

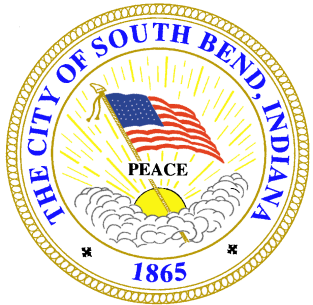


City of South Bend, IN

Mayor Pete Buttigieg

CAFR Executive Summary

Fiscal Year ending December 31, 2012



*Prepared by: Department of Administration and Finance
Mark Neal, City Controller*

City of South Bend, Indiana
Comprehensive Annual Financial Report – Executive Summary
For The Year Ending December 31, 2012

Table of Contents

Purpose & Summaries

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

Introduction

Controller’s Letter of Transmittal 11–23
 Independent Auditor’s Report on Financial Statements 24–26
 Management’s Discussion and Analysis 27–47

Government-Wide Financial Statements:

Statement of Net Position 48–49
 Statement of Activities 50

Fund Financial Statements:

Balance Sheet – Governmental Funds 51–52
 Statement of Revenues, Expenditures and Other Changes in Fund
 Balances – Governmental Funds 53
 Statement of Net Position – Proprietary Funds 54–55
 Statement of Revenues, Expenses and Other Changes in
 Net Position – Proprietary Funds 56–57
 Statement of Fiduciary Net Position – Fiduciary Funds 58
 Statement of Changes in Fiduciary Net Position – Fiduciary Funds 59

Financial Trends

Net Position by Component – Last Ten Years 60
 Changes in Net Position – Last Ten Years 61–63
 Fund Balances, Governmental Funds – Last Ten Years 64
 Changes in Fund Balances, Governmental Funds – Last Ten Years 65

Revenue Capacity

Property Tax Levies and Collections – Last Ten Years 66
 Direct and Overlapping Property Tax Rates – Last Ten Years 67
 Assessed Value and Actual Value of Taxable Property – Last Ten Years 68
 Property Tax Collections – Cash Basis – 2003 to 2012 69

Debt Capacity

Computation of Legal Debt Margin – December 31, 2012 70
 Ratios of Outstanding Debt by Type – Last Ten Years 71
 Computation of Direct and Overlapping Debt – December 31, 2012 72

Demographic and Economic Information

Demographic Statistics – Last Ten Years 73–74

Operating and Other Information

Full-Time City Government Employees by Department – Last Ten Years 75–76

Grant Compliance

Schedule of Expenditures of Federal Awards 77–79

City of South Bend, Indiana

2012 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, 2012. The 2012 CAFR totals 275 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 2012, this will be the twenty-third 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 2012 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 2012 CAFR. In addition, the CAFR Executive Summary includes summary charts and graphs not featured in the 2012 CAFR. The Executive Summary totals 79 pages.

The Executive Summary and full CAFR are available at:

<http://docs.southbendin.gov/WebLink8/Browse.aspx?dbid=0>

or by contacting:

Mark W. Neal, City Controller
City of South Bend
Department of Administration & Finance
227 W. Jefferson Boulevard
South Bend, Indiana 46601
Telephone – (574) 235-9261
Fax – (574) 235-9928

On the cover:

Top: The Salvation Army Kroc Community Center officially opened on January 28th, 2012. The 110,000 square-foot community center was paid for by a donation from Ray and Joan Kroc and community support. “The Center is comprised of five major components: a center of worship and performance venue, an aquatics center, fitness and recreation center, fine arts, music and education, and special event facilities” (<http://www.mykroc.org/about/history.php>).



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 (12/31/12).....	1,112
2012 Governmental Fund Expenditures.....	\$ 162,460,000
2012 Government-Wide Expenses	\$ 195,040,779
Net Position (12/31/12)	\$ 462,042,590
Unrestricted Net Position (12/31/12)	\$ 101,255,736
Largest Employer	University of Notre Dame (5,590 employees)
Gross Assessed Property Tax Value.....	\$ 5,091,222,000

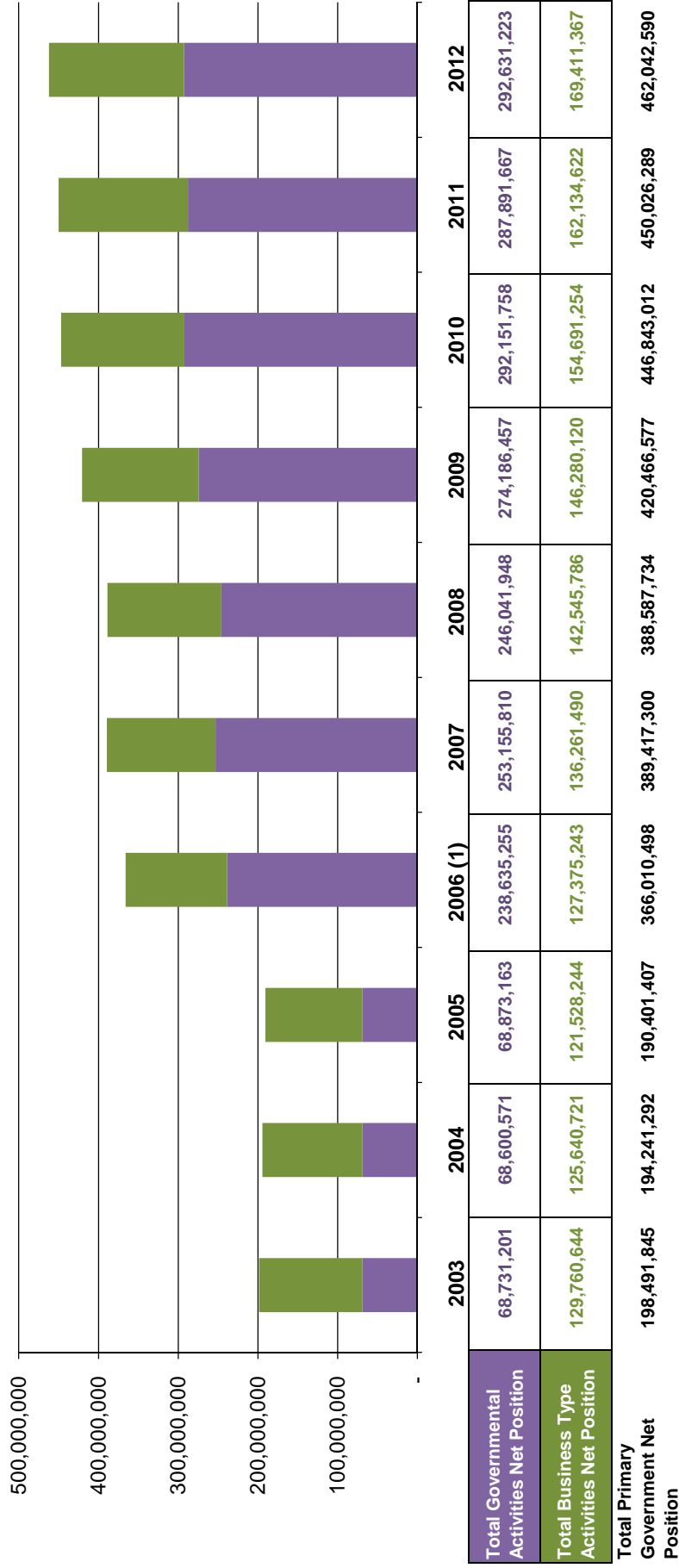
Local Colleges:

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

Attractions:

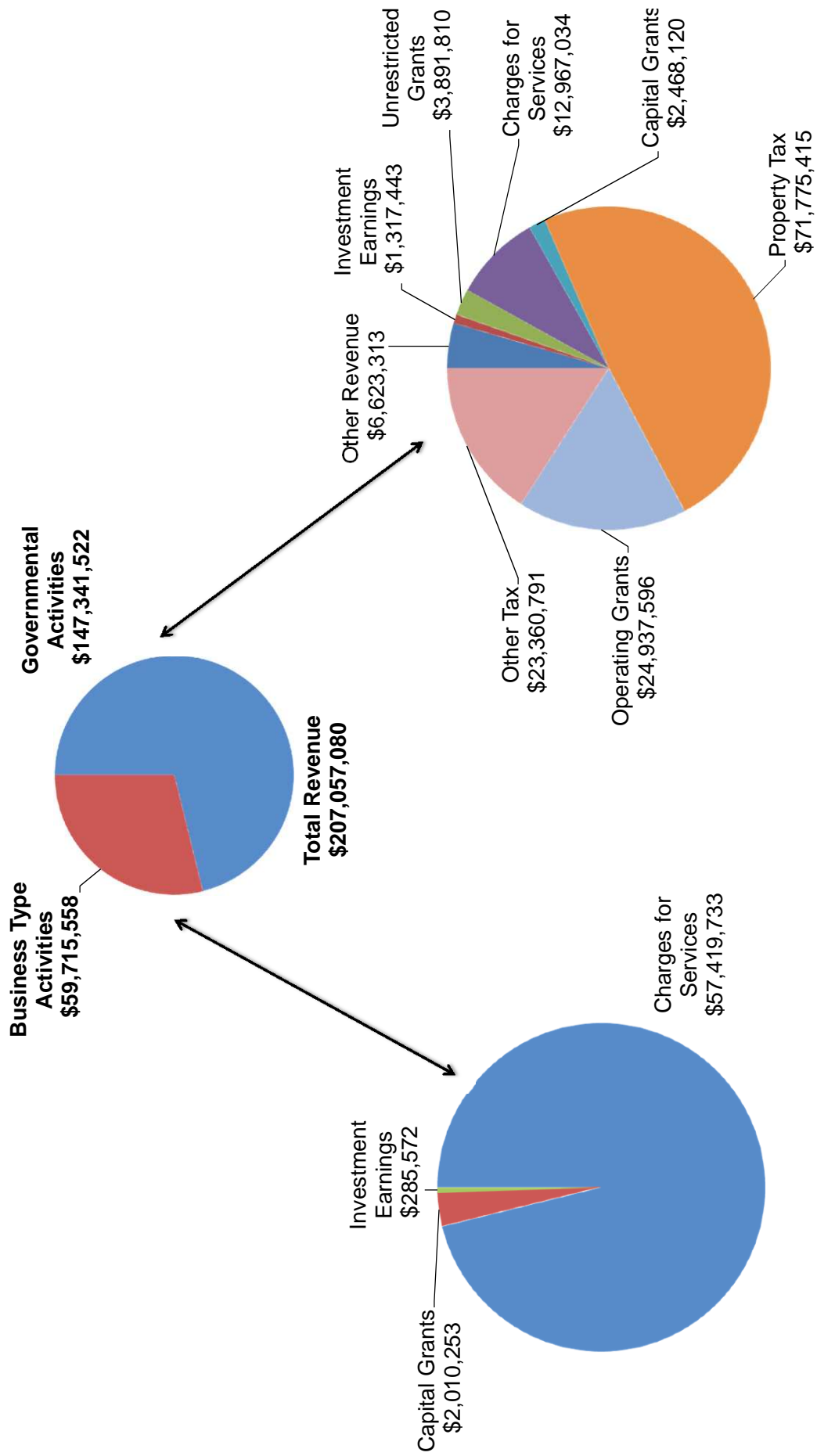
- Morris Performing Arts Center
- Century Center
- South Bend Silver Hawks
- East Race Waterway
- Potawatomi Zoo
- Palais Royale
- Blackthorn Golf Course

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

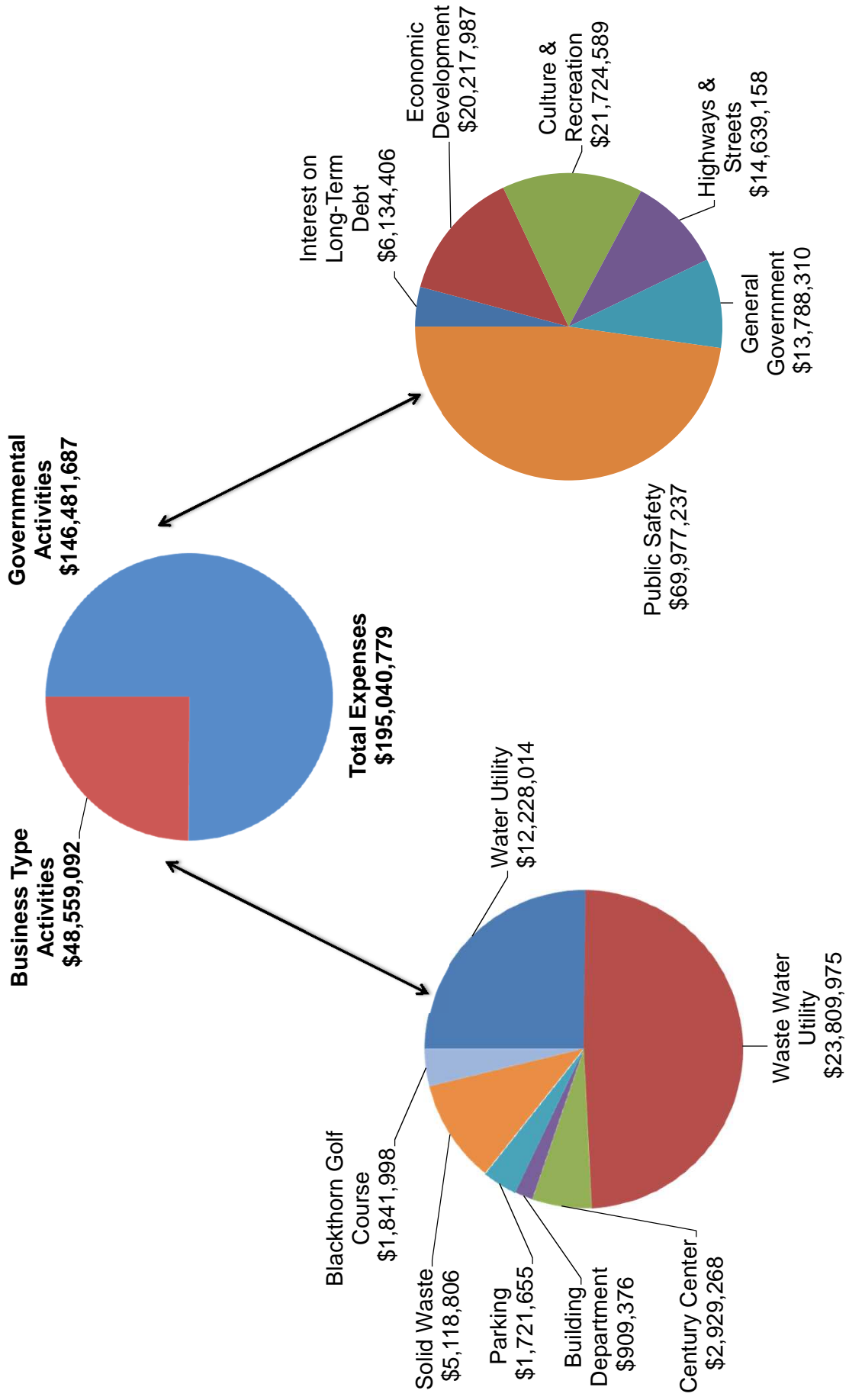


(1) The City implemented the retroactive reporting of infrastructure assets required by GASB Statement No. 34 during 2006.

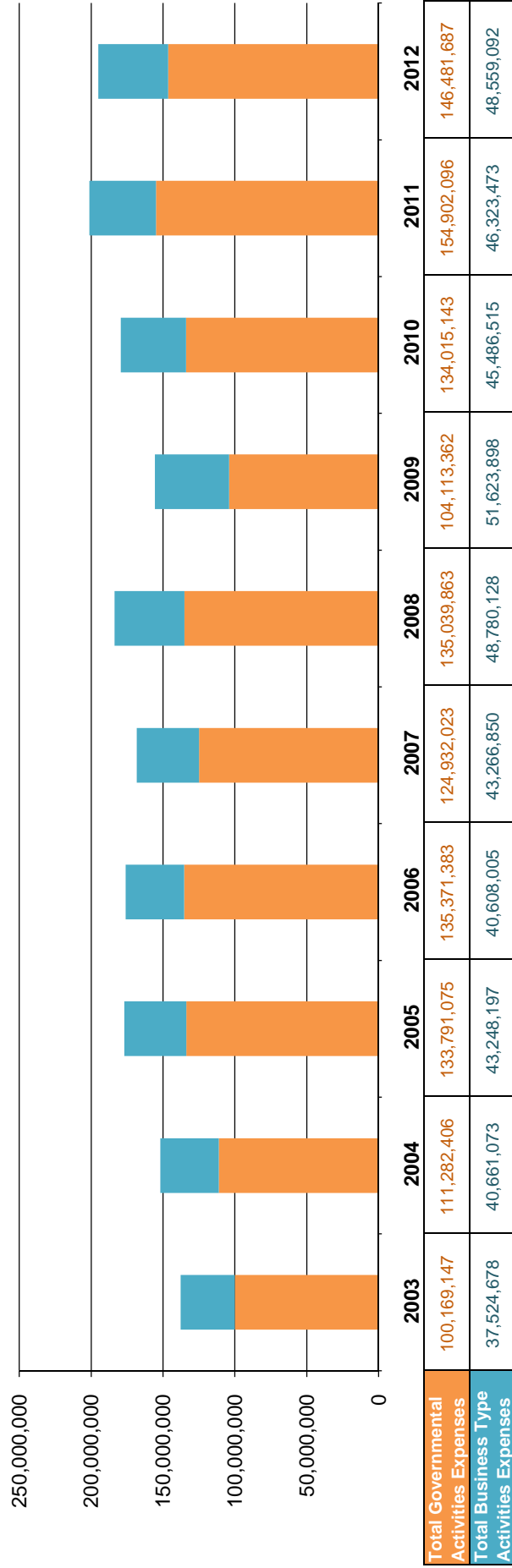
Government-Wide Revenue 2012



Government-Wide Expenses 2012

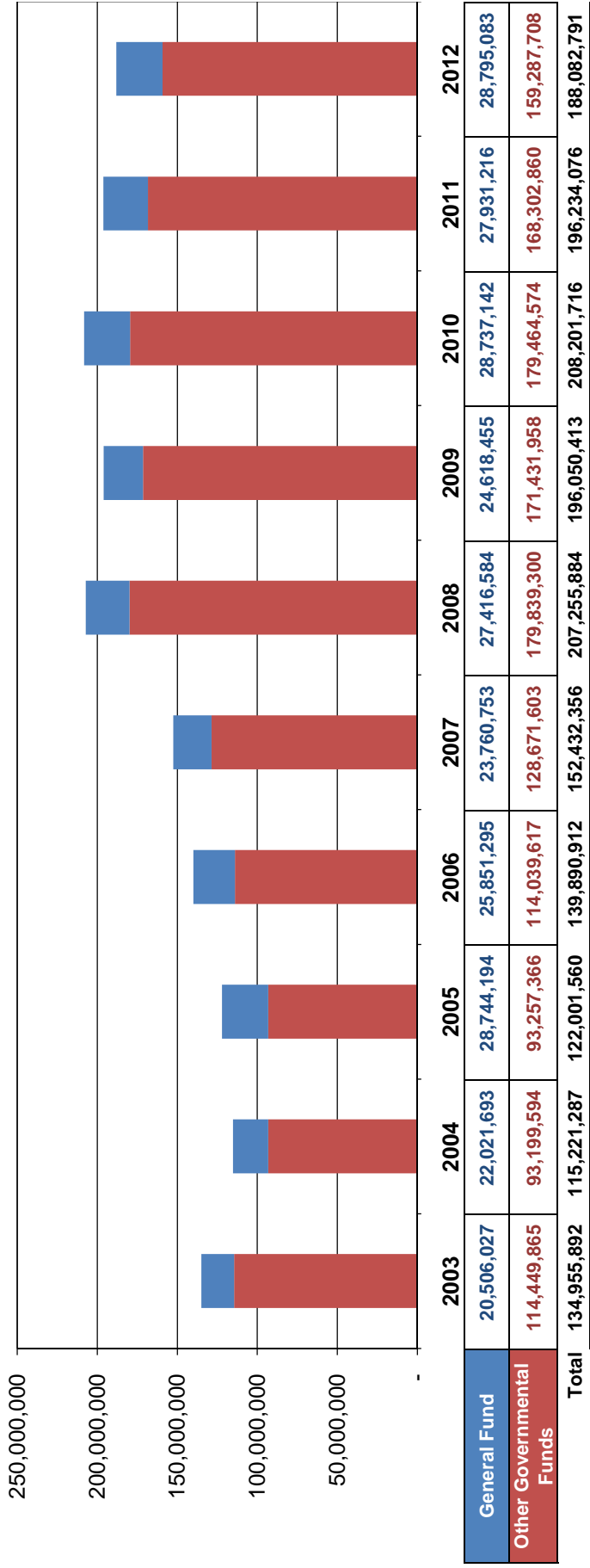


**City of South Bend, Indiana
Government-Wide Expenses
Last Ten Fiscal Years**

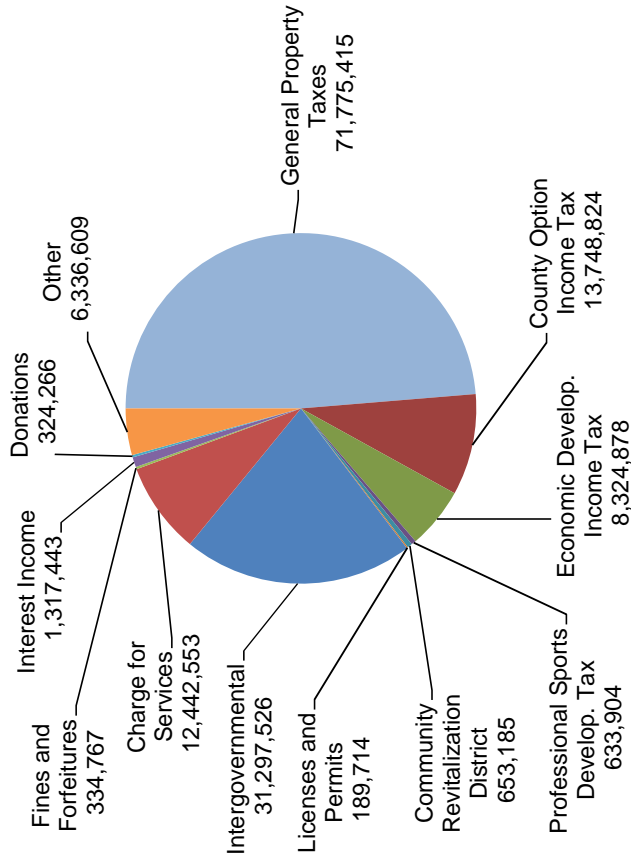


Total Primary Government Expenses \$ 137,693,825 \$ 151,943,479 \$ 177,039,272 \$ 175,979,388 \$ 168,198,873 \$ 183,819,991 \$ 155,737,260 \$ 179,501,658 \$ 201,225,569 \$ 195,040,779

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

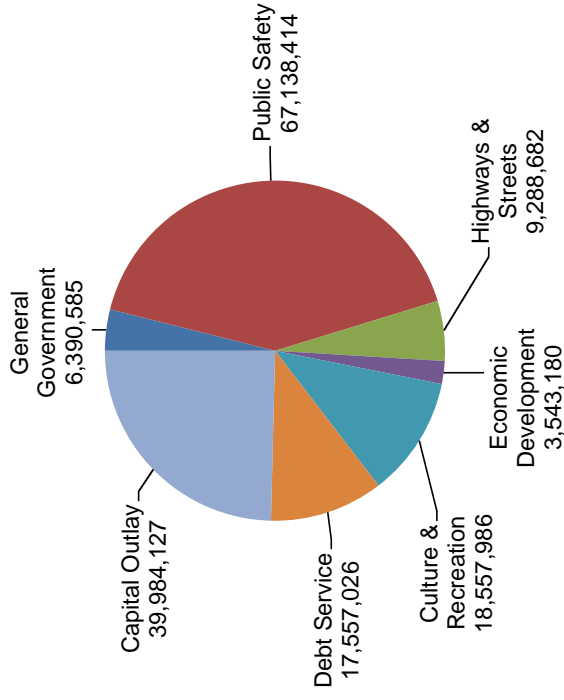


Governmental Funds Revenue 2012



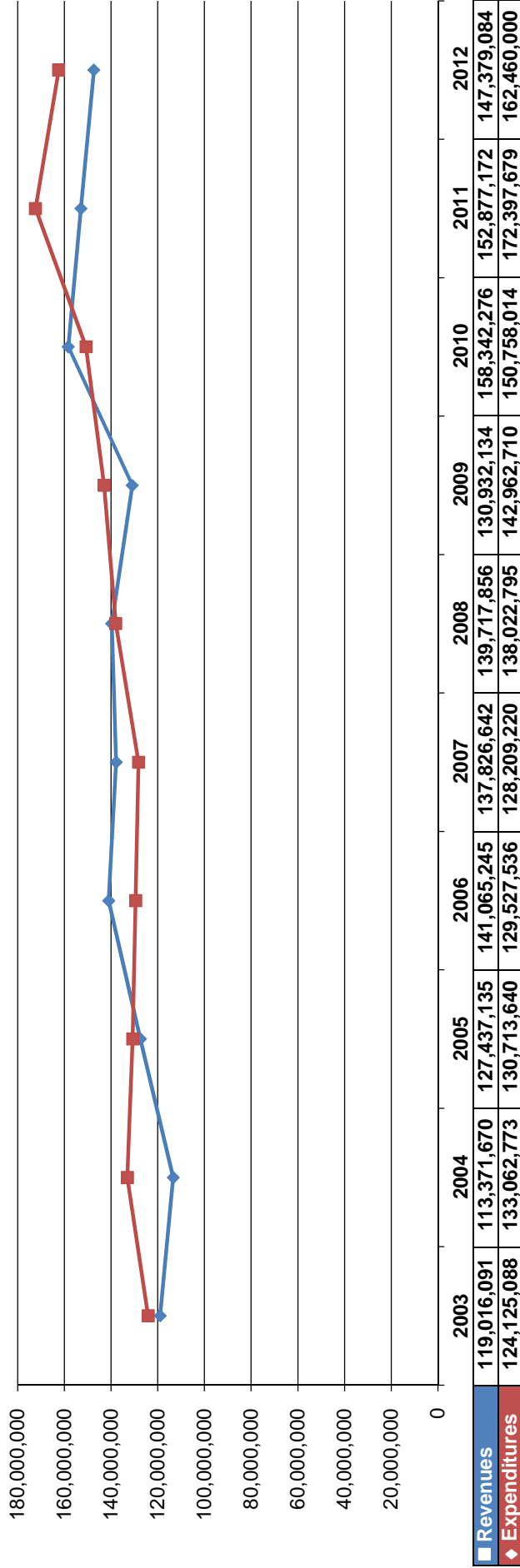
General Property Taxes	\$ 71,775,415	48.7%
County Option Income Tax	13,748,824	9.3%
Economic Development Income Tax	8,324,878	5.6%
Professional Sports Develop. Tax	633,904	0.4%
Community Revitalization District	653,185	0.4%
Licenses and Permits	189,714	0.1%
Intergovernmental	31,297,526	21.2%
Charge for Services	12,442,553	8.4%
Fines and Forfeitures	334,767	0.2%
Interest Income	1,317,443	0.9%
Donations	324,266	0.2%
Other	6,336,609	4.3%
Total Revenue	\$ 147,379,084	100.0%

Governmental Funds Expenses 2012



General Government	\$ 6,390,585	3.9%
Public Safety	67,138,414	41.3%
Highways & Streets	9,288,682	5.7%
Economic Development	3,543,180	2.2%
Culture & Recreation	18,557,986	11.4%
Debt Service	17,557,026	10.8%
Capital Outlay	39,984,127	24.6%
Total Expenses	\$ 162,460,000	100.0%

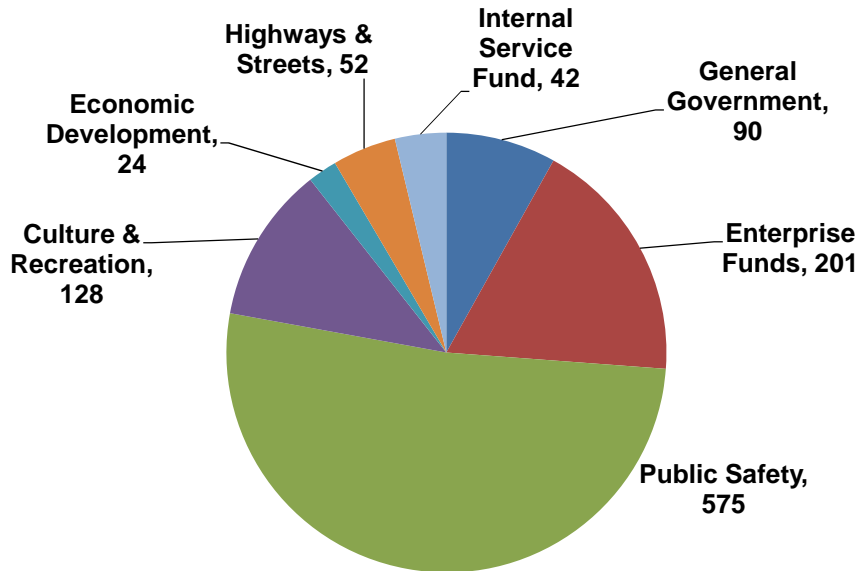
City of South Bend, Indiana
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years



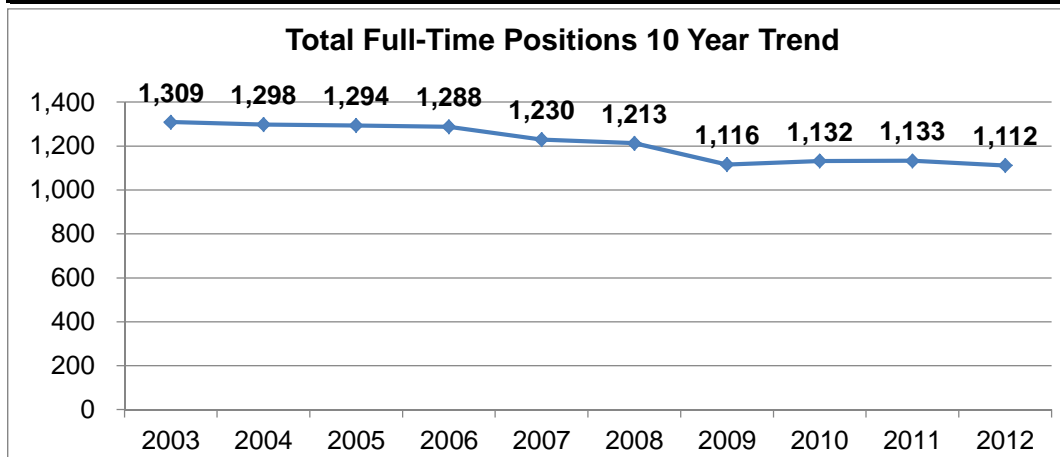
Notes:

- 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 Government Employees by Department**



	Department	Full-Time Positions
General Government	Mayor's Office	6
	City Clerk's Office	5
	Common Council (elected officials, part-time)	8
	Administration and Finance	22
	City Attorney's Office	9
	Code Enforcement	25
	Engineering	15
	Public Safety	Police Department
	Communication Center	35
	Fire Department	249
Culture and Recreation	Parks and Recreation	114
	Convention and Events Management	14
Economic Development	Community and Economic Development	24
Highways and Streets	Street Department	52
Enterprise Funds	Water Works	73
	Wastewater	46
	Organic Resources (formerly in Wastewater)	6
	Sewer	39
	Solid Waste	24
	Building Department	13
Internal Service Fund	Central Services	42





CITY OF SOUTH BEND PETE BUTTIGIEG, MAYOR

DEPARTMENT OF ADMINISTRATION AND FINANCE

June 28, 2013

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, 2012** 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, 2011. 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, a regional 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 its proximity to the University of Notre Dame with its scenic campus located adjacent to the city limits.

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

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

The estimated labor force in St. Joseph County is 135,516 workers (US Census Bureau 2007-2011 Survey 5-Year Estimates). The workers are typical of the Midwest: well trained with a strong work ethic. Approximately 87.5% of the area’s adult population are high school graduates or higher (as compared to the national average of 75%) with an estimated 26.2% with a Bachelor’s Degree or higher. There are ten colleges, universities and technical schools within South Bend and the surrounding area including the University of Notre Dame; Indiana University South Bend; Bethel College; Saint Mary’s College; Purdue University College of Technology at South Bend; Holy Cross College; Trine University South Bend; Brown Mackie College; ITT Technical Institute; and Ivy Tech Community College. At the high school level, there are school-to-work transition programs. As of April 2013, St. Joseph County is experiencing an unemployment rate of 9.7%, which is higher than the State of Indiana unemployment rate of 8.5%. The unemployment rate in St. Joseph County is somewhat higher than some of its surrounding counties—Elkhart (9.4%), LaPorte (11.6%), and Marshall (9.5%) in Indiana and Cass (7.3%) and Berrien (8.8%) in Michigan (as of March 2013).

The employment profile for St. Joseph County provides a good overview of the economic make-up of this community. Employment estimates for the County’s major economic sectors are as follows (US Census Bureau 2007-2011 Survey 5-Year Estimates Civilian Employed Population):

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

Public Administration	3,334	2.7%
Information	2,105	1.7%
Agriculture, Forestry, Fishing, Hunting, Mining	514	0.4%
Total	121,713	100.00%

St. Joseph County presently has an estimated 101,071 households with an average per capita personal income of \$23,420, which compares to the State of Indiana average per capita income of \$24,497 and the United States per capita income of \$27,915. The per capita income in St. Joseph County compares favorably with many of its surrounding counties—Elkhart (\$21,879), La Porte (\$22,968), and Marshall (\$22,376) in Indiana and Cass (\$23,045) and Berrien (\$24,490) in Michigan.

Health and education lead the employment statistics for St. Joseph County. The largest employers in St. Joseph County as of December 2012 were as follows: University of Notre Dame (4,707); South Bend Community School Corporation (3,212); Memorial Health Systems (3,545); Saint Joseph Regional Medical Center (2,123); The Diocese of Fort Wayne/South Bend (1,094); AM General (2,400); 1st Source Bank (1,257); the City of South Bend (1,361); St. Joseph County (1,211); and Martin’s (1,062).

The following provides a profile of the residents of St. Joseph County:

- Gender: 48.5% male; 51.5% female
- Age: 36.2% 0-24 years of age; 25.3% 25-44 years of age; 25.3% 45-64 years of age; and 13.2% 65 years of age and older.
- Race: 76.0% White; 12.4% Black/African American; 7.1% Hispanic/Latino; 1.7% Asian; and 2.8% Other
- Marital Status: 46.1% Married; 53.9% Single/Widowed/Divorced/Other
- Home Ownership: 70.7% own; 29.3% rent/other

The cost of living continues to be one of the greatest advantages of living in this community. The housing costs in South Bend are well below the national and regional averages. Per a report compiled by the National Association of Realtors in the first quarter of 2012, the median sales price for a single family home in the South Bend-Mishawaka Statistical Area was \$69,400 as compared to a median sales price of \$157,200 in Chicago and \$115,400 in Indianapolis. The national median sales price is \$158,000.

The City of South Bend continues to place high emphasis on a growing and diversified local economy. It has been active in developing ten industrial parks, offering itself as a low-cost alternative to the Chicago metropolitan area to companies engaged in light manufacturing, distribution and services. More than 240 businesses operate in South Bend’s industrial parks,

including companies engaged in metalworking, plastics, warehousing and distribution, and professional services. In recent years, the City has developed Innovation and Ignition parks, the first dual-site, state-certified technology park in the State of Indiana.

The South Bend Community School Corporation serves the entire City and some of the surrounding area and has a current enrollment of approximately 18,982 students in grades kindergarten through high school. An estimated 5,757 students attend private or parochial schools within the City. The nine institutions of higher education and technical training located within the South Bend area have a total enrollment of approximately 31,166. Over the years, the University of Notre Dame has provided a stabilizing influence on the economy with a very significant positive economic impact upon the community.

South Bend History and Amenities

In 1820, Pierre Navarre of the American Fur Trading Company was the first settler in the area to become later known as South Bend. South Bend has continued to progress in its growth since 1842 when Father Edward Sorin named his rustic log chapel “Notre Dame du Lac” and began to teach the local Indians. Today the chapel has grown into the University of Notre Dame. In 1852, H.C. Studebaker started the industry of making wagons and horse-drawn buggies that evolved into the manufacturing of the Studebaker automobile. It made the name Studebaker synonymous with the area of South Bend and its major employer until its closure in 1963.

Another industrial firm that would later become the area’s largest began in 1923 when Vincent Bendix began manufacturing automotive brakes. In 1929 the company became the Bendix Aviation Corporation, and now, as Honeywell (formerly AlliedSignal Inc.), is a leading manufacturer of automotive and aerospace products. The Singer Sewing Company and the Oliver Chilled Plow Works were other important companies during the early history of South Bend.

Special attractions within the South Bend area include the Olympic-class East Race Waterway and the East Bank area; the renovated Morris Performing Arts Center, which provides for the Broadway Theater League, the South Bend Symphony Orchestra with the Chamber and Pops Orchestras, and the Southold Dance Theater and Patchwork Dance Company; the award-winning South Bend Civic Theater; the Studebaker National Museum; the South Bend Museum of Art; the Snite Museum of Art at Notre Dame; the Northern Indiana Center for History; Copshaholm/The Oliver Mansion; Century Center; Potawatomi Zoo; the Morris Conservatory/Muessel-Ellison Tropical Gardens; Healthworks! Kids Museum; the Farmers’ Market; and the Belleville Softball Complex. The Coveleski Regional Baseball Stadium (named after South Bend native and Hall of Fame pitcher Stanley Coveleski) is a 5,000-seat facility which opened in 1987 and is rated among the best in minor league baseball. The stadium is home to the South Bend Silver Hawks, a minor league team affiliated with the Arizona Diamondbacks. During 2011, the Silver Hawks were sold to Chicago businessman, Andrew Berlin, who has forged a strong partnership with the City and plans to keep the team in South Bend for many years to come. Attendance at the stadium has increased significantly in recent years.

Additional miscellaneous information about the City of South Bend can be found in the statistical section of this report.

Financial, Budgetary and Property Tax Controls

The City's management team is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal and state financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City. As part of the City's single audit described earlier, tests are performed to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the year ended December 31, 2012 are included in a separate report.

Budgetary Controls. In accordance with Indiana statutes, the City maintains budgetary controls integrated within the accounting system. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget (prepared on a cash basis) which is adopted by the City Common Council or Redevelopment Commission (depending on the fund) and then reviewed and approved by the State of Indiana Department of Local Government and Finance (DLGF). Activities of the general fund, special revenue funds, capital project funds, enterprise funds, internal service funds, pension trust funds and debt service funds are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major budget classification within funds. The Mayor and Common Council may transfer appropriations from one major budget classification to another within a department by ordinance as long as the total appropriations for that fund are not exceeded. Additional appropriations in excess of the original budget must be approved by the Mayor and Common Council and are also submitted to the DLGF for either approval or acknowledgement (depending on the fund). Additional appropriations for funds approved by the Redevelopment Commission do not require DLGF approval. Beginning in budget year 2009, the City must also submit its annual budget to the St. Joseph County Common Council for a non-binding review and recommendation. The deadline for adoption of the annual budget is November 1. The city's fiscal year begins on January 1.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts do not lapse at year end and are carried over to the following year as a part of the subsequent year's budget.

Property Tax Controls. In addition to budgetary and other controls established by Indiana statute, the City must operate within specific and rigid controls governing the amount of property tax it may levy. The property tax control program, which began in 1973, limits the amount of property tax that may be levied by each unit of government in its legally budgeted funds. The total amount of property tax levied by the unit may increase by the six year average annual growth in Indiana personal non-farm income, as calculated by the U.S. Bureau of Economic Analysis, with a 6% maximum.

During March 2008, the State of Indiana General Assembly enacted property tax reform legislation which made significant changes in the property tax system by capping the amount of property taxes at 1% of grossed assessed value for residential homesteads, 2% for agricultural/rental properties and 3% for all other real and personal property. This legislation was phased in over a two year period beginning in 2009. The loss of revenue to the City due to this legislation was significant but has been overcome by cost savings and the adoption of local option income taxes to in order to continue providing essential City services, including police and fire protection.

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

Citywide Goals and Objectives for 2013 and Beyond

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

GOAL ONE: The Community's Economy

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

GOAL TWO: The Community's Public Safety and Civility

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

GOAL THREE: The Community's Quality of Life

Improve South Bend's quality of life to ensure that every resident and every family can earn an adequate income; secure adequate housing; live in a safe, pleasant and humane neighborhood; enjoy a wide range of social, cultural and recreational opportunities; and have access to quality educational and medical services within an excellent natural and manmade environment.

GOAL FOUR: Trust in City Government

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

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

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

GOAL SIX: The City's Infrastructure

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

GOAL SEVEN: The City's Financial Condition

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

GOAL EIGHT: The City's Workforce

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

City Mission Statement and Department Purpose Statements

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

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

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

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

**Administration
and Finance:**

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

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

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

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

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

**Parks and
Recreation:**

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

**Community
Investment
(Econ Dev):**

Creating and expanding opportunities through partnerships in neighborhood revitalization, commercial and industrial development and community enhancement.

Public Works: Providing leadership in the development and delivery of engineering, fleet,

transportation, sanitation, wastewater, water and other services as called upon by our customers.

Building

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

Century Center: Providing a state-of-the-art convention facility with excellent services to customers while generating maximum economic benefit to our community.

Building South Bend in 2013 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 2013 budget. There are five areas of concentration that became or remained budget priorities for 2013.

- ***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, youth violence, and placing more emphasis on training and recruitment for the Police and Fire Departments.
- ***We're Building an Attractive City*** - We are working to enhance the natural and man-made beauty of our city through effective City programs. The City has taken steps through its Department of Code Enforcement and a Mayoral Task force to address the issue of vacant and abandoned properties. The City is funding major programs to renovate the former Studebaker Corridor area and other parts of the City. The City has been recognized as a Bicycle Friendly Community by the League of American Bicyclists and has established over 60 miles of bicycle routes to date.
- ***We're Building Opportunity*** - A key issue for any city is education and opportunity for young people. The City is committed to keeping schools open in our neighborhoods and to maximizing their use by the community. We are building partnerships with the South Bend School Corporation and other key stakeholders that will create new strategies for enhancing

our formal educational systems. Working together with families, student groups, school officials, neighborhoods, the faith community and civic organizations, we can support our local schools and improve the level of individual student performance.

- ***We're Building a Strong Economy*** - Local government plays a key role in economic development. By providing adequate infrastructure and offering targeted assistance, the City can stimulate private investment, creating business opportunities and jobs. The City's policies encourage new start-up businesses, strengthen existing business, attract new jobs, increase assessed value and emphasize direct investment in hard-to-develop areas. Efforts have been and will continue to focus on implementing the comprehensive plans for the areas around the East Bank and Coveleski Stadium, including a new Veteran's Clinic across from the stadium. The City has had many recent economic development projects including Eddy Street Commons, a \$220 million dollar mixed-use development south of Notre Dame, with more than 20 stores and restaurants, office space and hundreds of town homes, apartments and condominiums. In addition, the City has created Indiana's first dual-site, state-certified technology park site known as Innovation Park and Ignition Park.

Mayoral Leadership Transition

Mayor Stephen J. Luecke retired effective December 31, 2011. As South Bend's longest serving chief executive (1997-2011), Mayor Luecke had many significant accomplishments during his tenure including the City's receipt of the All-America City Award from the National Civic League in 2011.

Mayor Pete Buttigieg, a Harvard University graduate and Rhodes scholar, assumed office on January 1, 2012 bringing with him a group of leaders with new ideas and energy to implement transformational reform to city government. Elected at age 29, Mayor Buttigieg is the youngest chief executive of a municipality exceeding 100,000 residents in the United States. During 2012, Mayor Buttigieg launched six new initiatives to improve city government:

1. **New Economic Partnerships** – to lay out a new economic vision for our community as well as to agree on a smarter division of labor among various groups involved in economic development. An Economic Summit was held in June 2012 to promote this initiative. In addition, the Department of Community and Economic Development was reorganized under the leadership of new Director Scott Ford and renamed the Department of Community Investment.
2. **High Ethical Standards** – on his first day in office the Mayor issued an executive order introducing a new ethics code for City employees.
3. **Customer Service Mentality** – design ways that City employees can track and resolve citizens' issues efficiently by using more advanced technology. This effort led to the creation of a "311 call center" for non-emergency municipal telephone calls during 2012.
4. **Strong Partnerships with Schools** – the Mayor has improved dialogue with the South

Bend School Corporation and other stakeholders to ensure a strong educational system in the City. The Mayor has begun programs to double the number of public school mentors and curb youth and gun violence.

5. **Transparency and Accessibility** – choosing not to serve from behind his desk, Mayor Buttigieg has conducted a series of monthly “Mayor’s Night Out” and “Mayor’s Night In” events around town to allow citizens to speak to him and his department heads directly about concerns and ideas. Also, efforts to implement a first-class performance management system have been initiated and departmental performance measures are being monitored on a monthly basis. The City website has been re-designed and additional financial and operational reports are being made available online.
6. **Vacant and Abandoned Buildings** – as with many large cities, the City of South Bend has an issue with vacant and abandoned buildings. The city has taken on this issue with the appointment of a blue-ribbon task force that developed new strategies and initiated an aggressive three-year program—1,000 buildings in 1,000 days—to reduce the number of vacant and abandoned buildings. Funding for demolition and remediation has increased significantly and is over \$1.0 million dollars in the 2013 budget.

Administration Vision

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

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Bend for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the 22nd 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 my sincere appreciation for the contributions made in the preparation of this report. I would especially like to acknowledge the efforts of the core CAFR preparation team of Deputy Controller John Murphy, Rahman Johnson, Cecil Eastman and Intern Amy O'Connor. In addition, I would like to thank the Field Examiners of the Indiana State Board of Accounts (led by Doug Wiese, Bruce Snyder and Alex Flores) for their hard work and dedication in this effort.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark W. Neal', with a large, stylized loop at the end.

Mark W. Neal, City Controller
City of South Bend



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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, 2012, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof 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 Contributions From the Employer and Other Contributing Entities, and Budgetary Comparison Schedules (general and major special revenue funds) 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 introductory section, combining fund financial statements, other budgetary comparison schedules, and statistical schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements and other budgetary comparison schedules are the responsibility of management and were derived from and relates 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 nonmajor 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.

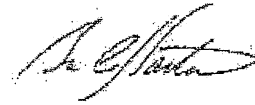
Included in the financial statements are the revenues and expenses from emergency telephone system fees (IC 36-8-16) and enhanced wireless emergency telephone fees (IC 36-8-16.5). In accordance with Indiana Code 36-8-16-14 and Indiana Code 36-8-16.5-41 these fees have been subject to an annual audit performed by the State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

The introductory section and statistical schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on that information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 10, 2013, 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, 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.



Bruce Hartman
State Examiner

June 10, 2013

Management Discussion & Analysis

The Management of the City of South Bend, Indiana (“City”) provides herewith this Management Discussion & Analysis (“MD&A”) of the financial activities and condition of the **City of South Bend, Indiana** for the **fiscal year ended December 31, 2012**.

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

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

The 2010 U.S. Bureau of the Census population for the City of South Bend was reported as 101,168 and the 2010 Census population for St. Joseph County was reported as 266,931. Accordingly, South Bend is classified as a “City of Second Class” under State of Indiana statutes, defined as cities with a population between 35,000 and 250,000 residents.

South Bend and St. Joseph County is a vibrant and diverse area with a strong local economy based on a mix of agricultural, manufacturing and service, higher education and other commercial and tourism based industries. The diverse economic mix creates varied employment opportunities for residents while providing insulation via diversification from economic downturns.

The City of South Bend provides a full range of general governmental services to citizens. Services include general government, public safety, street construction and maintenance, infrastructure construction and maintenance, parks & recreation services, arts & culture, and sanitation services. In addition, the City provides Water Utility and Wastewater Utility services to commercial and residential properties within the city. City operations also include the Century Center convention venue, Morris Performing Arts Center, Palais Royale Ballroom, Studebaker Museum, South Bend Redevelopment Authority and Public Parking Garages within the city footprint.

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

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

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

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

Management Discussion & Analysis

Financial Highlights

	Governmental Activities		Business type Activities		Government wide Activities	
	2012	2011	2012	2011	2012	2011
Assets/deferred outflows	514,511,174	512,479,366	311,488,235	273,573,954	825,999,409	786,053,320
Liabilities/deferred inflows	221,879,951	224,587,699	142,076,868	111,439,332	363,956,819	336,027,031
<u>Net position</u>						
Capital net of debt	210,282,574	196,265,413	113,193,929	103,463,004	323,476,503	299,728,417
Restricted	8,050,418	9,354,772	29,259,933	12,937,988	37,310,351	22,292,760
Unrestricted	74,298,231	82,271,482	26,957,505	45,733,630	101,255,736	128,005,112
Total net position	292,631,223	287,891,667	169,411,367	162,134,622	462,042,590	450,026,289
Change vs. prior year	4,739,556	911,788	7,276,745	9,710,075	12,016,301	10,621,863
Expenses	146,481,687	154,902,096	48,559,092	46,323,473	195,040,779	201,225,569
Revenues	147,341,522	152,772,708	59,715,558	59,074,724	207,057,080	211,847,432

- Government wide net position was \$462,042,590 as of December 31, 2012.
- Government wide net position increased by \$12,016,301 or 2.7% during fiscal 2012. Governmental activity net position increased by \$4,739,556 or 1.6% and business-type activity net position increased by \$7,276,745 or 4.5% during fiscal 2012.
- Total assets and deferred outflows of resources as of December 31, 2012 of \$825,999,409 increased by \$39,946,089 or 5.1% as compared to total assets and deferred outflows of resources as of December 31, 2011.
- Total liabilities and deferred inflows of resources as of December 31, 2012 were \$363,956,819, increased by \$27,929,788 or 8.3% as compared to total liabilities and deferred inflows of resources as of December 31, 2011.
- As of December 31, 2012, government wide net position of \$323,476,503 was invested in capital assets net of debt and are, therefore, not available for spending. Net position of \$101,255,736 was classified as unrestricted and may be used to meet ongoing obligations to creditors. A total of \$37,310,351 was classified as restricted for debt service and capital outlay.
- Government wide revenue achieved in fiscal 2012 amounted to \$207,057,080, a decrease of (\$4,790,352) or (2.3%) versus government wide revenues achieved in fiscal 2011. Governmental activity revenue decreased by (\$5,431,186) or (3.6%), whereas business-type activity revenue increased by \$640,834 or 1.1%.
- Government wide expenses in 2012 amounted to \$195,040,779, a decrease of (\$6,184,790) or (3.1%) as compared to expenses of \$201,225,569 in 2011. Government activity expenses decreased by (\$8,420,409) or (5.4%), while business-type activity expenses increased by \$2,235,619 or 4.8%, when compared to fiscal 2011.
- Explanatory commentary concerning the changes in assets, liabilities, revenue and expenditures can be found in later sections of this MD&A.

Management Discussion & Analysis

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, 2012. The difference between total assets and deferred outflows of resources less total liabilities and deferred inflows of resources is reported as "net position," and can generally be thought of as the net worth of the City. Increases in net position generally indicate an improvement in financial position while decreases in net position may indicate a deterioration of financial position.

- **Statement of activities**

This statement serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the City of South Bend for the year ended December 31, 2012. Changes in net position are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The statement of activities displays the expense of the City's various programs net of the related revenues, as well as a separate presentation of revenue available for general purposes including property and county option income taxes, fees for services and other revenue sources.

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

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of South Bend can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the government wide financial statements. However, unlike government wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the

Management Discussion & Analysis

fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. Governmental funds use the modified accrual accounting method. The City maintains six (6) major governmental funds (General, Parks and Recreation, Public Safety Local Option Income Tax, County Option Income Tax, Economic Development Income Tax, and Airport TIF) and sixty-four (64) non-major governmental funds.

Proprietary funds

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

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains seven (7) enterprise funds. Information is presented separately in the proprietary statement of net position and the proprietary statement of revenues, expense and changes in fund net position for the Water Utility, Wastewater Utility and Century Center convention center, which are considered major enterprise funds. Data from the other four (4) non-major enterprise funds (Consolidated St. Joseph County/South Bend Building Department, Parking Garage, Solid Waste and Blackthorn Golf Course) are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.
- **Internal service funds** are used to accumulate and allocate costs internally among the City's various functions and funds. The City maintains five (5) internal service funds. The City of South Bend uses internal service funds to account for its self-funded liability insurance program, self-funded employee health benefits program, unemployment compensation claims, police take-home vehicle program and central services unit (a department that accounts for expenses related to fuel, vehicle repairs, printing and other services provided to City departments on a cost-reimbursement basis). Because these services predominantly benefit governmental rather than business type functions, they have been included within governmental activities in the government wide financial statements but are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government wide financial statement because the resources of those funds are not available to support City programs. The City maintains five (5) fiduciary funds, which consist of two (2) pension trust funds (1925 Police Pension and 1937 Firefighter's Pension), two (2) agency funds (Payroll and Morris/Palais Royale Box Office), and one (1) private-purpose trust fund (Cemetery).

Pension Trust Fund Operations

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

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

Management Discussion & Analysis

additional revenue to the City for use in other property tax funded areas. The administration of the pension plans remains the responsibility of the City.

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

Government wide financial statements

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

Statement of Net Position

	Governmental Activities		Business type Activities		Government wide Activities	
	2012	2011	2012	2011	2012	2011
Assets						
Current & other	212,400,950	216,082,758	88,996,021	59,847,710	301,396,971	275,930,468
Capital assets (net)	302,110,224	294,745,198	220,781,545	209,668,966	522,891,769	504,414,164
Total Assets	514,511,174	510,827,956	309,777,566	269,516,676	824,288,740	780,344,632
Deferred Outflows	-	1,651,410	1,710,669	4,057,278	1,710,669	5,708,688
Liabilities						
Current	33,851,096	29,049,232	14,244,876	11,716,546	48,095,972	40,765,778
Long term	187,369,257	195,538,467	127,793,032	99,707,895	315,162,289	295,246,362
Total Liabilities	221,220,353	224,587,699	142,037,908	111,424,441	363,258,261	336,012,140
Deferred Inflows	659,598	-	38,960	14,891	698,558	14,891
Net position						
Capital net of debt	210,282,574	196,265,413	113,193,929	103,463,004	323,476,503	299,728,417
Restricted	8,050,418	9,354,772	29,259,933	12,937,988	37,310,351	22,292,760
Unrestricted	74,298,231	82,271,482	26,957,505	45,733,630	101,255,736	128,005,112
Total net position	292,631,223	287,891,667	169,411,367	162,134,622	462,042,590	450,026,289

Management Discussion & Analysis

As of December 31, 2012, total assets and deferred outflows exceeded liabilities and deferred inflows by \$462,042,590, an increase of \$12,016,301, or 2.7%, from the net position level as of December 31, 2011.

Governmental activities net position of \$292,631,223 increased by \$4,739,556 over December 31, 2011, an increase of 1.6%. Business-type net position of \$169,411,367 increased by \$7,276,745 over December 31, 2011, an increase of 4.5%.

Improvement in the net position of the City should be viewed as a favorable development indicative of the conservative and responsible fiscal management policy maintained and followed by City Management, especially in light of the revenue constraints due to state enacted property tax reform in 2009 and soft economic conditions in recent years. The increase in business type net position was due primarily to a 9% increase in sewer rates which will be used to support long-term capital projects of the Wastewater utility. The increase in governmental activity net position was due primarily to additional local option income taxes distributions during 2012 from the State of Indiana and economic development in tax increment financing areas resulting in higher property tax receipts in those funds

Total assets and deferred outflows increased \$39,946,089 or 5.1% as compared to amounts as of December 31, 2011. The increase is largely attributed to an increase in capital assets net of depreciation and improvement in operating results in the water and wastewater utilities.

The increase in capital assets (net of accumulated depreciation) of \$20,188,274 is the result of several major capital construction projects capitalized or in process during the period. Major projects include Ignition Park development, Memorial Skyway facade improvements, several street and intersection road improvement projects, several sewer rehabilitation projects, and water and wastewater utility equipment projects.

Total liabilities and deferred inflows increased by \$27,929,788 or 8.3% as compared to amounts as of December 31, 2011. The increase is largely attributed to additional sewer bonding and an increase in net pension obligations.

Government wide net position of \$323,476,503 is invested in capital assets net of debt and is, therefore, not available for spending. A total of \$101,255,736 is classified as unrestricted net position and may be used to meet ongoing obligations to creditors. Net position in the amount of \$37,310,351 is classified as restricted for debt service and capital outlay.

Statement of Changes in Net Position

	Governmental Activities		Business type Activities		Government wide Activities	
	2012	2011	2012	2011	2012	2011
Revenue						
Program Revenue						
Charge for services	12,967,034	10,853,623	57,419,733	54,576,584	70,386,767	65,430,207
Operating grants	24,937,596	32,091,246	-	-	24,937,596	32,091,246
Capital grants	2,468,120	2,328,468	2,010,253	4,291,731	4,478,373	6,620,199
General Revenue						
Taxes						
Property tax	71,775,415	76,445,349	-	-	71,775,415	76,445,349
Other tax	23,360,791	22,555,864	-	-	23,360,791	22,555,864
Unrestricted grants	3,891,810	3,964,336	-	-	3,891,810	3,964,336
Investment earnings	1,317,443	1,050,768	285,572	206,409	1,603,015	1,257,177
Other revenue	6,623,313	3,483,054	-	-	6,623,313	3,483,054
Total Revenue	147,341,522	152,772,708	59,715,558	59,074,724	207,057,080	211,847,432

Management Discussion & Analysis

	Governmental Activities		Business type Activities		Government wide Activities	
	2012	2011	2012	2011	2012	2011
General government	13,788,310	16,783,351	-	-	13,788,310	16,783,351
Public safety	69,977,237	73,530,442	-	-	69,977,237	73,530,442
Highways & streets	14,639,158	7,574,003	-	-	14,639,158	7,574,003
Culture & recreation	21,724,589	15,566,794	-	-	21,724,589	15,566,794
Economic development	20,217,987	34,648,975	-	-	20,217,987	34,648,975
Interest on long term debt	6,134,406	6,798,531	-	-	6,134,406	6,798,531
Water utility	-	-	12,228,014	11,972,840	12,228,014	11,972,840
Wastewater utility	-	-	23,809,975	22,260,005	23,809,975	22,260,005
Civic center	-	-	2,929,268	3,100,484	2,929,268	3,100,484
Building department	-	-	909,376	871,299	909,376	871,299
Parking	-	-	1,721,655	1,467,646	1,721,655	1,467,646
Solid waste	-	-	5,118,806	4,962,157	5,118,806	4,962,157
Golf course	-	-	1,841,998	1,689,042	1,841,998	1,689,042
Total Expense	146,481,687	154,902,096	48,559,092	46,323,473	195,040,779	201,225,569
Change in net position						
Before transfers / special	859,835	(2,129,388)	11,156,466	12,751,251	12,016,301	10,621,863
Transfers	3,879,721	3,041,176	(3,879,721)	(3,041,176)	-	-
Change in net position	4,739,556	911,788	7,276,745	9,710,075	12,016,301	10,621,863
Beginning net position (restated)	287,891,667	286,979,879	162,134,622	152,424,547	450,026,289	439,404,426
Ending net position	292,631,223	287,891,667	169,411,367	162,134,622	462,042,590	450,026,289

Governmental Activities

Net position for governmental activities increased by \$4,739,556 during fiscal 2012. Revenue of \$147,341,522 decreased by (\$5,431,186), or (3.6%). Expenses were \$146,481,687 during 2012, a decrease of (\$8,420,409), or (5.4%) as compared to fiscal 2011.

The revenue decrease was due to lower revenue from operating grants for community development and housing along with reduced property taxes due to circuit breaker property tax reform and the elimination of a tax increment financing district in the southern part of the City. The decrease in expenses was due primarily to less spending in the areas of general government, public safety, and economic development. With the phase out of ARRA and other funding sources, less grant money was available for public safety, energy conservation, economic development and housing programs.

Interest on long term debt of \$6,134,406 decreased by (\$664,125) from 2011, consistent with existing repayment obligations as a greater percentage of debt service payments are being applied to principal on existing debt obligations.

Transfers in the amount of \$3,879,721 for 2012 represent payment in lieu of taxes (PILOT) paid by the wastewater and water utilities to the General Fund, Parks & Recreation Fund and other funds that receive property taxes. The transfer amount was increased by \$838,545 from 2011.

Management Discussion & Analysis

Business-Type Activities

Net position from business-type activities increased by \$7,276,745 during fiscal 2012. During 2012, revenue of \$59,715,558 increased by \$640,834 or 1.1% over fiscal 2011. During 2012, expenses of \$48,559,092 increased by \$2,235,619 or 4.8% when compared to fiscal 2011.

Revenue increased primarily as the result of a 9% increase in sewer rates for 2012 designed to provide funding to cover long-term wastewater and sewer capital improvements. This revenue increase was offset in part by the reduction in capital grant funding available which decreased by (\$2,281,478) as the result of lower Indiana State Revolving Fund and other grant funding. As a result of higher cash reserves, interest on investments increased.

Expenses during 2012 were consistent with 2011 with slight increases in the wastewater utility to cover spending on capital projects and in solid waste to cover higher landfill costs. Expenses for the water utility, building department and Blackthorn golf course were also higher in 2012 than in fiscal 2011 as these departments experienced increasing revenue and adjusted their expenses accordingly. Expenses for Century Center (civic center) decreased during 2012 as costs were reduced in reaction to a continuing difficult sales market for convention centers.

Financial Analysis of Government Funds

The City of South Bend uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of the City are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Condensed Balance Sheet, Statement of Revenue, Expenditures, and Changes in Fund Balance As of December 31, 2012

	General	Park & Rec	PS LOIT	COIT	EDIT	TIF Airport	Other	Total
Total assets	31,119,888	5,135,657	2,992,510	18,004,313	13,280,102	28,162,505	107,763,359	206,458,334
Total liabilities	2,324,805	421,899	-	220,508	2,908,075	1,547,640	10,952,616	18,375,543
Fund Balances:								
Non-spendable	958,341	56,216	-	2,664,139	449,831	9,695,081	25,992,243	39,815,851
Restricted	-	4,657,542	2,992,510	-	-	16,919,784	53,756,731	78,326,567
Committed	-	-	-	-	-	-	11,142,045	11,142,045
Assigned	165,389	-	-	15,119,666	9,922,196	-	10,138,790	35,346,041
Unassigned	27,671,353	-	-	-	-	-	(4,219,066)	23,452,287
Total fund balance	28,795,083	4,713,758	2,992,510	17,783,805	10,372,027	26,614,865	96,810,743	188,082,791
Liability & fund balance	31,119,888	5,135,657	2,992,510	18,004,313	13,280,102	28,162,505	107,763,359	206,458,334
Revenues	65,631,784	11,550,193	6,065,100	8,267,654	8,517,523	11,885,064	35,461,766	147,379,084
Expenditures	74,038,026	11,794,638	-	6,770,551	3,480,762	15,926,862	50,449,161	162,460,000
Net surplus (deficit)	(8,406,242)	(244,445)	6,065,100	1,497,103	5,036,761	(4,041,798)	(14,987,395)	(15,080,916)
Other sources (uses)	9,270,109	430,849	(5,301,098)	(1,642,136)	(4,502,146)	217,357	11,285,900	9,758,835
Net change in fund balances	863,867	186,404	764,002	(145,033)	534,615	(3,824,441)	(3,701,495)	(5,322,081)
Beginning fund balances - restated	27,931,216	4,527,354	2,228,508	17,928,838	9,837,412	30,439,306	100,512,238	193,404,872
Ending fund balances	28,795,083	4,713,758	2,992,510	17,783,805	10,372,027	26,614,865	96,810,743	188,082,791

Management Discussion & Analysis

As of December 31, 2012, the City governmental funds reported a combined ending fund balance of \$188,082,791.

Non-spendable fund balance of \$39,815,851 is sequestered for property held for resale, inventory, non-current loans receivable and advances to other funds and is, therefore, not available for new spending. Restricted fund balance of \$78,326,567 consists of monies in debt service funds or other funds such as road funds that are limited by external parties as to their use. Committed fund balance of \$11,142,045 is designated by the South Bend Common Council to be used for certain purposes such as for environmental projects. Assigned fund balance of \$35,346,041 includes balances in local option income tax funds that have not been committed to certain projects and are available for spending by the City. Unassigned fund balance of \$23,452,287 consists of money primarily in the General Fund that has not been obligated in any manner by the City.

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

As of December 31, 2012, the General Fund balance of \$28,795,083 represents an increase of \$863,867 or 3.1% from the balance as of December 31, 2011.

The increase in General Fund balance was due primarily to departments spending less than the 2012 budget particularly in the Police Department, Fire Department, Legal Department and Administration and Finance.

As of December 31, 2012, the General Fund had unassigned fund balance of \$27,671,353 which is equal to 42.2% of 2012 General Fund Revenue.

The General Fund unassigned fund balance has traditionally been used by the City to fund certain capital projects and emergency contingencies. In addition, the City will use the unassigned fund balance in 2013 as a cash flow bridge to the receipt of property tax revenues from the County collection authority which distributes property tax revenue two times per year (June and December). General Fund unassigned balance will provide sufficient cash to cover City operating obligations without incurring tax anticipation notes and resultant borrowing costs during fiscal 2013.

As discussed in Governmental Accounting, Auditing, and Financial Reporting (GAAFR), a general fund unassigned fund balance should be either 1) no less than 5 to 15 percent of regular general fund operating revenues, or 2) no less than one to two months of regular general fund operating expenditures. An unassigned fund balance may be higher if varying circumstances require such as a delay in collection of a major revenue source.

The **Parks and Recreation Fund** experienced an increase in fund balance of \$186,404 during fiscal 2012. The increase in fund balance was due primarily to the receipt of payment-in-lieu of taxes, which began in 2011, from the wastewater and water utilities in the amount of \$616,596. Parks Board and Parks Administration continued in 2012 with prudent management of expenditures and commitments in light of current and future projected revenue streams.

As of December 31, 2012, the restricted fund balance in the Parks and Recreation Fund was \$4,657,542, or 40.3% of 2012 revenue.

The **Public Safety Local Option Income Tax Fund** ("Public Safety LOIT") was created in October 2009, with the local legislative passage of an increase in local option income taxes of 0.95%, a part of which (0.25%) tax increase was established to fund public safety expenditures. The City has established the Public Safety LOIT Fund as a major governmental fund, due solely to its purpose of creating a funding source to sustain public safety staffing levels, which were compromised by state implementation of property tax reform that has reduced property tax revenues, which historically are the source of public safety funding. Operating transfers are made

Management Discussion & Analysis

quarterly from the Public Safety LOIT Fund to the General Fund to cover the personnel costs of police officers and firefighters. Receipts of Public Safety LOIT tax revenue commenced in January 2010. The revenue collected in fiscal 2012 of \$6,065,100 increased by 3.7% compared to 2011. The increase in fund balance in the amount of \$764,002 during is restricted and will be used in future fiscal periods to fund full staffing levels for police and fire personnel.

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

The COIT fund decreased by (\$145,033) during 2012, due to higher expenditures in the areas of public safety, economic development, and general government. 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 costs, and certain debt service payments.

As of December 31, 2012, the COIT Fund balance of \$17,783,805 included assigned fund balance of \$15,119,666 and non-spendable fund balance of \$2,664,139, primarily for property held for resale and advances to other funds.

The EDIT fund increased by \$534,615 during 2012 due to higher income tax receipts than originally estimated and conservative commitment of expenses to initiatives of the highest priority. The City has operationally sequestered EDIT funds for use in major economic development initiatives, certain subsidies and support to organizations and units that benefit city economic development and cultural venues, operational costs of the street department, and certain debt service payments.

As of December 31, 2012, the EDIT Fund balance of \$10,372,027 included assigned fund balance of \$9,922,196 and non-spendable fund balance of \$449,831, consisting of property held for resale.

The fund balance in the **TIF Airport Fund** decreased by (\$3,824,441) during 2012 due to planned spending for capital projects including a new Animal Control facility, improvements at Ignition Park (industrial park), infrastructure for a new high tech company Data Realty, continued demolition of the historical Studebaker automobile factory buildings, the extension of Mayflower Road and other economic development initiatives.

As of December 31, 2012 the TIF Airport Fund balance of \$26,614,865 included \$7,869,562 in property held for resale, \$1,825,519 advances to other funds (primarily to the Blackthorn golf course) and \$16,919,784 in restricted fund balance reserves.

The TIF Airport Fund continues to be is a major success for the City of South Bend and has generated in excess of \$500 million dollars in private investment since its inception.

During 2012, the fund balances in **Other Governmental funds** decreased by (\$3,701,495). This decrease in fund balance was primarily the result of the reduction in the amount of property taxes collected and the planned spend down of \$2,274,404 in monies in the Excess Welfare Distribution Fund for police and fire department radio equipment.

These fund balances provide available resources that the City requires to meet future capital construction needs, ongoing debt service obligations, and economic development project initiatives in concert with the City vision for economic development within the City footprint.

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

Management Discussion & Analysis

Governmental Fund Revenue

The following schedule presents a summary of governmental fund revenue for the year ended December 31, 2012 with comparison to the prior year:

	2012 Actual	% of Total	2011 Actual	% of Total
Tax Based				
General property	71,775,415	48.9%	76,445,349	50.0%
County option income	13,748,824	9.3%	13,219,723	8.6%
County economic development	8,324,878	5.6%	8,044,773	5.3%
Professional sports development	633,904	0.4%	558,268	0.4%
Community revitalization district	653,185	0.4%	733,100	0.5%
Total Tax	95,136,206	64.6%	99,001,213	64.8%
Non Tax Based				
Licenses and permits	189,714	0.1%	190,943	0.1%
Intergovernmental	31,297,526	21.3%	34,419,714	22.5%
Charge for services	12,442,553	8.4%	13,990,267	9.2%
Fines and forfeitures	334,767	0.2%	636,749	0.4%
Interest income	1,317,443	0.9%	1,050,768	0.7%
Donations	324,266	0.2%	305,670	0.2%
Other	6,336,609	4.3%	3,281,848	2.1%
Total Non-Tax Based	52,242,878	35.4%	53,875,959	35.2%
Total Revenue	147,379,084	100.0%	152,877,172	100.0%

Tax revenue continues to represent the most significant source of revenue required to support services provided by the City. Property tax revenue is the primary source of funding for governmental expenditures. Property tax revenue is based on a relationship between two variables. The first variable is the assessed property valuation of industrial, commercial and residential parcels for both real and personal property. The second variable is the application of a tax rate to arrive at the total tax levy. Taxable property is assessed at 100% of the true tax value. The amount of property tax levied (billed to property owners) is further restricted by State of Indiana enacted property tax legislative reform, or so-called "circuit breaker" property tax caps in 2009 of 1.0% (homestead), 2.0% (other residential/rental) and 3.0% (commercial/industrial) of gross assessed valuation. Property tax revenue includes taxes collected on behalf of the following funds: General Fund, Parks and Recreation Fund, Cumulative Capital Development Fund, Redevelopment Tax Incremental Financing ("TIF") Funds, and a special levy to cover debt service of the College Football Hall of Fame.

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

The City continues to seek diversified sources of revenue that will reduce its reliance on property and income taxes. The City has supported efforts of the Indiana Association of Cities and Towns ("IACT") "Hometown Matters" to lobby the state legislature to legislatively enable alternative revenue sources that best fit the needs of the community. A viable source of revenue is from

Management Discussion & Analysis

user fees and/or charges for services currently being performed. City performed services are priced based at levels representing the full cost of service, taking into consideration fees charged by providers of similar services. The City performs ongoing reviews of user fee costs incurred and revises service fee prices as required.

Governmental Fund Expenditures

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

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2012 with comparison to the prior year.

	2012 Actual	% of Total	2011 Actual	% of Total
General government	6,390,585	3.9%	6,680,855	3.9%
Public safety	67,138,414	41.3%	69,612,754	40.4%
Highways & streets	9,288,682	5.7%	5,079,041	2.9%
Economic development	3,543,180	2.2%	9,698,611	5.6%
Culture & recreation	18,557,986	11.4%	13,816,699	8.0%
Debt service	17,557,026	10.9%	20,818,689	12.1%
Capital outlay	39,984,127	24.6%	46,691,030	27.1%
Total Expenditures	162,460,000	100.0%	172,397,679	100.0%

Government fund expenditures in fiscal 2012 of \$162,460,000 decreased by (\$9,937,679) or (5.8%), in comparison to government fund expenditures in fiscal 2011.

Capital outlay expenditures decreased by (\$6,706,903) during 2012 due primarily to less overall spending on economic development projects from tax increment financing (TIF) funds. In addition, there was less spending on general government capital projects from the EDIT fund. Capital outlay projects in 2012 included improvements at Ignition Park, the Triangle housing development, continued demolition of the Studebaker automobile factory buildings and other economic development initiatives.

Public Safety expenditures decreased (\$2,474,340) or (3.6%) as less grant funding was available for police and fire programs. Highways and Street expenditures increased by \$4,209,641 as the curb and sidewalk program was expanded and additional work on street maintenance was performed.

Economic development spending decreased (\$6,155,431) as there was less federal community development and housing grant funding available and certain economic development spending was included in the capital outlay category.

Public Safety expenditure continues to be the primary use of government fund resources with 41.3% of expenditures used for this purpose in fiscal 2012. Public safety spending is followed by capital outlay expenditures (24.6%), culture and recreation (11.4%), debt service (10.9%), highways & streets (5.7%), general government (3.9%), and economic development operating (2.2%). General government spending is comprised of the executive offices of the Mayor, Common Council, City Clerk, City Attorney, Controller, Engineering and other administrative offices.

Management Discussion & Analysis

Proprietary funds

Condensed Statement of Net Position Revenue, Expenses, and Changes in Fund Net Position As of December 31, 2012

	Water Utility	Wastewater Utility	Century Center	Other	Total Enterprise	Internal Service
Total assets	79,664,266	199,865,594	18,483,089	13,687,561	311,700,510	17,316,623
Total deferred outflows	-	19,193	-	1,691,476	1,710,669	-
Total liabilities	24,606,352	113,575,012	254,985	5,524,503	143,960,852	7,275,311
Total deferred inflows	26,376	-	-	12,584	38,960	-
<u>Net position:</u>						
Capital assets net of debt	45,579,124	32,046,775	22,000,586	13,567,444	113,193,929	1,392,349
Restricted for:						
Debt service	3,302,782	13,332,530	-	543,914	17,179,226	-
Capital outlay	4,146,001	6,659,721	1,274,877	108	12,080,707	-
Unrestricted	2,003,631	34,270,749	(5,047,359)	(4,269,516)	26,957,505	8,648,963
Total net position	\$55,031,538	\$86,309,775	\$18,228,104	\$9,841,950	\$169,411,367	\$10,041,312
Operating revenues	14,190,243	30,963,483	1,149,365	8,672,788	54,975,879	21,133,578
Operating expenses	10,849,346	18,723,720	2,881,532	8,940,951	41,395,549	25,015,354
Operating income (loss)	3,340,897	12,239,763	(1,732,167)	(268,163)	13,580,330	(3,881,776)
Non-operating rev (exp)	(101,255)	(5,178,923)	1,483,568	(637,507)	(4,434,117)	61,611
Income (loss) before contributions & transfers	3,239,642	7,060,840	(248,599)	(905,670)	9,146,213	(3,820,165)
Capital contributions	21,650	1,300,000	655,737	32,866	2,010,253	-
Transfers in	-	-	-	651,500	651,500	-
Transfers out	(1,468,339)	(2,405,289)	-	(657,593)	(4,531,221)	-
Change in net position	1,792,953	5,955,551	407,138	(878,897)	7,276,745	(3,820,165)
Total net position – beginning	53,238,585	80,354,224	17,820,966	10,720,847	162,134,622	13,861,477
Total net position – ending	\$55,031,538	\$86,309,775	\$18,228,104	\$9,841,950	\$169,411,367	\$10,041,312

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

The City maintains seven (7) enterprise funds. Information is presented separately in the proprietary statement of net position and the proprietary statement of revenues, expense and changes in fund net position for the Water Utility, Wastewater Utility and Century Center, which are considered major enterprise funds. Data from the other four (4) non-major enterprise funds (Consolidated St. Joseph County/South Bend Building Department, Parking Garage, Solid Waste and Blackthorn Golf Course) are combined into a single, aggregated presentation.

The City maintains five (5) 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

Management Discussion & Analysis

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, 2012, City enterprise funds reported a net position of \$169,411,367, an increase of \$7,276,745 or 4.5% versus the amount as of December 31, 2011.

At December 31, 2012, net position includes capital assets, net of related debt of \$113,193,929, restricted for debt service and capital outlay of \$29,259,933 and unrestricted of \$26,957,505.

The **Water and Wastewater utilities** reported an increase in net position of \$1,792,953 and \$5,955,551, respectively, during 2012. During 2012, the Wastewater utility benefitted from a 9% increase in sewer rates. The Wastewater utility experienced an 8% increase in residential revenue and a 10% increase in commercial revenue. The rates for the Water utility did not increase but it did achieve an 8% increase in residential revenue and a 12% increase in commercial revenue. This was primarily due to unusually high drought conditions.

During 2012, **Century Center** experienced an increase in net position of \$407,138 as the result of capital contributions in the amount of \$655,737 from capital improvements at the facility paid for from tax increment financing and other funding sources.

Other Enterprise Funds experienced a decrease in net position of (\$878,897) during 2012.. The Parking Garage Fund reported a decrease in net position of (\$796,473) primarily as the result of the amortization of sales/leaseback charges on the original acquisition. The Blackthorn Golf Course Fund reported an operating loss of (\$113,132) as the result of stagnant golf fee revenue.

As of December 31, 2012, City internal service funds reported a net position of \$10,041,312, a decrease of (\$3,820,165) or (27.6%) as compared to 2011. The Liability Insurance fund decreased its net position (\$2,554,534) in 2012 due to the establishment of a higher reserve for claims and lawsuits that were in process at December 31, 2012. The Central Services fund reported an increase in net position of \$170,701. The Self-Funded Employee Benefits fund reported a decrease in net position (\$1,573,514) due to higher health insurance claims paid by Anthem, the City's insurance provider. The City has initiated changes in its health insurance plan design and has an ongoing, active employee wellness program to help control future health insurance costs.

Fiduciary funds

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

	Pension Trust	Private Purpose Trust	Agency
Total assets	3,659,633	41,147	2,437,671
Total liabilities	780	-	2,437,671
Total net position	3,658,853	41,147	-
Total Additions	11,989,067	182	-
Total Deductions	12,215,139	-	-
Changes in net position	(226,072)	182	-

Management Discussion & Analysis

The net position in the pension trust funds decreased by (\$226,072) during 2012. The net position in the private purpose trust fund (Cemetery) increased by \$182 due to interest earnings.

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

The State of Indiana reimbursement is on a year delayed basis whereas, reimbursement in fiscal 2012 from the State of Indiana included reimbursement for pension benefits paid by the City in fiscal 2011. In addition, State reimbursement excludes healthcare benefit coverage to pension plan members, which is covered under the City of South Bend pension benefit program and which is paid from the pension trust funds.

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

General Fund Budgetary Highlights

The City prepares an annual budget for general fund expenditures, which is subject to City of South Bend Common Council approval for adoption, before November 1st of the year preceding, the budget period, according to state statute concerning the annual budget of second class cities and towns.

The General Fund budget applicable for fiscal 2012 is reported as follows:

	Original	Final	Actual Budgetary Basis	Variance
Revenue	64,355,996	64,414,210	63,409,839	(1,004,371)
Expenditures	64,355,996	66,404,644	63,696,316	2,708,328
Surplus (deficit)	-	(1,990,434)	(286,477)	1,703,957

General Fund revenue was originally budgeted at \$64,355,996 for fiscal 2012 with Common Council adoption of the 2012 general fund budget on October 10, 2011. During 2012, the General Fund revenue budget was increased by \$58,214 resulting in an ending revenue budget of \$64,414,210. The revenue budget may be increased at any time based on updated revenue projections.

During 2012, General Fund revenue achieved amounted to \$63,409,839, a deficiency from the final budget level of \$1,004,371. The primary reason for the revenue shortfall were property tax collections, intergovernmental grants and charges for services revenue that were lower than budgeted.

General Fund expenditures were originally budgeted at \$64,355,996 for fiscal 2012 with Common Council adoption of the 2012 general fund budget on October 10, 2011. During 2012, the General Fund expenditure budget was increased \$2,048,648 resulting in an ending expenditure budget of \$66,404,644. The expenditure budget increase resulted from an encumbrance roll over at year end 2011 to 2012 of \$1,000,510 and additional appropriations of \$1,048,138, which included additional appropriations for police and fire pension costs, graffiti removal and for a weekend illegal dumping cleanup crew.

Management Discussion & Analysis

General Fund spending is reviewed on a monthly basis under the direction of the City Controller to ensure spending remains within budgetary constraints. Quarterly reviews are conducted as required with general fund department management to review spending projections to ensure that annual expenditures remain within the budgetary levels. Budget amendments for cost neutral redistribution between expense categories (i.e. personnel, supplies, services, capital) are submitted to Common Council at mid-year and year-end, as required to adjust the budget as necessary to prevent any budget overruns in any expense category.

Additional appropriations for projects, initiatives, or unbudgeted spending requirements within the general fund are presented to the Common Council for adoption as deemed necessary by the Mayor.

General Fund expenditures incurred on a budgetary basis, including cash expended and outstanding encumbrances as of year-end December 31, 2012 amounted to \$63,696,316. The expenditures and commitments as of year-end December 31, 2012 are less than the 2012 General Fund expenditure budget by \$2,708,328 or 4.2%. The largest savings were in the police fire, city attorney and administration/finance department budgets as personnel and other costs spent were less than budgeted due to position vacancies and other factors.

Capital Assets and Debt Administration

Statement of Capital Assets

	Governmental Activities		Business type Activities		Government wide Activities	
	2012	2011	2012	2011	2012	2011
Assets not depreciated						
Land	15,921,386	11,560,895	3,024,582	3,024,582	18,945,968	14,585,477
Construction in progress	7,502,620	13,150,305	6,647,833	12,217,249	14,150,453	25,367,554
Total	23,424,006	24,711,200	9,672,415	15,241,831	33,096,421	39,953,031
Assets depreciated						
Buildings	127,656,887	122,117,290	82,297,980	82,634,703	209,954,867	204,751,993
Non-building improvements	16,038,868	13,472,228	23,987,898	14,127,251	40,026,766	27,599,479
Machinery & equipment	50,304,539	48,052,987	29,235,757	31,056,887	79,540,296	79,109,874
Roads & Infrastructure	420,291,533	404,725,515	190,938,764	175,414,463	611,230,297	580,139,978
Total Cost	614,291,827	588,368,020	326,460,399	303,233,304	940,752,226	891,601,324
Accumulated depreciation						
Buildings	36,735,257	33,542,840	31,348,151	29,662,880	68,083,408	63,205,720
Non-building improvements	7,370,754	6,788,362	4,659,688	4,387,428	12,030,442	11,175,790
Machinery & equipment	33,647,007	32,683,696	22,162,990	23,654,700	55,809,997	56,338,396
Roads	257,852,591	246,914,124	55,469,771	51,101,161	313,322,362	298,015,285
Total	335,605,609	319,929,022	113,640,600	108,806,169	449,246,209	428,735,191
Net Depreciated Assets	278,686,218	268,438,998	212,819,799	194,427,135	491,506,017	462,866,133
Net Capital Assets	302,110,224	293,150,198	222,492,214	209,668,966	524,602,438	502,819,164

Management Discussion & Analysis

City investment in capital assets for governmental and business type activities was \$524,602,438 (net of depreciation) at December 31, 2012.

The investment in capital assets includes land and land improvements, buildings and building improvements, vehicles, information technology computers, 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 \$611,230,297 includes estimated costs derived primarily from the City's 2006 implementation of GASB Statement No. 34, which required the retroactive reporting of infrastructure capital assets. All other assets are recorded at historical cost.

Major Capital Asset Project Spending in 2012

Buildings			
	Ignition Park Lot 4	\$4,901,808	Continued project
	VA Clinic, land acquisition	1,487,724	New project
Improvements			
	Water utility improvements	422,937	Continued projects
	East Bank Sewer Separation, Phases 3 & 4	3,075,710	Continued project
	Wastewater digester upgrade	714,387	New project
M&E			
	Manhole & sewer rehabilitation	466,712	New project
	Michigan St. lift station replacement	531,937	New project
	Automate DO controls for aeration blowers	523,885	Continued project

Capital Assets Analysis

Government wide capital assets, net of accumulated depreciation as of December 31, 2012 of \$524,602,438 increased by \$21,783,274 or 4.3% when compared to the level as of December 31, 2011. Construction in progress capital assets decreased by \$11,217,101, whereas capitalized assets in land, buildings, improvements, machinery and equipment, and roads, net of depreciation, increased by \$33,000,375, when compared to December 31, 2011. Several major capital projects were completed in fiscal 2012, as identified in the chart above, and included capital investments in buildings, improvements, machinery & equipment and roads. At December 31, 2012, the cost of Roads & Infrastructure (\$611,230,296) was the major asset class followed by Buildings (\$209,954,867) and Machinery & Equipment (\$79,540,296).

Total depreciation expense for 2012 was \$25,827,428 as compared to \$22,509,969 for 2011.

Additional information on capital assets can be found in the notes to the financial statements in statement note I.D.6, capital asset capitalization policy, statement note III.C, capital asset activity, and statement note III.D, construction commitments.

Debt Administration

Outstanding debt principal as of December 31, 2012 was \$263,325,022, an increase of \$24,249,937 or 10.1%. City outstanding debt includes revenue bonds, mortgage bonds, notes & loans payable and capital leases.

Type	Beginning	Additions	Retirements	Ending
Revenue bonds	190,127,431	38,585,000	14,652,431	214,060,000
Mortgage bonds	20,385,000	13,595,000	15,495,000	18,485,000
Notes & loans	19,974,243	1,734,826	2,906,529	18,802,540
Capital leases	8,588,411	5,373,816	1,984,745	11,977,482
Total Debt	239,075,085	59,288,642	35,038,705	263,325,022

Management Discussion & Analysis

During 2012 the City issued the 2012 Sewage Works Revenue Bond in the amount of \$25,000,000 for the purpose of funding improvements for the combined sewer overflow (“CSO”) initiative. This bond is a twenty (20) year issue with maturity in 2032 with debt service coverage from the Sewage Works Bond Sinking fund. The bond issue will finance capital improvements addressing combined sewer overflow issues improving sewage discharge into the St. Joseph River, in compliance with the Environmental Protection Agency (“EPA”) consent decree. It is a part of a twenty year long-term control plan which will require additional bonding and sewer rate increases.

In addition, during 2012 the City issued the 2012 Water Works Revenue Bonds in the amount of \$8,300,000 to finance improvements at the water utility. In 2012, the City also issued 2012 Career Academy Bonds in the amount of \$1,500,000 to finance an economic development project.

During 2012 the City entered into capital lease agreements in the amount of \$5,373,816 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. The 2012 capital leases were for various city vehicles and related equipment for the police department (\$1,295,000), fire department (\$206,299), parks & recreation (\$344,500), leaf collection (\$117,312), building department (\$33,883) and public works (\$3,376,822). The City solicits competitive financing proposals for lease financing from local and national companies.

During 2012 the City also entered into a loan with a local company in the amount of \$1,700,000 to purchase land for a new Veteran’s Affairs (VA) clinic in the downtown area.

During 2012 the City refunded two bond issuances in order to take advantage of a more favorable interest rate environment and lower future debt service payments. The City issued bonds in the amount of \$13,595,000 to refinance a 2003 mortgage for the construction of a new fire station and police station. The City also issued bonds in the amount of \$3,785,000 to refinance an existing 2002 water utility bond. The savings on the fire/police station and water utility bonds are approximately \$1,514,992 and \$514,153, respectively, over the remaining term of the bonds.

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, 2012 and none of the above debt issuance amounts are subject to this debt limitation.

In 2013, the City anticipates issuing additional debt for sewer improvement and fire department projects and plans to continue issuing refunding bonds as appropriate to take advantage of lower interest rates. In April, 2013 the City issued sewer refunding bonds in the amount of \$14,765,000 and plans to refinance its 2008 Century Center bonds of approximately \$4,165,000 during 2013.

Additional information on debt can be found in the notes to the financial statements in statement note I.D.8, long-term obligation accounting, statement note III.F.2, capital lease obligations, statement note III.G, long-term liabilities, and statement note IV.C, conduit debt.

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

Economic Factors and 2013 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.

Management Discussion & Analysis

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

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

This legislation (known as “circuit breaker” legislation) was phased in commencing in fiscal 2009 and has led to significant reductions in property tax revenues available to fund city governmental operations over the period from 2009 to the present.

In 2012, the primary funds supported by property taxes (General Fund, Parks and Recreation Fund, and Cumulative Capital Development Fund) lost approximately \$26 million dollars in taxable property tax levy due to the circuit breaker caps.

As a consequence of the state enacted legislation in 2008, the City enacted a .95% local option income tax increase to partially offset the property tax revenue loss. The local option tax increase became effective in October, 2009, and has resulted in an increase in local income taxes available to the City to fund ongoing governmental operations of public safety, parks & recreation, code enforcement, highways & streets and general government.

Management of the City of South Bend will continue to manage the financial affairs from a posture of fiscal conservatism similar to the management practices engaged during fiscal 2012.

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.

2014 Budget

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

The City has completed certain reengineering projects during fiscal 2012 targeted to create efficiency and cost improvements within City operations. Completed projects include payroll system reengineering, water utility customer service improvements, information technology server virtualization efforts, update to new Microsoft Office suite and operating system, implementation of a new telephone system and initial work creating a centralized 311 telephone call center.

The City continues to pursue reengineering programs targeted to create efficiency and cost improvements within City operations. These include purchasing process reengineering, back office process improvements for human resources and other customer service operations.

These initiatives, upon successful deployment completion, will achieve the desired results to create efficiency gains in the delivery of services to taxpayers.

The City is committed to creating a budget for fiscal 2014 that will remain fiscally responsible to the effective delivery of required services to city citizens and stakeholders within the revenue constraints available. Specific concerns for the 2014 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.

Management Discussion & Analysis

Current Economic Development Projects

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

- **Eddy Street Commons** – Continued expansion of the currently existing \$220 million dollar mixed-use development completed for occupancy in 2009. The current configuration includes a 119-room hotel; 25 new City homes with 100% occupancy; more than 20 stores and restaurants; office space; and 268 town homes, apartments and condominiums, which are 95% occupied, 17 flats that wrap the garage are completed, 30 are under construction, with an additional 15 planned. This is the region's largest single development in decades. Phase II of Eddy Street Commons is in the planning stages.
- **Ignition Park**– Along with Innovation Park at Notre Dame, these two sites are Indiana's first dual-site, state-certified technology park. Transpo, the county's public transportation authority, was the first tenant in Ignition Park and dedicated its new facility in early 2010. The second tenant in Ignition Park, Data Realty, is a 50,000 square foot colocation, cloud services data center, with disaster recovery solutions and a managed analytics platform. Data Realty employs over 20 employees and committed over \$15 million in private investment.
- **Renaissance District / Ivy Tower** – Rehabilitation of an 800,000 square foot industrial space near downtown to create an expected 400 new jobs through a mixed use space to include data centers, high tech office space, and research facilities. The owner of this property has committed \$10 million in private investment over a 10 year period.
- **Triangle Development** – Planned construction of 55 new single family residential properties in the Triangle area adjacent to the existing new Eddy Street Commons commercial development, creating a diverse new neighborhood in the City's northeast sector. Eleven new homes are underway, with many more in the planning stages. Seventy percent of the lots are being sold at market rate and thirty percent are reserved for income-eligible buyers. Six million dollars in private investment will transform this neighborhood.
- **East Bank Housing** – Six "East Bank Townhomes" constructed and 100% occupied on the old Rink Riverside site; ten "River Race Townhomes" currently being constructed on the old Troeger site, with three occupied and three more under contract. The River Race project is planned to include apartments and mixed use on its southern end along Jefferson Street.
- **Main / Lafayette Connector** - Three million dollar project to reconfigure Main and Lafayette and extend Barbie Street to the Chippewa Theatre. The project will create several developable sites for future business expansion and traffic flow on the south side of the City.
- **Memorial Hospital** – A variety of City infrastructure and streetscape improvements totaling more than \$6 million, in coordination with hospital investment, including a new façade for the Bartlett Street parking garage and Skyway Building; reconstruction of four streets around the hospital campus; reconstruction of the Skyway Walkway over Michigan Street; new pervious parking lots along the 300 – 500 block of N. Michigan Street.
- **Rushton** – This long vacant four story building at the corner of West Washington and William is being transformed through a partnership with South Bend Heritage Foundation. The building will house 23 units of senior housing and be completed with \$3.1 million in private funding.

Management Discussion & Analysis

- **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.
- **Energy Efficiency and Conservation** – Supported by a \$1.046 million federal stimulus grant, the City has unveiled a new energy efficiency and conservation strategy which included the energy audit of 30 municipal buildings, synchronized timing of traffic signals at the 100 busiest intersections in the City and the production of hydroelectric power from the Saint Joseph River at the Century Center dam. A Municipal Energy Office has been established and a source of funding will be identified to allow for continuing energy projects.
- **Existing Business Expansions** – The City continues to work with private sector business concerns to enable expansion of their business operations in the City, adding new employment opportunities and tax base to the City. Tax abatements in 2012 are expected to result in \$41,411,500 of new investment and add 83 jobs with an annual payroll of \$4,921,000.

Requests for Information

This Management Discussion & Analysis as contained within the City of South Bend Comprehensive Annual Financial Report is intended to provide readers with a general overview of the financial condition of the City of South Bend as of December 31, 2012. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

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

Telephone 574-235-9261
Facsimile 574-235-9928

Email mneal@southbendin.gov

City of South Bend
June 19, 2013

CITY OF SOUTH BEND
STATEMENT OF NET POSITION
December 31, 2012

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ 60,942,239	\$ 4,136,499	\$ 65,078,738
Cash with fiscal agent	18,468	-	18,468
Investments	101,240,278	5,236,761	106,477,039
Receivables (net of allowances for uncollectibles):			
Interest	199,916	22,441	222,357
Taxes	1,392,560	-	1,392,560
Accounts	4,246,359	3,534,350	7,780,709
Intergovernmental	2,645,621	-	2,645,621
Loans	10,230,365	-	10,230,365
Internal balances	1,918,611	(1,918,611)	-
Inventories	858,756	322,107	1,180,863
Prepaid expense	254,255	37,107	291,362
Restricted assets:			
Cash and cash equivalents	7,036,733	35,092,886	42,129,619
Cash with fiscal agent	-	1,936,128	1,936,128
Investments	2,393,597	38,846,553	41,240,150
Interest receivable	2,996	39,131	42,127
Property held for resale	19,020,196	-	19,020,196
Capital assets:			
Land and construction in progress	23,424,006	9,672,415	33,096,421
Other capital assets, net of depreciation	278,686,218	212,819,799	491,506,017
Total assets	514,511,174	309,777,566	824,288,740
Deferred outflows of resources:			
Unamortized loss on refunding	-	22,721	22,721
Unamortized loss on sale/leaseback	-	1,687,948	1,687,948
Total deferred outflows of resources	-	1,710,669	1,710,669

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

Continued on next page

CITY OF SOUTH BEND
STATEMENT OF NET POSITION
December 31, 2012
(Continued)

Liabilities	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Accounts payable	4,312,099	718,540	5,030,639
Accrued payroll payable	2,170,407	479,033	2,649,440
Unearned revenue	2,837,280	33,324	2,870,604
Contracts payable	65,252	-	65,252
Taxes payable	1,734	43,209	44,943
Customer deposits	221,448	132,169	353,617
Accrued interest payable	852,740	-	852,740
Estimate of unfiled claims	5,684,476	-	5,684,476
Other current payables	8,393	-	8,393
Payable from restricted assets:			
Accounts payable	-	2,157,478	2,157,478
Contracts payable	-	46,520	46,520
Customer deposits	-	1,408,694	1,408,694
Accrued interest payable	1,187,908	330,647	1,518,555
Noncurrent liabilities:			
Due within one year:			
Mortgage bonds payable	1,672,885	62,115	1,735,000
Compensated absences	3,782,559	537,299	4,319,858
Revenue bonds payable	7,615,000	6,062,860	13,677,860
Capital lease obligations	1,785,051	469,111	2,254,162
Notes and loans payable	1,653,864	1,763,877	3,417,741
Due in more than one year:			
Mortgage bonds payable (net of discounts or premiums)	17,559,850	549,841	18,109,691
Compensated absences	1,333,766	-	1,333,766
Revenue bonds payable (net of discounts or premiums)	90,140,566	111,985,916	202,126,482
Capital lease obligations	6,551,069	3,172,251	9,723,320
Notes and loans payable	3,299,775	12,085,024	15,384,799
Net other postemployment benefits obligation	5,384,213	-	5,384,213
Net pension obligation	63,100,018	-	63,100,018
Total liabilities	221,220,353	142,037,908	363,258,261
Deferred inflows of resources:			
Unamortized gain on refunding	659,598	26,376	685,974
Unamortized gain on sale/leaseback	-	12,584	12,584
Total deferred inflows of resources	659,598	38,960	698,558
<u>Net position</u>			
Investment in capital assets	210,282,574	113,193,929	323,476,503
Restricted for:			
Debt service	8,050,418	17,179,226	25,229,644
Capital outlay	-	12,080,707	12,080,707
Unrestricted	74,298,231	26,957,505	101,255,736
Total net position	\$ 292,631,223	\$ 169,411,367	\$ 462,042,590

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

CITY OF SOUTH BEND
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for	Capital	Governmental	Primary Government	
		Services	Operating		Grants and	Activities
		Contributions	Contributions	Activities	Activities	
Primary government:						
Governmental activities:						
General government	\$ 13,788,310	\$ 2,100,103	\$ 1,902,519	\$ (9,622,428)	\$ -	\$ (9,622,428)
Public safety	69,977,237	5,079,182	154,543	(50,923,727)	-	(50,923,727)
Highways and streets	14,639,158	291,840	5,784,883	(8,562,435)	-	(8,562,435)
Economic development	20,217,987	271,366	398,000	(15,518,370)	-	(15,518,370)
Culture and recreation	21,724,589	5,224,543	1,139,417	(15,347,571)	-	(15,347,571)
Interest on long-term debt	6,134,406	-	-	(6,134,406)	-	(6,134,406)
Total governmental activities	146,481,687	12,967,034	2,468,120	(106,108,937)	-	(106,108,937)
Business-type activities:						
Water	12,228,014	15,409,171	21,650	-	3,202,807	3,202,807
Wastewater	23,809,975	30,657,698	1,300,000	-	8,147,723	8,147,723
Civic center	2,929,268	2,680,076	655,737	-	406,545	406,545
Building department	909,376	1,000,381	-	-	91,005	91,005
Parking	1,721,655	921,044	-	-	(800,611)	(800,611)
Solid waste	5,118,806	5,081,991	32,866	-	(3,949)	(3,949)
Golf course	1,841,998	1,669,372	-	-	(172,626)	(172,626)
Total business-type activities	48,559,092	57,419,733	2,010,253	-	10,870,894	10,870,894
Total primary government	\$ 195,040,779	\$ 70,386,767	\$ 4,478,373	(106,108,937)	10,870,894	(95,238,043)
General revenues:						
Property taxes				71,775,415	-	71,775,415
County option income tax				13,748,824	-	13,748,824
Economic development income tax				8,324,878	-	8,324,878
Professional sports development tax				633,904	-	633,904
Community revitalization enhancement district tax				653,185	-	653,185
Grants and contributions not restricted to specific programs				3,891,810	-	3,891,810
Unrestricted investment earnings				1,317,443	285,572	1,603,015
Other				6,623,313	-	6,623,313
Transfers				3,879,721	(3,879,721)	-
Total general revenues and transfers				110,848,493	(3,594,149)	107,254,344
Change in net position				4,739,556	7,276,745	12,016,301
Net position - beginning (restated)				287,891,667	162,134,622	450,026,289
Net position - ending				\$ 292,631,223	\$ 169,411,367	\$ 462,042,590

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

CITY OF SOUTH BEND
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012

Assets	General	Park and Recreation	Public Safety	COIT	EDIT	TIF Airport	Other Nonmajor Governmental Funds	Totals
Cash and cash equivalents	\$ 9,172,076	\$ 1,849,132	\$ 1,131,709	\$ 5,801,354	\$ 3,779,154	\$ 6,975,572	\$ 33,868,128	\$ 62,577,125
Cash with fiscal agent	-	-	-	-	-	-	18,468	18,468
Investments	19,133,273	3,036,556	1,858,437	9,526,703	6,205,944	11,454,947	43,590,255	94,806,115
Receivables (net of allowances for uncollectibles):								
Interest	22,349	3,862	2,364	12,117	7,893	14,570	128,527	191,682
Taxes	683,530	132,086	-	-	-	21,635	555,309	1,392,560
Accounts	557,595	57,805	-	-	2,837,280	-	478,875	3,931,555
Intergovernmental	568,035	-	-	-	-	-	2,077,586	2,645,621
Loans	-	-	-	66,667	-	-	10,163,698	10,230,365
Interfund receivable:								
Interfund services provided and used	24,689	-	-	-	-	700	890	26,279
Inventories	-	56,216	-	-	-	-	-	56,216
Advances to other funds	717,909	-	-	2,027,973	-	1,825,519	6,990,751	11,562,152
Property held for resale	240,432	-	-	569,499	449,831	7,869,562	9,890,872	19,020,196
Total assets	\$ 31,119,888	\$ 5,135,657	\$ 2,992,510	\$ 18,004,313	\$ 13,280,102	\$ 28,162,505	\$ 107,763,359	\$ 206,458,334
Liabilities and fund balances								
Liabilities:								
Accounts payable	\$ 318,358	\$ 172,799	\$ -	\$ 137,311	\$ 70,795	\$ 991,428	\$ 1,256,890	\$ 2,947,581
Accrued payroll payable	1,685,178	216,950	-	-	-	-	182,794	2,084,922
Unearned revenue	-	-	-	-	2,837,280	-	-	2,837,280
Contracts payable	-	-	-	-	-	5,178	60,074	65,252
Interfund payable:								
Interfund services provided and used	152,654	30,460	-	83,197	-	-	133,164	399,475
Taxes payable	451	1,283	-	-	-	-	-	1,734
Performance deposits payable	166,414	-	-	-	-	51,034	4,000	221,448
Other current payables	1,750	407	-	-	-	-	6,236	8,393
Advances from other funds	-	-	-	-	-	500,000	9,309,458	9,809,458
Total liabilities	2,324,805	421,899	-	220,508	2,908,075	1,547,640	10,952,616	18,375,543
Fund balances:								
Non-spendable	-	-	-	66,667	-	-	9,110,620	9,177,287
Inventory	-	56,216	-	-	-	-	-	56,216
Property held for resale	240,432	-	-	569,499	449,831	7,869,562	9,890,872	19,020,196
Advances to other funds	717,909	-	-	2,027,973	-	1,825,519	6,990,751	11,562,152
Restricted	-	4,657,542	2,992,510	-	-	16,919,784	53,756,731	78,326,567
Committed	-	-	-	-	-	-	11,142,045	11,142,045
Assigned	165,389	-	-	15,119,666	9,922,196	-	10,138,790	35,346,041
Unassigned	27,671,353	-	-	-	-	-	(4,219,066)	23,452,287
Total fund balances	28,795,083	4,713,758	2,992,510	17,783,805	10,372,027	26,614,865	96,810,743	188,082,791
Total liabilities and fund balances	\$ 31,119,888	\$ 5,135,657	\$ 2,992,510	\$ 18,004,313	\$ 13,280,102	\$ 28,162,505	\$ 107,763,359	

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

Continued on next page

CITY OF SOUTH BEND
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012
(Continued)

<u>Totals</u>	
	300,691,317
	254,255
	10,041,312
	(1,333,766)
	(659,598)
	(114,293,530)
	(2,694,771)
	(8,322,296)
	(4,953,639)
	(5,384,213)
	(63,100,018)
	(2,040,470)
	<u>(3,656,151)</u>
	<u>\$ 292,631,223</u>

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Prepaid expenses are not available to pay for current period expenditures and, therefore are deferred in the funds.

Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated absences payable

Deferred charge on refunding (to be amortized as interest expense)

Bonds payable

Less: Issuance discount or (premium) (to be amortized as interest expense)

Capital leases payable

Notes payable

Net other postemployment benefits obligation

Net pension obligation

Short-term liabilities that are not recognized in governmental funds until due:

Accrued interest payable

Compensated absences payable

Net position of governmental activities

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

CITY OF SOUTH BEND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2012

	General	Park and Recreation	Public Safety LOIT	COIT	EDIT	TIF Airport	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes								
Property	\$ 38,603,453	\$ 7,672,687	\$ -	\$ -	\$ -	\$ 11,652,922	\$ 13,846,353	\$ 71,775,415
County option income	-	-	6,056,520	7,692,304	-	-	-	13,748,824
County economic development income	-	-	-	-	8,324,878	-	-	8,324,878
Professional sports development tax	-	-	-	-	-	-	633,904	633,904
Community revitalization enhancement district	-	-	-	-	-	-	653,185	653,185
Licenses and permits	189,714	-	-	-	-	-	-	189,714
Intergovernmental	17,536,511	576,126	-	-	-	-	13,184,889	31,297,526
Charges for services	4,142,704	3,144,809	-	506,479	150,000	-	4,498,561	12,442,553
Fines and forfeits	236,433	1,565	-	-	-	-	96,769	334,767
Interest	86,495	12,793	8,580	60,820	42,645	65,214	1,040,896	1,317,443
Donations	285,881	-	-	-	-	-	38,385	324,266
Sale of property	-	6,578	-	-	-	-	30,984	37,562
Other	4,550,593	135,635	-	8,051	-	166,928	1,437,840	6,299,047
Total revenues	65,631,784	11,550,193	6,065,100	8,267,654	8,517,523	11,885,064	35,461,766	147,379,084
Expenditures:								
Current:								
General government	6,105,909	-	-	-	-	-	284,676	6,390,585
Public safety	64,305,027	-	-	-	-	-	2,833,387	67,138,414
Highways and streets	2,099,159	-	-	-	-	-	7,189,523	9,288,682
Economic development	61,600	-	-	-	-	-	3,481,580	3,543,180
Culture and recreation	1,253,497	11,549,893	-	-	-	-	5,754,596	18,557,986
Debt service:								
Principal	167,419	226,444	-	693,557	680,000	1,394,036	7,661,265	10,822,721
Interest and fiscal charges	45,415	18,301	-	157,763	185,453	706,613	5,366,149	6,479,694
Debt issue costs	-	-	-	-	-	-	254,611	254,611
Capital outlay:								
General government	-	-	-	4,480,643	2,392,715	-	165,889	7,039,247
Public safety	-	-	-	85,526	-	-	2,714,130	2,799,656
Highways and streets	-	-	-	-	-	-	1,421,634	1,421,634
Economic development	-	-	-	49,928	191,202	13,826,213	11,700,304	25,767,647
Culture and recreation	-	-	-	1,303,134	31,392	-	1,621,417	2,955,943
Total expenditures	74,038,026	11,794,638	-	6,770,551	3,480,762	15,926,862	50,449,161	162,460,000
Excess (deficiency) of revenues over (under) expenditures	(8,406,242)	(244,445)	6,065,100	1,497,103	5,036,761	(4,041,798)	(14,987,395)	(15,080,916)
Other financing sources (uses):								
Transfers in	9,596,758	616,596	175,436	-	-	662,607	14,317,016	25,368,413
Transfers out	(332,120)	(185,747)	(5,476,534)	(1,642,136)	(4,502,146)	(1,945,250)	(7,404,759)	(21,488,692)
Debt issuance	5,471	-	-	-	-	1,500,000	4,155,426	5,660,897
Premium on debt issuance	-	-	-	-	-	-	1,236,364	1,236,364
Issuance of refunding bonds	-	-	-	-	-	-	13,595,000	13,595,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	(14,613,147)	(14,613,147)
Total other financing sources and uses	9,270,109	430,849	(5,301,098)	(1,642,136)	(4,502,146)	217,357	11,285,900	9,758,835
Net change in fund balances	863,867	186,404	764,002	(145,033)	534,615	(3,824,441)	(3,701,495)	(5,322,081)
Fund balances - beginning (restated)	27,931,216	4,527,354	2,228,508	17,928,838	9,837,412	30,439,306	100,512,238	193,404,872
Fund balances - ending	\$ 28,795,083	\$ 4,713,758	\$ 2,992,510	\$ 17,783,805	\$ 10,372,027	\$ 26,614,865	\$ 96,810,743	\$ 188,082,791

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

CITY OF SOUTH BEND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2012

Assets	Business-Type Activities - Enterprise Funds						Governmental Activities
	Enterprise Funds					Totals	
	Water Utility	Wastewater Utility	Century Center	Other Nonmajor Enterprise Funds	Internal Service Funds		
Current assets:							
Cash and cash equivalents	\$ 667,511	\$ 1,677,651	\$ 902,512	\$ 888,825	\$ 4,136,499	\$ 5,401,847	
Investments	1,095,834	2,754,955	-	1,385,972	5,236,761	8,827,760	
Interest receivable	19,970	-	-	2,471	22,441	11,230	
Accounts receivable (net of allowance)	833,668	2,032,060	86,655	444,432	3,396,815	314,804	
Accounts receivable - other	31,243	106,292	-	-	137,535	-	
Interfund receivables:							
Interfund services provided and used	-	-	-	4,333	4,333	539,535	
Inventories	150,597	153,437	-	18,073	322,107	802,540	
Prepaid items	5,144	10,667	21,296	-	37,107	-	
Restricted assets:							
Cash and cash equivalents:							
Repair fund	-	439,073	-	-	439,073	-	
Customer deposits	533,295	-	-	-	533,295	-	
Revenue bond covenant accounts	1,263,585	11,197,719	-	551,638	13,012,942	-	
Capital outlay accounts	3,766,115	16,066,543	1,274,877	41	21,107,576	-	
Cash with fiscal agent	-	129,516	-	1,806,612	1,936,128	-	
Investments:							
Repair fund	-	721,024	-	-	721,024	-	
Customer deposits	875,496	-	-	-	875,496	-	
Revenue bond covenant accounts	2,039,197	2,441,718	-	202,630	4,683,545	-	
Capital outlay accounts	6,182,723	26,383,698	-	67	32,566,488	-	
Interest receivable	-	39,131	-	-	39,131	-	
Total current assets	17,464,378	64,153,484	2,285,340	5,305,094	89,208,296	15,897,716	
Noncurrent assets:							
Capital assets:							
Land and construction in progress	799,888	6,554,045	737,993	1,580,489	9,672,415	-	
Other capital assets (net of accumulated depreciation)	61,400,000	129,158,065	15,459,756	6,801,978	212,819,799	1,418,907	
Total noncurrent assets	62,199,888	135,712,110	16,197,749	8,382,467	222,492,214	1,418,907	
Total assets	79,664,266	199,865,594	18,483,089	13,687,561	311,700,510	17,316,623	
Deferred outflows of resources:							
Unamortized loss on refunding	-	19,193	-	3,528	22,721	-	
Unamortized loss on sale/leaseback	-	-	-	1,687,948	1,687,948	-	
Total deferred outflows of resources	-	19,193	-	1,691,476	1,710,669	-	

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

Continued on next page

CITY OF SOUTH BEND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2012
(Continued)

Liabilities	Business-Type Activities - Enterprise Funds					Totals	Governmental Activities	
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Internal Service Funds			
Current liabilities:								
Accounts payable	316,654	28,755	135,788	237,343	718,540	1,364,518		
Interfund payables:								
Interfund services provided and used	25,457	89,509	-	55,284	170,250	422		
Accrued payroll payable	190,539	210,897	-	77,597	479,033	85,485		
Compensated absences payable	186,793	248,560	-	101,946	537,299	126,408		
Unearned revenue	8,859	-	24,465	-	33,324	-		
Taxes payable	43,209	-	-	-	43,209	-		
Performance deposits payable	-	-	-	37,437	37,437	-		
Customer deposits	-	-	94,732	-	94,732	-		
Capital leases payable	-	-	-	-	-	4,758		
Interest payable	-	-	-	-	-	178		
Estimate of unfilled claims	-	-	-	-	-	5,684,476		
Current liabilities payable from restricted assets:								
Accounts payable	-	2,157,478	-	-	2,157,478	-		
Contracts and retainage payable	-	46,520	-	-	46,520	-		
Customer deposits	1,408,694	-	-	-	1,408,694	-		
Mortgage bonds payable	-	62,115	-	-	62,115	-		
Revenue bonds payable	1,070,000	4,375,000	-	617,860	6,062,860	-		
Capital leases payable	2,546	147,114	-	319,451	469,111	-		
Notes and loans payable	153,452	1,610,425	-	-	1,763,877	-		
Accrued interest payable	-	306,907	-	23,740	330,647	-		
Total current liabilities	3,406,203	9,283,280	254,985	1,470,658	14,415,126	7,286,245		
Noncurrent liabilities:								
Advances from other funds	-	-	-	1,752,694	1,752,694	-		
Mortgage bonds payable (net of unamortized discount)	-	549,841	-	-	549,841	-		
Revenue bonds payable (net of unamortized discounts, and premiums)	19,771,721	92,214,195	-	2,301,151	111,985,916	-		
Capital leases payable	-	871,100	-	-	3,172,251	9,066		
Notes and loans payable	1,428,428	10,656,596	-	-	12,085,024	-		
Total noncurrent liabilities	21,200,149	104,291,732	-	4,053,845	129,545,726	9,066		
Total liabilities	24,606,352	113,575,012	254,985	5,524,503	143,960,852	7,275,311		
Deferred inflows of resources:								
Unamortized gain on refunding	26,376	-	-	-	26,376	-		
Unamortized gain on sale/leaseback	-	-	-	12,584	12,584	-		
Total deferred inflows of resources	26,376	-	-	12,584	38,960	-		
Net position								
Investment in capital assets	45,579,124	32,046,775	22,000,586	13,567,444	113,193,929	1,392,349		
Restricted for debt service	3,302,782	13,332,530	-	543,914	17,179,226	-		
Restricted for capital outlay	4,146,001	6,659,721	1,274,877	108	12,080,707	-		
Unrestricted	2,003,631	34,270,749	(5,047,359)	(4,269,516)	26,957,505	8,648,963		
Total net position	\$ 55,031,538	\$ 86,309,775	\$ 18,228,104	\$ 9,841,950	\$ 169,411,367	\$ 10,041,312		

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

CITY OF SOUTH BEND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For The Year Ended December 31, 2012

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other		Internal Service Funds	
				Enterprise Funds	Nonmajor Enterprise Funds		
					Totals		
Operating revenues:							
Metered revenue:							
Residential	\$ 6,880,624	\$ 17,653,279	\$ -	\$ -	\$ 24,533,903	\$ -	-
Commercial	3,558,020	7,955,831	-	-	11,513,851	-	-
Industrial	315,247	4,325,634	-	-	4,640,881	-	-
Fire protection revenue	1,933,188	-	-	-	1,933,188	-	-
Leak insurance revenue	897,618	-	-	-	897,618	-	-
Penalties	128,084	567,083	-	-	695,167	-	-
Convention fees	-	-	996,003	-	996,003	-	-
Licenses and permits	-	-	-	988,858	988,858	-	-
Parking fees	-	-	153,362	920,449	1,073,811	-	-
Solid waste fees	-	-	-	4,742,894	4,742,894	-	-
Golf course fees	-	-	-	1,669,372	1,669,372	-	-
Employee/employer contributions	-	-	-	-	-	14,358,546	
Charges for sales and services	-	-	-	-	-	6,753,115	
Other	477,462	461,656	-	351,215	1,290,333	21,917	
	<u>14,190,243</u>	<u>30,963,483</u>	<u>1,149,365</u>	<u>8,672,788</u>	<u>54,975,879</u>	<u>21,133,578</u>	
Total operating revenues							
Operating expenses:							
Source of supply and expense/collection system expense - operations and maintenance	1,074,472	6,175,613	-	-	7,250,085	-	-
Transmission and distribution/pumping expense - operations and maintenance	3,889,191	5,942,871	-	-	9,832,062	-	-
Treatment and disposal expense - operations and maintenance	714,113	-	-	-	714,113	-	-
Operations and maintenance	-	-	-	6,834,245	6,834,245	6,307,079	
Customer accounts	1,508,369	176,155	-	-	1,684,524	-	-
Administration and general	1,835,129	1,483,089	2,216,517	1,467,182	7,001,917	1,070,654	
Insurance claims and premiums	-	-	-	-	-	17,548,737	
Depreciation	1,828,072	4,945,992	665,015	639,524	8,078,603	88,884	
	<u>10,849,346</u>	<u>18,723,720</u>	<u>2,881,532</u>	<u>8,940,951</u>	<u>41,395,549</u>	<u>25,015,354</u>	
Total operating expenses							
Operating income (loss)	<u>3,340,897</u>	<u>12,239,763</u>	<u>(1,732,167)</u>	<u>(268,163)</u>	<u>13,580,330</u>	<u>(3,881,776)</u>	

CITY OF SOUTH BEND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2012
(Continued)

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other		Internal Service Funds	
				Enterprise Funds	Nonmajor Enterprise Funds		
					Totals		
Nonoperating revenues (expenses):							
Interest and investment revenue	58,485	213,117	593	13,377	285,572	64,846	
Hotel/motel tax	-	-	1,313,436	-	1,313,436	-	
Professional sports development tax	-	-	100,000	-	100,000	-	
Repair fund revenues	-	544,920	-	-	544,920	-	
Management fees	1,101,072	(952,404)	-	-	148,668	-	
Miscellaneous revenue	117,856	-	117,275	-	235,131	-	
Interest expense	(835,759)	(3,343,905)	-	(90,544)	(4,270,208)	(3,235)	
Amortization expense	-	(14,753)	-	(560,340)	(575,093)	-	
Repair fund expenses	(277,116)	(285,646)	-	-	(285,646)	-	
Debt issue costs	(265,793)	(489,547)	-	-	(766,663)	-	
Gain (loss) on disposition of assets		(850,705)	(47,736)	-	(1,164,234)	-	
Total nonoperating revenue (expenses)	(101,255)	(5,178,923)	1,483,568	(637,507)	(4,434,117)	61,611	
Income (loss) before contributions and transfers	3,239,642	7,060,840	(248,599)	(905,670)	9,146,213	(3,820,165)	
Capital contributions	21,650	1,300,000	655,737	32,866	2,010,253	-	
Transfers in	-	-	-	651,500	651,500	-	
Transfers out	(1,468,339)	(2,405,289)	-	(657,593)	(4,531,221)	-	
Change in net position	1,792,953	5,955,551	407,138	(878,897)	7,276,745	(3,820,165)	
Total net position - beginning (restated)	53,238,585	80,354,224	17,820,966	10,720,847	162,134,622	13,861,477	
Total net position - ending	\$ 55,031,538	\$ 86,309,775	\$ 18,228,104	\$ 9,841,950	\$ 169,411,367	\$ 10,041,312	

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

CITY OF SOUTH BEND
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2012

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>	<u>Agency Fund</u>
Cash and cash equivalents	\$ 1,384,002	\$ 15,561	\$ 2,437,671
Investments	2,272,740	25,554	-
Receivables:			
Interest	2,891	32	-
Total assets	<u>3,659,633</u>	<u>41,147</u>	<u>\$ 2,437,671</u>
 <u>Liabilities</u>			
Current liabilities:			
Accounts payable	160	-	-
Accrued payroll and withholdings payable	620	-	1,054,365
Customer Deposits	-	-	1,383,306
Total liabilities	<u>780</u>	<u>-</u>	<u>\$ 2,437,671</u>
 <u>Net Position</u>			
Net position held in trust for:			
Employees' pension benefits	3,658,853	-	-
Individuals, organizations, and other governments	-	41,147	-
Total net position	<u>\$ 3,658,853</u>	<u>\$ 41,147</u>	<u>\$ 41,147</u>

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

CITY OF SOUTH BEND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For The Year Ended December 31, 2012

<u>Additions</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>
Contributions:		
On behalf	\$ 11,965,008	\$ -
Plan members	2,278	
Other	12,344	
Total contributions	<u>11,979,630</u>	<u>-</u>
Investment income:		
Interest	9,437	182
Total additions	<u>11,989,067</u>	<u>182</u>
<u>Deductions</u>		
Benefits	12,202,574	-
Administrative expense	12,565	-
Total deductions	<u>12,215,139</u>	<u>-</u>
Changes in net position	(226,072)	182
Net position - beginning	<u>3,884,925</u>	<u>40,965</u>
Net position - ending	<u>\$ 3,658,853</u>	<u>\$ 41,147</u>

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

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006 (1)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities										
Invested in capital assets, net of related debt	31,254,629	7,383,902	35,777,247	208,509,577	200,634,954	178,178,047	178,483,535	186,771,216	196,265,413	210,282,574
Restricted	6,381,082	1,966,388	6,138,257	5,225,642	5,370,627	11,077,687	12,825,227	8,840,610	9,354,772	8,050,418
Unrestricted	31,095,490	59,250,281	26,957,659	24,900,036	47,150,229	56,786,214	82,877,695	96,539,932	82,271,482	74,298,231
Total governmental activities net position	68,731,201	68,600,571	68,873,163	238,635,255	253,155,810	246,041,948	274,186,457	292,151,758	287,891,667	292,631,223
Business-type activities										
Invested in capital assets, net of related debt	102,466,792	93,370,899	94,833,960	97,670,533	112,194,451	124,705,327	119,607,643	122,108,095	103,463,004	113,193,929
Restricted	14,456,725	13,254,447	17,942,700	22,535,858	8,273,257	8,630,542	14,075,339	13,320,967	12,937,988	29,259,933
Unrestricted	12,837,127	19,015,375	8,751,584	7,168,852	15,793,782	9,209,917	12,597,138	19,262,192	45,733,630	26,957,505
Total business-type activities net position	129,760,644	125,640,721	121,528,244	127,375,243	136,261,490	142,545,786	146,280,120	154,691,254	162,134,622	169,411,367
Primary government										
Invested in capital assets, net of related debt	133,721,421	100,754,801	130,611,207	306,180,110	312,829,405	302,883,374	298,091,178	308,879,311	299,728,417	323,476,503
Restricted	20,837,807	15,220,835	24,080,957	27,761,500	13,643,884	19,708,229	26,900,566	22,161,577	22,292,760	37,310,351
Unrestricted	43,932,617	78,265,656	35,709,243	32,068,888	62,944,011	65,996,131	95,474,833	115,802,124	128,005,112	101,255,736
Total primary government net position	198,491,845	194,241,292	190,401,407	366,010,498	389,417,300	388,587,734	420,466,577	446,843,012	450,026,289	462,042,590

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

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

Net position is defined as the difference between total assets and deferred outflows of resources less total liabilities and deferred inflows of resources and can generally be thought of as the net worth of the City of South Bend.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	(12,857,643)	(17,523,559)	(15,033,018)	(17,194,920)	(13,680,203)	(10,253,389)	(7,903,378)	(8,261,861)	(16,783,351)	(13,788,310)
Public safety	(48,254,995)	(45,799,395)	(72,450,941)	(56,600,175)	(52,751,974)	(49,728,256)	(50,800,573)	(62,106,991)	(73,530,442)	(69,977,237)
Highways and streets	(6,370,307)	(9,855,890)	(9,010,971)	(2,183,189)	(17,904,129)	(22,292,012)	(15,042,344)	(9,526,537)	(7,574,003)	(14,639,158)
Health and welfare	(99,586)	(102,314)	(75,352)	(114,131)	(75,000)	(75,000)	0	0	0	0
Culture and recreation	(10,899,340)	(13,689,893)	(8,840,970)	(14,994,300)	(16,454,667)	(18,311,807)	(17,981,839)	(16,036,194)	(15,566,794)	(21,724,589)
Economic development	(17,708,054)	(18,102,343)	(22,436,802)	(18,813,636)	(18,206,948)	(27,299,233)	(4,335,618)	(30,744,012)	(34,648,975)	(20,217,987)
Interest on long-term debt	(3,979,222)	(6,209,012)	(5,943,021)	(5,841,032)	(5,859,102)	(7,080,166)	(8,049,610)	(7,339,548)	(6,798,531)	(6,134,406)
Total governmental activities expenses	(100,169,147)	(111,282,406)	(133,791,075)	(135,371,383)	(124,932,023)	(135,039,863)	(104,113,362)	(134,015,143)	(154,902,096)	(146,481,687)
Business-type activities:										
Water	(11,676,058)	(12,275,029)	(12,447,141)	(11,916,504)	(13,061,750)	(13,492,744)	(12,584,679)	(12,525,246)	(11,972,840)	(12,228,014)
Wastewater	(14,402,563)	(16,125,258)	(18,452,785)	(16,972,401)	(18,295,813)	(23,020,991)	(27,047,143)	(21,403,663)	(22,260,005)	(23,809,975)
Civic Center	(3,460,137)	(3,592,627)	(3,478,359)	(3,355,531)	(3,490,103)	(3,562,285)	(3,488,266)	(2,989,586)	(3,100,484)	(2,929,268)
Building department	(1,052,861)	(1,134,986)	(1,047,007)	(1,102,164)	(1,090,327)	(1,108,940)	(1,113,867)	(930,120)	(871,299)	(909,376)
Parking	(1,451,385)	(1,739,235)	(1,165,502)	(1,261,942)	(1,444,146)	(1,466,200)	(1,471,960)	(1,438,288)	(1,467,646)	(1,721,655)
Solid waste	(3,775,137)	(4,015,831)	(4,920,464)	(4,187,706)	(4,072,910)	(4,299,846)	(4,036,001)	(4,204,056)	(4,962,157)	(5,118,806)
Golf course	(1,706,537)	(1,778,107)	(1,736,939)	(1,811,757)	(1,811,801)	(1,829,122)	(1,881,982)	(1,995,556)	(1,689,042)	(1,841,998)
Total business-type activities net expenses	(37,524,678)	(40,661,073)	(43,248,197)	(40,608,005)	(43,266,850)	(48,780,128)	(51,623,898)	(45,486,515)	(46,323,473)	(48,559,092)
Total primary government net position	(137,693,825)	(151,943,479)	(177,039,272)	(175,979,388)	(168,198,873)	(183,819,991)	(155,737,260)	(179,501,658)	(201,225,569)	(195,040,779)

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Charges for services:										
General government	\$10,979,276	\$6,054,637	\$148,150	\$6,883,104	\$6,553,121	\$6,647,223	\$6,855,830	\$6,964,269	\$1,165,018	\$2,100,103
Public safety	2,070,815	2,075,522	2,239,368	5,132,285	4,228,405	5,035,433	5,051,827	4,916,958	4,096,566	5,079,182
Highways and streets	0	0	135,313	44,250	0	0	5,152	28,110	227,000	291,840
Economic development	192,135	168,523	516,570	562,807	604,873	636,722	332,454	283,420	683,503	271,366
Culture and recreation	1,327,538	1,044,512	3,784,176	4,940,629	5,057,076	5,300,818	5,063,896	4,995,049	4,681,536	5,224,543
Operating grants and contributions	14,813,675	10,718,149	12,916,362	12,452,463	15,628,287	11,356,682	12,199,444	29,467,573	32,091,246	24,937,596
Capital grants and contributions	1,790,912	10,326,795	9,447,723	13,793,363	960,502	1,176,783	780,137	1,472,233	2,328,468	2,468,120
Total governmental activities program revenues	31,174,351	30,388,138	29,187,662	43,808,901	33,032,264	30,153,661	30,288,740	48,127,612	45,273,337	40,372,750
Business-type activities:										
Charges for services:										
Water	13,021,168	12,513,333	12,130,549	14,757,819	15,336,891	14,926,833	14,151,289	14,194,442	14,080,592	15,409,171
Wastewater	13,076,885	14,773,651	14,830,607	18,725,903	21,349,401	23,567,973	25,012,163	26,001,156	29,407,263	30,657,698
Civic Center	1,704,787	1,837,763	1,604,352	3,113,264	3,371,553	3,370,802	2,873,966	2,869,010	2,894,913	2,680,076
Building Department	1,020,325	983,102	1,125,312	1,039,405	1,078,258	1,169,788	977,050	875,481	899,397	1,000,381
Parking	1,211,222	768,503	763,581	799,350	861,307	1,003,889	1,070,519	1,047,784	1,071,078	921,044
Solid Waste	3,987,183	3,964,487	3,764,229	4,177,897	4,187,821	4,343,120	4,759,530	4,745,547	4,830,342	5,081,991
Golf Course	1,630,975	1,689,984	1,546,244	1,565,649	1,512,150	1,493,519	1,557,951	1,479,415	1,392,999	1,669,372
Operating grants and contributions	1,130,575	1,165,243	1,282,780	0	0	0	0	0	0	0
Capital grants and contributions	72,390	118,953	1,479,581	1,413,861	1,253,332	1,209,380	4,038,412	1,889,165	4,291,731	2,010,253
Total business-type activities program revenues	36,855,510	37,815,019	38,527,235	45,593,148	48,950,713	51,085,304	54,440,880	53,102,000	58,868,315	59,429,986
Total primary government program revenues	68,029,861	68,203,157	67,714,897	89,402,049	81,982,977	81,238,965	84,729,620	101,229,612	104,141,652	99,802,736
Net (Expense)/Revenue										
Governmental activities	(80,108,055)	(103,402,937)	(106,183,721)	(81,123,122)	(102,007,599)	(73,959,701)	(103,726,403)	(106,774,484)	45,273,337	(106,108,937)
Business-type activities	(3,805,563)	(5,433,178)	(2,080,770)	2,326,298	170,585	(538,594)	8,954,365	6,778,527	58,868,315	10,870,894
Total primary government net expense	(83,913,618)	(108,836,115)	(108,264,491)	(78,796,824)	(101,837,014)	(74,498,295)	(94,772,038)	(99,995,957)	104,141,652	(95,238,043)

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$67,965,063	\$62,279,784	\$72,743,697	\$68,256,602	\$77,120,683	\$76,109,499	\$73,882,128	\$77,315,641	\$76,445,349	\$71,775,415
County Option Income Tax	7,374,318	7,001,198	5,695,618	6,410,405	8,072,623	5,813,846	10,270,179	11,502,052	13,219,723	13,748,824
Economic Development Income Tax	3,512,369	3,448,688	3,464,152	4,013,475	4,681,134	3,788,754	4,536,245	7,335,113	8,044,773	8,324,878
Professional Sports Development Tax	341,093	378,099	385,553	336,281	435,791	453,268	522,788	597,406	558,268	633,904
Community Revitalization District Tax	0	655,269	965,052	1,000,000	1,000,000	955,315	605,623	416,149	733,100	653,185
Unrestricted grants and contributions	5,286,477	5,133,838	5,160,298	5,063,541	4,032,300	5,664,011	7,597,883	4,883,081	3,964,336	3,891,810
Unrestricted Investment earnings	1,124,825	1,660,720	3,543,469	4,762,484	6,247,113	4,961,410	859,135	868,023	1,050,768	1,317,443
Other	903,574	598,600	10,790,170	3,520,138	5,016,902	2,007,821	2,781,368	2,627,341	3,483,054	6,623,313
Loss on Sale of Redevelopment Properties	0	0	0	0	0	0	0	0	0	0
Net Pension Obligation	0	0	0	0	0	0	0	0	0	0
Transfers	12,533	14,873	33,589	44,200	3,735	34,970	(645,992)	(648,823)	3,041,176	3,879,721
Total governmental activities	86,520,252	81,171,069	102,781,598	93,407,126	106,610,281	99,788,894	100,409,357	104,895,983	110,540,547	110,848,493
Business-type activities:										
Unrestricted Investment earnings	266,610	362,676	745,966	906,056	1,301,348	1,514,287	271,360	146,826	206,409	285,572
Other	0	0	1,990,515	0	0	0	0	0	0	0
Transfers	(12,533)	(14,873)	(33,589)	(44,200)	(3,735)	(34,970)	645,992	648,823	(3,041,176)	(3,879,721)
Total business-type activities	254,077	347,803	2,702,892	861,856	1,297,613	1,479,317	917,352	795,649	(2,834,767)	(3,594,149)
Total primary government	86,774,329	81,518,872	105,484,490	94,268,982	107,907,894	101,268,211	101,326,709	105,691,632	107,705,780	107,254,344
Special Item (Governmental activities):										
Well field contamination settlement	0	0	0	0	0	4,462,214	0	0	0	0
Change in Net Position										
Governmental activities	(16,882,685)	(25,012,652)	21,658,476	(8,600,473)	32,650,580	524,705	(6,365,127)	150,169,320	911,788	4,739,556
Business-type activities	(5,179,101)	(1,732,967)	5,029,190	1,032,441	759,019	10,433,682	7,695,879	59,663,964	9,710,075	7,276,745
Total primary government	(\$22,061,786)	(\$26,745,619)	\$26,687,666	(\$7,568,032)	\$33,409,599	\$10,958,387	\$1,330,752	\$209,833,284	\$10,621,863	\$12,016,301

Excludes prior period adjustments

Source : City of South Bend Comprehensive Annual Financial Reports

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>	<u>2012</u>
General fund										
Reserved	2,002,641	2,365,669	10,581,739	4,162,853	2,213,970	3,245,271	1,516,159	1,824,454	-	-
Unreserved	18,503,386	19,656,024	18,162,455	21,688,442	21,546,783	24,171,313	23,102,296	26,912,688	-	-
Nonspendable	-	-	-	-	-	-	-	-	1,115,025	958,341
Restricted	-	-	-	-	-	-	-	-	327,267	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	255,287	165,389
Unassigned	-	-	-	-	-	-	-	-	26,233,637	27,671,353
Total - General Fund	20,506,027	22,021,693	28,744,194	25,851,295	23,760,753	27,416,584	24,618,455	28,737,142	27,931,216	28,795,083
Other Governmental Funds										
Reserved	33,911,725	39,224,425	38,498,351	34,251,520	36,374,517	60,213,915	56,819,802	62,230,229	-	-
Unreserved, reported in:										
Special revenue funds	9,881,359	10,159,432	14,134,371	19,348,846	25,703,180	32,054,329	36,398,024	31,996,398	-	-
Capital projects funds	70,656,781	43,815,737	40,624,644	60,447,079	66,593,906	87,571,056	78,214,132	85,237,947	-	-
Debt service funds	-	-	-	(7,828)	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	37,036,839	38,857,510
Restricted	-	-	-	-	-	-	-	-	44,754,037	78,326,567
Committed	-	-	-	-	-	-	-	-	11,829,074	11,142,045
Assigned	-	-	-	-	-	-	-	-	77,460,284	35,180,652
Unassigned	-	-	-	-	-	-	-	-	(2,777,374)	(4,219,066)
Total - Other Governmental Funds	114,449,865	93,199,594	93,257,366	114,039,617	128,671,603	179,839,300	171,431,958	179,464,574	168,302,860	159,287,708
Grand Total - Governmental Funds	134,955,892	115,221,287	122,001,560	139,890,912	152,432,356	207,255,884	196,050,413	208,201,716	196,234,076	188,082,791

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

Source: City of South Bend Comprehensive Annual Financial Reports

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues										
Taxes	80,533,464	75,289,946	78,650,044	84,049,414	88,695,023	96,930,953	89,139,585	101,785,765	99,001,213	95,136,206
Licenses, fees and permits	212,261	223,006	246,780	186,470	173,604	177,329	206,594	192,397	190,943	189,714
Fines and forfeits	264,704	302,376	245,680	444,861	437,732	412,707	423,981	409,775	636,749	334,767
Charges for services	14,030,134	15,187,711	15,293,779	16,931,744	15,832,139	17,030,160	16,678,584	16,585,634	13,990,267	12,442,553
Intergovernmental	19,873,378	17,968,454	18,665,828	31,275,541	21,400,166	18,196,118	20,577,464	35,822,886	34,419,714	31,297,526
Investment earnings	1,124,825	1,668,050	3,543,469	4,762,484	6,248,605	4,962,768	859,135	868,023	1,050,768	1,317,443
Other revenues	2,977,325	2,732,127	10,791,555	3,414,731	5,039,373	2,007,821	3,046,791	2,677,796	3,587,518	6,660,875
Total revenues	119,016,091	113,371,670	127,437,135	141,065,245	137,826,642	139,717,856	130,932,134	158,342,276	152,877,172	147,379,084
Expenditures										
General government	5,798,497	6,814,675	7,828,275	11,244,734	9,611,354	6,902,426	5,969,141	5,214,424	6,680,855	6,390,585
Public Safety	45,498,413	44,371,673	49,010,645	51,050,640	53,203,005	50,413,055	48,790,068	62,586,177	69,612,754	67,138,414
Highways and Streets	7,499,367	12,638,026	9,874,281	13,583,761	13,257,781	13,369,611	11,716,810	10,702,555	5,079,041	9,288,682
Health and Welfare	75,000	75,000	75,000	75,000	75,000	75,000	0	0	0	0
Culture and Recreation	12,855,102	14,347,497	14,226,463	13,849,622	13,469,798	14,542,481	12,733,094	12,841,596	13,816,699	18,557,986
Economic Development	14,518,827	13,208,131	7,531,650	9,752,254	7,710,242	9,726,718	8,938,134	17,408,376	9,698,611	3,543,180
Capital Outlay	23,264,716	30,722,396	29,299,053	16,391,192	17,293,302	26,695,208	37,485,105	21,952,522	46,691,030	39,984,127
Debt Service										
Interest and Fiscal Charges	4,417,477	5,287,658	5,793,386	6,144,611	5,718,572	7,258,201	8,053,995	7,499,683	7,186,494	6,734,305
Principal	10,197,689	5,597,717	7,074,887	7,435,722	7,870,166	9,040,095	9,276,363	12,552,681	13,632,195	10,822,721
Total expenditures	124,125,088	133,062,773	130,713,640	129,527,536	128,209,220	138,022,795	142,962,710	150,758,014	172,397,679	162,460,000
Excess of revenues over (under) expenditures	(5,108,997)	(19,691,103)	(3,276,505)	11,537,709	9,617,422	1,695,061	(12,030,576)	7,584,262	(19,520,507)	(15,080,916)
Other Financing Sources (Uses)										
Proceeds from debt issuance	55,953,290	613,767	10,023,189	14,050,557	2,920,287	45,622,808	1,771,318	5,280,314	3,478,239	5,660,897
Premium (discount) on debt issuance	0	0	0	0	0	1,626,186	80,950	146,030	26,877	1,236,364
Proceeds from refunding	598,086	0	0	0	0	0	7,210,000	5,327,775	38,307,431	13,595,000
Payments to refunded bond escrow agent	(1,793,917)	0	0	(8,371,711)	0	0	(7,591,171)	(5,538,255)	(37,300,856)	(14,613,147)
Financing By Capital Lease	795,325	0	0	0	0	0	0	0	0	0
Transfers in	8,201,665	6,571,247	8,332,742	8,928,540	7,872,575	10,574,625	8,687,172	16,314,577	22,483,564	25,368,413
Transfers out	(10,189,132)	(6,556,374)	(8,299,153)	(8,884,340)	(7,868,840)	(10,539,655)	(9,333,164)	(16,963,400)	(19,442,388)	(21,488,692)
Other	0	0	0	0	0	0	0	0	0	0
Total other financing sources (uses)	53,565,317	628,640	10,056,778	5,723,046	2,924,022	47,283,964	825,105	4,567,041	7,552,867	9,758,835
Special Item:										
Well field contamination settlement	0	0	0	0	0	0	4,462,214	0	0	0
Net change in fund balances	48,456,320	(19,062,463)	6,780,273	17,260,755	12,541,444	48,979,025	(6,743,257)	12,151,303	(11,967,640)	(5,322,081)
Debt service as a percentage of noncapital expenditures (1)	13.5%	9.8%	11.1%	10.8%	11.4%	12.1%	17.6%	15.4%	13.8%	12.9%
Excludes prior period adjustments										

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

Source: City of South Bend Comprehensive Annual Financial Reports

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

Tax Year/ Collection Year	Per DLGF Current Tax Levy	Estimated Circuit Breaker Levy Reduction	Adjusted Current Tax Levy (County Abstract)	Current Tax Collections	Current Tax Collections as a Percent of Adjusted Tax Levy	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as a Percent of Adjusted Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Adjusted Tax Levy
2002/2003	58,326,066	0	58,326,066	53,726,528	92.11%	2,928,994	56,655,522	97.14%	6,203,521	10.64%
2003/2004	59,875,358	0	59,875,358	56,031,449	93.58%	2,914,419	58,945,868	98.45%	6,189,942	10.34%
2004/2005	60,833,109	0	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	0	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	0	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	0	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	19,667,841	51,089,003	42,598,817	83.38%	5,111,380	47,710,197	93.39%	9,550,891	18.69%

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. A calculation of current and delinquent property taxes is made by the City of South Bend.

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

Tax Year/ Collection Year	City Direct Rates										Overlapping Rates				
	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		
2002/2003	1.5668	0.2647	0.0493	0.0442	0.0356	1.9606	0.7366	1.4792	0.1122	0.1686	0.2240	2.7206	4.6812		
2003/2004	1.6871	0.2859	0.0532	0.0477	0.0376	2.1115	0.7652	1.6201	0.0923	0.1830	0.2209	2.8815	4.9930		
2004/2005	1.6845	0.2902	0.0540	0.0485	0.0376	2.1148	0.7831	1.5969	0.0276	0.1854	0.1828	2.7758	4.8906		
2005/2006	1.7386	0.2981	0.0554	0.0498	0.0376	2.1795	0.9899	1.6033	0.0269	0.2027	0.1501	2.9729	5.1524		
2006/2007	1.6838	0.2858	0.0531	0.0477	0.0342	2.1046	0.8711	1.5419	0.0285	0.1957	0.1737	2.8109	4.9155		
2007/2008	1.7924	0.2979	0.0579	0.0572	0.0342	2.2396	0.7576	1.5417	0.0482	0.2216	0.1944	2.7635	5.0031		
2008/2009	1.9777	0.3656	0.0117	0.0189	0.0342	2.4081	0.5693	1.0297	0.0537	0.2257	0.1733	2.0517	4.4598		
2009/2010 (2)	2.2536	0.4401	0.0000	0.0000	0.0342	2.7279	0.5866	1.0728	0.0406	0.2657	0.1835	2.1492	4.8771		
2010/2011	2.4381	0.4818	0.0000	0.0000	0.0342	2.9541	0.5424	1.2211	0.0438	0.3027	0.1958	2.3058	5.2599		
2011/2012	2.4954	0.4957	0.0000	0.0000	0.0328	3.0239	0.6212	1.1931	0.0464	0.2941	0.1817	2.3365	5.3604		

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

- (1) Includes State of Indiana, Redevelopment Commission (Hall of Fame), South Bend Transportation and South Bend Regional Airport.
- (2) Firefighters' Pension and Police Pension no longer tax burden for the City of South Bend as the State of Indiana has assumed responsibility for funding these programs.
- (3) Information provided for Portage Township in the City of South Bend. Property tax rates applied to net assessed valuation. Property tax billings are also subject to "circuit breaker" property tax caps on grossed assessed valuation of 1% (homestead residential property), 2% (other residential/rental property), and 3% (nonresidential real and personal property). Therefore, an increase in stated property tax rates will not result in higher property taxes paid for many taxpayers who have reached their cap.

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

Tax Year/ Collection Year	Gross Assessed Values				Less: Non-Taxed Property (1)	Total Net Taxable Value	City Tax Rate	City % Taxable
	Real Property	Personal Property	Utilities Property	Total Value				
2002/2003	3,849,091,300	816,672,723	74,065,200	4,739,829,223	1,771,726,609	2,968,102,614	1.9606	62.62%
2003/2004	3,731,377,160	659,263,940	103,129,310	4,493,770,410	1,685,920,064	2,807,850,346	2.1115	62.48%
2004/2005	3,764,507,180	689,419,365	105,604,270	4,559,530,815	1,740,625,997	2,818,904,818	2.1148	61.82%
2005/2006	3,789,447,190	655,066,401	98,165,420	4,542,679,011	1,707,413,121	2,835,265,890	2.1795	62.41%
2006/2007	4,374,431,415	544,460,152	90,443,780	5,009,335,347	1,986,978,200	3,022,357,147	2.1046	60.33%
2007/2008	4,420,513,240	527,383,785	92,736,090	5,040,633,115	2,064,552,317	2,976,080,798	2.2396	59.04%
2008/2009	4,698,989,240	592,538,950	95,891,770	5,387,419,960	2,718,532,541	2,668,887,419	2.4081	49.54%
2009/2010	4,368,497,000	604,951,450	98,433,750	5,071,882,200	2,618,376,627	2,453,505,573	2.7279	48.37%
2010/2011	4,339,037,300	551,819,290	101,009,760	4,991,866,350	2,667,414,488	2,324,451,862	2.9541	46.56%
2011/2012	4,255,238,900	560,331,660	95,165,650	4,910,736,210	2,529,861,602	2,380,874,608	3.0239	48.48%

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

Source: St. Joseph County Auditor's Office

City of South Bend, Indiana
Property Tax Collections - Cash Basis
2003-2012

Fund Name	Fund Number	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
		Actual	Actual	Actual	Actual	Actual	Actual (2)	Actual (3)	Actual	Actual	Actual
General Fund	101	\$44,986,015	\$44,149,333	\$44,999,550	\$48,768,150	\$48,720,726	\$14,574,480	\$79,162,937	\$38,780,847	\$38,514,550	\$39,368,431
Parks & Recreation	201	7,602,784	7,479,711	7,754,973	8,363,955	8,271,741	2,461,101	13,919,096	7,591,932	7,613,760	7,824,056
Redevelopment Bonds Studebaker Corridor	310	673,281	609,732	565,420	0	11,590	0	0	0	0	0
College Football Hall of Fame Debt Service	313	1,301,840	1,300,588	1,246,067	899,472	1,127,140	360,682	2,362,057	1,488,453	1,549,954	1,133,205
Airport TIF District (1)	324	6,546,484	5,588,045	6,246,028	7,515,744	8,851,077	33,400	10,808,912	21,508,430	11,187,768	11,631,287
Cumulative Capital Development	406	1,022,511	984,945	1,004,779	1,054,963	989,824	291,600	1,420,833	587,063	540,454	517,710
Sample-Ewing TIF District (1)	414	685,925	533,304	525,671	732,356	778,093	0	0	0	0	0
South Bend Central Development Area TIF	420	3,018,424	2,606,365	2,359,430	3,283,075	3,276,169	12,696	3,870,188	7,336,117	3,633,473	3,671,478
West Washington Street TIF District	422	254,555	216,948	193,911	255,510	287,095	1,785	358,844	860,049	431,085	422,715
Central Medical Service Area TIF District	426	318,653	337,721	329,269	333,585	928,113	2,793	919,174	3,524,962	1,704,238	1,606,915
Northeast TIF District	429	0	0	0	0	13,468	0	22,191	195,400	715,063	1,351,048
Southside Development Area TIF District	430	0	0	25,351	28,565	457,985	1,756	355,596	4,094,135	1,808,952	2,466,203
Erskine Commons TIF District (5)	431	0	0	548	2,585	2,891	10	1,240,184	5,978,592	784,373	0
Erskine Village TIF District	432	0	0	109,248	305,399	775,622	2,713	1,531,403	3,759,287	1,603,182	0
Douglas Road TIF District	435	0	0	0	0	13,941	0	125,294	460,760	306,053	285,713
Northeast Residential TIF	436	0	0	0	0	0	0	0	1,815,829	2,446,103	2,514,048
Airport Urban Enterprise	454	0	0	0	0	0	0	0	301,430	123,165	111,721
Fire Department Employees Pension (4)	701	1,416,008	1,293,471	1,443,033	1,554,387	1,536,839	462,375	1,437,539	(5,867)	0	0
Police Department Employees Pension (4)	702	1,269,527	1,128,733	1,296,055	1,397,265	1,380,555	425,760	1,609,905	(9,479)	0	0
Total		\$69,096,006	\$66,228,896	\$68,099,332	\$74,495,010	\$77,422,867	\$18,631,150	\$119,144,153	\$98,267,940	\$72,962,173	\$72,904,530

Source - City Accounting System

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

**CITY OF SOUTH BEND, INDIANA
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2012 (\$'s whole)**

Civil City

Net Assessed Valuation (2011 pay 2012) of Taxable Property in South Bend	\$2,380,874,608
Debt limit: 2% of one third thereof	15,875,672
Less Bonds subject to limitation: County Economic Development Income Tax Refunding Revenue Bonds, Series 2006 A	(1,830,000)
County Economic Development Income Tax Refunding Revenue Bonds, Series 2006 B	(1,705,000)
South Bend Redevelopment District Taxable Revenue Bonds, Series 2010	<u>(4,115,000)</u>
Issuance Margin	<u>\$8,225,672</u>
Percentage of Debt to Debt Limit	<u>48.19%</u>

Redevelopment District

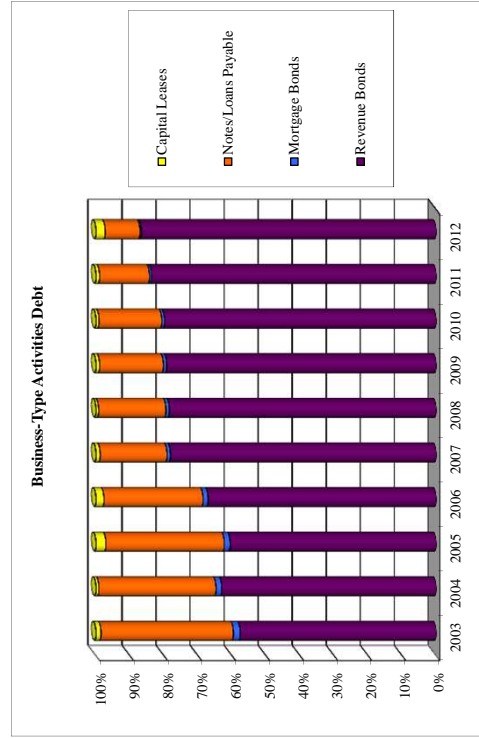
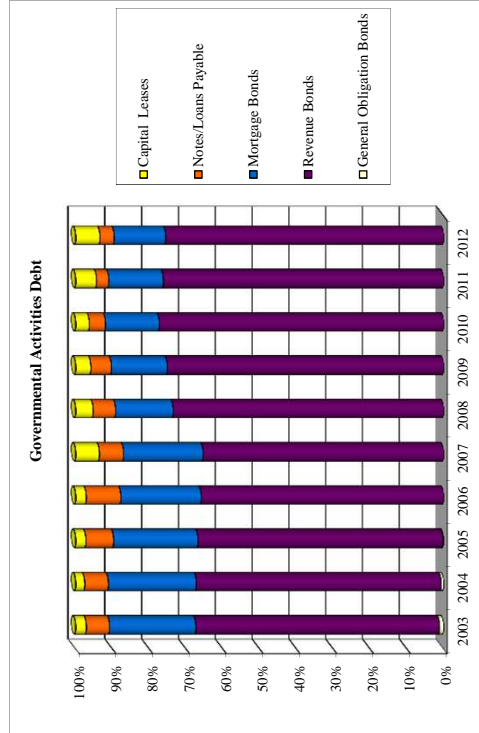
Net Assessed Valuation (2011 pay 2012) of Taxable Property in South Bend	\$2,380,874,608
Debt limit: 2% of one third thereof	15,875,672
Less Bonds subject to limitation: Special Taxing District Bonds of 2002	<u>(4,085,000)</u>
Issuance Margin	<u>\$11,790,672</u>
Percentage of Debt to Debt Limit	<u>25.73%</u>

A 2% debt limit is established by the Constitution of the State of Indiana. This limit is established for general obligation bonds, Economic Development Income Tax revenue bonds, tax revenue notes and other types of indebtedness. This limitation does not include revenue bonds payable from governmental funds (excluding EDIT bonds) shown in the general long term debt account group. Indiana law allows the creation of separate municipal corporations to provide vital governmental functions. Each of these municipal corporations (including the Redevelopment Authority and Redevelopment Commission) has its own 2% debt limit, even if they have the same or similar boundaries.

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

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Estimated Population	Debt Per Capita	South Bend Estimated Personal Income	South Bend Debt Percent of Income
	General Obligation Bonds	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases						
2003	1,525,000	85,070,000	30,112,808	8,131,984	3,659,322	31,625,000	1,099,005	21,338,647	794,885	183,356,651	105,540	1,737	3,143,825,570	5.83%	
2004	935,000	82,135,000	29,525,289	7,948,868	2,971,007	39,815,000	1,058,415	21,730,271	520,389	186,639,239	105,206	1,774	3,297,156,040	5.66%	
2005	320,000	84,225,000	28,994,057	9,539,771	3,454,627	35,990,000	1,015,980	20,659,864	1,710,033	185,909,332	105,743	1,758	3,418,459,704	5.44%	
2006	0	82,445,000	27,337,124	11,758,552	3,533,187	44,345,000	972,315	19,258,433	1,523,594	191,173,205	104,457	1,830	3,450,632,538	5.54%	
2007	0	78,570,000	25,957,839	7,900,658	7,695,487	73,145,000	926,805	18,380,491	1,127,394	213,703,674	104,069	2,053	3,511,183,991	6.09%	
2008	0	115,240,000	24,534,464	9,543,790	7,388,443	67,535,000	878,835	17,031,649	628,427	242,780,608	104,905	2,314	3,709,126,085	6.55%	
2009	0	113,975,000	23,061,148	8,470,308	6,214,206	68,225,000	829,020	16,145,358	893,233	237,813,273	106,192	2,239	3,679,658,992	6.46%	
2010	0	111,510,000	21,117,295	6,323,199	5,299,341	72,655,000	717,705	16,755,369	799,402	235,177,311	101,168	2,325	3,505,572,368	6.71%	
2011	0	101,472,431	19,724,490	4,431,871	7,510,749	88,655,000	660,510	15,542,372	1,077,642	239,075,065	101,168	2,363	3,371,120,096	7.09%	
2012	0	96,410,000	17,883,530	4,953,639	8,336,120	117,650,000	601,470	13,848,901	3,641,362	263,325,022	101,168	2,603	3,371,120,096	7.81%	
Percent of Total Debt	0.00%	36.61%	6.79%	1.88%	3.17%	44.68%	0.23%	5.26%	1.38%	100.00%					

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



**CITY OF SOUTH BEND, INDIANA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2012 (\$'s whole)**

	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
<u>Direct Debt:</u>						
City of South Bend						
General Obligation Bonds						
Revenue Bonds - Governmental Activities	95,415,000	100.00%	95,415,000			
Mortgage Bonds - Governmental Activities	18,210,185	100.00%	18,210,185			
Notes Payable - Governmental Activities	1,992,674	100.00%	1,992,674			
Capital Leases - Governmental Activities	3,534,529	100.00%	<u>3,534,529</u>			
Total Direct Debt and Lease Obligation Debt			\$119,152,388	\$1,178	5.00%	3.53%
<u>Overlapping Debt (3)(4)</u>						
South Bend Community School Corporation	189,667,703	52.85%	100,239,381			
St. Joseph County Public Library	10,215,000	49.99%	5,106,479			
South Bend Regional Airport Authority	13,765,000	29.33%	4,037,275			
St. Joseph County	24,915,850	29.33%	7,307,819			
Penn-Harris-Madison School Corporation	51,551,050	2.91%	1,500,136			
Mishawaka-Penn-Harris Public Library	4,775,000	2.34%	<u>111,735</u>			
Total Overlapping and Underlying Direct Debt and Lease Obligations			\$118,302,825	\$1,169	4.97%	3.51%
Total Direct Debt and Lease Obligation Debt and Overlapping and Underlying Direct Debt and Lease Obligations			\$237,455,213	\$2,347	9.97%	7.04%
<u>Ratio Factors</u>						
Net Assessed Valuation (2011 payable 2012)	2,380,874,608					
Population - 2010 US Census Bureau	101,168 (1)					
South Bend Metropolitan Area Per Capita Income	33,322 (2)					
Estimated South Bend Total Personal Income (1 x 2)	3,371,120,096					

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

(2) South Bend-Mishawaka, IN Metropolitan area Profile (www.stats.indiana.edu).

(3) Overlapping debt information and schedule preparation by Crowe Horwath LLP, Indianapolis, Indiana.

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

**CITY OF SOUTH BEND, INDIANA
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)	Median Family Income (4)	Percent Increase/ (Decrease)	Total Personal Income (3)	Percent Increase/ (Decrease)	Per Capita Income (3)	Percent Increase/ (Decrease)	South Bend Median Age (4)	South Bend Public School Enrollment (2)	Percent Increase/ (Decrease)
2003	105,540	-1.0%	37,140	-9.0%	7,887	2.8%	29,788	3.0%	32.7	21,981	4.4%
2004	105,206	-0.3%	39,940	7.5%	8,295	5.2%	31,340	5.2%	32.7	22,140	0.7%
2005	105,743	0.5%	37,971	-4.9%	8,565	3.3%	32,328	3.2%	34.5	22,100	-0.2%
2006	104,457	-1.2%	39,046	2.8%	8,958	4.6%	33,034	2.2%	34.6	21,926	-0.8%
2007	104,069	-0.4%	44,400	13.7%	8,978	0.2%	33,739	2.1%	34.6	21,715	-1.0%
2008	104,905	0.8%	40,684	-8.4%	9,396	4.7%	35,357	4.8%	34.6	20,800	-0.6%
2009	106,192	1.2%	43,403	6.7%	9,466	0.7%	34,651	-2.0%	32.3	20,451	-1.5%
2010	101,168	-4.7%	40,789	-6.0%	9,289	-1.9%	34,286	-1.1%	33.4	20,066	-1.9%
2011	101,168	0.0%	40,873	0.2%	9,768	5.2%	33,322	-2.8%	33.3	19,467	-3.0%
2012	101,168	0.0%	40,873	0.0%	9,768	0.0%	33,322	0.0%	33.3	18,982	-2.5%

Sources:

- (1) U.S. Census Bureau 2010 Census information (<http://factfinder2.census.gov>). No 2012 information available.
- (2) South Bend Community School Corporation Administration office for enrollment on October 1, 2010
- (3) South Bend-Mishawaka, IN_MI Metropolitan Area Profile (<http://www.stats.indiana.edu>). No 2012 information available.
- (4) U.S. Census Bureau (<http://factfinder2.census.gov>). No 2012 information available.
- (5) Information not available at this time due to 2010 Census numbers still being compiled and input.

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

Year	December South Bend		December South Bend		Percent Increase/ (Decrease)	Percent Increase/ (Decrease)	December South Bend Metropolitan Unemployment Rate (1)
	Metropolitan Area Labor Force (1)	Area	Metropolitan Area	Unemployment (1)			
2003	131,283		6,288		-1.5%	-3.2%	4.8%
2004	132,981		6,669		1.3%	6.1%	5.0%
2005	134,033		6,956		0.8%	4.3%	5.2%
2006	134,651		6,501		0.5%	-6.5%	4.8%
2007	132,693		6,291		-1.5%	-3.2%	4.7%
2008	133,433		12,476		0.6%	98.3%	9.4%
2009	123,792		13,474		-7.2%	8.0%	10.9%
2010	125,853		12,648		-5.7%	1.4%	10.0%
2011	129,438		12,366		4.6%	-8.2%	9.6%
2012	124,968		12,108		-0.7%	-4.3%	9.7%

Source:

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

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

<u>Department</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>General Government</u>										
Mayor's Office	10.00	10.00	10.00	10.00	10.00	9.00	8.00	7.00	7.00	6.00
City Clerk's Office	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Common Council (elected officials, part-time)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00
Administration and Finance	28.00	29.00	31.00	32.00	31.00	29.00	26.00	26.00	27.00	22.00
City Attorney's Office	14.00	15.00	15.00	15.00	15.00	15.00	9.00	9.00	9.00	9.00
Code Enforcement	27.00	28.00	28.00	28.00	27.00	27.00	27.00	23.00	25.00	25.00
Engineering	21.00	20.00	19.00	19.00	18.50	18.50	16.00	19.00	17.00	15.00
<u>Public Safety</u>										
Police Department	316.00	315.00	317.00	317.00	320.00	317.00	279.00	293.00	293.00	291.00
Communication Center	29.00	31.00	31.00	31.00	30.00	30.00	37.00	38.00	35.00	35.00
Fire Department	257.00	257.00	255.00	255.00	254.00	254.00	246.00	255.00	258.00	249.00
Building Maintenance	6.00	6.00	7.00	7.00	7.00	7.00	4.00	3.00	3.00	0.00
<u>Culture and Recreation</u>										
Parks and Recreation	126.00	124.00	123.00	122.00	122.00	121.00	111.00	113.00	114.00	114.00
Convention and Events Management (1)	49.00	50.00	50.00	49.00	16.00	15.00	13.00	13.00	14.00	14.00
<u>Economic Development</u>										
Community and Economic Development	44.00	42.00	42.00	42.00	35.00	33.00	26.00	26.00	25.00	24.00
<u>Highways and Streets</u>										
Street Department	77.00	71.00	71.00	66.00	54.00	54.00	51.00	52.00	56.00	52.00
Traffic & Lighting	11.00	11.00	11.00	11.00	11.00	11.00	6.00	0.00	0.00	0.00
<u>Enterprise Funds</u>										
Water Works	87.00	87.00	86.00	86.00	86.00	80.00	82.00	75.00	74.00	73.00
Wastewater	55.00	55.00	51.00	53.00	54.50	56.50	48.00	51.00	49.00	46.00
Organic Resources (formerly in Wastewater)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00
Sewer	30.00	30.00	30.00	29.00	28.00	28.00	33.00	35.00	36.00	39.00
Solid Waste	35.00	31.00	31.00	31.00	26.00	26.00	26.00	26.00	23.00	24.00
Building Department	20.00	22.00	22.00	22.00	22.00	22.00	15.00	13.00	13.00	13.00
<u>Internal Service Fund</u>										
Central Services	53.00	50.00	50.00	49.00	49.00	46.00	39.00	41.00	41.00	42.00
Total Positions	1,309.00	1,298.00	1,294.00	1,288.00	1,230.00	1,213.00	1,116.00	1,132.00	1,133.00	1,112.00

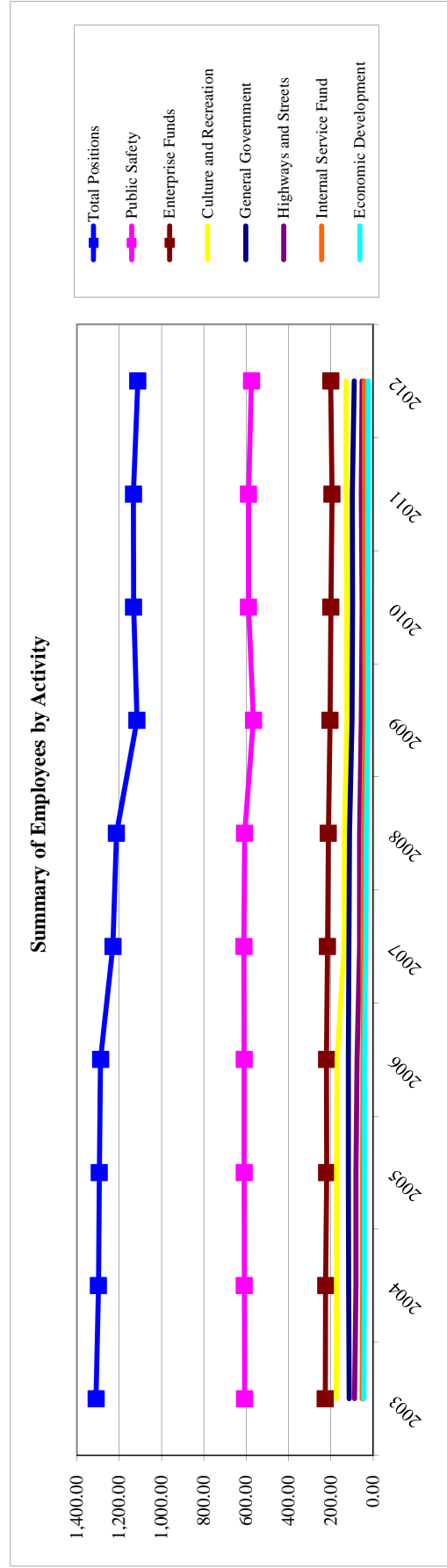
City of South Bend, Indiana
Full-Time Equivalent City Government Employees by Department
Last Ten Fiscal Years

<u>Department</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Summary by Activity</u>										
General Government	114.00	116.00	117.00	118.00	115.50	112.50	100.00	98.00	99.00	90.00
Public Safety	608.00	609.00	610.00	610.00	611.00	608.00	566.00	589.00	589.00	575.00
Culture and Recreation	175.00	174.00	173.00	171.00	138.00	136.00	124.00	126.00	128.00	128.00
Economic Development	44.00	42.00	42.00	42.00	35.00	33.00	26.00	26.00	25.00	24.00
Highways and Streets	88.00	82.00	82.00	77.00	65.00	65.00	57.00	52.00	56.00	52.00
Enterprise Funds	227.00	225.00	220.00	221.00	216.50	212.50	204.00	200.00	195.00	201.00
Internal Service Fund	53.00	50.00	50.00	49.00	49.00	46.00	39.00	41.00	41.00	42.00
Total Positions	1,309.00	1,298.00	1,294.00	1,288.00	1,230.00	1,213.00	1,116.00	1,132.00	1,133.00	1,112.00

Excludes seasonal, part-time and temporary positions

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

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



CITY OF SOUTH BEND
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Commerce</u> Economic Development Cluster Economic Adjustment Assistance Industrial Revolving Fund	Direct grant	11.307	06-19-01251	\$ 7,586,963
<u>Department of Housing and Urban Development</u> CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants Block Grant 2009	Direct grant	14.218	B11-MC-180-011	1,858,930
Community Development Block Grants/Entitlement Grants Block Grant 2010	Direct grant	14.218	B-10-MC-180-011	636,166
Community Development Block Grants/Entitlement Grants NSP-1	Direct grant	14.218	B08-MN-18-0011	711,276
Total - Community Development Block Grants/Entitlement Grants				3,206,372
ARRA - Community Development Block Grants/Entitlement Grants NSP-3	Direct grant	14.218	B-11-MN-18-0011	19,017
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R)	Direct grant	14.253	B-09-MY-18-0011	12,909
Total - CDBG - Entitlement Grants Cluster				3,238,298
Emergency Shelter Grant Program Emergency Shelter Grant Emergency Shelter Grant	Direct grant	14.231 14.231	E-11-MC-180-011 E-12-MC-180-011	31,088 115,228
Total - Emergency Shelter Grant Program				146,316
Shelter Plus Care Shelter Plus Care Shelter Plus Care	Direct grant	14.238 14.238	IN0009C5H0001003 IN0009C5H0001104	198,396 37,266
Total - Shelter Plus Care				235,662

CITY OF SOUTH BEND
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
Community Development Block Grants/Brownfields Economic Development Initiative	Direct grant	14.246	B00-BD-180-030	160,764
ARRA - Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded) HPRP	Direct grant	14.257	S0-09-MY-18-0011	194,237
Fair Housing Assistance Program - State and Local Fair Housing	Direct grant	14.401	FF205K105014	67,391
Fair Housing	Direct grant	14.401	FF0500018072	10,519
Total - Fair Housing Assistance Program - State and Local				77,910
Total - Department of Housing and Urban Development				4,053,187
<u>Department of Justice</u> JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program	Direct grant	16.738	09DJBX0855	131,030
Justice Assistance Grant #6	Direct grant	16.738	11DJBX3458	21,760
Justice Assistance Grant #7				
Total - Edward Byrne Memorial Justice Assistance Grant Program				152,790
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government Byrne Justice Assistance Grant	Direct grant	16.804	09SBB91280	124,538
Total - JAG Program Cluster				277,328
Community Capacity Development Office Weed & Seed	Direct grant	16.595	2010-WSQ-0059	110,913
ARRA - Public Safety Partnership and Community Policing Grants COPS Hiring Recovery Prgrm	Direct grant	16.710	09RKKWx0352	817,765
Equitable Sharing Program	Direct grant	16.922		111,572
Total - Department of Justice				1,317,578

CITY OF SOUTH BEND
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Labor</u> WIA Pilots, Demonstrations, and Research Projects ETA Grant	Direct grant	17.261	EA-20279-10-60-A-18	15,278
<u>Equal Employment Opportunity Commission</u> Employment Discrimination - State and Local Fair Employment Practices Agency Contracts Fair Employment Practices Grant	Direct grant	30.002	EECCN100092	90,756
<u>Environmental Protection Agency</u> Capitalization Grants for Clean Water State Revolving Funds Wastewater State Revolving Loan Fund	Indiana Finance Authority	66.458	SRF Ln# WW09547102	20,546
<u>Department of Energy</u> ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) Energy Office	Direct grant	81.128	DE-SC0002273	526,494
<u>Department of Homeland Security</u> Assistance to Firefighters Grant Vehicle Acquisition Vehicle Acquisition Vehicle Acquisition	Direct grant	97.044 97.044 97.044	EMW-2010-FH-00923 EMW-2010-FP-00395 EMW-2011-FO-08653	174,657 55,840 75,938
Total - Department of Homeland Security				306,435
Total federal awards expended				\$ 13,917,237

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



All-America City Award 2011

National Civic League, 2011

West Washington Neighborhood: 2012 Best Places to Live list

This Old House Magazine, 2012

Coveleski Stadium: Renovation of the Year Award

Ballpark Digest, 2012

National League of Cities Gold Award for Municipal Excellence

Northeast Neighborhood Revitalization, 2011



Bicycle Friendly Community (bronze designation)

League of American Bicyclist, 2012

Tree City USA Community

Dept. of Natural Resources, 16 Years Running

Blackthorn Golf Club: 44th Best Municipal Course in U.S.

Golf Week Magazine, 2013

Morris Performing Arts Center: Top 100 Venues Worldwide

Pollstar Magazine, 2012



Palais Royale: “Best of Weddings” Award

TheKnot.com, 2013

City of South Bend Website—Honorable Mention

2012 MARCOM Awards



www.SouthbendIN.gov

