



# ***City of South Bend Board of Finance***

## ***Annual Investment Report For the year ended December 31, 2012***

***Report Date:***                    ***January 28, 2013***

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

***Submitted By:***                ***City Controller***

**City of South Bend  
Board of Finance (B of F)  
Annual Investment Report  
For the year ended December 31, 2012**

**Table of Contents**

<b>Investment Report</b>	<b>Page</b>	<b>Action Requested</b>
<i>Executive Summary</i>	1	<i>B of F review and acceptance of report</i>
<i>Report of 2012 Investments</i>	2	<i>B of F review and acceptance of report</i>
<i>Report of 2012 Interest Earnings</i>	3	<i>B of F review and acceptance of report</i>
<i>Report of Outstanding Loans</i>	4	<i>B of F review and acceptance of report</i>
<i>City Recommendation</i>	5	<i>B of F approval of Controller recommendation</i>
<b>Other Business</b>		
<i>Payroll Stale Dated Checks</i>	6	<i>B of F approval of Controller recommendation</i>
<i>Disbursement Stale Dated Checks</i>	7-8	<i>B of F approval of Controller recommendation</i>
<b>Investment Policy</b>		
<i>City of South Bend Policy</i>	9	<i>B of F approval of recommended 2013 policy</i>
<i>Investment Officers</i>	9	
<i>Investment Amount – 1<sup>st</sup> Source</i>	9	
<b>Stale Dated Check Policy</b>		
<i>City of South Bend Policy</i>	10	<i>B of F approval of recommended 2013 policy</i>
<b>Cash Reserve Policy/Procedure</b>		
<i>City of South Bend Cash Reserve Policy &amp; Procedure</i>	11	<i>B of F approval of recommended 2013 policy</i>
<b>Appendix</b>		
<i>Appendix 1</i>	12-14	<i>Investment Policy</i>
<i>Appendix 2</i>	15-16	<i>Stale Dated Check Policy</i>
<i>Appendix 3</i>	17-20	<i>Interest Earnings Summary &amp; Chart</i>
<i>Appendix 4</i>	21-24	<i>Cash Reserve Policy &amp; Procedure</i>
<i>Appendix 5</i>	25-30	<i>1<sup>st</sup> Source Corporate Agency Account Summary</i>
<i>Appendix 6</i>	31	<i>1<sup>st</sup> Source Interest Earned by Month</i>
<i>Appendix 7</i>	32-35	<i>Controllers Cash Report – December, 2012</i>
<i>Appendix 8</i>	36-37	<i>GFOA Best Practice on Appropriate Level of Fund Balance</i>

**City of South Bend  
Board of Finance (B of F)  
Annual Investment Report  
For the year ended December 31, 2012**

**Executive Summary**

On January 23, 2012, the Board of Finance of the City of South Bend convened its annual meeting. The Board elected Council Member Mr. Gavin Ferlic as President and Council Member Mr. Tim Scott as Secretary. At this meeting, the Board of Finance approved the 2012 City of South Bend Investment Policy, Stale Dated Check Policy and Cash Reserve Policy and Procedure. At this meeting, the Board of Finance, reviewed, discussed and accepted the Annual Investment Report of the City of South Bend for the year ended December 31, 2011.

The City of South Bend has in fiscal 2012 operated in compliance with the investment policy approved by the Board of Finance and with the other policies as approved by the Board of Finance.

The City of South Bend, during fiscal 2012, has operated with 1<sup>st</sup> Source Bank; a South Bend State of Indiana domiciled Commercial Bank, as its primary banking partner for depository and disbursement account activity.

The City of South Bend, during fiscal 2012, has invested certain funds with other commercial banks in accordance with the investment provisions defined in the City of South Bend Investment Policy. The City of South Bend has continued with 1<sup>st</sup> Source Bank as its primary investment partner with investments at the bank of \$150,000,000. The account is managed by Mr. Paul W. Gifford, Jr. who is the Chief Investment Officer of 1<sup>st</sup> Source Corporation Investment Advisors, Inc.

Interest income earned by the city in fiscal 2012, (does not include accrued interest or changes in market value of assets) with comparison to prior periods is as follows:

	Interest Earnings \$	Change vs. prior year	Effective Rate
2012 Interest Income	1,474,283	+129%	0.50%
2011 Interest Income	643,643	-20%	0.37%
2010 Interest Income	802,734	-40%	0.72%
2009 Interest Income	1,348,289	- 79%	0.90%
2008 Interest Income	6,281,342	- 10%	3.64%
2007 Interest Income	7,010,895	+ 36%	5.50%

For 2012, interest earned on investments increased due to the operation of the new 1<sup>st</sup> Source investment account for the full year. (The investment account was started on May 11, 2011.) In addition, the City's Major Moves fund received interest payments in the amount of \$300,437.53 during 2012 from the Northeast Neighborhood TIF fund for scheduled payments of interest on the Eddy Street Commons project. The rate of interest earned on this interfund investment was 5%.

**City of South Bend  
Board of Finance (B of F)  
Annual Investment Report  
For the year ended December 31, 2012**

**Report of 2012 Investments**

	<b>Investment Date</b>	<b>Maturity Date</b>	<b>Funds Invested</b>	<b>Interest Rate</b>	<b>Financial Institution</b>
1 <sup>st</sup> Source Investment Acct	05/11/2011	N / A	150,000,000	Varies	1 <sup>st</sup> Source
Total			150,000,000		

**Comment(s)**

All investment instruments entered into during fiscal 2012 were/are in full compliance with the Board of Finance Investment Policy in effect during the time period. A summary of the 1<sup>st</sup> Source Investment Account is provided in Appendix 5.

**City of South Bend  
Board of Finance (B of F)  
Annual Investment Report  
For the year ended December 31, 2012**

**Report of 2012 Interest Earnings (Net of Investment fees)**

<b>Instrument</b>	<b>Interest Earned (\$)</b>	
1 <sup>st</sup> Source Checking Accounts	162,715	Interest earned on depository accounts
1 <sup>st</sup> Source Investment Account	828,988	Interest earned on investment account
Other Instruments	451,860	DCI & Interfund loan interest earned
Other Bank Interest	30,720	Bank of New York Mellon & Key Bank
<b>Total Interest Earned</b>	<b>1,474,283</b>	

**Comment(s)**

1<sup>st</sup> Source checking and investment account interest is deposited in the City checking account on a monthly basis one month in arrears (i.e. interest earned in January is deposited in February). A summary of 1<sup>st</sup> Source Bank interest received during 2012 is provided in Appendix 6.

Other Instruments is the interest earned from economic development loans and interfund loans outstanding during the period.

Other bank interest is for interest earned at Key Bank (Century Center) and at Bank of New York Mellon (water works and wastewater debt service reserve accounts).

**City of South Bend  
Board of Finance (B of F)  
Annual Investment Report  
For the year ended December 31, 2012**

**Report of Outstanding Loans**

<b>Debtor</b>	<b>Instrument</b>	<b>Principal \$ Outstanding</b>	<b>Interest Rate</b>	<b>Payment Status</b>	<b>Term</b>
Bosch	IDFA Term Loan	579,779	3.0%	delayed due to settlement discussions	March, 2021
Bosch	State Sponsored Term Loan	1,039,331	4.0%	delayed due to settlement discussions	September, 2020
Various	CDBG – HIP Loan(s)	406,841	various	some current/some delinquent	Various
Ambulatory Care Solutions, LLC.	SBCDA Loan	883,311	6.0%	current	April 4, 2017
Various	UDAG – Business Loan(s)	850	various	current	Various
Anchor Realty	Term Loan	66,667	1.25%	current	December, 2014
BDC	Term Loan	2,358,852	0%	in negotiations	January, 2016
<b>Total</b>		<b>5,335,631</b>			

***City of South Bend  
Board of Finance (B of F)  
Annual Investment Report  
For the year ended December 31, 2012***

***City Recommendations***

For fiscal 2013, the city will maximize investment earnings, to the extent possible, given available funds for investment and interest rate potentials within the current state of economic conditions. The city will affect all investments within the context of conditions as established by the City of South Bend Investment policy as defined and approved for execution by the Board of Finance. The City of South Bend will continue to monitor the effectiveness of its investment agreement with 1<sup>st</sup> Source Bank.

**City of South Bend  
Board of Finance (B of F)  
Annual Investment Report  
For the year ended December 31, 2012**

**Other Business – Payroll Stale Dated Checks**

The current policy, as defined and approved by the Board of Finance, has defined that payroll checks drawn on city accounts will have a two (2) year active life from the date of issuance as noted on the check. Un-cashed checks, beyond the two (2) year active life period, are no longer valid and shall be classified as a stale dated check.

Such checks, defined as stale dated, will be reported to the Board of Finance with a recommendation from the City Controller on the disposition of the stale dated checks.

Therefore, the following represents the list of Stale Dated Payroll Checks as of December 31, 2012.

<b>Ck #</b>	<b>Name</b>	<b>Date</b>	<b>\$ Amount</b>	<b>Fund #</b>	<b>Fund Name</b>
Payroll					
354021	Purcell, Eric D	03/05/2010	141.83	101	General
354084	Williamson, Troy R	03/05/2010	136.44	101	General
356530	Griffin, Matthew C	06/11/2010	112.82	101	General
357131	Mroczkiewicz, Albert P	06/11/2010	135.94	101	General
358449	Niedbalski, Leslie	07/09/2010	55.92	201	Parks & Rec
361030	Greenlee, Timothy D	09/03/2010	135.94	101	General
363380	Walker, Michael A	11/12/2010	619.52	101	General
364458	Humphrey, Michael A	12/10/2010	136.94	101	General
<b>Total</b>			<b>1,475.35</b>		

**City Recommendation**

The City of South Bend recommends that such payroll checks, classified by city policy as stale dated, to be approved by the Board of Finance for cancellation. Said checks, shall be voided within the city's payroll system and removed as a payroll liability of the City of South Bend.

Indiana Statute, allowing cancellation and voidance of un-cashed payroll checks defined as stale dated, will remain subject to claim by the payee for a period of seven (7) years from date of issuance. The City will maintain record of these potential liabilities in the event a claim is made by any payee.

**City of South Bend  
Board of Finance (B of F)  
Annual Investment Report  
For the year ended December 31, 2012**

**Other Business – Disbursement Stale Dated Checks**

The current policy, as defined and approved by the Board of Finance, has defined that disbursement checks drawn on city accounts will have a two (2) year active life from the date of issuance as noted on the check. Un-cashed checks, beyond the two (2) year active life period, are no longer valid and shall be classified as a stale dated check.

Such checks, defined as stale dated, will be reported to the Board of Finance, with a recommendation from the City Controller on the disposition of the stale dated checks.

Therefore, following represents the list of stale dated disbursement checks as of December 31, 2012.

Ck #	Name	Date	Amount	Fund #	Fund Name
396691	Woofter, Eugene C	01/04/2010	13.59	620	Water Works Operations
396699	Heitkamp, Ralph D	01/04/2010	21.04	620	Water Works Operations
397312	Phelim Cafferty	01/18/2010	10.00	101	General Fund
397928	James A. Montague	02/04/2010	68.35	620	Water Works Operations
397961	Cannon, Rena E	02/04/2010	20.00	620	Water Works Operations
397993	Hillman, Marjorie M	02/04/2010	24.02	620	Water Works Operations
399944	Karissa Keen	03/15/2010	11.71	288	EMS Capital
400479	Theresa Moody	03/29/2010	119.63	203	Recreation
401139	Meridian Title Corp/Escrow Acct.	04/12/2010	125.00	101	General Fund
401229	Title One	04/14/2010	82.25	620	Water Works Operations
401854	Paul Schultz	04/26/2010	178.00	203	Recreation
402199	GMAC Mortgage	05/06/2010	11.72	620	Water Works Operations
402204	Brenda Gilbert	05/06/2010	63.40	620	Water Works Operations
402205	GMAC Mortgage Corp.	05/06/2010	52.45	620	Water Works Operations
402208	Adrienne Reaves	05/06/2010	16.50	620	Water Works Operations
402213	Kevin Barnes	05/06/2010	36.96	620	Water Works Operations
402218	Peter & Virginia Basile	05/06/2010	46.54	620	Water Works Operations
402219	Mary Frances	05/06/2010	54.34	620	Water Works Operations
402221	Dawne Gosnell	05/06/2010	74.50	620	Water Works Operations
402238	Murphy, Tom	05/06/2010	22.51	620	Water Works Operations
402870	Alfredo Bolanos	05/17/2010	109.80	620	Water Works Operations
402881	Tosha Gullens	05/17/2010	93.72	620	Water Works Operations
402889	Tumaini Mgomi	05/17/2010	103.43	620	Water Works Operations
403595	Douglas Hummel	06/02/2010	31.09	620	Water Works Operations
403600	Thomas Davis	06/02/2010	54.40	620	Water Works Operations
403612	Lawler, Russell C	06/02/2010	55.56	620	Water Works Operations
404516	Quality Glass Service Inc.	06/21/2010	174.13	222	Central Services
404954	McBride, James R	07/02/2010	10.00	620	Water Works Operations
404958	Twyckenham Estates LLC	07/02/2010	43.58	620	Water Works Operations
406681	Darrold J. Kollar W/Life Estate	08/04/2010	100.29	620	Water Works Operations
406687	Casey Rettke	08/04/2010	90.80	620	Water Works Operations
406692	Tiffany Investments LLC	08/04/2010	85.49	620	Water Works Operations
406694	Roy Ruthven	08/04/2010	42.08	620	Water Works Operations
406696	Jessie Musonda	08/04/2010	59.69	620	Water Works Operations

406699	Ronald Mesaros	08/04/2010	59.72	620	Water Works Operations
406702	William Cole	08/04/2010	68.90	620	Water Works Operations
406704	D. Young, E. Keith & D. Rzepka	08/04/2010	70.16	620	Water Works Operations
406705	Cottage One Properties Inc.	08/04/2010	56.01	620	Water Works Operations
406734	Pewe, Kelly	08/04/2010	11.26	620	Water Works Operations
406742	Lavine, Donna Sue	08/04/2010	20.00	620	Water Works Operations
407246	Plug & Pay Technologies	08/16/2010	15.00	201	Parks & Recreation
407341	Francisco Medina	08/16/2010	20.00	288	EMS
408127	Schuenke, Kate	09/03/2010	70.64	620	Water Works Operations
408132	Fowler, Andrea	09/03/2010	9.80	620	Water Works Operations
408135	JW Homes 2 Live	09/03/2010	3.40	620	Water Works Operations
408139	Taylor, Danielle N	09/03/2010	4.47	620	Water Works Operations
408373	Housing Authority of South Bend	09/07/2010	3,013.00	222	Central Services
408738	Kraz Construction Company	09/13/2010	90.00	600	Building Department
408741	Farmers Insurance Group	09/13/2010	272.75	226	Liability Insurance
409027	Housing Authority of South Bend	09/20/2010	3,000.00	288	EMS
409091	David Blade Jr.	09/20/2010	48.66	620	Water Works Operations
409109	Manuela Baluelos	09/20/2010	2.00	288	EMS
410106	U S Army Engineer District	10/11/2010	22.83	620	Water Works Operations
410116	Linares, Jesse J	10/11/2010	10.20	620	Water Works Operations
411109	Sullivan, Robert E	11/03/2010	40.00	620	Water Works Operations
411112	Dozier, William L	11/03/2010	40.00	620	Water Works Operations
411381	Miguel Rivera	11/08/2010	100.00	201	Parks & Recreation
412374	Wolfe, Mary L	12/03/2010	4.70	620	Water Works Operations
412393	Brumm, John	12/03/2010	8.19	620	Water Works Operations
413779	John R. Williams	12/20/2010	.40	709	Payroll
413786	Alan K. Delinski	12/20/2010	.94	709	Payroll
413813	James Wilder	12/20/2010	.80	709	Payroll
<b>Total</b>			<b>9,170.40</b>		

### City Recommendation

The city recommends that such disbursement checks, classified by city policy as stale dated, to be approved by the Board of Finance for cancellation. Said checks, shall be voided within the city's accounts payable disbursement system and removed as a liability of the City of South Bend.

Indiana Statute, allowing cancellation and voidance of un-cashed disbursement checks defined as stale dated, will remain subject to claim by the payee for a period of seven (7) years from date of issuance. The city will maintain record of these potential liabilities, in the event a claim is made by any payee.

**City of South Bend  
Board of Finance (B of F)  
Annual Investment Report  
For the year ended December 31, 2012**

**Investment Policy**

The City of South Bend recommends the adoption of the attached Investment Policy:

Refer to Appendix 1

Administration & Finance Policy 2.8 Investment Policy

to be effective January 1, 2013, .

said policy recommended is to be amended as noted in Paragraph 7.0 Maturity Limitations.

**Investment Officers**

The city recommends the following Investment Officers for fiscal 2013:

Mark W. Neal  
John H. Murphy

City Controller  
Deputy City Controller

**Investment Amount with 1<sup>st</sup> Source Bank**

The city requests authorization to increase its investments in the City of South Bend Corporate Agency Account with 1<sup>st</sup> Source Bank from a maximum of \$150 million dollars to a maximum of \$175 million dollars. This will allow the City to take greater advantage of experienced financial management while maintaining necessary banking liquidity in its checking accounts for regular City cash flow requirements. The City Investment Officers may elect to invest less than the maximum stated amount in the Corporate Agency Account if the necessary for operational needs.

**City of South Bend  
Board of Finance (B of F)  
Annual Investment Report  
For the year ended December 31, 2012**

***Stale Dated Check Policy***

The City of South Bend recommends the adoption of the attached Stale Dated Check Policy:

Refer to Appendix 2

Administration & Finance Policy 2.11    Stale Dated Check Policy

to be effective January 1, 2013,

said policy recommended is unchanged from the policy in effect during fiscal 2012.

**City of South Bend  
Board of Finance (B of F)  
Annual Investment Report  
For the year ended December 31, 2012**

***Cash Reserve Policy & Procedure***

**The City of South Bend recommends the adoption of the attached Cash Reserve Policy:**

Refer to Appendix 4

to be effective January 1, 2013.

said policy is unchanged from the policy in effect during fiscal 2012.

**The City of South Bend recommends the adoption of the attached Cash Reserve Procedure:**

Refer to Appendix 4.

to be effective January 1, 2013,

said procedure recommended is changed from the procedure in effect during fiscal 2012. The new procedure is designed to provide a comprehensive listing of all funds with a capital reserve requirement associated with each fund. Therefore, additional funds have been added to the revised Cash Reserve Procedure.

## Appendix 1

### City of South Bend Administration & Finance Policy Manual



#### **2.8 Investment Policy**

**Effective: January 1, 2011. Revised January 1, 2013**

**Purpose:** This policy defines the cash investment policy of the City of South Bend.

**Scope:** This statement applies to all governmental units, enterprise operations, and operations of the City of South Bend. This policy shall be in accordance with the terms and limitations of I.C. 5-13-9, Deposit and Investment Powers, as amended from time to time.

**Responsibility:** This policy is the responsibility of the Board of Finance of the City of South Bend. Changes or revisions to this policy are affected only with the consent and approval of the Board of Finance.

**Effective Date:** This policy is effective upon approval and execution of the Board of Finance. The Board of Finance will review this policy on an annual basis coincident with the Annual Meeting of the Board of Finance, held after the 1<sup>st</sup> Monday in January and before January 31<sup>st</sup>.

#### **1.0 Policy Statement**

The City of South Bend, Indiana shall make all investments, in both Deposit and Investment Accounts, in accordance with the terms and limitations of IC 5-13-9, Deposit and Investment Powers, as amended from time to time.

#### **2.0 Deposit and Investment Options**

Eligible deposit accounts mean any of the following:

1. Any account subject to withdrawal by negotiable orders of withdrawal, unlimited as to amount or number, and without penalty, including NOW accounts
2. Passbook savings accounts
3. Certificates of Deposit
4. Money market deposit accounts
5. Any interest-bearing account that is authorized and offered by a financial institution in the course of its respective business

### **City of South Bend Administration & Finance Policy Manual**

#### **3.0 Eligible Investment Products:**

Each investment officer may invest or reinvest any funds that are held by the officer and available for investment in any of the following (IC 5-13-9):

- 3.1 Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by any of the following:
1. The United States Treasury
  2. A federal agency
  3. A federal instrumentality
  4. A federal government sponsored enterprise
- 3.2 Discount notes issued by any of the following:
1. A federal agency
  2. A federal instrumentality
  3. A federal government sponsored enterprise
- 3.3 An investment officer shall annually obtain the approval of the Common Council before making investments in the following:
1. Money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended. The portfolio of this type must be limited to the following:
    - A. Direct obligations of the United States
    - B. Obligations issued by any of the following:
      - a. A federal agency
      - b. A federal instrumentality
      - c. A federal government sponsored enterprise
    - C. Repurchase agreements fully collateralized by obligations described in both A and B above.
  2. The money market mutual fund must be rated as one of the following:
    - A. AAAM, or its equivalent, by Standard and Poor's Corporation
    - B. Aaa, or its equivalent, by Moody's Investors Service, Inc.
- 3.4 The investment is considered to have a stated final maturity of one day, and shall be made through depositories designated by the state board of finance as depositories for state deposits under IC 5-13-9.5.

#### **4.0 Terms of Repurchase Agreements**

Each investment officer may enter into, with any funds that are held by the officer and available for investment, repurchase agreements with depositories designated by the State Board of Finance as depositories under IC 5-13-9.5; and involving the political subdivision's purchase and guaranteed resale of any interest-bearing obligations;

- A. issued; or
- B. fully insured or guaranteed by the United States, a United States Government Agency, an instrumentality of the United States, or a federal government sponsored enterprise.

The depository shall determine daily that the amount of money in this type of agreement must be fully collateralized by interest-bearing obligations as determined by their current market value. The collateral is not subject to the two-year maturity limitation.

Repurchase agreements may be entered into for a fixed term or arranged on an open or continuing basis as a continuing contract that:

1. operates like a series of overnight repurchase agreements (may be referred to as overnight sweep products),
2. is renewed each day with the repurchase rate and the amount of funds invested determined daily; and
3. for this purpose is considered to have a final maturity of one day.

#### **5.0 Investment in Other Securities**

Each investing officer may invest or reinvest in obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Redevelopment or the African Development Bank (IC 5-13-9.3.3)

#### **6.0 Inter-local Cooperation Agreement**

IC 36-1-7-1 authorizes and permits local units of government to enter into inter-local cooperation agreements, and thus to exercise a power jointly pursuant to a written agreement authorized by ordinance or resolution. MBIA provides through Invest Indiana, such an inter-local agreement. The investments of the joint structure are limited to all investments authorized by IC 5-13.

#### **7.0 Maturity Limitations**

1. A minimum of 75% of the total portfolio must be invested with a maximum maturity of two (2) years in permitted investments as defined as above.
2. A maximum of 25% of the total portfolio may be invested with a maturity of two (2) to five (5) years as permitted in IC 5-13-9-5.7 in permitted investments as defined as above. This policy expires on January 31, 2017.

**City of South Bend Administration & Finance Policy Manual**



**2.11 Stale Dated Check Policy Effective: January 1, 2010**

**Purpose:** This policy defines the practice and protocol for handling stale dated checks issued by the City of South Bend.

**Scope:** This statement applies to all governmental units, enterprise operations, and operations of the City of South Bend.

**Responsibility:** This policy is the responsibility of the Controller of the City of South Bend. Changes or revisions to this policy are affected only with the consent and approval of the Controller.

**Effective Date:** This policy is effective January 1, 2010.

**1.0 Policy Statement**

The City of South Bend has defined that payroll checks and account payable disbursement checks drawn on city accounts will have a two (2) year active life from the date of issuance as noted on the check. Un-cashed checks, beyond two (2) year active life period, are no longer valid and shall be classified as a stale dated check.

**2.0 Responsibility**

Administration of the stale dated check policy is delegated by the Controller, to be the responsibility of the Director City Finance.

The Director City Finance will identify the payroll and payable disbursement checks that are classified as stale dated checks, prepare such list and submit to the Controller for approval. Upon approval of the Controller, the stale dated check list will be presented to the City of South Bend Board of Finance, at the first annual Board of Finance Meeting during each calendar year, for Board of Finance vote on the stale dated check disposition recommendations as presented by the Controller.

**3.0 Board of Finance Filing Requirements**

3.1 The Controller shall file with the Board of Finance, documents as defined in paragraphs 3.1.1 and 3.1.2 and the Controller's recommendation, at least 72 hours prior to the first annual Board of Finance Meeting called for each calendar year:

3.1.1 Payroll Stale Dated Checks: Proposed list of all stale dated checks recommended to be written off, identifying the check number, employee name, date of check, amount of check, fund name, fund number, and any other information deemed necessary by the Controller.

3.1.2 Account Payable Stale Dated Checks: Proposed list of all stale dated checks recommended to be written off, identifying the check number, vendor name, date of check, amount of check, fund name, fund number, and any other information deemed necessary by the Controller.

*Approved By: City Controller*  
AF Policy 2.11 Stale Dated Check Policy.doc Page 2 of 2

*Approved By: Mayor*

## ***City of South Bend Administration & Finance Policy Manual***

### **4.0 Board of Finance Requirements**

The Board of Finance shall be required to review all information filed by the Controller as referenced above and hear presentation and recommendation from the Controller or designee at the first annual Board of Finance meeting.

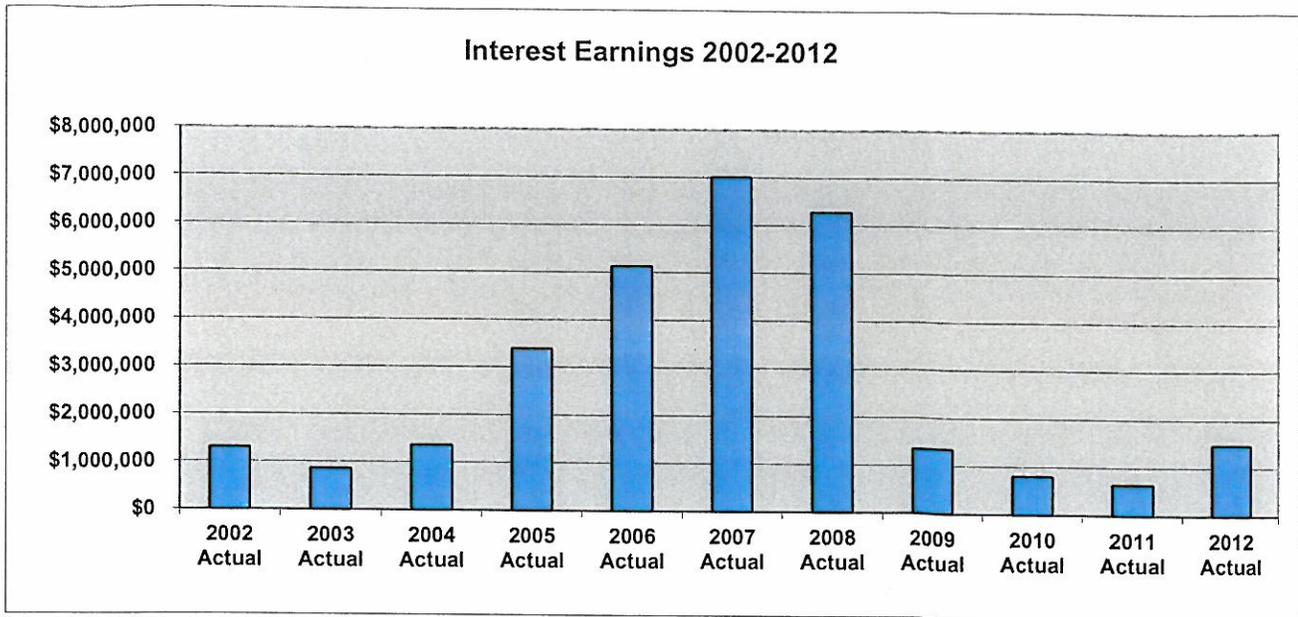
The Board will motion, second, and vote on the recommendation as presented by the Controller with majority in favor and supporting the recommendation of the Controller, the recommendation will be passed, and the Controller provided with the authority to execute the recommendation as approved.

A copy of all guidelines shall be filed of record with the Office of the City Clerk and with the City Controller in the Department of Administration and Finance.

### **5.0 Other Matters**

Additional guidelines may be promulgated by the Board of Finance when deemed necessary.  
*Approved By: City Controller Approved By: Mayor AF Policy 2.11 Stale Dated Check Policy.doc Page 2 of 2*

### Appendix 3



**Interest Earnings**

2002 Actual	\$1,296,410
2003 Actual	861,968
2004 Actual	1,357,297
2005 Actual	3,392,461
2006 Actual	5,132,272
2007 Actual	7,010,895
2008 Actual	6,281,342
2009 Actual	1,348,289
2010 Actual	802,734
2011 Actual	643,643
2012 Actual	1,474,283
<b>Total 2002-2012</b>	<b>\$29,601,594</b>

The City of South Bend earns interest on checking account balances, certificates of deposit, repayment of loans on economic development projects and short-term investments. In May 11, 2011, the City opened a new investment account with 1st Source Bank in the amount of \$150,000,000. Investment earnings are reported net of fees. Investment earnings are recorded in the general ledger on a cash basis when realized and do not reflect changes in asset value and accrued interest until the investment is sold or matures. Interest is also earned on advances from the Major Moves Fund to the Northeast Residential and Douglas Road TIF Funds.

City of South Bend, Indiana  
Interest Earnings Summary - 2002 through 2012  
December 31, 2012  
Prepared - January 15, 2013

Fund Number	Fund Name	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual
101	General Fund	\$405,523	\$217,817	\$210,697	\$792,662	\$1,525,832	\$2,456,361	\$1,576,724	\$130,034	\$50,536	\$56,303	\$99,725
102	Rainy Day Fund	0	0	26,967	74,033	105,664	102,063	159,362	26,065	28,532	24,477	42,239
103	Excess Levy	0	0	0	13,820	10,148	0	742	285	395	261	0
201	Parks & Recreation	1,336	715	4,110	15,942	4,576	4,937	12,910	591	9,423	8,467	14,802
202	Motor Vehicle Highway	2,735	86	2,035	3,834	4,074	14	20,904	21,066	11,099	5,314	7,431
203	Recreation - Non Reverting	3,641	4,074	6,525	14,684	11,183	22,181	40,904	6,223	2,899	2,006	3,352
209	Studebaker/Oliver Grants	0	0	0	0	25,516	44,983	63,975	16,413	6,401	4,486	5,485
210	Econ Dev State Grants	4,745	0	0	2,457	33,945	262,672	136,850	103,213	89,744	13,016	64,332
211	DCJ Administration	0	0	0	0	0	0	0	0	0	1,625	3,057
212	DCI Grants	3,443	2,521	3,095	6,452	61,934	105,380	59,659	11,241	5,760	3,147	2,578
216	State Seized Drug Money	0	0	0	0	0	0	0	0	351	336	653
217	Gif. Donation, Bequest	0	0	0	0	0	0	0	0	102	112	287
218	SBPD Curfew Violations	0	0	0	0	0	0	0	0	29	28	52
220	Law Enforcement Cont. Education	0	0	0	0	3,698	6,601	9,941	5,930	3,174	2,990	5,194
222	Central Services	0	0	0	0	0	0	0	0	972	1,917	4,688
226	Liability Insurance	9,717	12,936	27,596	57,359	87,864	97,529	95,123	21,770	12,954	11,068	23,376
227	Loss Recovery Fund	0	0	0	0	0	0	0	22,187	16,057	12,545	21,894
249	Public Safety LOIT Fund	0	0	0	0	0	0	0	0	4,741	2,308	8,296
250	General Grant	0	0	0	0	0	0	1,160	319	15	0	0
251	Local Roads & Streets	16,344	6,649	19,300	52,910	52,077	43,249	83,884	23,395	8,710	6,031	7,306
252	Excess Welfare Distribution	0	0	0	0	0	0	0	0	17,808	6,545	5,407
258	Human Rights - Federal Grant	414	2,486	5,303	11,447	10,991	10,149	9,328	2,746	1,606	1,404	2,279
271	Eastrace Waterway	910	576	619	1,428	1,045	1,338	1,194	284	118	78	99
272	Special Events	910	576	72	284	210	0	0	0	0	0	0
273	Morris/Palais Marketing Fund	0	0	0	0	0	0	90	86	47	60	122
278	Police Take Home Liability	0	0	0	0	0	0	0	0	871	833	1,828
280	Police Block Grants	9,303	5,143	4,011	4,806	1,255	0	0	282	2,031	3,433	459
281	Economic Revenue Bond	0	0	0	0	0	0	0	0	88	76	133
288	EMS/Fire Dept. Capital	2,326	5,310	8,346	23,079	37,833	32,047	47,134	24,891	17,438	15,121	30,051
289	Hazmat	0	0	0	0	0	0	0	0	21	8	13
291	Indiana River Rescue	0	0	0	0	0	0	0	0	269	195	408
294	Regional Police Academy	0	0	1,074	2,678	1,560	1,352	1,351	481	285	231	399
295	COPS More Grant	0	0	0	0	0	0	0	0	418	323	492
299	Federal Drug Enforcement	0	0	0	0	2,638	8,187	14,177	2,856	981	724	941
305	SBCDA Bond Proceeds 2003	16,390	12,560	210,112	334,547	278,555	191,225	186,939	34,171	8,832	2,657	0
310	Studebaker Bond	0	0	0	3,685	0	0	0	0	0	0	0
312	Redevelopment Bond Wayne Street	11,615	8,247	8,473	2,700	0	0	0	0	0	0	0
313	Hall of Fame Debt Service	0	0	0	10,388	0	0	0	0	0	0	0
314	Redev Bond 1990	12,668	9,359	11,151	27,488	37,797	37,256	30,589	7,136	3,027	2,373	3,009
315	Redev Bond - Airport - Taxable	14,134	10,282	0	7,759	35,113	60,099	61,564	16,949	7,090	5,538	5,571
316	Redev Bond - Airport - Exempt	6,745	4,848	377	0	0	0	0	0	0	0	0
317	Coveleski Bond Debt Service Reserve	0	0	0	0	0	0	0	0	0	0	0
320	Blackthorn Debt Service	15,467	12,533	14,873	33,589	44,200	43,567	36,470	8,742	3,627	2,827	4,420
321	Edli Bond - Plaza Garage-Exempt	9,971	6,934	8,462	17,392	20,739	0	0	0	0	0	0
321	Edli Bond - Plaza Garage-Taxable	9,664	6,721	8,202	16,857	20,102	0	0	0	0	0	0
324	TIF Revenue - Airport	30,708	33,136	68,642	305,809	606,063	611,747	719,473	143,202	90,268	68,381	80,260
328	Redev Bond - Palais Royale	5,380	0	0	4,428	20,031	36,324	35,225	9,768	4,053	3,159	8,258
377	Professional Sports Development	7,531	4,225	5,540	15,702	21,241	23,706	17,892	4,878	3,669	3,415	5,025
401	Coveleski Stadium Capital	5,451	5,028	6,506	9,974	4,704	9,015	7,462	1,584	370	262	327
403	Zoo Endowment	0	0	0	0	335	880	897	250	113	97	211
404	COIT	114,650	119,802	146,338	198,693	226,073	147,718	143,465	49,035	50,033	37,973	69,195
405	Park Nonreverting Capital	1,817	1,456	3,941	7,977	5,000	13,465	8,332	2,502	1,319	1,020	1,772
406	Cumulative Capital Development	16,436	12,971	18,158	49,285	70,351	65,648	37,124	7,373	3,267	1,769	3,808
407	Cumulative Capital Improvement	226	1,714	453	505	0	0	0	57	45	36	15
408	EDIT	33,039	26,721	20,597	21,945	33,450	53,971	32,231	9,600	18,952	22,135	45,531
410	UDAG	2,198	2,102	1,589	3,897	155,290	156,013	144,853	30,480	14,170	2,639	917

City of South Bend, Indiana  
Interest Earnings Summary - 2002 through 2012  
December 31, 2012  
Prepared - January 15, 2013

Fund Number	Fund Name	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual
412	Major Moves Construction (1)	0	0	0	0	63,519	744,851	463,752	113,908	36,180	77,860	394,379
414	TIF District - Sample/Ewing	4,983	4,582	5,292	5,833	8,191	12,163	5,876	0	0	0	0
416	Morris PAC Capital	581	677	1,475	4,402	7,318	10,049	8,811	2,385	1,434	1,503	1,997
420	TIF District - SBCDA General	32,618	14,221	27,672	94,991	131,554	109,284	126,073	13,569	15,002	9,217	45,913
422	TIF District - W. Washington	438	501	970	9,884	12,070	13,574	13,029	1,117	1,959	3,141	3,920
424	TIF SBCDA-Building Operations	0	0	0	0	1,514	0	0	0	0	0	0
425	TIF - Leighton Plaza	0	0	0	275	2,387	1,117	3,976	1,037	488	334	383
426	TIF - Cent. Med Serv Area	0	0	3,856	27,339	37,495	31,719	52,519	14,711	15,948	10,028	16,841
427	Redevelopment - T.JX	0	6,587	0	0	0	0	0	0	0	0	0
428	Red Dist Capital - AEDA2003	0	0	126,419	194,558	177,528	48,069	10,213	2,725	1,202	0	0
429	Northeast Development Area TIF	0	0	0	0	0	0	233	376	345	1,040	5,286
430	Southside TIF Area #1	0	0	0	0	0	0	0	1,786	8,816	10,154	19,939
431	Southside TIF #2 - Eskine Commons	0	0	0	0	0	0	0	1,647	10,074	4,029	2,329
432	Southside TIF #3 - Eskine Village	0	0	0	0	0	0	0	2,238	11,905	13,192	27,801
433	Redevelopment Admin General	2,134	1,532	1,557	3,679	5,367	3,581	2,822	669	214	107	164
434	CREED	0	0	0	22,425	70,155	82,537	67,563	8,287	3,214	1,507	1,259
435	Douglas Road TIF	0	0	0	0	0	0	0	0	756	246	723
436	Northeast Residential TIF	0	0	0	0	0	0	0	0	1,478	2,266	10,211
438	Coveleski Bond Construction	0	0	0	0	0	0	0	0	0	5,268	0
439	Certified Technology Park	0	0	0	0	0	0	0	0	0	0	0
450	Palais Royale Historic Preservation	0	0	0	0	0	0	136	271	124	118	247
454	Airport Urban Enterprise Zone	0	0	0	0	0	0	0	0	741	473	1,323
600	Building Department	2,166	1,590	1,662	3,159	1,557	791	1,440	674	129	113	380
601	Parking Garages	0	0	0	0	0	99	0	0	1,207	2,112	4,124
610	Solid Waste Operations	0	3,420	9,917	13,562	6,024	2,313	1,347	0	2,854	3,363	5,959
611	Solid Waste Capital	4,720	6,900	5,654	2,527	0	0	0	0	234	210	279
620	Water Works Operations	0	0	4,199	16,705	0	24,504	66,840	19,115	6,735	4,545	10,309
621	WW SRLF Eq Repl Cost	0	1,492	1,030	0	0	0	0	0	0	0	0
622	Water Works Capital	6,028	19,015	12,121	4,728	0	18,885	13,230	4,240	1,977	1,909	6,523
623	WW 1997 Bond Capital	42,322	58,644	14,492	0	104,552	103,801	1,401	0	10,555	1,764	11,241
624	Water Works Customer Deposit	23,275	14,037	18,675	42,571	56,031	55,497	47,733	11,514	4,960	3,971	6,864
625	WW 1993 Sinking Fund	41,628	9,710	0	55,524	65,651	57,907	50,215	4,094	5,260	4,581	3,961
626	Water Works Bond Reserve	0	0	0	0	0	0	0	0	162	606	3,221
628	WW SRLF Rev Bd Reserve	28,516	0	0	0	0	0	0	0	0	0	0
629	WW Resv O&M Fund	28,712	17,524	22,441	51,489	70,518	71,887	60,947	15,165	8,691	7,206	9,729
640	Sewer Repair Insurance	851	1,187	1,004	1,529	145	5,967	6,164	2,314	1,710	2,179	5,003
641	Sewage Works Operations	0	0	8,743	41,178	68,139	221,041	282,825	68,581	24,711	19,879	16,545
642	Sewage Works Capital	41,628	9,710	0	55,524	80,013	75,937	5,673	2,687	1,577	13,101	46,026
643	Sewage Works Resv - O&M	50,135	33,892	43,577	93,871	124,089	140,000	118,399	27,762	10,034	8,429	15,457
644	Sewer Water Leak Ins. Fund	0	0	0	0	1,604	1,161	464	0	0	0	0
645	2004-2006 Sewer Bonds	0	0	39,942	232,890	235,216	97,408	1,868	0	97	12	0
646	Sewage Rev Bond Reserve	20,593	12,058	14,714	0	0	0	0	0	0	0	0
647	2007 Sewer Bond	0	0	0	0	0	202,306	278,351	36,998	3,595	1,352	202
649	Sewage Works Bond Sinking	50,268	14,642	11,027	22,438	44,831	29,886	129	0	6,167	6,987	14,736
650	Clay Sewage Works Operations	16,055	11,787	14,070	31,648	43,527	44,421	38,408	8,481	2	2	3
651	2007B Sewer Bond	0	0	0	0	0	0	469,876	142,314	30,308	2,989	575
653	Sewage Works Debt Service Reserve	0	0	0	0	0	0	0	0	14,267	4,901	30,127
655	Project Relief	0	0	0	0	0	0	0	0	2,312	2,111	4,230
656	Sewage SRLF Rev BD Resv	37,669	22,055	26,915	0	0	0	0	0	0	0	0
657	Sawg SRLF EP Repl Cost Resv	39,391	29,869	38,028	83,441	11,580	0	0	0	0	0	0
658	2010 Sewer Bond	0	0	0	0	0	0	0	0	0	0	0
659	2011 Sewer Bond	0	0	0	0	0	0	0	0	0	0	0
670	Century Center	4,013	2,359	551	279	916	972	8,736	21,304	7,288	1,839	91,421
671	Century Center Capital	0	0	0	0	0	0	0	0	0	0	228
677	Hall of Fame Capital	0	0	0	0	0	22,317	24,403	6,277	4,024	2,910	3,906
701	Fire Pension	16,161	13,522	17,393	36,175	28,062	11,298	33,589	6,346	5,532	4,330	4,740
702	Police Pension	16,544	12,567	15,595	26,822	23,695	3,949	44,011	8,639	7,340	5,510	6,904

City of South Bend, Indiana  
Interest Earnings Summary - 2002 through 2012  
December 31, 2012  
Prepared - January 15, 2013

Fund Number	Fund Name	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual
705	K-9 Unit	0	0	0	0	0	0	0	0	4	6	11
711	Self-Funded Employee Benefits	8,999	0	14,667	61,414	91,183	110,237	169,758	50,616	34,807	27,732	42,730
713	Unemployment Comp Fund	0	0	0	0	0	0	0	0	0	81	101
730	City Cemetary Trust	545	360	465	1,106	828	1,690	1,474	357	150	118	202
	<b>Total Interest</b>	<b>\$1,296,410</b>	<b>\$861,968</b>	<b>\$1,357,297</b>	<b>\$3,392,461</b>	<b>\$5,132,272</b>	<b>\$7,010,895</b>	<b>\$6,281,342</b>	<b>\$1,348,289</b>	<b>\$809,279</b>	<b>\$643,643</b>	<b>\$1,474,283</b>
	(1) includes NE TIF and Douglas Road TIF repayment of interest on advances from Major Moves.											

*City of South Bend Administration & Finance Policy Manual*



**2.3 Cash Reserve Policy**

**Effective: January 1, 2010**

**Purpose:** This policy defines the cash reserve policy of the City of South Bend.

**Scope:** This statement applies to all governmental units, enterprise operations, and operations of the City of South Bend.

**Responsibility:** This policy is the responsibility of the Controller of the City of South Bend. Changes or revisions to this policy are affected only with the consent and approval of the Controller.

**Effective Date:** This policy is effective January 1, 2010.

**1.0 Policy Statement**

The City of South Bend will establish cash spending reserves in certain funds, as defined by the Mayor and the Controller, to hold cash reserves to serve as fiscal protection against the risk of revenue shortfalls, emergencies, unstable property tax collection, and other economic risks that may impact the City's ability to meet financial obligations and commitments.

Such cash reserves, may also serve as a mechanism to maintain credit agency and bond ratings to ensure creditworthiness and borrowing capacities, in the event they are required, at the lowest cost.

1.1 The Mayor and the Controller, jointly, will have authority to define the cash reserve guidelines in effect for the City of South Bend.

1.2 Cash reserve guidelines, are targets, established for the intentions as stated in paragraph 1.0 of this policy, and may not be adhered to at all times due to unforeseen circumstances.

1.3 The city will review the cash reserve policy from time to time to determine if economic conditions and circumstances warrant consideration of revision to the in effect cash reserve procedures.

*Approved By: City Controller Approved By: Mayor AF Policy 2.3 Cash Reserve Policy.doc Page 1 of 1*

## City of South Bend Administration & Finance Policy Manual



### 2.3.1 Cash Reserve Procedure Effective: January 1, 2010, Revised January 1, 2013

**Purpose:** This procedure defines the cash reserve practices for the City of South Bend.

**Scope:** This statement applies to all governmental units, enterprise operations, and operations of the City of South Bend.

**Responsibility:** This policy is the responsibility of the Controller of the City of South Bend. Changes or revisions to this policy are affected only with the consent and approval of the Controller.

**Effective Date:** This policy is effective January 1, 2010 and revised January 1, 2013.

#### 1.0 Procedure Statement

The City of South Bend has established the following cash reserve guidelines. Cash reserves are defined as cash balances on hand less outstanding encumbrances.

Fund	Fund Name	Cash Reserve Policy
101	General Fund	25% of annual expenditures
102	Rainy Day Fund	3% contingency of total expenditures in prior year
201	Parks & Recreation Fund	25% of annual expenditures
202	Motor Vehicle Highway Fund	20% of annual expenditures
203	Recreation – Nonreverting Fund	20% of annual expenditures
209	Studebaker/Oliver Reverting Grants Fund	20% of annual expenditures
210	Department of Community Investment State Grants Fund	20% of annual expenditures
211	Department of Community Investment Administration Fund	20% of annual expenditures
216	Police State Seizures Fund	20% of annual expenditures
217	Gift, Donation, Bequest Fund	20% of annual expenditures
218	Police Curfew Violations Fund	20% of annual expenditures
220	Law Enforcement Continuing Education Fund	20% of annual expenditures
222	Central Services Fund	20% of annual expenditures
226	Liability Insurance Fund	25% of annual expenditures
227	Loss Recovery Fund	20% of annual expenditures
249	Public Safety LOIT Fund	20% of annual expenditures
251	Local Roads & Streets Fund	20% of annual expenditures
252	Excess Welfare Distribution Fund	20% of annual expenditures
258	Human Rights – Federal Grants Fund	20% of annual expenditures
271	Eastrace Waterway Fund	20% of annual expenditures
273	Morris Performing Arts Center/Palais Royale Marketing Fund	20% of annual expenditures
278	Take Home Vehicle Police Fund	20% of annual expenditures

Fund	Fund Name	Cash Reserve Policy
280	Police Block Grants Fund	20% of annual expenditures
281	Economic Development Commission – Revenue Bonds Fund	20% of annual expenditures
288	EMS / Fire Department Capital Fund	20% of annual expenditures
289	HAZMAT Fund	20% of annual expenditures
291	Indiana River Rescue Fund	20% of annual expenditures
292	Police Grants Fund	20% of annual expenditures
294	Regional Police Academy Fund	20% of annual expenditures
295	COPS More Grant Fund	20% of annual expenditures
299	Police Federal Drug Enforcement Grant	20% of annual expenditures
313	Hall of Fame Debt Service Fund	20% of annual expenditures
315	Airport 2003 Debt Reserve Fund	100% of debt service reserve per bond covenants
317	Coveleski Bond Debt Reserve Fund	100% of debt service reserve per bond covenants
319	Redevelopment Bond – Blackthorn Golf Fund	100% of debt service reserve per bond covenants
324	TIF Revenue – Airport Fund	25% of annual expenditures
328	SBCDA 2003 Debt Reserve Fund	100% debt service reserve per bond covenants
377	Professional Sports Development Fund	20% of annual expenditures
401	Coveleski Stadium Capital Fund	20% of annual expenditures
403	Zoo Endowment Fund	20% of annual expenditures
404	County Option Income Tax Fund	50% of annual expenditures
405	Park Nonreverting Capital Fund	20% of annual expenditures
406	Cumulative Capital Development Fund	25% of annual expenditures
407	Cumulative Capital Improvement Fund	25% of annual expenditures
408	Economic Development Income Tax Fund	50% of annual expenditures
410	Urban Development Action Grant (UDAG) Fund	20% of annual expenditures
412	Major Moves Construction Fund	20% of annual expenditures
416	Morris Performing Arts Center Capital Fund	20% of annual expenditures
420	TIF District – SBCDA General (Downtown) Fund	25% of annual expenditures
422	TIF District – West Washington Fund	25% of annual expenditures
425	TIF Leighton Plaza Fund	20% of annual expenditures
426	TIF Central Medical Service Area Fund	25% of annual expenditures
429	TIF Northeast District Fund	25% of annual expenditures
430	TIF Southside Development Area #1 Fund	25% of annual expenditures
432	TIF Southside Development Area #3 – Erskine Village Fund	25% of annual expenditures
433	Redevelopment Administration General Fund	20% of annual expenditures
434	CREED Fund	25% of annual expenditures
435	TIF – Douglas Road Fund	25% of annual expenditures
436	TIF – Northeast Residential Fund	25% of annual expenditures
439	Certified Technology Park Fund	20% of annual expenditures
450	Palais Royale Historic Preservation Fund	20% of annual expenditures
454	Airport Urban Enterprise Zone Fund	20% of annual expenditures
600	Consolidated Building Department Fund	20% of annual expenditures
601	Parking Garages Fund	20% of annual expenditures
610	Solid Waste Operations Fund	20% of annual expenditures
619	Blackthorn Golf Course Operations Fund	20% of annual expenditures
620	Water Works Operations Fund	5% of annual expenditures
622	Water Works Capital Fund	20% of annual expenditures
624	Water Works Customer Deposit Fund	100% cash reserves for customer deposits

Fund	Fund Name	Cash Reserve Policy
626	Water Works Bond Reserve Fund	100% cash reserves per bond covenants
629	Water Works Reserve – O & M Fund	16.67% of annual operating expenses in fund 620, net of transfers
640	Sewer Repair Insurance Fund	20% of annual expenditures
641	Sewage Works Operations Fund	5% of annual expenditures
642	Sewage Works Capital Fund	20% of annual expenditures
643	Sewage Works Reserve – O & M Fund	16.67% of annual operating expenses in fund 641, net of transfers
650	Clay Sewage Works Operations Fund	100% reserves of cash available
653	Sewage Works Debt Service Reserve Fund	100% cash reserves per bond covenants
655	Project Releaf Fund	20% of annual expenditures
670	Century Center Fund	20% of annual expenditures
671	Century Center Capital Fund	20% of annual expenditures
677	Hall of Fame Capital Fund	20% of annual expenditures
701	Firefighters Pension Fund	25% of annual expenditures
702	Police Pension Fund	25% of annual expenditures
703	Police/Fire 1977 State Pension Fund	100% cash reserves – trust & agency funds
705	Police K-9 Unit Fund	20% of annual expenditures
709	Payroll Fund	100% cash reserves – trust & agency funds
711	Self-Funded Employee Benefits	25% of annual expenditures
712	Public Employees Retirement Fund	100% cash reserves – trust & agency funds
713	Unemployment Compensation Fund	20% of annual expenditures
718	State Tax Deduction Fund	100% cash reserves – trust & agency funds
725	Morris / Palais Box Office Fund	100% cash reserves – trust & agency funds
730	City Cemetery Trust	20% of annual expenditures
---	Water & Sewer Bond Funds	No cash reserves – spend down of cash on projects



Investment Presentation for

---

**CITY OF SOUTH BEND CORPORATE AGENCY**

Prepared by Paul Gifford, CFA

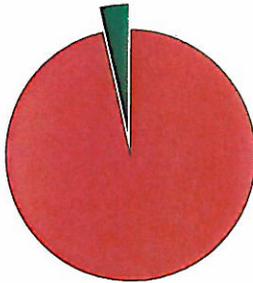


## Account Summary as of 12/31/2012

CITY OF SOUTH BEND CORPORATE AGENCY

### Asset Allocation

Asset Category	Market Value	% Total
Equity	0.00	0.0
Fixed Income	144,409,998.17	96.3
Cash	5,606,606.46	3.7
Other	0.00	0.0
<b>Total</b>	<b>\$150,016,604.63</b>	<b>100.0%</b>



### Account Statistics

Total Market Value	\$150,016,604.63
Total Unrealized Gain/Loss	\$52,232.50
Estimated Annual Income	\$870,105.08
Estimated Portfolio Yield	0.58%
YTD Long Term Gain/Loss	\$0.00
YTD Short Term Gain/Loss	\$0.00
Investment Officer	(IO) PWG - Paul W. Gifford
Administrative Officer	(AO) JEW - James Welch
Policy Account	Income
Index Account	Citi 1-Year Treasury Benchmark

### Top 5 Holdings

Asset	Units	Price	Tax Cost	Market Value	Gain/Loss	Est. Income	Yield	% Total
FEDERAL HOME LOAN BANKS .375% DUE 01/29/2014	10,000,000	100.22	10,010,290.00	10,022,400.00	12,110.00	37,500.00	0.37	6.68
FEDERAL FARM CREDIT BANK .34% DUE 04/23/2014 CALL 07/23/2012	10,000,000	100.00	9,993,750.00	10,000,200.00	6,450.00	34,000.00	0.34	6.67
FEDERAL NATIONAL MORTGAGE ASSN .625% DUE 10/30/2014	9,000,000	100.67	9,058,230.00	9,060,210.00	1,980.00	56,250.00	0.62	6.04
FEDERAL NATIONAL MORTGAGE ASSN .75% DUE 12/18/2013	8,500,000	100.60	8,529,885.00	8,551,000.00	21,115.00	63,750.00	0.75	5.70
FEDERAL HOME LOAN MORTGAGE CORP 1.00% DUE 08/20/2014	8,000,000	101.17	8,103,370.00	8,093,360.00	-10,010.00	80,000.00	0.99	5.39
<b>Total</b>			<b>\$45,695,525.00</b>	<b>\$45,727,170.00</b>	<b>\$31,645.00</b>	<b>\$271,500.00</b>	<b>0.59%</b>	<b>30.48%</b>

January 16, 2013

Page 1 of 5



## Historical Account Holdings Details as of 12/31/2012

CITY OF SOUTH BEND CORPORATE AGENCY

Asset	Units	Price	Tax Cost	Market Value	Gain/Loss	Est. Income	Yield	% Total
<b>Fixed Income</b>								
<b>Federal Agencies</b>								
FEDERAL FARM CREDIT BANK .33% DUE 07/23/2014 CALL 10/23/2012	5,000,000	100.00	4,998,000.00	5,000,100.00	2,100.00	16,500.00	0.33	3.33
FEDERAL FARM CREDIT BANK .34% DUE 04/23/2014 CALL 07/23/2012	10,000,000	100.00	9,993,750.00	10,000,200.00	6,450.00	34,000.00	0.34	6.67
FEDERAL FARM CREDIT BANK .34% DUE 07/16/2014 CALL 07/16/2013	2,000,000	100.09	2,000,000.00	2,001,760.00	1,760.00	6,800.00	0.34	1.33
FEDERAL FARM CREDIT BANK .35% DUE 06/19/2014 CALL 09/19/2012	7,000,000	100.00	6,993,000.00	7,000,210.00	7,210.00	24,500.00	0.35	4.67
FEDERAL HOME LOAN BANK .35% DUE 02/25/2014	5,000,000	100.20	4,999,150.00	5,009,950.00	10,800.00	17,500.00	0.35	3.34
FEDERAL HOME LOAN BANK .36% DUE 08/20/2014 CALL 02/20/2013	4,350,000	100.03	4,350,435.00	4,351,348.50	913.50	15,660.00	0.36	2.90
FEDERAL HOME LOAN BANK .4% DUE 07/30/2014 CALL 01/30/2013	3,000,000	100.02	3,000,000.00	3,000,660.00	660.00	12,000.00	0.40	2.00
FEDERAL HOME LOAN BANKS .375% DUE 01/29/2014	10,000,000	100.22	10,010,290.00	10,022,400.00	12,110.00	37,500.00	0.37	6.68
FEDERAL HOME LOAN MORTGAGE CORP .625% DUE 12/29/2014	2,200,000	100.65	2,213,728.00	2,214,212.00	484.00	13,750.00	0.62	1.48
FEDERAL HOME LOAN MORTGAGE CORP .75% DUE 11/25/2014	2,000,000	100.91	2,018,240.00	2,018,160.00	-80.00	15,000.00	0.74	1.35
FEDERAL HOME LOAN MORTGAGE CORP 0.400% DUE 02/27/2014	4,000,000	100.05	3,999,600.00	4,001,840.00	2,240.00	16,000.00	0.40	2.67
FEDERAL HOME LOAN MORTGAGE CORP 1.00% DUE 07/30/2014	5,000,000	101.20	5,065,500.00	5,060,000.00	-5,500.00	50,000.00	0.99	3.37

January 16, 2013

Page 2 of 5

Asset	Units	Price	Tax Cost	Market Value	Gain/Loss	Est. Income	Yield	% Total
<b>Federal Agencies (continued)</b>								
FEDERAL HOME LOAN MORTGAGE CORP 1.00% DUE 08/20/2014	8,000,000	101.17	8,103,370.00	8,093,360.00	-10,010.00	80,000.00	0.99	5.39
FEDERAL NATIONAL MORTGAGE ASSN .625% DUE 10/30/2014	9,000,000	100.67	9,058,230.00	9,060,210.00	1,980.00	56,250.00	0.62	6.04
FEDERAL NATIONAL MORTGAGE ASSN .75% DUE 12/18/2013	8,500,000	100.60	8,529,885.00	8,551,000.00	21,115.00	63,750.00	0.75	5.70
<b>Subtotal</b>			<b>\$85,333,178.00</b>	<b>\$85,385,410.50</b>	<b>\$52,232.50</b>	<b>\$459,210.00</b>	<b>0.54%</b>	<b>56.92%</b>
<b>Time Deposits</b>								
ALLY BANK CD 1.00% DUE 06/10/2013	249,000	1.00	249,000.00	249,000.00	0.00	2,490.00	1.00	0.17
AMERICAN EXPRESS CENTURION CD .75% DUE 03/22/2013 INTEREST SEMI-ANNUALLY	245,000	1.00	245,000.00	245,000.00	0.00	1,837.50	0.75	0.16
APPLE BANK FOR SAVINGS N Y CD .55% DUE 09/12/2014	250,000	1.00	250,000.00	250,000.00	0.00	1,375.00	0.55	0.17
BEAL BANK SSB-CD .45% DUE 06/05/2013	250,000	1.00	250,000.00	250,000.00	0.00	1,125.00	0.45	0.17
BEAL BANK USA CD .3% DUE 06/26/2013 INTEREST AT MATURITY	250,000	1.00	250,000.00	250,000.00	0.00	750.00	0.30	0.17
BMW BANK NORTH AMERICA .85% DUE 06/28/2013	249,000	1.00	249,000.00	249,000.00	0.00	2,116.50	0.85	0.17
COMPASS BANK CD .75% DUE 07/29/2013	240,000	1.00	240,000.00	240,000.00	0.00	1,800.00	0.75	0.16
DISCOVER BANK CD .95% DUE 06/17/2013	243,000	1.00	243,000.00	243,000.00	0.00	2,308.50	0.95	0.16
EAGLEBANK CD .4% DUE 11/24/2014	250,000	1.00	250,000.00	250,000.00	0.00	1,000.00	0.40	0.17
EVERBANK/JACKSONVILLE FL-CD .55% DUE 08/15/2014	250,000	1.00	250,000.00	250,000.00	0.00	1,375.00	0.55	0.17
FIFTH THIRD BANK CD #002-0668294635 1.12% DUE 05/12/2013 INTEREST MONTHLY	5,090,998	1.00	5,090,997.53	5,090,997.53	0.00	57,019.17	1.12	3.39

January 16, 2013

Page 3 of 5

Asset	Units	Price	Tax Cost	Market Value	Gain/Loss	Est. Income	Yield	% Total
<b>Time Deposits (continued)</b>								
FIFTH THIRD BANK CD #002-0668301516 1.20% DUE 05/17/2013 INTEREST MONTHLY	7,136,580	1.00	7,136,579.85	7,136,579.85	0.00	85,638.96	1.20	4.76
FIFTH THIRD BANK CD #002-0668396324 0.86% DUE 02/27/2014 INTEREST CAPITALIZED MONTHLY	3,021,858	1.00	3,021,858.00	3,021,858.00	0.00	25,987.98	0.86	2.01
FIRST NATL BANK OF OMAHA CD 0.60% DUE 06/20/2014	250,000	1.00	250,000.00	250,000.00	0.00	1,500.00	0.60	0.17
FIRST NATIONAL BK OMAHA-CD .6% DUE 10/24/2014 CALL 04/24/2013	250,000	1.00	250,000.00	250,000.00	0.00	1,500.00	0.60	0.17
GE CAPITAL FINANCIAL INC CD .90% DUE 09/16/2013 INTEREST SEMI-ANNUALLY	245,000	1.00	245,000.00	245,000.00	0.00	2,205.00	0.90	0.16
GE MONEY BANK CD 1.00% DUE 06/10/2013	249,000	1.00	249,000.00	249,000.00	0.00	2,490.00	1.00	0.17
GOLDMAN SACHS BANK USA CD .90% DUE 09/23/2013 INTEREST SEMI-ANNUALLY	245,000	1.00	245,000.00	245,000.00	0.00	2,205.00	0.90	0.16
HARRIS BANK CD #6900310796 0.712% DUE 01/24/2014 INTEREST CAPITALIZED QUARTERLY	5,026,722	1.00	5,026,722.26	5,026,722.26	0.00	35,790.26	0.71	3.35
HARRIS BANK CD #6900311191 0.56% DUE 02/06/2014 INTEREST CAPITALIZED QUARTERLY	5,021,391	1.00	5,021,390.93	5,021,390.93	0.00	28,119.79	0.56	3.35
HARRIS BANK CD #6900312041 0.65% DUE 02/28/2014 INTEREST CAPITALIZED QUARTERLY	5,019,039	1.00	5,019,039.10	5,019,039.10	0.00	32,623.75	0.65	3.35
HUNTINGTON NATIONAL BANK .50% DUE 05/19/2014	2,500,000	1.00	2,500,000.00	2,500,000.00	0.00	12,500.00	0.50	1.67
HUNTINGTON NATIONAL BANK CD .55% DUE 03/03/2014	2,500,000	1.00	2,500,000.00	2,500,000.00	0.00	13,750.00	0.55	1.67
HUNTINGTON NATIONAL BANK CD .65% DUE 06/06/2014	2,500,000	1.00	2,500,000.00	2,500,000.00	0.00	16,250.00	0.65	1.67
HUNTINGTON NATL BANK CD .40% DUE 11/18/2013	5,000,000	1.00	5,000,000.00	5,000,000.00	0.00	20,000.00	0.40	3.33
HUNTINGTON NATL CD 0.50% DUE 05/27/2014	2,500,000	1.00	2,500,000.00	2,500,000.00	0.00	12,500.00	0.50	1.67

January 16, 2013

Page 4 of 5

Asset	Units	Price	Tax Cost	Market Value	Gain/Loss	Est. Income	Yield	% Total
<b>Time Deposits (continued)</b>								
INVESTORS SAVINGS BK NJ - CD .50% DUE 07/21/2014 INTEREST MONTHLY	250,000	1.00	250,000.00	250,000.00	0.00	1,250.00	0.50	0.17
KEY BANK NA-CD .35% DUE 09/06/2013	1,500,000	1.00	1,500,000.00	1,500,000.00	0.00	5,250.00	0.35	1.00
KEY BANK, NA .35% DUE 04/24/2014	2,000,000	1.00	2,000,000.00	2,000,000.00	0.00	7,000.00	0.35	1.33
LAKE CITY BANK CD 0.43% DUE 06/19/2013 INTEREST ANNUALLY	5,000,000	1.00	5,000,000.00	5,000,000.00	0.00	21,500.00	0.43	3.33
MERRICK BANK CD .60% DUE 03/20/2013	245,000	1.00	245,000.00	245,000.00	0.00	1,470.00	0.60	0.16
SAFRA NATIONAL BANK .8% DUE 12/16/2013	249,000	1.00	249,000.00	249,000.00	0.00	1,992.00	0.80	0.17
SALLIE MAE BANK MURRAY UTAH CD 1.00% DUE 11/25/2013	249,000	1.00	249,000.00	249,000.00	0.00	2,490.00	1.00	0.17
SOVEREIGN BANK CD 0.65% DUE 06/13/2014	250,000	1.00	250,000.00	250,000.00	0.00	1,625.00	0.65	0.17
VALLEY NATL BK WAYNE-CD .6% DUE 07/28/2014 INTEREST MONTHLY	250,000	1.00	250,000.00	250,000.00	0.00	1,500.00	0.60	0.17
<b>Subtotal</b>			<b>\$59,024,587.67</b>	<b>\$59,024,587.67</b>	<b>\$0.00</b>	<b>\$410,334.42</b>	<b>0.70%</b>	<b>39.35%</b>
<b>Fixed Income Total</b>			<b>\$144,357,765.67</b>	<b>\$144,409,998.17</b>	<b>\$52,232.50</b>	<b>\$869,544.42</b>	<b>0.60%</b>	<b>96.26%</b>
<b>Cash</b>								
<b>Money Market</b>								
FEDERATED TREASURY OBLIGATIONS SS FUND #398	5,606,606	1.00	5,606,606.46	5,606,606.46	0.00	560.66	0.01	3.74
<b>Subtotal</b>			<b>\$5,606,606.46</b>	<b>\$5,606,606.46</b>	<b>\$0.00</b>	<b>\$560.66</b>	<b>0.01%</b>	<b>3.74%</b>
<b>Cash Total</b>			<b>\$5,606,606.46</b>	<b>\$5,606,606.46</b>	<b>\$0.00</b>	<b>\$560.66</b>	<b>0.01%</b>	<b>3.74%</b>
<b>Grand Total</b>			<b>\$149,964,372.13</b>	<b>\$150,016,604.63</b>	<b>\$52,232.50</b>	<b>\$870,105.08</b>	<b>0.58%</b>	<b>100.00%</b>

January 16, 2013

Page 5 of 5

Appendix 6

City of South Bend, Indiana  
1st Source Bank - Interest Earnings Summary - 2012  
 December 31, 2012  
 Prepared - January 22, 2013

Earned Month	Paid Month	Financial Institution	Investment Interest	Checking Interest	Total Interest
Dec-11	Jan-12	1st Source Bank	\$97,109	\$9,071	\$106,180
Jan-12	Feb-12	1st Source Bank	10,840	13,714	\$24,554
Feb-12	Mar-12	1st Source Bank	146,648	10,746	\$157,394
Mar-12	Apr-12	1st Source Bank	56,047	11,722	\$67,769
Apr-12	May-12	1st Source Bank	86,216	10,002	\$96,218
May-12	Jun-12	1st Source Bank	112,417	9,655	\$122,071
Jun-12	Jul-12	1st Source Bank	105,420	15,764	\$121,184
Jul-12	Aug-12	1st Source Bank	43,534	20,981	\$64,515
Aug-12	Sep-12	1st Source Bank	41,043	16,677	\$57,720
Sep-12	Oct-12	1st Source Bank	49,125	15,079	\$64,204
Oct-12	Nov-12	1st Source Bank	46,763	15,860	\$62,623
Nov-12	Dec-12	1st Source Bank	<u>33,827</u>	<u>13,446</u>	<u>\$47,272</u>
		<b>Total Interest</b>	<b><u>\$828,988</u></b>	<b><u>\$162,715</u></b>	<b><u>\$991,702</u></b>

City of South Bend  
 Controller's Cash Report  
 Month of: December 2012

Fund	Fund Name	Opening Cash Balance	Receipts	Disbursements	Interest Earned	Transfers In	Transfers Out	Ending Cash Balance	Investments	Total Cash & Investments	Interfund Loans (Borrowing)
<b>City-Controlled Funds</b>											
<b>General Fund</b>											
101	GENERAL FUND	13,795,148.47	\$20,236,011.68	\$5,947,423.41	\$3,976.29	\$118,134.63	\$0.00	28,205,847.66	0.00	28,205,847.66	0.00
<b>Special Revenue Funds</b>											
102	RAINY DAY FUND	8,586,154.78	0.00	0.00	2,025.68	0.00	0.00	8,588,180.46	0.00	8,588,180.46	0.00
103	EXCESS LEVY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
201	PARKS & RECREATION	1,963,114.29	3,897,250.84	789,806.61	540.14	0.00	185,746.50	4,885,352.16	0.00	4,885,352.16	0.00
202	MOTOR VEHICLE HIGHWAY	2,489,971.82	196,669.28	415,511.58	603.55	0.00	0.00	2,271,733.07	0.00	2,271,733.07	0.00
203	RECREATION - NONREVERTING	680,068.11	43,530.65	52,626.84	159.92	0.00	0.00	671,131.84	0.00	671,131.84	0.00
209	STUDEBAKER/OLIVER REVERTING GRANTS	1,079,420.66	0.00	0.00	254.66	0.00	0.00	1,079,675.32	0.00	1,079,675.32	500,000.00
210	DEPT COMMUNITY INVESTMENT STATE GRANTS	936,236.64	0.00	18,002.61	220.88	0.00	0.00	918,454.91	0.00	918,454.91	0.00
211	DCI OPERATING FUND	729,530.55	9,991.37	155,672.85	187.47	0.00	0.00	584,036.54	0.00	584,036.54	0.00
212	DEPARTMENT OF COMMUNITY INVESTMENT	540,348.53	266,443.13	292,508.32	57.79	0.00	0.00	514,341.13	0.00	514,341.13	0.00
213	POLICE FEDERAL GRANTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
216	POLICE STATE SEIZURES	141,819.76	5,379.03	2,307.16	33.46	0.00	0.00	144,925.09	0.00	144,925.09	0.00
217	POLICE DONATION, BEQUEST	62,983.11	1,330.00	1,094.87	14.70	0.00	0.00	63,232.94	0.00	63,232.94	0.00
218	POLICE CURFEW VIOLATIONS	10,782.15	100.00	0.00	2.55	0.00	0.00	10,884.70	0.00	10,884.70	0.00
220	LAW ENFORCEMENT CONTINUING EDUCATION	1,079,504.91	15,326.11	7,878.12	253.98	0.00	0.00	1,087,206.88	0.00	1,087,206.88	0.00
227	LOSS RECOVERY FUND	4,347,748.72	0.00	7,213.95	1,026.35	0.00	0.00	4,341,561.12	0.00	4,341,561.12	0.00
249	PUBLIC SAFETY L.O.I.T.	2,602,797.86	504,694.49	0.00	582.57	0.00	118,134.63	2,989,940.29	0.00	2,989,940.29	0.00
250	GENERAL GRANT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
251	LOCAL ROADS & STREETS	1,645,079.11	91,746.65	22,922.50	394.56	0.00	0.00	1,714,297.82	0.00	1,714,297.82	0.00
253	EXCESS WELFARE DISTRIBUTION	1,145.60	0.00	0.00	0.27	0.00	0.00	1,145.87	0.00	1,145.87	0.00
252	HUMAN RIGHTS - FEDERAL GRANT	480,425.87	22,500.03	16,876.18	114.53	0.00	0.00	486,164.25	0.00	486,164.25	0.00
271	EASTRACE WATERWAY	14,319.66	0.00	0.00	3.38	0.00	0.00	14,323.04	0.00	14,323.04	0.00
273	MORRIS PAC/PALAIS ROYALE MARKETING	26,083.37	2,673.25	0.00	6.10	0.00	0.00	28,762.72	0.00	28,762.72	0.00
280	POLICE BLOCK GRANTS	3,803.23	0.00	0.00	0.89	0.00	0.00	3,804.12	0.00	3,804.12	0.00
281	ECONOMIC DEV COMM - REVENUE BONDS	27,028.43	0.00	0.00	6.37	0.00	0.00	27,034.80	0.00	27,034.80	0.00
289	HAZMAT	2,682.30	0.00	0.00	0.63	0.00	0.00	2,682.93	0.00	2,682.93	0.00
291	INDIANA RIVER RESCUE	118,894.79	500.00	0.00	28.66	0.00	0.00	119,423.45	0.00	119,423.45	0.00
292	POLICE GRANTS	112,921.00	0.00	14,796.00	0.00	0.00	0.00	98,125.00	0.00	98,125.00	0.00
294	REGIONAL POLICE ACADEMY	77,031.54	0.00	3,234.44	18.16	0.00	0.00	73,815.26	0.00	73,815.26	0.00
295	COPS MORE GRANT	95,730.10	12,997.50	1,461.38	22.64	0.00	0.00	107,288.86	0.00	107,288.86	0.00
299	POLICE FEDERAL DRUG ENFORCEMENT	319,422.84	51,080.61	35,248.68	86.05	0.00	0.00	335,340.82	0.00	335,340.82	0.00
404	COUNTY OPTION INCOME TAX	15,046,773.56	700,854.59	424,169.96	3,544.14	0.00	0.00	15,327,002.33	0.00	15,327,002.33	2,027,973.00
408	ECONOMIC DEVELOPMENT INCOME TAX	9,500,325.00	683,718.86	211,810.13	2,177.35	0.00	0.00	9,984,411.08	0.00	9,984,411.08	0.00
410	URBAN DEVELOPMENT ACTION GRANT (UDAG)	23,746.06	0.00	0.00	5.23	0.00	0.00	23,753.29	0.00	23,753.29	(2,027,973.00)
655	PROJECT RELIEF	860,447.84	33,191.45	34,389.35	202.16	0.00	0.00	859,452.10	0.00	859,452.10	0.00
705	POLICE K-9 UNIT	1,930.09	0.00	0.00	0.46	0.00	0.00	1,930.55	0.00	1,930.55	0.00
<b>Total Special Revenue Funds</b>		<b>53,608,274.28</b>	<b>6,549,977.84</b>	<b>2,507,531.53</b>	<b>12,575.28</b>	<b>0.00</b>	<b>303,881.13</b>	<b>57,359,414.74</b>	<b>0.00</b>	<b>57,359,414.74</b>	<b>500,000.00</b>
<b>Debt Service Fund</b>											
313	HALL OF FAME DEBT SERVICE	21,454.55	552,984.44	0.00	0.00	0.00	0.00	574,438.99	0.00	574,438.99	0.00
<b>Capital Project Funds</b>											
288	EMS / FIRE DEPARTMENT CAPITAL	5,933,551.16	179,177.45	591,779.58	1,385.81	0.00	0.00	5,522,334.84	0.00	5,522,334.84	(72,825.00)
377	PROFESSIONAL SPORTS DEVELOPMENT	971,874.57	109,478.66	40,762.66	231.85	0.00	0.00	1,040,822.42	0.00	1,040,822.42	0.00
401	COVELESKI STADIUM CAPITAL	26,751.77	0.00	0.00	6.31	0.00	0.00	26,758.08	0.00	26,758.08	0.00
403	ZOO ENDOWMENT	48,834.55	0.00	0.00	11.52	0.00	0.00	48,846.07	0.00	48,846.07	0.00
405	PARK NONREVERTING CAPITAL	305,735.10	6,517.00	5,671.95	58.42	185,746.50	0.00	492,385.07	0.00	492,385.07	0.00
406	CUMULATIVE CAPITAL DEVELOPMENT	637,386.89	254,779.32	56,598.50	201.50	0.00	0.00	835,769.21	0.00	835,769.21	0.00
407	CUMULATIVE CAPITAL IMPROVEMENT	(44,187.43)	141,907.87	0.00	0.00	0.00	0.00	97,720.44	0.00	97,720.44	0.00

Fund	Fund Name	Opening Cash Balance	Receipts	Disbursements	Interest Earned	Transfers In	Transfers Out	Ending Cash Balance	Investments	Total Cash & Investments	Interfund Loans (Borrowing)
409	CUMULATIVE SEWER	8,650,796.09	0.00	0.00	1,980.02	0.00	0.00	7,896,696.41	0.00	7,896,696.41	0.00
412	MAJOR MOVES CONSTRUCTION	388,972.68	14,009.00	6,804.58	90.68	0.00	0.00	396,267.78	0.00	396,267.78	0.00
416	MORRIS PERFORMING ARTS CENTER CAPITAL	(429,708.64)	653,185.00	0.00	110.17	0.00	0.00	223,586.53	0.00	223,586.53	0.00
434	CRED FUND	57,745.43	545.30	0.00	13.56	0.00	0.00	58,304.29	0.00	58,304.29	0.00
450	PALAIS ROYALE HISTORIC PRESERVATION	720,061.84	0.00	1,145.60	169.91	0.00	0.00	719,086.15	0.00	719,086.15	0.00
677	HALL OF FAME CAPITAL FUND										
	<b>Total Capital &amp; Debt Service Funds</b>	<b>17,289,268.56</b>	<b>1,912,584.04</b>	<b>1,458,842.57</b>	<b>4,259.75</b>	<b>185,746.50</b>	<b>0.00</b>	<b>17,933,016.28</b>	<b>0.00</b>	<b>17,933,016.28</b>	<b>6,002,391.57</b>
<b>Enterprise Funds</b>											
600	CONSOLIDATED BUILDING DEPARTMENT	213,120.97	80,244.01	89,562.30	47.01	0.00	0.00	203,849.69	0.00	203,849.69	0.00
601	PARKING GARAGES	804,818.81	52,419.04	1,984.45	190.73	0.00	0.00	855,444.13	0.00	855,444.13	0.00
610	SOLID WASTE OPERATIONS	933,722.05	609,073.88	373,033.08	216.80	0.00	0.00	1,169,979.65	0.00	1,169,979.65	0.00
611	SOLID WASTE CAPITAL	45,551.70	0.00	45,453.89	10.74	0.00	0.00	108.55	0.00	108.55	0.00
620	WATER WORKS OPERATIONS	4,160,814.09	1,186,607.81	1,026,254.36	894.60	1,058.39	0.00	1,763,223.47	0.00	1,763,223.47	0.00
622	WATER WORKS CAPITAL	1,773,756.02	0.00	23,351.05	412.34	2,394,500.00	0.00	4,145,317.31	0.00	4,145,317.31	0.00
623	WATER WORKS BOND CAPITAL	6,176,552.01	0.00	377,161.51	1,446.03	0.00	0.00	5,802,836.53	0.00	5,802,836.53	0.00
624	WATER WORKS CUSTOMER DEPOSIT	1,403,679.82	19,411.13	14,396.58	331.87	0.00	331.87	1,408,694.37	0.00	1,408,694.37	0.00
625	WATER WORKS SINKING FUND	791,793.45	0.00	927,156.93	257.85	140,000.00	257.85	4,636.52	0.00	4,636.52	0.00
626	WATER WORKS BOND RESERVE	1,285,994.83	534.06	534.06	296.19	25,397.06	0.00	1,311,688.08	0.00	1,311,688.08	0.00
629	WATER WORKS RESERVE - O & M	1,986,230.68	0.00	466.67	488.67	0.00	468.67	1,986,230.68	0.00	1,986,230.68	0.00
640	SEWER REPAIR INSURANCE	1,166,900.49	43,406.58	50,564.22	273.90	0.00	0.00	1,160,016.75	0.00	1,160,016.75	0.00
641	SEWAGE WORKS OPERATIONS	4,593,913.64	2,232,291.82	1,582,086.80	998.24	25,051.53	838,565.64	4,431,602.79	0.00	4,431,602.79	0.00
642	SEWAGE WORKS CAPITAL	9,557,378.96	90,991.87	787,546.67	2,284.77	0.00	0.00	8,863,108.93	0.00	8,863,108.93	0.00
643	SEWAGE WORKS RESERVE - O & M	3,092,303.65	0.00	0.00	729.66	0.00	729.66	3,092,303.65	0.00	3,092,303.65	0.00
644	WATER LEAK INSURANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
645	2004 SEWER BOND	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
645	2006 SEWER BOND	12.43	0.00	0.00	0.00	0.00	0.00	12.43	0.00	12.43	0.00
647	2007 SEWER BOND	21,910.59	0.00	2,875.00	5.16	0.00	0.00	19,040.75	0.00	19,040.75	0.00
648	SEWAGE WORKS SINKING SRF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
649	SEWAGE WORKS BOND SINKING	20,939.52	0.00	500.00	1,362.18	814,243.77	0.00	836,045.47	0.00	836,045.47	0.00
650	CLAY SEWAGE WORKS OPERATIONS	696.28	0.00	0.00	0.17	0.00	0.00	696.45	0.00	696.45	0.00
651	2007B SEWER BOND	39,548.16	0.00	0.00	9.33	0.00	0.00	39,557.49	0.00	39,557.49	0.00
653	SEWAGE WORKS DEBT SERVICE RESERVE	8,145,897.63	1,564,917.00	1,564,917.00	2.30	1,564,917.00	0.00	9,710,816.93	0.00	9,710,816.93	0.00
658	2010 SEWER BOND CSO PLAN	179,650.83	0.00	67,490.00	42.41	0.00	0.00	112,203.24	0.00	112,203.24	0.00
659	2011 SEWER BOND	10,774,438.26	0.00	610,761.75	2,833.43	0.00	0.00	10,166,509.94	0.00	10,166,509.94	0.00
661	2012 SEWER BOND	250,000.00	24,563,304.70	1,500.00	0.00	0.00	1,564,917.00	23,246,887.70	0.00	23,246,887.70	0.00
670	CENTURY CENTER	962,087.88	308,724.58	369,615.35	1.36	0.00	0.00	901,198.47	0.00	901,198.47	0.00
671	CENTURY CENTER CAPITAL	1,274,855.85	0.00	0.00	21.59	0.00	0.00	1,274,877.44	0.00	1,274,877.44	0.00
	<b>Total Enterprise Funds</b>	<b>59,658,568.60</b>	<b>30,751,926.48</b>	<b>7,916,745.00</b>	<b>13,137.33</b>	<b>4,965,167.75</b>	<b>4,965,167.75</b>	<b>82,506,887.41</b>	<b>0.00</b>	<b>82,506,887.41</b>	<b>0.00</b>
<b>Internal Service Funds</b>											
222	CENTRAL SERVICES	1,150,992.98	874,087.54	934,639.40	234.97	0.00	0.00	1,090,656.09	0.00	1,090,656.09	0.00
226	LIABILITY INSURANCE	5,225,622.49	243,570.00	225,008.54	1,228.07	0.00	0.00	5,245,412.02	0.00	5,245,412.02	0.00
278	TAKE HOME VEHICLE POLICE	7,864,643.24	9,600.00	1,337,868.22	89.25	0.00	0.00	391,805.21	0.00	391,805.21	0.00
711	SELF-FUNDED EMPLOYEE BENEFITS	55,466.96	899,527.87	1,337,868.22	1,887.75	0.00	0.00	7,428,190.64	0.00	7,428,190.64	0.00
713	UNEMPLOYMENT COMP FUND		22,911.60	5,824.68	12.15	0.00	0.00	72,566.03	0.00	72,566.03	0.00
	<b>Total Internal Service Funds</b>	<b>14,678,841.63</b>	<b>2,049,677.01</b>	<b>2,503,340.84</b>	<b>3,452.19</b>	<b>0.00</b>	<b>0.00</b>	<b>14,228,629.99</b>	<b>0.00</b>	<b>14,228,629.99</b>	<b>0.00</b>
<b>Trust &amp; Agency Funds</b>											
701	FIREFIGHTERS PENSION	1,798,335.63	0.00	450,993.90	522.68	0.00	0.00	1,347,864.41	0.00	1,347,864.41	0.00
702	POLICE PENSION	2,875,467.53	260.28	567,897.73	795.81	0.00	0.00	2,308,625.89	0.00	2,308,625.89	0.00

City of South Bend  
Controller's Cash Report

Month of:

December 2012

Fund	Fund Name	Opening Cash Balance	Receipts	Disbursements	Interest Earned	Transfers In	Transfers Out	Ending Cash Balance	Investments	Total Cash & Investments	Interfund Loans (Borrowing)
703	POLICE/FIRE 1977 STATE PENSION	1,049,979.67	526,022.69	0.00	0.00	0.00	0.00	1,576,002.36	0.00	1,576,002.36	0.00
709	PAYROLL FUND	0.00	7,654,243.85	7,654,243.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00
712	PUBLIC EMPLOYEES RETIREMENT FUND	476,908.39	240,371.25	0.00	0.00	0.00	0.00	717,279.64	0.00	717,279.64	0.00
718	STATE TAX DEDUCTION FUND	258,456.54	283,370.12	258,456.54	0.00	0.00	0.00	283,370.12	0.00	283,370.12	0.00
725	MORRIS/PALAIS BOX OFFICE	1,222,806.92	162,798.12	2,298.60	0.00	0.00	0.00	1,383,306.44	0.00	1,383,306.44	0.00
730	CITY CEMETERY TRUST	41,102.39	0.00	0.00	9.70	0.00	0.00	41,112.09	0.00	41,112.09	0.00
	<b>Total Trust &amp; Agency Funds</b>	<b>7,723,057.07</b>	<b>8,867,066.31</b>	<b>8,933,890.62</b>	<b>1,328.19</b>	<b>0.00</b>	<b>0.00</b>	<b>7,657,560.95</b>	<b>0.00</b>	<b>7,657,560.95</b>	<b>0.00</b>
	<b>Total City Funds</b>	<b>166,753,158.61</b>	<b>70,367,243.36</b>	<b>29,267,773.97</b>	<b>38,729.03</b>	<b>5,269,048.88</b>	<b>5,269,048.88</b>	<b>207,891,357.03</b>	<b>0.00</b>	<b>207,891,357.03</b>	<b>6,502,391.57</b>
	<b>Redevelopment Commission Controlled Funds</b>										
	<b>Tax Increment Financing Funds</b>										
324	TIF REVENUE - AIRPORT	13,579,386.97	5,623,845.50	777,628.12	3,325.11	322.06	0.00	18,429,251.52	0.00	18,429,251.52	5,625,768.74
414	TIF DISTRICT - SAMPLE-EWING GEN'L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
420	TIF DISTRICT - SBCDA GENERAL	1,167,264.16	1,794,298.16	123,384.42	4,769.26	409.59	0.00	2,843,356.75	0.00	2,843,356.75	0.00
422	TIF DISTRICT - WEST WASHINGTON	358,062.71	197,631.37	104,049.79	84.48	0.00	0.00	451,728.77	0.00	451,728.77	0.00
425	TIF LEIGHTON PLAZA	94,411.64	21,131.02	20,166.39	18.37	0.00	0.00	95,394.64	0.00	95,394.64	0.00
426	TIF CENTRAL MEDICAL SERVICE AREA	3,193,711.89	730,513.97	65,879.40	754.57	0.00	0.00	3,859,101.03	0.00	3,859,101.03	0.00
429	TIF NORTHEAST DISTRICT	1,562,735.19	657,696.09	1,179.00	370.51	0.00	0.00	2,219,622.79	0.00	2,219,622.79	0.00
430	TIF SOUTHSIDE DEVELOPMENT AREA #1	4,373,795.88	1,128,885.46	108,943.95	1,039.20	0.00	0.00	5,394,776.59	0.00	5,394,776.59	0.00
431	TIF SSSA #3 - ERSKINE COMM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
432	TIF SSSA #2 - ERSKINE VILLAGE	5,566,313.98	0.00	0.00	1,313.22	0.00	0.00	5,567,627.20	0.00	5,567,627.20	0.00
435	TIF - DOUGLAS ROAD	140,041.41	20,851.19	0.00	33.15	0.00	0.00	160,925.75	0.00	160,925.75	(959,191.00)
436	TIF -NORTHEAST RESIDENTIAL	2,238,922.00	1,261,773.08	0.00	616.02	0.00	0.00	3,501,311.10	0.00	3,501,311.10	(5,116,025.57)
	<b>Total Tax Increment Financing Funds</b>	<b>32,274,645.83</b>	<b>11,436,625.84</b>	<b>1,201,231.07</b>	<b>12,323.89</b>	<b>731.65</b>	<b>0.00</b>	<b>42,523,096.14</b>	<b>0.00</b>	<b>42,523,096.14</b>	<b>(449,447.83)</b>
	<b>Redevelopment Funds</b>										
305	SBCDA BOND PROCEEDS - 2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
428	REDEVELOPMENT DISTRICT CAPITAL - AEDA2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
433	REDEVELOPMENT ADMINISTRATION GENERAL	31,435.69	0.00	0.00	7.43	0.00	0.00	31,443.12	0.00	31,443.12	0.00
438	COVELESKI BOND CONSTRUCTION	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
439	CERTIFIED TECHNOLOGY PARK	816,169.23	0.00	0.00	192.55	0.00	0.00	816,361.78	0.00	816,361.78	0.00
454	AIRPORT URBAN ENTERPRISE ZONE	300,530.36	74,480.84	0.00	70.91	0.00	0.00	375,082.11	0.00	375,082.11	0.00
619	BLACKTHORN GOLF COURSE OPERATIONS	65,803.97	22,114.95	42,547.43	0.00	0.00	0.00	45,371.49	0.00	45,371.49	(6,052,943.74)
	<b>Total Redevelopment Funds</b>	<b>1,213,939.25</b>	<b>96,595.79</b>	<b>42,547.43</b>	<b>270.89</b>	<b>0.00</b>	<b>0.00</b>	<b>1,268,258.50</b>	<b>0.00</b>	<b>1,268,258.50</b>	<b>(6,052,943.74)</b>
	<b>Debt Service Funds</b>										
314	REDEV BOND - 1990 PUBLIC IMPROVEMENT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
315	AIRPORT 2003 DEBT RESERVE	1,038,904.00	0.00	0.00	245.14	0.00	0.00	1,038,904.00	0.00	1,038,904.00	0.00
317	COVELESKI BOND DEBT RESERVE	501,629.16	0.00	0.00	118.35	0.00	0.00	501,747.51	0.00	501,747.51	0.00
319	REDEVELOPMENT BOND - BLACKTHORN GOLF	326,000.00	0.00	0.00	76.92	0.00	0.00	326,000.00	0.00	326,000.00	0.00
328	SBCDA 2003 DEBT RESERVE	1,735,840.00	0.00	0.00	409.59	0.00	0.00	1,735,840.00	0.00	1,735,840.00	0.00
	<b>Total Debt Service Funds</b>	<b>3,602,373.16</b>	<b>0.00</b>	<b>0.00</b>	<b>850.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,602,491.51</b>	<b>0.00</b>	<b>3,602,491.51</b>	<b>0.00</b>
	<b>Total Redevelopment Commission Funds</b>	<b>37,090,958.24</b>	<b>11,533,221.63</b>	<b>1,243,778.50</b>	<b>13,444.78</b>	<b>731.65</b>	<b>0.00</b>	<b>47,393,846.15</b>	<b>0.00</b>	<b>47,393,846.15</b>	<b>(6,502,391.57)</b>
	<b>City Operations Total</b>	<b>203,844,116.85</b>	<b>81,900,464.99</b>	<b>30,511,552.47</b>	<b>52,173.81</b>	<b>5,269,780.53</b>	<b>5,269,780.53</b>	<b>255,285,203.18</b>	<b>0.00</b>	<b>255,285,203.18</b>	<b>0.00</b>

City of South Bend  
 Controller's Cash Report

Month of: December 2012

Fund	Fund Name	Opening Cash Balance	Receipts	Disbursements	Interest Earned	Transfers In	Transfers Out	Ending Cash Balance	Investments	Total Cash & Investments	Interfund Loans (Borrowing)
		Opening Balance	Interest Net of Fees	Accrued Income	Change in Asset Value	Transfer In from Depository	Transfer out to Depository	Investment Balance		Total Cash & Investments	
	<b>Pooled Investment Account</b>										
	1st Source Bank Investment Account	150,144,988.37	91,933.14	(19,935.61)	3,975.99	0.00	33,826.79	150,187,135.10		150,187,135.10	



## BEST PRACTICE

**Appropriate Level of Unrestricted Fund Balance in the General Fund (2002 and 2009) (BUDGET and CAAFR)**

**Background.** Accountants employ the term *fund balance* to describe the net assets of governmental funds calculated in accordance with generally accepted accounting principles (GAAP). Budget professionals commonly use this same term to describe the net assets of governmental funds calculated on a government's budgetary basis.<sup>1</sup> In both cases, fund balance is intended to serve as a measure of the financial resources available in a governmental fund.

Accountants distinguish up to five separate categories of fund balance, based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts can be spent: *nonspendable fund balance*, *restricted fund balance*, *committed fund balance*, *assigned fund balance*, and *unassigned fund balance*.<sup>2</sup> The total of the last three categories, which include only resources without a constraint on spending or for which the constraint on spending is imposed by the government itself, is termed *unrestricted fund balance*.

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are a crucial consideration, too, in long-term financial planning.

In most cases, discussions of fund balance will properly focus on a government's general fund. Nonetheless, financial resources available in other funds should also be considered in assessing the adequacy of unrestricted fund balance (i.e., the total of the amounts reported as committed, assigned, and unassigned fund balance) in the general fund.

Credit rating agencies monitor levels of fund balance and unrestricted fund balance in a government's general fund to evaluate a government's continued creditworthiness. Likewise, laws and regulations often govern appropriate levels of fund balance and unrestricted fund balance for state and local governments.

Those interested primarily in a government's creditworthiness or economic condition (e.g., rating agencies) are likely to favor increased levels of fund balance. Opposing pressures often come from unions, taxpayers and citizens' groups, which may view high levels of fund balance as "excessive."

**Recommendation.** The Government Finance Officers Association (GFOA) recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund.<sup>3</sup> Such a guideline should be set by the appropriate policy body and should provide both a temporal framework and

<sup>1</sup> For the sake of clarity, this recommended practice uses the terms GAAP fund balance and budgetary fund balance to distinguish these two different uses of the same term.

<sup>2</sup> These categories are set forth in Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which must be implemented for financial statements for periods ended June 30, 2011 and later.

<sup>3</sup> Sometimes restricted fund balance includes resources available to finance items that typically would require the use of unrestricted fund balance (e.g., a contingency reserve). In that case, such amounts should be included as part of unrestricted fund balance for purposes of analysis.

specific plans for increasing or decreasing the level of unrestricted fund balance, if it is inconsistent with that policy.<sup>4</sup>

→ The adequacy of unrestricted fund balance in the general fund should be assessed based upon a government's own specific circumstances. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.<sup>5</sup> The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances.<sup>6</sup> Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time. 16.7%

In establishing a policy governing the level of unrestricted fund balance in the general fund, a government should consider a variety of factors, including:

- The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile);
- Its perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts);
- The potential drain upon general fund resources from other funds as well as the availability of resources in other funds (i.e., deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the general fund, just as, the availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the general fund);<sup>7</sup>
- Liquidity (i.e., a disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained); and
- Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose).

Furthermore, governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance rather than on unrestricted fund balance.

Naturally, any policy addressing desirable levels of unrestricted fund balance in the general fund should be in conformity with all applicable legal and regulatory constraints. In this case in particular, it is essential that differences between GAAP fund balance and budgetary fund balance be fully appreciated by all interested parties.

Approved by the GFOA's Executive Board, October, 2009.

<sup>4</sup> See Recommended Practice 4.1 of the National Advisory Council on State and Local Budgeting governments on the need to "maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures" (Recommended Practice 4.1).

<sup>5</sup> In practice, a level of unrestricted fund balance significantly lower than the recommended minimum may be appropriate for states and America's largest governments (e.g., cities, counties, and school districts) because they often are in a better position to predict contingencies (for the same reason that an insurance company can more readily predict the number of accidents for a pool of 500,000 drivers than for a pool of fifty), and because their revenues and expenditures often are more diversified and thus potentially less subject to volatility.

<sup>6</sup> In either case, unusual items that would distort trends (e.g., one-time revenues and expenditures) should be excluded, whereas recurring transfers should be included. Once the decision has been made to compare unrestricted fund balance to either revenues or expenditures, that decision should be followed consistently from period to period.

<sup>7</sup> However, except as discussed in footnote 4, not to a level below the recommended minimum.