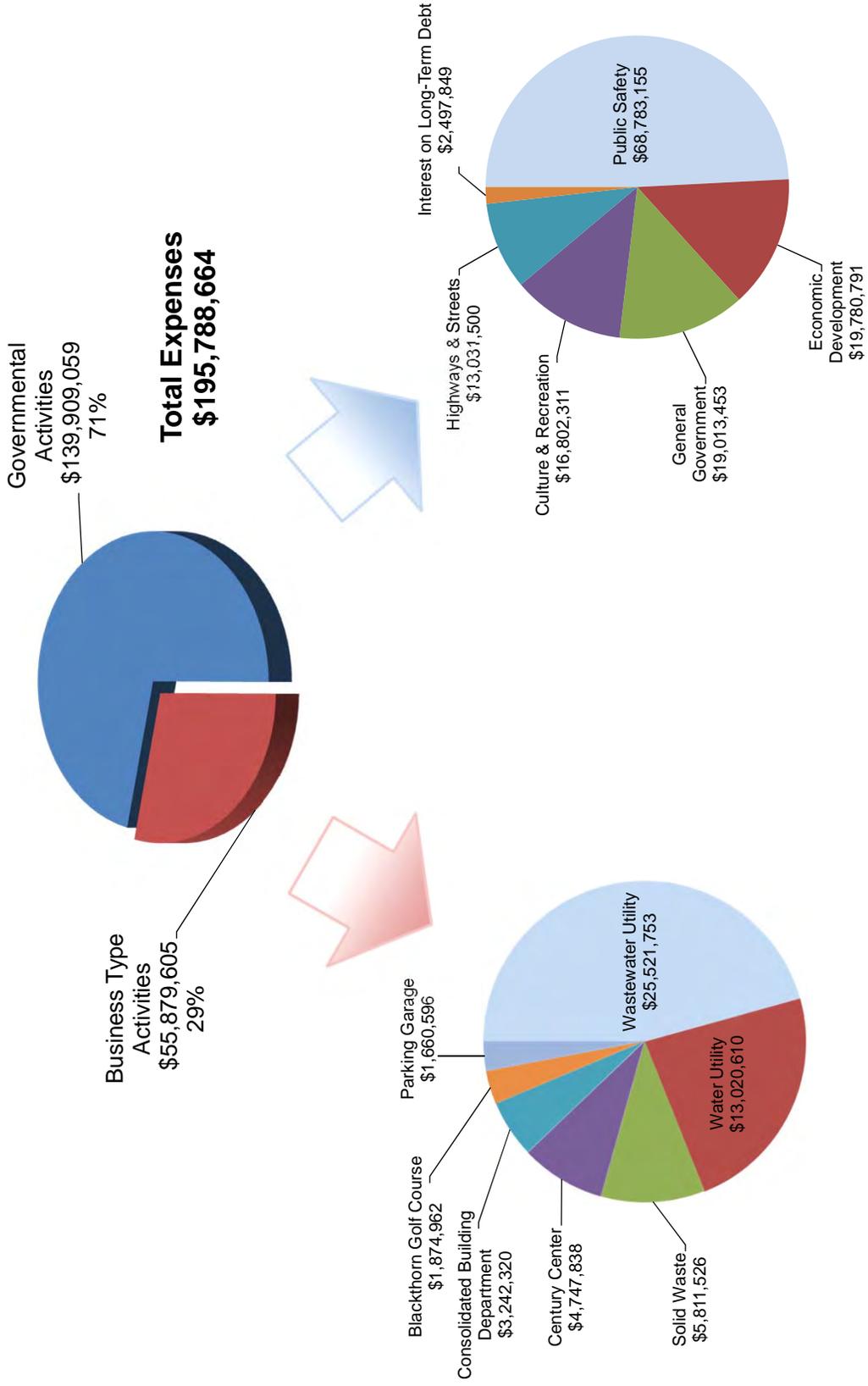
Governmental Activities include General Government, Police Services, Fire Protection, Street Maintenance, and Parks that are supported by property tax revenue, local income tax revenue and other revenue.

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

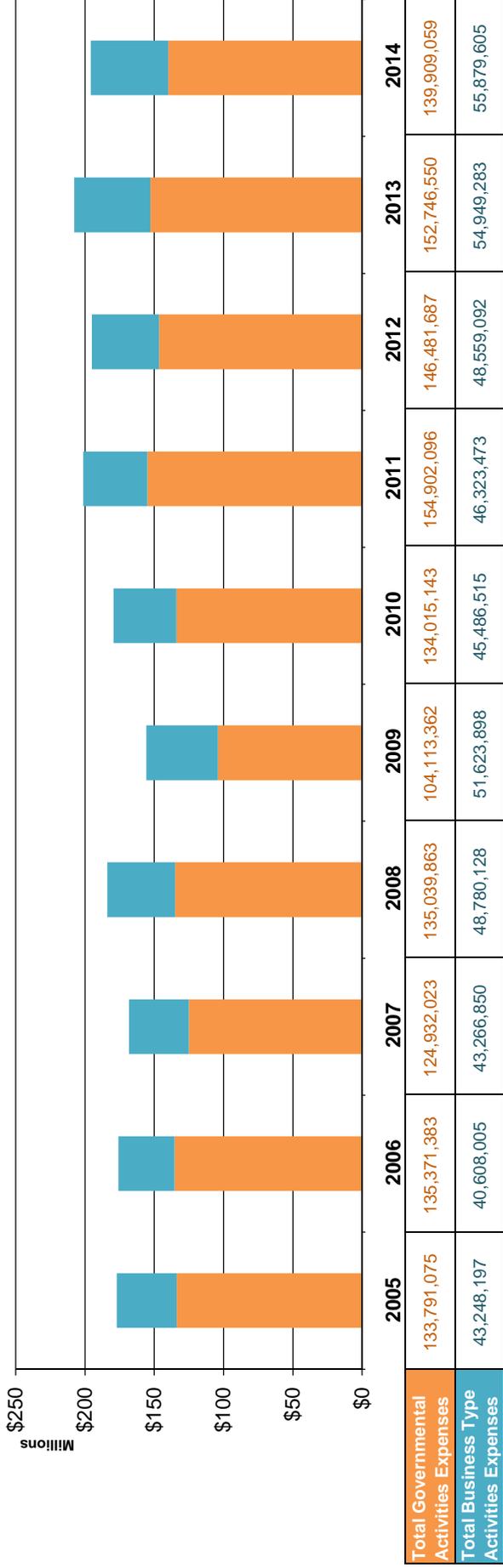
Government-Wide Revenue 2014



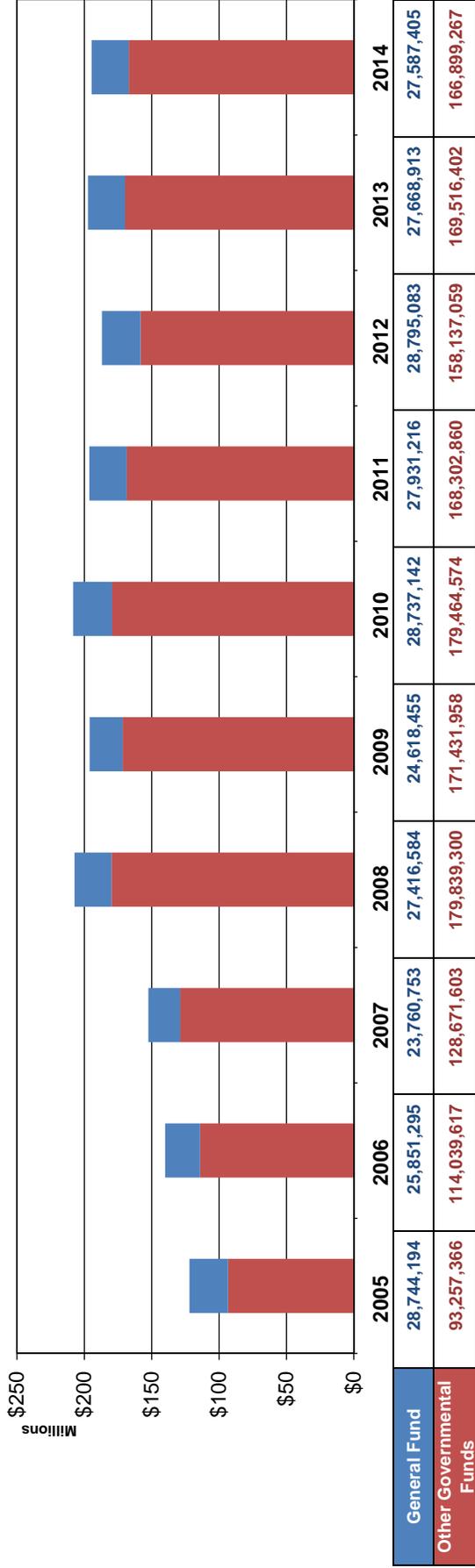
Government-Wide Expenses 2014



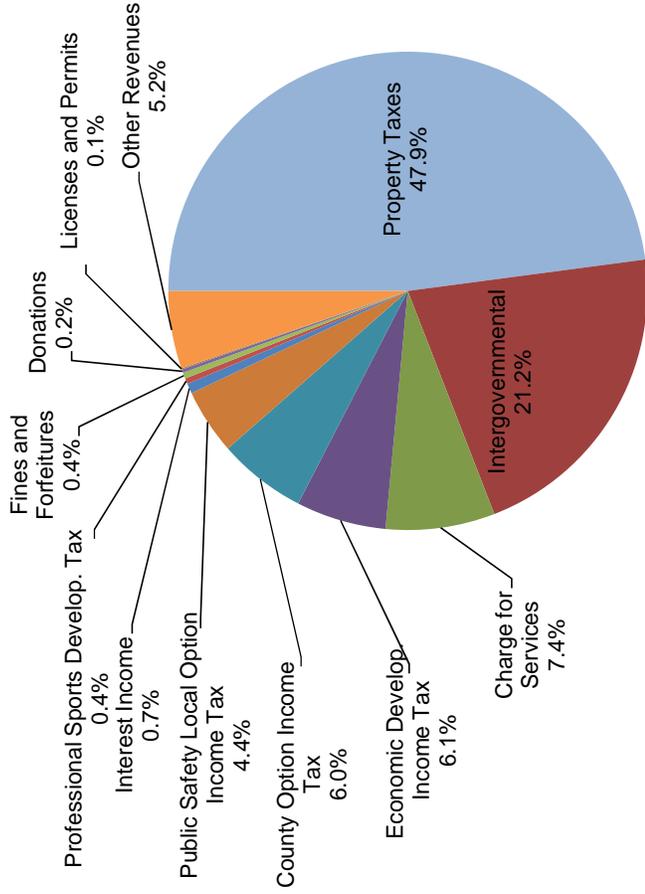
**City of South Bend, Indiana
Government-Wide Expenses
Last Ten Fiscal Years**



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

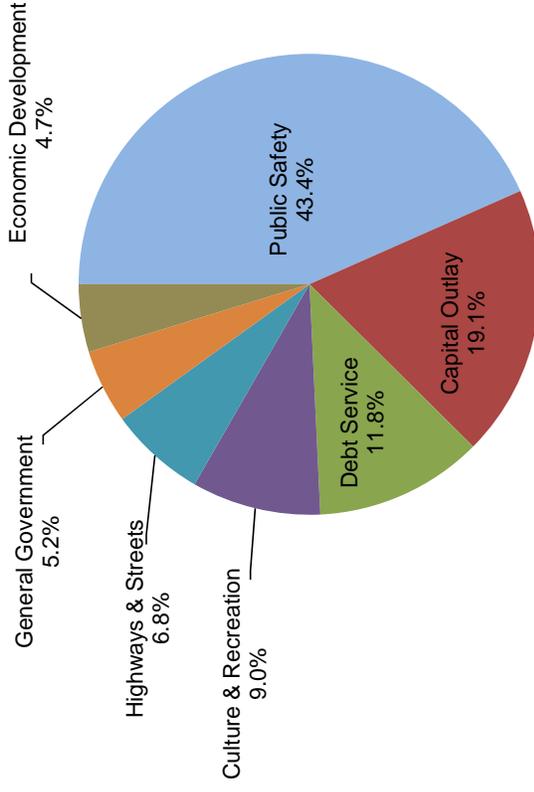


Governmental Funds Revenue 2014



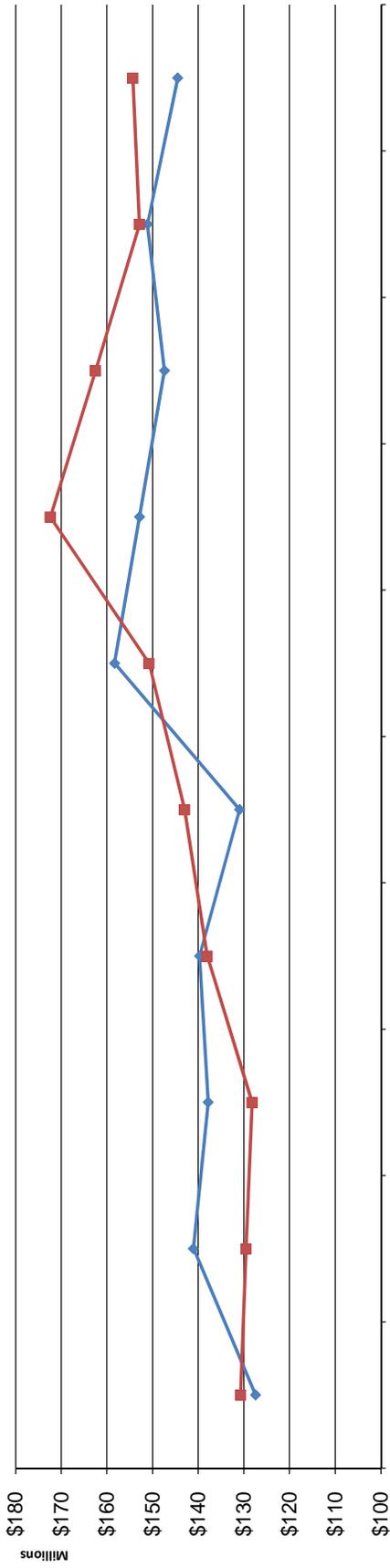
	\$	%
Property Taxes	69,221,468	47.9%
Intergovernmental	30,663,505	21.2%
Charge for Services	10,628,976	7.4%
Economic Development Income Tax	8,796,821	6.1%
County Option Income Tax	8,645,811	6.0%
Public Safety Local Option Income Tax	6,380,029	4.4%
Interest Income	955,376	0.7%
Professional Sports Develop. Tax	588,054	0.4%
Fines and Forfeitures	563,999	0.4%
Donations	330,000	0.2%
Licenses and Permits	141,565	0.1%
Other Revenues	7,574,187	5.2%
Total Revenue	\$ 144,489,791	100.0%

Governmental Funds Expenditures 2014



	\$	%
Public Safety	66,927,250	43.4%
Capital Outlay	29,407,934	19.1%
Debt Service	18,243,049	11.8%
Culture & Recreation	13,948,089	9.0%
Highways & Streets	10,441,957	6.8%
General Government	8,022,688	5.2%
Economic Development	7,309,130	4.7%
Total Expenditures	\$ 154,300,097	100.0%

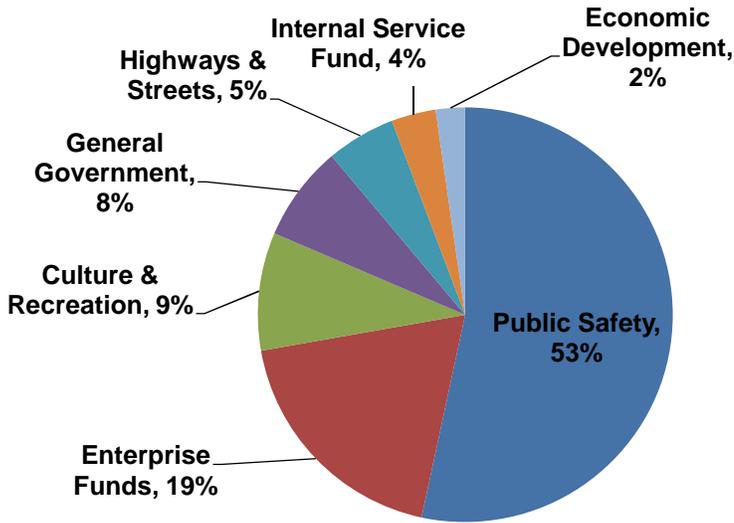
**City of South Bend, Indiana
Governmental Funds Revenues and Expenditures
Last Ten Fiscal Years**



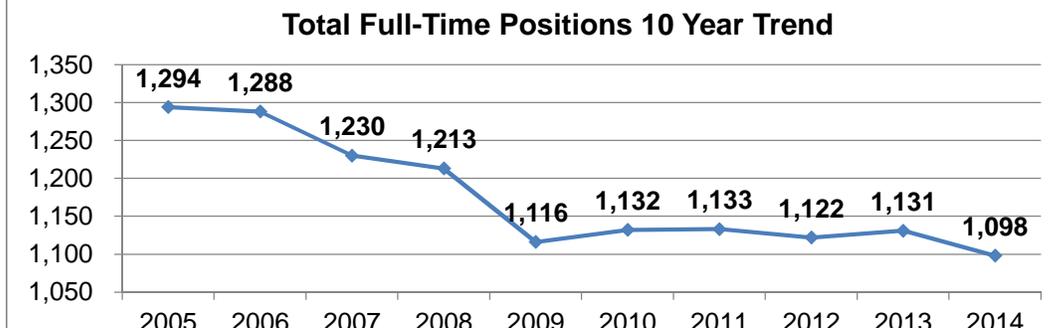
Notes:

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

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



	Department	Full-Time Positions
General Government	Administration and Finance	21
	Engineering	14
	Legal Department	10
	Common Council (elected officials, part-time)	9
	Mayor's Office	7
	311 Call Center	7
	Human Rights	6
	City Clerk's Office	5
	Safety and Risk	3
	Public Safety	Police Department
Fire Department		257
Communication Center		34
Culture and Recreation	Parks and Recreation	87
	Morris PAC/Palais Royale	14
Economic Development	Department of Community Investment	25
Highways and Streets	Street Department	59
Enterprise Funds	Water Works	68
	Wastewater	42
	Sewer	33
	Code Enforcement	23
	Solid Waste	22
	Building Department	13
	Organic Resources	6
Internal Service Fund	Central Services	38





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

June 30, 2015

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, 2014** 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, 2013. 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 is expected to have experienced a modest increase to an estimated 267,618 in 2014.

The estimated labor force in St. Joseph County is 135,350 workers (US Census Bureau 2009-2013 American Community Survey 5-Year Estimates). The workers are typical of the Midwest: well-trained with a strong work ethic. Approximately 87.8% of the area's adult population (25 and older) are high school graduates or higher (as compared to the national average of 75%) with an estimated 26.5% 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. For 2014, St. Joseph County experienced an average unemployment rate of 6.7%, near average when compared to its surrounding counties—Elkhart (5.2%), LaPorte (7.7%), and Marshall (5.6%) in Indiana and Cass (6.6%) and Berrien (6.7%) in Michigan. Indiana's unemployment rate averaged 5.5% in 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 2009-2013 American Community Survey 5-Year Estimates Civilian Employed Population):

<u>Economic Sector</u>	<u>Number Employed</u>	<u>% of Total</u>
Educational Services, Healthcare, Social Assistance	33,989	28.2%
Manufacturing	19,691	16.4%
Retail Trade	13,739	11.4%
Arts, Entertainment, Recreation, Accommodation, Food Services	11,463	9.5%
Professional, Scientific, Management, Administrative, Waste Management Services	9,293	7.7%
Finance and Insurance, Real Estate, Rentals, Leasing	6,692	5.6%
Other Services, except Public Administration	5,611	4.7%
Construction	5,468	4.5%
Transportation and Warehousing, and Utilities	5,059	4.2%
Wholesale Trade	3,585	3.0%
Public Administration	3,457	2.9%
Information	1,807	1.5%
Agriculture, Forestry, Fishing, Hunting, Mining	<u>532</u>	<u>0.4%</u>
Total	120,386	100.0%

St. Joseph County presently has an estimated 101,947 households with an average per capita personal income of \$23,509, which compares to the State of Indiana average per capita income of \$24,635 and the United States per capita income of \$28,155. The per capita income in St. Joseph County compares favorably with most of its surrounding counties—Elkhart (\$21,109), La Porte (\$22,852), and Marshall (\$21,933) in Indiana and Cass (\$22,743) and Berrien (\$24,013) in Michigan.

Health and education lead the employment statistics for St. Joseph County. The largest employers in St. Joseph County as of December 2014 were as follows: University of Notre Dame (5,590), Beacon Health Systems (3,400), Trinity Health/St. Joseph Regional Medical Center (3,000), South Bend Community School Corporation (2,880), AM General (2,738), Martin’s Supermarkets (1,555), Meijer, Inc. (1,450), St. Joseph County (1,300), Indiana University – South Bend (1,266), 1st Source Corporation (1,160), and The City of South Bend (1,098).

The following provides a profile of the residents of St. Joseph County (Census Estimates for July 2013):

Gender %, male/female:	48.5% male; 51.5% female
Age:	24.2% under 18 11.3% 18-24 years of age 24.7% 25-44 years of age 26.0% 45-64 years of age 13.8% 65 years of age and older
Race:	73.6% White 13.1% Black/African American 7.9% Hispanic/Latino 2.2% Asian 3.2% Other
Home Ownership:	69.5% own; 30.5% rent/other

The cost of living continues to be one of the greatest advantages of living in this community. The housing costs in South Bend are well below the national and regional averages. Per a report compiled by the National Association of Realtors in the first quarter of 2015, the median sales price for a single family home in the South Bend Statistical Area was \$85,100 as compared to a median sales price of \$192,500 in Chicago, \$137,000 in Grand Rapids, \$106,300 in Ft. Wayne and \$139,200 in Indianapolis. The Midwest median sales price is \$156,600.

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 parks 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 19,308 students in grades pre-kindergarten through 12. An estimated 5,392 students attend private or parochial schools within the City. The ten institutions of higher education and technical training located within the South Bend area have a total enrollment of approximately 31,000. Over the years, the University of Notre Dame has provided a stabilizing influence on the economy with a very significant positive economic impact upon the community.

South Bend History and Amenities

In 1820, Pierre Navarre of the American Fur Trading Company was the first settler in the area to become later known as South Bend. South Bend has continued to progress in its growth since 1842 when Father Edward Sorin named his rustic log chapel “Notre Dame du Lac” and began to teach the local Indians. Today the chapel has grown into the University of Notre Dame. In 1852, H.C. Studebaker started the industry of making wagons and horse-drawn buggies that evolved into the manufacturing of the Studebaker automobile. The name Studebaker became synonymous with the area of South Bend and the company was 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, aerospace and household products. The Singer Sewing Company, Birdsell Manufacturing 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 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 and the Oliver family Mansion, Copshaholm, 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. Until recently, the stadium was home to the South Bend Silver Hawks, a Single-A minor league team in the Midwest League affiliated with the Arizona Diamondbacks. In January 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. In September 2014, a four-year player contract was reached with the Chicago Cubs and the team became the South Bend Cubs. Total attendance in 2014 of 259,000 was up approximately 9% over 2013, but upon the announcement of the new Cubs franchise, 2015 sales have repeatedly broken records.

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 is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City. As part of the City's single audit described earlier, tests are performed to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the year ended December 31, 2014 are included in a separate report.

Budgetary Controls. In accordance with Indiana statutes, the City maintains budgetary controls integrated within the accounting system. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget (prepared on a cash basis) which is adopted by the Common Council or Redevelopment Commission (depending on the fund) and then reviewed and approved by the State of Indiana Department of Local Government and Finance (DLGF). Activities of the general fund, special revenue funds, capital project funds, enterprise funds, internal service funds, pension trust funds and debt service funds are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major budget classification within funds. The Mayor and Common Council may transfer appropriations from one major budget classification to another within a department by ordinance as long as the total appropriations for that fund are not exceeded. Additional appropriations in excess of the original budget must be approved by the Mayor and Common Council and are also submitted to the DLGF for either approval or acknowledgement (depending on the fund). Additional appropriations for funds approved by the Redevelopment Commission do not require DLGF approval. 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 (estimated to be over \$28 million dollars in the General Fund) but this revenue loss has been offset by cost savings and the adoption of local option income taxes in order to continue providing essential City services, including police and fire protection.

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

City Mission Statement and Department Purpose Statements

The City provides services to its customers through fourteen (14) 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.

Morris Performing Arts Center & Palais Royale: Providing the premiere venue for live entertainment and banquet facility.

Building South Bend in 2015 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 2015 budget. There are five areas of concentration that became or remained budget priorities for 2015:

- ***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 diverse 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. The City has initiated a "smart streets" program to convert four downtown streets from one-way to two-way traffic that will make the streets safer and more user-friendly for pedestrians and non-motorists.
- ***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 resulting in \$300 million

in new private investment and the creation of over 2,000 jobs in the last 24 months. A few of these projects include the renovation and modernization of our Ethanol Plant, the construction of 1 million square feet of Industrial space (underway), the renovation of 3 large historic buildings in the downtown to market rate apartments, the rebranding of our minor league baseball team and new affiliation with Chicago Cubs resulting in record high attendance, the announcement of \$700 million in construction to occur at the Notre Dame Campus and the attraction of General Electric to our Tech Park to partner with Notre Dame on the nations most advanced jet propulsion testing facility.

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 his first term, Mayor Buttigieg has launched seven 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. The Call Center has taken more than 200,000 calls through June 2015 and continues to add departments to be a central call center for most areas of City government.
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. 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. As of June 2015, 955 of the 1,000 buildings have been addressed. The remaining 45 buildings should be address as planned by November 2015.

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. During 2015, the City issued a bond for \$25 million to move the project of two-way street conversions and other Smart Street initiatives forward.
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. **Economic Development** – 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, 2013. This was the 24th 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 Plante Moran, PLLC. In addition, we would like to thank the Field Examiners of the Indiana State Board of Accounts (led by Martha Harper, Alex Flores and Bruce Snyder) for their hard work and dedication in this effort.

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

Sincerely,

John H. Murphy

John H. Murphy, MPA
City Controller

Jennifer C. Hockenhull

Jennifer Hockenhull, 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, 2014, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

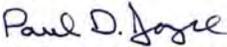
The combining and individual fund financial statements and other budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected 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 and individual fund financial statements, and other budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2015, 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 30, 2015

City of South Bend, Indiana

Management's Discussion and Analysis

The management of the City of South Bend, Indiana (the "City") provides herewith this Management's Discussion and Analysis (MD&A) of the financial activities and condition of the **City of South Bend, Indiana** for the **fiscal year ended December 31, 2014**.

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

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

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

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 from economic downturns through diversification.

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 and recreation services, arts and 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 National Museum, South Bend Redevelopment Authority and Public Parking Garages within the city footprint.

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

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

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

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's Discussion and Analysis report. In 2015, the City will celebrate its 150th birthday and a year-long series of community activities have been planned for "SB 150".

Financial Highlights

	Governmental Activities		Business-type Activities		Government-wide Activities	
	2014	2013 (Restated)	2014	2013	2014	2013 (Restated)
Assets/deferred outflows	\$ 498,965,722	\$ 502,405,650	\$ 302,099,795	\$ 304,776,403	\$ 801,065,517	\$ 807,182,053
Liabilities/deferred inflows	205,520,938	215,811,805	125,032,205	134,096,229	330,553,143	349,908,034
Net position						
Net investment in capital assets	168,275,521	192,190,446	136,685,811	114,506,252	304,961,332	306,696,698
Restricted	8,723,878	7,990,172	26,587,012	48,267,664	35,310,890	56,257,836
Unrestricted	116,445,385	89,373,431	13,794,767	7,906,258	130,240,152	97,279,689
Total net position	293,444,784	289,554,049	177,067,590	170,680,174	470,512,374	460,234,223
Change vs. prior year	3,890,735	3,771,016	6,387,416	1,268,807	10,278,151	5,039,823
Expenses	139,909,059	152,746,550	55,879,605	54,949,283	195,788,664	207,695,833
Revenues	144,482,843	152,263,646	61,583,972	60,743,277	206,066,815	213,006,923

- Government-wide net position was \$470,512,374 as of December 31, 2014.
- Government-wide net position increased by \$10,278,151 or 2.2% during fiscal 2014. Governmental activity net position increased by \$3,890,735 or 1.3% and business-type activity net position increased by \$6,387,416 or 3.7% during fiscal 2014. On an overall basis, the City is better off financially at December 31, 2014 than it was at December 31, 2013.
- Total assets and deferred outflows of resources as of December 31, 2014 of \$801,065,517 decreased by \$6,116,536 or -0.8% as compared to total assets and deferred outflows of resources as of December 31, 2013.
- Total liabilities and deferred inflows of resources as of December 31, 2014 of \$330,553,143 decreased by \$19,354,891 or -5.5% as compared to total liabilities and deferred inflows of resources as of December 31, 2013.
- As of December 31, 2014, the government-wide net position of \$470,512,374 has \$304,961,332 invested in capital assets (net of debt) which is not available for spending, \$35,310,890 classified as restricted for debt service; capital outlay; and other; and \$130,240,152 classified as unrestricted and may be used to meet ongoing obligations to creditors.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

- Government-wide revenue received in fiscal 2014 totaled \$206,066,815, a decrease of \$6,940,108 or -3.3% versus government-wide revenues received in fiscal 2013. Governmental activity revenue decreased by \$7,780,803 or -5.1%, whereas business-type activity revenue increased by \$840,695 or 1.4%.
- Government-wide expenses in 2014 totaled \$195,788,664, a decrease of \$11,907,169 or -5.7% compared to expenses of \$207,695,833 in 2013. Government activity expenses decreased by \$12,837,491 or -8.4% and business-type activity expenses increased by \$930,322 or 1.7% compared to fiscal 2013.
- Explanatory commentary concerning the changes in assets, liabilities, revenue and expenditures can be found in later sections of this MD&A.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

- **Statement of Net Position**

This statement reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City of South Bend as of December 31, 2014. 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.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

- **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, 2014. Changes in net position are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The statement of activities displays the expense of the City's various programs net of the related revenues, as well as a separate presentation of revenue available for general purposes including property and county option income taxes, fees for services and other revenue sources.

The government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The major governmental activities of the City of South Bend include general government, public safety, street construction and maintenance, infrastructure construction and maintenance, parks and recreation services, and arts and culture. The major business-type activities of the City include the water utility, wastewater utility, solid waste sanitation services, Century Center convention center, 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. Each fund has its own cash balance which must be maintained according to the City's cash reserve policy.

Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. Governmental funds use the modified accrual accounting method. The City maintains six (6) major governmental funds (General, Parks and Recreation, Public Safety Local Option Income Tax (LOIT), County Option Income Tax, Economic Development Income Tax, and Airport TIF) and sixty-three (63) non major governmental funds.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

Proprietary Funds

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

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains seven (7) enterprise funds. Information is presented separately in the proprietary statement of net position and the proprietary statement of revenues, expenses and changes in fund net position for the Water utility, Wastewater utility and Century Center, which are considered major enterprise funds. Data from the other four (4) nonmajor enterprise funds (Consolidated Building Department, Parking Garage, Solid Waste and Blackthorn Golf Course) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report.
- **Internal service funds** are used to accumulate and allocate costs internally among the City's various functions and funds. The City maintains 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 six (6) fiduciary funds, which consist of two (2) pension trust funds (1925 Police Pension and 1937 Firefighters' Pension), three (3) agency funds (Payroll, Police Distributions Payable and Morris/Palais Royale Box Office), and one (1) private-purpose trust fund (City Cemetery).

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

Pension Trust Fund Operations

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

Notes to the Financial Statements

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

Other Information

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

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

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	
	2014	2013 (Restated)	2014	2013	2014	2013 (Restated)
Assets						
Current and other	\$ 214,391,686	\$ 218,030,938	\$ 64,664,042	\$ 71,410,179	\$ 279,055,728	\$ 289,441,117
Capital assets (net)	284,574,036	284,374,712	236,196,523	231,494,566	520,770,559	515,869,278
Total Assets	498,965,722	502,405,650	300,860,565	302,904,745	799,826,287	805,310,395
Deferred Outflows	-	-	1,239,230	1,871,658	1,239,230	1,871,658
Liabilities						
Current	30,496,632	30,589,281	14,315,178	15,240,917	44,811,810	45,830,198
Long term	174,715,186	184,657,140	110,277,807	118,317,952	284,992,993	302,975,092
Total Liabilities	205,211,818	215,246,421	124,592,985	133,558,869	329,804,803	348,805,290
Deferred Inflows	309,120	565,384	439,220	537,360	748,340	1,102,744
Net Position						
Net investment in capital assets	168,275,521	192,190,446	136,685,811	114,506,252	304,961,332	306,696,698
Restricted	8,723,878	7,990,172	26,587,012	48,267,664	35,310,890	56,257,836
Unrestricted	116,445,385	89,373,431	13,794,767	7,906,258	130,240,152	97,279,689
Total Net Position	\$ 293,444,784	\$ 289,554,049	\$ 177,067,590	\$ 170,680,174	\$ 470,512,374	\$ 460,234,223

- As of December 31, 2014, total assets and deferred outflows exceeded liabilities and deferred inflows by \$470,512,374, an increase of \$10,278,151, or 2.2%, from the net position level as of December 31, 2013.
- Governmental activities net position of \$293,444,784 increased by \$3,890,735 from December 31, 2013, an increase of 1.3%.
- Business-type net position of \$177,067,590 increased by \$6,387,416 over December 31, 2013, an increase of 3.7%. The increase in business-type net position was due primarily to a 5% increase in sewer rates which will be used to support long-term capital projects of the Wastewater utility.
- Government-wide assets and deferred outflows decreased \$6,116,536 or -0.8% as compared to amounts as of December 31, 2013 mainly due to spending on capital projects and principal payments on debt.
- Government-wide liabilities and deferred inflows decreased by \$19,354,891 or -5.5% as compared to amounts as of December 31, 2013. The decrease is due mainly to the City's decision to not seek new debt financing for the Wastewater utility in 2014, unlike in previous years which the utility issued bonds of \$20 million or more, and principal payments on existing debt. The City is currently re-evaluating compliance with its long-term control plan and new Wastewater utility bonds are not anticipated during 2015 or 2016.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Government-wide Activities	
	2014	2013	2014	2013	2014	2013
Revenue						
Program revenue:						
Charge for services	\$ 11,473,867	\$ 13,158,358	\$ 59,858,306	\$ 59,906,998	\$ 71,332,173	\$ 73,065,356
Operating grants	3,203,805	21,466,622	-	-	3,203,805	21,466,622
Capital grants	-	1,867,213	95,834	697,917	95,834	2,565,130
General revenue:						
Taxes						
Property tax	69,221,468	72,018,650	-	-	69,221,468	72,018,650
Other tax	23,822,661	22,811,296	-	-	23,822,661	22,811,296
Unrestricted grants	29,061,942	5,893,924	-	-	29,061,942	5,893,924
Investment earnings	951,901	762,269	128,168	138,362	1,080,069	900,631
Other revenue	6,747,199	14,285,314	1,501,664	-	8,248,863	14,285,314
Total Revenue	144,482,843	152,263,646	61,583,972	60,743,277	206,066,815	213,006,923
ExpenseS						
General government	19,013,453	12,929,631	-	-	19,013,453	12,929,631
Public safety	68,783,155	76,023,819	-	-	68,783,155	76,023,819
Highways and streets	13,031,500	20,915,815	-	-	13,031,500	20,915,815
Culture and recreation	16,802,311	26,846,471	-	-	16,802,311	26,846,471
Economic development	19,780,791	10,069,690	-	-	19,780,791	10,069,690
Interest on long-term debt	2,497,849	5,961,124	-	-	2,497,849	5,961,124
Water utility	-	-	13,020,610	15,221,865	13,020,610	15,221,865
Wastewater utility	-	-	25,521,753	26,390,790	25,521,753	26,390,790
Civic center	-	-	4,747,838	4,330,656	4,747,838	4,330,656
Building department	-	-	3,242,320	1,131,815	3,242,320	1,131,815
Parking	-	-	1,660,596	1,285,056	1,660,596	1,285,056
Solid waste	-	-	5,811,526	5,091,588	5,811,526	5,091,588
Golf course	-	-	1,874,962	1,497,513	1,874,962	1,497,513
Total Expenses	139,909,059	152,746,550	55,879,605	54,949,283	195,788,664	207,695,833
Change in net position						
Before transfers	4,573,784	(482,904)	5,704,367	5,793,994	10,278,151	5,311,090
Transfers	(683,049)	4,525,187	683,049	(4,525,187)	-	-
Change in net position	3,890,735	4,042,283	6,387,416	1,268,807	10,278,151	5,311,090
Beginning net position (restated)	289,554,049	285,511,766	170,680,174	169,411,367	460,234,223	454,923,133
Ending net position	\$ 293,444,784	\$ 289,554,049	\$ 177,067,590	\$ 170,680,174	\$ 470,512,374	\$ 460,234,223

Governmental Activities

Net position for governmental activities increased by \$3,890,735 during fiscal 2014, an increase of 1.3%. Revenue of \$144,482,843 decreased by \$7,780,803, or -5.1%. Expenses were \$139,909,059 during 2014, a decrease of \$12,837,491, or -8.4% as compared to fiscal 2013.

The revenue decreases were due primarily to one-time payments for legal settlements, most notably from the Studebaker-Oliver Brownfield (\$3.8 million) and Bosch (\$2.0 million) in 2013 that were not received in 2014. Economic Development expenses decreased significantly due to the delays in certain capital projects due to developer timetables and needs. The timing of economic development project work is difficult to predict.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

Interest on long-term debt of \$2,497,849 decreased by \$3,463,275 from 2013, as the City continued to take advantage of favorable financing rates by either retiring older, higher-rate instruments or refinancing instruments at better terms, along with the normal decrease in interest amounts due as the debt is repaid.

Transfers between funds were lower during 2014 due to an accounting change in the Public Safety LOIT fund. During 2014, expenditures for personnel costs of police officers and firefighters were made directly from this fund while in the past, the local income tax revenue was transferred to the General Fund and then appropriated from the General Fund.

Business-type Activities

Net position from business-type activities increased by \$6,387,416 during fiscal 2014, an increase of 3.7%. During 2014, revenue of \$61,583,972 increased by \$840,695 or 1.4% over fiscal 2013. During 2014, expenses of \$55,879,605 increased by \$930,322 or 1.7% when compared to fiscal 2013.

Revenue increased primarily in the Wastewater utility as a result of a 5% rate increase that was approved by the South Bend Common Council. Expenses in the Consolidated Building Fund increased by \$2,110,505 for 2014, due primarily to the addition of the Code Enforcement and Animal Care & Control Departments in this fund. In prior years, the costs of Code Enforcement and Animal Care & Control were paid from the General Fund.

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.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

Condensed Balance Sheet, Statement of Revenue, Expenditures, and Changes in Fund Balance As of December 31, 2014

	General	Park & Rec	PS LOIT	COIT	EDIT	TIF Airport	Other	Total
Total assets	\$ 30,058,742	\$ 3,560,875	\$ 1,293,292	\$ 17,157,297	\$ 10,440,703	\$ 42,237,970	\$ 105,069,783	\$ 209,818,662
Total liabilities	2,471,337	277,728	284,728	640,415	112,987	872,760	10,672,035	15,331,990
Fund Balances:								
Nonspendable	558,304	52,385	-	174,999	270,001	8,835,659	15,474,263	25,365,611
Restricted	-	3,230,762	1,008,564	-	-	32,529,551	57,434,567	94,203,444
Committed	-	-	-	-	-	-	16,413,498	16,413,498
Assigned	-	-	-	16,341,883	10,057,715	-	10,776,249	37,175,847
Unassigned	27,029,101	-	-	-	-	-	(5,700,829)	21,328,272
Total fund balance	27,587,405	3,283,147	1,008,564	16,516,882	10,327,716	41,365,210	94,397,748	194,486,672
Liability & fund balance	30,058,742	3,560,875	1,293,292	17,157,297	10,440,703	42,237,970	105,069,783	209,818,662
Revenues	61,827,950	10,055,729	6,385,841	9,219,379	9,217,418	13,925,807	33,857,667	144,489,791
Expenditures	66,495,442	11,505,018	7,172,496	7,584,986	6,220,639	7,109,532	48,211,984	154,300,097
Net surplus (deficit)	(4,667,492)	(1,449,289)	(786,655)	1,634,393	2,996,779	6,816,275	(14,354,317)	(9,810,306)
Other sources (uses)	4,585,984	647,018	-	(1,916,279)	(3,833,985)	(1,466,084)	9,095,009	7,111,663
Net change in fund balances	(81,508)	(802,271)	(786,655)	(281,886)	(837,206)	5,350,191	(5,259,308)	(2,698,643)
Beginning 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
Ending fund balances	\$ 27,587,405	\$ 3,283,147	\$ 1,008,564	\$ 16,516,882	\$ 10,327,716	\$ 41,365,210	\$ 94,397,748	\$ 194,486,672

As of December 31, 2014, the City governmental funds reported a combined ending fund balance of \$194,486,672.

The nonspendable fund balance of \$25,365,611 is sequestered for property held for resale, inventory, and long-term receivables and is, therefore, not available for new spending. The restricted fund balance of \$94,203,444 consists of monies in debt service funds or other funds such as road and tax increment financing funds that are limited by external parties as to their use. The committed fund balance of \$16,413,498 is designated by the South Bend Common Council or South Bend Redevelopment Commission to be used for certain purposes such as for environmental projects. The assigned fund balance of \$37,175,847 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 \$21,328,272 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, certain culture and recreation expenses, and certain debt service obligations. As of January 1, 2014, Code Enforcement and its subsidiary, Animal Care & Control, were moved to the Consolidated Building fund.

As of December 31, 2014, the General Fund balance of \$27,587,405 represents a decrease of \$81,508 or -0.3% from the balance as of December 31, 2013. The decrease was due primarily to the adjustment of a long-term advance from the General Fund to the Hall of Fame Capital Fund.

As of December 31, 2014, the General Fund had an unassigned fund balance of \$27,029,101 which is equal to 43.7% of 2014 General Fund revenue.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

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 2015 as a cash flow bridge to the receipt of property tax revenues from the County collection authority which distributes property tax revenue twice per year (June and December). The General Fund unassigned balance will provide sufficient cash to cover City operating obligations without incurring tax anticipation notes and resultant borrowing costs during fiscal 2015.

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 \$802,271 during fiscal 2014, due primarily to a combination of flat property tax revenue and increased service and capital costs. As of December 31, 2014, the fund balance in the Parks and Recreation Fund was \$3,283,147, or 32.6% of 2014 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. Public Safety LOIT funds are used to cover the personnel costs of police officers and firefighters. Receipts of Public Safety LOIT tax revenue commenced in January 2010. The revenue collected in fiscal 2014 of \$6,385,841 increased by \$490,401 or 8.3% compared to 2013. The decrease in fund balance in the amount of \$786,655 during 2014 is the result of increased costs for police and fire personnel and was a planned spend-down of monies accumulated in the fund for this purpose.

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

The COIT fund balance decreased by \$281,886 during 2014, due to higher expenditures for the curb and sidewalk program and information technology. The City has operationally sequestered COIT funds for use in major capital and construction funding initiatives, certain subsidies and support to organizations and units that benefit city economic development and cultural venues, information technology costs, city-wide expenditures like telephone and electricity for street lights, and certain debt service payments.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

As of December 31, 2014, the COIT Fund balance of \$16,516,882 included assigned fund balance of \$16,341,883 and nonspendable fund balance of \$174,999, primarily for property held for resale.

The EDIT fund balance decreased by \$837,206 during 2014 due to expenses related to initiatives of the highest priority such as the commitment of demolition of vacant and abandoned buildings and operating transfers to the Code Enforcement and Animal Care & Control Departments. 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, 2014, the EDIT fund balance of \$10,327,716 included assigned fund balance of \$10,057,715 and nonspendable fund balance of \$270,001, consisting of property held for resale.

The fund balance in the **TIF Airport Fund** increased by \$5,350,191 during 2014. Revenue increased by \$2,983,162 due to increased property tax collections and economic development within the tax increment financing district. Actual expenditures increased by \$622,670 due to continuation of projects into 2014.

As of December 31, 2014, the TIF Airport Fund balance of \$41,365,210 included \$8,835,659 in property held for resale, and \$32,529,551 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 \$645 million in private investment since its inception.

During 2014, the fund balances in **Nonmajor Governmental funds** decreased by \$5,259,308 due primarily to expenditures of \$4,172,162 in the Major Moves Fund for the smart-streets (two-way streets) program and \$2,325,109 in the Loss Recovery Fund for the vacant and abandoned building initiative and other environmental projects. These were planned uses of accumulated cash reserves.

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

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

Governmental Fund Revenue

The following schedule presents a summary of governmental fund revenue for the year ended December 31, 2014 with comparison to the prior year:

	2014	% of	2013	% of
	Actual	Total	Actual	Total
<u>Tax Based</u>				
General property	\$ 69,221,468	47.9%	\$ 72,018,651	47.6%
County option income	15,025,840	10.4%	13,739,325	9.1%
County economic development	8,796,821	6.1%	8,177,352	5.4%
Professional sports development	588,054	0.4%	649,996	0.4%
Community revitalization district	-	0.0%	244,623	0.2%
Total Tax	93,632,183	64.8%	94,829,947	62.7%
<u>Non-Tax Based</u>				
Licenses and permits	141,565	0.1%	177,019	0.1%
Intergovernmental	30,663,505	21.1%	29,227,759	19.4%
Charge for services	10,628,976	7.4%	12,320,498	8.2%
Fines and forfeitures	563,999	0.4%	660,841	0.4%
Interest income	955,376	0.7%	762,270	0.5%
Donations	-	0.0%	367,825	0.2%
Other	7,904,187	5.5%	12,806,315	8.5%
Total Non-Tax Based	50,857,608	35.2%	56,322,527	37.3%
Total Revenue	\$ 144,489,791	100.0%	\$ 151,152,474	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, the so-called "circuit breaker" property tax caps in 2009, to no more than 1.0% (homestead), 2.0% (other residential/rental) or 3.0% (commercial/industrial) of gross assessed valuation. Property tax revenue includes taxes collected on behalf of the following funds: General Fund, Parks and Recreation Fund, Cumulative Capital Development Fund, Redevelopment Tax Incremental Financing (TIF) Funds, Excess Levy Fund, and a special levy to cover debt service at the former College Football Hall of Fame building.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

The City recognizes the need to further diversify the revenue stream and to reduce its dependency on general property taxes to ensure that a broad base of users of city services, including nonresidents who work in the City, share in the funding of basic City services. As a result of the need to diversify the revenue stream, the City of South Bend Common Council and Saint Joseph County Council adopted an additional local option income tax of 0.95% during 2009, increasing the tax rate from 0.8% to 1.75%. The local option income tax increase consisted of three components: 0.2% increase in the economic development income tax, a 0.25% public safety local option income tax and a 0.5% property tax relief local option income tax.

The 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 enable alternative revenue sources that best fit the needs of the community. One viable source of revenue is from user fees and/or charges for services currently being performed. City-performed services are priced at levels representing the full cost of service, taking into consideration fees charged by providers of similar services. The City performs ongoing reviews of user fee costs incurred and revises service fee prices as required.

Governmental Fund Expenditures

The City accounts for government fund expenditures in seven functional 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, 2014 with comparison to the prior year.

	2014	% of	2013	% of
	Actual	Total	Actual	Total
General government	\$ 8,022,688	5.2%	\$ 7,154,965	4.7%
Public safety	66,927,250	43.4%	64,041,549	41.9%
Highways and streets	10,441,957	6.8%	9,769,942	6.4%
Community and economic development	7,309,130	4.7%	8,068,458	5.3%
Culture and recreation	13,948,089	9.0%	13,956,025	9.1%
Debt service	18,243,049	11.8%	19,121,148	12.5%
Capital outlay	29,407,934	19.1%	30,748,663	20.1%
Total Expenditures	\$ 154,300,097	100.0%	\$ 152,860,750	100.0%

Government fund expenditures in fiscal 2014 of \$154,300,097 increased by \$1,439,347 or 0.9% in comparison to government fund expenditures in fiscal 2013.

Capital outlay expenditures decreased by \$1,340,729 during 2014 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.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

Public Safety expenditures increased \$2,885,701 or 4.5% due to higher personnel and health insurance costs. In addition, there was less grant funding available for police and fire programs. Highways and Street expenditures increased by \$672,015 as the curb and sidewalk program was expanded and additional work on street maintenance was performed.

Economic development spending decreased \$759,328 as certain projects planned for 2014 were delayed until 2015 due to developer timetables and needs.

Public Safety expenditure continues to be the primary use of government fund resources with 43.4% of expenditures used for this purpose in fiscal 2014. Public safety spending is followed by capital outlay expenditures (19.1%), debt service (11.8%), culture and recreation (9.0%), highways and streets (6.8%), general government (5.2%), and economic development operating (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.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

Proprietary funds

Condensed Statement of Net Position Revenue, Expenses, and Changes in Fund Net Position As of December 31, 2014

	Water Utility	Wastewater Utility	Century Center	Other	Total Enterprise	Internal Service
Total assets	\$ 75,319,862	\$ 193,908,225	\$ 17,935,423	\$ 15,176,977	\$ 302,340,487	\$ 14,421,734
Total deferred outflows	117,927	558,649	-	562,654	1,239,230	-
Total liabilities	22,262,182	99,094,340	353,942	4,362,443	126,072,907	5,813,846
Total deferred inflows	-	-	431,250	7,970	439,220	-
Net position:						
Net investment in capital assets	41,681,472	69,426,163	15,400,219	10,177,957	136,685,811	1,281,201
Restricted for:						
Depreciation fund	3,135,399	3,747,697	-	-	6,883,096	-
Debt service fund	4,650	789,489	-	-	794,139	-
Customer deposit fund	1,478,773	1,505,378	-	-	2,984,151	-
Cash with fiscal agent	32,120	76,667	-	-	108,787	-
Bond reserve fund	1,612,825	7,286,832	-	-	8,899,657	-
Operating reserve fund	2,081,600	3,416,919	-	-	5,498,519	-
Capital outlay	-	-	1,418,663	-	1,418,663	-
Unrestricted	3,148,768	9,123,389	331,349	1,191,261	13,794,767	7,326,687
Total net position	53,175,607	95,372,534	17,150,231	11,369,218	177,067,590	8,607,888
Operating revenues	14,373,176	34,009,117	2,227,171	9,248,842	59,858,306	23,618,777
Operating expenses	11,985,784	20,401,253	4,844,694	12,002,395	49,234,126	25,466,031
Operating income (loss)	2,387,392	13,607,864	(2,617,523)	(2,753,553)	10,624,180	(1,847,254)
Nonoperating rev (exp)	(990,529)	(5,042,957)	1,598,849	(581,010)	(5,015,647)	30,040
Income (loss) before contributions and transfers	1,396,863	8,564,907	(1,018,674)	(3,334,563)	5,608,533	(1,817,214)
Capital contributions	-	-	106,333	2,629,185	2,735,518	16,017
Transfers in	-	-	-	2,576,545	2,576,545	-
Transfers out	(1,618,848)	(2,914,332)	-	-	(4,533,180)	-
Change in net position	(221,985)	5,650,575	(912,341)	1,871,167	6,387,416	(1,801,197)
Total net position – beginning	53,397,592	89,721,959	18,062,572	9,498,051	170,680,174	10,409,085
Total net position – ending	\$ 53,175,607	\$ 95,372,534	\$ 17,150,231	\$ 11,369,218	\$ 177,067,590	\$ 8,607,888

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 Building Department, Parking Garage, Solid Waste and Blackthorn Golf Course) are combined into a single, aggregated presentation. As of January 1, 2014, the Consolidated Building Fund also included the Code Enforcement department with its subsidiary, Animal Care & Control.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

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, 2014, City enterprise funds reported a net position of \$177,067,590, an increase of \$6,387,416 or 3.7% from December 31, 2013.

At December 31, 2014, net position includes net investment in capital assets of \$136,685,811, restricted net position of \$26,587,012 and unrestricted of \$13,794,767.

During 2014, the Water Works experienced a decrease in net position of \$221,985 while the Wastewater utility experienced an increase of \$5,650,575. The water utility experienced increased revenues of \$589,475 while transmission and distribution/pumping expense decreased by \$2,259,156. The Wastewater utility experienced an increase in revenue of \$2,083,039 and operating expense increased by \$2,607,777. Through a series of sewer rate increases approved by the South Bend Common Council, the Wastewater utility continues to build its fund balances in order to pay for the mandated Long Term Control Plan, a multi-year program being built by the City to control wastewater overflow events.

During 2014, **Century Center** experienced a decrease in net position of \$912,341 as the facility transitioned to a new management company, SMG, in July 2013. In 2013, SMG contributed \$575,000 to the facility to provide some much-needed equipment upgrades. The capital contribution is being amortized to revenue over the course of the initial contract which expires June 30, 2016.

Nonmajor Enterprise Funds experienced an increase in net position of \$1,871,167 during 2014. The Parking Garage Fund reported a decrease in net position of \$637,289 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 \$681,996 as the result of improved golf fee revenue and the adjustment of interfund loans. (The course was sold to a private developer in March 2015). The Consolidated Building Fund reported an increase in net position of \$2,340,595 with the addition of the Code Enforcement and Animal Care & Control Departments, along with funding from the EDIT Fund. The Solid Waste Fund reported a decrease in net position of \$514,135 as the cost of service increased without a requisite rate increase. The last solid waste fee increase was during 2007 and a fee increase is being planned for 2015.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

As of December 31, 2014, City's internal service funds reported a net position of \$8,607,888, a decrease of \$1,801,197 or -17.3% compared to 2013. The Liability Insurance Fund decreased its net position by \$478,367 in 2014 as the result of high claims. The Central Services Fund increased its net position by \$80,188. The Self-Funded Employee Benefits Fund had a decrease in its net position of \$1,458,246 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 and is planning to offer a near-site employee health clinic during 2015.

Fiduciary Funds

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

	<u>Pension Trust</u>	<u>Private Purpose Trust</u>	<u>Agency</u>
Total assets	\$ 1,750,191	\$ 28,379	\$ 2,175,439
Total liabilities	367	-	2,175,439
Total net position	1,749,824	28,379	-
Total additions	11,252,498	127	-
Total deductions	12,135,121	8,658	-
Changes in net position	(882,623)	(8,531)	-

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

The decline in the net asset position of the pension trust is the result of timing differences in the payment of pension benefits and the contributions received from the State of Indiana, as well as the cost of healthcare benefits to pension members which are not covered by State contributions.

General Fund Budgetary Highlights

The City prepares an annual budget for General Fund expenditures, which is subject to City of South Bend Common Council approval for adoption, before November 1 of the year preceding the budget period, according to state statute concerning the annual budget of second class cities and towns. The Common Council adopted the 2014 budget at its meeting held in October 2013.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

The General Fund budget applicable for fiscal 2014 is reported as follows:

	<u>Original</u>	<u>Final</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenue	\$ 55,453,616	\$ 54,882,073	\$ 55,106,216	\$ 224,143
Expenditures	55,416,768	56,954,789	55,423,268	1,531,521
Surplus (deficit)	36,848	(2,072,716)	(317,052)	1,755,664

General Fund revenue was originally budgeted at \$55,453,616 for fiscal 2014. During the year, the General Fund revenue budget was decreased by \$571,543 to \$54,882,073. 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 2014, the General Fund collected \$55,106,216 in revenue on a budgetary basis, a surplus over the final budget level of \$224,143. The primary reason for the revenue pickup was a change in property tax collections that was higher than budgeted.

General Fund expenditures were originally budgeted at \$55,416,768 for fiscal 2014. During the year, the General Fund expenditure budget was increased \$1,538,021 to \$56,954,789. Additional appropriations were passed for Fire Department overtime, Common Council legal expenditures and other purposes. Carryforward of unspent encumbrances from 2013 also increase the 2014 amended budget.

General Fund spending is reviewed on a monthly basis under the direction of the City Controller to ensure spending remains within budgetary constraints. Monthly reviews are conducted as required with General Fund department management to review spending projections to ensure that annual expenditures remain within the budgetary levels. Budget amendments for cost-neutral redistribution between expense categories (i.e., personnel, supplies, services, capital) were submitted to Common Council three times during 2014, as required to adjust the budget 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, 2014, amounted to \$55,423,268. The expenditures and commitments as of year-end December 31, 2014 are less than the 2014 General Fund expenditure budget by \$1,531,524 or 2.7%. The largest savings were in the police, legal and administration/finance department budgets as personnel and other costs spent were less than budgeted due to position vacancies and other factors.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Statement of Capital Assets

	Governmental Activities		Business type Activities		Government-wide Activities	
	2014	2013	2014	2013	2014	2013
Assets not depreciated						
Land	\$ 15,106,806	\$ 15,883,485	\$ 3,773,864	\$ 3,024,582	\$ 18,880,670	\$ 18,908,067
Construction in progress	3,698,336	-	17,242,386	13,925,011	20,940,722	13,925,011
Total	18,805,142	15,883,485	21,016,250	16,949,593	39,821,392	32,833,078
Assets depreciated						
Buildings	130,746,059	130,068,334	85,003,118	82,972,550	215,749,177	213,040,884
Non-building improvements	16,616,553	16,281,242	29,427,578	26,380,406	46,044,131	42,661,648
Machinery and equipment	50,903,040	46,353,978	32,250,580	30,211,994	83,153,620	76,565,972
Roads and Infrastructure	431,536,099	421,539,956	197,923,650	195,443,128	629,459,749	616,983,084
Total Cost	629,801,751	614,243,510	344,604,926	335,008,078	974,406,677	949,251,588
Accumulated depreciation						
Buildings	43,779,147	40,365,200	35,712,273	33,316,084	79,491,420	73,681,284
Non-building improvements	8,708,806	8,031,397	6,982,898	5,728,277	15,691,704	13,759,674
Machinery and equipment	30,799,186	28,077,898	22,712,559	21,578,145	53,511,745	49,656,043
Roads	280,745,718	269,277,787	64,016,923	59,840,599	344,762,641	329,118,386
Total	364,032,857	345,752,282	129,424,653	120,463,105	493,457,510	466,215,387
Net Depreciated Assets	265,768,894	268,491,228	215,180,273	214,544,973	480,949,167	483,036,201
Net Capital Assets	\$ 284,574,036	\$ 284,374,713	\$ 236,196,523	\$ 231,494,566	\$ 520,770,559	\$ 515,869,279

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 \$629,459,749 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.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

Major Capital Asset Project Spending in 2014

Improvements			
Road improvements	\$	1,913,610	Continued project
Economic redevelopment		1,784,726	Continued project
Water utility		2,565,058	Continued project
Sewer separation projects		2,852,725	Continued project
M&E			
Wastewater digester upgrade		6,896,354	Continued project
Wastewater clarifier upgrades		4,256,644	Continued project
Other wastewater projects		671,608	New projects

Capital Assets Analysis

As of December 31, 2014, government-wide capital assets were valued at \$520,770,559, net of accumulated depreciation, an increase of \$4,901,281 or 1.0% since December 31, 2013. Construction in Progress increased by \$7,015,711, and capitalized assets in land, buildings, improvements, machinery and equipment, and roads decreased by \$2,114,430, net of depreciation, since December 31, 2014. On January 1, 2013, the City instituted a new capitalization policy that included significantly higher thresholds for expenditures to qualify as capital assets. Consequently, many purchases formerly considered as capital assets no longer qualify as such. The asset decrease is the result of fewer assets being added to the register as those assets that remain continue to depreciate.

At December 31, 2014, the cost of Roads & Infrastructure (\$629,459,749) was the major asset class followed by Buildings (\$215,749,177). Major new acquisitions include completed road projects (\$8.8 million), sewer separation projects (\$6.1 million) and the new Fire Training Center (\$3.6 million).

Total depreciation expense for 2014 was \$29,930,159, as compared to \$29,559,898 for 2013.

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

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

Debt Administration

Outstanding debt principal as of December 31, 2014 was \$235,085,870, a decrease of \$16,596,408 or -6.6%. City outstanding debt includes revenue bonds, mortgage bonds, notes and loans payable and capital leases.

Type	Beginning	Additions	Retirements	Ending
Revenue bonds	\$ 208,294,789	\$ 6,097,697	\$ (18,320,100)	\$ 196,072,386
Mortgage bonds	23,626,754	-	(1,814,602)	21,812,152
Notes and loans	7,151,564	500,000	(2,239,409)	5,412,155
Capital leases	12,609,171	2,443,289	(3,263,283)	11,789,177
Total Debt	\$ 251,682,278	\$ 9,040,986	\$ (25,637,394)	\$ 235,085,870

On June 3, 2014, the South Bend Redevelopment District issued \$3,440,000 in refunding revenue bonds with an average interest rate of 2.75% to currently refund the remainder of its 2002 Redevelopment Special Taxing District bonds to take advantage of favorable interest rates and lower future debt service payments. In so doing, the City saved \$283,285 in debt service costs over the remaining life of the bonds. In 2014, the City entered into an installment purchase agreement in the amount of \$500,000 for the former Synagogue building at Four Winds Field. In addition, during 2014, the City entered into an interlocal agreement with Saint Joseph County and the City of Mishawaka for the consolidation of its Public Safety Answering Point (PSAP) 911 communications center, as mandated by Indiana State law. As part of this interlocal agreement, the City is guaranteeing repayment of a percentage of the bonds issued (\$2,657,697) for construction of a new PSAP center and related technology improvements.

During 2014, the City entered into capital lease agreements in the amount of \$2,443,289 to purchase certain vehicles, copiers, and equipment. The lease terms are typically for five years with semi-annual debt service paid from the operating budgets of the user departments. Capital lease financing is used to acquire police vehicles, public works vehicles, golf carts, computer replacements, copiers and other vehicles and equipment. The City solicits competitive financing proposals for lease financing from local and national companies and the interest rate achieved during 2014 was less than 2%.

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, 2014 and none of the above debt issuance amounts are subject to this debt limitation. A calculation of the City's legal debt limitation can be found in the statistical debt capacity section of this document.

In 2015, the City plans to continue issuing refunding bonds as appropriate to take advantage of lower interest rates and the refunding of the 2008 Eddy Street Commons bonds is currently being planned.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

Additional information on debt can be found in the notes to the financial statements in Note 8 - Leases and Note 9 - Long-term Debt.

Significant Subsequent Events

On January 26, 2015, the Common Council approved the issuance of Parks and Recreation Committee (PARC) bonds for \$5.58 million to be used for improvements to the City's parks and recreation facilities. The bonds, which are expected to sell in July 2015, will be repaid from EDIT revenues.

On February 9, 2015, the Common Council approved the issuance, by the Redevelopment Commission, of lease rental revenue bonds for \$25 million, to be used for various public works construction projects related to the City's Smart Streets redevelopment initiative. Lease payments to the Redevelopment Authority will be paid from TIF revenues over 20 years, which will be used for the bonds' debt service. On March 24, 2015, the bonds were sold on the open market and garnered a premium of \$150,821.

On March 2, 2015, the City sold Blackthorn golf course to a private investor for \$1.655 million. After the payment to the South Bend Regional Airport Authority for its share of the proceeds, the City received a net payment of \$1,472,130 as the complete settlement. The sale rendered two capital leases totaling \$52,365 issued from the Airport TIF fund uncollectible. These balances were written off in 2014.

On March 3, 2015, the City's Board of Public Works approved a contract worth \$4.8 million for energy-saving upgrades to the Century Center, the city-owned convention center. The contract is expected to last 18 months and will be paid from a combination of hotel/motel taxes, cash on hand, a Qualified Energy Conservation Bond and savings from reduced utility costs.

Economic Factors and 2016 Budget

Economic Factors

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

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

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

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

The Circuit Breaker legislation was phased in commencing in fiscal 2009 and has led to significant reductions in property tax revenues available to fund city governmental operations since then.

In 2014, the primary funds supported by property taxes (General Fund, Parks and Recreation Fund, and Cumulative Capital Development Fund) lost approximately \$28.7 million 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 and recreation, highways and 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 2014.

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, as the Congressional Budget Office (CBO) predicts a growth in Gross Domestic Product (GDP) of 3.4% for 2015.

2016 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. At its 2016 Budget Kickoff Meeting held on May 28, 2015, the Mayor announced a “zero growth” budget expenditure target goal for all funds supported by property and income tax revenue.

Through its newly-created Office of Innovation, the City continues to pursue reengineering programs targeted to create efficiency and cost improvements within City operations. These include purchasing process reengineering, back-office process improvements for human resources 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.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

The City is committed to creating a budget for fiscal 2016 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 2016 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 a 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 with cloud services data center and disaster recovery solutions on a managed analytics platform. Data Realty employs over 20 employees and committed over \$15 million in private investment. In October 2014, ground was broken on two new multi-tenant buildings that will include a \$36 million joint project between General Electric and the University of Notre Dame. The new turbo machinery facility is scheduled to be operational by summer 2016.
- **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.
- **Western Ave./Lincoln Way 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.
- **Smart Streets** - The City has undertaken the reversion of some of its downtown streets from one-way to two-way over the course of the next couple of years. This type of activity has proven to be very successful in other cities at attracting business and residential growth in city centers. In 2015, the City will accelerate the project with the issuance of a \$25 million bond to fund these improvements.
- **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.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

- **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. In 2015, the Department of Community Investment is committed to the creation of 595 new jobs with \$75 million in new private investment.

Requests for Information

This Management's Discussion and Analysis, as contained within the City of South Bend Comprehensive Annual Financial Report, is intended to provide readers with a general overview of the financial condition of the City of South Bend as of December 31, 2014. 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 574-235-7678

Facsimile 574-235-9928

Email jmurphy@southbendin.gov

City of South Bend
June 30, 2015

City of South Bend, Indiana

Statement of Net Position December 31, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 48,814,682	\$ 4,578,784	\$ 53,393,466
Investments	133,445,883	11,926,476	145,372,359
Receivables:			
Taxes	614,722	-	614,722
Accounts	1,416,794	3,830,878	5,247,672
Interest	193,294	55,810	249,104
Intergovernmental	1,256,750	-	1,256,750
Loans	7,388,822	-	7,388,822
Internal balances	1,457,525	(1,457,525)	-
Inventory	902,603	453,709	1,356,312
Prepaid expenses	383,219	83,246	466,465
Restricted assets	60,300	45,192,664	45,252,964
Property held for resale	18,457,092	-	18,457,092
Capital assets:			
Assets not subject to depreciation	18,805,142	21,016,250	39,821,392
Assets subject to depreciation	265,768,894	215,180,273	480,949,167
Total assets	498,965,722	300,860,565	799,826,287
Deferred Outflows of Resources			
Unamortized loss on refunding	-	676,576	676,576
Unamortized loss on sale/leaseback	-	562,654	562,654
Total deferred outflows of resources	-	1,239,230	1,239,230
Liabilities			
Accounts payable	3,871,199	2,456,205	6,327,404
Due to other governmental units	186,176	-	186,176
Performance deposits payable	133,940	1,528,263	1,662,203
Accrued liabilities and other:			
Accrued payroll payable	3,037,905	961,851	3,999,756
Accrued interest payable	982,536	276,785	1,259,321
Taxes payable	1,946	-	1,946
Customer deposits payable	-	108,477	108,477
Other current payables	11,473	7,350	18,823
Noncurrent liabilities:			
Due within one year:			
Accrued interest payable from restricted assets	891,754	-	891,754
Compensated absences	3,114,768	461,110	3,575,878
Notes and loans payable	953,636	335,765	1,289,401
Mortgage bonds payable	1,852,965	67,035	1,920,000
Claims payable	5,024,574	-	5,024,574
Capital leases	2,505,128	1,032,337	3,537,465
Revenue bonds payable	7,953,378	7,080,000	15,033,378
Due in more than one year:			
Compensated absences	1,361,306	-	1,361,306
Notes and loans payable	663,855	3,458,899	4,122,754
Mortgage bonds payable	19,478,583	413,569	19,892,152
Capital leases	5,976,247	2,275,465	8,251,712
Net OPEB obligation	10,043,305	-	10,043,305
Net pension obligation	60,258,010	-	60,258,010
Revenue bonds payable	76,909,134	104,129,874	181,039,008
Total liabilities	205,211,818	124,592,985	329,804,803

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

City of South Bend, Indiana

Statement of Net Position (Continued) December 31, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Deferred Inflows of Resources			
Unamortized gain on refunding	\$ 309,120	\$ -	\$ 309,120
Unamortized gain on sale/leaseback	-	7,970	7,970
Unamortized service agreement	-	431,250	431,250
Total deferred inflows of resources	309,120	439,220	748,340
Net Position			
Net investment in capital assets	168,275,521	136,685,811	304,961,332
Restricted for:			
Debt service	5,445,689	794,139	6,239,828
Depreciation fund	-	6,883,096	6,883,096
Customer deposit fund	-	2,984,151	2,984,151
Cash with fiscal agent	-	108,787	108,787
Bond reserve fund	3,278,189	8,899,657	12,177,846
Operating reserve fund	-	5,498,519	5,498,519
Capital outlay	-	1,418,663	1,418,663
Unrestricted	116,445,385	13,794,767	130,240,152
Total net position	<u>\$ 293,444,784</u>	<u>\$ 177,067,590</u>	<u>\$ 470,512,374</u>

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

City of South Bend, Indiana

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 19,013,453	\$ 1,451,438	\$ 693,306	\$ -
Public safety	68,783,155	4,992,228	402,062	-
Highways and streets	13,031,500	728,343	-	-
Community and economic development	19,780,791	485,938	1,520,383	-
Culture and recreation	16,802,311	3,815,920	588,054	-
Interest on long-term debt	2,497,849	-	-	-
Total governmental activities	139,909,059	11,473,867	3,203,805	-
Business-type activities:				
Water Utility	13,020,610	14,373,176	-	-
Wastewater Utility	25,521,753	34,009,117	-	-
Century Center	4,747,838	2,227,171	-	95,834
Consolidated Building	3,242,320	1,387,571	-	-
Parking Garage	1,660,596	1,017,218	-	-
Solid Waste	5,811,526	5,295,712	-	-
Blackthorn Golf Course	1,874,962	1,548,341	-	-
Total business-type activities	55,879,605	59,858,306	-	95,834
Total primary government	\$ 195,788,664	\$ 71,332,173	\$ 3,203,805	\$ 95,834

General revenues:

- Property taxes
- Income taxes
- Grants and contributions not restricted to specific programs
- Investment income
- Other miscellaneous income
- Gain on sale of fixed assets

Total general revenues

Transfers

Change in Net Position

Net Position - Beginning of year (as restated)

Net Position - End of year

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

Statement of Activities
Year Ended December 31, 2014

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (16,868,709)	\$ -	\$ (16,868,709)
(63,388,865)	-	(63,388,865)
(12,303,157)	-	(12,303,157)
(17,774,470)	-	(17,774,470)
(12,398,337)	-	(12,398,337)
(2,497,849)	-	(2,497,849)
(125,231,387)	-	(125,231,387)
-	1,352,566	1,352,566
-	8,487,364	8,487,364
-	(2,424,833)	(2,424,833)
-	(1,854,749)	(1,854,749)
-	(643,378)	(643,378)
-	(515,814)	(515,814)
-	(326,621)	(326,621)
-	4,074,535	4,074,535
(125,231,387)	4,074,535	(121,156,852)
69,221,468	-	69,221,468
23,822,661	-	23,822,661
29,061,942	-	29,061,942
951,901	128,168	1,080,069
6,718,723	1,501,664	8,220,387
28,476	-	28,476
129,805,171	1,629,832	131,435,003
(683,049)	683,049	-
3,890,735	6,387,416	10,278,151
289,554,049	170,680,174	460,234,223
<u>\$ 293,444,784</u>	<u>\$ 177,067,590</u>	<u>\$ 470,512,374</u>

City of South Bend, Indiana

	General Fund	Parks and Recreation	Public Safety LOIT	COIT	EDIT
Assets					
Cash and cash equivalents	\$ 6,568,258	\$ 810,512	\$ 299,599	\$ 3,463,734	\$ 2,356,111
Investments	22,081,966	2,684,349	992,246	11,471,608	7,803,249
Receivables:					
Taxes	70,642	7,103	-	-	-
Accounts	747,573	2,737	-	2,260	-
Interest	31,851	3,789	1,447	16,723	11,342
Intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Due from other funds	148	-	-	-	-
Advances to other funds	558,304	-	-	2,027,973	-
Inventory	-	52,385	-	-	-
Property held for resale	-	-	-	174,999	270,001
Restricted assets	-	-	-	-	-
Total assets	\$ 30,058,742	\$ 3,560,875	\$ 1,293,292	\$ 17,157,297	\$ 10,440,703
Liabilities					
Accounts payable	\$ 286,793	\$ 27,552	\$ -	\$ 632,582	\$ 112,490
Due to other governmental units	-	-	-	-	-
Due to other funds	17,290	3,120	-	-	497
Advances from other funds	-	-	-	-	-
Performance deposits payable	82,906	-	-	-	-
Accrued liabilities and other:					
Accrued payroll payable	2,083,554	244,897	284,728	7,833	-
Taxes payable	794	1,152	-	-	-
Other current payables	-	1,007	-	-	-
Total liabilities	2,471,337	277,728	284,728	640,415	112,987
Fund Balances					
Nonspendable	558,304	52,385	-	174,999	270,001
Restricted	-	3,230,762	1,008,564	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	16,341,883	10,057,715
Unassigned	27,029,101	-	-	-	-
Total fund balances	27,587,405	3,283,147	1,008,564	16,516,882	10,327,716
Total liabilities and fund balances	\$ 30,058,742	\$ 3,560,875	\$ 1,293,292	\$ 17,157,297	\$ 10,440,703

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

**Governmental Funds
Balance Sheet
December 31, 2014**

TIF Airport	Nonmajor Funds	Total
\$ 7,272,684	\$ 25,236,118	\$ 46,007,016
24,086,540	55,113,664	124,233,622
536,082	895	614,722
-	627,559	1,380,129
34,875	79,848	179,875
-	1,256,750	1,256,750
-	7,388,822	7,388,822
-	1,899	2,047
1,472,130	6,127,495	10,185,902
-	-	52,385
8,835,659	9,176,433	18,457,092
-	60,300	60,300
\$ 42,237,970	\$ 105,069,783	\$ 209,818,662
\$ 321,726	\$ 1,960,663	\$ 3,341,806
-	186,176	186,176
-	1,956	22,863
500,000	8,213,772	8,713,772
51,034	-	133,940
-	299,002	2,920,014
-	-	1,946
-	10,466	11,473
872,760	10,672,035	15,331,990
8,835,659	15,474,263	25,365,611
32,529,551	57,434,567	94,203,444
-	16,413,498	16,413,498
-	10,776,249	37,175,847
-	(5,700,829)	21,328,272
41,365,210	94,397,748	194,486,672
\$ 42,237,970	\$ 105,069,783	\$ 209,818,662

City of South Bend, Indiana

	General Fund	Parks and Recreation	Public Safety LOIT	COIT	EDIT
Revenue					
Property taxes	\$ 36,579,586	\$ 7,336,959	\$ -	\$ -	\$ -
Income taxes	-	-	6,380,029	8,645,811	8,796,821
Licenses and permits	141,565	-	-	-	-
Professional sports development taxes	-	-	-	-	-
Intergovernmental	15,853,455	653,704	-	-	-
Charges for services	3,309,481	1,758,355	-	521,748	-
Fines and forfeitures	19,917	675	-	-	354,660
Investment income	77,747	8,957	5,812	51,723	36,007
Rental income	-	-	-	-	-
Other revenue	5,846,199	297,079	-	97	29,930
Total revenue	61,827,950	10,055,729	6,385,841	9,219,379	9,217,418
Expenditures					
Current:					
General government	5,262,825	-	-	-	-
Public safety	58,873,932	-	7,172,496	-	-
Highways and streets	1,011,635	-	-	-	-
Community and economic development	-	-	-	-	-
Culture and recreation	1,332,720	11,175,563	-	-	-
Capital outlay	-	14,448	-	6,546,608	5,338,119
Debt service:					
Principal	12,302	302,753	-	853,897	760,000
Interest on long-term debt	2,028	12,254	-	184,481	122,520
Total expenditures	66,495,442	11,505,018	7,172,496	7,584,986	6,220,639
Excess of Revenue (Under) Over Expenditures	(4,667,492)	(1,449,289)	(786,655)	1,634,393	2,996,779
Other Financing Sources (Uses)					
Debt issuance	13,106	14,448	-	108,167	2,657,697
Premium on refunding debt	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	4,671,422	729,389	-	-	-
Transfers out	(98,544)	(96,819)	-	(2,024,446)	(6,491,682)
Payment to bond refunding escrow agent	-	-	-	-	-
Total other financing sources (uses)	4,585,984	647,018	-	(1,916,279)	(3,833,985)
Net Change in Fund Balances	(81,508)	(802,271)	(786,655)	(281,886)	(837,206)
Fund Balances - Beginning of year	27,668,913	4,085,418	1,795,219	16,798,768	11,164,922
Fund Balances - End of year	\$ 27,587,405	\$ 3,283,147	\$ 1,008,564	\$ 16,516,882	\$ 10,327,716

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

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2014

TIF Airport	Nonmajor Funds	Total
\$ 13,649,252	\$ 11,655,671	\$ 69,221,468
-	-	23,822,661
-	-	141,565
-	588,054	588,054
-	14,156,346	30,663,505
-	5,039,392	10,628,976
92,430	96,317	563,999
84,724	690,406	955,376
1,400	25,000	26,400
98,001	1,606,481	7,877,787
<u>13,925,807</u>	<u>33,857,667</u>	<u>144,489,791</u>
-	2,759,863	8,022,688
-	880,822	66,927,250
-	9,430,322	10,441,957
-	7,309,130	7,309,130
-	1,439,806	13,948,089
5,019,104	12,489,655	29,407,934
1,590,000	9,363,878	12,882,830
500,428	4,538,508	5,360,219
<u>7,109,532</u>	<u>48,211,984</u>	<u>154,300,097</u>
6,816,275	(14,354,317)	(9,810,306)
3,440,000	2,203,487	8,436,905
171,851	-	171,851
8,369	20,107	28,476
25,415	13,052,699	18,478,925
(1,629,514)	(6,181,284)	(16,522,289)
<u>(3,482,205)</u>	<u>-</u>	<u>(3,482,205)</u>
<u>(1,466,084)</u>	<u>9,095,009</u>	<u>7,111,663</u>
5,350,191	(5,259,308)	(2,698,643)
36,015,019	99,657,056	197,185,315
<u>\$ 41,365,210</u>	<u>\$ 94,397,748</u>	<u>\$ 194,486,672</u>

City of South Bend, Indiana

Proprietary Funds Statement of Net Position December 31, 2014

	Enterprise Funds					Governmental Activities
	Wastewater		Century Center	Nonmajor Enterprise	Total	Proprietary Internal Service Fund
	Water Utility	Utility				
Assets						
Current assets:						
Cash and cash equivalents	\$ 996,875	\$ 2,083,286	\$ 892,875	\$ 605,748	\$ 4,578,784	\$ 2,807,666
Investments	3,301,566	6,899,674	-	1,725,236	11,926,476	9,212,261
Receivables:						
Accounts	832,553	2,386,961	171,806	439,558	3,830,878	36,665
Interest	13,761	39,556	-	2,493	55,810	13,419
Due from other funds	17,692	4,705	-	-	22,397	8,970
Inventory	210,009	194,500	42,856	6,344	453,709	850,218
Prepaid expenses	38,497	32,745	9,004	3,000	83,246	205,061
Total current assets	5,410,953	11,641,427	1,116,541	2,782,379	20,951,300	13,134,260
Noncurrent assets:						
Restricted assets	8,547,648	35,226,353	1,418,663	-	45,192,664	-
Capital assets:						
Assets not subject to depreciation	2,942,009	15,041,539	713,434	2,319,268	21,016,250	-
Assets subject to depreciation	58,419,252	131,998,906	14,686,785	10,075,330	215,180,273	1,287,474
Total noncurrent assets	69,908,909	182,266,798	16,818,882	12,394,598	281,389,187	1,287,474
Total assets	75,319,862	193,908,225	17,935,423	15,176,977	302,340,487	14,421,734
Deferred Outflows of Resources						
Unamortized loss on refunding	117,927	558,649	-	-	676,576	-
Unamortized loss on sale/leaseback	-	-	-	562,654	562,654	-
Total deferred outflows of resources	117,927	558,649	-	562,654	1,239,230	-
Liabilities						
Current liabilities:						
Accounts payable	337,238	1,669,928	121,092	327,947	2,456,205	529,393
Due to other funds	4,809	1,577	-	1,406	7,792	2,759
Performance deposits payable	1,490,826	-	-	37,437	1,528,263	-
Accrued liabilities and other:						
Accrued payroll payable	224,402	321,697	117,723	298,029	961,851	117,891
Accrued interest payable	-	268,632	-	8,153	276,785	63
Customer deposits payable	-	-	108,477	-	108,477	-
Other current payables	-	-	6,650	700	7,350	-
Compensated absences	204,910	256,200	-	-	461,110	132,893
Notes and loans payable	182,053	153,712	-	-	335,765	-
Mortgage bonds payable	-	67,035	-	-	67,035	-
Claims payable	-	-	-	-	-	5,024,574
Capital leases	6,142	315,392	-	710,803	1,032,337	6,273
Revenue bonds payable	1,130,000	5,950,000	-	-	7,080,000	-
Total current liabilities	3,580,380	9,004,173	353,942	1,384,475	14,322,970	5,813,846
Noncurrent liabilities:						
Advances from other funds	-	-	-	1,472,130	1,472,130	-
Notes and loans payable	1,051,224	2,407,675	-	-	3,458,899	-
Mortgage bonds payable	-	413,569	-	-	413,569	-
Capital leases	20,426	749,201	-	1,505,838	2,275,465	-
Revenue bonds payable	17,610,152	86,519,722	-	-	104,129,874	-
Total noncurrent liabilities	18,681,802	90,090,167	-	2,977,968	111,749,937	-
Total liabilities	22,262,182	99,094,340	353,942	4,362,443	126,072,907	5,813,846
Deferred Inflows of Resources						
Unamortized gain on sale/leaseback	-	-	-	7,970	7,970	-
Unamortized service agreement	-	-	431,250	-	431,250	-
Total deferred inflows of resources	-	-	431,250	7,970	439,220	-

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

City of South Bend, Indiana

Proprietary Funds Statement of Net Position (Continued) December 31, 2014

	Enterprise Funds					Governmental Activities
	Wastewater		Century Center	Nonmajor Enterprise	Total	Proprietary Internal Service Fund
	Water Utility	Utility				
Net Position						
Net investment in capital assets	\$ 41,681,472	\$ 69,426,163	\$ 15,400,219	\$ 10,177,957	\$ 136,685,811	\$ 1,281,201
Restricted:						
Depreciation fund	3,135,399	3,747,697	-	-	6,883,096	-
Debt service fund	4,650	789,489	-	-	794,139	-
Customer deposit fund	1,478,773	1,505,378	-	-	2,984,151	-
Cash with fiscal agent	32,120	76,667	-	-	108,787	-
Bond reserve fund	1,612,825	7,286,832	-	-	8,899,657	-
Operating reserve fund	2,081,600	3,416,919	-	-	5,498,519	-
Capital outlay	-	-	1,418,663	-	1,418,663	-
Unrestricted	3,148,768	9,123,389	331,349	1,191,261	13,794,767	7,326,687
Total net position	<u>\$ 53,175,607</u>	<u>\$ 95,372,534</u>	<u>\$ 17,150,231</u>	<u>\$ 11,369,218</u>	<u>\$ 177,067,590</u>	<u>\$ 8,607,888</u>

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

City of South Bend, Indiana

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2014

	Enterprise Funds					Governmental
	Water Utility	Wastewater Utility	Century Center	Non major Enterprise	Total	Activities
						Proprietary Internal Service Fund
Operating Revenue						
Metered revenue	\$ 10,788,782	\$ 33,333,981	\$ -	\$ -	\$ 44,122,763	\$ -
Convention fees	-	-	2,126,537	-	2,126,537	-
Fire protection revenue	1,982,586	-	-	-	1,982,586	-
Licenses and permits	-	-	-	1,191,534	1,191,534	-
Interest and penalty charges	122,820	-	-	-	122,820	-
Parking fees	-	-	100,634	953,065	1,053,699	-
Solid waste fees	-	-	-	4,790,653	4,790,653	-
Employee/Employer contributions	-	-	-	-	-	16,404,400
Charges for sales and services	-	-	-	-	-	7,025,252
Water leak insurance revenue	964,764	-	-	-	964,764	-
Golf course fees	-	-	-	1,548,341	1,548,341	-
Charges to other funds	-	89,279	-	-	89,279	-
Other	514,224	585,857	-	765,249	1,865,330	189,125
Total operating revenue	14,373,176	34,009,117	2,227,171	9,248,842	59,858,306	23,618,777
Operating Expenses						
Cost of water	3,930,091	-	-	-	3,930,091	-
Cost of sewage treatment	-	10,258,316	-	-	10,258,316	-
Other operation and maintenance	-	-	-	9,491,098	9,491,098	6,667,087
General and administration	1,605,873	3,880,262	4,058,811	1,457,896	11,002,842	1,147,314
Insurance claims and premiums	-	-	-	-	-	17,530,073
Plumbing contractors	981,418	-	-	-	981,418	-
Taxes other than income taxes	1,764,653	-	-	-	1,764,653	-
Customer service	1,823,674	175,389	-	73,458	2,072,521	-
Depreciation	1,880,075	6,087,286	785,883	979,943	9,733,187	121,557
Total operating expenses	11,985,784	20,401,253	4,844,694	12,002,395	49,234,126	25,466,031
Operating Income (Loss)	2,387,392	13,607,864	(2,617,523)	(2,753,553)	10,624,180	(1,847,254)
Nonoperating Revenue (Expenses)						
Investment income	44,297	77,543	329	5,999	128,168	44,340
Hotel/Motel tax revenue	-	-	1,313,450	-	1,313,450	-
Interest expense	(818,277)	(3,689,140)	-	(1,114)	(4,508,531)	-
Other nonoperating expenses	-	(1,403,639)	-	-	(1,403,639)	-
(Loss) gain on sale of assets	(311,027)	10,304	-	-	(300,723)	(12,841)
Debt service charge	-	-	-	-	-	(1,459)
Other nonoperating revenue (expenses) - Charges	94,478	(38,025)	96,856	(585,895)	(432,586)	-
Other nonoperating general revenue	-	-	188,214	-	188,214	-
Total nonoperating (expenses) revenue	(990,529)	(5,042,957)	1,598,849	(581,010)	(5,015,647)	30,040
Income (Loss) - Before contributions	1,396,863	8,564,907	(1,018,674)	(3,334,563)	5,608,533	(1,817,214)
Capital Contributions -						
Other capital contributions	-	-	106,333	2,629,185	2,735,518	16,017
Transfers In	-	-	-	2,576,545	2,576,545	-
Transfers Out	(1,618,848)	(2,914,332)	-	-	(4,533,180)	-
Change in Net Position	(221,985)	5,650,575	(912,341)	1,871,167	6,387,416	(1,801,197)
Net Position - Beginning of year	53,397,592	89,721,959	18,062,572	9,498,051	170,680,174	10,409,085
Net Position - End of year	\$ 53,175,607	\$ 95,372,534	\$ 17,150,231	\$ 11,369,218	\$ 177,067,590	\$ 8,607,888

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

City of South Bend, Indiana

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2014

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust Fund</u>	<u>Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 405,392	\$ 6,574	\$ 2,175,439
Investments	1,342,628	21,773	-
Receivables:			
Accounts	177	-	-
Interest	1,994	32	-
	<u>1,750,191</u>	<u>28,379</u>	<u>\$ 2,175,439</u>
Total assets			
Liabilities			
Accounts payable	181	-	\$ -
Accrued liabilities and other	186	-	301,548
Customer deposits payable	-	-	1,071,032
Police distribution payable	-	-	802,859
	<u>367</u>	<u>-</u>	<u>\$ 2,175,439</u>
Total liabilities			
Net Position for Pension Benefits and Other Purposes	<u>\$ 1,749,824</u>	<u>\$ 28,379</u>	

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

City of South Bend, Indiana

Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended December 31, 2014

	Pension Trust Funds	Private- Purpose Trust Fund
Additions		
Investment income:		
Interest and dividends	\$ 5,722	\$ 127
Contributions:		
On behalf	11,240,963	-
Other	5,813	-
Total contributions	11,246,776	-
Total additions	11,252,498	127
Deductions		
Benefit payments	12,113,244	-
Administrative expenses	21,877	8,658
Total deductions	12,135,121	8,658
Net Decrease in Net Position	(882,623)	(8,531)
Net Position - Beginning of year	2,632,447	36,910
Net Position - End of year	\$ 1,749,824	\$ 28,379

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

City of South Bend, Indiana

Statistical Section Net Position by Component Last Ten Fiscal Years

	<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>	<u>2014</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 168,275,521
Restricted	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	8,723,878
Unrestricted	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	116,445,385
Total governmental activities net position	\$ 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	\$ 293,444,784
Business-type activities										
Invested in capital assets, net of related debt	\$ 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	\$ 136,685,811
Restricted	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	26,587,012
Unrestricted	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	13,794,767
Total business-type activities net position	\$ 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	\$ 177,067,590
Primary government										
Invested in capital assets, net of related debt	\$ 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	\$ 304,961,332
Restricted	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	35,310,890
Unrestricted	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	130,240,152
Total primary government net position	\$ 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	\$ 470,512,374

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.

Statistical Section

Changes in Net Position

Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General Government	\$ (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)	\$ (19,013,453)
Public Safety	(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)	(68,783,155)
Public Works	(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)	(13,031,500)
Health and Welfare	(75,352)	(114,131)	(75,000)	(75,000)	-	-	-	-	-	-
Culture and Recreation	(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)	(16,802,311)
Community and Economic Development	(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)	(19,780,791)
Interest on Long-Term Debt	(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)	(2,497,849)
Total governmental activities expenses	\$ (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)	\$ (139,909,059)
Business-type activities:										
Water	\$ (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)	\$ (13,020,610)
Wastewater	(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)	(25,521,753)
Century Center	(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)	(4,747,838)
Consolidated Building Department (1)	(1,047,007)	(1,102,164)	(1,090,327)	(1,108,940)	(1,113,867)	(930,120)	(871,299)	(909,376)	(1,131,815)	(3,242,320)
Parking Garage	(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)	(1,660,596)
Solid Waste	(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)	(5,811,526)
Blackthorn Golf Course	(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)	(1,874,962)
Total business-type activities net expenses	(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)	(55,879,665)
Total primary government net position	\$ (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)	\$ (195,788,664)
Governmental activities:										
Charges for services:	\$ 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	\$ 1,451,438
General Government	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	4,992,228
Public Safety	135,313	44,250	-	-	5,152	28,110	227,000	291,840	451,363	728,343
Public Works	516,570	562,807	604,873	636,722	332,454	283,420	683,503	271,366	444,839	485,938
Community and Economic Development	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	3,815,920
Culture and Recreation	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	3,203,805
Operating Grants and Contributions	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	-
Capital Grants and Contributions	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	14,677,672
Total governmental activities program revenues	\$ 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	\$ 14,373,176
Charges for services:	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	34,009,117
Water	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	2,227,171
Wastewater	1,125,312	1,039,405	1,078,258	1,169,788	977,050	875,481	899,397	1,000,381	967,667	1,387,577
Century Center	763,581	799,350	861,307	1,003,889	1,070,519	1,047,784	1,071,078	921,044	968,868	1,017,218
Consolidated Building Department	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	5,295,712
Parking Garage	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	1,548,341
Solid Waste	1,282,780	-	-	-	-	-	-	-	-	-
Blackthorn Golf Course	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	95,834
Operating Grants and Contributions	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	59,954,140
Capital Grants and Contributions	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	74,631,812
Total business-type activities program revenues	\$ 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	\$ 74,631,812

Statistical Section

Changes in Net Position (Continued)

Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (125,231,387)
Business-type activities	(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	4,074,535
Total primary government net expense	\$ (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)	\$ (121,156,852)

General Revenues and Other Changes in Net Position

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 69,221,468
County Option Income Tax	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	15,025,840
Economic Development Income Tax	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	8,796,821
Professional Sports Development Tax	385,553	336,281	435,791	453,268	522,788	597,406	558,268	633,904	649,996	588,054
Community Revitalization District Tax	965,052	1,000,000	1,000,000	955,315	605,623	416,149	733,100	653,185	244,623	-
Unrestricted Grants and Contributions	5,160,298	5,063,541	4,032,300	5,664,011	7,597,883	4,883,081	3,964,336	3,891,810	5,893,924	28,473,888
Unrestricted Investment earnings	3,543,469	4,762,484	6,247,113	4,961,410	859,135	868,023	1,050,768	1,317,443	762,270	951,901
Other	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	6,747,199
Transfers	33,589	44,200	3,735	34,970	(645,992)	(648,823)	3,041,176	3,879,721	4,525,187	(683,049)
Total governmental activities	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	129,122,122
Business-type activities:										
Unrestricted Investment earnings	745,966	906,056	1,301,348	1,514,287	271,360	146,826	206,409	285,572	138,362	128,168
Other	1,990,515	-	-	-	-	-	-	-	-	1,501,664
Transfers	(33,589)	(44,200)	(3,735)	(34,970)	645,992	648,823	(3,041,176)	(3,879,721)	(4,525,187)	683,049
Total business-type activities	2,702,892	861,856	1,297,613	1,479,317	917,352	795,649	(2,834,767)	(3,594,149)	(4,386,825)	2,312,881
Total primary government	\$ 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	\$ 131,435,003

Special Item (Governmental activities):

Well field contamination settlement										
	\$ -	\$ -	\$ -	\$ 4,462,214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Change in Net Position

Governmental activities	\$ 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	\$ 3,890,735
Business-type activities	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	6,387,416
Total primary government	\$ 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	\$ 10,278,151

Excludes prior period adjustments

Source : City of South Bend Comprehensive Annual Financial Reports

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

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

City of South Bend, Indiana

Statistical Section Fund Balances - Governmental Funds Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011(1)	2012	2013	2014
General fund										
Reserved	\$ 10,581,739	\$ 4,162,853	\$ 2,213,970	\$ 3,245,271	\$ 1,516,159	\$ 1,824,454	\$ -	\$ -	\$ -	\$ -
Unreserved	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	558,304
Restricted	-	-	-	-	-	-	327,267	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	255,287	165,389	516,506	-
Unassigned	-	-	-	-	-	-	26,233,637	27,671,353	26,495,559	27,029,101
Total - General Fund	\$ 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	\$ 27,587,405
Other Governmental Funds										
Reserved	\$ 38,498,351	\$ 34,251,520	\$ 36,374,517	\$ 60,213,915	\$ 56,819,802	\$ 62,230,229	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	14,134,371	19,348,846	25,703,180	32,054,329	36,398,024	31,996,398	-	-	-	-
Capital projects funds	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	24,807,307
Restricted	-	-	-	-	-	-	44,754,037	78,326,567	95,387,879	94,203,444
Committed	-	-	-	-	-	-	11,829,074	11,142,045	20,697,026	16,413,498
Assigned	-	-	-	-	-	-	77,460,284	35,180,652	35,455,190	37,175,847
Unassigned	-	-	-	-	-	-	(2,777,374)	(4,219,066)	(4,852,169)	(5,700,829)
Total - Other Governmental Funds	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	166,899,267
Grand Total - Governmental Funds	\$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	\$194,486,672

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

Source: City of South Bend Comprehensive Annual Financial Reports

Statistical Section

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 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	\$ 93,632,183
Licenses, fees, and permits	246,780	186,470	173,604	177,329	206,594	192,397	190,943	189,714	177,019	141,565
Fines and forfeitures	245,680	444,861	437,732	412,707	423,981	409,775	636,749	334,767	660,841	563,999
Charges for services	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	10,628,976
Intergovernmental	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	30,663,505
Investment earnings	3,543,469	4,762,484	6,248,605	4,962,768	859,135	868,023	1,050,768	1,317,443	762,270	955,376
Other revenues	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	7,904,187
Total revenues	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	144,489,791
Expenditures										
General Government	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	8,022,688
Public Safety	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	66,927,250
Public Works	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	10,441,957
Health and Welfare	75,000	75,000	75,000	75,000	-	-	-	-	-	-
Culture and Recreation	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	13,948,089
Economic Development	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	7,309,130
Capital Outlay	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	29,407,934
Debt Service:										
Interest and Fiscal Charges	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	5,360,219
Principal	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	12,882,830
Total expenditures	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	154,300,097
Excess of revenues (under) over expenditures	(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)	(9,810,306)
Other Financing Sources (Uses)										
Proceeds from debt issuance	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	8,436,905
Premium on debt issuance	-	-	-	1,626,186	80,950	146,030	26,877	1,236,364	21,576	171,851
Proceeds from refunding	-	-	-	-	7,210,000	5,327,775	38,307,431	13,595,000	3,990,000	-
Payments to refunded bond escrow agent	-	(8,371,711)	-	-	(7,591,171)	(5,538,255)	(37,300,856)	(14,613,147)	(4,376,769)	(3,482,205)
Transfers in	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	18,478,925
Transfers out	(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)	(16,522,289)
Other	-	-	-	-	-	-	-	-	-	28,476
Total other financing sources	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	7,111,663
Special Item:										
Well field contamination settlement	-	-	-	-	4,462,214	-	-	-	-	-
Net change in fund balances	\$ 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	\$ (2,698,643)
Debt service as a percentage of noncapital expenditures (1)	11.1%	10.8%	11.4%	12.1%	17.6%	15.4%	13.8%	12.9%	13.4%	13.5%

Excludes prior period adjustments

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

Source: City of South Bend Comprehensive Annual Financial Reports

Statistical Sections Property Taxes Levies and Collections Last Ten Fiscal Years

Tax Year/ Collection Year	Per DLGF Current Tax Levy	Estimated Circuit Breaker Levy Reduction	Adjusted Current Tax Levy (County Abstract)	Current Tax		Delinquent		Total Tax		Outstanding Delinquent Taxes (1)	Outstanding Delinquent Taxes as a Percent of Adjusted Tax Levy
				Collections as a Percent of Adjusted Tax Levy	Adjusted Tax Levy	Collections	Tax	Collections	Adjusted Tax Levy		
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	42,598,817	91.04%	5,111,380	47,710,197	101.96%	9,550,891	20.41%	
2012/2013	72,696,497	27,863,156	44,833,341	38,721,788	86.37%	5,200,000	43,921,788	97.97%	11,146,473	24.86%	
2013/2014	73,981,565	27,051,751	46,929,814	41,370,637	88.15%	3,134,526	44,505,163	94.83%	8,745,941	18.64%	

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 at the end of each year and are not cumulative.

Statistical Section

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Rate per \$100 of Net Assessed Value)

Tax Year/ Collection Year	City Direct Rates										Overlapping Rates (3)				
	General Fund	Parks/ Recreation	Firefighters' Pension	Police Pension	Cumulative Capital Development	Total Direct	St. Joseph County	Schools Districts	Township	Library	Other (1)	Total Overlapping	Grand Total		
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	-	-	0.0342	2.7279	0.5866	1.0728	0.0406	0.2657	0.1835	2.1492	4.8771		
2010/2011	2.4381	0.4818	-	-	0.0342	2.9541	0.5424	1.2211	0.0438	0.3027	0.1958	2.3058	5.2599		
2011/2012	2.4954	0.4957	-	-	0.0328	3.0239	0.6212	1.1931	0.0464	0.2941	0.1817	2.3365	5.3604		
2012/2013	2.5678	0.5102	-	-	0.0328	3.1108	0.6731	1.3493	0.0453	0.3227	0.1971	2.5875	5.6983		
2013/2014	2.7977	0.5608	-	-	0.0328	3.3913	0.7058	1.3577	0.0505	0.3309	0.1849	2.6298	6.0211		

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.

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

Tax Year/ Collection Year	Gross Assessed Values			Less: Non-Taxed Property (1)	Total Net Taxable Value	City Tax Rate	City Tax %
	Real Property	Personal Property	Utilities Property				
2004/2005	\$ 3,764,507,180	\$ 689,419,365	\$ 105,604,270	\$ 1,740,625,997	\$ 2,818,904,818	2.1148	61.82%
2005/2006	3,789,447,190	655,066,401	98,165,420	1,707,413,121	2,835,265,890	2.1795	62.41%
2006/2007	4,374,431,415	544,460,152	90,443,780	1,986,978,200	3,022,357,147	2.1046	60.33%
2007/2008	4,420,513,240	527,383,785	92,736,090	2,064,552,317	2,976,080,798	2.2396	59.04%
2008/2009	4,698,989,240	592,538,950	95,891,770	2,718,532,541	2,668,887,419	2.4081	49.54%
2009/2010	4,368,497,000	604,951,450	98,433,750	2,618,376,627	2,453,505,573	2.7279	48.37%
2010/2011	4,339,037,300	551,819,290	101,009,760	2,667,414,488	2,324,451,862	2.9541	46.56%
2011/2012	4,255,238,900	560,331,660	95,165,650	2,529,861,602	2,380,874,608	3.0239	48.48%
2012/2013	4,452,887,970	537,500,490	100,832,450	2,720,133,213	2,371,087,697	3.1108	46.57%
2013/2014	4,199,757,500	552,872,520	90,252,180	2,633,155,528	2,209,726,672	3.3913	45.63%

(1) Non-taxed property includes adjustments for deductions and 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

Statistical Section Property Tax Collections - Cash Basis 2005 - 2014

Fund Name	2005 Actual	2006 Actual	2007 Actual	2008 Actual (2)	2009 Actual (3)	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual
General Fund	\$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	\$36,708,989
Excess Levy	-	-	-	-	-	-	-	-	-	3,648
Parks and Recreation	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	7,365,388
Redevelopment Bonds Studebaker Corridor	565,420	-	11,590	-	-	-	-	-	-	-
College Football Hall of Fame Debt Service	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	497,768
Airport TIF District (1)	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	14,284,734
Cumulative Capital Development	1,004,779	1,054,963	989,824	291,600	1,420,833	587,063	540,454	517,710	463,331	430,786
Sample-Ewing TIF District (1)	525,671	732,356	778,093	-	-	-	-	-	-	-
South Bend Central Development Area TIF	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	4,309,727
West Washington Street TIF District	193,911	255,510	287,095	1,785	358,844	860,049	431,085	422,715	493,608	580,987
Central Medical Service Area TIF District	329,269	333,585	928,113	2,793	919,174	3,524,962	1,704,238	1,606,915	1,221,676	851,211
Northeast TIF District	-	-	13,468	-	22,191	195,400	715,063	1,351,048	841,627	1,568,240
Southside Development Area TIF District	25,351	28,565	457,985	1,756	355,596	4,094,135	1,808,952	2,466,203	2,404,416	2,379,212
Erskine Commons TIF District (5)	548	2,585	2,891	10	1,240,184	5,978,592	784,373	-	-	-
Erskine Village TIF District	109,248	305,399	775,622	2,713	1,531,403	3,759,287	1,603,182	-	1,311,129	9,175
Douglas Road TIF District	-	-	13,941	-	125,294	460,760	306,053	285,713	323,939	321,895
Northeast Residential TIF	-	-	-	-	-	1,815,829	2,446,103	2,514,048	2,262,765	2,725,909
Airport Urban Enterprise	-	-	-	-	-	301,430	123,165	111,721	-	-
Fire Department Employees Pension (4)	1,443,033	1,554,387	1,536,839	462,375	1,437,539	(5,867)	-	-	-	-
Police Department Employees Pension (4)	1,296,055	1,397,265	1,380,555	425,760	1,609,905	(9,479)	-	-	-	-
Total	\$68,099,333	\$74,495,011	\$77,422,869	\$18,631,151	\$119,144,153	\$98,267,940	\$72,962,173	\$72,904,530	\$69,980,289	\$72,037,669

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.

**Statistical Section
Computation of Legal Debt Margin
December 31, 2014**

Civil City

Net Assessed Valuation (2013 pay 2014) of Taxable Property in South Bend	\$ 2,209,726,672
Debt limit: 2% of one-third thereof	14,731,511
Less Bonds subject to limitation:	
County Economic Development Income Tax Refunding Revenue Bonds, Series 2006 A	(1,060,000)
County Economic Development Income Tax Refunding Revenue Bonds, Series 2006 B	(995,000)
Redevelopment District Taxable Revenue Bonds, Series 2010	<u>(2,915,000)</u>
Issuance Margin	<u>\$ 9,761,511</u>
Percentage of Debt to Debt Limit	<u>33.74%</u>

Redevelopment District

Net Assessed Valuation (2012 pay 2013) of Taxable Property in South Bend	\$ 2,209,726,672
Debt limit: 2% of one-third thereof	14,731,511
Less Bonds subject to limitation:	
Special Taxing District Bonds of 2014	<u>(3,010,000)</u>
Issuance Margin	<u>\$ 11,721,511</u>
Percentage of Debt to Debt Limit	<u>20.43%</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.

Statistical Section

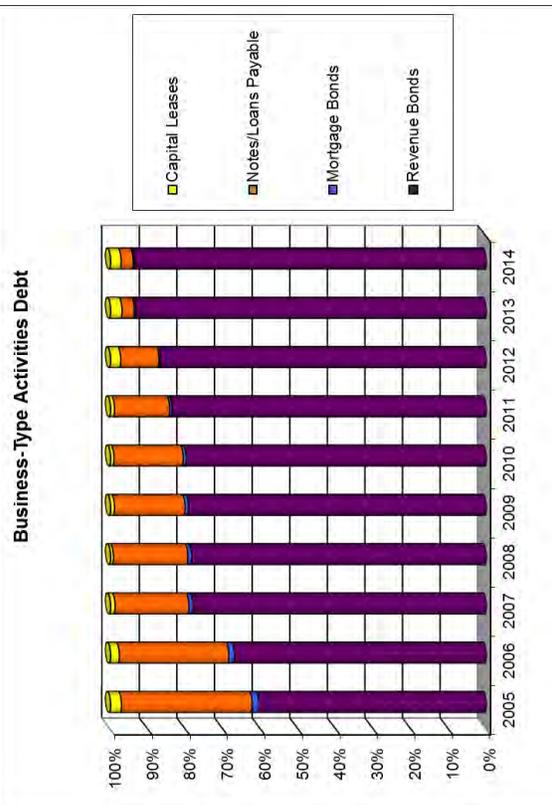
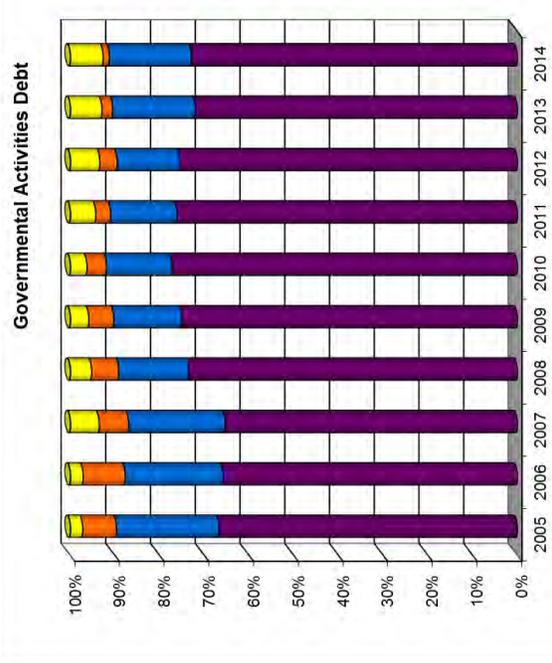
Ratios of Outstanding Debt by Type

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						
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	-	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	-	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	-	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	6.56%	
2009	-	113,975,000	23,061,148	8,470,308	6,214,206	68,225,000	829,020	16,145,358	893,233	237,813,273	106,192	2,239	3,679,658,992	6.46%	
2010	-	111,510,000	21,117,295	6,323,199	5,299,341	72,655,000	717,705	16,755,369	799,402	235,177,311	101,168	2,325	3,505,572,368	6.71%	
2011	-	101,472,431	19,724,490	4,431,871	7,510,749	88,655,000	660,510	15,542,372	1,077,642	239,075,065	101,168	2,363	3,371,120,096	7.09%	
2012	-	96,410,000	17,883,530	4,953,639	8,336,120	117,650,000	601,470	13,848,901	3,641,362	263,325,022	101,168	2,603	3,371,120,096	7.81%	
2013	-	90,172,826	23,079,781	3,030,554	8,777,238	118,121,963	546,973	4,121,010	3,831,933	251,682,278	101,168	2,488	3,371,120,096	7.47%	
2014	-	84,862,512	21,331,548	1,617,491	8,481,375	111,209,874	480,604	3,794,664	3,307,802	235,085,870	101,168	2,324	3,371,120,096	6.97%	

Percent of Total Debt: 0.00% 36.10% 9.07% 0.69% 3.61% 47.31% 0.20% 1.61% 1.41% 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)



Statistical Section Computation of Direct and Overlapping Debt December 31, 2014

	Gross Debt	Percentage Applicable to South Bend	Amount Applicable to South Bend	Debt Per Capita	Ratio of Debt/ Net Assessed Value	Ratio of Debt/ Personal Income
Direct Debt:						
City of South Bend						
General Obligation Bonds						
Revenue Bonds - Governmental Activities	\$ 84,862,512	100.00 %	\$ 84,862,512			
Mortgage Bonds - Governmental Activities	21,331,548	100.00	21,331,548			
Notes Payable - Governmental Activities	1,617,491	100.00	1,617,491			
Capital Leases - Governmental Activities	8,481,375	100.00	8,481,375			
Total Direct Debt and Lease Obligation Debt			\$ 116,292,926	\$ 1,150	5.26 %	3.03 %
Overlapping Debt (1)						
South Bend Community School Corporation	\$ 145,573,853	54.17 %	\$ 78,857,356			
St. Joseph County Public Library	6,925,000	50.85	3,521,363			
St. Joseph County Airport Authority	12,115,000	29.03	3,516,985			
St. Joseph County	30,909,292	29.03	8,972,967			
Penn-Harris-Madison School Corporation	47,187,570	2.82	1,330,689			
Mishawaka-Penn-Harris Public Library	2,425,000	2.25	54,563			
Total Overlapping and Underlying Direct Debt and Lease Obligations			\$ 96,253,923	\$ 951	4.36 %	2.50 %
Total Direct Debt and Lease Obligation Debt and Overlapping and Underlying Direct Debt and Lease Obligations			\$ 212,546,849	\$ 2,101	9.62 %	5.53 %
Ratio Factors						
Net Assessed Valuation (2014 payable 2014)	\$ 2,209,726,672					
Population - 2010 US Census Bureau	101,168 (2)					
South Bend Metropolitan Area 2013 Per Capita Income	\$ 37,989 (3)					
Estimated South Bend Total Personal Income (2 x 3)	\$ 3,843,271,152					

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

(2) Population statistics obtained from the U.S. Census Bureau (<http://factfinder.census.gov/servlet>).

(3) South Bend-Mishawaka, IN Metropolitan Area Profile (www.stats.indiana.edu).

Statistical Section Demographic Statistics Last Ten Years

Year	City of South Bend		South Bend Metropolitan Area		South Bend Metro Area		South Bend Metro Area		City of South Bend	
	Population (1)	Percent Increase/ (Decrease)	Area	Income (4)	Total Personal Income (3)	Per Capita Income (3)	Per Capita Income (3)	Median Age (4)	Public School Enrollment (2)	Percent Increase/ (Decrease)
2005	105,743	0.5%	37,971	37,971	8,565	3.3%	32,328	34.5	22,100	-0.2%
2006	104,457	-1.2%	39,046	39,046	8,958	4.6%	33,034	34.6	21,926	-0.8%
2007	104,069	-0.4%	44,400	44,400	8,978	0.2%	33,739	34.6	21,715	-1.0%
2008	104,905	0.8%	40,684	40,684	9,396	4.7%	35,357	34.6	20,800	-4.2%
2009	106,192	1.2%	43,403	43,403	9,466	0.7%	34,651	32.3	20,451	-1.7%
2010	101,168	-4.7%	40,789	40,789	9,289	-1.9%	34,286	33.4	20,066	-1.9%
2011	101,168	0.0%	40,873	40,873	9,768	5.2%	33,322	33.3	19,467	-3.0%
2012	101,168	0.0%	40,873	40,873	9,768	0.0%	33,322	33.3	18,982	-2.5%
2013	101,168	0.0%	40,873	40,873	10,162	4.0%	38,152	33.3	19,680	3.7%
2014	101,168	0.0%	40,873	40,873	10,162	0.0%	37,989	33.9	19,308	-1.9%

Sources:

- (1) U.S. Census Bureau 2010 Census information (<http://factfinder2.census.gov>). No 2014 information available.
- (2) South Bend Community School Corporation Administration office for enrollment on October 1, 2014.
- (3) South Bend-Mishawaka, IN_MI Metropolitan Area Profile (<http://www.stats.indiana.edu>).
- (4) U.S. Census Bureau (<http://factfinder2.census.gov>). 2014 information not available for Median Family Income

Population statistics are obtained from the U.S. Census Bureau population estimate table. Effective Buying Income statistics come from "Survey of Buying Power", Sales and Marketing Management, Annual editions, 1992-2003. School enrollment statistics (public and private schools) are obtained from South Bend/Mishawaka area Chamber of Commerce. Unemployment and labor force statistics are estimated figures obtained from the Workforce Development Services. These are based on South Bend being a Metropolitan Statistical Area. This is defined as a county or group of contiguous counties with a total population of at least 100,000. The area must also contain at least one city with a population of 50,000 or more.

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

<u>Department</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>2014</u>
<u>General Government</u>										
Mayor's Office	10.00	10.00	10.00	9.00	8.00	7.00	7.00	6.00	6.00	7.00
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	31.00	32.00	31.00	29.00	26.00	26.00	27.00	22.00	20.00	21.00
Legal Department	15.00	15.00	15.00	15.00	9.00	9.00	9.00	9.00	10.00	10.00
Engineering	19.00	19.00	18.50	18.50	16.00	19.00	17.00	15.00	13.00	14.00
311 Call Center	-	-	-	-	-	-	-	-	5.00	7.00
Safety and Risk	-	-	-	-	-	-	-	3.00	3.00	3.00
Human Rights	-	-	-	-	-	-	-	6.00	6.00	6.00
<u>Public Safety</u>										
Police Department	317.00	317.00	320.00	317.00	279.00	293.00	293.00	291.00	291.00	295.00
Communication Center	31.00	31.00	30.00	30.00	37.00	38.00	35.00	35.00	33.00	34.00
Fire Department	255.00	255.00	254.00	254.00	246.00	255.00	258.00	249.00	255.00	257.00
Building Maintenance	7.00	7.00	7.00	7.00	4.00	3.00	3.00	-	-	-
<u>Culture and Recreation</u>										
Parks and Recreation (2)	123.00	122.00	122.00	121.00	111.00	113.00	114.00	114.00	113.00	87.00
Convention and Events Management (1)	50.00	49.00	16.00	15.00	13.00	13.00	14.00	14.00	14.00	14.00
<u>Economic Development</u>										
Department of Community Investment	42.00	42.00	35.00	33.00	26.00	26.00	25.00	24.00	26.00	25.00
<u>Highways and Streets</u>										
Street Department	71.00	66.00	54.00	54.00	51.00	52.00	56.00	52.00	60.00	59.00
Traffic and Lighting	11.00	11.00	11.00	11.00	6.00	0.00	0.00	0.00	0.00	0.00
<u>Enterprise Funds</u>										
Water Works	86.00	86.00	86.00	80.00	82.00	75.00	74.00	73.00	70.00	68.00
Wastewater	51.00	53.00	54.50	56.50	48.00	51.00	49.00	46.00	45.00	42.00
Organic Resources (formerly in Wastewater)	-	-	-	-	-	-	-	6.00	6.00	6.00
Sewer	30.00	29.00	28.00	28.00	33.00	35.00	36.00	39.00	34.00	33.00
Solid Waste	31.00	31.00	26.00	26.00	26.00	26.00	23.00	24.00	26.00	22.00
Building Department	22.00	22.00	22.00	22.00	15.00	13.00	13.00	13.00	14.00	13.00
Code Enforcement (formerly General Govt)	28.00	28.00	27.00	27.00	27.00	23.00	25.00	25.00	24.00	23.00
<u>Internal Service Fund</u>										
Central Services	50.00	49.00	49.00	46.00	39.00	41.00	41.00	42.00	43.00	38.00
Total Positions	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	1,098.00

City of South Bend, Indiana
Schedule of Expenditures of Federal Awards
December 31, 2014

Grantor/Project Title	Federal CFDA Number	Direct or Pass Through	Award/ Identifying Number	2014 Expenditures
Department of Commerce				
Economic Adjustment Assistance	11.307	Direct	06-19-01251	7,457,890
Dept of Housing and Urban Development				
Community Development Block Grants/Entitlement Grants CDBG-2012	14.218	Direct	B-12-MC-18-0011	644,124
Community Development Block Grants/Entitlement Grants CDBG-2013	14.218	Direct	B-13-MC-18-0011	1,916,745
Community Development Block Grants/Entitlement Grants CDBG-2014	14.218	Direct	B-14-MC-18-0011	942,142
Community Development Block Grants/Entitlement Grants Neighborhood Stabilization Program#3 - ARRA Funds Project# 11J025	14.218	Direct	B11-MN-18-0011	92,899
Emergency Solutions Grant Program HESG 2014	14.231	Direct	E-14-MC-18-0011	118,782
Emergency Solutions Grant Program HESG 2013	14.231	Direct	E-13-MC-18-0011	53,139
Emergency Solutions Grant Program HESG 2012	14.231	Direct	E-12-MC-18-0011	33,578
Emergency Solutions Grant Program HESG 2011	14.231	Direct	E-11-MC-18-0011	11,636
2012 Continuum of Care Program	14.267	Direct	IN0009L5H001205	212,350
2012 Continuum of Care Program	14.267	Pass-Through	IN0012L5H001205	55,166
Continuum of Care Program	14.267	Direct	IN0009L5H001306	36,312
Continuum of Care Program	14.267	Direct	IN0012L5H001306	57,651
Education and Outreach Initiatives	14.401	Direct	FF205K135014	65,947
Education and Outreach Initiatives	14.401	Direct	FF205K135014	27,779
Education and Outreach Initiatives	14.401	Direct	FF205K115014	25,553
Department of Justice				
Public Safety Partnership and Community Policing Grants (13 Police Officers)	16.710	Direct	09RKWX0352	138,059
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct	11DJBX3458	10,204
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct	14DJBX0690	37,702
Equitable Sharing Program (asset forfeiture)	16.922	Direct		107,342
Department of Transportation				
Highway Planning & Construction	20.205	Pass-through	A249-11-320834	45,450
Equal Employment Opportunity Commission				
Fair Employment Practices Agency Contracts	30.002	Direct	EECCN130031	87,940
Department of Homeland Security				
Homeland Security Grant program	97.067	Pass-through	FY 2011	10,000
				12,188,390

By the Numbers

FROM THE CITY OF SOUTH BEND



Since 2012,
unemployment
reduced by

1/3



\$180,078,262
in commercial private investment



1,368
jobs announced



consecutive year
THE WASTEWATER PLANT
RECEIVED THE INDIANA WATER
ENVIRONMENTAL ASSOCIATION
SAFETY EXCELLENCE AWARD

THE CONCERT INDUSTRY'S
LEADING TRADE PUBLICATION,
POLLSTAR, RANKED THE MORRIS
PERFORMING ARTS CENTER NO.
85 IN ITS "2014 LIST OF TOP 200
WORLDWIDE THEATRES"

#1 IN
INDIANA

The S.M.A.R.T. program has trained
18 South Bend
residents to become
Certified Production
Technicians



49%

increase in the number of animals sent
to private rescue partners

Program attendance at all Parks and
Recreation facilities totaled



921,021



**VACANT AND ABANDONED
HOUSES HAVE BEEN
REPAIRED, DEMOLISHED,
OR CONTRACTED FOR
DEMOLITION**



Council approved a
\$5.58 million parks bond
on the heels of a newly created parks master
plan that prioritized needs across the system



1,408
building projects
started with a
total valuation of
\$84,140,867

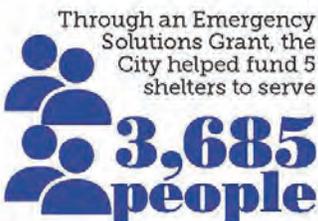


A new summer
mentoring
program
created jobs for
25 HIGH SCHOOL
STUDENTS

GUARANTEED ENERGY SAVINGS
CONTRACT AT CENTURY CENTER =

\$80,000

REDUCTION OF YEARLY OPERATING COSTS



Through an Emergency
Solutions Grant, the
City helped fund 5
shelters to serve

3,685
people

485

households assisted through
housing programs and counseling



A market-based strategic
REVITALIZATION PLAN

was adopted for Lincolnway West and Western Avenue