

City of South Bend, Indiana

Comprehensive Annual

Financial Report

Fiscal Year Ending on December 31, 2018



Pete Buttigieg, Mayor
Daniel Parker, City Controller
Benjamin Dougherty, Deputy City Controller
Amy Shirk, Director of Accounting & Budget



Report prepared by City of South Bend Department of Administration and Finance

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

June 30, 2019

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, 2018** 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, 2017. 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 Code of Federal Regulations Title 2 Part 200, 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). Population estimates in 2018 suggest that the city continues to experience growth, pointing the way to further growth before the 2020 census. 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 of South Bend has a bond rating of AA with Standards & Poors, one of the highest bond ratings for any city in the State of Indiana.

The City provides a full range of traditional general governmental services to its residents. 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 South Bend/Elkhart region. The region is a vibrant and diverse area with a strong economy based on a mix of health care, agricultural, service, manufacturing, education and other commercial and tourism industries. This diverse economic mix creates varied employment opportunities for the area's residents while providing insulation via diversification from future economic downturns.

The city is approximately 90 miles east of Chicago and 140 miles north of Indianapolis. Accessibility to transportation, including Interstate 80/90, an international airport (which is the second busiest in the State of Indiana) and the South Shore Line has supported economic growth within the community. Proximity to Chicago, the largest rail and intermodal (rail/truck/ocean/inland waterway) transfer point in the country, is a significant advantage to the City of South Bend as is proximity to the University of Notre Dame with its scenic campus located adjacent to the city limits. In 2017, the City of South Bend announced plans to partner with the Federal, State and other local governments to reduce the South Shore Line travel time to downtown Chicago to 90 minutes or less by the year 2020. The plans for this project continued in 2018. When completed, this project will be transformative to the local economy.

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

St. Joseph County, with its 2010 U.S. Bureau of the Census population of 269,141, 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 137,668 workers (2018, STATS Indiana, using data from the Indiana Department of Workforce Development). The workers are typical of the Midwest: well-trained with a strong work ethic. Approximately 87.9% of the area's adult population are high school graduates or higher (as compared to the national average of 89%) with an estimated 28.4% with a Bachelor's Degree or higher. There are nine 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; American National University; and Ivy Tech Community College. The St. Joseph County 2018 Annual Average Unemployment was 3.2%, which is slightly lower than the State of Indiana unemployment rate of 3.3%. The unemployment rate in St. Joseph County is similar to the surrounding counties—Elkhart (3.1%), LaPorte (4.3%), and Marshall (3.0%) in Indiana and Cass (4.2 %) and Berrien (4.8 %) in Michigan (2018 Annual Average).

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 (STATS Indiana 2018 Summary, using data from US Bureau of Labor Statistics):

<u>Economic Sector</u>	<u>Number Employed</u>	<u>% of Total</u>
Educational Services, Healthcare, Social Assistance	31,069	25.2%
Manufacturing	15,075	12.2%
Retail Trade	13,966	11.3%
Arts, Entertainment, Recreation, Accommodation, Food Services	13,550	11.0%
Professional, Scientific, Management, Administrative, Waste Management Services	12,221	9.9%
Other Services	11,108	9.0%
Wholesale Trade	5,684	4.6%
Construction	5,150	4.2%
Finance and Insurance, Real Estate, Rentals, Leasing	5,113	4.1%
Public Administration	4,502	3.7%
Transportation and Warehousing, and Utilities	4,114	3.3%
Information	1,666	1.4%
Total	123,218	100.0%

According to the United States Census Bureau’s 2013-2017 American Community Survey 5-Year Estimates. St. Joseph County presently has an estimated 100,861 households with a median household income of \$48,121, which compares to the State of Indiana median household income of \$52,182 and the United States median household income of \$57,652. Surrounding counties have similar median household incomes—Elkhart (\$52,449), La Porte (\$49,921), and Marshall (\$51,869) in Indiana and Cass (\$50,699) and Berrien (\$47,132) in Michigan.

Health and education lead the employment statistics for St. Joseph County. The largest employers in St. Joseph County as of August 2017 were as follows: Beacon Health System (4,683); University of Notre Dame (5,802); South Bend Community School Corporation (3,615); St. Joseph Health System (2,626); Indiana University – South Bend (1,277); St. Joseph County (1,068); City of South Bend (1,139); AM General (800); Honeywell International, Inc. (700); and Press Ganey Associates, Inc. (694).

The following provides a profile of the residents of St. Joseph County (US Census Bureau 2013-2017 American Community Survey 5-Year):

Gender %, male/female:	48.7% male; 51.3% female
Age:	26.2% under 20 5.7% 20-24 years of age 23.2% 25-44 years of age 28.6% 45-64 years of age 16.3% 65 years of age and older
Race:	73.8% White 15.3% Black/African American 6.5% Hispanic/Latino 2.1% Asian 2.3% Other
Home Ownership:	68.5% own; 31.5% rent/other

The cost of living continues to be one of the greatest advantages of living in this community. The housing costs in South Bend are well below the national and regional averages. Per a report compiled by the National Association of Realtors in the fourth quarter of 2018, the median sales price for a single-family home in the South Bend-Mishawaka Statistical Area was \$132,900 as compared to a median sales price of \$255,600 in Chicago and \$173,700 in Indianapolis. The national median sales price is \$254,000.

Between January 2016 and December 2018 the City of South Bend has seen approximately \$445 million in private investment and the announcement of close to 1,500 new jobs. By providing state of the art innovative infrastructure and, in some cases, offering targeted assistance the City can stimulate private investment, creating business opportunities and jobs. The City has had many significant economic development projects to include new downtown residential housing, mixed use developments, downtown hotels, and high tech industrial projects. City investments 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 our neighborhood and downtown areas.

The South Bend Community School Corporation serves the entire City and some of the surrounding area and has a current enrollment of approximately 17,700 students in grades pre-kindergarten through 12. An estimated 5,330 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 27,000. Over the years, the University of Notre Dame has provided a stabilizing influence on the economy with a very significant positive economic impact upon the community.

South Bend History and Amenities

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

In the 1840s and 1850s, many South Bend residents were secretly involved in helping fugitive slaves escape from the South through the Underground Railroad. Many residents of South Bend and St. Joseph County offered their homes, barns and businesses up as “stations” or safe places in which runaways could eat and rest as they made their way North. Most notable among local Underground Railroad conductors was James Washington, a well-known and well-respected free Black in South Bend. Mr. Washington was a barber who, along with Mr. Sawyer, collected money from local citizens to fund the Underground Railroad.

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 Byers Softball Complex. The Four Winds Field Baseball Stadium is a 5,600-seat facility which opened in 1987 and is rated among the best in minor league baseball. The stadium is home to the South Bend Cubs, a minor league team affiliated with the Chicago Cubs.

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. On November 28, 2016, the South Bend Common Council approved a new Internal Controls policy for the City.

Single Audit. As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City. As part of the City's single audit described earlier, tests are performed to review internal controls to determine the auditing procedures that are appropriate under the circumstances, 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, 2018 are included in a separate report.

Budgetary Controls. In accordance with Indiana statutes, the City maintains budgetary controls integrated within the accounting system. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget (prepared on a cash basis) which is adopted by the Common Council or Redevelopment Commission (depending on the fund) and then reviewed and approved by the State of Indiana Department of Local Government and Finance (DLGF). Activities of the general fund, special revenue funds, capital project funds, enterprise funds, internal service funds, pension trust funds and debt service funds are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major budget classification within funds. The Mayor and Common Council may transfer appropriations from one major budget classification to another within a department by ordinance if 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. 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 law, the City must operate within specific and rigid controls governing the amount of property tax it may levy. The property tax control program, which began in 1973, limits the amount of property tax that may be levied by each unit of government in its legally budgeted funds. The total amount of property tax levied by the unit may increase by the six-year average annual growth in Indiana personal non-farm income, as calculated by the U.S. Bureau of Economic Analysis, with a 6% maximum.

During March 2008, the State of Indiana General Assembly enacted property tax reform legislation which made significant changes in the property tax system by capping the amount of property taxes at 1% of grossed assessed value for residential homesteads, 2% for agricultural/rental properties and 3% for all other real and personal property. This legislation was phased in over a two-year period beginning in 2009. The loss of revenue to the City due to this legislation was significant (estimated to be over \$33.9 million dollars) but this revenue loss has been offset by cost savings and the adoption of local option income taxes 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.

Mayoral Leadership

Mayor Pete Buttigieg, a Harvard University graduate and Rhodes Scholar, assumed office on January 1, 2012, bringing with him a group of leaders with new ideas and energy to implement transformational reform to city government. When elected at age 29, Mayor Buttigieg was the youngest chief executive of a municipality exceeding 100,000 residents in the United States. In his second term as Mayor for the City of South Bend, Mayor Pete has entered the national political scene and has been promoting the City of South Bend at the national level as a city based on best practices and innovative ideas.

City Values

The administration of Mayor Buttigieg has a single, overarching mission— **we deliver services that empower everyone to thrive**. In support of this vision, the Mayor has established three main pillars of administration policy:

1. **Make the basics easy** – Provide residents high quality services at the greatest value to the taxpayer, maintaining widespread confidence that the fundamentals are managed well.
2. **Deliver Good government** – Put residents first always, leading by example, gathering input, and transparently communicating our intentions, decisions, and actions.
3. **Invest in people and places** – Support residents with design, policy, and programming for a strong and inclusive economy, vibrant culture, and great public spaces.

Values

	In the administration	In the community
EXCELLENCE	For each major area of service delivery, establish South Bend as the best in the state, and/or in the top 25% nationally, measuring and reporting progress.	Establish a path for major indicators of resident well-being to reach the status of best-in-state or top-25% nationally, including the means to measure progress.
ACCOUNTABILITY	Put residents first always, offering services at the greatest value to the taxpayer, with clear and transparent indications of how the government is using public resources.	Promote a culture of civic engagement in which we hold one another to a high standard of respect, stewardship, and support for our shared community.
INNOVATION	Deliver better services more efficiently by introducing creative approaches to government operations, questioning habit and using evidence to continually improve.	Foster a culture of innovation in South Bend’s social and private sectors, seeking and developing the best ideas and practices from within and beyond our city limits.

	In the administration	In the community
INCLUSION	Ensure the city administration, as an employer and as a purchaser, reflects the community it serves and includes diverse voices in our decision-making and actions.	Develop a community in which everyone has an equal opportunity to thrive by expanding access and participation to all, incorporating diverse voices throughout the city.
EMPOWERMENT	Establish a work environment that enables employees to contribute richly to the administration and the community, taking pride and ownership in our work.	Support the ability of all residents to live a safe, healthy, meaningful life in South Bend, contributing as they are able and benefiting from all that our community offers.

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, 2017. This was the 28th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report (CAFR) was made possible by the dedicated service of the City's departmental fiscal officers and the staff of the Department of Administration and Finance. Each fiscal officer and member of the Administration and Finance Department has our sincere appreciation for the contributions made in the preparation of this report. We would especially like to acknowledge the efforts of the core CAFR preparation team of Ben Dougherty, Amy Shirk, Rahman Johnson, Ken Glowacki, Maricela Juarez and consultant Bruce Snyder. In addition, we would like to thank the Field Examiners of the Indiana State Board of Accounts (led by Martha Harper, John Rucano III 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, City Fiscal Officers and members of the City of South Bend Common Council, preparation of this report would not have been possible.

Sincerely,



Daniel T. Parker
City Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

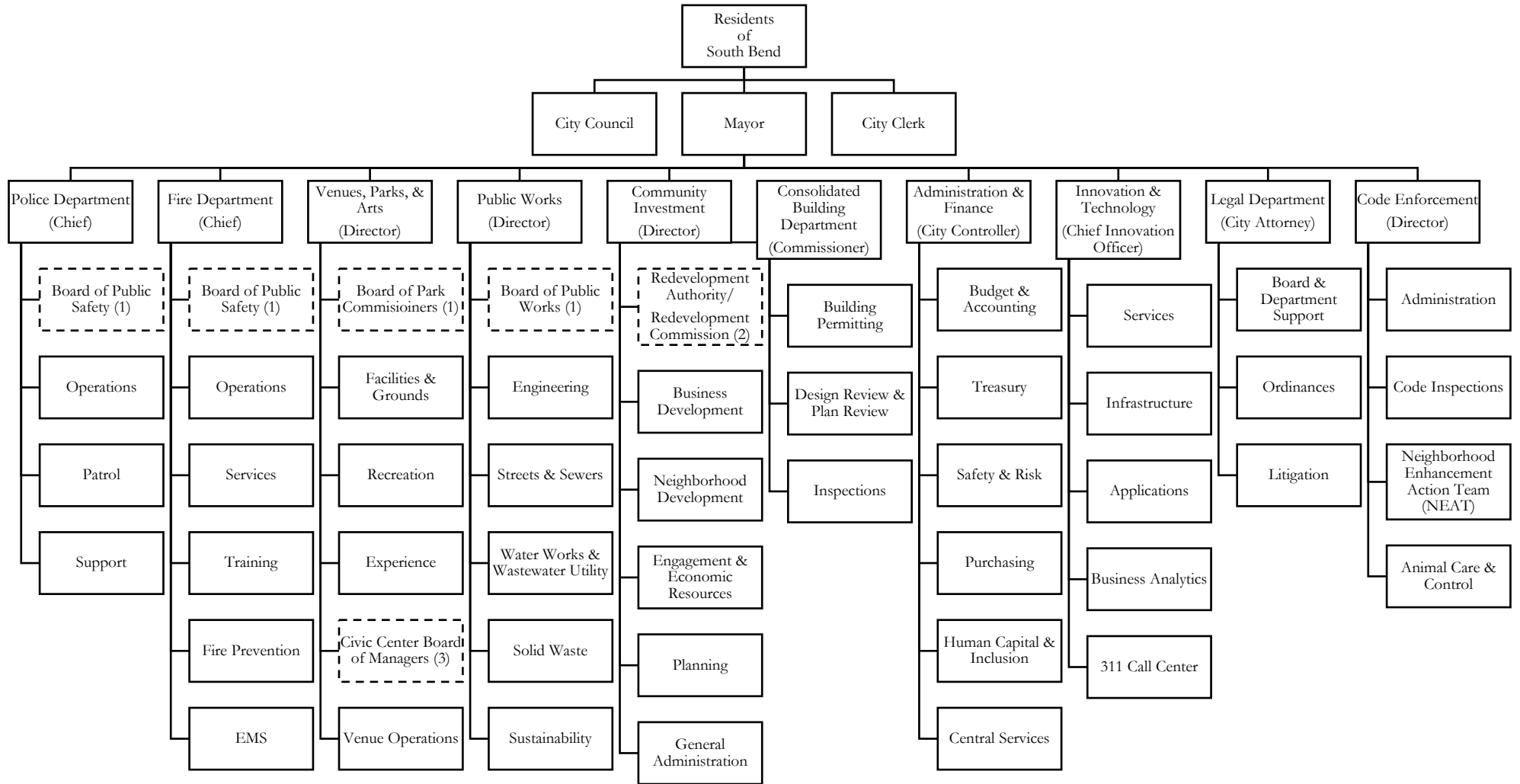
**City of South Bend
Indiana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO



- (1) Board Members include Mayoral Appointments
- (2) Board Members include Mayoral and Council Appointments for Redevelopment Commission, Mayoral Appointment for Redevelopment Authority
- (3) Board Members include 5 mayoral appointees and 4 council appointees

CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Pete Buttigieg	01-01-16 to 12-31-19
Controller	Jennifer Hockenhill Daniel Parker	01-01-18 to 10-23-18 12-10-18 to 12-31-19
City Clerk	Kareemah Fowler	01-01-16 to 12-31-19
President of the Board of Public Works	Gary A. Gilot	01-01-12 to 12-31-19
Common Council Members		
1 st District	Tim Scott	01-01-16 to 12-31-19
2 nd District	Regina Williams-Preston	01-01-16 to 12-31-19
3 rd District	Randy Kelly	01-01-16 to 02-10-18
3 rd District	Sharon McBride	02-24-18 to 12-31-19
4 th District	Jo M. Broden	01-01-16 to 12-31-19
5 th District	David Varner	01-01-16 to 05-14-18
5 th District	Jake Teshka	06-04-18 to 12-31-19
6 th District	Oliver Davis	01-01-16 to 12-31-19
At Large	Karen L. White	01-01-16 to 12-31-19
At Large	John Voorde	01-01-16 to 12-31-19
At Large	Gavin Ferlic	01-01-16 to 12-31-19



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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 City'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 statements.

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Fund Descriptions, Combining Balance Sheet, Combining Statement of Revenue, Expenditures, and Changes in Fund Balances, Budgetary Comparison Schedules, Combining Statements of Net Position, Combining Statements of Revenue, Expenses, and Changes in Net Position, Combining Statements of Cash Flows, Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Changes in Assets and Liabilities, and Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Fund Descriptions, Combining Balance Sheet, Combining Statement of Revenue, Expenditures, and Changes in Fund Balances, Budgetary Comparison Schedules, Combining Statements of Net Position, Combining Statements of Revenue, Expenses, and Changes in Net Position, Combining Statements of Cash Flows, Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and Schedule of Changes in Assets and Liabilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit


INDEPENDENT AUDITOR'S REPORT
(Continued)

of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, and other budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City's 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 the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

June 24, 2019

The management of the City of South Bend, Indiana (the "City") provides herewith this Management's Discussion and Analysis (MD&A) of the financial activities and condition of the **City of South Bend, Indiana** for the fiscal year ended **December 31, 2018**.

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

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

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

The City of 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, health care and other commercial and tourism based industries. The diverse economic mix creates varied employment opportunities for residents while providing insulation from economic downturns through diversification. South Bend is home to the University of Notre Dame.

The City of South Bend provides a full range of general governmental services to its residents. Services include general government, public safety, street construction and maintenance, infrastructure construction and maintenance, parks and recreation services, arts and culture, and sanitation services. In addition, the City provides water utility, wastewater utility and solid waste services to commercial and residential properties within the city. City operations also include the Century Center convention venue, Morris Performing Arts Center, Palais Royale Ballroom, Studebaker National Museum, 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 law.

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

The current terms of office for Common Council members, Mayor and City Clerk expire on December 31, 2019.

The City of South Bend was incorporated in 1865, is compliant with Indiana statutes, and remains as such through the period covered by this Management's Discussion and Analysis report.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

Financial Highlights

	Governmental Activities		Business-type Activities		Government-wide	
	2018	2017	2018	2017	2018	2017
Assets/deferred outflows	\$ 548,601,067	\$ 543,902,663	\$ 311,288,459	\$ 312,819,367	\$ 859,889,526	\$ 856,722,030
Liabilities/deferred inflows	390,492,918	395,496,366	100,602,999	109,507,976	491,095,917	505,004,342
Net Position						
Net investment in capital assets	143,282,487	155,912,682	145,963,344	145,585,038	289,245,831	301,497,720
Restricted	11,252,528	9,245,531	33,936,695	29,623,015	45,189,223	38,868,546
Unrestricted	3,573,134	(16,751,916)	30,785,421	28,103,338	34,358,555	11,351,422
Total net position	\$ 158,108,149	\$ 148,406,297	\$ 210,685,460	\$ 203,311,391	\$ 368,793,609	\$ 351,717,688
Change vs. prior year	\$ 9,701,852	\$ (456,783)	\$ 7,374,069	\$ 700,900	\$ 17,075,921	\$ 244,117
Expenses	164,683,229	160,322,797	65,978,297	71,240,609	230,661,526	231,563,406
Revenues	169,155,420	155,742,831	78,582,027	76,064,692	247,737,447	231,807,523

- Note:** The City had two prior period adjustments that affected net position as of December 31, 2017. The first prior period adjustment was related to the implementation of GASB Statement 75 and had the effect of raising Other Post-Employment Benefits (OPEB) liability as of December 31, 2017 by \$13,819,558 (thus reducing governmental activities Net Position by the same amount). The second prior period adjustment was the correction of an error that overstated Emergency Medical Services (EMS) revenue and accounts receivable. This adjustment had the effect of reducing EMS accounts receivable by \$1,078,551 (thus reducing business-type activities Net Position by the same amount). All statements and tables that present 2017 data throughout this Management's Discussion and Analysis have been adjusted to reflect these restatements. More information on these prior period adjustments can be found in Note 21 to the Financial Statements.
- Government-wide net position was \$368,793,609 as of December 31, 2018.
- Government-wide net position increased by \$17,075,921 or 4.9% during fiscal 2018. Governmental activity net position increased by \$9,701,852 or 6.5% and business-type activity net position increased by \$7,374,069 or 3.6% during fiscal 2018. On an overall basis, the City is better off financially at December 31, 2018 than it was at December 31, 2017 on a government-wide financial basis. The primary reason is that the City received higher than expected income taxes and property taxes in 2018, as well as several large, one-time revenues (primarily operating and capital grants). In addition, investment earnings in 2018 were significantly higher than in 2017. These higher than expected revenues led to an increase in cash assets in governmental activities. Additionally, a reduction in liabilities in business-type activities that stemmed mainly from short-term Accounts Payable and paying down long-term revenue bonds helped improve Government-Wide Net Position. Finally, the City saw a marked decrease in pension liability related to both the 1925 Police Pension Fund and the 1937 Firefighter's Pension Fund.
- Total assets and deferred outflows of resources as of December 31, 2018 of \$859,889,526 increased by \$3,167,496 or 0.4% as compared to total assets and deferred outflows of resources as of December 31, 2017. The increase is primarily attributable to an increase in governmental activities cash, stemming from higher-than-expected property taxes, income

taxes, and investment income (as well as certain one-time revenue sources) for the 2018 fiscal year.

- Total liabilities and deferred inflows of resources as of December 31, 2018 of \$491,095,917 decreased by \$13,908,425 or 2.8% as compared to total liabilities and deferred inflows of resources as of December 31, 2017. This decrease was driven by a reduction in liabilities in business-type Activities, stemming mainly from short-term Accounts Payable and paying down long-term revenue bonds, in addition to a significant decrease in pension liability related to both the 1925 Police Pension Fund and the 1937 Firefighter's Pension Fund.
- As of December 31, 2018, the government-wide net position of \$368,793,609 has \$289,245,831 invested in capital assets (net of debt) which is not available for spending, \$45,189,224 classified as restricted for debt service; capital outlay; and other; and \$34,358,555 classified as unrestricted.
- Government-wide revenue received in fiscal 2018 totaled \$247,737,447, an increase of \$15,929,924 or 6.9% versus government-wide revenue received in fiscal 2017. Governmental activity revenue increased by \$13,412,589 or 8.6%, and business-type activity revenue increased by \$2,517,335 or 3.3%. Governmental activity revenue increases are due mainly to increases in overall property taxes and income taxes, as well as certain one-time revenue sources. The increase in the business-type activity revenue is due mainly to significant increases in Water Utility and Wastewater Utility revenue, but is offset somewhat by a slight decrease in Emergency Medical Services (EMS) revenue.
- Government-wide expenses in 2018 totaled \$230,661,526, a decrease of \$901,880 or 0.4% compared to expenses of \$231,563,406 in 2017. Government activity expenses increased by \$4,360,432 or 2.7%, while business-type activity expenses decreased by \$5,262,312 or 7.4% compared to fiscal 2017. The increase in the governmental activity expenses are due primarily to increases in investment in Public Safety, Economic Development, and the City's Parks and Venues. These increases include increased cost of maintenance as well as raises in salary across bargaining and non-bargaining employees. The decrease in the business-type activities is due mainly to a decrease in costs of the Wastewater Utility, which had unusually high maintenance costs in 2017, and in 2018 saw costs that are closer to the five-year average.

Explanatory commentary concerning the changes in assets, liabilities, revenue and expenditures can be found in later sections of this MD&A.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

- **Statement of Net Position**

This statement reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City of South Bend as of December 31, 2018. 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, 2018. 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 local income taxes, fees for services and other revenue sources.

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

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. Governmental funds use the modified accrual accounting method. The City maintains seven (7) major governmental funds (General, Parks and Recreation, Public Safety Local Option Income Tax (LOIT), County Option Income Tax (COIT), Economic Development Income Tax (EDIT), Rainy Day, and River West TIF) and seventy (70) 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, expenses and changes in fund net position for the water utility, wastewater utility and Century Center, which are considered major enterprise funds. Data from the other four (4) nonmajor enterprise funds (Consolidated Building Department, Parking Garage, Solid Waste, and Emergency Medical Services) 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 seven (7) 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, Innovation & Technology and 311 call center, parental leave benefit for City employees, and central services unit (a department that accounts for expenses related to fuel, vehicle repairs, printing and other services provided to City departments on a cost-reimbursement basis). Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements but are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs. The City maintains seven (7) fiduciary funds, which consist of two (2) pension trust funds (1925 Police Officers' Pension and 1937 Firefighters' Pension), three (3) agency funds (Payroll, Police Distributions Payable and Morris/Palais Royale Box Office), and two (2) private-purpose trust fund (City Cemetery and Bowman Cemetery).

Pension Trust Fund Operations

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

Notes to the Financial Statements

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

Other Information

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

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	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other	\$ 266,601,477	\$ 249,677,530	\$ 71,059,755	\$ 67,013,444	\$ 337,661,232	\$ 316,690,974
Capital assets (net)	266,077,813	267,778,947	238,478,887	243,793,487	504,556,700	511,572,434
Total Assets	532,679,290	517,456,477	309,538,642	310,806,931	842,217,932	828,263,408
Deferred Outflows	15,921,777	26,446,186	1,749,817	2,012,436	17,671,594	28,458,622
Liabilities						
Current	8,324,537	12,896,073	4,493,137	17,960,166	12,817,674	30,856,239
Long-term	362,740,661	367,546,469	96,061,945	91,403,011	458,802,606	458,949,480
Total Liabilities	371,065,198	380,442,542	100,555,082	109,363,177	471,620,280	489,805,719
Deferred Inflows	19,427,720	15,053,824	47,917	144,799	19,475,637	15,198,623
Net Position						
Net investment in capital assets	143,282,487	155,912,682	145,963,344	145,585,038	289,245,831	301,497,720
Restricted	11,252,528	9,245,531	33,936,695	29,623,015	45,189,223	38,868,546
Unrestricted	3,573,134	(16,751,916)	30,785,421	28,103,338	34,358,555	11,351,422
Total Net Position	\$ 158,108,149	\$ 148,406,297	\$ 210,685,460	\$ 203,311,391	\$ 368,793,609	\$ 351,717,688

- As of December 31, 2018, total assets and deferred outflows exceeded liabilities and deferred inflows by \$368,793,609, an increase of \$17,075,921, or 4.9%, from the net position level as of December 31, 2017.
- Governmental activities net position of \$158,108,149 increased by \$9,701,852, or 6.5%, from December 31, 2017.
- Business-type net position of \$210,685,460 increased by \$7,374,069, or 3.6%, from December 31, 2017. The increase in business-type net position was due primarily to significantly lower expenses in the Wastewater Utility.

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

- Government-wide assets and deferred outflows increased by \$3,167,496 or 0.4% as compared to total assets and deferred outflows of resources as of December 31, 2017. This is primarily due to higher than expected income taxes and property taxes in 2018, as well as several large, one-time revenues (primarily operating and capital grants). In addition, investment earnings in 2018 were significantly higher than in 2017.
- Total liabilities and deferred inflows of resources as of December 31, 2018 of \$491,095,917 decreased by \$13,908,425 or 2.8% as compared to total liabilities and deferred inflows of resources as of December 31, 2017. This decrease was primarily due to a significant decrease in pension liability related to both the 1925 Police Pension Fund and the 1937 Firefighter's Pension Fund.

Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Government-wide	
	2018	2017	2018	2017	2018	2017
Revenue						
Program revenue						
Charges for services	\$ 6,476,043	\$ 8,541,200	\$ 75,940,019	\$ 73,036,361	\$ 82,416,062	\$ 81,577,561
Operating grants	26,248,738	11,828,681	278,112	-	26,526,850	11,828,681
Capital grants	4,100,000	1,000,000	-	1,170,970	4,100,000	2,170,970
General revenue						
Taxes						
Property tax	80,155,902	78,266,107	-	-	80,155,902	78,266,107
Other tax	33,527,962	28,527,005	1,275,000	1,275,000	34,802,962	29,802,005
Unrestricted grants	4,819,125	17,160,034	-	-	4,819,125	17,160,034
Investment earnings	3,304,646	1,687,888	1,088,896	578,773	4,393,542	2,266,661
Other revenue	10,523,004	8,731,916	-	3,588	10,523,004	8,735,504
Total Revenue	169,155,420	155,742,831	78,582,027	76,064,692	247,737,447	231,807,523
Expenses						
General government	12,654,430	16,750,853	-	-	12,654,430	16,750,853
Public safety	69,209,163	71,656,865	-	-	69,209,163	71,656,865
Highways and streets	17,223,378	21,716,658	-	-	17,223,378	21,716,658
Culture and recreation	26,076,331	19,332,902	-	-	26,076,331	19,332,902
Economic development	33,801,755	26,326,989	-	-	33,801,755	26,326,989
Interest on long-term debt	5,718,172	4,538,530	-	-	5,718,172	4,538,530
Water utility	-	-	14,788,847	14,902,682	14,788,847	14,902,682
Wastewater utility	-	-	25,744,139	32,548,087	25,744,139	32,548,087
Civic center	-	-	5,287,797	5,121,336	5,287,797	5,121,336
Building department	-	-	4,136,837	3,704,963	4,136,837	3,704,963
Parking	-	-	1,565,351	1,177,363	1,565,351	1,177,363
Solid waste	-	-	5,467,986	5,169,128	5,467,986	5,169,128
Emergency medical services	-	-	8,987,340	8,617,050	8,987,340	8,617,050
Total Expenses	164,683,229	160,322,797	65,978,297	71,240,609	230,661,526	231,563,406
Change in net position						
Before transfers	4,472,191	(4,579,966)	12,603,730	4,824,083	17,075,921	244,117
Transfers	5,229,661	4,123,183	(5,229,661)	(4,123,183)	-	-
Change in net position	9,701,852	(456,783)	7,374,069	700,900	17,075,921	244,117
Beginning net position	148,406,297	148,863,080	203,311,391	202,610,491	351,717,688	351,473,571
Ending net position	\$ 158,108,149	\$ 148,406,297	\$ 210,685,460	\$ 203,311,391	\$ 368,793,609	\$ 351,717,688

Governmental Activities

Net position for governmental activities increased by \$9,701,852 during fiscal 2018, an increase of 6.5% from the balance of Net Position at December 31, 2017. Revenue of \$169,155,420 increased by \$13,412,589, or 8.6%. Expenses were \$164,683,229 during 2018, an increase of \$4,360,432, or 2.7% as compared to fiscal 2017.

The governmental activities revenue increases were due primarily to higher property tax and income tax revenue during 2018 resulting from an increase in assessed property values and an improving local economy. In addition, the City received several grants and one-time revenues, including a \$4.5 million payment from the Indiana Department of Transportation, meant to help maintain a portion of a state road in South Bend. Finally, investment revenues increased dramatically in 2018, spurred by a larger asset pool in the investment portfolio and strong market performances. Governmental activities expenses increased significantly in 2018, however, were closer in line with 2015 expenditures due to a decrease in net pension liability and deferrals in public safety in 2017.

Business-type Activities

Net position from business-type activities increased by \$7,374,069 during fiscal 2018, an increase of 3.6% from the balance of Net Position at December 31, 2017. During 2018, business-type activities revenue of \$78,582,027 increased by \$2,517,335, or 3.3%, over fiscal 2017. During 2018, business-type activities expenses of \$65,978,297 decreased by \$5,262,312, or 7.4%, when compared to fiscal 2017.

These changes are due primarily to decreased costs in the Wastewater Utility, as well as slightly higher charges for services.

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.

Management's Discussion and Analysis (Continued)

**Condensed Balance Sheet,
Statement of Revenue, Expenditures, and Changes in Fund Balance
As of December 31, 2018**

	General Fund	Parks and Recreation	Public Safety LOIT	COIT	EDIT	Rainy Day	River West TIF	Nonmajor Funds	Total
Total assets	\$ 39,838,416	\$ 8,352,628	\$ 1,959,261	\$ 12,458,849	\$ 15,409,467	\$ 10,468,726	\$ 39,206,614	\$ 116,862,109	\$ 244,556,070
Total liabilities	1,208,616	957,167	122,184	823,457	142,947	-	1,198,128	6,724,841	11,177,340
Fund Balances									
Nonspendable	425,680	22,322	-	-	-	-	-	-	448,002
Restricted	-	7,373,139	1,837,077	-	-	-	38,008,486	105,590,419	152,809,121
Committed	-	-	-	-	-	-	-	3,209,500	3,209,500
Assigned	820,914	-	-	11,635,392	15,266,520	10,468,726	-	1,337,349	39,528,901
Unassigned	37,383,206	-	-	-	-	-	-	-	37,383,206
Total fund balances	\$ 38,629,800	\$ 7,395,461	\$ 1,837,077	\$ 11,635,392	\$ 15,266,520	\$ 10,468,726	\$ 38,008,486	\$ 110,137,268	\$ 233,378,730
Total liabilities and fund balances	39,838,416	8,352,628	1,959,261	12,458,849	15,409,467	10,468,726	39,206,614	116,862,109	244,556,070
Revenues	66,038,255	13,165,767	8,510,392	12,698,644	12,707,675	187,321	23,222,559	32,624,807	169,155,420
Expenditures	69,653,063	14,640,183	7,553,570	10,102,944	4,351,842	-	18,106,582	61,791,814	186,199,998
Net Surplus (deficit)	(3,614,808)	(1,474,416)	956,822	2,595,700	8,355,833	187,321	5,115,977	(29,167,007)	(17,044,578)
Other sources (uses)	6,778,348	2,717,799	-	(259,134)	(5,976,478)	-	(4,220,378)	34,151,963	33,192,120
Net Change in Fund Balances	3,163,540	1,243,383	956,822	2,336,566	2,379,355	187,321	895,599	4,984,956	16,147,542
Beginning Fund Balances	35,466,260	6,152,078	880,255	9,298,826	12,887,165	10,281,405	37,112,887	105,152,312	217,231,188
Ending Fund Balances	\$ 38,629,800	\$ 7,395,461	\$ 1,837,077	\$ 11,635,392	\$ 15,266,520	\$ 10,468,726	\$ 38,008,486	\$ 110,137,268	\$ 233,378,730

As of December 31, 2018, the City governmental funds reported a combined ending fund balance of \$233,378,730.

The nonspendable fund balance of \$448,002 is sequestered for property held for resale, inventory, and long-term receivables in the General Fund and inventory in other funds. It is, therefore, not available for new spending. The restricted fund balance of \$152,809,121 consists of monies in debt service funds or other funds such as road and tax increment financing funds that are limited by external parties as to their use. The committed fund balance of \$3,209,500 is designated by the South Bend Common Council or South Bend Redevelopment Commission to be used for certain purposes such as for economic development projects. The assigned fund balance of \$39,528,901 includes balances in local option income tax funds that have not been committed to certain projects and are available for spending by the City. The remaining unassigned fund balance of \$37,383,206 consists of money in the General Fund that has not been obligated in any manner by the City less deficits in certain non-major governmental funds due primarily to interfund advance transactions to finance economic development projects that will be paid back over time.

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

As of December 31, 2018, the General Fund balance of \$38,629,800 represents an increase of \$3,163,540, or 8.2% from the balance as of December 31, 2017. The increase was due primarily to higher property tax revenue during 2018 than expected and lower spending for public safety and administration than anticipated.

As of December 31, 2018, the General Fund had an unassigned fund balance of \$37,383,206 which is equal to 53.7% of 2018 General Fund expenditures.

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 used the unassigned fund balance in 2018 as a cash flow bridge to the receipt of property tax revenues from the County collection authority which distributes property tax revenue twice per year (June and December). The General Fund unassigned balance provided sufficient cash to cover City operating obligations without incurring tax anticipation notes and resultant borrowing costs during fiscal 2018.

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 circumstances dictate, such as a delay in collection of a major revenue source. The City has a policy to maintain fund reserves equal to at least 35% of annual expenditures and exceeded this target at December 31, 2018.

The **Parks and Recreation Fund** balance increased \$1,243,383 during fiscal 2018, due primarily to the consolidation of several Parks Funds into a single fund, as well as higher than expected property tax revenue. As of December 31, 2018, the fund balance in the Parks and Recreation Fund was \$7,395,461, or 50.5% of 2018 expenditures. The City has a policy to maintain fund reserves equal to at least 25% of annual expenditures and exceeded this target at December 31, 2018.

The **Public Safety Local Option Income Tax Fund** (Public Safety LOIT) was created in October 2009, with the local legislative passage of an increase in local option income taxes of 0.95%, a part of which (0.25%) tax increase was established to fund public safety expenditures. The City has established the Public Safety LOIT Fund as a major governmental fund, due solely to its purpose of creating a funding source to sustain public safety staffing levels, which were compromised by state implementation of property tax reform that has reduced property tax revenues, which historically are the source of public safety funding. Public Safety LOIT funds are used to cover the personnel costs of police officers and firefighters. Receipts of Public Safety LOIT tax revenue commenced in January 2010. The increase in fund balance in the amount of \$956,822 during 2018 was due to increased revenue for this fund for police and fire personnel. The ending fund balance was \$1,837,077, or 24.3% of annual expenditures.

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 major technology costs, and certain debt service payments.

The COIT fund balance increased by \$2,336,566 during 2018, due to one-time capital projects and prior year encumbrances. 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, city-wide expenditures like telephone and electricity for street lights, and certain debt service payments.

As of December 31, 2018, the COIT Fund balance was \$11,635,392, or 115.2% of 2018 expenditures and transfers out. This level of fund reserves is significantly higher than the City policy target of 50%.

The EDIT Fund balance increased by \$2,379,355 during 2018 due to lower than anticipated expenses related to initiatives of the Department of Community Investment. 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, code enforcement and community investment departments and certain debt service payments.

As of December 31, 2018, the EDIT fund balance was \$15,266,520, or 350.8% of 2018 expenditures and transfers out. The City policy target is 50%.

The **Rainy Day Fund** is used to account for unused and unencumbered funds that are transferred from a fund that has a tax levy. Revenues in this fund also include special distributions of county option income tax and county economic development income tax. The ending fund balance at December 31, 2018 was \$10,468,726 or 4.5% of government-wide expenses during 2018, and meets the City's cash reserve policy goal of 3%.

The fund balance in the **River West TIF Fund** increased by \$895,599 during 2018. This change was the result of higher than expected TIF revenue in this fund.

As of December 31, 2018, the River West TIF Fund balance of \$38,008,486. This fund continues to be a major success for the City of South Bend.

During 2018, the fund balances in **non-major governmental funds** increased by \$4,984,956 due primarily to large one-time payments that the City received in 2018 and do not expect to continue in the future.

The total balance in non-major governmental funds was \$110,137,268 at December 31, 2018. These fund balances provide the necessary resources that the City requires to meet future capital construction needs, ongoing debt service obligations, and economic development project initiatives in order to fuel community growth within the City.

Individual fund data for each of the non-major governmental funds is provided in the form of the combining statements immediately following the Required Supplemental Information within the Financial Section of the CAFR.

Governmental Fund Revenue

The following schedule presents a summary of governmental fund revenue for the year ended December 31, 2018 with comparison to the prior year:

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

	<u>2018 Actual</u>	<u>% of Total</u>	<u>2017 Actual</u>	<u>% of Total</u>
Tax Based				
General property	\$ 80,155,902	47.4%	\$ 78,266,107	50.3%
Local income tax	32,911,525	19.5%	28,179,750	18.1%
Hotel/motel tax	616,437	0.3%	-	0.0%
Professional sports development	-	0.0%	347,255	0.2%
Total Tax	113,683,864	67.2%	106,793,112	68.6%
Non-Tax Based				
Licenses and permits	245,956	0.1%	231,260	0.1%
Intergovernmental	35,167,863	20.8%	29,634,896	19.0%
Charges for services	5,735,251	3.4%	7,020,575	4.5%
Fines and forfeitures	494,836	0.3%	562,466	0.4%
Interest income	3,304,646	2.0%	1,687,888	1.1%
Other	10,523,004	6.2%	9,812,634	6.3%
Total Non-Tax Based	55,471,556	32.8%	48,949,719	31.4%
Total Revenue	\$ 169,155,420	100.0%	\$ 155,742,831	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 net assessed property valuation of industrial, commercial and residential parcels for both real and personal property. The second variable is the application of a tax rate to arrive at the total tax levy. Taxable property is assessed at 100% of the true tax value. The amount of property tax levied (billed to property owners) is further restricted by State of Indiana-enacted property tax legislative reform, the so-called "circuit breaker" property tax caps in 2009, to no more than 1.0% (homestead), 2.0% (other residential/rental) or 3.0% (commercial/industrial) of gross assessed valuation. Property tax revenue includes taxes collected on behalf of the following funds: General Fund, Parks and Recreation Fund, Cumulative Capital Development Fund, Redevelopment Commission tax increment financing (TIF) Funds, Excess Levy Fund, and a special levy to cover debt service related to the City's MySB Parks and Trails projects.

The City recognizes the need to further diversify the revenue stream and to reduce its dependency on general property taxes to ensure that a broad base of users of city services, including nonresidents who work in the City, share in the funding of basic City services. As a result of the need to diversify the revenue stream, the City of South Bend Common Council and Saint Joseph County Council adopted an additional local option income tax of 0.95% during 2009, increasing the tax rate from 0.8% to 1.75%. The local option income tax increase consisted of three components: 0.2% increase in the economic development income tax, a 0.25% public safety local option income tax and a 0.5% property tax relief local option income tax. The property tax relief local option income tax does not result in any direct revenue to the City but helps to reduce circuit breaker property tax losses.

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 Accelerating Indiana Municipalities (AIM) "Hometown Matters" to lobby the state legislature to enable alternative revenue sources that best fit the needs of the community. One viable source of revenue is from user fees and/or charges for services currently being performed. City-performed services are priced at levels representing the full cost of service, taking into consideration fees charged by providers of similar services. The City performs ongoing reviews of user fee costs incurred

Management’s Discussion and Analysis (Continued)

and revises service fee prices as required.

Total tax revenue was \$113,683,864 during 2018 and increased by \$6,890,752, or 6.4%, from 2017. This increase was driven by an increase in normal tax distributions due to the continuing improvement in the overall economy as well as a one-time distribution in Local Income Tax revenue that occurred in 2018. Total non-tax based revenue was \$55,471,556 and increased \$6,521,837, or 13.3%, from 2017. This is due primarily to an increase in intergovernmental revenue from charging administrative allocations to operational departments.

Governmental Fund Expenditures

The City accounts for government fund expenditures in eight functional categories as follows: (1) general government, (2) public safety, (3) highways and streets, (4) community and economic development, (5) culture and recreation, (6) bond issuance costs (7) debt service, and (8) capital outlay.

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2018, with comparison to fiscal year 2017.

	2018 Actual	% of Total	2017 Actual	% of Total
General government	\$ 12,763,226	6.9%	\$ 14,221,015	8.1%
Public safety	75,530,051	40.6%	72,010,182	41.3%
Highways and streets	16,906,126	9.1%	13,600,140	7.8%
Community and economic development	22,179,273	11.9%	20,622,330	11.8%
Culture and recreation	16,597,764	8.9%	15,904,306	9.1%
Debt service	18,983,039	10.2%	21,148,721	12.1%
Capital outlay	23,240,519	12.5%	17,035,543	9.8%
Total Expenditures	\$ 186,199,998	100.0%	\$ 174,542,237	100.0%

Government fund expenditures in fiscal 2018 of \$186,199,998 increased by \$11,657,761, or 6.7%, in comparison to government fund expenditures in fiscal 2017.

Capital outlay expenditures increased by \$6,204,976 or 36.4% during 2018 due primarily to increased expenditures in the River West TIF. Additionally, the City kicked off its “MySB Parks and Trails” initiative in 2018, which represents a significant capital investment in the City’s parks, and will continue into 2019.

Public safety expenditures continue to be the primary use of government fund resources with 40.6% of expenditures used for this purpose in fiscal 2018. Public safety spending is followed by capital outlay expenditures (12.5%), community and economic development (11.9%), debt service (10.2%), highways and streets (9.1%), culture and recreation (8.9%), and general government (6.9%). General government spending is comprised of the executive offices of the Mayor, Common Council, City Clerk, Legal Department, Administration and Finance Department, and other administrative functions. Overall governmental expenditures increased during 2018, in part due to increases in public safety wages and benefits occurring in conjunction with a four-year collective bargaining agreement with the fraternal order of police. General governmental expenditures decreased during 2018 due to the transfer of technology costs to an internal service fund.

Proprietary funds

**Condensed Statement of Net Position
Revenue, Expenses, and Changes in Fund Net Position
As of December 31, 2018**

	Enterprise Funds				Total Enterprise	Governmental
	Water Utility	Wastewater Utility	Century Center	Nonmajor Enterprise		Activities Proprietary Internal Service
Total assets	\$ 69,762,293	\$ 193,216,274	\$ 19,735,573	\$ 26,843,623	\$ 309,557,763	\$ 24,247,609
Total deferred outflows	78,870	1,670,947	-	-	1,749,817	-
Total liabilities	19,631,428	69,726,504	302,300	10,913,971	100,574,203	5,686,800
Total deferred inflows	-	-	47,917	-	47,917	-
Net Position						
Net investment in capital assets	37,134,241	86,894,283	17,034,295	4,900,525	145,963,344	1,252,541
Restricted:						
Depreciation fund	-	-	-	-	-	-
Debt service fund	1,726,068	963,678	-	-	2,689,746	-
Customer repair and deposit fund	1,503,325	2,014,803	-	-	3,518,128	-
Cash with fiscal agent	32,903	77,844	-	126,758	237,505	-
Bond reserve fund	1,390,019	4,204,246	-	-	5,594,265	-
Operating reserve fund	2,663,671	5,385,946	-	-	8,049,617	-
Capital outlay fund	1,888,226	9,100,782	857,363	2,001,063	13,847,434	-
Unrestricted	3,871,282	16,519,135	1,493,698	8,901,306	30,785,421	17,308,268
Total net position	\$ 50,209,735	\$ 125,160,717	\$ 19,385,356	\$ 15,929,652	\$ 210,685,460	\$ 18,560,809
Operating revenues	16,767,283	39,931,429	3,258,017	15,567,113	75,523,842	36,587,847
Operating expenses	13,778,933	23,555,202	5,287,797	18,762,236	61,384,168	35,500,644
Operating income (loss)	2,988,350	16,376,227	(2,029,780)	(3,195,123)	14,139,674	1,087,203
Non-operating revenue (expenses)	(791,589)	(1,507,132)	1,277,020	(1,179,084)	(2,200,785)	324,570
Income (loss) before contributions and transfers	2,196,761	14,869,095	(752,760)	(4,374,207)	11,938,889	1,411,773
Capital contributions	386,729	-	278,112	-	664,841	-
Transfers in	-	368,196	-	1,069,457	1,437,653	-
Transfers Out	(1,730,831)	(4,601,656)	(85,909)	(248,918)	(6,667,314)	(439,139)
Change in net position	852,659	10,635,635	(560,557)	(3,553,668)	7,374,069	972,634
Total net position - beginning	49,357,076	114,525,082	19,945,913	19,483,320	203,311,391	17,588,175
Total net position - ending	\$ 50,209,735	\$ 125,160,717	\$ 19,385,356	\$ 15,929,652	\$ 210,685,460	\$ 18,560,809

The City 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, the Proprietary Statement of Revenues and Expenditures, and Changes in Fund Net Position for the Water Utility, Wastewater Utility and Century Center, which are considered major enterprise funds. Data from the other four (4) non-major enterprise funds (Consolidated Building Department, Parking Garage, Solid Waste, and Emergency Medical Services) are combined into a single, aggregated presentation.

The City maintains seven (7) internal service funds. The City 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 insurance program,

Innovation & Technology and 311 call center, parental leave benefit for City employees, 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.

As of December 31, 2018, City enterprise funds reported a net position of \$210,685,460, an increase of \$7,374,069, or 3.6%, from the net position at December 31, 2017.

At December 31, 2018, proprietary fund net position includes net investment in capital assets of \$145,963,344, restricted net position of \$33,936,695 and unrestricted net position of \$30,785,421.

During 2018, the **water utility** experienced an increase in net position of \$852,659 and the **wastewater utility** experienced an increase in net position of \$10,635,635. The Water utility experienced increased operating revenues of \$1,483,958 while the Wastewater utility experienced an increase in operating revenue of \$1,137,217. This was primarily due to a 22% rate increase in water rates that was approved by the South Bend Common Council in 2017 and went into effect in 2018.

During 2018, **Century Center** experienced a decrease in net position of \$560,557. The Century Center is nearly always operating at a slight loss, and this decrease in net position was smaller than in previous years and better than projected.

Non-major enterprise funds experienced a decrease in net position of \$3,553,668 during 2018. The Parking Garage Fund reported a decrease in net position of \$218,330 primarily as the result of higher than expected maintenance costs. The Consolidated Building Fund reported a decrease in net position of \$1,000,340 during 2018 as the result of unreimbursed activity by the Code Enforcement department in this fund. The Solid Waste Fund reported a decrease in net position of \$11,923 and continues to accumulate capital lease debt to finance new trash trucks. Emergency Medical Service reported a decrease in net position of \$2,323,075 as a result of continually declining reimbursement for ambulance services, especially with respect to Medicaid patients.

Internal service funds reported net position of \$18,560,809 at December 31, 2018, an increase of \$972,634, or 5.5%, compared to net position at December 31, 2017. The Liability Insurance Fund decreased its net position by \$1,886,271 in 2018 as the result of relatively high worker's compensation claims. The Central Services Fund decreased its net position by \$277,196. The Self-Funded Employee Benefits Fund had an increase in its net position of \$2,123,148 due to modest growth in medical insurance claims relative to employer charges per full-time equivalent (FTE). In January 2016, the City opened the Activate Health and Wellness Center for the benefit of employees and their families and to control future health care cost increases. The Innovation & Technology and 311 Call Center fund is a fully allocated fund which supports most city departments. The Innovation & Technology and 311 Call Center Fund had a net position of \$2,304,183 at December 31, 2018, an increase of \$981,145 over the end of 2017.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City maintains six fiduciary funds, which consist of two pension trust funds

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

(1925 Police Officers' Pension and 1937 Firefighters' Pension), two private-purpose trust funds (City Cemetery and Bowman Cemetery) and three agency funds (Payroll, Police Distributions Payable and Morris/Palais Royale Box Office).

	Pension Trust	Private Purpose Trust	Agency
Total assets	\$ 1,265,530	\$ 485,158	\$ 3,389,966
Total liabilities	793	-	3,389,966
Total net position	\$ 1,264,737	\$ 485,158	\$ -
Total additions	10,734,007	31,889	-
Total deductions	10,820,844	-	-
Changes in net position	\$ (86,837)	\$ 31,889	\$ -

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

The net position maintained in the pension trust is the result of timing differences in the payment of pension benefits and the contributions received from the State of Indiana (the State reimburses in June and September for expenses paid in the previous calendar year). The cost of healthcare benefits to pension members are not covered by State contributions. In 2016, the regular Fire Department budget paid retiree health care costs while this change occurred in 2017 for the Police Department. The 1925 Police Officers' and 1937 Firefighters' pension funds will no longer pay retiree health insurance costs; these costs will be paid from the regular police and fire departments' operating budgets.

General Fund Budgetary Highlights

The City prepares an annual budget for General Fund expenditures, which is subject to City of South Bend Common Council approval for adoption, before November 1 of the year preceding the budget period, according to state statute concerning the annual budget of second class cities and towns. The Common Council adopted the 2018 budget at its meeting held in October 2017.

The General Fund budget applicable for fiscal 2018 is reported as follows:

	Original	Final	Actual Budgetary Basis	Variance
Revenue / transfers in	\$ 60,006,889	\$ 62,738,612	\$ 62,146,619	\$ (591,993)
Expenditures / transfers out	59,917,756	62,100,216	59,453,858	\$ 2,646,358
Surplus (Deficit)	\$ 89,133	\$ 638,396	\$ 2,692,761	\$ 2,054,365

Management's Discussion and Analysis (Continued)

General Fund revenue/transfers in was originally budgeted at \$60,006,889 for fiscal 2018. During the year, the General Fund revenue/transfers in budget was increased by \$2,731,723 to \$62,738,612. The budget may be increased or decreased at any time based on updated revenue projections. The revenue/transfers in budget was increased primarily due to an increase in the property tax estimate because of higher collections than anticipated.

During 2018, the General Fund collected \$62,146,619 in revenue/transfers in on a budgetary basis, which was \$2,139,730 higher than the original budget. This difference is 3.6% more than the original budget. This increase over budget is due mainly to higher than budgeted property tax receipts in 2018.

General Fund expenditures/transfers out were originally budgeted at \$59,917,756 for fiscal 2018. During the year, the General Fund expenditure/transfers out budgets were increased by \$2,182,460 to \$62,100,216. Additional appropriations were passed for Fire Department equipment and other purposes. Carry forward of unspent encumbrances from 2017 also increased the 2018 amended budget.

General Fund spending is reviewed on a monthly basis under the direction of the City Controller to ensure spending remains within budgetary constraints. Monthly reviews are conducted as required with General Fund department management to review spending projections to ensure that annual expenditures remain within the budgetary levels. Budget amendments for cost-neutral redistribution between expense categories (i.e., personnel, supplies, services, capital) were submitted to Common Council four times during 2018, as required to adjust the budget to prevent any budget overruns in any expenditure 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/transfers out incurred on a budgetary basis, including cash expended and outstanding encumbrances as of year-end December 31, 2018, amounted to \$59,453,858. The expenditures/transfers out and commitments as of year-end December 31, 2018, are less than the 2018 amended General Fund budget by \$2,646,358 or 4.26%. The largest savings were in the police 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	
	2018	2017	2018	2017	2018	2017
Assets not depreciated						
Land	\$ 14,496,141	\$ 14,707,088	\$ 2,614,014	\$ 2,614,014	\$ 17,110,155	\$ 17,321,102
Construction in progress	18,009,789	29,957,697	17,841,033	21,254,911	35,850,822	51,212,608
Total	32,505,930	44,664,785	20,455,047	23,868,925	52,960,977	68,533,710
Assets depreciated						
Buildings	120,384,084	125,886,853	83,425,676	83,233,461	203,809,760	209,120,314
Non-building improvements	21,052,069	21,519,259	26,873,450	27,939,323	47,925,519	49,458,582
Machinery and equipment	48,608,151	47,094,150	43,574,154	42,205,000	92,182,305	89,299,150
Roads and Infrastructure	468,753,379	441,344,575	216,476,719	210,301,608	685,230,098	651,646,183
Total cost	658,797,683	635,844,837	370,349,999	363,679,392	1,029,147,682	999,524,229
Accumulated depreciation						
Buildings	52,451,586	52,675,177	38,629,055	36,878,587	91,080,641	89,553,764
Non-building improvements	10,967,455	10,713,373	8,608,656	8,436,276	19,576,111	19,149,649
Machinery and equipment	33,842,342	33,644,985	25,771,251	23,955,240	59,613,593	57,600,225
Roads and infrastructure	327,964,417	315,697,141	79,317,195	74,484,727	407,281,612	390,181,868
Total accumulated depreciation	425,225,800	412,730,676	152,326,157	143,754,830	577,551,957	556,485,506
Net depreciated assets	233,571,883	223,114,161	218,023,842	219,924,562	451,595,725	443,038,723
Net capital assets	\$ 266,077,813	\$ 267,778,946	\$ 238,478,889	\$ 243,793,487	\$ 504,556,702	\$ 511,572,433

The investment in capital assets includes land and land improvements, buildings and building improvements, vehicles, information technology equipment, machinery and equipment, and construction in progress. A detailed explanation of these capital assets can be found in the Notes to the Financial Statements.

Under the category of roads and infrastructure, the current cost amount of \$685,230,098 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 2018

Included in capital asset additions for 2018 were the following major projects:

- Infrastructure - \$21,563,272 – Smart Streets
- Infrastructure - \$5,387,030 – Western Ave & Olive St. intersection, Edison and Ironwood corridor rehabilitation
- Wastewater & Sewers - \$6,533,100 – East Bank sewer separation – Phase 5
- Fire Department - \$1,092,741 – 2 fire trucks and several additional vehicles
- Parks Department - \$781,992– Century Center cooling tower, several large vehicle purchases (boom truck, 2 dump trucks, and several smaller vehicles)
- Street Department - \$435,000 – asphalt milling machine (Wirtgen W150CFI)

City of South Bend, Indiana

Management's Discussion and Analysis (Continued)

Capital Assets Analysis

As of December 31, 2018, government-wide capital assets were valued at \$504,556,702, net of accumulated depreciation, a decrease of \$7,015,731, or 1.37%, since December 31, 2017. Construction in progress decreased by \$15,361,786, and capitalized assets in land, buildings, improvements, machinery and equipment, and roads increased by \$8,346,055, net of depreciation, since December 31, 2017. On January 1, 2013, the City instituted a new capitalization policy that included significantly higher thresholds for expenditures to qualify as capital assets. Consequently, many purchases formerly considered as capital assets no longer qualify as such. The asset decrease is the result of fewer assets being added to the register as those assets that remain continue to depreciate.

At December 31, 2018, the cost of roads & infrastructure (\$685,230,098) was the major asset class followed by buildings (\$203,809,760) and machinery & equipment (\$92,182,305).

Total depreciation expense was \$31,715,747 for 2018, as compared to \$31,452,259 for 2017. Depreciation expense was \$19,656,335 for governmental activities and \$12,059,412 for business-type activities for 2018.

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

Debt Administration

Outstanding debt principal as of December 31, 2018, was \$259,820,000, an increase of \$7,063,006, or 2.8% from 2017. City outstanding debt includes general obligation bonds, revenue bonds, mortgage bonds, notes and loans payable and capital leases.

	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u>
Governmental activities				
General obligation bonds	\$ 14,081,478	\$ 5,082,316	\$ (426,149)	\$ 18,737,645
Revenue bonds	111,887,531	15,877,292	(7,280,910)	120,483,913
Mortgage bonds	10,224,972	-	(1,924,118)	8,300,854
Notes and loans	4,437,115	-	(328,293)	4,108,822
Capital leases	9,795,612	6,759,121	(3,722,538)	12,832,195
Total governmental activities debt	150,426,708	27,718,729	(13,682,008)	164,463,429
Business-type activities				
General obligation bonds	-	-	-	-
Revenue bonds	87,219,814	-	(7,041,710)	80,178,104
Mortgage bonds	5,255,483	-	(303,504)	4,951,979
Notes and loans	2,398,821	-	(167,038)	2,231,783
Capital leases	7,456,168	2,866,214	(2,327,677)	7,994,705
Total business-type activities debt	102,330,286	2,866,214	(9,839,929)	95,356,571
Total Debt	\$ 252,756,994	\$ 30,584,943	\$ (23,521,937)	\$ 259,820,000

During 2018, the City entered into capital lease agreements in the amount of \$9,625,335 to purchase certain vehicles, copiers, and equipment. The lease terms are typically for five years with semi-annual debt service paid from the operating budgets of the user departments. Capital lease financing is used to acquire police vehicles, public works vehicles, computer replacements, copiers and other vehicles and equipment. The City solicits competitive financing proposals for lease financing from local and national companies and the interest rate achieved during 2018 was on average less than 2% for these leases.

Under the Indiana Constitution and the Indiana Code, 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 issued a general obligation bond in 2018 related to the construction of Fire Station #9 on the east side of the City and an additional building at the Fire Training Center. This debt issuance of \$5,045,000 is subject to this debt limitation. A calculation of the City's legal debt limitation can be found in the statistical debt capacity section of this document.

Additional information on debt can be found in the Notes to Financial Statements in Note 8 - Leases and Note 9 - Long-term Debt.

Significant Subsequent Events

On January 14, 2019, the Common Council of the City of South Bend approved a \$2 per month fee to increase sewer bills, with the intention to speed implementation of the City's stormwater system.

On February 28, 2012, the City, the United States of America, and the State of Indiana, agreed to a consent decree to resolve claims against the City for alleged violations of the Clean Water Act. The decree includes several provisions, including a long term control plan that requires the City to complete a construction program by December 31, 2031 at a cost of approximately \$509.5 million in 2007 dollars to comprehensively upgrade and expand the City's sewage collection, storage, conveyance, and treatment system. Under this agreement South Bend was required to undertake a review of the Plan after 5 years and this review was completed in 2017. The review resulted in a revised plan that calls for a reduced investment of \$200 million in 2017 dollars. The plan will meet the same environmental goals and will still run to 2031. South Bend is currently working with State and Federal environmental regulators to have this new more cost efficient plan formally endorsed.

Economic Factors and 2018 Budget

Economic Factors

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

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

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

The Circuit Breaker legislation was phased in commencing in fiscal 2009 and has led to significant reductions in property tax revenues available to fund city governmental operations since then. In 2018, the primary funds supported by property taxes (General Fund, Parks and Recreation Fund, and Cumulative Capital Development Fund) lost approximately \$33.9 million in taxable property tax levy due to the circuit breaker caps (Indiana Legislative Services Agency, Circuit Breaker Report, December 2018).

As a consequence of the state enacted legislation in 2008, the City enacted a 0.95% local option income tax increase to partially offset the property tax revenue loss. The local option tax increase became effective in October 2009, and has resulted in an increase in local income taxes available to the City to fund ongoing governmental operations of public safety, parks and recreation, highways and streets and general government.

Management of the City of South Bend will continue to oversee the financial affairs from a position of fiscal conservatism. Special attention will be given to maintaining adequate fund reserves in the General Fund and the income tax funds as they are very important to the continued financial strength of the City.

City Management believes that the national economic recovery will continue for at least the next year, with low inflation over the next fiscal period. However, the City anticipates that the economy will slow sometime in the next 2-5 years, and is actively taking steps to alleviate negative impacts of an economic downturn (such as building cash reserves and implementing sustainable alternative revenue sources).

Job creation is the primary engine to drive economic recovery, and the Congressional Budget Office (CBO) predicts a growth in Gross Domestic Product (GDP) of 2.1% for 2019. Notably, this is down from a GDP growth rate of 3.1% in 2018. The unemployment rate in the South Bend-Mishawaka Metropolitan Area continues to improve and was 3.7% in November 2018, down from a high of 13.0% in January 2010 (Bureau of Labor Statistics).

2019 Budget and Beyond

The City will engage to ensure effective delivery of required services to taxpayers and residents within the constraints of available financial resources. The City will continue to provide required services within the constraints of a balanced General Fund budget. In the spirit of fiscal responsibility, the City has engaged in a process of program budgeting for the 2018 and 2019 budgets. This program budgeting is in addition to the state-required fund and account budgeting through the Indiana Department of Local Government Finance.

The City's fiscal responsibility is also preparing it for significant financial challenges in fiscal year 2020. Preliminary projections of circuit breaker property tax losses indicate a potential decline of property tax revenue of \$1.6 million in the General Fund, \$400,000 in the Parks & Recreation Fund and \$3.8 million in the tax increment financing funds in fiscal year 2020. This is due to the expiration of a special credit to local governments in Saint Joseph County and Lake County, which decreased the losses that the City experienced through the Circuit Breaker tax credit. City Management is aware of this fiscal situation and is developing strategies to address this matter, including maintaining strong reserves, redesigning capital budgeting strategies, and ensuring that new spending is supported by new, sustainable revenue.

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

performance management 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 2020 that will remain fiscally responsible to the effective delivery of required services to city residents and stakeholders within the existing revenue constraints. Specific concerns for the 2020 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.

Requests for Information

This Management's Discussion and Analysis, as contained within the City of South Bend Comprehensive Annual Financial Report, is intended to provide readers with a general overview of the financial condition of the City of South Bend as of December 31, 2018. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

Daniel T. Parker, Controller

City of South Bend
Department of Administration and Finance
227 W. Jefferson Blvd., 12th Floor
South Bend, IN 46601

Telephone (574) 235-9822
Email dparker@southbendin.gov

City of South Bend
June 30, 2019

Statement of Net Position

December 31, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 96,796,549	\$ 10,818,469	\$ 107,615,018
Investments	145,631,847	18,540,232	164,172,079
Receivables:			
Taxes	133,911	-	133,911
Accounts	552,933	5,462,751	6,015,684
Interest	599,908	157,940	757,848
Allowance for doubtful accounts	-	(160,100)	(160,100)
Intergovernmental	778,441	-	778,441
Loans	6,878,545	-	6,878,545
Internal balances	(21,255)	21,255	-
Inventory	892,939	1,152,358	2,045,297
Prepaid expenses	855,683	38,944	894,627
Restricted assets	457,020	35,027,906	35,484,926
Property held for resale	10,023,045	-	10,023,045
Net pension asset	3,021,911	-	3,021,911
Capital assets:			
Assets not subject to depreciation	32,505,930	20,455,046	52,960,976
Assets subject to depreciation - net	233,571,883	218,023,841	451,595,724
 Total assets	 <u>532,679,290</u>	 <u>309,538,642</u>	 <u>842,217,932</u>
Deferred outflows of resources			
Unamortized loss on refunding	1,976,132	1,749,817	3,725,949
Deferred outflows related to pensions	12,578,380	-	12,578,380
Deferred outflows related to OPEB	1,367,265	-	1,367,265
 Total deferred outflows of resources	 <u>15,921,777</u>	 <u>1,749,817</u>	 <u>17,671,594</u>
Liabilities			
Accounts payable	6,652,043	1,671,596	8,323,639
Due to other governmental units	-	8,588	8,588
Performance deposits payable	101,175	8,250	109,425
Accrued liabilities and other:			
Accrued payroll payable	1,466,353	452,792	1,919,145
Accrued interest payable	23,312	551,161	574,473
Taxes payable	652	-	652
Customer deposits payable	-	1,605,639	1,605,639
Unearned revenue	-	402	402
Other current payables	81,002	194,709	275,711
Noncurrent liabilities:			
Due within one year:			
Accrued interest payable from restricted a	2,159,774	-	2,159,774
Compensated absences	6,316,138	705,374	7,021,512
Claims payable	3,058,641	-	3,058,641
Notes and loans payable	347,671	215,694	563,365
General obligation bonds payable	940,000	-	940,000
Mortgage bonds payable	1,864,355	310,645	2,175,000
Capital leases	3,813,983	2,415,533	6,229,516
Revenue bonds payable	7,338,538	8,635,000	15,973,538

Statement of Net Position (Continued)

December 31, 2018

	Governmental Activities	Business-type Activities	Total
Liabilities (continued)			
Due in more than one year:			
Notes and loans payable	\$ 3,761,151	\$ 2,016,089	\$ 5,777,240
General obligation bonds payable	17,797,645	-	17,797,645
Mortgage bonds payable	6,436,499	4,641,334	11,077,833
Capital leases	9,018,211	5,579,172	14,597,383
Net pension liability	163,536,593	-	163,536,593
Total OPEB liability	23,206,087	-	23,206,087
Revenue bonds payable	<u>113,145,375</u>	<u>71,543,104</u>	<u>184,688,479</u>
 Total liabilities	 <u>371,065,198</u>	 <u>100,555,082</u>	 <u>471,620,280</u>
Deferred inflows of resources			
Unamortized service agreement	-	47,917	47,917
Deferred inflows related to pensions	11,431,450	-	11,431,450
Deferred inflows related to OPEB	<u>7,996,270</u>	<u>-</u>	<u>7,996,270</u>
 Total deferred inflows of resources	 <u>19,427,720</u>	 <u>47,917</u>	 <u>19,475,637</u>
Net position			
Net investment in capital assets	143,282,487	145,963,344	289,245,831
Restricted:			
Debt service fund	6,952,713	2,689,746	9,642,459
Customer repair and deposit fund	-	3,518,128	3,518,128
Cash with fiscal agent	-	237,505	237,505
Bond reserve fund	4,299,815	5,594,265	9,894,080
Operating reserve fund	-	8,049,617	8,049,617
Capital outlay fund	-	13,847,434	13,847,434
Unrestricted	<u>3,573,134</u>	<u>30,785,421</u>	<u>34,358,555</u>
 Total net position	 <u>\$ 158,108,149</u>	 <u>\$ 210,685,460</u>	 <u>\$ 368,793,609</u>

Functions/programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 12,654,430	\$ 718,155	\$ 82,894	\$ -	\$ (11,853,381)	\$ -	\$ (11,853,381)
Public safety	69,209,163	702,977	10,800,837	-	(57,705,349)	-	(57,705,349)
Highways and streets	17,223,378	-	10,064,913	4,100,000	(3,058,465)	-	(3,058,465)
Community and economic development	33,801,755	698,252	3,840,926	-	(29,262,577)	-	(29,262,577)
Culture and recreation	26,076,331	4,356,659	1,459,168	-	(20,260,504)	-	(20,260,504)
Interest on long-term debt	5,718,172	-	-	-	(5,718,172)	-	(5,718,172)
Total governmental activities	164,683,229	6,476,043	26,248,738	4,100,000	(127,858,448)	-	(127,858,448)
Business-type activities:							
Water utility	14,788,847	17,183,460	-	-	-	2,394,613	2,394,613
Wastewater utility	25,744,139	39,931,429	-	-	-	14,187,290	14,187,290
Century center	5,287,797	3,258,017	278,112	-	-	(1,751,668)	(1,751,668)
Consolidated building	4,136,837	2,044,582	-	-	-	(2,092,255)	(2,092,255)
Parking garage	1,565,351	1,323,524	-	-	-	(241,827)	(241,827)
Solid waste	5,467,986	5,471,364	-	-	-	3,378	3,378
Emergency medical services	8,987,340	6,727,643	-	-	-	(2,259,697)	(2,259,697)
Total business-type activities	65,978,297	75,940,019	278,112	-	-	10,239,834	10,239,834
Total primary government	\$ 230,661,526	\$ 82,416,062	\$ 26,526,850	\$ 4,100,000	(127,858,448)	10,239,834	(117,618,614)
General revenue:							
Taxes:							
Property taxes					80,155,902	-	80,155,902
Income taxes					32,911,525	-	32,911,525
Hotel/motel taxes					616,437	1,275,000	1,891,437
Unrestricted state-shared revenue:							
State-shared revenue					4,819,125	-	4,819,125
Unrestricted investment income					3,304,646	1,088,896	4,393,542
Gain on sale of capital assets					-	-	-
Other miscellaneous income					10,523,004	-	10,523,004
Total general revenue					132,330,639	2,363,896	134,694,535
Transfers					5,229,661	(5,229,661)	-
Change in Net Position					9,701,852	7,374,069	17,075,921
Net Position - Beginning of year (restated)					148,406,297	203,311,391	351,717,688
Net Position - End of year					\$ 158,108,149	\$ 210,685,460	\$ 368,793,609

Governmental Funds
Balance Sheet

December 31, 2018

	General Fund	Parks and Recreation	Public Safety LOIT	COIT	EDIT
Assets					
Cash and cash equivalents	\$ 13,043,827	\$ 2,807,237	\$ 653,125	\$ 3,934,490	\$ 5,046,473
Investments	25,811,080	5,471,022	1,300,817	7,836,252	10,050,968
Receivables:					
Taxes	-	-	-	-	-
Accounts	316,634	30,546	-	-	-
Interest	102,128	21,501	5,319	32,854	42,025
Intergovernmental	117,234	-	-	-	-
Loans	-	-	-	-	-
Due from other funds	21,833	-	-	-	-
Advances to other funds	425,680	-	-	480,253	-
Inventory	-	22,322	-	-	-
Property held for resale	-	-	-	175,000	270,001
Restricted assets	-	-	-	-	-
Total assets	\$ 39,838,416	\$ 8,352,628	\$ 1,959,261	\$ 12,458,849	\$ 15,409,467
Liabilities					
Accounts payable	\$ 115,530	\$ 816,108	\$ -	\$ 823,457	\$ 136,947
Due to other funds	12,908	7,132	-	-	-
Advances from other funds	-	-	-	-	-
Performance deposits payable	70,650	-	-	-	6,000
Accrued liabilities and other:					
Accrued payroll payable	990,701	130,362	122,184	-	-
Taxes payable	652	-	-	-	-
Other current payables	18,175	3,565	-	-	-
Total liabilities	1,208,616	957,167	122,184	823,457	142,947
Fund Balances					
Nonspendable	425,680	22,322	-	-	-
Restricted	-	7,373,139	1,837,077	-	-
Committed	-	-	-	-	-
Assigned	820,914	-	-	11,635,392	15,266,520
Unassigned	37,383,206	-	-	-	-
Total fund balances	38,629,800	7,395,461	1,837,077	11,635,392	15,266,520
Total liabilities and fund balances	\$ 39,838,416	\$ 8,352,628	\$ 1,959,261	\$ 12,458,849	\$ 15,409,467

Governmental Funds
Balance Sheet (Continued)

December 31, 2018

	Rainy Day	River West TIF	Nonmajor Funds	Total
Assets				
Cash and cash equivalents	\$ 3,489,519	\$ 11,835,531	\$ 49,066,330	\$ 89,876,532
Investments	6,950,012	19,830,107	54,669,267	131,919,525
Receivables:			-	
Taxes	-	-	133,911	133,911
Accounts	-	-	101,659	448,839
Interest	29,195	80,494	228,610	542,126
Intergovernmental	-	-	661,207	778,441
Loans	-	695,000	6,183,545	6,878,545
Due from other funds	-	1,761	21,833	45,427
Advances to other funds	-	-	2,981,424	3,887,357
Inventory	-	-	-	22,322
Property held for resale	-	6,763,721	2,814,323	10,023,045
Restricted assets	-	-	-	-
Total assets	\$ 10,468,726	\$ 39,206,614	\$ 116,862,109	\$ 244,556,070
Liabilities				
Accounts payable	\$ -	\$ 905,937	\$ 2,879,810	\$ 5,677,789
Due to other funds	-	43,666	1,761	65,467
Advances from other funds	-	200,000	3,687,357	3,887,357
Performance deposits payable	-	18,525	6,000	101,175
Accrued liabilities and other:				-
Accrued payroll payable	-	-	120,651	1,363,898
Taxes payable	-	-	-	652
Other current payables	-	30,000	29,262	81,002
Total liabilities	-	1,198,128	6,724,841	11,177,340
Fund Balances				
Nonspendable	-	-	-	448,002
Restricted	-	38,008,486	105,590,419	152,809,121
Committed	-	-	3,209,500	3,209,500
Assigned	10,468,726	-	1,337,349	39,528,901
Unassigned	-	-	-	37,383,206
Total fund balances	10,468,726	38,008,486	110,137,268	233,378,730
Total liabilities and fund balances	\$ 10,468,726	\$ 39,206,614	\$ 116,862,109	\$ 244,556,070

Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2018

Fund Balance Reported in Governmental Funds	\$ 233,378,730
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 are not reported in the funds	264,791,886
Prepaid expenses are not available to pay for current period expenditures, and therefore are deferred in the funds	15,853
Deferred outflows of resources related to pensions are not available to pay for current period expenditures, and therefore are reported in the funds	12,578,380
Net pension assets are not available to pay for current period expenditures, and therefore are not reported in the funds	3,021,911
Deferred outflows on refunding are not due and payable in the current period and are not reported in the funds	1,976,132
Deferred inflows related to OPEB are not due and payable in the current period and are not reported in the funds	1,367,265
Notes and loans payable, mortgage bonds payable, revenue bonds payable, and capital leases are not due and payable in the current period and are not reported in the funds	(163,150,959)
Accrued interest is not due and payable in the current period and is not reported in the funds	(2,179,390)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(6,082,068)
Net pension liabilities do not present a claim on current financial resources and are not reported as fund liabilities	(163,536,593)
Deferred inflows of resources related to pensions do not present a claim on current financial resources and are not reported as fund liabilities	(11,431,450)
Total OPEB liability does not present a claim on current financial resources and is not reported as fund liability	(23,206,087)
Deferred inflows of resources related to OPEB do not present a claim on current financial resources and are not reported as fund liabilities	(7,996,270)
Internal service funds are included as part of governmental activities	<u>18,560,809</u>
Net Position of Governmental Activities	<u>\$ 158,108,149</u>

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2018

	General	Parks and Recreation	Public Safety LOIT	COIT	EDIT
Revenue					
Property taxes	\$ 40,719,333	\$ 9,591,899	\$ -	\$ -	\$ -
Income taxes	-	-	8,487,336	12,339,734	12,084,455
Hotel/motel taxes	-	-	-	-	-
Licenses and permits	245,956	-	-	-	-
Intergovernmental	15,252,213	1,393,356	-	-	-
Charges for services	1,648,729	1,716,415	-	-	-
Fines and forfeitures	19,931	-	-	-	354,660
Investment income	487,383	85,518	23,056	187,535	266,451
Other revenue	7,664,710	378,579	-	171,375	2,109
Total revenue	66,038,255	13,165,767	8,510,392	12,698,644	12,707,675
Expenditures					
Current:					
General government	5,848,345	-	-	4,757,144	1,757,592
Public safety	60,754,751	-	7,553,570	3,566,142	2,395,284
Highways and streets	1,498,784	-	-	133,216	-
Community and economic development	-	-	-	-	-
Culture and recreation	1,366,691	14,253,607	-	-	-
Bond issuance costs	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	172,668	352,676	-	1,519,775	130,635
Interest on long-term debt	11,824	33,900	-	126,667	68,331
Total expenditures	69,653,063	14,640,183	7,553,570	10,102,944	4,351,842
Excess of Revenue (Under) Over Expenditures	(3,614,808)	(1,474,416)	956,822	2,595,700	8,355,833
Other Financing Sources (Uses)					
Debt proceeds	-	351,760	-	2,240,968	-
Premium on debt	-	-	-	-	-
Proceeds from sale of capital assets	39,261	20,194	-	-	596,073
Transfers in	6,760,910	2,345,845	-	324,159	-
Transfers out	(21,823)	-	-	(2,824,261)	(6,572,551)
Total other financing sources (uses)	6,778,348	2,717,799	-	(259,134)	(5,976,478)
Net Change in Fund Balances	3,163,540	1,243,383	956,822	2,336,566	2,379,355
Fund Balances - Beginning of year	35,466,260	6,152,078	880,255	9,298,826	12,887,165
Fund Balances - End of year	\$ 38,629,800	\$ 7,395,461	\$ 1,837,077	\$ 11,635,392	\$ 15,266,520

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances
(Continued)

Year Ended December 31, 2018

	Rainy Day	River West TIF	Nonmajor Funds	Total
Revenue				
Property taxes	\$ -	\$ 17,896,032	\$ 11,948,638	\$ 80,155,902
Income taxes	-	-	-	32,911,525
Hotel/motel taxes	-	395,000	221,437	616,437
Licenses and permits	-	-	-	245,956
Intergovernmental	-	4,100,000	14,422,294	35,167,863
Charges for services	-	3,220	2,366,887	5,735,251
Fines and forfeitures	-	-	120,245	494,836
Investment income	187,321	498,401	1,568,981	3,304,646
Other revenue	-	329,906	1,976,325	10,523,004
	<u>187,321</u>	<u>23,222,559</u>	<u>32,624,807</u>	<u>169,155,420</u>
Expenditures				
Current:				
General government	-	-	400,145	12,763,226
Public safety	-	-	1,260,304	75,530,051
Highways and streets	-	-	15,274,126	16,906,126
Community and economic development	-	14,374,491	7,804,782	22,179,273
Culture and recreation	-	-	977,466	16,597,764
Bond issuance costs	-	-	165,885	165,885
Capital outlay	-	-	23,240,519	23,240,519
Debt service:				
Principal	-	2,706,409	8,252,562	13,134,725
Interest on long-term debt	-	1,025,682	4,416,025	5,682,429
	<u>-</u>	<u>18,106,582</u>	<u>61,791,814</u>	<u>186,199,998</u>
Total expenditures	<u>-</u>	<u>18,106,582</u>	<u>61,791,814</u>	<u>186,199,998</u>
Excess of Revenue (Under) Over Expenditures	<u>187,321</u>	<u>5,115,977</u>	<u>(29,167,007)</u>	<u>(17,044,578)</u>
Other Financing Sources (Uses)				
Debt proceeds	-	-	23,508,368	26,101,096
Premium on refunding debt	-	-	479,608	479,608
Proceeds from sale of capital assets	-	-	287,088	942,616
Transfers in	-	47,597	18,718,777	28,197,288
Transfers out	-	(4,267,975)	(8,841,878)	(22,528,488)
	<u>-</u>	<u>(4,220,378)</u>	<u>34,151,963</u>	<u>33,192,120</u>
Total other financing sources (uses)	<u>-</u>	<u>(4,220,378)</u>	<u>34,151,963</u>	<u>33,192,120</u>
Net Change in Fund Balances	187,321	895,599	4,984,956	16,147,542
Fund Balances - Beginning of year	<u>10,281,405</u>	<u>37,112,887</u>	<u>105,152,312</u>	<u>217,231,188</u>
Fund Balances - End of year	<u>\$ 10,468,726</u>	<u>\$ 38,008,486</u>	<u>\$ 110,137,268</u>	<u>\$ 233,378,730</u>

Governmental Funds

Reconciliation of the Statement of Revenue, Expenditures, and Changes
in Fund Balances of Governmental Funds

Year Ended December 31, 2018

Net Change in Fund Balances - Total governmental funds	\$ 16,147,542
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	20,320,068
Depreciation expense	(19,524,511)
Net book value of assets disposed of and transferred	(2,370,047)
Prepaid expenses recorded in the statement of net position do not require the use of current financial resources, and therefore are not reported in the fund statements	(101,894)
Debt proceeds (from notes and loans payable, mortgage bonds payable, revenue bonds payable, and capital leases) provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(26,101,096)
Premium on debt proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(479,608)
Repayment of debt principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	13,134,725
Other adjustments related to debt premiums, discounts, deferred inflows, and deferred outflows	198,979
Changes in accrued interest payable and other	(235,174)
Changes in compensated absences reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	(850,730)
Changes in the total OPEB liability reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	(1,094,798)
Changes in the net pension asset, net pension liabilities, and related deferred inflows and outflows reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	9,685,762
Internal service funds are included as part of governmental activities - Net change in position	972,634
Change in Net Position of Governmental Activities	\$ 9,701,852

Proprietary Funds
Statement of Net Position
December 31, 2018

	Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Nonmajor Enterprise	Total	Proprietary Internal Service
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,543,682	\$ 5,068,929	\$ 1,517,429	\$ 2,688,429	\$ 10,818,469	\$ 6,920,017
Investments	3,074,522	10,095,693	15,523	5,354,494	18,540,232	13,712,322
Receivables:						
Accounts	897,909	2,428,638	261,108	1,875,096	5,462,751	104,094
Interest	38,177	90,720	50	28,993	157,940	57,782
Allowance for doubtful accounts	(50,000)	(85,100)	-	(25,000)	(160,100)	-
Due from other funds	29,996	10,380	-	-	40,376	-
Inventory	907,252	210,324	34,782	-	1,152,358	870,617
Prepaid expenses	6,366	8,696	15,023	8,859	38,944	839,830
Total current assets	6,447,904	17,828,280	1,843,915	9,930,871	36,050,970	22,504,662
Noncurrent assets:						
Restricted assets	8,999,654	22,309,706	857,363	2,861,183	35,027,906	457,020
Capital assets:						
Assets not subject to depreciation	807,908	17,774,284	713,434	1,159,420	20,455,046	-
Assets subject to depreciation	53,506,827	135,304,004	16,320,861	12,892,149	218,023,841	1,285,927
Total noncurrent assets	63,314,389	175,387,994	17,891,658	16,912,752	273,506,793	1,742,947
Total assets	69,762,293	193,216,274	19,735,573	26,843,623	309,557,763	24,247,609
Deferred Outflows of Resources -						
Unamortized loss on refunding	78,870	1,670,947	-	-	1,749,817	-
Liabilities						
Current liabilities:						
Accounts payable	413,677	851,222	65,517	341,180	1,671,596	974,254
Due to other governmental units	-	-	-	8,588	8,588	-
Due to other funds	10,380	1,585	4,204	2,952	19,121	1,215
Performance deposits payable	-	-	-	8,250	8,250	-
Accrued liabilities and other:						
Accrued payroll payable	104,734	134,684	17,073	196,301	452,792	102,455
Accrued interest payable	292,158	165,768	-	93,235	551,161	3,696
Customer deposits payable	1,318,152	204,693	82,794	-	1,605,639	-
Unearned revenue	402	-	-	-	402	-
Other current payables	53,095	-	97,467	44,147	194,709	-
Compensated absences	179,331	155,886	35,245	334,912	705,374	234,070
Notes and loans payable	43,962	171,732	-	-	215,694	-
Mortgage bonds payable	-	75,645	-	235,000	310,645	-
Claims payable	-	-	-	-	-	3,058,641
Capital leases	396,773	564,025	-	1,454,735	2,415,533	336,106
Revenue bonds payable	2,875,000	5,760,000	-	-	8,635,000	-
Total current liabilities	5,687,664	8,085,240	302,300	2,719,300	16,794,504	4,710,437
Noncurrent liabilities:						
Notes and loans payable	267,688	1,748,401	-	-	2,016,089	-
Mortgage bonds payable	-	119,466	-	4,521,868	4,641,334	-
Capital leases	899,736	1,006,633	-	3,672,803	5,579,172	976,363
Revenue bonds payable	12,776,340	58,766,764	-	-	71,543,104	-
Total noncurrent liabilities	13,943,764	61,641,264	-	8,194,671	83,779,699	976,363
Total liabilities	19,631,428	69,726,504	302,300	10,913,971	100,574,203	5,686,800

Proprietary Funds
Statement of Net Position (Continued)

December 31, 2018

	Enterprise Funds				Total	Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Nonmajor Enterprise		Proprietary Internal Service
Deferred Inflows of Resources						
Unamortized service agreement	\$ -	\$ -	\$ 47,917	\$ -	\$ 47,917	\$ -
Total deferred inflows of resources	-	-	47,917	-	47,917	-
Net Position						
Net investment in capital assets	37,134,241	86,894,283	17,034,295	4,900,525	145,963,344	1,252,541
Restricted:						
Debt service fund	1,726,068	963,678	-	-	2,689,746	-
Customer repair and deposit fund	1,503,325	2,014,803	-	-	3,518,128	-
Cash with fiscal agent	32,903	77,844	-	126,758	237,505	-
Bond reserve fund	1,390,019	4,204,246	-	-	5,594,265	-
Operating reserve fund	2,663,671	5,385,946	-	-	8,049,617	-
Capital outlay fund	1,888,226	9,100,782	857,363	2,001,063	13,847,434	-
Unrestricted	3,871,282	16,519,135	1,493,698	8,901,306	30,785,421	17,308,268
Total net position	\$ 50,209,735	\$ 125,160,717	\$ 19,385,356	\$ 15,929,652	\$ 210,685,460	\$ 18,560,809

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position
December 31, 2018

	Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Nonmajor Enterprise	Total	Proprietary Internal Service
Operating Revenue						
Metered revenue	\$ 11,234,087	\$ 38,905,147	\$ -	\$ -	\$ 50,139,234	\$ -
Convention fees	-	-	3,152,698	-	3,152,698	-
Fire protection revenue	2,302,252	-	-	-	2,302,252	-
Licenses and permits	-	-	-	1,978,856	1,978,856	-
Interest and penalty charges	75,174	551,447	-	-	626,621	-
Parking fees	-	-	100,724	1,289,639	1,390,363	-
Solid waste fees	-	-	-	5,408,816	5,408,816	-
Employee/Employer contributions	-	-	-	-	-	27,074,744
Charges for sales and services	-	-	-	6,702,767	6,702,767	8,201,435
Water leak insurance revenue	1,023,089	-	-	-	1,023,089	-
Charges to other funds	1,390,950	53,107	-	-	1,444,057	-
Other	741,731	421,728	4,595	187,035	1,355,089	1,311,668
Total operating revenue	16,767,283	39,931,429	3,258,017	15,567,113	75,523,842	36,587,847
Operating Expenses						
Cost of water	6,452,869	-	-	-	6,452,869	-
Cost of sewage treatment	-	12,525,253	-	-	12,525,253	-
Other operation and maintenance	-	-	-	15,586,057	15,586,057	15,281,285
General and administration	2,368,950	3,692,863	4,242,566	1,511,933	11,816,312	850,522
Insurance claims and premiums	-	-	-	-	-	19,237,014
Plumbing contractors	810,322	-	-	-	810,322	-
Customer service	2,133,943	-	-	-	2,133,943	-
Depreciation	2,012,849	7,337,086	1,045,231	1,664,246	12,059,412	131,823
Total operating expenses	13,778,933	23,555,202	5,287,797	18,762,236	61,384,168	35,500,644
Operating Income (Loss)	2,988,350	16,376,227	(2,029,780)	(3,195,123)	14,139,674	1,087,203
Nonoperating Revenue (Expenses)						
Investment income	188,877	681,805	2,020	216,194	1,088,896	356,652
Hotel/Motel tax revenue	-	-	1,275,000	-	1,275,000	-
Interest expense	(618,348)	(2,183,941)	-	(262,826)	(3,065,115)	(32,077)
(Loss) gain on sale of assets	(391,566)	(4,996)	-	(1,132,452)	(1,529,014)	(5)
Other nonoperating revenue (expenses)	29,448	-	-	-	29,448	-
Total nonoperating revenues (expenses)	(791,589)	(1,507,132)	1,277,020	(1,179,084)	(2,200,785)	324,570
Income (Loss) - Before contributions and transfers	2,196,761	14,869,095	(752,760)	(4,374,207)	11,938,889	1,411,773
Capital Contributions - Other capital contributions	386,729	-	278,112	-	664,841	-
Transfers In	-	368,196	-	1,069,457	1,437,653	-
Transfers Out	(1,730,831)	(4,601,656)	(85,909)	(248,918)	(6,667,314)	(439,139)
Change in Net Position	852,659	10,635,635	(560,557)	(3,553,668)	7,374,069	972,634
Net Position - Beginning of year (as restated)	49,357,076	114,525,082	19,945,913	19,483,320	203,311,391	17,588,175
Net Position - End of year	\$ 50,209,735	\$ 125,160,717	\$ 19,385,356	\$ 15,929,652	\$ 210,685,460	\$ 18,560,809

Proprietary Funds
Statement of Cash Flows
Year Ended December 31, 2018

	Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Nonmajor Enterprise	Total	Proprietary Internal Service Fund
Cash flows from operating activities						
Receipts from customers and users	\$ 15,151,036	\$ 40,541,502	\$ 3,168,170	\$ 16,847,367	\$ 75,708,075	\$ 4,529,967
Receipts from interfund services and reimbursements	1,391,119	45,777	-	-	1,436,896	32,057,100
Payments to suppliers	(5,565,342)	(7,506,811)	(3,614,351)	(5,765,897)	(22,452,401)	(28,559,648)
Payments to employees	(5,076,681)	(7,555,402)	(451,286)	(9,299,254)	(22,382,623)	(5,562,693)
Internal activity - payments to other funds	(1,388,990)	(3,513,511)	(122,905)	(1,930,521)	(6,955,927)	(552,458)
Internal activity - payments from other funds	-	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>4,511,142</u>	<u>22,011,555</u>	<u>(1,020,372)</u>	<u>(148,305)</u>	<u>25,354,020</u>	<u>1,912,268</u>
Cash flows from noncapital financing activities						
Transfers from other funds	-	368,196	-	1,042,478	1,410,674	-
Hotel/motel tax	-	-	1,275,000	-	1,275,000	-
Transfers to other funds	(1,730,831)	(4,601,656)	(85,909)	(221,939)	(6,640,335)	(439,139)
Other nonoperating revenue	<u>29,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,448</u>	<u>-</u>
Net cash (used in) provided by noncapital financing activities	<u>(1,701,383)</u>	<u>(4,233,460)</u>	<u>1,189,091</u>	<u>820,539</u>	<u>(3,925,213)</u>	<u>(439,139)</u>
Cash flows from capital and related financing activities						
Proceeds from capital debt						
Contributions	386,729	-	-	-	386,729	-
Proceeds from capital debt issued for future capital purchase	-	-	-	2,866,215	2,866,215	1,138,025
Proceeds from sales of capital assets	4,094	22,310	-	26,312	52,716	3,266
Purchase of capital assets	(834,656)	(4,497,146)	-	(2,716,628)	(8,048,430)	(8,905)
Principal paid on capital debt	(394,873)	(7,821,444)	-	(1,556,584)	(9,772,901)	(223,558)
Interest paid on capital debt	(319,700)	(2,033,062)	-	(275,200)	(2,627,962)	(29,451)
Debt service charge	-	-	-	-	-	-
Net cash (used in) provided by capital and related financing activities	<u>(1,158,406)</u>	<u>(14,329,342)</u>	<u>-</u>	<u>(1,655,885)</u>	<u>(17,143,633)</u>	<u>879,377</u>
Cash flows from investing activities						
Interest received on investments	172,327	645,890	1,970	208,317	1,028,504	330,920
Proceeds from sale and maturities of investment securities	<u>(1,260,662)</u>	<u>(1,276,846)</u>	<u>(15,523)</u>	<u>1,165,985</u>	<u>(1,387,046)</u>	<u>(1,794,046)</u>
Net cash provided by (used in) investing activities	<u>(1,088,335)</u>	<u>(630,956)</u>	<u>(13,553)</u>	<u>1,374,302</u>	<u>(358,542)</u>	<u>(1,463,126)</u>
Net increase in cash and cash equivalents	563,018	2,817,797	155,166	390,651	3,926,632	889,380
Cash and cash equivalents - beginning of year	<u>3,874,612</u>	<u>12,933,552</u>	<u>2,219,626</u>	<u>3,826,774</u>	<u>22,854,564</u>	<u>6,487,657</u>
Cash and cash equivalents - end of year	<u>\$ 4,437,630</u>	<u>\$ 15,751,349</u>	<u>\$ 2,374,792</u>	<u>\$ 4,217,425</u>	<u>\$ 26,781,196</u>	<u>\$ 7,377,037</u>

Proprietary Funds
Statement of Cash Flows (Continued)
Year Ended December 31, 2018

	Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Nonmajor Enterprise	Total	Proprietary Internal Service Fund
Classification of cash and cash equivalents						
Cash and investments	\$ 4,618,204	\$ 15,164,622	\$ 1,532,952	\$ 8,042,923	\$ 29,358,701	\$ 20,632,339
Restricted cash and investments	8,999,654	22,309,706	857,363	2,861,183	35,027,906	457,020
Less amounts classified as investments	<u>(9,180,228)</u>	<u>(21,722,979)</u>	<u>(15,523)</u>	<u>(6,686,681)</u>	<u>(37,605,411)</u>	<u>(13,712,322)</u>
Total cash and cash equivalents	<u>\$ 4,437,630</u>	<u>\$ 15,751,349</u>	<u>\$ 2,374,792</u>	<u>\$ 4,217,425</u>	<u>\$ 26,781,196</u>	<u>\$ 7,377,037</u>
Reconciliation of operating income (loss) to net cash from operating activities						
Operating income (loss)	\$ 2,988,350	\$ 16,376,227	\$ (2,029,780)	\$ (3,195,123)	\$ 14,139,674	\$ 1,087,203
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	2,012,849	7,337,086	1,045,231	1,664,246	12,059,412	131,823
Changes in assets and liabilities:						
Receivables	(25,491)	463,257	(56,076)	1,267,298	1,648,988	(3,957)
Due from other funds	169	(7,330)	-	-	(7,161)	3,178
Inventory	(411,931)	(54,386)	2,134	-	(464,183)	21,549
Prepaid expenses and other assets	22,838	25,360	6,271	21,025	75,494	(328,444)
Accounts payable	121,909	(2,216,763)	(60,289)	(54,057)	(2,209,200)	78,630
Due to other governments	-	-	-	(66,705)	(66,705)	-
Performance deposit	-	-	-	(3,750)	(3,750)	-
Due to other funds	7,119	914	1,444	(548)	8,929	(1,223)
Accrued liabilities and other	9,068	-	52,146	12,956	74,170	-
Accrued payroll payable	16,701	(13,539)	17,073	36,222	56,457	13,054
Compensated absences payable	(30,633)	(99,194)	35,245	170,131	75,549	(38,425)
Customer deposits	(198,137)	204,693	(33,771)	-	(27,215)	-
Unearned revenue	(1,669)	(4,770)	-	-	(6,439)	-
Estimate of unfiled claims	-	-	-	-	-	948,880
Net cash provided by (used in) operating activities	<u>\$ 4,511,142</u>	<u>\$ 22,011,555</u>	<u>\$ (1,020,372)</u>	<u>\$ (148,305)</u>	<u>\$ 25,354,020</u>	<u>\$ 1,912,268</u>
Significant noncash transactions						
Capital assets disposed (at cost)	\$ (1,005,066)	\$ (2,053,227)	\$ (329,181)	\$ (1,668,872)	\$ (5,056,346)	\$ (219,365)
Capital asset contribution	-	-	278,112	-	278,112	-
Work in progress completed transferred to capital assets	-	5,011,137	-	-	5,011,137	-
Accumulated depreciation on disposals of capital assets	609,406	2,025,921	329,181	510,108	3,474,616	216,093

Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2018

	Pension Trust Funds	Private- Purpose Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	\$ 421,376	\$ 161,717	\$ 3,389,966
Investments			
U.S. Treasuries	839,248	322,088	-
Receivables - Accounts	893	-	-
Receivables - Interest	4,013	1,353	-
Total assets	1,265,530	485,158	\$ 3,389,966
Liabilities			
Accounts payable	421	-	\$ -
Accrued liabilities and other	372	-	324,526
Customer deposits payable	-	-	2,226,914
Police distribution payable	-	-	838,526
Total liabilities	793	-	\$ 3,389,966
Net Position for Pension Benefits and Other Purposes	\$ 1,264,737	\$ 485,158	

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2018

	Pension Trust Funds	Private- Purpose Trust Fund
Additions		
Investment income - Interest and dividends	\$ 22,815	\$ 682
Contributions:		
On behalf	10,699,527	-
Other	11,665	31,207
Total contributions	10,711,192	31,207
Total additions	10,734,007	31,889
Deductions		
Benefit payments	10,792,236	-
Administrative expenses	28,608	-
Total deductions	10,820,844	-
Net (Decrease) Increase in Net Position	(86,837)	31,889
Net Position - Beginning of year	1,351,574	453,269
Net Position - End of year	\$ 1,264,737	\$ 485,158

Note 1 - Significant Accounting Policies***Reporting Entity***

The City of South Bend (the "City") was established under the laws of the State of Indiana and operates under a Council-Mayor form of government. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations.

Blended Component Units

The South Bend Redevelopment Authority is a significant blended component unit of the City. Although it is legally separate from the City, the Redevelopment Authority is reported as if it were part of the City because its sole purpose is to finance and construct land, building, and other improvements for use by the City. Financial statements for the Redevelopment Authority are available at the City Controller's Office, City of South Bend, 227 West Jefferson, 12th Floor County-City Building, South Bend, Indiana 46601.

The South Bend Building Corporation, Inc. is also a legally separate nonprofit corporation and a significant blended component unit of the City. The Building Corporation is reported as if it were part of the City because its main purpose is to finance construction and remodeling of City buildings. Debt of the Building Corporation is repaid through lease payments from the City. Financial statements for the Building Corporation are available at the City Controller's Office, City of South Bend, 227 West Jefferson, 12th Floor County-City Building, South Bend, Indiana 46601.

Related Organizations

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The mayor and the Common Council appoint the board members of the South Bend Housing Authority, South Bend Public Transportation Corporation (TRANSPO), Urban Enterprise Association, St. Joseph County Housing Consortium, and the Saint Joseph County Board of Managers for Hotel-Motel Tax.

Accounting and Reporting Principles

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the City:

Note 1 - Significant Accounting Policies (Continued)***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital project funds. The City reports the following funds as "major" governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

Note 1 - Significant Accounting Policies (Continued)

- The Parks and Recreation Fund is used to account for the operation of the City park system. Financing is provided by a specific annual property tax levy to the extent that user fees and miscellaneous revenues are insufficient to provide such financing.
- The Public Safety Local Option Income Tax (LOIT) Fund is used to account for the City's share of the public safety local option income tax. Expenditures are restricted to public safety.
- The County Option Income Tax (COIT) Fund is used to account for the City's share of the county option income tax. Expenditures include any lawful purpose of the City.
- The Economic Development Income Tax (EDIT) Fund is to account for the City's share of the County Economic Development Tax. Expenditures include any lawful purpose of the City.
- The Rainy Day fund is for unused and unencumbered funds that are transferred from a fund that has a tax levy. Revenues in this fund also include special distributions of county option income tax (COIT) and county economic development income tax (CEDIT).
- The River West TIF (Tax Incremental Financing) Fund is used to account for public improvement projects in the river west economic development area. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of property in the district before redevelopment.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following funds as "major" enterprise funds:

- The Water Utility Fund accounts for the operation of the City's water distribution system.
- The Wastewater Utility Fund accounts for the operation of the City's wastewater treatment plant, pumping stations, and collection systems.
- The Century Center Fund accounts for the operation and maintenance of the City's convention center. Financing is received from various user fees for conventions, meetings, and other events held at the civic center and a subsidy from the St. Joseph County's Special Funds Board of Managers.

The City's internal service funds are used to account for various City liability coverage, employee medical coverage, police officers' take home vehicle, innovation & technology/311 call center, unemployment claims, parental leave program, and central services such as fuel, vehicle repairs, and various supplies provided to other departments on a cost-reimbursement basis. The activities are accounted for on a full accrual basis, so that the full costs are recognized and allocated to the various funds in the year that the costs are incurred.

Note 1 - Significant Accounting Policies (Continued)***Fiduciary Funds***

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include the following:

- The pension trust funds account for the activities of the 1925 Police and 1937 Fire Pension Funds which accumulate resources for pension benefit payments.
- The Private-Purpose Trust Funds report a trust arrangement under which principal and income benefit cemetery maintenance.
- The agency funds account for assets held by the City as an agent for employee payroll, pension, and payroll deductions, held for an entertainment center's event deposits, and collected by the South Bend Police Department from asset seizures.

Interfund Activity

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the governmentwide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Note 1 - Significant Accounting Policies (Continued)

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: property taxes, franchise taxes, licenses, and interest associated with the current fiscal period.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows.

Specific Balances and Transactions***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments

State statute (IC 5-13-9) authorizes the City to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Nonparticipating certificates of deposit, demand deposits, and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost. A "nonparticipating" instrument is one that does not recognize market fluctuations in its valuation.

Debt securities are reported at fair value. Debt securities are defined as securities backed by the full faith and credit of the United States Treasury or fully insured or guaranteed by the United States or any United States government agency.

Open-end mutual funds are reported at fair value.

Money market investments are reported fair value.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Note 1 - Significant Accounting Policies (Continued)

Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Restricted assets also include customer deposits, operating reserves, capital outlay accounts, and debt service reserve funds.

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The City has implemented retroactive reporting of its infrastructure as of December 31, 2006.

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All land purchases are capitalized regardless of acquisition price. Land is never depreciated.

Major outlays for capital assets and improvements are capitalized when projects have completed the construction phase. The City has implemented GASB 89 for the year ended December 31, 2018 and no interest was capitalized during the construction of capital assets of business-type activities.

Infrastructure, intangibles, buildings, equipment, roads, and vehicles are depreciated using the straight line method over the following useful lives:

<u>Capital Asset Class</u>	<u>Capitalization Threshold</u>	<u>Lives (in years)</u>
Buildings and improvements	\$ 100,000	20 - 30
Large office equipment	10,000	5 - 10
Vehicles and other equipment	10,000	5 - 20
Roads - Collectors and residential	250,000	40 - 50
Utilities infrastructure (large)	250,000	30 - 99

Note 1 - Significant Accounting Policies (Continued)***Long-term Obligations***

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. Net position restricted for debt service and for capital outlay shown in the business-type activities and in the enterprise funds are restricted pursuant to state statute and/or local ordinance.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has three items that qualify for reporting in this category. The deferred charge on refunding, deferred charges on pensions, and deferred charges on other postemployment benefits (OPEB) that are reported in the governmental activities statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources are recorded with respect to pensions per GASB Statement No. 68 and OPEB per GASB Statement No. 75.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The City has three items that qualify for reporting in this category: an unamortized amount related to a service agreement, deferred inflows related to pensions per GASB Statement No. 68 and deferred inflows related to OPEB per GASB Statement No. 75.

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note 1 - Significant Accounting Policies (Continued)***Fund Balance Flow Assumptions***

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Nonspendable fund balances include items that cannot be spent. This includes activity that is not in a spendable form (primarily inventory, although in the General Fund this may include long-term portions of loans, advances to other funds, and property held for resale) and activity that is legally or contractually required to remain intact, such as principal balances in a permanent fund.

Restricted fund balances have constraints placed upon the use of the resources either by an external party such as a grantor or creditor or imposed by law through constitutional provisions or enabling legislation.

Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action by the South Bend Common Council, for all non-TIF Funds, or by the South Bend Redevelopment Commission for TIF Funds. This formal action is the passage of an ordinance by the Council or resolution by the Commission specifying the purposes for which the funds can be used. The same type of formal action is necessary to remove or change the specified use. The South Bend Common Council is the highest level of decision-making authority for the non-TIF Funds. The South Bend Redevelopment Commission is the highest level of decision-making authority for the TIF Funds.

Assigned fund balances include amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For the governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed. Currently, state statute does not require the City's Common Council to undertake any resolution regarding the assignment of fund balances. Assignments of fund balance are imposed by informal action of the City Controller. Formal action by a governing body is not required to assign fund balances.

Note 1 - Significant Accounting Policies (Continued)

The unassigned fund balance is the residual amount of the General Fund not included in the four categories above. Only the General Fund may report a positive unassigned fund balance whereas other governmental funds may need to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

The fund balance policy proscribes the minimum fund balance as noted below. This is deemed to be the prudent amount to maintain the City's ability to meet obligations as they come due throughout the year.

- General: 35 percent of annual expenditures
- COIT: 50 percent of annual expenditures
- EDIT: 50 percent of annual expenditures
- Water operating: 5 percent of annual expenditures
- Wastewater operating: 5 percent of annual expenditures
- Other: generally 25 percent of annual expenditures

The detail of the fund balance classifications of the governmental funds for the year ended December 31, 2018 can be found in Note 16.

Property Tax Revenue

Property taxes levied are collected by the County Treasurer and are usually distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates are based on the taxable valuation of property as of the preceding January 1. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively, at which time penalties and interest are assessed.

Pension

The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1 - Significant Accounting Policies (Continued)***Other Postemployment Benefit Costs***

The City offers retiree healthcare benefits to retirees. For purposes of measuring the total OPEB liability in the government-wide financial statements, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about the fiduciary net position of the The City of South Bend Retiree Healthcare Plan (SBRHP) have been determined on the same basis as they are reported by SBRHP.

Compensated Absences (Vacation and Sick Leave)

- Sick Leave - City employees earn sick leave at the rate of four to eight days per year, depending upon employee classification and length of service. Police officers, teamsters, 40-hour-per-week firefighters, and all other employees earn eight sick days per year, regardless of tenure of service. Firefighters working 24-hour workdays with tenure greater than five years earn five days of sick leave per year, and firefighters working 24-hour workdays with tenure less than five years, earn four days of sick leave per year. Sick leave may accumulate to a maximum 90 days for police officers, 100 days for 40-hour-per-week firefighters, 38 days for 24-per-day firefighter, 75 days for teamsters, and 65 days for all other employees. Accumulated sick leave is paid to firefighters and police officers upon termination of employment depending upon the number of sick leave hours transacted, at a rate of 50 percent to 100 percent of the base hourly rate of pay for firefighters and at a rate of one-half the first class patrolman rank rate of pay for police officers. Accumulated sick leave is paid to teamster employees, upon retirement, at a rate of \$40 for each accumulated sick leave day transacted. Sick leave buy-back during employment is paid to firefighters and police officers annually upon request. Upon request, firefighters are paid unused sick days earned in the previous year in excess of 252 hours in the sick day bank at the base hourly rate of pay. Upon request, police officers are paid up to a maximum eight unused sick days at the first class patrolman rate of pay.
- Vacation Leave - Primary government employees earn vacation leave at rates from zero days to 28 days based upon hire date, years of service, and employee classification. Vacation leave does not accumulate from year to year for police officers, firefighters, and teamster employees, except in instances where special cases are approved. Nonbargaining employees carry over to the following year unused vacation time up to a maximum of 160 hours. Employees earn vacation leave during the year for use in the succeeding year. Unused vacation leave is paid to employees upon termination of employment. Firefighters may sell back vacation leave, up to a maximum three days per year, during selected times of the year, at the employee's normal hourly rate of pay

Note 1 - Significant Accounting Policies (Continued)

- Personal Leave - City police officers earn personal leave at the rate of seven days per year, and have the opportunity to earn an additional three days leave with participation in regularly scheduled police practice shooting exercises. Police officers personal leave does not accumulate from year to year. Police officers unused personal leave may be rolled into sick leave. City employees under the teamster contract can use up to four days of their sick leave for personal leave. Personal leave of absence may be available for certain personal, family, and medical reasons when other forms of leave have been exhausted or otherwise not available. Leaves of absences are unpaid although employees may use accrued vacation, sick, and comp time. A leave of absence may not exceed 30 calendar days, however an employee facing exceptional circumstances may seek an additional 30 calendar day leave of absence subject to approval by the department and HR department. Employees who are enrolled in the City's insurance plans will be covered during the initial leave of absence, but benefit time, such as vacation and sick time, will not accrue during this period. While every effort will be made to retain employment opportunities for an individual during this time, there is no guarantee of employment at the completion of personal leave of absence.
- Compensatory Leave - City firefighters can elect to receive compensation for overtime hours worked either through wage payment or compensatory time off work up to a maximum of 240 hours. All other nonexempt employees working overtime hours earn compensatory time off up to a maximum balance of 32 hours, after which they are paid overtime wage. All other exempt employees working overtime hours earn compensatory time up to a maximum balance of 160 hours.

Unused vacation leave for all City employees, and unused sick leave and compensatory leave of firefighters, police officers, and teamsters, is accrued when incurred and reported as a liability in the statement of net position. Amounts due and payable at year end are included in the proprietary fund statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Wastewater Utility Funds, Century Center fund, and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Note 1 - Significant Accounting Policies (Continued)***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

The following pronouncements issued by the GASB will be effective for the City's financial statements for the year ending December 31, 2019. The City is currently evaluating the impact these standards will have on the financial statements when adopted.

- GASB Statement No. 83: Certain Asset Retirement Obligations
 - This statement establishes criteria for determining the timing and amount of recognition of a liability for certain asset retirement obligations
- GASB Statement No. 84: Fiduciary Activities
 - This statement improves the guidance on the identification of fiduciary activities for accounting and Financial Reporting purpose, focusing on whether a government controls the assets of the activity and the beneficiaries with whom a fiduciary relationship exists.
- GASB Statement No. 88: Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
 - Requires additional disclosure related to debt, including unused lines of credit, pledged assets, significant termination events, and significant subjective acceleration clauses.
- GASB Statement No. 90: Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61
 - Improves reporting consistency for a government's majority equity interest in a legally separate organization and improves the reporting of certain component units.

Note 2 - Stewardship, Compliance, and Accountability***Budgetary Information***

Annual budgets are adopted on the cash basis which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. Annual budgets are adopted for the following governmental funds:

Major governmental funds:

- General Fund
- Special Revenue Funds - Park and Recreation, Public Safety Local Option Income Tax (LOIT), County Option Income Tax (COIT), Economic Development Income Tax (EDIT), Rainy Day
- Capital Projects Fund - River West TIF

Nonmajor governmental funds:

- Special Revenue Funds - Motor Vehicle Highway, Recreation Nonreverting, Studebaker Oliver Revitalization Grants, Economic Development State Grants, DCI Operating, Community Investment Grants, Police State Seizure, Juvenile Positive Assistance, Unsafe Building, Law Enforcement Continuing Education, Landlord Registration, Loss Recovery, Local Road and Street, LOIT 2016 Special Distribution, Human Rights-Federal Grant, Local Road and Bridge Grant, Morris and Palais Marketing, Morris PAC Self Promotion, Police Block Grants, Economic Development Commission, Hazmat, Indiana River Rescue, COPS Block Grant II, Regional Police Academy, COPS MORE Grant, Federal Drug Enforcement, Gift, Urban Development Action Grant, Leaf Collection and Removal, Police K-9 Unit, Industrial Revolving
- Debt Service Fund - College Football Hall of Fame Debt Service, Redevelopment Bond Airport Taxable, Coveleski Bond Debt Service Reserve, Redevelopment Bond Palais Royale, South Bend Building Corporation Debt Service, Smart Streets Debt Service, 2015 Parks Bond Debt Service, Century Center Energy Conservation Debt Service, Redevelopment Authority Debt Service, Eddy St. Commons Debt Service, 2017 Parks Bond Debt Service, 2018 TIF Park Bonds Debt Service Reserve
- Capital Projects Funds - Professional Sports Development, Coveleski Stadium Capital, Park Nonreverting Capital, Cumulative Capital Development, Cumulative Capital Improvement, Morris Performing Arts Center Capital, Redevelopment Retail Area (Leighton Plaza), TIF West Washington, Redevelopment General, TIF No. 1 Southside Development, Football Hall of Fame Capital, Major Moves, TIF River East Development, TIF Douglas Road, TIF River East Residential, Certified Technology Park, Palais Royale Historic Preservation, Airport Urban Enterprise Zone, Vehicle Equipment Leasing, Smart Streets Bond Capital Projects, 2015 Parks Bond Capital Projects, 2017 Parks Bond Capital Projects, Eddy St. Commons Capital, 2018 Fire Station No. 9 Bond Capital, 2018 TIF Park Bond Capital

Note 2 - Stewardship, Compliance, and Accountability (Continued)

On or before August 31, the City Controller submits to the Common Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Common Council to obtain taxpayer comments. Prior to November 1 of each year, the Common Council, through the passage of an ordinance, approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the City Controller receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications, namely, Personnel, Supplies, Services, or Capital of a fund budget without approval of the Common Council. The Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

Expenditures did not exceed appropriations for any funds or any departments within the General fund, the Parks and Recreation Fund, the Public Safety LOIT Fund, the COIT Fund, the EDIT Fund, the Rainy Day Fund, or any other major or nonmajor governmental fund which required legally approved budgets except for the Redevelopment Bond – Airport Taxable Fund and the South Bend Building Corporation Debt Service Fund. In 2018, these two funds incurred paying agent fees higher than anticipated.

Fund Deficits

At December 31, 2018, no funds reported a deficit in fund equity, which are violations of State statute.

Note 3 - Deposits and Investments

Authorization for investment activity is stated in Indiana Code 5-13. Indiana Code 5-13-9 has authorized investment in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government-sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than five years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50 percent of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by the federal agency, a federal instrumentality, or a federal government-sponsored enterprise; or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government-sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard & Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Note 3 - Deposits and Investments (Continued)

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government-sponsored enterprise. The repurchase agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if that institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At year end, the bank balances held at the following institutions were collateralized with securities held by the pledging financial institution's trust department or agent in the depositor-City's name:

US Bank NA	\$ 20,507,721
Bank of New York Mellon	4,237,149
1st Source Bank	2,207,321
Wells Fargo Bank, NA	629,341

The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories. The City has not formally adopted a deposit policy for custodial credit risk.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At year end, \$67,964,808 of investment securities was uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City must follow state statute and limit the stated final maturities of the investments to no more than five years. The City does not have a formal investment policy for interest rate risk.

Note 3 - Deposits and Investments (Continued)

At year end, the City had the following investments and maturities:

<u>Primary Government</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>One to Two Years</u>	<u>More than Two Years</u>
U.S. Treasuries	\$ 22,026,416	\$ 22,026,416	\$ -	\$ -
U.S. Government Agency Securities	<u>45,938,392</u>	<u>21,313,442</u>	<u>19,686,215</u>	<u>4,938,735</u>
Total	<u>\$ 67,964,808</u>	<u>\$ 43,339,858</u>	<u>\$ 19,686,215</u>	<u>\$ 4,938,735</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. government agency securities are implicitly guaranteed by the full faith and credit of the U.S. government and are recognized as one of the safest investments available. The City does not have a formal investment policy for credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. It is the City's practice to limit concentration of investments to no more than 10 percent of any institution's asset base. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The City has the following recurring fair value measurements as of December 31, 2018:

- The fair value of U.S. Treasuries and U.S. Government Agency securities of \$67,964,808 are valued primarily using quoted prices in active markets (Level 1 inputs). If an active market is unavailable for a particular security, a third party pricing firm is used to value the security by comparing to other securities with similar characteristics (Level 2 inputs).

Note 4 - Receivables

The following receivable accounts have timing and credit characteristics different from typical accounts receivable. As of December 31, 2018 City funds recognized the following loan receivable balances. The schedule shows the total receivable and the portion that is not due within one year. These loans were for economic development projects:

	<u>Receivable</u>	<u>Noncurrent</u>
TIF River West	\$ 695,000	\$ 675,000
Nonmajor governmental funds:		
Economic development state grants	189,400	105,236
Community investment grants	211,068	164,633
Urban development action grant	506,401	468,893
Industrial revolving	<u>5,276,676</u>	<u>4,115,807</u>
Total nonmajor governmental funds	<u>\$ 6,183,545</u>	<u>\$ 4,854,569</u>

Note 5 - Net Investment in Capital Assets

The net investment in capital assets is calculated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Capital assets not subject to depreciation	\$ 32,505,930	\$ 20,455,046	\$ 52,960,976
Capital assets subject to depreciation - Net	233,571,883	218,023,841	451,595,724
Deferred outflows (capital related)	1,976,132	1,749,817	3,725,949
Notes and loans payable - current	(347,671)	(215,694)	(563,365)
General obligations bonds payable-current	(940,000)	-	(940,000)
Mortgage bonds payable - current	(1,864,355)	(310,645)	(2,175,000)
Capital leases payable - current	(3,813,983)	(2,415,533)	(6,229,516)
Revenue bonds payable - current	(7,338,538)	(8,635,000)	(15,973,538)
Notes and loans payable - noncurrent	(3,761,151)	(2,016,089)	(5,777,240)
General obligations bonds payable-noncurrent	(17,797,645)		(17,797,645)
Mortgage bonds payable - noncurrent	(6,436,499)	(4,641,334)	(11,077,833)
Capital leases payable - noncurrent	(9,018,211)	(5,579,172)	(14,597,383)
Revenue bonds payable - noncurrent	(113,145,375)	(71,543,104)	(184,688,479)
Unspent debt proceeds	<u>39,691,970</u>	<u>1,091,211</u>	<u>40,783,181</u>
Net investment in capital assets	<u>\$ 143,282,487</u>	<u>\$ 145,963,344</u>	<u>\$ 289,245,831</u>

The business-type activities' unspent debt proceeds are capital lease proceeds, reported as cash with fiscal agent.

Note 6 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

Governmental Activities

	Balance			Balance
Governmental Activities:	<u>January 1, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2018</u>
Capital assets, non-depreciable:				
Land	\$ 14,707,088	\$ -	\$ (210,947)	\$ 14,496,141
Construction in progress	<u>29,957,697</u>	<u>11,827,908</u>	<u>(23,775,816)</u>	<u>18,009,789</u>
Total capital assets, non-depreciable	<u>44,664,785</u>	<u>11,827,908</u>	<u>(23,986,763)</u>	<u>32,505,930</u>
Capital assets, depreciable				
Buildings	125,886,853	258,045	(5,760,814)	120,384,084
Improvements other than buildings	21,519,259	-	(467,190)	21,052,069
Machinery and equipment	47,094,151	4,610,032	(3,096,032)	48,608,151
Roads and other infrastructure	<u>441,344,575</u>	<u>27,408,804</u>	<u>-</u>	<u>468,753,379</u>
Subtotal	<u>635,844,838</u>	<u>32,276,881</u>	<u>(9,324,036)</u>	<u>658,797,683</u>
Less accumulated depreciation for:				
Buildings	52,675,177	3,433,524	(3,657,115)	52,451,586
Improvements other than buildings	10,713,373	721,271	(467,189)	10,967,455
Machinery and equipment	33,644,985	3,234,264	(3,036,907)	33,842,342
Roads and other infrastructure	<u>315,697,141</u>	<u>12,267,276</u>	<u>-</u>	<u>327,964,417</u>
Subtotal	<u>412,730,676</u>	<u>19,656,335</u>	<u>(7,161,211)</u>	<u>425,225,800</u>
Net capital assets, depreciable	<u>223,114,162</u>	<u>12,620,546</u>	<u>(2,162,825)</u>	<u>233,571,883</u>
Total governmental activities capital assets, net	<u>\$ 267,778,947</u>	<u>\$ 24,448,454</u>	<u>\$ (26,149,588)</u>	<u>\$ 266,077,813</u>

Note 6 - Capital Assets (Continued)

Business-type Activities

Business-type Activities	Balance <u>January 1, 2018</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>December 31, 2018</u>
Capital assets, non-depreciable:				
Land	\$ 2,614,014	-	-	\$ 2,614,014
Construction in progress	<u>21,254,911</u>	<u>1,597,258</u>	<u>(5,011,136)</u>	<u>17,841,033</u>
Total capital assets, non-depreciable	<u>23,868,925</u>	<u>1,597,258</u>	<u>(5,011,136)</u>	<u>20,455,047</u>
Capital assets, depreciable				
Buildings	83,233,461	497,843	(305,628)	83,425,676
Improvements other than buildings	27,939,323	-	(1,065,873)	26,873,450
Machinery and equipment	42,205,000	2,997,902	(1,628,748)	43,574,154
Roads and other infrastructure	<u>210,301,608</u>	<u>7,226,273</u>	<u>(1,051,162)</u>	<u>216,476,719</u>
Subtotal	<u>363,679,392</u>	<u>10,722,018</u>	<u>(4,051,411)</u>	<u>370,349,999</u>
Less accumulated depreciation for:				
Buildings	36,878,587	2,055,449	(304,981)	38,629,055
Improvements other than buildings	8,436,276	1,238,253	(1,065,873)	8,608,656
Machinery and equipment	23,955,240	3,291,384	(1,475,373)	25,771,251
Roads and other infrastructure	<u>74,484,727</u>	<u>5,493,597</u>	<u>(661,129)</u>	<u>79,317,195</u>
Subtotal	<u>143,754,830</u>	<u>12,078,683</u>	<u>(3,507,356)</u>	<u>152,326,157</u>
Net capital assets, depreciable	<u>219,924,562</u>	<u>(1,356,665)</u>	<u>(544,055)</u>	<u>218,023,842</u>
Total governmental activities				
capital assets, net	<u>\$ 243,793,487</u>	<u>\$ 240,593</u>	<u>\$ (5,555,191)</u>	<u>\$ 238,478,889</u>

Accumulated depreciation additions shown in the two schedules above include depreciation expense and also include accumulated depreciation on assets transferred from other funds.

Note 6 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 41,409
Public Safety	2,590,532
Highways and streets, and other general infrastructure	13,519,668
Culture and recreation	2,839,197
Economic development	533,705
Internal service funds	<u>131,824</u>
Total governmental activities depreciation expense	<u>\$ 19,656,335</u>
Business-type Activities:	
Emergency medical service	\$ 494,269
Water	2,012,849
Wastewater	7,337,086
Century Center	1,045,231
Building department & code enforcement	183,236
Parking garage	211,743
Solid waste	<u>774,998</u>
Total activities business-type expense	\$ 12,059,412
Prior year accumulated depreciation for transfer into business-type activities	<u>19,271</u>
Total additions to accumulated depreciation per capital asset depreciation schedules	<u>\$ 12,078,683</u>

Note 6 - Capital Assets (Continued)

Construction Commitments

The City has active construction projects at year end. As of December 31, 2018, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Governmental activities:		
Howard Park/Riverfront Trail Improvements	\$ 2,089,726	\$ 15,656,842
Fire Station #4	3,077,134	273,928
Fire Station #9	1,674,818	1,676,244
Aerial Fire Truck	581,547	400,627
SBFD Training Center Classroom Building	63,807	586,131
Parks Maintenance Storage Building	42,658	345,232
Parks Experiential Vehicle	250,000	350,000
Charles Black Center Renovations	3,725,555	247,905
Erskiner Golf Course	133,408	853,734
Lincolnway East Corridor Improvements	405,774	69,611
LWW and Charles Martin Sr. Drive Improvements	1,042,032	153,231
St. Joseph Streetscape Improvements	334,308	91,921
Miami Basin Improvements	53,959	439,041
One Way to Two Way Conversion: Chippewa Avenue Roundabout	<u>4,535,063</u>	<u>305,658</u>
 Total - governmental activities	 <u>18,009,789</u>	 <u>21,450,105</u>
Business-type activities:		
Water Utility:		
North Station Well #1 Replacement	\$ 103,654	\$ 33,824
Prairie Ave Water Main Loop	129,304	63,196
South Wellfield, Plant & Pressure Zone Improvements	198,000	52,000
Wastewater Utility:		
Secondary Clarifier Rehab/Secondary Treatment Impr.	16,031,207	3,999
WWTP Influent Gates Improvement	588,208	484,012
Airport Annexation Area Sanitary Sewer Extension	82,398	684,559
Farmington 14A Lift Station Rehabilitation	319,534	41,044
WWTP Electrical Improvements	376,974	5,955,366
WWTP Belt Filter Press No. 1 Rehabilitation	-	203,131
WWTP Raw Sewage Pump No. 2 Rehabilitation	<u>11,754</u>	<u>358,246</u>
 Total - business-type activities	 <u>17,841,033</u>	 <u>7,879,377</u>
 Total	 <u>\$ 35,850,822</u>	 <u>\$ 29,329,482</u>

Note 7 - Interfund Receivables, Payables, and Transfers

Interfund balances resulted from the time lag between the dates that (1) interfund loans are repaid, (2) interfund goods and services are provided or reimbursable expenditures occur, (3) transactions are recorded in the accounting system, and (4) payments between funds are made. The composition of interfund balances at December 31, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds		
General	River West TIF	\$ 21,833
River West TIF	Nonmajor governmental	1,761
Nonmajor governmental	River West TIF	21,833
Water Utility	General	12,908
	Parks & Rec	7,132
	Wastewater Utility	1,585
	Century Center	4,204
	Nonmajor enterprise	2,952
	Internal service	1,215
	Total Water Utility	<u>29,996</u>
Wastewater Utility	Water Utility	10,380
	Total	<u>\$ 85,803</u>

The City has made the following long-term advances between funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Advances from/to Other Funds		
General	Nonmajor governmental	\$ 425,680
COIT	Nonmajor governmental	480,253
Nonmajor governmental	River West TIF	200,000
	Nonmajor governmental	2,781,424
Total nonmajor governmental		<u>2,981,424</u>
	Total	<u>\$ 3,887,357</u>

Note 7 - Interfund Receivables, Payables, and Transfers (Continued)

Specific purposes of the advances are as follows: the General Fund advanced funds to the Football Hall of Fame to cover operating expenses. The COIT Fund advanced funds to the Urban Development Action Grant Fund for community development projects. Major Moves advanced funds to the Douglas Road and River East Residential TIFs for project costs incurred to construct roads and a parking garage.

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 14,709
	Water Utility	1,730,831
	Wastewater Utility	4,601,656
	Internal Service	<u>413,714</u>
	Total General	<u>6,760,910</u>
Parks and Recreation	COIT	1,287,600
	Nonmajor governmental	<u>1,058,245</u>
	Total Parks and	<u>2,345,845</u>
COIT	Nonmajor governmental	<u>324,159</u>
River West TIF	Nonmajor governmental	<u>47,597</u>
Nonmajor governmental	General	21,823
	COIT	1,536,661
	EDIT	5,582,998
	River West TIF	4,267,975
	Nonmajor governmental	7,001,472
	Century Center	85,909
	Nonmajor enterprise	<u>221,939</u>
	Total nonmajor	<u>18,718,777</u>
Wastewater Utility	Nonmajor governmental	<u>368,196</u>
Nonmajor enterprise	EDIT	989,553
	Nonmajor governmental	27,500
	Nonmajor enterprise	26,979
	Internal Service	<u>25,425</u>
	Total nonmajor	<u>1,069,457</u>
	Grand Total	<u>\$ 29,634,941</u>

Note 7 - Interfund Receivables, Payables, and Transfers (Continued)

The City typically uses transfers to fund ongoing operating subsidies. Specific purposes of the transfers are as follows: The Water and Wastewater Utility Funds transferred PILOT funds to the General Fund for general use. The COIT, EDIT, River West TIF, Cumulative Capital Improvement, and TIF River East Residential Funds transferred funds to the Redevelopment Authority and South Bend Building Corporation Debt Services Funds for debt service payments. The COIT and EDIT Funds transferred funds to the Motor Vehicle Highway Fund for general operations as well as for the curb and sidewalk improvements. The EDIT Fund transferred funds to the DCI Operating Fund for salaries and wages relating to community investment initiatives and to the Unsafe Building Fund and Consolidated Building Fund for general operations of the Unsafe Building, Code Enforcement and Animal Care & Control. The Local Roads and Streets and LOIT 2016 Special Distribution Funds transferred matching grant funds to the Local Road and Bridge Matching Grant Fund. The Leaf Collection and Removal Fund transferred funds collected from customers for leaf collection to the Motor Vehicle Highway Fund to cover supervisory personnel in charge of the Leaf Collection and Removal program.

Note 8 - Leases

Operating Leases

The City has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for golf cart global positioning systems, office machines, and office space. Rental expenditures for these leases were \$160,866. The following is a schedule by years of future minimum rental payments as of December 31, 2018:

Years Ending <u>December 31</u>	<u>Amount</u>
2019	\$ 135,161
2020	113,390
2021	82,750
2022	83,852
2023	<u>68,462</u>
Total	<u>\$ 483,615</u>

Note 8 - Leases (Continued)**Capital Leases**

The City has entered into various lease agreements as lessee for financing the purchase of various types of equipment and two parking garages. The parking garage capital leases are being repaid from governmental funds. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2018 are as follows:

Years Ending December 31	Governmental Activities	Business-type Activities
2019	\$ 4,126,270	\$ 2,577,008
2020	3,742,865	2,519,368
2021	3,150,777	1,723,664
2022	1,523,771	1,241,249
2023	737,233	310,475
2024-2028	<u>400,000</u>	<u>-</u>
Total minimum lease payments	13,680,916	8,371,764
Less amount representing interest	<u>848,721</u>	<u>377,059</u>
Present value	<u>\$ 12,832,195</u>	<u>\$ 7,994,705</u>

Assets acquired through capital leases still in effect are as follows:

	Governmental Activities	Business-type Activities
Buildings	\$ -	\$ 1,324,615
Machinery and equipment	<u>10,266,039</u>	<u>6,585,672</u>
Total	10,266,039	7,910,287
Accumulated depreciation	<u>(3,715,666)</u>	<u>(3,122,825)</u>
Net	<u>\$ 6,550,373</u>	<u>\$ 4,787,462</u>

December 31, 2018

Note 9 - Long-term Debt

Long-term debt activity for the year ended December 31, 2018 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation*	\$ 14,075,000	\$ 5,045,000	\$ (425,000)	\$ 18,695,000	\$ 940,000
Less unamortized (discounts)/premiums	6,478	37,316	(1,149)	42,645	-
Net - general obligation	<u>14,081,478</u>	<u>5,082,316</u>	<u>(426,149)</u>	<u>18,737,645</u>	<u>940,000</u>
Mortgage	9,556,860	-	(1,801,815)	7,755,045	1,864,355
Less unamortized (discounts)/premiums	668,112	-	(122,303)	545,809	-
Net - mortgage	<u>10,224,972</u>	<u>-</u>	<u>(1,924,118)</u>	<u>8,300,854</u>	<u>1,864,355</u>
Revenue	109,878,855	15,435,000	(7,080,635)	118,233,220	7,338,538
Less unamortized (discounts)/premiums	2,008,676	442,292	(200,275)	2,250,693	-
Net - revenue	<u>111,887,531</u>	<u>15,877,292</u>	<u>(7,280,910)</u>	<u>120,483,913</u>	<u>7,338,538</u>
 Total bonds payable	 136,193,981	 20,959,608	 (9,631,177)	 147,522,412	 10,142,893
Notes and loans payable	4,437,115	-	(328,293)	4,108,822	347,671
Capital leases	<u>9,795,612</u>	<u>6,759,121</u>	<u>(3,722,538)</u>	<u>12,832,195</u>	<u>3,813,983</u>
 Subtotal	 150,426,708	 27,718,729	 (13,682,008)	 164,463,429	 14,304,547
Accumulated Compensated Absences	5,503,833	6,316,138	(5,503,833)	6,316,138	6,316,138
Net pension liability	178,885,176	-	(15,348,583)	163,536,593	-
Total other postemployment benefits (OPEB) liability**	<u>28,740,294</u>	<u>-</u>	<u>(5,534,207)</u>	<u>23,206,087</u>	<u>-</u>
 Total governmental activities	 <u>\$ 363,556,011</u>	 <u>\$ 34,034,867</u>	 <u>\$ (30,779,059)</u>	 <u>\$ 366,811,819</u>	 <u>\$ 20,620,685</u>

* - General Obligation bonds have been reclassified and were previously reported as revenue bonds payable at 12-31-17

** - Total OPEB obligation beginning balance has been restated - see note 21

December 31, 2018

Note 9 - Long-term Debt (Continued)

Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Mortgage	\$ 5,188,140	\$ -	\$ (298,185)	\$ 4,889,955	\$ 310,645
Less unamortized (discounts)/premiums	67,343	-	(5,319)	62,024	-
Net - mortgage	5,255,483	-	(303,504)	4,951,979	310,645
Revenue	87,065,000	-	(6,980,000)	80,085,000	8,635,000
Less unamortized (discounts)/premiums	154,814	-	(61,710)	93,104	-
Net - revenue	87,219,814	-	(7,041,710)	80,178,104	8,635,000
Total bonds payable	92,475,297	-	(7,345,214)	85,130,083	8,945,645
Capital leases payable	7,456,168	2,866,214	(2,327,677)	7,994,705	2,415,533
Notes and loans payable:	2,398,821	-	(167,038)	2,231,783	215,694
Total business-type activities long-term liabilities	<u>\$ 102,330,286</u>	<u>\$ 2,866,214</u>	<u>\$ (9,839,929)</u>	<u>\$ 95,356,571</u>	<u>\$ 11,576,872</u>

Total interest expense for the year was \$8,228,307.

Revenue Bonds

The City issues bonds to provide for the acquisition and construction of major capital facilities. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets and to pay debt service.

The City has pledged future revenue, net of operating expenses, to repay water and wastewater utilities' bonds. Bond ordinances require monthly deposits of a portion of user fee revenue sufficient to meet requirements of the next principal, interest, and bank fiscal charge payment. Water and wastewater bond ordinances also require monthly deposits of user fee revenues over 60 months to produce a bond reserve equal to approximately the maximum annual debt service.

During 2018, the Water Utility paid \$714,573 in debt payments or approximately 4.3 percent of operating revenue. The Wastewater Utility paid \$9,854,506 in debt payments or approximately 24.7 percent of operating revenue.

The City has pledged tax incremental financing revenue to meet tax incremental financing and Redevelopment Authority debt requirements. The City has pledged economic development income taxes (EDIT) to meet the EDIT revenue bond debt requirements with payments of debt service of \$ 578,072 during 2018. The City has also pledged taxes in the Professional Sports and Convention Development (PSCD) Area to meet the PSCD revenue bonds with payments of debt service of \$814,070 during 2018.

Note 9 - Long-term Debt (Continued)

Bonds outstanding at December 31, 2018 are as follows:

Governmental Activities

General Obligation Bonds

South Bend Park District Bonds, Series 2017(A-K)

- Interest rates 3% - 3.25%
- Original issue \$14,075,000
- Installments of \$350,000 to \$580,000 plus interest
- Maturity January 15, 2033 \$ 13,725,000

General Obligation Bonds, Series 2018 (Fire Station #9)

- Interest rates 3% - 3.25%
- Original issue \$5,045,000
- Installments of \$75,000 to \$170,000 plus interest
- Maturity January 15, 2038 4,970,000

Subtotal 18,695,000

Mortgage Bonds

Building Corporation County Option Income Tax Lease
Rental Revenue Refunding Bonds
of 2010 (Public Works Service Center)

- Interest rates 2% - 5%
- Original issue \$6,075,000, 87.7% Governmental (\$5,327,775)
- Installments of \$240,000 to \$330,000 plus interest 1,390,045
- Maturity February 1, 2021

Building Corporation First Mortgage Revenue Refunding
Bonds, Series 2012 (Police & Fire Station Projects)

- Interest rates 2.1% - 5%
- Original issue \$13,595,000
- Installments of \$545,000 to \$770,000 plus interest
- Maturity February 1, 2023 6,365,000

Subtotal 7,755,045

Note 9 - Long-term Debt (Continued)

Revenue Bonds

Indiana Bond Bank Special Program Bonds, Series 2011A (TIF A)	
- Interest rates 4% - 5.2%	
- Original issue \$18,030,000	
- Installments of \$260,000 to \$935,000 plus interest	9,810,000
Indiana Bond Bank Special Program Bonds, Series 2011A (TIF B)	
- Interest rates 4% - 5.2%	
- Original issue \$10,435,000	
- Installments of \$254,036 to \$530,000 plus interest	
- Maturity August 1, 2024	5,585,000
South Bend Redevelopment District Special Taxing District Refunding Bonds of 2014	
- Interest rates 2% - 3%	
- Original issue \$3,440,000	
- Installments of \$395,000 to \$470,000 plus interest	
- Maturity January 1, 2022	1,795,000
South Bend Redevelopment Authority Lease Rental Revenue Bonds of 2015 (Refunding 2008)	
- Interest rates 2% - 5%	
- Original issue \$31,450,000	
- Installments of \$650,000 to \$1,210,000 plus interest	
- Maturity February 15, 2033	27,400,000
South Bend Redevelopment Authority Lease Rental Revenue Refunding Bonds,	
- Interest rates 2% - 4%	
- Original issue \$3,990,000	
- Installments of \$160,000 to \$375,000 plus interest *	
- Maturity May 1, 2026	2,565,000
Redevelopment District Taxable Revenue Bonds, Series 2010 (Recovery Zone Economic Development Bonds)	
- Interest rates 1.75% - 5.2%	
- Original issue \$4,980,000	
- Installments of \$285,000 to \$345,000 plus interest	
- Maturity January 5, 2019	345,000

Note 9 - Long-term Debt (Continued)

2014 St. Joseph County PSAP (EDIT) Revenue Bonds	
- City's portion of \$9.155M bond (29.03%)	
- Interest rates 2% - 3.625%	
- Original issue \$2,657,697	
- Installments of \$9,314 to \$12,700 plus interest	
- Maturity December 31, 2034	2,148,220
South Bend Redevelopment Authority Lease Rental Revenue Bonds of 2015 (Smart Streets Project)	
- Interest rates 3% - 4%	
- Original issue \$25,000,000	
- Installments of \$460,000 to \$840,000 plus interest	
- Maturity February 1, 2037	23,600,000
Economic Development Income Tax Bonds of 2015 (Parks Projects)	
- Interest rates 3% - 3.75%	
- Original issue \$5,605,000	
- Installments of \$16,667 to \$65,000 plus interest	
- Maturity August 1, 2035	4,980,000
Taxable Economic Development Revenue Bonds, Series 2017 (Eddy Street Phase II)	
- Interest rate 5%	
- Original issue \$25,000,000	
- Installments of \$628,472 to \$1,834,750 plus interest	
- Maturity February 15, 2037	24,975,000
Redevelopment District Bonds, Series 2018 (Parks Projects)	
- Interest rates 2% - 3%	
- Original issue \$11,995,000	
- Installments of \$405,000 to \$490,000 plus interest	
- Maturity February 1, 2033	11,590,000
Economic Development Revenue Bonds, Series 2018 (Potawatomi Zoo Project)	
- Interest rates 4% - 5%	
- Original issue \$3,440,000	
- Installments of \$25,000 to \$155,000 plus interest	
- Maturity February 1, 2034	3,440,000
Total Governmental Revenue Bonds	<u>118,233,220</u>
Total Governmental Activities	<u>\$ 144,683,265</u>

* - St. Joseph County has irrevocably pledged hotel-motel tax revenues to finance debt payments

Note 9 - Long-term Debt (Continued)

Business-Type Activities:

Mortgage Bonds

Building Corporation County Option Income Tax Lease

Rental Revenue Refunding Bonds

- Interest rates 2% - 5%
- Original issue \$6,075,000, 12.3% Business-Type (\$747,225)
- Installments of \$240,000 to \$330,000 plus interest
- Maturity February 1, 2021

\$ 194,955

Building Corporation First Mortgage Revenue Bonds, Series 2013

- Interest rates 3% to 4.2%
- Original issue \$5,580,000
- Installments of \$215,000 to \$425,000 plus interest
- Maturity February 1, 2033

4,695,000

Total Business-Type Mortgage Bonds

4,889,955

Revenue Bonds

Water Works Refunding Revenue Bonds of 2012B

- Interest rate 2%
- Original issue \$3,785,000
- Installments of \$335,000 to \$425,000 plus interest
- Maturity January 1, 2023

2,005,000

Water Works Revenue Bonds of 2009, Series B

- Interest rates 3.8% - 5.89%
- Original issue \$5,380,000
- Installments of \$195,000 to \$455,000 plus interest
- Maturity January 1, 2030

4,085,000

Sewage Works Revenue Bonds of 2010

- Interest rates 2% - 4.5%
- Original issue \$9,345,000
- Installments of \$365,000 to \$665,000 plus interest
- Maturity December 1, 2030

6,345,000

Sewage Works Revenue Bonds of 2011

- Interest rates 3% - 4%
- Original issue \$21,500,000
- Installments of \$760,000 to \$1,510,000 plus interest
- Maturity December 1, 2031

15,480,000

Note 9 - Long-term Debt (Continued)

Water Works Revenue Bonds of 2012	
- Interest rates 2% - 3.7%	
- Original issue \$8,300,000	
- Installments of \$340,000 to \$540,000 plus interest	
- Maturity January 1, 2033	6,570,000
 Sewage Works Revenue Bonds Series 2012	
- Interest rates 2% - 2.75%	
- Original issue \$25,000,000	
- Installments of \$1,105,000 to \$1,650,000 plus interest	
- Maturity December 1, 2032	18,755,000
 Sewage Works Refunding Revenue Bonds of 2013A	
- Interest rate 1.94%	
- Original issue \$14,765,000	
- Installments of \$715,000 to \$1,065,000 plus interest	
- Maturity December 1, 2024	4,100,000
 Sewage Works Refunding Revenue Bonds of 2015	
- Interest rate 2%	
- Original issue \$27,440,000	
- Installments of \$2,475,000 to \$3,025,000 plus interest	
- Maturity December 1, 2025	19,850,000
 Water Works Refunding Revenue Bonds of 2016	
- Interest rate 3%	
- Original issue \$3,300,000	
- Installments of \$260,000 to \$440,000 plus interest	
- Maturity January 1, 2027	<u>2,895,000</u>
 Total Business-Type Revenue Bonds	<u>80,085,000</u>
 Total Business-Type Activities	<u>\$ 84,974,955</u>

Note 9 - Long-term Debt (Continued)**Notes and Loans Payable**

Notes and loans payable outstanding at December 31, 2018 are as follows:

Purpose	Outstanding
Governmental Activities	
Indiana Development Finance Authority (Bosch Project)	
Interest rate: 3.034%	
Original issue: \$1,040,000	\$ 172,818
Installments of \$18,003 per quarter, includes interest	
Maturity: March 22, 2021	
2015 Century Center Energy Conservation Bond	
Interest rates: 3.5%	
Original issue: \$4,167,897	<u>3,936,004</u>
Installments of \$22,585 to \$176,508 plus interest	
Maturity: May 1, 2031	
Total governmental activities	<u>\$ 4,108,822</u>
Business type Activities	
2009 Water Works State Revolving Loan	
Interest rate: 3.37%	
Original issue: \$427,332	\$ 311,650
Installments of \$17,719 to \$29,459 plus interest	
Maturity: January 1, 2030	
2009 Sewage Works State Revolving Loan	
Interest rate: 2.81%	
Original issue: \$3,297,000	<u>1,920,133</u>
Installments of \$130,201 to \$220,378 plus interest	
Maturity: December 1, 2028	
Total business type activities	<u>\$ 2,231,783</u>

Other Long-term Liabilities

Compensated absences for governmental activities typically have been liquidated from the General Fund and special revenue funds. All of the December 31, 2018 business-type activities' compensated absences are due within one year. The net 1925 Police and 1937 Firefighters' pension liability will be liquidated from the pension trust funds. The Public Employees' Retirement Fund (PERF) liability will not be liquidated from the pension trust funds. The total OPEB liability will be liquidated from the General Fund.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Note 9 - Long-term Debt (Continued)

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 10,490,564	\$ 5,600,011	\$ 16,090,575	\$ 9,161,339	\$ 2,822,926	\$ 11,984,265
2020	10,227,967	5,256,460	15,484,427	7,733,376	2,346,547	10,079,923
2021	10,610,632	4,884,199	15,494,832	7,910,986	2,149,441	10,060,427
2022	10,410,874	4,451,935	14,862,808	8,096,301	1,948,819	10,045,120
2023	10,081,274	4,010,307	14,091,581	7,892,376	1,737,211	9,629,587
2024-2028	38,388,322	14,952,581	53,340,903	30,042,901	5,580,284	35,623,185
2029-2033	38,722,950	8,237,382	46,960,331	16,369,459	1,294,651	17,664,110
2034-2038	19,859,505	1,791,428	21,650,932	-	-	-
Totals	\$ 148,792,087	\$ 49,184,303	\$ 197,976,389	\$ 87,206,738	\$ 17,879,881	\$ 105,086,619

Note 10 - Restricted Assets

At December 31, 2018, the balances of restricted assets in the enterprise funds are comprised of the following:

	Total	Water	Wastewater	Century Center	Consolidated Building	Solid Waste	EMS
Cash, cash equivalents, and investments:							
Debt service fund	\$ 2,689,746	\$ 1,726,068	\$ 963,678	\$ -	\$ -	\$ -	\$ -
Customer repair and deposit fund	3,518,128	1,298,632	2,219,496	-	-	-	-
Cash with fiscal agent	1,328,716	33,038	435,558	-	107,827	132,488	619,805
Bond reserve fund	5,594,265	1,390,019	4,204,246	-	-	-	-
Operating reserve fund	8,049,617	2,663,671	5,385,946	-	-	-	-
Capital outlay accounts	13,847,434	1,888,226	9,100,782	857,363	-	44,495	1,956,568
Total restricted assets	\$ 35,027,906	\$ 8,999,654	\$ 22,309,706	\$ 857,363	\$ 107,827	\$ 176,983	\$ 2,576,373

Cash with fiscal agent includes \$1,124,436 for capital asset purchases and \$204,280 for debt purchases.

Note 11 - Property Held for Resale

The City's Redevelopment Commission has purchased properties in blighted areas for redevelopment and subsequent resale. At December 31, 2018, the market value of these properties was not known. These properties are recognized as assets in the funds that purchased the property.

Note 12 - Service Concession Agreement

On July 1, 2013, the City entered into a Service Concession Agreement (SCA) with SMG, a civic center management company, with the purpose of obtaining high-quality professional management of the Century Center. The initial term of the contract extends through June 30, 2016, has been extended through December 31, 2019, and is renewable for an additional three-year period. SMG's compensation is a flat fee of \$135,000 for the first year and is then adjusted by the CPI (Consumer Price Index) for each successive year. There are also additional financial incentives based on various operational goals. SMG is responsible for all operations and financial reporting.

Additionally, SMG contributed a one-time capital infusion of \$575,000, to be used for capital improvement that will be amortized over seventy-two (72) months. Both parties retain certain rights regarding operations and contract cessation.

Note 13 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits provided to employees, retirees, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Liability Insurance

The City has chosen to establish a risk financing fund for risks associated with job-related illnesses or injuries to employees, automobile liability, and comprehensive liability. The risk financing fund is accounted for in the Liability Insurance Premium Reserve Fund, an internal service fund, whereby assets are set aside for claim settlements. Excess policies through commercial insurance covers individual claims in excess of \$400,000 per claim for job-related illnesses or injuries to employees (workers' compensation) and claims for damage to and destruction of assets (property damage) with various self-retention amounts. In recent years, claims resulting from property damage exceeded the property insurance self-retention amount. Claims resulting from this risk exceeded the self-retention amount during 2016, 2017, and 2018 by \$425,000, \$218,522, and \$ 238,638, respectively. A premium is charged to each fund based on a study of paid claims and based on the number of employees and percent of the total budget. Provisions are also made for unexpected and unusual claims.

In February, 2018, heavy rainfall resulted in flooding that damaged several City-owned parks and trails along the St. Joseph River, along with a pumping station owned by the City's utilities. The extent of the damage is still being assessed, but will be far in excess of the City's property damage insurance deductible. A significant portion of this repair cost will be recouped through the City's insurance plan and through the Federal Emergency Management Agency (FEMA).

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts, and other economic and social factors. The entire insurance liability balance is reported as a current liability as the City has the intent to pay within one year.

Group Health Insurance

The City has chosen to establish a risk financing fund for risks associated with medical benefits of employees and their covered dependents. The risk financing fund is accounted for in the Self-Funded Employee Benefits Fund, an internal service fund, whereby assets are set aside for benefit costs. An excess policy through commercial insurance covers individual claims in excess of \$300,000 per year. Claims resulting from this risk exceeded the self-retention amount during 2016, 2017, and 2018 by \$1,585,602, \$109,466, and \$347,097, respectively. A premium is charged to each fund based on the number of employees and estimated costs exceeding the employees' contributions. Provisions are also made for unexpected and unusual claims.

Note 13 - Risk Management (Continued)

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts, and other economic and social factors.

Changes in the estimated liability for the past two fiscal years were as follows:

	Liability Insurance		Group Health	
	2018	2017	2018	2017
Unpaid claims - Beginning of year	\$ 1,175,541	\$ 1,303,401	\$ 934,220	\$ 1,014,214
Incurred claims, including claims incurred but not reported	2,932,213	686,896	14,423,269	13,366,020
Claim payments	(1,967,828)	(814,756)	(14,438,474)	(13,446,014)
Unpaid claims - End of year	<u>\$ 2,139,926</u>	<u>\$ 1,175,541</u>	<u>\$ 919,015</u>	<u>\$ 934,220</u>

Note 14 - Subsequent Events Update

On January 14, 2019, the Common Council of the City of South Bend approved a \$2 per month fee to increase sewer bills, with the intention to speed implementation of the City’s Stormwater system.

On February 28, 2012, the City, the United States of America, and the State of Indiana, agreed to a consent decree to resolve claims against the City for alleged violations of the Clean Water Act. The decree includes several provisions, including a long term control plan that requires the City to complete a construction program by December 31, 2031 at a cost of approximately \$509.5 million in 2007 dollars to comprehensively upgrade and expand the City's sewage collection, storage, conveyance, and treatment system. Under this agreement South Bend was required to undertake a review of the Plan after 5 years and this review was completed in 2017. The review resulted in a revised plan that calls for a reduced investment of \$200 million in 2017 dollars. The plan will meet the same environmental goals and will still run to 2031. South Bend is currently working with State and Federal environmental regulators to have this new more cost efficient plan formally endorsed.

Note 15 - Conduit Debt Obligation

From time to time, the City has issued conduit debt obligations to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2018 there were several series of conduit debt obligations outstanding. The City has been unable to obtain the total outstanding principal amount for the outstanding bonds. During 2018 the City approved no new conduit debt obligations.

Note 16 - Fund Balance Constraints

The detail of the various components of fund balance is as follows:

	General Fund	Parks and Recreation	Public Safety LOIT	COIT	EDIT	Rainy Day	River West TIF	Nonmajor Funds	Total
Fund Balances									
Nonspendable:									
Advances to other funds	\$ 425,680	-	-	-	-	-	-	-	\$ 425,680
Inventory	-	22,322	-	-	-	-	-	-	22,322
Property held for resale	-	-	-	-	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-	-	-	-	-
Total	425,680	22,322	-	-	-	-	-	-	448,002
Restricted:									
Debt service	-	-	-	-	-	-	-	11,252,528	11,252,528
General administration	-	-	-	-	-	-	-	2,951,636	2,951,636
Police and fire salaries	-	-	1,837,077	-	-	-	-	-	1,837,077
Police and fire projects	-	-	-	-	-	-	-	963,193	963,193
Street maintenance	-	-	-	-	-	-	-	13,227,338	13,227,338
Economic development projects	-	-	-	-	-	-	38,008,486	42,324,128	80,332,614
Parks maintenance	-	7,373,139	-	-	-	-	-	-	7,373,139
Public safety capital projects	-	-	-	-	-	-	-	6,199,225	6,199,225
Cultural capital projects	-	-	-	-	-	-	-	23,085,591	23,085,591
Street capital projects	-	-	-	-	-	-	-	5,586,780	5,586,780
Total	-	7,373,139	1,837,077	-	-	-	38,008,486	105,590,419	152,809,121
Committed:									
General administration	-	-	-	-	-	-	-	1,164,412	1,164,412
Street capital projects	-	-	-	-	-	-	-	-	-
Police and fire programs	-	-	-	-	-	-	-	134,055	134,055
Economic development projects	-	-	-	-	-	-	-	1,009,806	1,009,806
Cultural capital	-	-	-	-	-	-	-	901,227	901,227
Total	-	-	-	-	-	-	-	3,209,500	3,209,500
Assigned:									
General administration	820,914	-	-	11,635,392	15,266,520	10,468,726	-	-	38,191,552
Police and fire capital	-	-	-	-	-	-	-	2,337	2,337
Street maintenance	-	-	-	-	-	-	-	625,465	625,465
Economic development administration	-	-	-	-	-	-	-	709,547	709,547
Total	820,914	-	-	11,635,392	15,266,520	10,468,726	-	1,337,349	39,528,901
Unassigned	37,383,206	-	-	-	-	-	-	-	37,383,206
Total fund balance	\$ 38,629,800	\$ 7,395,461	\$ 1,837,077	\$ 11,635,392	\$ 15,266,520	\$ 10,468,726	\$ 38,008,486	\$ 110,137,268	\$ 233,378,730

Public Safety LOIT funds are primarily restricted for payment of police and fire personnel. Parks and Recreation funds are restricted primarily for parks and recreation operating costs, including personnel. COIT and EDIT funds are assigned to general government primarily for debt service payments and operating expenses. River West TIF and Redevelopment Authority Debt Service are restricted for economic development projects and debt service.

The government-wide statement of net position reports restricted net position for debt service and capital outlay, which is restricted by enabling legislation.

Note 17 Segment Information

Types of Goods or Services Provided:

Emergency Medical Services: Used to account for the operations and purchases of necessary equipment for the Fire Department and Emergency Medical Services Department.

Condensed Statement of Net Position

Assets:	
Cash and cash equivalents	\$ 4,099,519
Receivables	1,448,972
Prepaid items	8,859
Restricted cash and cash equivalents	2,576,373
Capital assets (net of accumulated depreciation)	<u>4,263,727</u>
Total assets	<u>12,397,450</u>
Liabilities:	
Current liabilities	1,144,652
Mortgage bonds payable, net	4,521,868
Capital leases payable	<u>1,271,825</u>
Total liabilities	<u>6,938,345</u>
Net position:	
Net investment in capital assets	(1,706,507)
Restricted	2,083,004
Unrestricted	<u>5,082,608</u>
Total net position	<u>\$ 5,459,105</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position

Operating revenues	\$ 6,727,643
Other operating expenses	(7,231,819)
Depreciation expense	<u>(494,269)</u>
Operating income	<u>(998,445)</u>
Nonoperating revenues (expenses):	
Interest revenue	133,136
Interest expense	(196,599)
Loss on exchange of capital assets	(1,064,653)
Interfund transfers in	25,425
Interfund transfers out	<u>(221,939)</u>
Change in net position	(2,323,075)
Total net position - beginning, restated	<u>7,782,180</u>
Total net position - ending	<u>\$ 5,459,105</u>

Condensed Statement of Cash Flows:

Net cash provided (used) by:	
Operating activities	\$ 720,871
Noncapital financing activities	(196,514)
Capital and related financing activities	(226,228)
Investing activities	<u>450,073</u>
Net increase in cash and cash equivalents	748,202
Cash and cash equivalents, January 1	<u>1,895,912</u>
Cash and cash equivalents, December 31	<u>\$ 2,644,114</u>

Note 18 – Other Postemployment Benefits

Plan Description

The City of South Bend Retiree Healthcare Plan (SBRHP) is a single-employer defined benefit healthcare plan administered by the City of South Bend, Department of Administration and Finance, through the City's self-insurance fund. Indiana Code 5-10-8 gives the unit the authority to establish and amend the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The City issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report is available by contacting the City Controller's office: 227 West Jefferson Blvd. Rm. 1200N, South Bend, IN 46601, Ph. (574) 235-9216.

Benefits Provided and Funding Policy

SBRHP provides for medical insurance benefits to eligible retirees and their spouses. Police officers and firefighters are eligible for retiree health coverage once they attain age 50 with 20 years of service. General employees are eligible for retiree health coverage upon satisfaction of:

Rule of 85 and age 55; or

Age 65 with 10 years of service; or

Age 60 with 15 years of service

Health care coverage ceases when the retiree or dependent reaches age 65.

The contribution requirements of plan members for the City of South Bend Retiree Healthcare Plan are established and can be amended by the City's Common Council. The required contribution is based on projected "pay-as-you-go" financing requirements. For the year ended December 31, 2018, the City contributed \$758,730 to the plan for current premiums. Police and fire members receiving benefits contributed approximately 37 percent of the total premiums through their required contribution of \$214 per month for retiree-only coverage and approximately 43 percent of the total premiums through their required contribution of \$643 for retiree and spouse coverage. General employee members receiving benefits contributed approximately 100 percent of the total premiums through their required contribution of \$605 and \$552 per month for retiree-only coverage and \$1,587 and \$1,429 for retiree and spouse coverage for the PPO and HDHP plans, respectively.

Employees Covered by Benefit Terms

At December 31, 2018, the following employees were covered by the benefit terms:

Active employees with coverage	950
Active employees without coverage	147
Retirees	69
	<u>1,166</u>

Note 18 – Other Postemployment Benefits (Continued)

Total OPEB Liability

The City’s total OPEB liability of \$23,206,087 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25 percent per year
Salary increases	2.25 percent, average, including inflation
Discount rate	4.11 percent as of December 31, 2018 and 3.44% as of January 1, 2018
Healthcare cost trend rates	9.0 percent for 2018, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent for 2027 and later years
Retirees' share of benefit-related costs	approximately 37 percent for projected health insurance premiums for retirees and approximately 43% for retiree and spouse

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds (Bond Buyer Go 20) with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Mortality rates for healthy retirees were based on the SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 (RPH-2018 table is created based on RPH-2014 mortality tables with 8 years of MP-2014 mortality improvement backed out, projected to 2018 using MP-2018 improvement.)

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the year ending December 31, 2007.

The healthcare coverage election rate was 65% for active police and fire with current coverage, 40% for active general employees with current coverage, and 0% for active employees with no coverage.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 1-1-18	\$ 28,740,294
Changes for the year:	
Service cost	1,489,465
Interest	1,026,964
Changes in benefit terms	-
Differences between expected and actual experience	1,503,991
Changes in assumptions or other inputs	(8,795,897)
Benefit payments	(758,730)
Net changes	(5,534,207)
Balance at 12-31-18	\$ 23,206,087

Note 18 – Other Postemployment Benefits (Continued)

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending December 31, 2017.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.11 percent) or 1-percentage-point higher (5.11 percent) than the current discount rate:

	1% Decrease (3.11%)	Discount Rate (4.11%)	1% Increase (5.11%)
Net OPEB Liability	\$ 25,419,539	\$ 23,206,087	\$ 21,189,095

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.5 percent decreasing to 4.5 percent) or 1-percentage-point higher (10.5 percent decreasing to 6.5 percent) than the current healthcare cost trend rates:

	1% Decrease (7.5% decreasing to 3.5%)	Healthcare Cost Trend Rates (8.5% decreasing to 4.5%)	1% Increase (9.5% decreasing to 5.5%)
Total OPEB Liability	\$ 20,632,692	\$ 23,206,087	\$ 26,230,303

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$1,853,528. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,367,265	\$ -
Changes in assumptions or other inputs	-	(7,996,270)
Total	<u>\$ 1,367,265</u>	<u>\$ (7,996,270)</u>

Note 18 – Other Postemployment Benefits (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:

2019	\$ (662,901)
2020	(662,901)
2021	(662,901)
2022	(662,901)
2023	(662,901)
Thereafter	(3,314,500)

Note 19 - Pension Plans

Plan Description

Public Employees' Retirement Fund

The Public Employees' Retirement Fund, a cost-sharing multiple-employer plan, administered by the Indiana Public Employees' Retirement Plan (INPRS) Board, provides pensions for all full-time employees other than police officers and firefighters, who are covered under the 1977 Police Officers' and Firefighters' Pension and Disability Fund. The pension system issues a publicly available financial report that can be obtained at <http://www.inprs.in.gov>.

1977 Police Officers' and Firefighters' Pension and Disability Fund

The 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer plan administered by the Indiana Public Employees' Retirement Plan (INPRS) Board, provides pensions for all police officers and firefighters hired after April 30, 1977. The pension system issues a publicly available financial report that can be obtained at <http://www.inprs.in.gov>.

1925 Police Officers' Pension Plan

The City contributes to the 1925 Police Officers' Pension Plan, a single-employer defined benefit pension plan administered by the local pension board as authorized by state statute (IC 36 8 6). The financial statements of the plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the 1925 Police Officers' Pension plan is vested in the pension board, which consists of nine members - six elected by plan members, the Mayor, the Chief, and the City Controller.

The pension plan is closed to new entrants.

Note 19 - Pension Plans (Continued)**1937 Firefighters' Pension Plan**

The City contributes to the 1937 Firefighters' Pension Plan, a single-employer defined benefit pension plan administered by the 1937 Firefighters' Pension Plan Board as authorized by state statute (IC 36 8 6). The financial statements of the plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the 1937 Firefighters' Pension Plan is vested in the pension board.

The pension plan is closed to new entrants.

Benefits Provided**Public Employees' Retirement Fund**

These plans provide retirement, disability and survivor benefits for public employees not covered by the 1977 Police Officers' and Firefighters' Pension and Disability Fund. The Indiana Code, Title 5, Articles 10.2 and 10.3, as amended only by the Indiana General Assembly, identifies the benefit provisions and establishes the authority under which members and employers are obligated to contribute to the plan. The City of South Bend participates in two different plans for non-Public Safety positions: the PERF Hybrid Plan and the My Choice Retirement Savings Plan.

- PERF Hybrid Plan: Retirement benefits for employees are calculated as years of credible service times the average highest 20 quarters of salary times 1.1 percent plus the employee's Annuity Savings account. Normal retirement ages are age 65 and 10 years (eight years for certain elected officials) of creditable service, age 60 and 15 years of creditable service, and age 55 if age and creditable service total at least 85, with early retirement at 50 with 15 years of service. Vesting period is 10 years. An employee who leaves service may withdraw his or her Annuity Savings Account contributions, plus any accumulated interest. Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are granted by the Indiana General Assembly on an ad hoc basis.
- My Choice Retirement Savings Plan: No defined benefit for employee. Employee contributions are fully vested upon hire, employer contributions to employee account are vested based upon full years of participation (20% per year – 5 full years for 100% vesting).

1977 Police Officers' and Firefighters' Pension and Disability Fund

The plan provides retirement, disability, and death benefits. Benefit terms are established and amended by State legislative action. Annual retirement benefits for employees are calculated as 50 percent of first-class salary for 20 years of service plus one percent for each six months of active service over 20 years up to a maximum of 12 years (for a total of 32 years of service and 74 percent of salary).. Normal retirement age is 52 with 20 years of creditable service, with early retirement at 50. Employees are eligible for non duty disability benefits after five years of service and for duty related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction.

Note 19 - Pension Plans (Continued)

Death benefits equal the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest. Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are determined by statute equal to the change in the Consumer Price Index but not in excess of a 3 percent increase.

1925 Police Officers' Pension Plan

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The financial statements of the plan are included in these financial statements as a pension trust fund (a fiduciary fund).

1937 Firefighters' Pension Plan

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The financial statements of the plan are included in these financial statements as a pension trust fund (a fiduciary fund).

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	1925 Police Officers' Pension Plan December 31, 2018	1937 Firefighters' Pension Plan December 31, 2018
Date of member count		
Inactive plan members or beneficiaries currently receiving benefits	201	152
Active plan members	<u>4</u>	<u>4</u>
Total employees covered by the plan	205	156

Contributions

Public Employees' Retirement Fund

Per Indiana Code, Title 5, Articles 10.2 and 10.3, the contribution requirements of the active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. Employees are required to contribute 3 percent of their annual pay. The City's contractually required contribution rate for the year ended December 31, 2018 was 11.2 percent of annual payroll. Contributions to the plan from the City were \$3,385,879 for the year ended December 31, 2018.

Note 19 - Pension Plans (Continued)

1977 Police Officers' and Firefighters' Pension and Disability Fund

Per Indiana State statute (IC 36 8 8 and IC 36 8 8.5), the contribution requirements of the active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. Employees are required to contribute 6 percent of their annual pay. The City's contractually required contribution rate for the year ended December 31, 2018 was 17.5 percent of annual payroll. Contributions to the plan from the City were \$5,170,797 for the year ended December 31, 2018.

1925 Police Officers' Pension Plan

Plan members are required by state statute (IC 36 8 6 4) to contribute an amount equal to six percent (6 percent) of the salary of a first class patrolman. The contribution requirements of plan members are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note. The net pension liability (NPL) is considered an obligation of the City and is reflected in the statement of net position. The State of Indiana is required by statute to reimburse the City for benefits paid and has contributed \$6,223,858 during 2018 on behalf of the City. The City has recognized these on behalf payments as intergovernmental revenue and public safety expenditures in the General Fund.

1937 Firefighters' Pension Plan

Plan members are required by state statute (IC 36 8 7 8) to contribute an amount equal to six percent (6 percent) of the salary of a first class firefighter. The contribution requirements of plan members are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note. The net pension liability (NPL) is considered an obligation of the City and is reflected in the statement of net position. The State of Indiana is required by statute to reimburse the City for benefits paid and has contributed \$4,475,669 during 2018 on behalf of the City. The City has recognized these on behalf payments as intergovernmental revenue and public safety expenditures in the General Fund.

Net Pension Liability

The City chooses a date for each pension plan to measure its net pension liability. This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	<u>Public Employees' Retirement Fund</u>	<u>1977 Police Officers' and Firefighters Pension and Disability Fund</u>	<u>1925 Police Officers' Pension Plan</u>	<u>1937 Firefighters' Pension Plan</u>
Measurement date used for the City NPL	June 30, 2018	June 30, 2018	December 31, 2018	December 31, 2018
Based on a comprehensive actuarial valuation as of	June 30, 2018	June 30, 2018	December 31, 2018	December 31, 2018

Note 19 - Pension Plans (Continued)

Changes in the net pension liability during the measurement year were as follows:

1925 Police Officers' Pension Plan

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2017	\$ 85,694,021	\$ 885,316	\$ 84,808,705
Service cost	92,916	-	92,916
Interest	2,337,437	-	2,337,437
Changes in benefits	-	-	-
Differences between expected and actual experience	2,284,134	-	2,284,134
Changes in assumptions	(2,697,730)	-	(2,697,730)
Contributions Employer	-	-	-
Non-employer contributing entity contributions	-	6,220,658	(6,220,658)
Contributions Employee	-	-	-
Net investment income	-	15,219	(15,219)
Other revenue	-	-	-
Benefit payments, including refunds	(6,146,696)	(6,161,954)	15,258
Administrative expenses	-	(10,054)	10,054
Miscellaneous other charges	-	-	-
Net changes:	<u>(4,129,939)</u>	<u>63,869</u>	<u>(4,193,808)</u>
Balance at December 31, 2018	<u>\$ 81,564,082</u>	<u>\$ 949,185</u>	<u>\$ 80,614,897</u>

The plan's fiduciary net position represents 1.16 percent of the total pension liability.

December 31, 2018

Note 19 - Pension Plans (Continued)

1937 Firefighters' Pension Plan

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2016	\$ 68,671,131	\$ 466,258	\$ 68,204,873
Service cost	98,529	-	98,529
Interest	1,815,032	-	1,815,032
Changes in benefits	-	-	-
Differences between expected and actual experience	(482,208)	-	(482,208)
Changes in assumptions	(2,105,211)	-	(2,105,211)
Contributions Employer	-	-	-
Non-employer contributing entity contributions	-	4,472,469	(4,472,469)
Contributions Employee	-	-	-
Net investment income	-	7,596	(7,596)
Other revenue	-	-	-
Benefit payments, including refunds	(4,572,612)	(4,618,617)	46,005
Administrative expenses	-	(12,154)	12,154
Miscellaneous other charges	-	-	-
Net changes:	<u>(5,246,470)</u>	<u>(150,706)</u>	<u>(5,095,764)</u>
Balance at December 31, 2017	<u>\$ 63,424,661</u>	<u>\$ 315,552</u>	<u>\$ 63,109,109</u>

The plan's fiduciary net position represents 0.50 percent of the total pension liability.

Public Employees' Retirement Fund

At December 31, 2018, the City reported a liability of \$19,812,587 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's actuarially required contribution for the year ended December 31, 2018, relative to all other contributing employers. At June 30, 2018, the City's proportion was 0.58323 percent, which was an increase of 0.00335% from its proportion measured as of June 30, 2017.

1977 Police Officers' and Firefighters' Pension and Disability Fund

At December 31, 2018, the City reported a pension asset of \$3,021,911 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on the City's actuarially required contribution for the year ended December 31, 2018, relative to all other contributing employers. At June 30, 2018, the City's proportion was 3.43746 percent, which was a decrease of 0.06148 from its proportion measured as of June 30, 2017.

Note 19 - Pension Plans (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Public Employees' Retirement Fund

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 259,110	\$ 1,353
Changes in assumptions	47,204	3,181,186
Net difference between projected and actual earnings on pension plan investments	586,771	-
Employer contributions to the plan subsequent to the measurement date	1,675,591	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>498,568</u>	<u>49,376</u>
Total	<u>\$ 3,067,244</u>	<u>\$ 3,231,915</u>

1977 Police Officers' and Firefighters' Pension and Disability Fund

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,590,194	\$ 1,395,089
Changes in assumptions	-	6,696,031
Net difference between projected and actual earnings on pension plan investments	1,031,376	-
Employer contributions to the plan subsequent to the measurement date	2,792,597	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>96,299</u>	<u>108,415</u>
Total	<u>\$ 9,510,466</u>	<u>\$ 8,199,535</u>

1925 Police Officers' Pension Plan

	Deferred Outflows of Resources
Investment experience	\$ 219

1937 Firefighters' Pension Plan

	Deferred Outflows of Resources
Investment experience	\$ 451

Note 19 - Pension Plans (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and therefore will not be included in future pension expense):

Public Employees' Retirement Fund

Years Ending June 30	Amount
2019	\$ 713,093
2020	(756,855)
2021	(1,445,612)
2022	(350,888)
2023	-
Thereafter	-
Total	<u>\$ (1,840,262)</u>

1977 Police Officers' and Firefighters' Pension and Disability Fund

Years Ending June 30	Amount
2019	\$2,195,568
2020	(282,100)
2021	(2,121,866)
2022	(1,693,730)
2023	(702,005)
Thereafter	<u>1,122,467</u>
Total	<u>\$ (1,481,666)</u>

1925 Police Officers' Pension Plan

Years Ending June 30	Amount
2019	\$ 55
2020	55
2021	55
2022	54
2023	-
Total	<u>\$ 219</u>

Note 19 - Pension Plans (Continued)

1937 Firefighters' Pension Plan

Years Ending June 30	Amount	
2019	\$	113
2020		113
2021		113
2022		112
2023		-
Total	\$	451

Actuarial Assumptions

The total pension liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Public Employees' Retirement Fund	1977 Police Officers' and Firefighters Pension and Disability Fund	1925 Police Officers' Pension Plan	1937 Firefighters' Pension Plan
Inflation	2.25%	2.25%	2.25%	2.25%
Salary increases including inflation)	2.5-4.25%	2.50%	2.50%	2.50%
Investment rate of return (net of investment expenses)	6.75%	6.75%	1.75%	1.75%
Mortality rates	RP-2014 Mortality Table with adjustments for mortality improvements based on Social Security Administration 2014 Trustee report	RP-2014 Blue Collar Set Mortality Table with adjustments for mortality improvements based on Social Security Admin. 2014 Trustee Rpt.	RP-2014 Blue Collar Set Mortality Table with adjustments for mortality improvements based on Social Security Admin. 2014 Trustee Rpt.	RP-2014 Blue Collar Set Mortality Table with adjustments for mortality improvements based on Social Security Admin. 2014 Trustee Rpt.

The actuarial assumptions used in the June 30, 2018 actuarial valuation date valuation were based on the results of an actuarial experience study for the four years ended June 30, 2014 update.

Discount Rate

As shown below, the discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

Note 19 - Pension Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation update.

	Public Employees' Retirement Fund	1977 Police Officers' and Firefighters' Pension and Disability Fund	1925 Police Officers' Pension Plan	1937 Firefighters' Pension Plan
Assumed investment rate of return	7.50%	7.25%	1.75%	1.75%
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes	No	No
Discount rate used to measure TPL	6.75%	6.75%	3.10%	3.10%

1925 Police Officers' Pension Plan's and 1937 Firefighters' Pension Plan's fiduciary net position were not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 3.10 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond (as referenced in The Wall Street Journal, December 31, 2017).

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the June 30, 2018 measurement date for the Public Employees' Retirement Fund and 1977 Police Officers' and Firefighters' Pension and Disability Fund and December 31, 2018 measurement date for the 1925 Police Officers' Pension Plan and 1937 Firefighters' Pension Plan, and for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Public Employees' Retirement Fund and 1977 Police Officers' and Firefighters' Pension and Disability Fund

Asset Class	Target Allocation	Long term Expected Real Rate of Return
Public Equity	22%	4.4%
Private Equity	14%	5.4%
Fixed Income - Ex Inflation-Linked	20%	2.2%
Fixed Income - Inflation-Linked	7%	0.8%
Commodities	8%	2.3%
Real Estate	7%	6.5%
Absolute Return	10%	2.7%
Risk Parity	12%	5.2%

Note 19 - Pension Plans (Continued)

1925 Police Officers' Pension Plan

Asset Class	Long term Expected Real Rate of Return
Cash or cash equivalents	1.75%
Fixed income investments	1.75%

1937 Firefighters' Pension Plan

Asset Class	Long term Expected Real Rate of Return
Cash or cash equivalents	1.75%
Government agency securities	1.75%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease (5.75%)	Discount (6.75%)	1% Increase (7.75%)
Public Employees' Retirement Fund	\$ 31,188,196	\$ 19,812,587	\$ 10,326,568
1977 Police Officers' and Firefighters' Pension and Disability Fund	\$ 28,711,015	\$ (3,021,911)	\$ (28,672,587)
	1% Decrease (2.10%)	Discount (3.10%)	1% Increase (4.10%)
1925 Police Officers' Pension Plan	\$ 88,039,465	\$ 80,614,897	\$ 72,544,393
1937 Firefighters' Pension Plan	\$ 69,419,473	\$ 63,109,109	\$ 57,170,585

Public Employees' Retirement Fund, and 1977 Police Officers' and Firefighters' Pension and Disability Fund

Detailed information about the plan's fiduciary net position is available in a separately issued financial report available at www.in.gov/inprs/files/2018_INPRSCAFRBook.pdf. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 19 - Pension Plans (Continued)**1925 Police Officers' Pension Plan**

The financial statements of the plan are included in these financial statements as a pension and other postemployment benefit trust fund. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are report by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

1937 Firefighters' Pension Plan

The financial statements of the plan are included in these financial statements as a pension and other postemployment benefit trust fund. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are report by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

The actuarial assumptions used in the Public Employees Retirement Fund (PERF) and the 1977 Police Officers' and Firefighters' Pension and Disability Fund were the same assumptions used in the 2017 valuations, except for the PERF COLA assumption. The PERF COLA assumption was changed due to passage of Senate Enrolled Act No. 373. In lieu of a 1% COLA occurring beginning on January 1, 2020, the Plan now assumes that the COLA will be replaced by a 13th check for 2020 and 2021. The COLA assumption thereafter would be 0.4% beginning on January 1, 2022, changing to 0.5% beginning on January 1, 2034, and ultimately 0.6% beginning on January 1, 2039.

Investment Policy

The 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the pension board's adopted asset allocation policy as of December 31, 2018:

Note 19 - Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>
Cash or cash equivalents	24%
Government agency securities	76

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.3 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The total aggregate amounts, for all City plans, of employer's pension liability, deferred outflows of resources, deferred inflows of resources and pension expenditures for the period associated with net pension liabilities is as follows:

<u>Plan Description</u>	<u>Net Pension Liability</u>	<u>Pension Expenses (Income)</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>
Public Employees' Retirement Fund	\$ 19,812,587	\$ 3,302,670	\$ 3,231,915	\$ 3,067,244
1977 Police Officers and Firefighters Pension and Disability Fund *	-	3,569,554	8,199,535	9,510,466
1925 Police Officers' Pension Plan	80,614,897	2,001,319	-	219
1937 Firefighters' Pension Plan	63,109,109	(681,905)	-	451
Total Aggregate Amounts	<u>\$ 163,536,593</u>	<u>\$ 8,191,638</u>	<u>\$ 11,431,450</u>	<u>\$ 12,578,380</u>

* - 1977 Police Officers' and Firefighters' Pension and Disability Fund recognizes a \$3,021,911 net pension asset as of December 31, 2018.

Note 20 - Pension Trust Funds

The following are condensed financial statements for the individual pension plans:

	<u>1925 Police Pension</u>	<u>1937 Fire Pension</u>	<u>Total</u>
<u>Statement of Net Position</u>			
Cash and investments	\$ 945,540	\$ 315,084	\$ 1,260,624
Other assets	3,821	1,085	4,906
Liabilities	(176)	(617)	(793)
Net position	<u>949,185</u>	<u>315,552</u>	<u>1,264,737</u>
<u>Statement of Changes in Net Position</u>			
Investment income	15,219	7,596	22,815
Contributions	6,228,875	4,482,317	10,711,192
Benefit payments	(6,166,971)	(4,625,265)	(10,792,236)
Other deductions	(13,254)	(15,354)	(28,608)
Net change in net position	<u>\$ 63,869</u>	<u>\$ (150,706)</u>	<u>\$ (86,837)</u>

Note 21 – Reporting Change and Prior Period Adjustment

The City made two prior period adjustments for the presentation of the year ended 12/31/2017.

First, during the current year, the City adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result, the government-wide statements now include a liability equal to total other postemployment benefits (OPEB) liability. Some of the changes in this total OPEB liability will be recognized immediately as part of the OPEB expense measurement, and part will be deferred and recognized over future years. Refer to Note 18 for further details.

The effect of these new standards was a decrease of \$13,819,558 in net position of governmental activities to record the total OPEB liability at January 1, 2018.

In addition, during 2018, the City discovered a misstatement in the presentation of the 2017 financial statements. The City unintentionally double counted a receivable related to the Emergency Medical Services (EMS) Medicaid Supplemental Payment Adjustment. This misstatement resulted in an overstatement of both revenue and accounts receivable on the 2017 CAFR.

The effect of these prior period adjustments are shown below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position - December 31, 2017, as previously reported	\$ 162,225,855	\$ 204,389,942
Adjustment for implementation of GASB Statement 75	(13,819,558)	-
Adjustment to correct 2017 activity for Business-type Activities - Emergency Medical Services Fund	<u>-</u>	<u>(1,078,551)</u>
Net position - December 31, 2017, as restated	<u>\$ 148,406,297</u>	<u>\$ 203,311,391</u>

Note 22 - Closure and Postclosure Care Cost

As of January 1, 2008, the City of South Bend's Biosolids Lagoon #4 site has been closed. The City is required to maintain the one-acre site by monitoring methane and groundwater and maintain the site (mowing, cover inspection, gas collection system inspection, cover repair, ditch maintenance, etc.). The closure and postclosure care costs are reported as operating expenses, as incurred. For the year ending December 31, 2018, the total expenses incurred were \$ 8,132.50. The remaining expected liability relating to postclosure costs is estimated at less than \$250,000 and due to the minimal nature of these expenditures, is not included in the financial statements

Note 23 - Tax Abatements

The City enters into property tax abatement agreements with local businesses and also for qualifying residential construction under the City's Municipal Code Chapter 2, Article 6, Tax Abatements, created by Ordinance 7267-83. Under this Article, the City may grant property tax abatements to a business located within or promising to relocate to the City for the purpose of attracting or retaining the business and also for the purpose of encouraging residential construction within economic development target areas.

For the fiscal year ended December 31, 2018, the City abated property taxes totaling \$1,332,504 under this program. Three properties had property taxes abated that exceeded 10 percent of the total amount. For these properties the taxes abated were \$254,704, \$233,436, and \$183,240.

City of South Bend, Indiana

Required Supplementary Information
1925 Police Officers' Pension Plan Schedule of Investment Returns

Last Five Fiscal Years
Years Ended December 31

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	1.75%	0.80%	1.00%	0.80%	0.60%

Information is presented for the years available

**Last Ten Fiscal Years
Years Ended December 31**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$6,161,954	\$6,119,059	\$6,133,389	\$6,073,049	\$6,432,800	\$6,633,200	\$6,986,200	\$7,317,800	\$6,673,100	\$5,995,700
Contributions in relation to the actuarially determined contribution	<u>6,220,658</u>	<u>6,204,179</u>	<u>6,364,236</u>	<u>6,323,645</u>	<u>6,116,195</u>	<u>5,837,216</u>	<u>6,776,614</u>	<u>6,512,842</u>	<u>5,805,597</u>	<u>6,355,442</u>
Contribution (Deficiency) Excess	<u>\$ 58,704</u>	<u>\$ 85,120</u>	<u>\$ 230,847</u>	<u>\$ 250,596</u>	<u>\$ (316,605)</u>	<u>\$ (795,984)</u>	<u>\$ (209,586)</u>	<u>\$ (804,958)</u>	<u>\$ (867,503)</u>	<u>\$ 359,742</u>
Covered Employee Payroll	\$ -	\$ -	\$ -	\$441,200	\$441,200	\$430,000	\$421,800	\$542,900	\$569,500	\$611,000
Contributions as a Percentage of Covered Employee Payroll	0.0%	0.0%	0.0%	1433.3%	1386.3%	1357.5%	1606.6%	1199.6%	1019.4%	1040.2%

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date December 31, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Amortization method Level percent of payroll

Remaining amortization period 30 years

Asset valuation method Not applicable. Benefits are funded on a pay-as-you-go basis

Inflation 2.25% per year

Salary increase 2.50% per year

Investment rate of return 1.75% per year

Retirement age Non-converted - any age with 20 or more years of creditable service; Converted - age 52 with 20 or more years of creditable service and no longer active

Mortality RP-2014 Total Data Set Mortality Tables with mortality improvement since 2006 using scale MP-2014 removed and projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report

Other information Cost of living increases of 2.50% per year in retirement for non-converted and 2.00% per year in retirement for converted

Required Supplementary Information
 Schedule of Changes in the City Net Pension Liability and Related Ratios
 1925 Police Officers' Pension Plan

Last Five Fiscal Years

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 92,916	\$ 78,812	\$ 164,481	\$ 184,104	\$ 157,965
Interest	2,337,437	2,653,831	2,344,653	2,415,583	3,721,864
Experience (gains)/losses	2,284,134	995,949	396,259	(2,973,249)	-
Changes in assumptions	(2,697,730)	3,926,922	(5,617,308)	(294,402)	12,487,771
Projected benefit payments	<u>(6,146,696)</u>	<u>(6,045,097)</u>	<u>(5,977,290)</u>	<u>(6,061,589)</u>	<u>(6,122,870)</u>
Net Change in Total Pension Liability	(4,129,939)	1,610,417	(8,689,205)	(6,729,553)	10,244,730
Total Pension Liability - Beginning of year	<u>85,694,021</u>	<u>84,083,604</u>	<u>92,772,809</u>	<u>99,502,362</u>	<u>89,257,632</u>
Total Pension Liability - End of year	<u>\$ 81,564,082</u>	<u>\$ 85,694,021</u>	<u>\$ 84,083,604</u>	<u>\$ 92,772,809</u>	<u>\$ 99,502,362</u>
Plan Fiduciary Net Position					
Contributions - Other	\$ -	\$ 13,544	\$ 15,749	\$ 62	\$ 4,329
Contributions - Non-employer Entity	6,220,658	6,204,179	5,991,750	6,378,359	6,111,865
Net investment income	15,219	6,557	6,713	4,376	3,759
Administrative expenses	(10,054)	(13,577)	(13,551)	(12,462)	(10,957)
Benefit payments, including refunds	<u>(6,161,954)</u>	<u>(6,119,245)</u>	<u>(6,364,236)</u>	<u>(6,323,646)</u>	<u>(6,705,815)</u>
Net Change in Plan Fiduciary Net Position	63,869	91,458	(363,575)	46,689	(596,819)
Plan Fiduciary Net Position - Beginning of year	<u>885,316</u>	<u>793,858</u>	<u>1,157,433</u>	<u>1,110,743</u>	<u>1,707,562</u>
Plan Fiduciary Net Position - End of year	<u>\$ 949,185</u>	<u>\$ 885,316</u>	<u>\$ 793,858</u>	<u>\$ 1,157,432</u>	<u>\$ 1,110,743</u>
City's Net Pension Liability - Ending	<u>\$ 80,614,897</u>	<u>\$ 84,808,705</u>	<u>\$ 83,289,746</u>	<u>\$ 91,615,377</u>	<u>\$ 98,391,619</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	1.16%	1.03%	0.94%	1.25%	1.12%
Covered Employee Payroll	\$ -	\$ -	\$ -	\$441,200	\$441,200
City's Net Pension Liability as a % of Covered Employee Payroll	0%	0%	0%	20765%	22301%

Information is presented for the years available

City of South Bend, Indiana

Required Supplementary Information
Schedule of Pension Investment Returns
1937 Firefighters' Pension Plan

**Last Five Fiscal Years
Years Ended December 31**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	1.75%	0.80%	1.00%	0.80%	0.60%

Information is presented for the years available

Required Supplementary Information
1937 Firefighters' Pension Plan Schedule of City Contributions

**Last Ten Fiscal Years
Years Ended December 31**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$4,618,617	\$4,727,592	\$5,152,192	\$4,977,042	\$5,436,400	\$5,550,900	\$5,787,300	\$6,399,700	\$5,811,400	\$5,258,600
Contributions in relation to the actuarially determined contribution	<u>4,472,469</u>	<u>4,920,712</u>	<u>5,165,758</u>	<u>5,197,158</u>	<u>5,130,581</u>	<u>5,051,319</u>	<u>5,208,570</u>	<u>5,503,742</u>	<u>5,172,146</u>	<u>5,416,358</u>
Contribution (Deficiency) Excess	<u>\$ (146,148)</u>	<u>\$ 193,120</u>	<u>\$ 13,566</u>	<u>\$ 220,116</u>	<u>\$ (305,819)</u>	<u>\$ (499,581)</u>	<u>\$ (578,730)</u>	<u>\$ (895,958)</u>	<u>\$ (639,254)</u>	<u>\$ 157,758</u>
Covered Employee Payroll	\$ -	\$ -	\$ -	\$328,600	\$328,600	\$319,300	\$365,500	\$397,100	\$429,500	\$474,450
Contributions as a Percentage of Covered Employee Payroll	0.00%	0.00%	0.00%	1581.61%	1561.30%	1582.00%	1425.10%	1386.00%	1204.20%	1141.60%

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date December 31, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Amortization method Level percent of payroll

Remaining amortization period 30 years

Asset valuation method Not applicable. Benefits are funded on a pay-as-you-go basis

Inflation 2.25% per year

Salary increase 2.50% per year

Investment rate of return 1.75% per year

Retirement age Non-converted - any age with 20 or more years of creditable service; Converted - age 52 with 20 or more years of creditable service and no longer active

Mortality RP-2014 Total Data Set Mortality Tables with mortality improvement since 2006 using scale MP-2014 removed and projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report

Other information Cost of living increases of 2.50% per year in retirement for non-converted and 2.00% per year in retirement for converted

Required Supplementary Information
 Schedule of Changes in the City Net Pension Liability and Related Ratios
 1937 Firefighters' Pension Plan

Last Five Fiscal Years

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 98,529	\$ 81,717	\$ 163,162	\$ 155,487	\$ 114,297
Interest	1,815,032	2,124,050	1,940,826	2,020,796	3,155,669
Experience (gains)/losses	(482,208)	(1,611,010)	(262,337)	(2,816,692)	-
Changes in assumptions	(2,105,211)	3,179,702	(4,645,609)	(245,887)	9,620,657
Projected benefit payments	<u>(4,572,612)</u>	<u>(4,727,592)</u>	<u>(4,980,991)</u>	<u>(5,094,762)</u>	<u>(5,206,870)</u>
Net Change in Total Pension Liability	(5,246,470)	(953,133)	(7,784,949)	(5,981,058)	7,683,753
Total Pension Liability - Beginning of year	<u>68,671,131</u>	<u>69,624,264</u>	<u>77,409,213</u>	<u>83,390,271</u>	<u>75,706,518</u>
Total Pension Liability - End of year	<u>\$ 63,424,661</u>	<u>\$ 68,671,131</u>	<u>\$ 69,624,264</u>	<u>\$ 77,409,213</u>	<u>\$ 83,390,271</u>
Plan Fiduciary Net Position					
Contributions - Other	\$ -	\$ 4,251	\$ 6,279	\$ 2,667	\$ 1,484
Contributions - Non-employer Entity	4,472,469	4,920,712	4,866,271	5,039,025	5,129,098
Net investment income	7,596	3,352	2,852	2,675	1,963
Administrative expenses	(12,154)	(14,771)	(14,485)	(14,255)	(10,920)
Benefit payments, including refunds	<u>(4,618,617)</u>	<u>(4,614,480)</u>	<u>(5,165,758)</u>	<u>(5,197,159)</u>	<u>(5,407,429)</u>
Net Change in Plan Fiduciary Net Position	(150,706)	299,064	(304,841)	(167,047)	(285,804)
Plan Fiduciary Net Position - Beginning of year	<u>466,258</u>	<u>167,194</u>	<u>472,035</u>	<u>639,081</u>	<u>924,885</u>
Plan Fiduciary Net Position - End of year	<u>\$ 315,552</u>	<u>\$ 466,258</u>	<u>\$ 167,194</u>	<u>\$ 472,034</u>	<u>\$ 639,081</u>
City's Net Pension Liability - Ending	<u>\$ 63,109,109</u>	<u>\$ 68,204,873</u>	<u>\$ 69,457,070</u>	<u>\$ 76,937,179</u>	<u>\$ 82,751,190</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	0.50%	0.68%	0.24%	0.61%	0.77%
Covered Employee Payroll	\$ -	\$ -	\$ -	\$328,600	\$328,600
City's Net Pension Liability as a % of Covered Employee Payroll	0%	0%	0%	23414%	25183%

Information is presented for the years available

Required Supplemental Information
 Schedule of City Contributions
 Public Employees' Retirement Fund

Last Four Fiscal Years
 Years Ended June 30

	2018	2017	2016	2015
Actuarially determined contribution	\$ 3,302,670	\$ 5,307,308	\$ 4,526,527	\$ 3,650,212
Contributions in relation to the actuarially determined contributions	3,309,216	3,219,677	2,933,996	2,982,234
Contribution Deficiency	<u>\$ (6,546)</u>	<u>\$ 2,087,631</u>	<u>\$ 1,592,531</u>	<u>\$ 667,978</u>
Covered Employee Payroll	\$ 29,759,859	\$ 28,768,543	\$ 26,237,016	\$ 26,681,229
Contributions as a Percentage of Covered Employee Payroll	11.1%	11.2%	11.2%	11.2%

Information is presented for the years available

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2018
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Remaining amortization period	25 years

Asset valuation method	Actuarial Value of Assets is equal to a five-year smoothing of gains and losses on the Market Value of Assets subject to a 20% corridor
Inflation	2.25% per year
Salary increase	2.50% to 4.25% per year
Investment rate of return	6.75% per year

Retirement age Normal retirement ages are age 65 and 10 years (eight years for certain elected officials) of creditable service, age 60 and 15 years of creditable service, and age 55 if age and creditable service total at least 85 with early retirement at 50 with 15 years of service

Mortality RP-2014 (with MP-2014 improvement removed) Total Data Set Mortality Table, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report.

Other information In lieu of a COLA on January 1, 2019, members in pay were provided a 13th check on October 1, 2018. It is assumed a 13th check would continue for the 2020 and 2021 fiscal years.

City of South Bend, Indiana

Required Supplemental Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Public Employees' Retirement Fund

	Last Five Fiscal Years Years Ended June 30				
	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	0.58323%	0.57988%	0.54700%	0.55700%	0.56300%
City's proportionate share of the net pension liability (asset)	\$ 19,812,587	\$ 25,871,598	\$ 24,845,715	\$ 22,687,694	\$ 14,807,363
City's covered employee payroll	\$ 29,759,859	\$ 28,768,543	\$ 26,237,016	\$ 26,691,229	\$ 27,509,916
City's Proportionate Share of the Net pension Liability (Asset) as a Percentage of its Covered Employee Payroll	66.57%	89.93%	94.70%	85.00%	53.83%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.9%	76.6%	75.3%	77.3%	84.3%

Information is presented for the years available

City of South Bend, Indiana

Required Supplemental Information Schedule of City Contributions 1977 Police Officers' Pension and Disability Fund

Last Four Fiscal Years
Years Ended June 30

	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,702,380	\$ 2,143,623	\$ 2,029,937	\$ 709,017
Contributions in relation to the actuarially determined contribution	<u>2,433,268</u>	<u>2,600,280</u>	<u>2,673,614</u>	<u>2,625,418</u>
Contribution Excess	<u>\$ 730,888</u>	<u>\$ 456,657</u>	<u>\$ 643,677</u>	<u>\$ 1,916,401</u>
City's Covered Employee Payroll	\$ 13,896,923	\$ 13,968,031	\$ 13,571,531	\$ 13,327,077
Contributions as a Percentage of Covered Employee Payroll	17.5%	18.6%	19.7%	19.7%

Information is presented for the years available

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Amortization method Level percent of payroll

Remaining amortization period 30 years

Asset valuation method Actuarial Value of Assets is equal to a five-year smoothing of gains and losses on the Market Value of Assets subject to a 20% corridor

Inflation 2.25% per year

Salary increase 2.50% per year

Investment rate of return 6.75% per year

Retirement age Normal retirement is age 52 with 20 years of service; early retirement is age 50 with 20 years of service (reduced benefit)

Mortality RP-2014 (with MP-2014 improvement removed) Blue Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report

Other information Cost of living increases of 2.0% per year

Required Supplemental Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 1977 Police Officers' Pension and Disability Fund

Last Five Fiscal Years
 Years Ended June 30

	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	1.6501%	1.72294%	1.75600%	1.78700%	1.82900%
City's proportionate share of the net pension liability (asset)	\$ (1,450,622)	\$ (265,770)	\$ 1,559,932	\$ (2,640,039)	\$ (932,236)
City's covered employee payroll	\$ 13,896,923	\$ 13,968,031	\$ 13,571,531	\$ 13,327,077	\$ 12,981,067
City's Proportionate Share of the Net pension Liability (Asset) as a Percentage of its Covered Employee Payroll	-10.44%	-1.90%	11.49%	(19.8)%	(7.2)%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.50%	100.3%	98.2%	103.2%	101.1%

Information is presented for the years available

Required Supplemental Information
1977 Firefighters' Pension and Disability Fund
Schedule of City Contributions

	Last Four Fiscal Years			
	Years Ended June 30			
	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,867,174	\$ 2,232,482	\$ 2,053,907	\$ 743,238
Contributions in relation to the actuarially determined contributions	2,634,358	2,677,560	2,673,917	2,666,116
Contribution Deficiency (Excess)	\$ (767,184)	\$ (445,078)	\$ (620,010)	\$ (1,922,878)
Covered Employee Payroll	15,052,876	14,398,217	\$ 13,588,032	\$ 13,533,745
Contributions as a Percentage of Covered Employee Payroll	17.50%	18.60%	19.68%	19.70%

Information is presented for the years available

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal
 Amortization method Level percent of payroll
 Remaining amortization period 30 years

Asset valuation method Actuarial Value of Assets is equal to a five-year smoothing of gains and losses on the Market Value of Assets subject to a 20% corridor

Inflation 2.25% per year

Salary increase 2.50% per year

Investment rate of return 6.75% per year

Retirement age Normal retirement is age 52 with 20 years of service; early retirement is age 50 with 20 years of service (reduced benefit)

Mortality RP-2014 (with MP-2014 improvement removed) Blue Collar mortality tables, with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report

Other information Cost of living increases of 2.0% per year

Required Supplemental Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 1977 Firefighters' Pension and Disability Fund

Last Five Fiscal Years

Years Ended June 30

	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	1.78736%	1.77600%	1.75800%	1.81500%	1.79500%
City's proportionate share of the net pension liability (asset)	\$ (1,571,289)	\$ (273,955)	\$ 1,561,833	\$ (2,680,987)	\$ (915,265)
City's covered employee payroll	\$ 15,052,876	\$ 14,398,217	\$ 13,588,032	\$ 13,533,745	\$ 12,744,754
City's Proportionate Share of the Net pension Liability (Asset) as a Percentage of its Covered Employee Payroll	-10.44%	-1.90%	11.49%	-19.81%	-7.18%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.50%	100.3%	98.2%	103.2%	101.1%

Information is presented for the years available

City of South Bend, Indiana

Schedules of Required Supplementary Information Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Year Ended December 31, 2018

Total OPEB liability	
Service Cost	\$ 1,489,465
Interest	1,026,964
Difference between expected and actual experience	1,503,991
Changes of assumptions or other inputs	(8,795,897)
Benefit payments	<u>(758,730)</u>
Net change in total OPEB liability	(5,534,207)
Total OPEB Liability - beginning	<u>28,740,294</u>
Total OPEB Liability - ending	<u>\$ 23,206,087</u>
Plan fiduciary net position - ending	<u>\$ -</u>
Net OPEB Liability - ending	<u>\$ 23,206,087</u>
Plan fiduciary net position as % of total OPEB liability	0%
Covered employee payroll	<u>\$ 58,876,762</u>
Net OPEB liability as a % fo covered payroll	39.4%

Information is presented for the years available

Notes to Schedule:

This is the first year the total OPEB liability was calculated based on GASB 75

Required Supplementary Information
 Budgetary Comparison Schedules
 General Fund

Year Ended December 31, 2018

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
Revenues:				
Taxes - Property	\$ 39,246,940	\$ 40,719,333	\$ 40,719,333	\$ -
Licenses and permits	230,510	243,194	252,481	9,287
Intergovernmental	4,373,614	4,688,955	4,544,341	(144,614)
Charges for services	933,677	888,058	774,120	(113,938)
Fines and forfeitures	8,920	15,120	16,079	959
Investment income	240,000	410,000	476,266	66,266
Other	8,227,027	8,973,781	8,563,828	(409,953)
Total revenues	<u>53,260,688</u>	<u>55,938,441</u>	<u>55,346,448</u>	<u>(591,993)</u>
Expenditures:				
Current:				
General government:				
Mayor:				
Personnel services	736,276	722,045	691,853	30,192
Supplies	700	1,802	830	972
Other services and charges	170,864	184,295	178,631	5,664
City Clerk:				
Personnel services	368,354	374,014	353,280	20,734
Supplies	7,800	13,507	4,398	9,109
Other services and charges	167,993	186,032	159,612	26,420
Common Council:				
Personnel services	366,291	366,291	313,937	52,354
Supplies	6,375	16,707	10,068	6,639
Other services and charges	242,303	287,015	247,332	39,683
WNIT Contract:				
Other services and charges	43,000	43,000	43,000	-
Administration/Finance:				
Personnel services	2,280,450	2,280,450	2,065,101	215,349
Supplies	23,500	23,530	13,679	9,851
Other services and charges	315,846	335,346	315,405	19,941
Legal Department:				
Personnel services	1,082,003	1,082,003	980,943	101,060
Supplies	3,450	3,626	2,962	664
Other services and charges	115,344	115,344	104,140	11,204
Human Rights:				
Personnel services	311,040	311,040	241,092	69,948
Supplies	1,037	1,037	898	139
Other services and charges	135,023	135,056	125,821	9,235
Total General Government	<u>6,377,649</u>	<u>6,482,140</u>	<u>5,852,982</u>	<u>629,158</u>

Required Supplementary Information
 Budgetary Comparison Schedules
 General Fund (Continued)

Year Ended December 31, 2018

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
Public Safety:				
Police Department:				
Personnel services	\$ 23,872,149	\$ 24,141,649	\$ 24,069,590	\$ 72,059
Supplies	295,731	971,557	715,253	256,304
Other services and charges	4,655,450	4,765,508	4,455,495	310,013
Capital outlay	-	17,028	-	17,028
Fire Department:				
Personnel services	18,065,312	18,150,662	18,134,719	15,943
Supplies	461,150	516,512	405,751	110,761
Other services and charges	2,741,928	3,076,169	2,976,134	100,035
Total Public Safety	<u>50,091,720</u>	<u>51,639,085</u>	<u>50,756,942</u>	<u>882,143</u>
Highways and Streets:				
Engineering:				
Personnel services	971,589	936,784	898,952	37,832
Supplies	20,850	28,630	13,530	15,100
Other services and charges	598,066	784,670	560,223	224,447
AmeriCorps Program:				
Personnel services	-	85,175	16,677	68,498
Supplies	-	72,420	53	72,367
Other services and charges	-	208,593	638	207,955
Total highways and streets	<u>1,590,505</u>	<u>2,116,272</u>	<u>1,490,073</u>	<u>626,199</u>
Culture and recreation:				
Morris Performing Arts Center:				
Personnel services	583,005	693,005	551,102	141,903
Supplies	4,200	29,796	20,327	9,469
Other services and charges	731,313	597,990	378,059	219,931
Palais Royale Ballroom:				
Personnel services	157,818	235,818	204,328	31,490
Supplies	1,900	23,014	13,006	10,008
Other services and charges	364,646	267,596	171,539	96,057
Capital outlay	15,000	15,000	15,000	-
Total culture and recreation	<u>1,857,882</u>	<u>1,862,219</u>	<u>1,353,361</u>	<u>508,858</u>
Total expenditures	<u>59,917,756</u>	<u>62,099,716</u>	<u>59,453,358</u>	<u>2,646,358</u>

**Required Supplementary Information
Budgetary Comparison Schedules
General Fund (Continued)**

Year Ended December 31, 2018

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
Other financing sources (uses):				
Proceeds from sale of capital assets	\$ -	\$ 39,261	\$ 39,261	\$ -
Transfers in	6,746,201	6,760,910	6,760,910	-
Transfers out	-	(500)	(500)	-
Net change in fund balances	89,133	638,396	2,692,761	2,054,365
Fund balances - beginning	36,417,969	36,417,969	36,417,969	-
Fund balances - ending	<u>\$ 36,507,102</u>	<u>\$ 37,056,365</u>	<u>\$ 39,110,730</u>	<u>\$ 2,054,365</u>

Required Supplementary Information
Budgetary Comparison Schedule - Major Special Revenue Funds

Parks and Recreation
Year Ended December 31, 2018

	Parks and Recreation Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - property	\$ 8,943,000	\$ 9,591,899	\$ 9,591,899	\$ -
Intergovernmental	2,720,000	2,892,316	1,588,416	(1,303,900)
Charges for services	2,903,820	2,354,871	1,715,313	(639,558)
Investment income	24,996	87,000	82,586	(4,414)
Other	321,100	421,816	399,033	(22,783)
Total revenues	<u>14,912,916</u>	<u>15,347,902</u>	<u>13,377,247</u>	<u>(1,970,655)</u>
Expenditures:				
Current:				
Culture and recreation:				
Personnel services	8,352,126	8,010,426	7,670,708	339,718
Supplies	1,224,056	1,366,572	998,555	368,017
Other services and charges	4,919,484	4,975,213	4,135,158	840,055
Capital outlay	1,600,000	1,825,000	842,582	982,418
Total expenditures	<u>16,095,666</u>	<u>16,177,211</u>	<u>13,647,003</u>	<u>2,530,208</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	20,194	20,194	-
Transfers in	1,287,600	1,287,600	2,345,846	1,058,246
Transfers out	(104,850)	(104,850)	-	104,850
Net change in fund balances	-	373,635	2,096,284	1,722,649
Fund balances - beginning	<u>6,210,755</u>	<u>6,210,755</u>	<u>6,210,755</u>	<u>-</u>
Fund balances - ending	<u>\$ 6,210,755</u>	<u>\$ 6,584,390</u>	<u>\$ 8,307,039</u>	<u>\$ 1,722,649</u>

Required Supplementary Information
 Budgetary Comparison Schedule - Major Special Revenue Funds
 (Continued)
 Public Safety LOIT

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - County option income tax	\$ 7,629,539	\$ 7,851,541	\$ 8,487,336	\$ 635,795
Investment income	6,000	21,900	22,175	275
Total revenues	<u>7,635,539</u>	<u>7,873,441</u>	<u>8,509,511</u>	<u>636,070</u>
Expenditures:				
Current:				
Public Safety:				
Personnel services	<u>7,622,970</u>	<u>7,622,970</u>	<u>7,538,724</u>	<u>84,246</u>
Total expenditures	<u>7,622,970</u>	<u>7,622,970</u>	<u>7,538,724</u>	<u>84,246</u>
Net change in fund balances	12,569	250,471	970,787	720,316
Fund balances - Beginning	<u>988,905</u>	<u>988,905</u>	<u>988,905</u>	<u>-</u>
Fund balances - Ending	<u>\$ 1,001,474</u>	<u>\$ 1,239,376</u>	<u>\$ 1,959,692</u>	<u>\$ 720,316</u>

Required Supplementary Information
 Budgetary Comparison Schedule - Major Special Revenue Funds
 (Continued)
 COIT

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - county option income tax	\$ 10,906,293	\$ 11,430,876	\$ 12,339,734	\$ 908,858
Investment income	95,000	180,000	182,755	2,755
Other	610,131	657,446	657,457	11
Total revenues	11,611,424	12,268,322	13,179,946	911,624
Expenditures:				
Current:				
General Government:				
Supplies	806,390	826,532	683,344	143,188
Other services and charges	7,587,225	9,003,696	6,711,128	2,292,568
Capital outlay	295,000	433,845	127,132	306,713
Total expenditures	8,688,615	10,264,073	7,521,604	2,742,469
Other Financing Sources (Uses):				
Transfers in	-	324,171	324,159	(12)
Transfers out	(2,787,600)	(2,787,600)	(2,787,600)	-
Net change in fund balances	135,209	(459,180)	3,194,901	3,654,081
Fund balances - Beginning	8,614,576	8,614,576	8,614,576	-
Fund balances - Ending	\$ 8,749,785	\$ 8,155,396	\$ 11,809,477	\$ 3,654,081

Required Supplementary Information
 Budgetary Comparison Schedule - Major Special Revenue Funds
 (Continued)
 EDIT

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - county economic development income tax	\$ 10,720,965	\$ 10,992,076	\$ 11,885,489	\$ 893,413
Charges for services	150,000	150,000	-	(150,000)
Fines and forfeitures	354,660	354,660	354,660	-
Investment income	60,000	250,000	260,688	10,688
Other	-	2,109	2,109	-
	<u>11,285,625</u>	<u>11,748,845</u>	<u>12,502,946</u>	<u>754,101</u>
Expenditures:				
Current:				
General government:				
Supplies	-	83	-	83
Other services and charges	5,654,029	6,198,808	4,097,101	2,101,707
Capital outlay	190,000	190,000	49,830	140,170
	<u>5,844,029</u>	<u>6,388,891</u>	<u>4,146,931</u>	<u>2,241,960</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	596,073	596,073	-
Transfers out	(5,441,596)	(6,609,373)	(6,572,551)	36,822
	<u>-</u>	<u>(653,346)</u>	<u>2,379,537</u>	<u>3,032,883</u>
Net change in fund balances	-	(653,346)	2,379,537	3,032,883
Fund balances - beginning	12,770,240	12,770,240	12,770,240	-
Fund balances - ending	<u>\$ 12,770,240</u>	<u>\$ 12,116,894</u>	<u>\$ 15,149,777</u>	<u>\$ 3,032,883</u>

Required Supplementary Information
 Budgetary Comparison Schedule - Major Special Revenue Funds
 (Continued)
Rainy Day

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 80,000	\$ 185,000	\$ 183,841	\$ (1,159)
Total revenues	<u>80,000</u>	<u>185,000</u>	<u>183,841</u>	<u>(1,159)</u>
Net change in fund balances	80,000	185,000	183,841	(1,159)
Fund balances - beginning	<u>10,294,137</u>	<u>10,294,137</u>	<u>10,294,137</u>	<u>-</u>
Fund balances - ending	<u>\$ 10,374,137</u>	<u>\$ 10,479,137</u>	<u>\$ 10,477,978</u>	<u>\$ (1,159)</u>

Required Supplementary Information
Budget/GAAP Reconciliation
General Fund and Major Special Revenue Funds
For the Year Ended December 31, 2018

The major differences between budgetary (Non-GAAP) basis and GAAP basis are as follows:

- a. Revenues are recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP).
- c. Encumbrances are recorded as expenditures for budgetary purposes when purchase orders are issued.

Adjustments necessary to convert the results of operations at the end of the year on a budgetary basis to a GAAP basis are as follows:

	<u>General</u>	<u>Parks and Recreation</u>	<u>Public Safety LOIT</u>	<u>COIT</u>	<u>EDIT</u>	<u>Rainy Day</u>
Net change in fund balances (budgetary basis)	\$ 2,692,761	\$ 2,096,284	\$ 970,787	\$ 3,194,901	\$ 2,379,537	\$ 183,841
Adjustments:						
To adjust revenues for accruals	10,691,807	140,279	881	1,759,666	204,729	3,480
To adjust expenditures for accruals	(11,041,942)	(2,393,491)	(14,846)	(4,430,160)	(2,147,125)	-
To adjust expenditures for encumbrances	<u>820,914</u>	<u>1,400,311</u>	<u>-</u>	<u>1,812,159</u>	<u>1,942,214</u>	<u>-</u>
Net change in fund balances (GAAP basis)	<u>\$ 3,163,540</u>	<u>\$ 1,243,383</u>	<u>\$ 956,822</u>	<u>\$ 2,336,566</u>	<u>\$ 2,379,355</u>	<u>\$ 187,321</u>

Note 1 - Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

- A. After conferring with the Common Council President and several department heads, the City Controller submits to the Common Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Prior to adoption, the City advertises the budget and the Common Council holds public hearings to obtain taxpayer comments. The Common Council may reduce, but not increase, the budget from the advertised amounts.
- C. No later than November 1 of each year, the budget for the next year is approved by the Common Council through the passage of an ordinance.
- D. Copies of the budget ordinance and advertisements for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance for their review and approval. The budget becomes legally enacted after the City Controller receives approval from the Indiana Department of Local Government Finance. This approval is required by Indiana statute and ad valorem property tax rates are to be set by February 15 of the year budgeted. The budget ordinance as approved by the Indiana Department of Local Government Finance becomes the City's expenditures budget. The City's maximum tax levy is restricted by Indiana law, with certain adjustments and exceptions. If the advertised budget, for funds for which property taxes are levied or for which highway use taxes are received, exceeds the spending and tax limits of the state control laws, an excess levy can be granted by the Indiana Department of Local Government Finance, upon appeal by the City.
- E. The legal level of budgetary control (the level at which expenditures may not exceed appropriations without the governing body's approval) is by object classification for all funds except for the General Fund, which is by object classification within each department. The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Common Council. Any revisions that alter the total appropriations for any fund or any department of the General Fund must be approved by the Common Council and, in some instances, by the Indiana Department of Local Government Finance. Formal budgetary integration is required by state statute and is employed as a management control method.
- F. Formal budgetary integration is required by State statute and is employed as a management control device. An annual budget was legally adopted for the following funds:
Major funds:
 - General Fund
 - Special revenue funds - parks and recreation, public safety local option income tax (LOIT), county option income tax (COIT), economic development income tax (EDIT), rainy day
 - Capital projects fund - River West TIF

Nonmajor governmental funds:

- Special revenue funds - Motor Vehicle Highway, Recreation Nonreverting, Studebaker Oliver Revitalization Grants, Economic Development State Grants, DCI Operating, Community Investment Grants, Police State Seizure, Juvenile Positive Assistance, Unsafe Building, Law Enforcement Continuing Education, Landlord Registration, Loss Recovery, Local Road and Street, LOIT 2016 Special Distribution, Human Rights Federal Grant, Local Road and Bridge Grant, Morris and Palais Marketing, Morris PAC Self Promotion, Police Block Grants, Economic Development Commission, Hazmat, Indiana River Rescue, COPS Block Grant II, Regional Police Academy, COPS MORE Grant, Federal Drug Enforcement, Gift, Urban Development Action Grant, Leaf Collection and Removal, Police K 9 Unit, Industrial Revolving
 - Debt service fund - College Football Hall of Fame Debt Service, Redevelopment Bond Airport Taxable, Coveleski Bond Debt Service Reserve, Redevelopment Bond Palais Royale, South Bend Building Corporation Debt Service, Smart Streets Debt Service, 2015 Parks Bond Debt Service, Century Center Energy Conservation Debt Service, Redevelopment Authority Debt Service, Eddy St. Commons Debt Service, 2017 Parks Bond Debt Service, 2018 TIF Park Bonds Debt Service Reserve
 - Capital projects funds - Professional Sports Development, Coveleski Stadium Capital, Park Nonreverting Capital, Cumulative Capital Development, Cumulative Capital Improvement, Morris Performing Arts Center Capital, Redevelopment Retail Area (Leighton Plaza), TIF West Washington, Redevelopment General, TIF No. 1 Southside Development, Football Hall of Fame Capital, Major Moves, TIF River East Development, TIF Douglas Road, TIF River East Residential, Certified Technology Park, Palais Royale Historic Preservation, Airport Urban Enterprise Zone, Vehicle Equipment Leasing, Smart Streets Bond Capital Projects, 2015 Parks Bond Capital Projects, 2017 Parks Bond Capital Projects, Eddy St. Commons Capital, 2018 Fire Station #9 Capital, 2018 TIF Park Bond Capital
- G. The City's budgetary process is based upon cash outflows, which is a non-GAAP basis. Appropriations lapse with the expiration of the budgetary period unless encumbered by a purchase order or contract. Encumbered appropriations are carried over and added to the subsequent year's budget.
- H. Budgeted amounts are as originally adopted, or as amended by the Common Council and approved by the Indiana Department of Local Government Finance in the regular legal manner. The net effect of individual amendments to the budget increased the original appropriations by \$15,896,676 in 2018 for the funds listed above.
- I. Expenditures did not exceed appropriations for any funds or any departments within the General Fund, the Parks and Recreation Fund, the Public Safety LOIT Fund, the COIT Fund, the EDIT Fund, the Rainy Day Fund, or any other major or nonmajor governmental fund which required legally approved budgets except for the Redevelopment Bond – Airport Taxable Fund and the South Bend Building Corporation Debt Service Fund. In 2018, these two funds incurred paying agent fees higher than anticipated.

Other Supplemental Information

Nonmajor Governmental Funds Descriptions

Special Revenue Funds

Motor Vehicle Highway

To account for street construction and the operations of the street maintenance department. Financing is provided by state motor vehicle highway distributions.

Recreation Non-Reverting

To account for fees and related expenses from park department activities.

Studebaker/Oliver Revitalization Grants

To account for expenditures related to the Studebaker and Oliver revitalization projects. Financing is provided by federal and state grants and loans from other organizations.

Economic Development State Grants

To account for expenditures related to projects promoting economic development. Financing is provided by state grants and loan payments. Expenditures include grants and related expenses.

DCI Operating

To account for the operating expenditures related to the South Bend Department of Community Investment. Financing will be provided by revenues received from charges for services, other revenue sources, and from fund transfers.

Community Investment Grants

To account for revenues received from the U.S. Department of Housing and Urban Development related to community improvement projects.

Police State Seizure

To account for law enforcement expenditures financed by the authorized state or local agencies' sale of confiscated property.

Juvenile Positive Assistance

To account for monies received from penalties paid for curfew violations. Expenditures include Drug Abuse Resistance Education and Juvenile Aid Bureau.

Unsafe Building

To account for expenditures related to board ups and other services related to unsafe buildings. Financing will be provided by fines and fees related to the Unsafe Building law.

Law Enforcement Continuing Education

To account for police fees collected to finance police officers' continuing education, training, and supplies and equipment.

Landlord Registration

To account for costs related to the South Bend Landlord Registration program. Financing is provided by a registration fee paid by landlords.

Loss Recovery Fund

To account for compensatory or exemplary damage payments from third parties arising from loss or damage to City tangible or intangible property.

Local Road and Street

To account for operation and maintenance of local and arterial road and street systems. Financing is provided by state gasoline tax distributions.

LOIT 2016 Special Distribution

To account for a special distribution from the State that can only be spent on road projects.

Human Rights Federal

To account for expenditures to prevent discrimination and to promote human rights. Financing is provided by federal grants.

Local Road and Bridge Matching Grant

To account for Community Crossing state grants and matching revenues which provide financing for eligible projects.

Morris and Palais Marketing

To account for marketing and promotion expenditures financed by sponsorship solicitations and donations.

Morris PAC Self-Promoted Events

To account for revenue and expenditures related to events and activities that the Morris Performing Art Center (PAC) self-promotes or self-sponsors.

Police Block Grants

To account for federal grants which provide financing for police activities.

Economic Development Commission

To account for administrative expenditures of the Economic Development Commission. Financing is provided by fees from businesses applying for Economic Development Revenue Bonds.

Hazmat

To account for monies generated by the South Bend Fire Department's response to hazardous materials incidents. Funds are used to purchase, repair, or replace hazmat equipment, or for training and supplies.

Indiana River Rescue

To account for expenditures related to river rescue training. Financing is provided by registration fees.

COPS Block Grant II

To account for federal grants which provide financing for police activities.

Regional Police Academy

To account for revenues (tuition) and expenditures (seminars, travel, lectures, and career days) related to the advancement of present and future police officers.

COPS MORE Grant

To account for a COPS MORE grant which provides financing for police activities.

Federal Drug Enforcement

To account for expenditures for drug enforcement. Financing is provided by distributions from the authorized federal agencies' confiscated property sale.

Gift

To account for donations, gifts, or bequeaths for purposes designated by the donor.

Urban Development Action Grant

To account for economic development expenditures which are financed by federal grants and loan repayments.

Leaf Collection and Removal

To account for the expenditures of a program to remove leaves from the City each fall. Financing is provided by a monthly service fee charged to all City residents.

Police K-9 Unit

To account for donations for development and maintenance of the K-9 unit.

Industrial Revolving

To account for the revenue and expenditures of providing special loans to qualifying local firms. Financing was originally provided by a \$5,000,000 Economic Adjustment Assistance Grant from the U.S. Department of Commerce.

Debt Service Funds

College Football Hall of Fame Debt Service

To accumulate monies for the payment of Redevelopment Authority bonds issued to refinance bonds issued for construction of the College Football Hall of Fame. Financing is to be provided by an annual property tax levy.

Redevelopment Bond - Airport Taxable

To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the airport taxable project.

Coveleski Bond Debt Service Reserve

To accumulate monies as a reserve for the payment of the Coveleski Stadium recovery zone economic development bonds. Financing for debt payments is to be provided by professional sports and convention development area taxes (PSCDA) and county option income tax revenues if PSCDA revenues are insufficient.

Redevelopment Bond - Palais Royale

To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the Palais Royale project.

South Bend Building Corporation Debt Service

To account for debt retirement of the Building Corporation's Mortgage Bonds. Funding is provided by transfers from other City funds.

Smart Streets Debt Service

To account for debt retirement of 2015 Redevelopment Authority bonds for smart streets/"two-way streets" conversion. Funding is provided by transfers from other City funds.

2015 Parks Bonds Debt Service

To account for debt retirement of the 2015 Building Corporation/EDIT bond for park improvements. Funding is provided by transfers from other City funds.

Century Center Energy Conservation Debt Service

To account for debt retirement of a 2015 qualified energy conservation bond for improvements at Century Center. Funding is provided by hotel/motel tax revenue, interest rebates, and transfers from other City funds.

Redevelopment Authority Debt Service

To accumulate monies for the payment of Redevelopment Authority bonds issued to refinance bonds issued for construction of Century Center improvements and bonds issued to refinance bonds issued for the Eddy Street Commons project.

Eddy St. Commons Debt Service

To account for the Eddy Street Commons phase II project debt retirement. Financing is provided by bond proceeds set aside for debt service and by transfers from the Tax Incremental Financing (TIF) River East Development fund.

2017 Parks Bonds Debt Service

To account for the South Bend Park District Bonds, Series 2017A-K debt retirement. Financing for debt payments is to be provided by an annual property tax levy.

Fire Station No. 9 Debt Service

To account for the South Bend General Obligation Bonds Fire Station No. 9 debt retirement. Financing for debt payments is to be provided by annual transfers from the City's emergency medical services (EMS) fund. If EMS revenues are insufficient, then financing of debt payments will be provided by local income tax revenues, tax increment finance revenues or an annual property tax levy.

2018 TIF Park Bonds Debt Service Reserve

To accumulate monies as a reserve for the Redevelopment District Bonds, Series 2018 debt. Financing is provided by bond proceeds set aside for debt service.

Capital Project Funds

Professional Sports Development

To account for Professional Sports Development Tax revenues dedicated towards debt service and improvements at Four Winds Field baseball stadium (formerly known as Coveleski Stadium).

Coveleski Stadium Capital

To account for expenditures related to the maintenance and improvement of the baseball stadium. Financing is provided by a rental paid by the semi-pro baseball team.

Park Non-Reverting Capital

To account for specific revenues used to finance capital improvements at the City parks.

Cumulative Capital Development

To account for expenditures relating to the purchase or lease of capital improvements in the City. Financing is provided by a specific property tax levy.

Cumulative Capital Improvement

To account for state cigarette tax distributions used for improvement projects.

Morris Performing Arts Center Capital

To account for improvements and upgrades to the Morris Performing Arts Center.

Redevelopment Retail Area (Leighton Plaza)

To account for revenue from the rental of property in downtown South Bend to be used for Leighton Plaza maintenance costs.

Tax Incremental Financing (TIF) - West Washington

To account for expenditures for public improvement projects in the West Washington Economic Development Area. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment.

Redevelopment General

To account for eligible redevelopment activities in the Studebaker Corridor financed by proceeds from land sales or leases.

Tax Incremental Financing (TIF) No. 1 - Southside Development

To account for expenditures for improvements in the Southside Development Tax incremental district No. 1. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.

Football Hall of Fame Capital

To account for capital expenditures for the College Football Hall of Fame. Financing was provided by a transfer from the City's Professional Sports Development Fund. This fund also accounts for the advance from the General Fund which may be repaid from future operating surpluses.

Major Moves

To account for state distributions used for road construction and other uses authorized by Indiana statute.

Tax Incremental Financing (TIF) - River East Development

To account for expenditures for improvements in the northeast development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment. During TIF consolidation in 2015, this fund was renamed. It was formerly known as the TIF Northeast Development Fund.

Tax Incremental Financing (TIF) - Douglas Road

To account for expenditures for improvements in the Douglas Road development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.

Tax Incremental Financing (TIF) - River East Residential

To account for expenditures for improvements in the Northeast Neighborhood Residential development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment. During TIF consolidation in 2015, this fund was renamed. It was formerly known as the TIF Northeast Residential Fund.

Certified Technology Park

To account for expenditures related to acquisition, improvements, construction and maintenance of public facilities, debt service, and other permitted uses under Indiana Code 36-7-32-23 in connection with a certified technology park. Financing is provided by property tax proceeds, state gross retail and uses taxes, and other revenues.

Palais Royale Historic Preservation

To account for expenditures financed by a 2 percent fee charged for all Palais Royale services.

Airport Urban Enterprise Zone

To account for expenditures for improvements in the Zone area, financed by property taxes on qualifying properties in the Zone.

Vehicle Equipment Leasing

To account for proceeds from capital lease-purchase agreements used to finance major equipment needs of the City.

Smart Streets Bond Capital Projects

To account for capital expenditures in connection with the conversion of one-way streets to two-way streets in the downtown area. Funding is provided by a Redevelopment Authority bond.

2015 Parks Bond Capital

To account for capital expenditures in the City parks with funding provided by a Building Corporation bond.

2017 Parks Bond Capital

To account for capital expenditures in the City parks with funding provided by a 2017 Park District bond.

Eddy St. Commons Capital

To account for capital expenditures in connection with the Eddy Street Commons phase II project with funding provided by issuance of revenue bonds.

**Other Supplemental Information
Nonmajor Governmental Funds
Fund Descriptions (Continued)**

2018 Fire Station #9 Capital

To account for the expenditures of bond funds relating to the General Obligation Bonds, Series 2018 to be used for the construction of the new Fire Station #9 and additional classroom for the Fire Training Center.

2018 Bonds Potawatomi Zoo Capital

To account for the expenditures of bond funds relating to the Economic Development Revenue Bonds, Series 2018 to be used for planned capital projects to improve the City's zoo.

2018 TIF Park Bond Capital

To account for the expenditures of bond funds relating to the Redevelopment District Bonds, Series 2018 to be used for planned capital projects to improve the parks.

Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2018

	Special Revenue Funds					
	Motor Vehicle Highway	Recreation Nonreverting	Studebaker		DCI Operating	Community Investment Grants
			Oliver Revitalization Grants	Economic Development State Grants		
Assets						
Cash and cash equivalents	\$ 2,671,742	\$ -	\$ 318,930	\$ 152,372	\$ 243,904	\$ 347,782
Investments	5,321,261	-	635,206	192,615	485,780	-
Receivables:						
Taxes	-	-	-	-	-	-
Accounts	27,866	-	-	-	267	-
Interest	22,391	-	2,660	855	2,070	-
Intergovernmental	493,109	-	-	-	643	-
Loans	-	-	-	189,400	-	211,068
Due from other funds	-	-	-	-	21,833	-
Advances to other funds	-	-	200,000	-	-	-
Inventory	-	-	-	-	-	-
Property held for resale	-	-	1	-	-	2,288,072
Restricted assets	-	-	-	-	-	-
Total assets	\$ 8,536,369	\$ -	\$ 1,156,797	\$ 535,242	\$ 754,497	\$ 2,846,922
Liabilities						
Accounts payable	\$ 118,471	\$ -	\$ 34,895	\$ -	\$ 4,536	\$ 271,579
Due to other funds	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Accrued liabilities and other:						
Accrued payroll payable	72,855	-	-	-	40,414	-
Other current payables	-	-	-	-	-	2,698
Total liabilities	191,326	-	34,895	-	44,950	274,277
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	8,345,043	-	1,121,902	535,242	-	2,572,645
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	709,547	-
Unassigned	-	-	-	-	-	-
Total fund balances	8,345,043	-	1,121,902	535,242	709,547	2,572,645
Total liabilities and fund balances	\$ 8,536,369	\$ -	\$ 1,156,797	\$ 535,242	\$ 754,497	\$ 2,846,922

December 31, 2018

	Special Revenue Funds							
	Police State Seizure	Juvenile Positive Assistance	Unsafe Building	Law Enforcement Continuing Education	Landlord Registration	Loss Recovery Fund	Local Road and Street	LOIT 2016 Special Distribution
Assets								
Cash and cash equivalents	\$ 75,727	\$ 4,371	\$ 181,580	\$ 148,795	\$ 3,378	\$ 209,179	\$ 1,310,279	\$ 253,205
Investments	150,824	8,706	361,650	296,352	6,728	416,619	2,609,659	504,304
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	100	-	3,271	10,550	-	-	2,938	-
Interest	634	37	1,531	1,263	28	1,766	11,027	2,069
Intergovernmental	-	-	-	-	-	-	157,455	-
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-
Total assets	\$ 227,285	\$ 13,114	\$ 548,032	\$ 456,960	\$ 10,134	\$ 627,564	\$ 4,091,358	\$ 759,578
Liabilities								
Accounts payable	\$ -	\$ -	\$ 10,655	\$ 94,142	\$ -	\$ -	\$ 132,176	\$ 166,762
Due to other funds	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
Performance deposits payable	-	-	6,000	-	-	-	-	-
Accrued liabilities and other:								
Accrued payroll payable	-	-	4,663	-	-	-	-	-
Other current payables	-	-	-	-	-	-	-	-
Total liabilities	-	-	21,318	94,142	-	-	132,176	166,762
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	227,285	-	-	362,818	-	-	3,959,182	592,816
Committed	-	13,114	526,714	-	10,134	627,564	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	227,285	13,114	526,714	362,818	10,134	627,564	3,959,182	592,816
Total liabilities and fund balances	\$ 227,285	\$ 13,114	\$ 548,032	\$ 456,960	\$ 10,134	\$ 627,564	\$ 4,091,358	\$ 759,578

December 31, 2018

	Special Revenue Funds							
	Human Rights Federal	Local Road and Bridge Matching Grant	Morris and Palais Marketing	Morris PAC Self-Promoted Events	Police Block Grants	Economic Development Commission	Hazmat	Indiana River Rescue
Assets								
Cash and cash equivalents	\$ 153,566	\$ 110,096	\$ 19,168	\$ 33,927	\$ 1,331	\$ -	\$ 6,364	\$ 60,569
Investments	374,868	219,277	38,177	67,571	2,652	-	12,675	120,635
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	3,275	15,600
Interest	1,268	924	158	274	11	-	53	530
Intergovernmental	10,000	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-
Total assets	\$ 539,702	\$ 330,297	\$ 57,503	\$ 101,772	\$ 3,994	\$ -	\$ 22,367	\$ 197,334
Liabilities								
Accounts payable	\$ 3,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,564
Due to other funds	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-	-	-
Accrued liabilities and other:								
Accrued payroll payable	1,478	-	-	-	-	-	-	69
Other current payables	-	-	-	-	-	-	-	-
Total liabilities	4,974	-	-	-	-	-	-	6,633
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	534,728	330,297	-	-	3,994	-	-	-
Committed	-	-	57,503	101,772	-	-	22,367	190,701
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	534,728	330,297	57,503	101,772	3,994	-	22,367	190,701
Total liabilities and fund balances	\$ 539,702	\$ 330,297	\$ 57,503	\$ 101,772	\$ 3,994	\$ -	\$ 22,367	\$ 197,334

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)

December 31, 2018

	Special Revenue Funds								
	COPS Block Grant II	Regional Police Academy	COPS MORE Grant	Federal Drug Enforcement	Gift	Urban Development Action Grant	Leaf Collection and Removal	Police K-9 Unit	Industrial Revolving Fund
Assets									
Cash and cash equivalents	\$ 26,716	\$ 32,904	\$ 67,532	\$ 153,920	\$ 55,092	\$ 9,667	\$ 198,319	\$ 779	\$ 1,632,491
Investments	-	65,535	134,503	-	109,725	19,253	394,989	1,551	-
Receivables:									
Taxes	-	-	-	-	-	-	-	-	-
Accounts	-	-	4,159	-	100	-	31,667	-	-
Interest	-	275	548	281	463	81	1,662	7	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	506,401	-	-	5,276,676
Due from other funds	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-	76,300
Restricted assets	-	-	-	-	-	-	-	-	-
Total assets	\$ 26,716	\$ 98,714	\$ 206,742	\$ 154,201	\$ 165,380	\$ 535,402	\$ 626,637	\$ 2,337	\$ 6,985,467
Liabilities									
Accounts payable	\$ -	\$ 140	\$ 18,563	\$ -	\$ 12,205	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	480,253	-	-	-
Performance deposits payable	-	-	-	-	-	-	-	-	-
Accrued liabilities and other:									
Accrued payroll payable	-	-	-	-	-	-	1,172	-	-
Other current payables	-	-	-	-	-	-	-	-	1,000
Total liabilities	-	140	18,563	-	12,205	480,253	1,172	-	1,000
Fund Balances									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	26,716	-	188,179	154,201	153,175	55,149	-	-	6,984,467
Committed	-	98,574	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	625,465	2,337	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	26,716	98,574	188,179	154,201	153,175	55,149	625,465	2,337	6,984,467
Total liabilities and fund balances	\$ 26,716	\$ 98,714	\$ 206,742	\$ 154,201	\$ 165,380	\$ 535,402	\$ 626,637	\$ 2,337	\$ 6,985,467

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)

December 31, 2018

	Debt Service Funds							
	Special Revenue Funds Total	College Football Hall of Fame Debt Service	Redevelopment Bond - Airport Taxable	Coveleski Bond Debt Service Reserve	Redevelopment Bond - Palais Royale	South Bend Building Corporation Debt Service	Smart Streets Debt Service	2015 Parks Bond Debt Service Fund
Assets								
Cash and cash equivalents	\$ 8,483,685	\$ 32,370	\$ 346,939	\$ 175,589	\$ 580,029	\$ 586,747	\$ 1,726,790	\$ 560,431
Investments	12,551,115	64,471	690,992	349,717	1,155,233	-	-	-
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	99,793	-	-	-	-	-	-	-
Interest	52,866	209	2,904	1,469	4,854	-	-	-
Intergovernmental	661,207	-	-	-	-	-	-	-
Loans	6,183,545	-	-	-	-	-	-	-
Due from other funds	21,833	-	-	-	-	-	-	-
Advances to other funds	200,000	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Property held for resale	2,364,373	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-
Total assets	\$ 30,618,417	\$ 97,050	\$ 1,040,835	\$ 526,775	\$ 1,740,116	\$ 586,747	\$ 1,726,790	\$ 560,431
Liabilities								
Accounts payable	\$ 874,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	659	-	1,102	-	-	-
Advances from other funds	480,253	-	-	-	-	-	-	-
Performance deposits payable	6,000	-	-	-	-	-	-	-
Accrued liabilities and other:								
Accrued payroll payable	120,651	-	-	-	-	-	-	-
Other current payables	3,698	-	-	-	-	-	-	-
Total liabilities	1,484,786	-	659	-	1,102	-	-	-
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	26,147,839	97,050	1,040,176	526,775	1,739,014	586,747	1,726,790	560,431
Committed	1,648,443	-	-	-	-	-	-	-
Assigned	1,337,349	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	29,133,631	97,050	1,040,176	526,775	1,739,014	586,747	1,726,790	560,431
Total liabilities and fund balances	\$ 30,618,417	\$ 97,050	\$ 1,040,835	\$ 526,775	\$ 1,740,116	\$ 586,747	\$ 1,726,790	\$ 560,431

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)

December 31, 2018

	Debt Service Funds							Capital Projects
	Century	Redevelopment	Eddy St.	2017 Parks Bond	Fire Station	2018 TIF	Debt Service	Professional
	Center Energy Conservation Debt Service	Authority Debt Service	Commons Debt Service	Debt Service	No. 9 Debt Service	Park Bonds Debt Service Reserve	Funds Total	Sports Development
Assets								
Cash and cash equivalents	\$ 90,351	\$ 210,492	\$ 3,452,908	\$ 49,245	\$ -	\$ 331,278	\$ 8,143,169	\$ -
Investments	79,965	-	-	98,080	-	659,800	3,098,258	-
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Interest	336	-	-	318	-	2,772	12,862	-
Intergovernmental	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-
Total assets	\$ 170,652	\$ 210,492	\$ 3,452,908	\$ 147,643	\$ -	\$ 993,850	\$ 11,254,289	\$ -
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	1,761	-
Advances from other funds	-	-	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-	-	-
Accrued liabilities and other:								
Accrued payroll payable	-	-	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	1,761	-
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	170,652	210,492	3,452,908	147,643	-	993,850	11,252,528	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	170,652	210,492	3,452,908	147,643	-	993,850	11,252,528	-
Total liabilities and fund balances	\$ 170,652	\$ 210,492	\$ 3,452,908	\$ 147,643	\$ -	\$ 993,850	\$ 11,254,289	\$ -

December 31, 2018

	Capital Projects Funds							
	Coveleski Stadium Capital	Park Nonreverting Capital	Cumulative Capital Development	Cumulative Capital Improvement	Morris Performing Arts Center Capital	Redevelopment Retail Area (Leighton Plaza)	TIF - West Washington	Redevelopment General
Assets								
Cash and cash equivalents	\$ 24,487	\$ -	\$ 176,503	\$ 149,334	\$ 126,380	\$ 3,369	\$ 600,693	\$ 205,335
Investments	48,769	-	351,537	297,426	251,708	5,000	1,196,389	408,962
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Interest	205	-	1,391	1,208	1,048	76	4,964	1,718
Intergovernmental	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	436,000	-
Restricted assets	-	-	-	-	-	-	-	-
Total assets	\$ 73,461	\$ -	\$ 529,431	\$ 447,968	\$ 379,136	\$ 8,445	\$ 2,238,046	\$ 616,015
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,127	\$ -	\$ 19,380	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-	-	-
Accrued liabilities and other:								
Accrued payroll payable	-	-	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	1,127	-	19,380	-
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	529,431	447,968	-	8,445	2,218,666	-
Committed	73,461	-	-	-	378,009	-	-	616,015
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	73,461	-	529,431	447,968	378,009	8,445	2,218,666	616,015
Total liabilities and fund balances	\$ 73,461	\$ -	\$ 529,431	\$ 447,968	\$ 379,136	\$ 8,445	\$ 2,238,046	\$ 616,015

December 31, 2018

	Capital Projects Funds							
	TIF No. 1 - Southside Development	Football Hall of Fame Capital	Major Moves	TIF River East Development	TIF Douglas Road	TIF - River East Residential	Certified Technology Park	Palais Royale Historic Preservation
Assets								
Cash and cash equivalents	\$ 3,152,773	\$ 141,891	\$ 924,547	\$ 3,666,140	\$ 68,134	\$ 997,013	\$ 208,139	\$ 43,150
Investments	6,279,321	282,601	1,841,403	7,301,783	135,701	1,985,732	414,546	85,941
Receivables:								
Taxes	133,911	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	1,866
Interest	26,129	1,188	7,738	30,086	570	8,054	1,741	361
Intergovernmental	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Advances to other funds	-	-	2,781,424	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	13,950	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-
Total assets	\$ 9,592,134	\$ 425,680	\$ 5,555,112	\$ 11,011,959	\$ 204,405	\$ 2,990,799	\$ 624,426	\$ 131,318
Liabilities								
Accounts payable	\$ 426,684	\$ -	\$ 37,175	\$ 12,683	\$ -	\$ -	\$ -	\$ 31,537
Due to other funds	-	-	-	-	-	-	-	-
Advances from other funds	-	425,680	-	-	-	2,781,424	-	-
Performance deposits payable	-	-	-	-	-	-	-	-
Accrued liabilities and other:								
Accrued payroll payable	-	-	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-	-	-
Total liabilities	426,684	425,680	37,175	12,683	-	2,781,424	-	31,537
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	9,165,450	-	5,517,937	10,999,276	204,405	209,375	624,426	-
Committed	-	-	-	-	-	-	-	99,781
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	9,165,450	-	5,517,937	10,999,276	204,405	209,375	624,426	99,781
Total liabilities and fund balances	\$ 9,592,134	\$ 425,680	\$ 5,555,112	\$ 11,011,959	\$ 204,405	\$ 2,990,799	\$ 624,426	\$ 131,318

December 31, 2018

	Capital Projects Funds							
	Airport Urban Enterprise Zone	Vehicle Equipment Leasing	Smart Streets Bond Capital Projects	2015 Parks Bond Capital Projects	2017 Parks Bond Capital Projects	Eddy St. Commons Capital	2018 Fire Station #9 Capital	2018 Bonds Potawatomi Zoo Capital
Assets								
Cash and cash equivalents	\$ 131,262	\$ 1,392,303	\$ 68,843	\$ 471,687	\$ 4,326,706	\$ 7,650,244	\$ 1,168,054	\$ 3,264,860
Investments	261,431	1,501	-	-	8,617,421	-	2,326,391	-
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Interest	1,098	6	-	-	36,341	-	9,773	-
Intergovernmental	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-
Total assets	\$ 393,791	\$ 1,393,810	\$ 68,843	\$ 471,687	\$ 12,980,468	\$ 7,650,244	\$ 3,504,218	\$ 3,264,860
Liabilities								
Accounts payable	\$ -	\$ 107,476	\$ -	\$ 24,200	\$ 509,635	\$ -	\$ 569,853	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-	-	-
Accrued liabilities and other:								
Accrued payroll payable	-	-	-	-	-	-	-	-
Other current payables	-	-	-	-	-	25,564	-	-
Total liabilities	-	107,476	-	24,200	509,635	25,564	569,853	-
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	1,286,334	68,843	447,487	12,470,833	7,624,680	2,934,365	3,264,860
Committed	393,791	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	393,791	1,286,334	68,843	447,487	12,470,833	7,624,680	2,934,365	3,264,860
Total liabilities and fund balances	\$ 393,791	\$ 1,393,810	\$ 68,843	\$ 471,687	\$ 12,980,468	\$ 7,650,244	\$ 3,504,218	\$ 3,264,860

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)

December 31, 2018

	Capital Projects Funds		Total Nonmajor Governmental Funds
	2018 TIF Park Bond Capital	Capital Project Funds Total	
Assets			
Cash and cash equivalents	\$ 3,477,629	\$ 32,439,476	\$ 49,066,330
Investments	6,926,331	39,019,894	54,669,267
Receivables:			
Taxes	-	133,911	133,911
Accounts	-	1,866	101,659
Interest	29,187	162,882	228,610
Intergovernmental	-	-	661,207
Loans	-	-	6,183,545
Due from other funds	-	-	21,833
Advances to other funds	-	2,781,424	2,981,424
Inventory	-	-	-
Property held for resale	-	449,950	2,814,323
Restricted assets	-	-	-
Total assets	\$ 10,433,147	\$ 74,989,403	\$ 116,862,109
Liabilities			
Accounts payable	\$ 265,876	\$ 2,005,626	\$ 2,879,810
Due to other funds	-	-	1,761
Advances from other funds	-	3,207,104	3,687,357
Performance deposits payable	-	-	6,000
Accrued liabilities and other:			
Accrued payroll payable	-	-	120,651
Other current payables	-	25,564	29,262
Total liabilities	265,876	5,238,294	6,724,841
Fund Balances			
Nonspendable	-	-	-
Restricted	10,167,271	68,190,052	105,590,419
Committed	-	1,561,057	3,209,500
Assigned	-	-	1,337,349
Unassigned	-	-	-
Total fund balances	10,167,271	69,751,109	110,137,268
Total liabilities and fund balances	\$ 10,433,147	\$ 74,989,403	\$ 116,862,109

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2018

	Special Revenue Funds							
	Motor Vehicle Highway	Recreation Nonreverting	Studebaker Oliver Revitalization Grants	Economic Development State Grants	DCI Operating	Community Investment Grants	Police State Seizure	Juvenile Positive Assistance
Revenue								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/motel taxes	-	-	-	-	-	-	-	-
Intergovernmental	6,982,767	-	28,198	-	270,192	3,542,536	-	-
Charges for services	-	949,993	-	-	312,335	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	138
Investment income	140,637	15,276	16,541	6,901	14,287	1,163	3,769	237
Rental income	-	-	-	-	-	-	-	-
Other revenue	25,058	7,863	-	4,999	7,245	193,140	33,273	750
Total revenue	<u>7,148,462</u>	<u>973,132</u>	<u>44,739</u>	<u>11,900</u>	<u>604,059</u>	<u>3,736,839</u>	<u>37,042</u>	<u>1,125</u>
Expenditures								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	7,856	854
Highways and streets	9,421,468	-	-	-	-	-	-	-
Community and economic development	-	-	118,621	55,662	2,863,993	4,664,248	-	-
Culture and recreation	-	961,383	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	719,631	-	-	65,591	-	-	-	-
Interest on long-term debt	37,504	-	-	6,419	-	-	-	-
Total expenditures	<u>10,178,603</u>	<u>961,383</u>	<u>118,621</u>	<u>127,672</u>	<u>2,863,993</u>	<u>4,664,248</u>	<u>7,856</u>	<u>854</u>
Excess of Revenue (Under) Over Expenditures	<u>(3,030,141)</u>	<u>11,749</u>	<u>(73,882)</u>	<u>(115,772)</u>	<u>(2,259,934)</u>	<u>(927,409)</u>	<u>29,186</u>	<u>271</u>
Other Financing Sources (Uses)								
Debt proceeds	-	-	-	-	-	-	-	-
Premium on debt	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	33,212	-	-	-	-	-	-	-
Transfers in	3,814,963	-	-	-	1,866,020	-	-	-
Transfers out	-	(798,976)	-	-	-	-	-	-
Total other financing sources (uses)	<u>3,848,175</u>	<u>(798,976)</u>	<u>-</u>	<u>-</u>	<u>1,866,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>818,034</u>	<u>(787,227)</u>	<u>(73,882)</u>	<u>(115,772)</u>	<u>(393,914)</u>	<u>(927,409)</u>	<u>29,186</u>	<u>271</u>
Fund Balances - Beginning of year	<u>7,527,009</u>	<u>787,227</u>	<u>1,195,784</u>	<u>651,014</u>	<u>1,103,461</u>	<u>3,500,054</u>	<u>198,099</u>	<u>12,843</u>
Fund Balances - End of year	<u>\$ 8,345,043</u>	<u>\$ -</u>	<u>\$ 1,121,902</u>	<u>\$ 535,242</u>	<u>\$ 709,547</u>	<u>\$ 2,572,645</u>	<u>\$ 227,285</u>	<u>\$ 13,114</u>

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 Year Ended December 31, 2018

	Special Revenue Funds							
	Unsafe Building	Law Enforcement Continuing Education	Landlord Registration	Loss Recovery Fund	Local Road and Street	LOIT 2016 Special Distribution	Human Rights Federal	Local Road and Bridge Matching Grant
Revenue								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/motel taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	2,412,146	670,000	74,580	-
Charges for services	120,101	124,466	310	-	-	-	-	-
Fines and forfeitures	55,310	64,797	-	-	-	-	-	-
Investment income	6,246	10,045	144	13,025	71,601	37,694	9,015	6,494
Rental income	-	-	-	-	-	-	-	-
Other revenue	8,962	18,377	-	-	85,572	185,735	23,303	-
Total revenue	<u>190,619</u>	<u>217,685</u>	<u>454</u>	<u>13,025</u>	<u>2,569,319</u>	<u>893,429</u>	<u>106,898</u>	<u>6,494</u>
Expenditures								
Current:								
General government	-	-	5	98,130	-	-	150,820	-
Public safety	657,733	419,485	-	-	-	-	-	-
Highways and streets	-	-	-	-	1,814,822	1,349,806	-	1,984,147
Community and economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-
Total expenditures	<u>657,733</u>	<u>419,485</u>	<u>5</u>	<u>98,130</u>	<u>1,814,822</u>	<u>1,349,806</u>	<u>150,820</u>	<u>1,984,147</u>
Excess of Revenue (Under) Over Expenditures	<u>(467,114)</u>	<u>(201,800)</u>	<u>449</u>	<u>(85,105)</u>	<u>754,497</u>	<u>(456,377)</u>	<u>(43,922)</u>	<u>(1,977,653)</u>
Other Financing Sources (Uses)								
Debt proceeds	-	-	-	-	-	-	-	-
Premium on debt	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	648,273	-	-	-	-	254,000	-	1,370,500
Transfers out	(27,500)	-	-	-	(284,500)	(1,340,000)	-	-
Total other financing sources (uses)	<u>620,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(284,500)</u>	<u>(1,086,000)</u>	<u>-</u>	<u>1,370,500</u>
Net Change in Fund Balances	153,659	(201,800)	449	(85,105)	469,997	(1,542,377)	(43,922)	(607,153)
Fund Balances - Beginning of year	<u>373,055</u>	<u>564,618</u>	<u>9,685</u>	<u>712,669</u>	<u>3,489,185</u>	<u>2,135,193</u>	<u>578,650</u>	<u>937,450</u>
Fund Balances - End of year	<u>\$ 526,714</u>	<u>\$ 362,818</u>	<u>\$ 10,134</u>	<u>\$ 627,564</u>	<u>\$ 3,959,182</u>	<u>\$ 592,816</u>	<u>\$ 534,728</u>	<u>\$ 330,297</u>

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 Year Ended December 31, 2018

	Special Revenue Funds							
	Morris and Palais Marketing	Morris PAC Self-Promoted Events	Police Block Grants	Economic Development Commission	Hazmat	Indiana River Rescue	COPS Block Grant II	Regional Police Academy
Revenue								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/motel taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	17,373	100,932	-	-	3,275	116,190	-	21,191
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	1,043	840	72	250	451	2,827	-	1,747
Rental income	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	3	-	-	-
Total revenue	<u>18,416</u>	<u>101,772</u>	<u>72</u>	<u>250</u>	<u>3,729</u>	<u>119,017</u>	<u>-</u>	<u>22,938</u>
Expenditures								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	8,834	56,727	21,735	8,367
Highways and streets	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-	-
Culture and recreation	16,083	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-
Total expenditures	<u>16,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,834</u>	<u>56,727</u>	<u>21,735</u>	<u>8,367</u>
Excess of Revenue (Under) Over Expenditures	<u>2,333</u>	<u>101,772</u>	<u>72</u>	<u>250</u>	<u>(5,105)</u>	<u>62,290</u>	<u>(21,735)</u>	<u>14,571</u>
Other Financing Sources (Uses)								
Debt proceeds	-	-	-	-	-	-	-	-
Premium on debt	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	5,152	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(28,126)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,126)</u>	<u>-</u>	<u>5,152</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,333	101,772	72	(27,876)	(5,105)	67,442	(21,735)	14,571
Fund Balances - Beginning of year	<u>55,170</u>	<u>-</u>	<u>3,922</u>	<u>27,876</u>	<u>27,472</u>	<u>123,259</u>	<u>48,451</u>	<u>84,003</u>
Fund Balances - End of year	<u>\$ 57,503</u>	<u>\$ 101,772</u>	<u>\$ 3,994</u>	<u>\$ -</u>	<u>\$ 22,367</u>	<u>\$ 190,701</u>	<u>\$ 26,716</u>	<u>\$ 98,574</u>

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 Year Ended December 31, 2018

	Special Revenue Funds							Total
	COPS MORE Grant	Federal Drug Enforcement	Gift	Urban Development Action Grant	Leaf Collection and Removal	Police K-9 Unit	Industrial Industrial Revolving	
Revenue								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/motel taxes	-	-	-	-	-	-	-	-
Intergovernmental	101,310	-	-	-	-	-	-	14,081,729
Charges for services	-	-	-	-	447,241	-	28,037	2,241,444
Fines and forfeitures	-	-	-	-	-	-	-	120,245
Investment income	2,343	2,772	2,557	6,219	14,329	52	206,484	595,061
Rental income	-	-	-	-	-	-	-	-
Other revenue	30,797	42,636	108,790	259,121	-	-	-	1,035,624
Total revenue	134,450	45,408	111,347	265,340	461,570	52	234,521	18,074,103
Expenditures								
Current:								
General government	-	-	55,545	-	95,645	-	-	400,145
Public safety	56,012	22,100	-	-	-	601	-	1,260,304
Highways and streets	-	-	-	-	-	-	-	14,570,243
Community and economic development	-	-	-	-	-	-	102,258	7,804,782
Culture and recreation	-	-	-	-	-	-	-	977,466
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	48,404	-	-	833,626
Interest on long-term debt	-	-	-	-	576	-	-	44,499
Total expenditures	56,012	22,100	55,545	-	144,625	601	102,258	25,891,065
Excess of Revenue (Under) Over Expenditures	78,438	23,308	55,802	265,340	316,945	(549)	132,263	(7,816,962)
Other Financing Sources (Uses)								
Debt proceeds	-	-	-	-	-	-	-	-
Premium on debt	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	38,364
Transfers in	-	-	-	-	-	-	-	7,953,756
Transfers out	-	-	-	-	(550,000)	-	-	(3,029,102)
Total other financing sources (uses)	-	-	-	-	(550,000)	-	-	4,963,018
Net Change in Fund Balances	78,438	23,308	55,802	265,340	(233,055)	(549)	132,263	(2,853,944)
Fund Balances - Beginning of year	109,741	130,893	97,373	(210,191)	858,520	2,886	6,852,204	31,987,575
Fund Balances - End of year	\$ 188,179	\$ 154,201	\$ 153,175	\$ 55,149	\$ 625,465	\$ 2,337	\$ 6,984,467	\$ 29,133,631

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 Year Ended December 31, 2018

	Debt Service Funds							
	College Football Hall of Fame Debt Service	Redevelopment Bond - Airport Taxable	Coveleski Bond Debt Service Reserve	Redevelopment Bond - Palais Royale	South Bend Building Corporation Debt Service	Smart Streets Debt Service	2015 Parks Bond Debt Service	Century Center Energy Conservation Debt Service
Revenue								
Property taxes	\$ 426,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/motel taxes	-	-	-	-	-	-	-	221,437
Intergovernmental	28,705	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	114	19,131	9,426	31,985	10,088	4,589	2,787	112
Rental income	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	110,048
Total revenue	<u>455,423</u>	<u>19,131</u>	<u>9,426</u>	<u>31,985</u>	<u>10,088</u>	<u>4,589</u>	<u>2,787</u>	<u>331,597</u>
Expenditures								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	620,000	-	-	-	1,801,815	940,000	210,000	162,702
Interest on long-term debt	11,315	-	-	-	355,205	770,444	169,106	143,034
Total expenditures	<u>631,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,157,020</u>	<u>1,710,444</u>	<u>379,106</u>	<u>305,736</u>
Excess of Revenue (Under) Over Expenditures	<u>(175,892)</u>	<u>19,131</u>	<u>9,426</u>	<u>31,985</u>	<u>(2,146,932)</u>	<u>(1,705,855)</u>	<u>(376,319)</u>	<u>25,861</u>
Other Financing Sources (Uses)								
Debt proceeds	-	-	-	-	-	-	-	-
Premium on debt	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	248,724	-	-	-	-	-	-	-
Transfers in	-	-	-	-	2,158,975	1,714,000	347,259	85,909
Transfers out	-	(17,814)	-	(29,783)	-	-	-	-
Total other financing sources (uses)	<u>248,724</u>	<u>(17,814)</u>	<u>-</u>	<u>(29,783)</u>	<u>2,158,975</u>	<u>1,714,000</u>	<u>347,259</u>	<u>85,909</u>
Net Change in Fund Balances	72,832	1,317	9,426	2,202	12,043	8,145	(29,060)	111,770
Fund Balances - Beginning of year	<u>24,218</u>	<u>1,038,859</u>	<u>517,349</u>	<u>1,736,812</u>	<u>574,704</u>	<u>1,718,645</u>	<u>589,491</u>	<u>58,882</u>
Fund Balances - End of year	<u>\$ 97,050</u>	<u>\$ 1,040,176</u>	<u>\$ 526,775</u>	<u>\$ 1,739,014</u>	<u>\$ 586,747</u>	<u>\$ 1,726,790</u>	<u>\$ 560,431</u>	<u>\$ 170,652</u>

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 Year Ended December 31, 2018

	Debt Service Funds					Total	Capital Projects Funds	
	Redevelopment Authority Debt Service	Eddy St. Commons Debt Service	2017 Parks Bond Debt Service	Fire Station #9 Debt Service	2018 TIF Park Bonds Debt Service Reserve		Professional Sports Development	Coveleski Stadium Capital
Revenue								
Property taxes	\$ -	\$ -	\$ 703,118	\$ -	\$ -	\$ 1,129,722	\$ -	\$ -
Hotel/motel taxes	-	-	-	-	-	221,437	-	-
Intergovernmental	-	-	37,107	-	-	65,812	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	4,699	6,428	722	-	355	90,436	37	1,083
Rental income	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	110,048	7,431	29,082
Total revenue	4,699	6,428	740,947	-	355	1,617,455	7,468	30,165
Expenditures								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	11,249
Debt service:								
Principal	1,915,000	25,000	350,000	75,000	-	6,099,517	770,000	-
Interest on long-term debt	1,192,219	1,253,472	243,304	45,663	-	4,183,762	44,870	-
Total expenditures	3,107,219	1,278,472	593,304	120,663	-	10,283,279	814,870	11,249
Excess of Revenue (Under) Over Expenditures	(3,102,520)	(1,272,044)	147,643	(120,663)	355	(8,665,824)	(807,402)	18,916
Other Financing Sources (Uses)								
Debt proceeds	-	-	-	-	993,495	993,495	-	-
Premium on debt	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	248,724	-	-
Transfers in	3,115,000	2,223,472	-	120,663	-	9,765,278	783,696	-
Transfers out	(324,220)	-	-	-	-	(371,817)	-	-
Total other financing sources (uses)	2,790,780	2,223,472	-	120,663	993,495	10,635,680	783,696	-
Net Change in Fund Balances	(311,740)	951,428	147,643	-	993,850	1,969,856	(23,706)	18,916
Fund Balances - Beginning of year	522,232	2,501,480	-	-	-	9,282,672	23,706	54,545
Fund Balances - End of year	\$ 210,492	\$ 3,452,908	\$ 147,643	\$ -	\$ 993,850	\$ 11,252,528	\$ -	\$ 73,461

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 Year Ended December 31, 2018

	Capital Projects Funds							
	Park Nonreverting Capital	Cumulative Capital Development	Cumulative Capital Improvement	Morris Performing Arts Center Capital	Redevelopment Retail Area (Leighton Plaza)	TIF - West Washington	Redevelopment General	
Revenue								
Property taxes	\$ -	\$ 436,677	\$ -	\$ -	\$ -	\$ 332,220	\$ -	\$ 2,300,548
Hotel/motel taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	38,374	236,379	-	-	-	-	-
Charges for services	4,665	-	-	101,251	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	1,162	8,589	5,690	7,220	2,739	38,440	3,187	151,204
Rental income	-	-	-	-	-	-	-	-
Other revenue	27,600	-	25,000	-	62,656	-	607,302	3,020
Total revenue	33,427	483,640	267,069	108,471	65,395	370,660	610,489	2,454,772
Expenditures								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay	44,855	-	-	146,190	103,744	814,872	1,894	1,112,636
Debt service:								
Principal	-	549,419	-	-	-	-	-	-
Interest on long-term debt	-	25,983	-	-	-	-	-	-
Total expenditures	44,855	575,402	-	146,190	103,744	814,872	1,894	1,112,636
Excess of Revenue (Under) Over Expenditures	(11,428)	(91,762)	267,069	(37,719)	(38,349)	(444,212)	608,595	1,342,136
Other Financing Sources (Uses)								
Debt proceeds	-	-	-	-	-	-	-	-
Premium on debt	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	28,126	-
Transfers out	(126,675)	-	(249,500)	-	(132,306)	-	(28,100)	-
Total other financing sources (uses)	(126,675)	-	(249,500)	-	(132,306)	-	26	-
Net Change in Fund Balances	(138,103)	(91,762)	17,569	(37,719)	(170,655)	(444,212)	608,621	1,342,136
Fund Balances - Beginning of year	138,103	621,193	430,399	415,728	179,100	2,662,878	7,394	7,823,314
Fund Balances - End of year	\$ -	\$ 529,431	\$ 447,968	\$ 378,009	\$ 8,445	\$ 2,218,666	\$ 616,015	\$ 9,165,450

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 Year Ended December 31, 2018

	Capital Projects Funds							
	Football Hall of Fame Capital	Major Moves	TIF River East Development	TIF Douglas Road	TIF - River East Residential	Certified Technology Park	Palais Royale Historic Preservation	Airport Urban Enterprise Zone
Revenue								
Property taxes	\$ -	\$ -	\$ 3,062,820	\$ -	\$ 4,686,651	\$ -	\$ -	\$ -
Hotel/motel taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	19,527	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	7,819	168,444	162,582	3,585	6,164	11,173	2,156	7,046
Rental income	-	-	-	-	-	-	-	-
Other revenue	-	-	68,556	-	6	-	-	-
Total revenue	7,819	168,444	3,293,958	3,585	4,692,821	11,173	21,683	7,046
Expenditures								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	703,883	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay	29,142	-	484,211	-	2,026	-	31,537	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	116,911	-	-	-
Total expenditures	29,142	703,883	484,211	-	118,937	-	31,537	-
Excess of Revenue (Under) Over Expenditures	(21,323)	(535,439)	2,809,747	3,585	4,573,884	11,173	(9,854)	7,046
Other Financing Sources (Uses)								
Debt proceeds	-	-	-	-	-	-	-	-
Premium on debt	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	21,323	-	-	-	61	-	-	-
Transfers out	-	-	-	-	(4,693,972)	-	-	-
Total other financing sources (uses)	21,323	-	-	-	(4,693,911)	-	-	-
Net Change in Fund Balances	-	(535,439)	2,809,747	3,585	(120,027)	11,173	(9,854)	7,046
Fund Balances - Beginning of year	-	6,053,376	8,189,529	200,820	329,402	613,253	109,635	386,745
Fund Balances - End of year	\$ -	\$ 5,517,937	\$ 10,999,276	\$ 204,405	\$ 209,375	\$ 624,426	\$ 99,781	\$ 393,791

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 Year Ended December 31, 2018

	Capital Projects Funds							
	Vehicle Equipment Leasing	Smart Streets Bond Capital Projects	2015 Parks Bond Capital Projects	2017 Parks Bond Capital Projects	Eddy St. Commons Capital	2018 Fire Station #9 Capital	2018 Bonds Potawatomi Zoo Capital	2018 TIF Park Bond Capital
Revenue								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/motel taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	31,435	1,060	4,813	194,603	121	57,325	2,000	3,807
Rental income	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenue	<u>31,435</u>	<u>1,060</u>	<u>4,813</u>	<u>194,603</u>	<u>121</u>	<u>57,325</u>	<u>2,000</u>	<u>3,807</u>
Expenditures								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	17,750	-	-	148,135	-
Capital outlay	3,795,628	972,373	2,036,618	1,594,978	8,479,191	2,205,276	439,955	934,144
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-
Total expenditures	<u>3,795,628</u>	<u>972,373</u>	<u>2,036,618</u>	<u>1,612,728</u>	<u>8,479,191</u>	<u>2,205,276</u>	<u>588,090</u>	<u>934,144</u>
Excess of Revenue (Under) Over Expenditures	<u>(3,764,193)</u>	<u>(971,313)</u>	<u>(2,031,805)</u>	<u>(1,418,125)</u>	<u>(8,479,070)</u>	<u>(2,147,951)</u>	<u>(586,090)</u>	<u>(930,337)</u>
Other Financing Sources (Uses)								
Debt proceeds	3,028,368	-	-	-	-	5,045,000	3,440,000	11,001,505
Premium on debt	-	-	-	-	-	37,316	346,189	96,103
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	101,776	-	-	-	-	-	64,761	-
Transfers out	(210,118)	-	(288)	-	-	-	-	-
Total other financing sources (uses)	<u>2,920,026</u>	<u>-</u>	<u>(288)</u>	<u>-</u>	<u>-</u>	<u>5,082,316</u>	<u>3,850,950</u>	<u>11,097,608</u>
Net Change in Fund Balances	<u>(844,167)</u>	<u>(971,313)</u>	<u>(2,032,093)</u>	<u>(1,418,125)</u>	<u>(8,479,070)</u>	<u>2,934,365</u>	<u>3,264,860</u>	<u>10,167,271</u>
Fund Balances - Beginning of year	<u>2,130,501</u>	<u>1,040,156</u>	<u>2,479,580</u>	<u>13,888,958</u>	<u>16,103,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 1,286,334</u>	<u>\$ 68,843</u>	<u>\$ 447,487</u>	<u>\$ 12,470,833</u>	<u>\$ 7,624,680</u>	<u>\$ 2,934,365</u>	<u>\$ 3,264,860</u>	<u>\$ 10,167,271</u>

City of South Bend, Indiana

**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds**

Year Ended December 31, 2018

	<u>Capital Projects Funds</u>	
	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
Revenue		
Property taxes	\$ 10,818,916	\$ 11,948,638
Hotel/motel taxes	-	221,437
Intergovernmental	274,753	14,422,294
Charges for services	125,443	2,366,887
Fines and forfeitures	-	120,245
Investment income	883,484	1,568,981
Rental income	-	-
Other revenue	830,653	1,976,325
Total revenue	<u>12,933,249</u>	<u>32,624,807</u>
Expenditures		
Current:		
General government	-	400,145
Public safety	-	1,260,304
Highways and streets	703,883	15,274,126
Community and economic development	-	7,804,782
Culture and recreation	-	977,466
Bond issuance costs	165,885	165,885
Capital outlay	23,240,519	23,240,519
Debt service:		
Principal	1,319,419	8,252,562
Interest on long-term debt	187,764	4,416,025
Total expenditures	<u>25,617,470</u>	<u>61,791,814</u>
Excess of Revenue (Under) Over Expenditures	<u>(12,684,221)</u>	<u>(29,167,007)</u>
Other Financing Sources (Uses)		
Debt proceeds	22,514,873	23,508,368
Premium on debt	479,608	479,608
Proceeds from sale of capital assets	-	287,088
Transfers in	999,743	18,718,777
Transfers out	(5,440,959)	(8,841,878)
Total other financing sources (uses)	<u>18,553,265</u>	<u>34,151,963</u>
Net Change in Fund Balances	5,869,044	4,984,956
Fund Balances - Beginning of year	<u>63,882,065</u>	<u>105,152,312</u>
Fund Balances - End of year	<u>\$ 69,751,109</u>	<u>\$ 110,137,268</u>

Other Supplemental Information
 Budgetary Comparison Schedule - Major Governmental Funds
 Capital Projects Funds - River West TIF

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - property	\$ 18,358,133	\$ 18,662,835	\$ 18,662,835	\$ -
Taxes - hotel/motel	395,000	395,000	395,000	-
Intergovernmental	-	365,000	22,988	(342,012)
Charges for services	-	4,320	3,220	(1,100)
Investment income	200,000	450,000	490,094	40,094
Other	-	4,724,184	4,671,057	(53,127)
	<u>18,953,133</u>	<u>24,601,339</u>	<u>24,245,194</u>	<u>(356,145)</u>
Expenditures:				
Current:				
Economic development:				
Other services and charges	8,457,172	12,929,620	7,287,437	5,642,183
Capital outlay	18,042,828	31,158,587	14,557,517	16,601,070
	<u>26,500,000</u>	<u>44,088,207</u>	<u>21,844,954</u>	<u>22,243,253</u>
Other financing sources (uses):				
Transfers in	34,000	39,881	45,896	6,015
Transfers out	-	(4,267,975)	(4,267,975)	-
	<u>(7,512,867)</u>	<u>(23,714,962)</u>	<u>(1,821,839)</u>	<u>21,893,123</u>
Net change in fund balances				
	<u>33,563,915</u>	<u>33,563,915</u>	<u>33,563,915</u>	<u>-</u>
Fund balances - beginning				
	<u>33,563,915</u>	<u>33,563,915</u>	<u>33,563,915</u>	<u>-</u>
Fund balances - ending	<u>\$ 26,051,048</u>	<u>\$ 9,848,953</u>	<u>\$ 31,742,076</u>	<u>\$ 21,893,123</u>
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (1,821,839)	
To adjust revenues for accruals			(1,020,934)	
To adjust expenditures for accruals			(2,746,579)	
To adjust expenditures for encumbrances			6,484,951	
			<u>895,599</u>	
Net change in fund balance, GAAP basis			<u>\$ 895,599</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 Special Revenue Funds - Motor Vehicle Highway

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 7,220,000	\$ 6,870,731	\$ 6,870,730	\$ (1)
Charges for services	223,365	223,365	244,703	21,338
Investment income	30,861	139,982	137,767	(2,215)
Other	26,082	44,199	25,058	(19,141)
Total revenues	7,500,308	7,278,277	7,278,258	(19)
Expenditures:				
Current:				
Highways and streets:				
Personnel services	4,747,217	4,747,217	4,236,841	510,376
Supplies	2,448,534	2,648,084	1,701,021	947,063
Other services and charges	4,838,467	4,970,812	4,271,818	698,994
Capital outlay	-	27,868	27,868	-
Total expenditures	12,034,218	12,393,981	10,237,548	2,156,433
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	33,212	33,212	-
Transfers in	3,787,750	3,814,963	3,814,963	-
Net change in fund balances	(746,160)	(1,267,529)	888,885	2,156,414
Fund balances - beginning	7,132,834	7,132,834	7,132,834	-
Fund balances - ending	\$ 6,386,674	\$ 5,865,305	\$ 8,021,719	\$ 2,156,414
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 888,885	
To adjust revenues for accruals			(129,796)	
To adjust expenditures for accruals			(913,333)	
To adjust expenditures for encumbrances			972,278	
Net change in fund balance, GAAP basis			\$ 818,034	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Recreation Nonreverting

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,392,436	\$ 1,516,205	\$ 972,422	\$ (543,783)
Investment income	6,000	15,000	15,514	514
Other	125,000	125,840	7,863	(117,977)
Total revenues	1,523,436	1,657,045	995,799	(661,246)
Expenditures:				
Current:				
Culture and recreation:				
Personnel services	500,648	516,417	330,407	186,010
Supplies	275,561	294,708	122,292	172,416
Other services and charges	696,021	804,278	518,772	285,506
Capital outlay	125,000	125,000	9,998	115,002
Total expenditures	1,597,230	1,740,403	981,469	758,934
Other Financing Sources (Uses):				
Transfers out	-	(850,000)	(798,976)	51,024
Net change in fund balances	(73,794)	(933,358)	(784,646)	148,712
Fund balances - beginning	785,885	785,885	785,885	-
Fund balances - ending	\$ 712,091	\$ (147,473)	\$ 1,239	\$ 148,712
Budget/GAAP reconciliation				
Net change in fund balance, budget basis			\$ (784,646)	
To adjust revenues for accruals			(22,667)	
To adjust expenditures for accruals			20,086	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ (787,227)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Studebaker Oliver Revitalization Grants

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 101,014	\$ 63,513	\$ (37,501)
Investment income	4,000	15,500	16,217	717
Other	100,000	100,000	100,000	-
Total revenues	104,000	216,514	179,730	(36,784)
Expenditures:				
Current:				
Economic development:				
Other services and charges	940,000	1,078,598	98,594	980,004
Total expenditures	940,000	1,078,598	98,594	980,004
Net change in fund balances	(836,000)	(862,084)	81,136	943,220
Fund balances - beginning	876,414	876,414	876,414	-
Fund balances - ending	\$ 40,414	\$ 14,330	\$ 957,550	\$ 943,220
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 81,136	
To adjust revenues for accruals			(134,991)	
To adjust expenditures for accruals			(277,809)	
To adjust expenditures for encumbrances			257,782	
Net change in fund balance, GAAP basis			\$ (73,882)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Economic Development State Grants

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 675,232	\$ 2,375	\$ (672,857)
Investment income	7,919	13,019	11,782	(1,237)
Other	65,593	65,593	49,009	(16,584)
Total revenues	73,512	753,844	63,166	(690,678)
Expenditures:				
Current:				
Economic development:				
Other services and charges	72,013	929,990	127,672	802,318
Total expenditures	72,013	929,990	127,672	802,318
Net change in fund balances	1,499	(176,146)	(64,506)	111,640
Fund balances - beginning	410,752	410,752	410,752	-
Fund balances - ending	\$ 412,251	\$ 234,606	\$ 346,246	\$ 111,640
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (64,506)	
To adjust revenues for accruals			(51,266)	
To adjust expenditures for accruals			(81,000)	
To adjust expenditures for encumbrances			81,000	
Net change in fund balance, GAAP basis			\$ (115,772)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - DCI Operating

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 440,636	\$ 440,636	\$ 270,192	\$ (170,444)
Charges for services	333,500	337,335	338,582	1,247
Fines and forfeitures	2,000	2,000	-	(2,000)
Investment income	10,000	16,000	14,158	(1,842)
Other	-	4,525	4,256	(269)
	<u>786,136</u>	<u>800,496</u>	<u>627,188</u>	<u>(173,308)</u>
Expenditures:				
Current:				
Economic development:				
Personnel services	2,175,705	2,175,705	2,095,383	80,322
Supplies	23,486	24,968	19,501	5,467
Other services and charges	636,583	876,423	759,969	116,454
	<u>2,835,774</u>	<u>3,077,096</u>	<u>2,874,853</u>	<u>202,243</u>
Other financing sources (uses):				
Transfers in	1,866,020	1,866,020	1,866,020	-
Transfers out	-	-	-	-
	<u>(183,618)</u>	<u>(410,580)</u>	<u>(381,645)</u>	<u>28,935</u>
Net change in fund balances				
Fund balances - beginning	<u>1,114,625</u>	<u>1,114,625</u>	<u>1,114,625</u>	<u>-</u>
Fund balances - ending	<u>\$ 931,007</u>	<u>\$ 704,045</u>	<u>\$ 732,980</u>	<u>\$ 28,935</u>
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (381,645)	
To adjust revenues for accruals			(23,129)	
To adjust expenditures for accruals			(82,437)	
To adjust expenditures for encumbrances			93,297	
Net change in fund balance, GAAP basis			<u><u>\$ (393,914)</u></u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Community Investment

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,711,000	\$ 6,687,141	\$ 3,542,536	\$ (3,144,605)
Fines and forfeitures	1,000	1,000	110	(890)
Investment income	2,000	2,000	1,163	(837)
Other	197,000	218,204	202,281	(15,923)
Total revenues	2,911,000	6,908,345	3,746,090	(3,162,255)
Expenditures:				
Current:				
Economic development:				
Other services and charges	2,911,000	6,874,598	3,848,101	3,026,497
Total expenditures	2,911,000	6,874,598	3,848,101	3,026,497
Net change in fund balances	-	33,747	(102,011)	(135,758)
Fund balances - beginning	450,607	450,607	450,607	-
Fund balances - ending	\$ 450,607	\$ 484,354	\$ 348,596	\$ (135,758)
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (102,011)	
To adjust revenues for accruals			(9,251)	
To adjust expenditures for accruals			(3,550,062)	
To adjust expenditures for encumbrances			2,733,915	
Net change in fund balance, GAAP basis			\$ (927,409)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Police State Seizure

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 30,000	\$ 36,737	\$ 36,737	\$ -
Investment income	2,000	4,000	3,692	(308)
Other	-	300	300	-
	32,000	41,037	40,729	(308)
Total revenues				
Expenditures:				
Current:				
Public safety:				
Other services and charges	32,000	32,000	7,856	24,144
Total expenditures	32,000	32,000	7,856	24,144
Net change in fund balances	-	9,037	32,873	23,836
Fund balances - beginning	194,467	194,467	194,467	-
Fund balances - ending	\$ 194,467	\$ 203,504	\$ 227,340	\$ 23,836
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 32,873	
To adjust revenues for accruals			(3,687)	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ 29,186	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Juvenile Positive Assistance

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 200	\$ 200	\$ 138	\$ (62)
Investment income	100	230	232	2
Other	-	750	750	-
	300	1,180	1,120	(60)
Expenditures:				
Current:				
Public safety:				
Other services and charges	1,000	1,000	854	146
	1,000	1,000	854	146
Net change in fund balances	(700)	180	266	86
Fund balances - beginning	12,860	12,860	12,860	-
Fund balances - ending	\$ 12,160	\$ 13,040	\$ 13,126	\$ 86
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 266	
To adjust revenues for accruals			5	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ 271	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Unsafe Building

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 199,500	\$ 181,410	\$ 120,643	\$ (60,767)
Fines and forfeitures	61,000	99,250	72,893	(26,357)
Investment income	-	5,500	5,889	389
	<u>260,500</u>	<u>286,160</u>	<u>199,425</u>	<u>(86,735)</u>
Expenditures:				
Current:				
General government:				
Personnel services	294,907	287,407	248,778	38,629
Supplies	26,450	26,650	21,415	5,235
Other services and charges	587,416	600,856	387,248	213,608
Capital outlay	-	30,000	-	30,000
	<u>908,773</u>	<u>944,913</u>	<u>657,441</u>	<u>287,472</u>
Other financing sources (uses):				
Transfers in	648,273	648,273	648,273	-
Transfers out	-	(27,500)	(27,500)	-
	<u>-</u>	<u>(27,500)</u>	<u>(27,500)</u>	<u>-</u>
Net change in fund balances	-	(37,980)	162,757	200,737
Fund balances - beginning	<u>379,148</u>	<u>379,148</u>	<u>379,148</u>	<u>-</u>
Fund balances - ending	<u>\$ 379,148</u>	<u>\$ 341,168</u>	<u>\$ 541,905</u>	<u>\$ 200,737</u>
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 162,757	
To adjust revenues for accruals			(8,806)	
To adjust expenditures for accruals			(181,038)	
To adjust expenditures for encumbrances			180,746	
Net change in fund balance, GAAP basis			<u>\$ 153,659</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Law Enforcement Continuing Education

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 140,000	\$ 140,000	\$ 124,980	\$ (15,020)
Fines and forfeitures	106,000	106,886	78,353	(28,533)
Investment income	5,000	10,000	9,917	(83)
Other	20,500	32,394	18,146	(14,248)
Total revenues	271,500	289,280	231,396	(57,884)
Expenditures:				
Current:				
Public safety:				
Supplies	275,500	359,091	173,990	185,101
Other services and charges	263,000	272,533	183,461	89,072
Total expenditures	538,500	631,624	357,451	274,173
Net change in fund balances	(267,000)	(342,344)	(126,055)	216,289
Fund balances - beginning	573,049	573,049	573,049	-
Fund balances - ending	\$ 306,049	\$ 230,705	\$ 446,994	\$ 216,289
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (126,055)	
To adjust revenues for accruals			(13,711)	
To adjust expenditures for accruals			(169,080)	
To adjust expenditures for encumbrances			107,046	
Net change in fund balance, GAAP basis			\$ (201,800)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Landlord Registration

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 4,000	\$ 4,000	\$ 310	\$ (3,690)
Fines and forfeitures	2,000	2,000	-	(2,000)
Investment income	-	140	137	(3)
Total revenues	6,000	6,140	447	(5,693)
Expenditures:				
Current:				
General government:				
Other services and charges	1,000	1,000	5	995
Total expenditures	1,000	1,000	5	995
Net change in fund balances	5,000	5,140	442	(4,698)
Fund balances - beginning	9,685	9,685	9,685	-
Fund balances - ending	\$ 14,685	\$ 14,825	\$ 10,127	\$ (4,698)
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 442	
To adjust revenues for accruals			7	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ 449	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Loss Recovery

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 4,000	\$ 12,500	\$ 12,871	\$ 371
Total revenues	4,000	12,500	12,871	371
Expenditures:				
Current:				
General government:				
Other services and charges	250,000	488,641	208,065	280,576
Capital outlay	-	26,682	24,273	2,409
Total expenditures	250,000	515,323	232,338	282,985
Net change in fund balances	(246,000)	(502,823)	(219,467)	283,356
Fund balances - beginning	847,926	847,926	847,926	-
Fund balances - ending	\$ 601,926	\$ 345,103	\$ 628,459	\$ 283,356
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (219,467)	
To adjust revenues for accruals			154	
To adjust expenditures for accruals			86,702	
To adjust expenditures for encumbrances			47,506	
Net change in fund balance, GAAP basis			\$ (85,105)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Local Road and Street

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,850,000	\$ 2,120,078	\$ 2,120,078	\$ -
Investment income	18,000	68,000	70,031	2,031
Other	-	412,635	412,635	-
Total revenues	1,868,000	2,600,713	2,602,744	2,031
Expenditures:				
Current:				
Highways and streets:				
Supplies	670,000	670,364	555,400	114,964
Other services and charges	780,000	1,405,106	751,121	653,985
Capital outlay	600,000	1,058,538	418,854	639,684
Total expenditures	2,050,000	3,134,008	1,725,375	1,408,633
Other financing sources (uses):				
Transfers out	-	(284,500)	(284,500)	-
Net change in fund balances	(182,000)	(817,795)	592,869	1,410,664
Fund balances - beginning	3,340,696	3,340,696	3,340,696	-
Fund balances - ending	\$ 3,158,696	\$ 2,522,901	\$ 3,933,565	\$ 1,410,664
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 592,869	
To adjust revenues for accruals			(33,425)	
To adjust expenditures for accruals			(1,294,157)	
To adjust expenditures for encumbrances			1,204,710	
Net change in fund balance, GAAP basis			\$ 469,997	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - LOIT 2016 Special Distribution

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,200,000	\$ 1,070,000	\$ 670,000	\$ (400,000)
Investment income	40,000	40,000	37,969	(2,031)
Other	-	185,735	185,734	(1)
Total revenues	2,240,000	1,295,735	893,703	(402,032)
Expenditures:				
Current:				
Highways and streets:				
Other services and charges	-	648,058	390,739	257,319
Capital outlay	2,950,000	1,519,291	939,155	580,136
Total expenditures	2,950,000	2,167,349	1,329,894	837,455
Other financing sources (uses):				
Transfers in	-	254,000	254,000	-
Transfers out	-	(1,340,000)	(1,340,000)	-
Net change in fund balances	(710,000)	(1,957,614)	(1,522,191)	435,423
Fund balances - beginning	2,281,338	2,281,338	2,281,338	-
Fund balances - ending	\$ 1,571,338	\$ 323,724	\$ 759,147	\$ 435,423
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (1,522,191)	
To adjust revenues for accruals			(274)	
To adjust expenditures for accruals			(856,175)	
To adjust expenditures for encumbrances			836,263	
Net change in fund balance, GAAP basis			\$ (1,542,377)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Human Rights Federal

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 145,000	\$ 145,000	\$ 74,580	\$ (70,420)
Investment income	2,000	8,400	8,862	462
Other	20,400	25,440	23,303	(2,137)
Total revenues	167,400	178,840	106,745	(72,095)
Expenditures:				
Current:				
General government:				
Personnel services	80,013	80,013	78,642	1,371
Supplies	2,000	2,000	1,772	228
Other services and charges	80,900	90,321	68,899	21,422
Total expenditures	162,913	172,334	149,313	23,021
Net change in fund balances	4,487	6,506	(42,568)	(49,074)
Fund balances - beginning	503,002	503,002	503,002	-
Fund balances - ending	\$ 507,489	\$ 509,508	\$ 460,434	\$ (49,074)
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (42,568)	
To adjust revenues for accruals			153	
To adjust expenditures for accruals			(1,507)	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ (43,922)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Local Road and Bridge Grant

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ 5,500	\$ 6,282	\$ 782
Total revenues	-	5,500	6,282	782
Expenditures:				
Current:				
Highways and streets:				
Other services and charges	-	2,130,500	2,039,640	90,860
Total expenditures	-	2,130,500	2,039,640	90,860
Other Financing Sources (Uses):				
Transfers in	-	1,370,500	1,370,500	-
Net change in fund balances	-	(754,500)	(662,858)	91,642
Fund balances - beginning	992,943	992,943	992,943	-
Fund balances - ending	\$ 992,943	\$ 238,443	\$ 330,085	\$ 91,642
Budget/GAAP reconciliation				
Net change in fund balance, budget basis			\$ (662,858)	
To adjust revenues for accruals			212	
To adjust expenditures for accruals			(27,798)	
To adjust expenditures for encumbrances			83,291	
Net change in fund balance, GAAP basis			<u>\$ (607,153)</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Morris and Palais Marketing

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 20,000	\$ 20,000	\$ 17,373	\$ (2,627)
Investment income	400	1,020	1,025	5
Total revenues	20,400	21,020	18,398	(2,622)
Expenditures:				
Current:				
Culture and recreation:				
Other services and charges	18,000	18,000	16,083	1,917
Total expenditures	18,000	18,000	16,083	1,917
Net change in fund balances	2,400	3,020	2,315	(705)
Fund balances - beginning	55,239	55,239	55,239	-
Fund balances - ending	\$ 57,639	\$ 58,259	\$ 57,554	\$ (705)
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 2,315	
To adjust revenues for accruals			18	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ 2,333	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Morris PAC Self-Promotion

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 99,000	\$ 130,000	\$ 100,932	\$ (29,068)
Investment income	1,000	1,000	786	(214)
Total revenues	100,000	131,000	101,718	(29,282)
Expenditures:				
Current:				
Culture and recreation:				
Other services and charges	50,000	50,000	-	50,000
Total expenditures	50,000	50,000	-	50,000
Net change in fund balances	50,000	81,000	101,718	20,718
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ 50,000	\$ 81,000	\$ 101,718	\$ 20,718
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 101,718	
To adjust revenues for accruals			54	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ 101,772	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Police Block Grants

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 35	\$ 70	\$ 70	\$ -
Net change in fund balances	35	70	70	-
Fund balances - beginning	3,927	3,927	3,927	-
Fund balances - ending	\$ 3,962	\$ 3,997	\$ 3,997	\$ -
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 70	
To adjust revenues for accruals			2	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ 72	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Economic Development Commission

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 200	\$ 259	\$ 259	\$ -
Other financing sources (uses):				
Transfers out	-	(28,126)	(28,126)	-
Net change in fund balances	200	(27,867)	(27,867)	-
Fund balances - beginning	27,910	27,910	27,910	-
Fund balances - ending	\$ 28,110	\$ 43	\$ 43	\$ -
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (27,867)	
To adjust revenues for accruals			(9)	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			<u>\$ (27,876)</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Hazmat

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Investment income	200	450	451	1
Total revenues	10,200	10,450	451	(9,999)
Expenditures:				
Current:				
Public safety:				
Supplies	10,000	10,000	8,834	1,166
Net change in fund balances	200	450	(8,383)	(8,833)
Fund balances - beginning	27,506	27,506	27,506	-
Fund balances - ending	\$ 27,706	\$ 27,956	\$ 19,123	\$ (8,833)
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (8,383)	
To adjust revenues for accruals			3,278	
To adjust expenditures for accruals			(472)	
To adjust expenditures for encumbrances			472	
Net change in fund balance, GAAP basis			\$ (5,105)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Indiana River Rescue

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 45,000	\$ 97,000	\$ 100,590	\$ 3,590
Investment income	500	2,600	2,726	126
Total revenues	45,500	99,600	103,316	3,716
Expenditures:				
Current:				
Public safety:				
Personnel services	15,500	15,500	3,000	12,500
Supplies	17,800	17,800	13,277	4,523
Other services and charges	68,500	68,500	34,264	34,236
Total expenditures	101,800	101,800	50,541	51,259
Other financing sources (uses):				
Proceeds from sale of capital assets	-	5,152	5,152	-
Net change in fund balances	(56,300)	2,952	57,927	54,975
Fund balances - beginning	123,859	123,859	123,859	-
Fund balances - ending	\$ 67,559	\$ 126,811	\$ 181,786	\$ 54,975
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 57,927	
To adjust revenues for accruals			15,701	
To adjust expenditures for accruals			(13,706)	
To adjust expenditures for encumbrances			7,520	
Net change in fund balance, GAAP basis			\$ 67,442	

City of South Bend, Indiana

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - COPS Block Grant II

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public safety:				
Other services and charges	\$ -	\$ 21,735	\$ 21,735	\$ -
Net change in fund balances	-	(21,735)	(21,735)	-
Fund balances - beginning	48,451	48,451	48,451	-
Fund balances - ending	\$ 48,451	\$ 26,716	\$ 26,716	\$ -
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (21,735)	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ (21,735)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Regional Police Academy

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 20,000	\$ 25,000	\$ 21,192	\$ (3,808)
Investment income	500	1,700	1,711	11
Other	2,000	2,000	-	(2,000)
	22,500	28,700	22,903	(5,797)
Total revenues				
Expenditures:				
Current:				
Public safety:				
Supplies	1,500	1,500	190	1,310
Other services and charges	21,000	21,000	11,399	9,601
	22,500	22,500	11,589	10,911
Total expenditures				
Net change in fund balances	-	6,200	11,314	5,114
Fund balances - beginning	87,473	87,473	87,473	-
Fund balances - ending	\$ 87,473	\$ 93,673	\$ 98,787	\$ 5,114
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 11,314	
To adjust revenues for accruals			35	
To adjust expenditures for accruals			3,222	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ 14,571	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - COPS MORE Grant

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 53,750	\$ 184,819	\$ 101,310	\$ (83,509)
Investment income	500	2,200	2,278	78
Other	37,750	39,750	26,778	(12,972)
Total revenues	92,000	226,769	130,366	(96,403)
Expenditures:				
Current:				
Public safety:				
Supplies	47,000	67,785	19,215	48,570
Other services and charges	45,000	45,000	43,835	1,165
Total expenditures	92,000	112,785	63,050	49,735
Net change in fund balances	-	113,984	67,316	(46,668)
Fund balances - beginning	135,365	135,365	135,365	-
Fund balances - ending	\$ 135,365	\$ 249,349	\$ 202,681	\$ (46,668)
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 67,316	
To adjust revenues for accruals			4,084	
To adjust expenditures for accruals			(34,516)	
To adjust expenditures for encumbrances			41,554	
Net change in fund balance, GAAP basis			\$ 78,438	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Federal Drug Enforcement

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 6,201	\$ (43,799)
Investment income	1,000	2,600	2,654	54
Other	-	6,677	36,436	29,759
Total revenues	51,000	59,277	45,291	(13,986)
Expenditures:				
Current:				
Public safety:				
Supplies	6,000	6,000	-	6,000
Capital outlay	45,000	45,000	22,100	22,900
Total expenditures	51,000	51,000	22,100	28,900
Net change in fund balances	-	8,277	23,191	14,914
Fund balances - beginning	130,729	130,729	130,729	-
Fund balances - ending	\$ 130,729	\$ 139,006	\$ 153,920	\$ 14,914
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 23,191	
To adjust revenues for accruals			117	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ 23,308	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Gift

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 800	\$ 2,400	\$ 2,481	\$ 81
Other	25,000	110,650	108,750	(1,900)
Total revenues	25,800	113,050	111,231	(1,819)
Expenditures:				
Current:				
General government:				
Supplies	2,500	5,000	322	4,678
Other services and charges	40,000	93,428	46,478	46,950
Total expenditures	42,500	98,428	46,800	51,628
Net change in fund balances	(16,700)	14,622	64,431	49,809
Fund balances - beginning	100,898	100,898	100,898	-
Fund balances - ending	\$ 84,198	\$ 115,520	\$ 165,329	\$ 49,809
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 64,431	
To adjust revenues for accruals			116	
To adjust expenditures for accruals			(47,221)	
To adjust expenditures for encumbrances			38,476	
Net change in fund balance, GAAP basis			\$ 55,802	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Urban Development Action Grant

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 6,110	\$ 6,610	\$ 6,344	\$ (266)
Other	132,618	37,508	37,508	-
Total revenues	138,728	44,118	43,852	(266)
Expenditures:				
Current:				
Economic development:				
Other services and charges	610,131	486,081	486,081	-
Net change in fund balances	(471,403)	(441,963)	(442,229)	(266)
Fund balances - beginning	471,939	471,939	471,939	-
Fund balances - ending	\$ 536	\$ 29,976	\$ 29,710	\$ (266)
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (442,229)	
To adjust revenues for accruals			221,488	
To adjust expenditures for accruals			486,081	
Net change in fund balance, GAAP basis			\$ 265,340	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Leaf Collection and Removal

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 439,680	\$ 439,680	\$ 447,240	\$ 7,560
Investment income	6,120	13,579	14,198	619
Total revenues	445,800	453,259	461,438	8,179
Expenditures:				
Current:				
Highways and streets:				
Personnel services	50,729	50,729	46,529	4,200
Supplies	4,344	4,344	1,184	3,160
Other services and charges	96,969	96,969	95,740	1,229
Total expenditures	152,042	152,042	143,453	8,589
Other financing sources (uses):				
Transfers out	(550,000)	(550,000)	(550,000)	-
Net change in fund balances	(256,242)	(248,783)	(232,015)	16,768
Fund balances - beginning	822,096	822,096	822,096	-
Fund balances - ending	\$ 565,854	\$ 573,313	\$ 590,081	\$ 16,768
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (232,015)	
To adjust revenues for accruals			132	
To adjust expenditures for accruals			(1,172)	
Net change in fund balance, GAAP basis			\$ (233,055)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Police K-9 Unit

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 20	\$ 50	\$ 51	\$ 1
Other	2,000	2,000	-	(2,000)
Total revenues	2,020	2,050	51	(1,999)
Expenditures:				
Current:				
Public safety:				
Other services and charges	2,020	2,020	601	1,419
Net change in fund balances	-	30	(550)	(580)
Fund balances - beginning	2,889	2,889	2,889	-
Fund balances - ending	\$ 2,889	\$ 2,919	\$ 2,339	\$ (580)
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (550)	
To adjust revenues for accruals			1	
Net change in fund balance, GAAP basis			\$ (549)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Special Revenue Funds - Industrial Revolving Fund

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 183,000	\$ 212,000	\$ 206,484	\$ (5,516)
Other	27,000	30,750	28,037	(2,713)
Total revenues	210,000	242,750	234,521	(8,229)
Expenditures:				
Current:				
Economic Development:				
Other services and charges	157,000	157,000	102,258	54,742
Net change in fund balances	53,000	85,750	132,263	46,513
Fund balances - beginning	2,917,106	2,917,106	2,917,106	-
Fund balances - ending	\$ 2,970,106	\$ 3,002,856	\$ 3,049,369	\$ 46,513
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 132,263	
Net change in fund balance, GAAP basis			\$ 132,263	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Debt Service Funds - College Football Hall of Fame Debt Service

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - property	\$ 1,213,617	\$ 426,604	\$ 426,604	\$ -
Intergovernmental	45,000	45,000	28,705	(16,295)
Investment income	-	141	114	(27)
Other	-	274,768	248,724	(26,044)
	<u>1,258,617</u>	<u>746,513</u>	<u>704,147</u>	<u>(42,366)</u>
Expenditures:				
Current:				
Debt service:				
Other services and charges	1,258,617	632,315	631,315	1,000
	<u>-</u>	<u>114,198</u>	<u>72,832</u>	<u>(41,366)</u>
Fund balances - beginning	27,305	27,305	27,305	-
Fund balances - ending	<u>\$ 27,305</u>	<u>\$ 141,503</u>	<u>\$ 100,137</u>	<u>\$ (41,366)</u>
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 72,832	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			<u>\$ 72,832</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Debt Service Funds - Redevelopment Bond - Airport Taxable

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 14,000	\$ 17,500	\$ 18,472	\$ 972
Other financing sources (uses):				
Transfers out	(14,000)	(16,000)	(17,155)	(1,155)
Net change in fund balances	-	1,500	1,317	(183)
Fund balances - beginning	1,040,462	1,040,462	1,040,462	-
Fund balances - ending	\$ 1,040,462	\$ 1,041,962	\$ 1,041,779	\$ (183)
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 1,317	
To adjust revenues for accruals			659	
To adjust expenditures for accruals			(659)	
Net change in fund balance, GAAP basis			<u>\$ 1,317</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Debt Service Funds - Coveleski Bond Debt Service Reserve

Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 5,000	\$ 9,000	\$ 9,251	\$ 251
Net change in fund balances	5,000	9,000	9,251	251
Fund balances - beginning	<u>517,990</u>	<u>517,990</u>	<u>517,990</u>	<u>-</u>
Fund balances - ending	<u>\$ 522,990</u>	<u>\$ 526,990</u>	<u>\$ 527,241</u>	<u>\$ 251</u>
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 9,251	
To adjust revenues for accruals			<u>175</u>	
Net change in fund balance, GAAP basis			<u>\$ 9,426</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Debt Service Funds - Redevelopment Bond - Palais Royale

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 20,000	\$ 30,000	\$ 30,882	\$ 882
Other financing sources (uses):				
Transfers out	(20,000)	(30,000)	(28,681)	1,319
Net change in fund balances	-	-	2,201	2,201
Fund balances - beginning	1,739,495	1,739,495	1,739,495	-
Fund balances - ending	\$ 1,739,495	\$ 1,739,495	\$ 1,741,696	\$ 2,201
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 2,201	
To adjust revenues for accruals			1,103	
To adjust expenditures for accruals			(1,102)	
Net change in fund balance, GAAP basis			<u>\$ 2,202</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Debt Service Fund - South Bend Building Corporation

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 1,000	\$ 10,400	\$ 10,314	\$ (86)
Expenditures:				
Current:				
Debt service:				
Other services and charges	2,636,025	2,636,025	2,636,875	(850)
Other financing sources (uses):				
Transfers in	2,635,025	2,646,000	2,646,000	-
Net change in fund balances	-	20,375	19,439	(936)
Fund balances - beginning	771,586	771,586	771,586	-
Fund balances - ending	<u>\$ 771,586</u>	<u>\$ 791,961</u>	<u>\$ 791,025</u>	<u>\$ (936)</u>
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 19,439	
To adjust revenues for accruals			(487,251)	
To adjust expenditures for accruals			<u>479,855</u>	
Net change in fund balance, GAAP basis			<u>\$ 12,043</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Debt Service Fund - Smart Street Debt Service

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 2,500	\$ 4,600	\$ 4,588	\$ (12)
Expenditures:				
Current:				
Debt service:				
Other services and charges	1,709,794	1,710,444	1,710,444	-
Other Financing Sources (Uses):				
Transfers in	1,714,000	1,714,000	1,714,000	-
Net change in fund balances	6,706	8,156	8,144	(12)
Fund balances - beginning	1,718,645	1,718,645	1,718,645	-
Fund balances - ending	<u>\$ 1,725,351</u>	<u>\$ 1,726,801</u>	<u>\$ 1,726,789</u>	<u>\$ (12)</u>
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 8,144	
To adjust revenues for accruals			<u>1</u>	
Net change in fund balance, GAAP basis			<u>\$ 8,145</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Debt Service Fund - 2015 Parks Bond Debt Service

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 800	\$ 2,800	\$ 2,787	\$ (13)
Other	-	-	31,723	31,723
Total revenues	800	2,800	34,510	31,710
Expenditures:				
Current:				
Debt service:				
Other services and charges	380,107	380,107	379,106	1,001
Other Financing Sources (Uses):				
Transfers in	379,107	379,107	347,259	(31,848)
Net change in fund balances	(200)	1,800	2,663	863
Fund balances - beginning	557,768	557,768	557,768	-
Fund balances - ending	\$ 557,568	\$ 559,568	\$ 560,431	\$ 863
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 2,663	
To adjust revenues for accruals			(31,723)	
Net change in fund balance, GAAP basis			\$ (29,060)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Debt Service Funds - Century Center Energy Conservation Debt Service

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - hotel/motel	\$ 221,437	\$ 221,437	\$ 221,437	\$ -
Investment income	50	70	36	(34)
Other	109,462	110,049	110,049	-
Total revenues	330,949	331,556	331,522	(34)
Expenditures:				
Current:				
Debt service:				
Other services and charges	306,737	306,737	305,736	1,001
Other financing sources (uses):				
Transfers in	89,175	89,175	85,909	(3,266)
Net change in fund balances	113,387	113,994	111,695	(2,299)
Fund balances - beginning	58,882	58,882	58,882	-
Fund balances - ending	\$ 172,269	\$ 172,876	\$ 170,577	\$ (2,299)
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 111,695	
To adjust revenues for accruals			75	
Net change in fund balance, GAAP basis			\$ 111,770	

City of South Bend, Indiana

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Debt Service Fund - Redevelopment Authority Debt Service

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 2,700	\$ 5,500	\$ 4,699	\$ (801)
Expenditures:				
Current:				
Debt service:				
Other services and charges	3,105,829	3,106,029	3,107,219	(1,190)
Other Financing Sources (Uses):				
Transfers in	3,364,500	3,364,500	3,115,000	(249,500)
Transfers out	(260,000)	(324,221)	(324,220)	1
Net change in fund balances	1,371	(60,250)	(311,740)	(251,490)
Fund balances - beginning	522,232	522,232	522,232	-
Fund balances - ending	\$ 523,603	\$ 461,982	\$ 210,492	\$ (251,490)
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (311,740)	
Net change in fund balance, GAAP basis			\$ (311,740)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Debt Service Funds - Eddy St. Commons Debt Service

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ 6,500	\$ 6,428	\$ (72)
Expenditures:				
Current:				
Debt service:				
Other services and charges	1,279,472	3,779,472	1,278,472	2,501,000
Other Financing Sources (Uses):				
Transfers in	1,279,472	1,279,472	2,223,472	944,000
Net change in fund balances	-	(2,493,500)	951,428	3,444,928
Fund balances - beginning	2,501,480	2,501,480	2,501,480	-
Fund balances - ending	<u>\$ 2,501,480</u>	<u>\$ 7,980</u>	<u>\$ 3,452,908</u>	<u>\$ 3,444,928</u>
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 951,428	
Net change in fund balance, GAAP basis			<u>\$ 951,428</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Debt Service Funds - 2017 Parks Bond Debt Service

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - property	\$ -	\$ 703,118	\$ 703,118	\$ -
Intergovernmental	-	37,106	37,107	1
Investment income	-	763	722	(41)
Total revenues	-	740,987	740,947	(40)
Expenditures:				
Current:				
Debt service:				
Other services and charges	-	595,304	593,304	2,000
Net change in fund balances	-	145,683	147,643	(2,040)
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 145,683	\$ 147,643	\$ (2,040)
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 147,643	
Net change in fund balance, GAAP basis			\$ 147,643	

City of South Bend, Indiana

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Debt Service Funds - 2018 TIF Park Bonds Debt Service Reserve

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 355	\$ 355
Other Financing Sources (Uses):				
Debt proceeds		993,495	993,495	-
Net change in fund balances		993,495	993,850	355
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 993,495	\$ 993,850	\$ 355
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 993,850	
Net change in fund balance, GAAP basis			\$ 993,850	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - Professional Sports Development

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 600,000	\$ 600,000	\$ -	\$ (600,000)
Investment income	2,000	2,000	37	(1,963)
Other	18,000	18,000	7,431	(10,569)
Total revenues	620,000	620,000	7,468	(612,532)
Expenditures:				
Current:				
Debt service:				
Other services and charges	814,870	814,870	814,870	-
Total expenditures	814,870	814,870	814,870	-
Other financing sources (uses):				
Transfers in	-	783,697	783,696	(1)
Net change in fund balances	(194,870)	588,827	(23,706)	(612,533)
Fund balances - beginning	23,743	23,743	23,743	-
Fund balances - ending	\$ (171,127)	\$ 612,570	\$ 37	\$ (612,533)
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (23,706)	
Net change in fund balance, GAAP basis			\$ (23,706)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - Coveleski Stadium Capital

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 43,500	\$ 43,500	\$ 29,082	\$ (14,418)
Investment income	750	1,000	1,054	54
Total revenues	44,250	44,500	30,136	(14,364)
Expenditures:				
Current:				
Culture and recreation:				
Other services and charges	80,000	35,000	1,249	33,751
Capital outlay	65,000	55,000	10,000	45,000
Total expenditures	145,000	90,000	11,249	78,751
Net change in fund balances	(100,750)	(45,500)	18,887	64,387
Fund balances - beginning	54,612	54,612	54,612	-
Fund balances - ending	\$ (46,138)	\$ 9,112	\$ 73,499	\$ 64,387
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 18,887	
To adjust revenues for accruals			29	
To adjust expenditures for accruals			(64,622)	
To adjust expenditures for encumbrances			64,622	
Net change in fund balance, GAAP basis			\$ 18,916	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - Park NonReverting Capital

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 17,100	\$ 17,822	\$ 4,665	\$ (13,157)
Investment income	1,500	1,500	1,200	(300)
Other	22,000	49,600	27,600	(22,000)
Total revenues	40,600	68,922	33,465	(35,457)
Expenditures:				
Current:				
Culture and recreation:				
Supplies	51,000	86,372	36,361	50,011
Other services and charges	54,000	84,000	15,634	68,366
Capital outlay	76,000	107,500	31,500	76,000
Total expenditures	181,000	277,872	83,495	194,377
Other financing sources (uses):				
Transfers in	80,000	80,000	-	(80,000)
Transfers out	-	(130,000)	(126,675)	3,325
Net change in fund balances	(60,400)	(258,950)	(176,705)	82,245
Fund balances - beginning	176,978	176,978	176,978	-
Fund balances - ending	\$ 116,578	\$ (81,972)	\$ 273	\$ 82,245
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (176,705)	
To adjust revenues for accruals			(38)	
To adjust expenditures for accruals			38,640	
Net change in fund balance, GAAP basis			\$ (138,103)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - Cumulative Capital Development

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - Property	\$ 419,000	\$ 436,677	\$ 436,677	\$ -
Intergovernmental	37,100	38,374	38,373	(1)
Investment income	3,100	8,500	8,476	(24)
Total revenues	459,200	483,551	483,526	(25)
Expenditures:				
Current:				
General government:				
Other services and charges	459,200	575,402	575,402	-
Net change in fund balances	-	(91,851)	(91,876)	(25)
Fund balances - beginning	622,016	622,016	622,016	-
Fund balances - ending	\$ 622,016	\$ 530,165	\$ 530,140	\$ (25)
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (91,876)	
To adjust revenues for accruals			114	
Net change in fund balance, GAAP basis			\$ (91,762)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - Cumulative Capital Improvement

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 250,500	\$ 236,379	\$ 236,379	\$ -
Investment income	3,000	5,500	5,563	63
Other	25,000	25,000	25,000	-
Total revenues	<u>278,500</u>	<u>266,879</u>	<u>266,942</u>	<u>63</u>
Expenditures:				
Current:				
General government:				
Other services and charges	250,500	1,000	-	1,000
Capital outlay	<u>28,000</u>	<u>28,000</u>	<u>-</u>	<u>28,000</u>
Total expenditures	<u>278,500</u>	<u>29,000</u>	<u>-</u>	<u>29,000</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>(249,500)</u>	<u>(249,500)</u>	<u>-</u>
Net change in fund balances	-	(11,621)	17,442	29,063
Fund balances - beginning	<u>430,948</u>	<u>430,948</u>	<u>430,948</u>	<u>-</u>
Fund balances - ending	<u>\$ 430,948</u>	<u>\$ 419,327</u>	<u>\$ 448,390</u>	<u>\$ 29,063</u>
Budget/GAAP reconciliation				
Net change in fund balance, budget basis			\$ 17,442	
To adjust revenues for accruals			<u>127</u>	
Net change in fund balance, GAAP basis			<u>\$ 17,569</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - Morris Performing Arts Center Capital

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 125,000	\$ 125,000	\$ 101,251	\$ (23,749)
Investment income	4,000	7,200	7,145	(55)
Total revenues	129,000	132,200	108,396	(23,804)
Expenditures:				
Current:				
Culture and recreation:				
Supplies	25,000	25,000	6,690	18,310
Other services and charges	27,500	81,400	63,882	17,518
Capital outlay	38,000	77,700	74,492	3,208
Total expenditures	90,500	184,100	145,064	39,036
Net change in fund balances	38,500	(51,900)	(36,668)	15,232
Fund balances - beginning	416,215	416,215	416,215	-
Fund balances - ending	\$ 454,715	\$ 364,315	\$ 379,547	\$ 15,232
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (36,668)	
To adjust revenues for accruals			75	
To adjust expenditures for accruals			(9,588)	
To adjust expenditures for encumbrances			8,462	
Net change in fund balance, GAAP basis			\$ (37,719)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - Redevelopment Retail Area (Leighton Plaza)

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 1,706	\$ 2,506	\$ 2,726	\$ 220
Other	195,308	195,308	73,089	(122,219)
Total revenues	197,014	197,814	75,815	(121,999)
Expenditures:				
Current:				
Economic development:				
Supplies	10,342	2,744	2,744	-
Other services and charges	147,824	109,116	109,114	2
Total expenditures	158,166	111,860	111,858	2
Other financing sources (uses):				
Transfers out	-	(132,306)	(132,306)	-
Net change in fund balances	38,848	(46,352)	(168,349)	(121,997)
Fund balances - beginning	176,971	176,971	176,971	-
Fund balances - ending	\$ 215,819	\$ 130,619	\$ 8,622	\$ (121,997)
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (168,349)	
To adjust revenues for accruals			(10,420)	
To adjust expenditures for accruals			8,114	
Net change in fund balance, GAAP basis			\$ (170,655)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - TIF - West Washington

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - property	\$ 420,000	\$ 332,220	\$ 332,220	\$ -
Investment income	16,000	37,000	38,012	1,012
Total revenues	436,000	369,220	370,232	1,012
Expenditures:				
Current:				
Economic development:				
Other services and charges	-	835	148	687
Capital outlay	1,000,000	2,285,081	845,540	1,439,541
Total expenditures	1,000,000	2,285,916	845,688	1,440,228
Net change in fund balances	(564,000)	(1,916,696)	(475,456)	1,441,240
Fund balances - beginning	2,279,940	2,279,940	2,279,940	-
Fund balances - ending	\$ 1,715,940	\$ 363,244	\$ 1,804,484	\$ 1,441,240
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (475,456)	
To adjust revenues for accruals			428	
To adjust expenditures for accruals			(764,314)	
To adjust expenditures for encumbrances			795,130	
Net change in fund balance, GAAP basis			\$ (444,212)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - Redevelopment General

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 135	\$ 2,135	\$ 2,799	\$ 664
Other	-	607,302	607,302	-
Total revenues	135	609,437	610,101	664
Expenditures:				
Current:				
Economic development:				
Other services and charges	4,500	32,600	29,994	2,606
Total expenditures	4,500	32,600	29,994	2,606
Other financing sources (uses):				
Transfers in	-	28,126	28,126	-
Net change in fund balances	(4,365)	604,963	608,233	3,270
Fund balances - beginning	7,403	7,403	7,403	-
Fund balances - ending	\$ 3,038	\$ 612,366	\$ 615,636	\$ 3,270
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 608,233	
To adjust revenues for accruals			388	
Net change in fund balance, GAAP basis			\$ 608,621	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - TIF No. 1 - Southside Development

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - property	\$ 2,400,000	\$ 2,166,637	\$ 2,166,637	\$ -
Investment income	10,000	145,000	147,610	2,610
Other	-	3,020	3,020	-
	<u>2,410,000</u>	<u>2,314,657</u>	<u>2,317,267</u>	<u>2,610</u>
Expenditures:				
Current:				
Economic development:				
Other services and charges	-	744,694	242,352	502,342
Capital outlay	4,000,000	7,811,332	459,009	7,352,323
	<u>4,000,000</u>	<u>8,556,026</u>	<u>701,361</u>	<u>7,854,665</u>
Total expenditures				
	<u>4,000,000</u>	<u>8,556,026</u>	<u>701,361</u>	<u>7,854,665</u>
Net change in fund balances	(1,590,000)	(6,241,369)	1,615,906	7,857,275
Fund balances - beginning	7,848,685	7,848,685	7,848,685	-
Fund balances - ending	<u>\$ 6,258,685</u>	<u>\$ 1,607,316</u>	<u>\$ 9,464,591</u>	<u>\$ 7,857,275</u>
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 1,615,906	
To adjust revenues for accruals			137,505	
To adjust expenditures for accruals			(1,214,893)	
To adjust expenditures for encumbrances			803,618	
Net change in fund balance, GAAP basis			<u>\$ 1,342,136</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - Football Hall of Fame Capital

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 5,000	\$ 7,500	\$ 7,687	\$ 187
Expenditures:				
Current:				
General government:				
Other services and charges	127,000	129,227	29,891	99,336
Net change in fund balances	(122,000)	(121,727)	(22,204)	99,523
Fund balances - beginning	448,306	448,306	448,306	-
Fund balances - ending	<u>\$ 326,306</u>	<u>\$ 326,579</u>	<u>\$ 426,102</u>	<u>\$ 99,523</u>
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (22,204)	
To adjust revenues for accruals			21,455	
To adjust expenditures for accruals			749	
Net change in fund balance, GAAP basis			<u>\$ -</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - Major Moves

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 25,000	\$ 50,000	\$ 50,664	\$ 664
Other	493,178	493,331	493,328	(3)
Total revenues	518,178	543,331	543,992	661
Expenditures:				
Current:				
Highways and streets:				
Other services and charges	750,000	1,593,881	671,364	922,517
Capital outlay	1,300,000	979,918	7,090	972,828
Total expenditures	2,050,000	2,573,799	678,454	1,895,345
Net change in fund balances	(1,531,822)	(2,030,468)	(134,462)	1,896,006
Fund balances - beginning	2,910,880	2,910,880	2,910,880	-
Fund balances - ending	\$ 1,379,058	\$ 880,412	\$ 2,776,418	\$ 1,896,006
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (134,462)	
To adjust revenues for accruals			(375,548)	
To adjust expenditures for accruals			(796,665)	
To adjust expenditures for encumbrances			771,236	
Net change in fund balance, GAAP basis			\$ (535,439)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - TIF - River East Development

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - property	\$ 2,300,000	\$ 3,062,820	\$ 3,062,820	\$ -
Investment income	57,000	157,000	158,627	1,627
Other	-	74,556	72,104	(2,452)
Total revenues	<u>2,357,000</u>	<u>3,294,376</u>	<u>3,293,551</u>	<u>(825)</u>
Expenditures:				
Current:				
Economic development:				
Other services and charges	-	417,537	347,984	69,553
Capital outlay	2,750,000	9,170,154	631,070	8,539,084
Total expenditures	<u>2,750,000</u>	<u>9,587,691</u>	<u>979,054</u>	<u>8,608,637</u>
Net change in fund balances	(393,000)	(6,293,315)	2,314,497	8,607,812
Fund balances - beginning	<u>8,790,697</u>	<u>8,790,697</u>	<u>8,790,697</u>	<u>-</u>
Fund balances - ending	<u>\$ 8,397,697</u>	<u>\$ 2,497,382</u>	<u>\$ 11,105,194</u>	<u>\$ 8,607,812</u>
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 2,314,497	
To adjust revenues for accruals			407	
To adjust expenditures for accruals			(4,607,139)	
To adjust expenditures for encumbrances			5,101,982	
Net change in fund balance, GAAP basis			<u>\$ 2,809,747</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - TIF - Douglas Road

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 350	\$ 3,150	\$ 3,477	\$ 327
Expenditures:				
Current:				
Economic development:				
Other services and charges	140,450	204,650	-	204,650
Net change in fund balances	(140,100)	(201,500)	3,477	204,977
Fund balances - beginning	201,109	201,109	201,109	-
Fund balances - ending	\$ 61,009	\$ (391)	\$ 204,586	\$ 204,977
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 3,477	
To adjust revenues for accruals			108	
Net change in fund balance, GAAP basis			<u>\$ 3,585</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - TIF - River East Residential

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - property	\$ 4,400,000	\$ 4,686,651	\$ 4,686,651	\$ -
Investment income	2,500	9,250	4,559	(4,691)
Other	-	-	6	6
Total revenues	4,402,500	4,695,901	4,691,216	(4,685)
Expenditures:				
Current:				
Economic development:				
Other services and charges	4,320,000	571,028	495,354	75,674
Total expenditures	4,320,000	571,028	495,354	75,674
Other Financing Sources (Uses):				
Transfers in	-	67	61	(6)
Transfers out	-	(4,693,972)	(4,693,972)	-
Net change in fund balances	82,500	(569,032)	(498,049)	70,983
Fund balances - beginning	3,492,629	3,492,629	3,492,629	-
Fund balances - ending	\$ 3,575,129	\$ 2,923,597	\$ 2,994,580	\$ 70,983
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (498,049)	
To adjust revenues for accruals			1,605	
To adjust expenditures for accruals			376,417	
Net change in fund balance, GAAP basis			\$ (120,027)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - TIF - Certified Technology Park

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 2,500	\$ 10,000	\$ 10,966	\$ 966
Net change in fund balances	2,500	10,000	10,966	966
Fund balances - beginning	614,013	614,013	614,013	-
Fund balances - ending	\$ 616,513	\$ 624,013	\$ 624,979	\$ 966
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 10,966	
To adjust revenues for accruals			207	
Net change in fund balance, GAAP basis			\$ 11,173	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - Palais Royale Historical Preservation

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 600	\$ 2,100	\$ 2,107	\$ 7
Other	16,500	17,160	17,661	501
Total revenues	17,100	19,260	19,768	508
Expenditures:				
Current:				
Culture and recreation:				
Other services and charges	45,000	45,000	-	45,000
Net change in fund balances	(27,900)	(25,740)	19,768	45,508
Fund balances - beginning	109,771	109,771	109,771	-
Fund balances - ending	\$ 81,871	\$ 84,031	\$ 129,539	\$ 45,508
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 19,768	
To adjust revenues for accruals			1,915	
To adjust expenditures for accruals			(68,504)	
To adjust expenditures for encumbrances			36,967	
Net change in fund balance, GAAP basis			\$ (9,854)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - Airport Urban Enterprise Zone

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 3,900	\$ 7,000	\$ 6,915	\$ (85)
Expenditures:				
Current:				
Economic development:				
Other services and charges	50,000	50,000	-	50,000
Net change in fund balances	(46,100)	(43,000)	6,915	49,915
Fund balances - beginning	387,224	387,224	387,224	-
Fund balances - ending	<u>\$ 341,124</u>	<u>\$ 344,224</u>	<u>\$ 394,139</u>	<u>\$ 49,915</u>
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 6,915	
To adjust revenues for accruals			131	
Net change in fund balance, GAAP basis			<u>\$ 7,046</u>	

City of South Bend, Indiana

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Capital Projects Funds - Vehicle Equipment Leasing

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 3,000	\$ 31,000	\$ 31,472	\$ 472
Expenditures:				
Current:				
General government:				
Other services and charges	-	222,125	217,625	4,500
Capital outlay	4,604,750	9,681,480	6,990,658	2,690,822
Total expenditures	4,604,750	9,903,605	7,208,283	2,695,322
Other Financing Sources (Uses):				
Debt proceeds	4,601,750	10,717,184	6,638,312	(4,078,872)
Transfers in	-	101,776	101,776	-
Transfers out	-	(219,861)	(219,861)	-
Net change in fund balances	-	726,494	(656,584)	(1,383,078)
Fund balances - beginning	3,598,717	3,598,717	3,598,717	-
Fund balances - ending	<u>\$ 3,598,717</u>	<u>\$ 4,325,211</u>	<u>\$ 2,942,133</u>	<u>\$ (1,383,078)</u>
Budget/GAAP reconciliation				
Net change in fund balance, budget basis			\$ (656,584)	
To adjust revenues for accruals			(3,609,981)	
To adjust expenditures for accruals			2,424,274	
To adjust expenditures for encumbrances			998,124	
Net change in fund balance, GAAP basis			<u>\$ (844,167)</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - Smart Streets Bond Capital

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 1,500	\$ 1,500	\$ 1,060	\$ (440)
Expenditures:				
Current:				
Debt service:				
Other services and charges	1,500	1,500	-	1,500
Capital outlay	2,100,000	2,100,000	972,373	1,127,627
Total expenditures	2,101,500	2,101,500	972,373	1,129,127
Net change in fund balances	(2,100,000)	(2,100,000)	(971,313)	1,128,687
Fund balances - beginning	1,040,156	1,040,156	1,040,156	-
Fund balances - ending	\$ (1,059,844)	\$ (1,059,844)	\$ 68,843	\$ 1,128,687
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (971,313)	
Net change in fund balance, GAAP basis			\$ (971,313)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - 2015 Park Bond Capital

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 4,500	\$ 4,900	\$ 4,813	\$ (87)
Expenditures:				
Current:				
Culture and recreation:				
Supplies	-	59,000	43,656	15,344
Other services and charges	-	322,374	291,724	30,650
Capital outlay	3,004,500	2,754,867	2,468,681	286,186
Total expenditures	3,004,500	3,136,241	2,804,061	332,180
Other financing sources (uses):				
Transfers out	-	(289)	(288)	1
Net change in fund balances	(3,000,000)	(3,131,630)	(2,799,536)	332,094
Fund balances - beginning	3,271,224	3,271,224	3,271,224	-
Fund balances - ending	\$ 271,224	\$ 139,594	\$ 471,688	\$ 332,094
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (2,799,536)	
To adjust expenditures for accruals			708,756	
To adjust expenditures for encumbrances			58,687	
Net change in fund balance, GAAP basis			\$ (2,032,093)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - 2017 Park Bond Capital

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 3,000	\$ 180,000	\$ 186,252	\$ 6,252
Expenditures:				
Current:				
Culture and recreation:				
Other services and charges	-	148,047	147,642	405
Capital outlay	10,309,100	10,161,053	955,451	9,205,602
Total expenditures	10,309,100	10,309,100	1,103,093	9,206,007
Net change in fund balances	(10,306,100)	(10,129,100)	(916,841)	9,212,259
Fund balances - beginning	13,888,958	13,888,958	13,888,958	-
Fund balances - ending	\$ 3,582,858	\$ 3,759,858	\$ 12,972,117	\$ 9,212,259
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (916,841)	
To adjust revenues for accruals			8,351	
To adjust expenditures for accruals			(3,237,301)	
To adjust expenditures for encumbrances			2,727,666	
Net change in fund balance, GAAP basis			<u>\$ (1,418,125)</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - Eddy St. Commons Capital

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 2,000	\$ 135	\$ 121	\$ (14)
Total revenues	2,000	135	121	(14)
Expenditures:				
Current:				
Economic development:				
Other services and charges	-	1,500	1,500	-
Capital outlay	17,000,000	16,127,865	8,477,690	7,650,175
Total expenditures	17,000,000	16,129,365	8,479,190	7,650,175
Net change in fund balances	(16,998,000)	(16,129,230)	(8,479,069)	7,650,161
Fund balances - beginning	16,129,314	16,129,314	16,129,314	-
Fund balances - ending	\$ (868,686)	\$ 84	\$ 7,650,245	\$ 7,650,161
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ (8,479,069)	
To adjust expenditures for accruals			(7,650,242)	
To adjust expenditures for encumbrances			7,650,241	
Net change in fund balance, GAAP basis			\$ (8,479,070)	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - 2018 Fire Station #9 Bond Capital

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ 50,000	\$ 55,108	\$ 5,108
Expenditures:				
Current:				
Public safety:				
Other services and charges	-	138,575	138,575	-
Capital outlay	-	4,906,425	1,420,290	3,486,135
Total expenditures	-	5,045,000	1,558,865	3,486,135
Other Financing Sources (Uses):				
Debt proceeds	-	5,005,758	5,005,758	-
Net change in fund balances	-	10,758	3,502,001	3,491,243
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 10,758	\$ 3,502,001	\$ 3,491,243
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 3,502,001	
To adjust revenues for accruals			78,775	
To adjust expenditures for accruals			(3,879,168)	
To adjust expenditures for encumbrances			3,232,757	
Net change in fund balance, GAAP basis			<u>\$ 2,934,365</u>	

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Projects Funds - 2018 TIF Park Bond Capital

Year Ended December 31, 2018

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ (2,882)	\$ (2,882)
Expenditures:				
Current:				
Culture and recreation:				
Other services and charges	-	1,530,410	355,337	1,175,073
Capital outlay	-	9,402,372	223,104	9,179,268
Total expenditures	-	10,932,782	578,441	10,354,341
Other Financing Sources (Uses):				
Debt proceeds	-	11,007,782	11,007,782	-
Net change in fund balances	-	75,000	10,426,459	10,351,459
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 75,000	\$ 10,426,459	\$ 10,351,459
<u>Budget/GAAP reconciliation</u>				
Net change in fund balance, budget basis			\$ 10,426,459	
To adjust revenues for accruals			96,515	
To adjust expenditures for accruals			(3,514,437)	
To adjust expenditures for encumbrances			3,158,734	
Net change in fund balance, GAAP basis			\$ 10,167,271	

Nonmajor Enterprise Funds Descriptions

Consolidated Building

The consolidated building fund accounts for the operation of the consolidated St. Joseph County/South Bend Building Department and the South Bend Code Enforcement and Animal Care and Control Department.

Parking Garage

The parking garage fund accounts for the operation and maintenance of the City's parking garages.

Solid Waste

The solid waste fund accounts for the provision of solid waste services to residents and businesses.

Emergency Medical Services

To account for the operations and purchases of necessary equipment for the Fire Department and Emergency Medical Services Department. Financing is provided by ambulance fees.

Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2018

	Consolidated Building	Parking Garage	Solid Waste	Emergency Medical Services	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 699,233	\$ 443,213	\$ 175,677	\$ 1,370,306	\$ 2,688,429
Investments	1,392,649	882,739	349,893	2,729,213	5,354,494
Receivables:					
Accounts	5,850	44,085	394,012	1,431,149	1,875,096
Interest	5,894	3,699	1,577	17,823	28,993
Allowance for doubtful accounts	-	-	(25,000)	-	(25,000)
Prepaid expenses	-	-	-	8,859	8,859
Total current assets	<u>2,103,626</u>	<u>1,373,736</u>	<u>896,159</u>	<u>5,557,350</u>	<u>9,930,871</u>
Noncurrent assets:					
Restricted assets	107,827	-	176,983	2,576,373	2,861,183
Capital assets:					
Assets not subject to depreciation	27,400	1,132,020	-	-	1,159,420
Assets subject to depreciation	1,900,216	2,882,109	3,846,097	4,263,727	12,892,149
Total noncurrent assets	<u>2,035,443</u>	<u>4,014,129</u>	<u>4,023,080</u>	<u>6,840,100</u>	<u>16,912,752</u>
Total assets	<u>4,139,069</u>	<u>5,387,865</u>	<u>4,919,239</u>	<u>12,397,450</u>	<u>26,843,623</u>
Liabilities					
Current liabilities:					
Accounts payable	10,695	182,347	66,105	82,033	341,180
Due to other governmental units	-	-	-	8,588	8,588
Due to other funds	706	683	-	1,563	2,952
Performance deposits payable	8,250	-	-	-	8,250
Accrued liabilities and other:					
Accrued payroll payable	54,357	-	32,630	109,314	196,301
Accrued interest payable	2,681	-	16,365	74,189	93,235
Other current payables	-	44,147	-	-	44,147
Compensated absences	103,152	-	32,705	199,055	334,912
Mortgage bonds payable	-	-	-	235,000	235,000
Capital leases	118,679	-	901,146	434,910	1,454,735
Revenue bonds payable	-	-	-	-	-
Total current liabilities	<u>298,520</u>	<u>227,177</u>	<u>1,048,951</u>	<u>1,144,652</u>	<u>2,719,300</u>
Mortgage bonds payable	-	-	-	4,521,868	4,521,868
Capital leases	306,880	-	2,094,098	1,271,825	3,672,803
Total noncurrent liabilities	<u>306,880</u>	<u>-</u>	<u>2,094,098</u>	<u>5,793,693</u>	<u>8,194,671</u>
Total liabilities	<u>605,400</u>	<u>227,177</u>	<u>3,143,049</u>	<u>6,938,345</u>	<u>10,913,971</u>
Net Position					
Net investment in capital assets	1,609,562	4,014,129	983,341	(1,706,507)	4,900,525
Restricted:					
Cash with fiscal agent	322	-	-	126,436	126,758
Capital outlay fund	-	-	44,495	1,956,568	2,001,063
Unrestricted	1,923,785	1,146,559	748,354	5,082,608	8,901,306
Total net position	<u>\$ 3,533,669</u>	<u>\$ 5,160,688</u>	<u>\$ 1,776,190</u>	<u>\$ 5,459,105</u>	<u>\$ 15,929,652</u>

City of South Bend, Indiana

**Combining Statement of Revenue, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds**

December 31, 2018

	<u>Consolidated Building</u>	<u>Parking Garage</u>	<u>Solid Waste</u>	<u>Emergency Medical Services</u>	<u>Total</u>
Operating Revenue					
Licenses and permits	\$ 1,978,856	\$ -	\$ -	\$ -	\$ 1,978,856
Parking fees	-	1,289,639	-	-	1,289,639
Solid waste fees	-	-	5,408,816	-	5,408,816
Charges for sales and services	-	-	-	6,702,767	6,702,767
Other	<u>65,726</u>	<u>33,885</u>	<u>62,548</u>	<u>24,876</u>	<u>187,035</u>
 Total operating revenue	 <u>2,044,582</u>	 <u>1,323,524</u>	 <u>5,471,364</u>	 <u>6,727,643</u>	 <u>15,567,113</u>
Operating Expenses					
Other operation and maintenance	3,201,229	1,320,728	3,832,281	7,231,819	15,586,057
General and administration	743,480	32,880	735,573	-	1,511,933
Depreciation	<u>183,236</u>	<u>211,743</u>	<u>774,998</u>	<u>494,269</u>	<u>1,664,246</u>
 Total operating expenses	 <u>4,127,945</u>	 <u>1,565,351</u>	 <u>5,342,852</u>	 <u>7,726,088</u>	 <u>18,762,236</u>
 Operating Income (Loss)	 <u>(2,083,363)</u>	 <u>(241,827)</u>	 <u>128,512</u>	 <u>(998,445)</u>	 <u>(3,195,123)</u>
 Nonoperating Revenue (Expenses)					
Investment income	47,883	23,497	11,678	133,136	216,194
Interest expense	(8,892)	-	(57,335)	(196,599)	(262,826)
(Loss) gain on sale of assets	<u>-</u>	<u>-</u>	<u>(67,799)</u>	<u>(1,064,653)</u>	<u>(1,132,452)</u>
 Total nonoperating revenues (expenses)	 <u>38,991</u>	 <u>23,497</u>	 <u>(113,456)</u>	 <u>(1,128,116)</u>	 <u>(1,179,084)</u>
 Income (Loss) - Before contributions and transfers	 <u>(2,044,372)</u>	 <u>(218,330)</u>	 <u>15,056</u>	 <u>(2,126,561)</u>	 <u>(4,374,207)</u>
Transfers In	1,044,032	-	-	25,425	1,069,457
Transfers Out	<u>-</u>	<u>-</u>	<u>(26,979)</u>	<u>(221,939)</u>	<u>(248,918)</u>
 Change in Net Position	 <u>(1,000,340)</u>	 <u>(218,330)</u>	 <u>(11,923)</u>	 <u>(2,323,075)</u>	 <u>(3,553,668)</u>
 Net Position - Beginning of year (as restated)	 <u>4,534,009</u>	 <u>5,379,018</u>	 <u>1,788,113</u>	 <u>7,782,180</u>	 <u>19,483,320</u>
 Net Position - End of year	 <u>\$ 3,533,669</u>	 <u>\$ 5,160,688</u>	 <u>\$ 1,776,190</u>	 <u>\$ 5,459,105</u>	 <u>\$ 15,929,652</u>

Non-Major Enterprise Funds
Combining Statement of Cash Flows
Year Ended December 31, 2018

	Consolidated Building	Parking Garage	Solid Waste	Emergency Medical Services	Total
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 2,062,773	\$ 1,291,525	\$ 5,532,844	\$ 7,960,225	\$ 16,847,367
Payments to suppliers	(524,847)	(1,164,287)	(2,148,619)	(1,928,144)	(5,765,897)
Payments to employees	(2,647,232)	-	(1,570,069)	(5,081,953)	(9,299,254)
Internal activity - Payments to other funds	(805,320)	(44,829)	(851,115)	(229,257)	(1,930,521)
Net cash provided by (used in) operating activities	(1,914,626)	82,409	963,041	720,871	(148,305)
Cash Flows from Noncapital Financing Activities:					
Transfers from other funds	1,017,053	-	-	25,425	1,042,478
Transfers to other funds	-	-	-	(221,939)	(221,939)
Net cash (used in) provided by noncapital financing activities	1,017,053	-	-	(196,514)	820,539
Cash Flows from Capital and Related Financing Activities:					
Proceeds from capital debt issued for future capital purchase	122,720	-	1,192,960	1,550,535	2,866,215
Proceeds from sales of capital assets	-	-	26,312	-	26,312
Purchase of capital assets	(219,508)	-	(1,432,467)	(1,064,653)	(2,716,628)
Principal paid on capital debt	(106,926)	-	(937,717)	(511,941)	(1,556,584)
Interest paid on capital debt	(10,756)	-	(64,275)	(200,169)	(275,200)
Net cash (used in) provided by capital and related financing activities	(214,470)	-	(1,215,187)	(226,228)	(1,655,885)
Cash Flows from Investing Activities:					
Interest received on investments	47,974	22,134	11,190	127,019	208,317
Proceeds from sale and maturities of investment securities	831,988	(15,673)	26,616	323,054	1,165,985
Net cash provided by (used in) investing activities	879,962	6,461	37,806	450,073	1,374,302
Net (Decrease) Increase in Cash and Cash Equivalents	(232,081)	88,870	(214,340)	748,202	390,651
Cash and Cash Equivalents - Beginning of year	1,039,141	354,343	537,378	1,895,912	3,826,774
Cash and Cash Equivalents - End of year	\$ 807,060	\$ 443,213	\$ 323,038	\$ 2,644,114	\$ 4,217,425

Non-Major Enterprise Funds
 Combining Statement of Cash Flows (Continued)
 Year Ended December 31, 2018

	Consolidated Building	Parking Garage	Solid Waste	Emergency Medical Services	Total
Statement of Net Position Classification of Cash and Cash Equivalents					
Cash and investments	\$ 2,091,882	\$ 1,325,952	\$ 525,570	\$ 4,099,519	\$ 8,042,923
Restricted cash and investments	107,827	-	176,983	2,576,373	2,861,183
Less amounts classified as investments	<u>(1,392,649)</u>	<u>(882,739)</u>	<u>(379,515)</u>	<u>(4,031,778)</u>	<u>(6,686,681)</u>
Total cash and cash equivalents	<u>\$ 807,060</u>	<u>\$ 443,213</u>	<u>\$ 323,038</u>	<u>\$ 2,644,114</u>	<u>\$ 4,217,425</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	(2,083,363)	(241,827)	128,512	(998,445)	(3,195,123)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	183,236	211,743	774,998	494,269	1,664,246
Lease proceeds used for noncapital expenses	-	-	-	-	-
Changes in assets and liabilities:					
Receivables	18,191	(44,955)	61,480	1,232,582	1,267,298
Allowance for uncollectable accounts	-	-	-	-	-
Due from other funds	-	-	-	-	-
Inventory	-	-	-	-	-
Prepaid expenses and other assets	3,250	-	-	17,775	21,025
Accounts payable	(22,897)	144,536	814	(176,510)	(54,057)
Due to other governments	-	-	-	(66,705)	(66,705)
Performance deposit	(3,750)	-	-	-	(3,750)
Due to other funds	(686)	(44)	-	182	(548)
Accrued liabilities and other	-	12,956	-	-	12,956
Accrued payroll payable	10,606	-	1,779	23,837	36,222
Compensated absences payable	(19,213)	-	(4,542)	193,886	170,131
Estimate of unfiled claims	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (1,914,626)</u>	<u>\$ 82,409</u>	<u>\$ 963,041</u>	<u>\$ 720,871</u>	<u>\$ (148,305)</u>
Noncash Investing, Capital, and Financing Activities					
Capital assets disposed (at cost)	\$ (119,635)	\$ -	\$ (484,584)	\$ (1,064,653)	\$ (1,668,872)
Capital assets transferred from/to another enterprise fund (cost)	46,250	-	(46,250)	-	-
Accumulated depreciation on disposals of capital assets	119,635	-	390,473	-	510,108
Accumulated depreciation on transfers of capital assets	(19,271)	-	19,271	-	-

Internal Service Funds Descriptions

Liability Insurance Premium Reserve

The Liability Insurance Premium Reserve fund accounts for expenses related to maintaining the City's self-funded liability insurance including administrative costs, claims, and premiums. Funding is provided by assessments to certain other City funds.

Self-Funded Employee Benefits

To account for employer and employees' contributions for a medical insurance plan.

Central Service

To account for expenses related to fuel, vehicle repairs, and various supplies provided to City departments on a cost-reimbursement basis.

Police Take Home Vehicle

To account for expenses associated with claims arising from use of program vehicles occurring while officers are not on duty. Funding is provided by officers participating in the program.

Innovation & Technology/311 Call Center

To account for expenses of the City's innovation and technology department. Funding is provided by allocations and fees from various City departments.

Unemployment Compensation Insurance

To account for payment of unemployment claims to the Indiana Department of Workforce Development. Financing is provided by allocating costs to user departments to cover the estimated costs of claims.

Parental Leave

To account for expenses related to the City's Parental Leave Program which provides additional paid time off for employees for the child or adoption of a child. Financing is provided by allocating costs to user departments to cover the estimated costs of the program.

December 31, 2018

	Liability Insurance Premium Reserve	Self-Funded Employee Benefits	Central Services	Police Take Home Vehicle	Innovation & Technology 311 Call Center	Unemployment Compensation Insurance	Parental Leave	Total
Assets								
Current assets:								
Cash and cash equivalents	\$ 1,235,686	\$ 4,033,610	\$ 391,626	\$ 250,319	\$ 921,989	\$ 69,698	\$ 17,089	\$ 6,920,017
Investments	2,461,092	7,963,517	779,995	498,557	1,836,308	138,816	34,037	13,712,322
Receivables:								
Accounts	13,550	16,123	60,484	-	13,937	-	-	104,094
Interest	10,383	33,737	3,044	2,094	7,798	583	143	57,782
Inventory	-	-	870,617	-	-	-	-	870,617
Prepaid expenses	212,645	-	3,976	-	623,209	-	-	839,830
Total current assets	<u>3,933,356</u>	<u>12,046,987</u>	<u>2,109,742</u>	<u>750,970</u>	<u>3,403,241</u>	<u>209,097</u>	<u>51,269</u>	<u>22,504,662</u>
Noncurrent assets:								
Restricted assets	-	-	-	-	457,020	-	-	457,020
Capital assets:								
Assets subject to depreciation	-	-	1,284,827	-	1,100	-	-	1,285,927
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>1,284,827</u>	<u>-</u>	<u>458,120</u>	<u>-</u>	<u>-</u>	<u>1,742,947</u>
Total assets	<u>3,933,356</u>	<u>12,046,987</u>	<u>3,394,569</u>	<u>750,970</u>	<u>3,861,361</u>	<u>209,097</u>	<u>51,269</u>	<u>24,247,609</u>
Liabilities								
Current liabilities:								
Accounts payable	112,880	18,963	709,800	-	130,211	2,400	-	974,254
Due to other funds	-	-	1,215	-	-	-	-	1,215
Accrued liabilities and other:								
Accrued payroll payable	4,498	-	53,593	-	44,364	-	-	102,455
Accrued interest payable	-	-	117	-	3,579	-	-	3,696
Compensated absences	11,294	-	123,935	-	98,841	-	-	234,070
Claims payable	2,139,626	919,015	-	-	-	-	-	3,058,641
Capital leases	-	-	14,208	-	321,898	-	-	336,106
Total current liabilities	<u>2,268,298</u>	<u>937,978</u>	<u>902,868</u>	<u>-</u>	<u>598,893</u>	<u>2,400</u>	<u>-</u>	<u>4,710,437</u>
Noncurrent liabilities:								
Capital leases	-	-	18,078	-	958,285	-	-	976,363
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>18,078</u>	<u>-</u>	<u>958,285</u>	<u>-</u>	<u>-</u>	<u>976,363</u>
Total liabilities	<u>2,268,298</u>	<u>937,978</u>	<u>920,946</u>	<u>-</u>	<u>1,557,178</u>	<u>2,400</u>	<u>-</u>	<u>5,686,800</u>
Net Position								
Net investment in capital assets								
Unrestricted	1,665,058	11,109,009	1,221,082	750,970	2,304,183	206,697	51,269	17,308,268
Total net position	<u>\$ 1,665,058</u>	<u>\$ 11,109,009</u>	<u>\$ 2,473,623</u>	<u>\$ 750,970</u>	<u>\$ 2,304,183</u>	<u>\$ 206,697</u>	<u>\$ 51,269</u>	<u>\$ 18,560,809</u>

Combining Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Funds

December 31, 2018

	Liability Insurance Premium Reserve	Self-Funded Employee Benefits	Central Services	Police Take Home Vehicle	Innovation & Technology 311 Call Center	Unemployment Compensation Insurance	Parental Leave	Total
Operating Revenue								
Employee/Employer contributions	\$ 2,058,152	\$ 18,079,648	\$ -	\$ 3,507	\$ 6,769,786	\$ -	\$ 163,651	\$ 27,074,744
Charges for sales and services	-	-	8,201,435	-	-	-	-	8,201,435
Other	687,727	440,913	21,663	-	161,365	-	-	1,311,668
Total operating revenue	2,745,879	18,520,561	8,223,098	3,507	6,931,151	-	163,651	36,587,847
Operating Expenses								
Other operation and maintenance	-	1,163,785	8,009,579	18,198	5,954,525	22,316	112,882	15,281,285
General and administration	473,232	-	377,290	-	-	-	-	850,522
Insurance claims and premiums	4,202,916	15,034,098	-	-	-	-	-	19,237,014
Depreciation	1,869	-	126,693	-	3,261	-	-	131,823
Total operating expenses	4,678,017	16,197,883	8,513,562	18,198	5,957,786	22,316	112,882	35,500,644
Operating Income (Loss)	(1,932,138)	2,322,678	(290,464)	(14,691)	973,365	(22,316)	50,769	1,087,203
Nonoperating Revenue (Expenses)								
Investment income	71,292	214,184	13,637	13,667	39,493	3,879	500	356,652
Interest expense	-	-	(1,849)	-	(30,228)	-	-	(32,077)
(Loss) gain on sale of assets	-	-	1,480	-	(1,485)	-	-	(5)
Total nonoperating revenues (expenses)	71,292	214,184	13,268	13,667	7,780	3,879	500	324,570
Income (Loss) - Before contributions and transfers	(1,860,846)	2,536,862	(277,196)	(1,024)	981,145	(18,437)	51,269	1,411,773
Transfers Out	(25,425)	(413,714)	-	-	-	-	-	(439,139)
Change in Net Position	(1,886,271)	2,123,148	(277,196)	(1,024)	981,145	(18,437)	51,269	972,634
Net Position - Beginning of year	3,551,329	8,985,861	2,750,819	751,994	1,323,038	225,134	-	17,588,175
Net Position - End of year	\$ 1,665,058	\$ 11,109,009	\$ 2,473,623	\$ 750,970	\$ 2,304,183	\$ 206,697	\$ 51,269	\$ 18,560,809

Internal Service Funds
Combining Statement of Cash Flows
Year Ended December 31, 2018

	Liability Insurance Premium Reserve	Self-Funded Employee Benefits	Central Services	Police Take Home Vehicle	Innovation/ Technology/ 311 Call Center	Unemployment Compensation Insurance	Parental Leave	Total
Cash Flows from Operating Activities								
Receipts from customers and users	\$ 687,727	\$ 3,822,678	\$ 16,055	\$ 3,507	\$ -	\$ -	\$ -	\$ 4,529,967
Receipts from interfund services and reimbursements	2,068,956	14,686,228	8,201,853	-	6,936,412	-	163,651	32,057,100
Payments to suppliers	(3,379,820)	(16,202,343)	(4,902,718)	-	(4,054,286)	(20,481)	-	(28,559,648)
Payments to employees	(273,486)	-	(2,992,569)	-	(2,183,756)	-	(112,882)	(5,562,693)
Internal activity - Payments to other funds	(111,076)	-	(419,165)	(18,198)	(4,019)	-	-	(552,458)
Net cash provided by (used in) operating activities	(1,007,699)	2,306,563	(96,544)	(14,691)	694,351	(20,481)	50,769	1,912,268
Cash Flows from Noncapital Financing Activities								
Transfers to other funds	(25,425)	(413,714)	-	-	-	-	-	(439,139)
Net cash (used in) provided by noncapital financing activities	(25,425)	(413,714)	-	-	-	-	-	(439,139)
Cash Flows from Capital and Related Financing Activities								
Proceeds from capital debt issued for future capital purchase	-	-	-	-	1,138,025	-	-	1,138,025
Proceeds from sales of capital assets	-	-	3,266	-	-	-	-	3,266
Purchase of capital assets	-	-	(8,905)	-	-	-	-	(8,905)
Principal paid on capital debt	-	-	(13,273)	-	(210,285)	-	-	(223,558)
Interest paid on capital debt	-	-	(1,899)	-	(27,552)	-	-	(29,451)
Net cash (used in) provided by capital and related financing activities	-	-	(20,811)	-	900,188	-	-	879,377
Cash Flows from Investing Activities								
Interest received on investments	69,840	199,400	12,898	13,004	31,695	3,726	357	330,920
Proceeds from sale and maturities of investment securities	847,039	(951,980)	125,880	34,260	(1,836,308)	21,100	(34,037)	(1,794,046)
Net cash provided by (used in) investing activities	916,879	(752,580)	138,778	47,264	(1,804,613)	24,826	(33,680)	(1,463,126)
Net (Decrease) Increase in Cash and Cash Equivalents	(116,245)	1,140,269	21,423	32,573	(210,074)	4,345	17,089	889,380
Cash and Cash Equivalents - Beginning of year	1,351,931	2,893,341	370,203	217,746	1,589,083	65,353	-	6,487,657
Cash and Cash Equivalents - End of year	\$ 1,235,686	\$ 4,033,610	\$ 391,626	\$ 250,319	\$ 1,379,009	\$ 69,698	\$ 17,089	\$ 7,377,037

Internal Service Funds
 Combining Statement of Cash Flows
 Year Ended December 31, 2018

Statement of Net Position Classification of Cash and Cash Equivalents	Liability Insurance Premium Reserve	Self-Funded Employee Benefits	Central Services	Police Take Home Vehicle	Innovation/Technology/311 Call Center	Unemployment Compensation Insurance	Parental Leave	Total
Cash and investments	\$ 3,696,778	\$ 11,997,127	\$ 1,171,621	\$ 748,876	\$ 2,758,297	\$ 208,514	\$ 51,126	\$ 20,632,339
Restricted cash and investments	-	-	-	-	457,020	-	-	457,020
Less amounts classified as investments	<u>(2,461,092)</u>	<u>(7,963,517)</u>	<u>(779,995)</u>	<u>(498,557)</u>	<u>(1,836,308)</u>	<u>(138,816)</u>	<u>(34,037)</u>	<u>(13,712,322)</u>
Total cash and cash equivalents	<u>\$ 1,235,686</u>	<u>\$ 4,033,610</u>	<u>\$ 391,626</u>	<u>\$ 250,319</u>	<u>\$ 1,379,009</u>	<u>\$ 69,698</u>	<u>\$ 17,089</u>	<u>\$ 7,377,037</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities								
Operating income (loss)	\$ (1,932,138)	\$ 2,322,678	\$ (290,464)	\$ (14,691)	\$ 973,365	\$ (22,316)	\$ 50,769	\$ 1,087,203
Adjustments to reconcile operating income (loss) to net cash from operating activities:								
Depreciation and amortization	1,869	-	126,693	-	3,261	-	-	131,823
Changes in assets and liabilities:								
Receivables	10,804	(11,655)	(5,608)	-	2,502	-	-	(3,957)
Due from other funds	-	-	418	-	2,760	-	-	3,178
Inventory	-	-	21,549	-	-	-	-	21,549
Prepaid expenses and other assets	(19,633)	-	3,762	-	(312,573)	-	-	(328,444)
Accounts payable	(30,293)	12,033	61,017	-	34,038	1,835	-	78,630
Due to other funds	-	(1,288)	65	-	-	-	-	(1,223)
Accrued payroll payable	228	-	559	-	12,267	-	-	13,054
Compensated absences payable	(2,621)	-	(14,535)	-	(21,269)	-	-	(38,425)
Estimate of unfilled claims	964,085	(15,205)	-	-	-	-	-	948,880
Net cash provided by (used in) operating activities	<u>\$ (1,007,699)</u>	<u>\$ 2,306,563</u>	<u>\$ (96,544)</u>	<u>\$ (14,691)</u>	<u>\$ 694,351</u>	<u>\$ (20,481)</u>	<u>\$ 50,769</u>	<u>\$ 1,912,268</u>
Noncash Investing, Capital, and Financing Activities								
Capital assets disposed (at cost)	\$ -	\$ -	\$ (46,408)	\$ -	\$ (172,957)	\$ -	\$ -	\$ (219,365)
Accumulated depreciation on disposals of capital assets	-	-	44,622	-	171,471	-	-	216,093

Fiduciary Funds Descriptions

Pension Trust Funds

1925 Police Pension

To account for the provision of retirement and disability benefits to police officers hired prior to May 1, 1977. Financing is provided by mandatory contributions by active members and state pension relief distributions.

1937 Firefighters' Pension

To account for the provision of retirement and disability benefits to firefighters hired prior to May 1, 1977. Financing is provided by mandatory contributions by active members and state pension relief distributions.

Private Purpose Trust Funds

City Cemetery Trust

To account for cemetery maintenance under a trust arrangement financed by principal and income.

Bowman Cemetery Trust

To account for the expenditures the City incurs in maintaining the Bowman Cemetery.

Agency Funds

Payroll

To account for the payroll of City employees and pension benefits of the Police and Firefighters' Pension Funds. Gross payroll and pension benefits are treated as expenditures in other City funds and transferred into this fund, which serves as a clearing account.

Morris Palais Royale Box Office

To account for Morris Performing Arts Center and Palais Royale event advance deposits and related expenses.

Police Distributions Payable

To account for monies collected by the South Bend Police Department from asset seizures and other sources. Proceeds may be used to pay other governmental agencies for monies collected on their behalf or for related expenses.

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

	Pension Trust Funds			Private Purpose Trust Funds			Agency Funds			
	1925 Police Pension	1937 Firefighters' Pension	Total Pension Trust Funds	City Cemetery Trust	Bowman Cemetery	Total	Payroll	Morris Palais Royale Box Office	Police Distribution Payable	Total Agency Funds
Assets										
Cash and cash equivalents	\$ 316,056	\$ 105,320	\$ 421,376	\$ 9,666	\$ 152,051	\$ 161,717	\$ 324,526	\$ 2,226,914	\$ 838,526	\$ 3,389,966
Investments	629,484	209,764	839,248	19,251	302,837	322,088	-	-	-	-
Receivables - Accounts	893	-	893	-	-	-	-	-	-	-
Receivables - Interest	2,928	1,085	4,013	81	1,272	1,353	-	-	-	-
Total assets	949,361	316,169	1,265,530	28,998	456,160	485,158	324,526	2,226,914	838,526	3,389,966
Liabilities										
Accounts payable	176	245	421	-	-	-	-	-	-	-
Accrued liabilities and other	-	372	372	-	-	-	324,526	-	-	324,526
Customer deposits payable	-	-	-	-	-	-	-	2,226,914	-	2,226,914
Police distribution payable	-	-	-	-	-	-	-	-	838,526	838,526
Total liabilities	176	617	793	-	-	-	\$ 324,526	\$ 2,226,914	\$ 838,526	\$ 3,389,966
Net Position for Pension Benefits and Other Purposes	\$ 949,185	\$ 315,552	\$ 1,264,737	\$ 28,998	\$ 456,160	\$ 485,158				

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

December 31, 2018

	Pension Trust Funds			Private Purpose Trust Funds		
	1925 Police Pension	1937 Firefighters' Pension	Total	City Cemetery Trust	Bowman Cemetery	Total
Additions						
Investment income - Interest and dividends	\$ 15,219	\$ 7,596	\$ 22,815	\$ 520	\$ 162	\$ 682
Contributions:						
On behalf	6,223,858	4,475,669	10,699,527	-	-	-
Other	5,017	6,648	11,665	-	31,207	31,207
Net contributions	6,228,875	4,482,317	10,711,192	-	31,207	31,207
Total additions	6,244,094	4,489,913	10,734,007	520	31,369	31,889
Deductions						
Benefit payments	6,166,971	4,625,265	10,792,236	-	-	-
Cemetery maintenance	-	-	-	-	-	-
Interfund transfers	-	-	-	424,791	(424,791)	-
Administrative expenses	13,254	15,354	28,608	-	-	-
Total deductions	6,180,225	4,640,619	10,820,844	424,791	(424,791)	-
Net Increase (Decrease) in Net Position Held in Trust	63,869	(150,706)	(86,837)	(424,271)	456,160	31,889
Net Position - Beginning of year	885,316	466,258	1,351,574	453,269	-	453,269
Net Position - End of year	\$ 949,185	\$ 315,552	\$ 1,264,737	\$ 28,998	\$ 456,160	\$ 485,158

Other Supplemental Information
Schedule of Changes in Assets and Liabilities
Agency Funds

Year Ended December 31, 2018

	Balance at January 1, 2018	Additions	Reductions	Balance at December 31, 2018
<u>Payroll</u>				
Assets - Cash and investments	\$ 433,998	\$ 113,820,377	\$ (113,929,849)	\$ 324,526
Liabilities - Accrued liabilities and other	\$ 433,998	\$ 113,820,377	\$ (113,929,849)	\$ 324,526
	Balance at January 1, 2018	Additions	Reductions	Balance at December 31, 2018
<u>Morris Palais Royale Box Office</u>				
Assets - Cash and investments	\$ 2,446,226	\$ 2,226,914	\$ (2,446,226)	\$ 2,226,914
Liabilities - Customer deposits payable	\$ 2,446,226	\$ 2,226,914	\$ (2,446,226)	\$ 2,226,914
	Balance at January 1, 2018	Additions	Reductions	Balance at December 31, 2018
<u>Police Distribution Payable</u>				
Assets - Cash and investments	\$ 841,894	\$ 838,526	\$ (841,894)	\$ 838,526
Liabilities - Police distribution payable	\$ 841,894	\$ 838,526	\$ (841,894)	\$ 838,526

Statistical Section

This part of the comprehensive annual financial report presents detailed information as context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

The statistical section is organized into the following main categories:

Financial trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and economic information

These schedules help the reader understand the environment within which the government's financial activities take place.

Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

	As of December 31,									
	2009	2010	2011	2012	2013	2014 (1)	2015 (1)	2016	2017	2018
Governmental activities										
Net investment in capital asset:	\$ 178,483,535	\$ 186,771,216	\$ 196,265,413	\$ 202,779,954	\$ 192,190,446	\$ 168,275,521	\$ 157,604,691	\$ 161,341,318	\$ 155,912,682	\$ 143,282,487
Restricted	12,825,227	8,840,610	9,354,772	8,050,418	7,990,172	8,723,878	9,137,552	8,669,117	9,245,531	11,252,528
Unrestricted	82,877,695	96,539,932	82,271,482	71,992,457	86,413,227	(18,581,970)	(25,882,348)	(7,327,797)	(16,751,916)	3,573,134
Total net position	<u>\$ 274,186,457</u>	<u>\$ 292,151,758</u>	<u>\$ 287,891,667</u>	<u>\$ 282,822,829</u>	<u>\$ 286,593,845</u>	<u>\$ 158,417,429</u>	<u>\$ 140,859,895</u>	<u>\$ 162,682,638</u>	<u>\$ 148,406,297</u>	<u>\$ 158,108,149</u>
Business-type activities										
Net investment in capital asset:	\$ 119,607,643	\$ 122,108,095	\$ 103,463,004	\$ 113,193,929	\$ 114,506,252	\$ 136,685,811	\$ 141,998,384	\$ 145,288,974	\$ 145,585,038	\$ 145,963,344
Restricted	14,075,339	13,320,967	12,937,988	29,259,933	48,267,664	26,587,012	28,397,290	31,963,852	29,623,015	33,936,695
Unrestricted	12,597,138	19,262,192	45,733,630	26,957,505	7,906,258	22,426,017	24,415,739	25,357,665	28,103,338	30,785,421
Total net position	<u>\$ 146,280,120</u>	<u>\$ 154,691,254</u>	<u>\$ 162,134,622</u>	<u>\$ 169,411,367</u>	<u>\$ 170,680,174</u>	<u>\$ 185,698,840</u>	<u>\$ 194,811,413</u>	<u>\$ 202,610,491</u>	<u>\$ 203,311,391</u>	<u>\$ 210,685,460</u>
Primary government										
Net investment in capital asset:	\$ 298,091,178	\$ 308,879,311	\$ 299,728,417	\$ 315,973,883	\$ 306,696,698	\$ 304,961,332	\$ 299,603,075	\$ 306,630,292	\$ 301,497,720	\$ 289,245,831
Restricted	26,900,566	22,161,577	22,292,760	37,310,351	56,257,836	35,310,890	37,534,842	40,632,969	\$ 38,868,546	45,189,223
Unrestricted	95,474,833	115,802,124	128,005,112	98,949,962	94,319,485	3,844,047	(1,466,609)	18,029,868	\$ 11,351,422	34,358,555
Total net position	<u>\$ 420,466,577</u>	<u>\$ 446,843,012</u>	<u>\$ 450,026,289</u>	<u>\$ 452,234,196</u>	<u>\$ 457,274,019</u>	<u>\$ 344,116,269</u>	<u>\$ 335,671,308</u>	<u>\$ 365,293,129</u>	<u>\$ 351,717,688</u>	<u>\$ 368,793,609</u>

(1) The City implemented the reporting of net pension liability through GASB 68 during 2015. 2014 was restated.

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.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General Government	\$ (7,903,378)	\$ (8,261,861)	\$ (16,783,351)	\$ (13,788,310)	\$ (13,200,898)	\$ (19,013,453)	\$ (21,572,776)	\$ (15,618,817)	\$ (16,750,853)	\$ (12,654,430)
Public Safety	(50,800,573)	(62,106,991)	(73,530,442)	(69,977,237)	(76,023,819)	(68,783,155)	(56,528,448)	(55,029,909)	(71,656,865)	(69,209,163)
Highways and Streets	(15,042,344)	(9,526,537)	(7,574,003)	(14,639,158)	(20,915,815)	(13,031,500)	(20,045,444)	(13,550,535)	(21,716,658)	(17,223,378)
Health and Welfare										
Community and Economic Development	(4,335,618)	(30,744,012)	(34,648,975)	(20,217,987)	(10,069,690)	(19,780,791)	(40,727,612)	(28,436,368)	(26,326,989)	(33,801,755)
Culture and Recreation	(17,981,839)	(16,036,194)	(15,566,794)	(21,724,589)	(26,846,471)	(16,802,311)	(20,300,768)	(17,156,094)	(19,332,902)	(26,076,331)
Bond Issuance Costs	-	-	-	-	-	-	(372,432)	-	-	-
Interest on Long-Term Debt	(8,049,610)	(7,339,548)	(6,798,531)	(6,134,406)	(5,961,124)	(2,497,849)	(4,762,714)	(4,727,630)	(4,538,530)	(5,718,172)
Total governmental activities expenses	(104,113,362)	(134,015,143)	(154,902,096)	(146,481,687)	(153,017,817)	(139,909,059)	(164,310,194)	(134,519,353)	(160,322,797)	(164,683,229)
Business-type activities:										
Water	(12,584,679)	(12,525,246)	(11,972,840)	(12,228,014)	(15,221,865)	(13,020,610)	(13,609,378)	(14,900,039)	(14,902,682)	(14,788,847)
Wastewater	(27,047,143)	(21,403,663)	(22,260,005)	(23,809,975)	(26,390,790)	(25,521,753)	(25,737,867)	(26,420,526)	(32,548,087)	(25,744,139)
Century Center	(3,488,266)	(2,989,586)	(3,100,484)	(2,929,268)	(4,330,656)	(4,747,838)	(4,854,747)	(5,364,472)	(5,121,336)	(5,287,797)
Consolidated Building Department (1)	(1,113,867)	(930,120)	(871,299)	(909,376)	(1,131,815)	(3,242,320)	(3,552,347)	(3,240,172)	(3,704,963)	(4,136,837)
Parking Garage	(1,471,960)	(1,438,288)	(1,467,646)	(1,721,655)	(1,285,056)	(1,660,596)	(2,139,182)	(909,857)	(1,177,363)	(1,565,351)
Solid Waste	(4,036,001)	(4,204,056)	(4,962,157)	(5,118,806)	(5,091,588)	(5,811,526)	(5,243,972)	(5,794,913)	(5,169,128)	(5,467,986)
Blackthorn Golf Course	(1,881,982)	(1,995,556)	(1,689,042)	(1,841,998)	(1,497,513)	(1,874,962)	(165,977)	-	-	-
Emergency Medical Services (2)	-	-	-	-	-	-	(6,596,206)	(7,437,349)	(8,617,050)	(8,987,340)
Total business-type activities net expenses	(51,623,898)	(45,486,515)	(46,323,473)	(48,559,092)	(54,949,283)	(55,879,605)	(61,899,676)	(64,067,328)	(71,240,609)	(65,978,297)
Total primary government net position	(155,737,260)	(179,501,658)	(201,225,569)	(195,040,779)	(207,967,100)	(195,788,664)	(226,209,870)	(198,586,681)	(231,563,406)	(230,661,526)
Program revenue										
Governmental activities:										
Charges for services:										
General Government	\$ 6,855,830	\$ 6,964,269	\$ 1,165,018	\$ 2,100,103	\$ 1,939,865	\$ 1,451,438	\$ 1,188,531	\$ 1,622,788	\$ 1,118,328	\$ 718,155
Public Safety	5,051,827	4,916,958	4,096,566	5,079,182	5,210,272	4,992,228	529,386	975,712	648,136	702,977
Highways and Streets	5,152	28,110	227,000	291,840	451,363	728,343	676,429	707,547	976,095	-
Community and Economic Develop.	332,454	283,420	683,503	271,366	444,839	485,938	408,654	481,293	1,489,942	698,252
Culture and Recreation	5,063,896	4,995,049	4,681,536	5,224,543	5,112,019	3,815,920	3,726,359	4,383,977	4,308,699	4,356,659
Operating Grants and Contributions	12,199,444	29,467,573	32,091,246	24,937,596	21,466,622	3,203,805	2,813,481	2,644,272	11,828,681	26,248,738
Capital Grants and Contributions	780,137	1,472,233	2,328,468	2,468,120	1,867,213	-	-	-	1,000,000	4,100,000
Total governmental activities program revenues	30,288,740	48,127,612	45,273,337	40,372,750	36,492,193	14,677,672	9,342,840	10,815,589	21,369,881	36,824,781
Business-type activities:										
Charges for services:										
Water	14,151,289	14,194,442	14,080,592	15,409,171	15,102,462	14,373,176	14,204,285	15,091,372	15,290,203	17,183,460
Wastewater	25,012,163	26,001,156	29,407,263	30,657,698	32,474,743	34,009,117	36,638,804	39,061,562	38,794,212	39,931,429
Century Center	2,873,966	2,869,010	2,894,913	2,680,076	3,463,813	2,227,171	4,202,564	4,796,676	3,055,793	3,258,017
Consolidated Building Department	977,050	875,481	899,397	1,000,381	967,667	1,387,571	2,037,950	1,764,100	1,902,493	2,044,582
Parking Garage	1,070,519	1,047,784	1,071,078	921,044	968,868	1,017,218	968,417	996,197	1,264,706	1,323,524
Solid Waste	4,759,530	4,745,547	4,830,342	5,081,991	5,399,044	5,295,712	5,364,871	5,839,143	5,420,711	5,471,364
Blackthorn Golf Course	1,557,951	1,479,415	1,392,999	1,669,372	1,530,402	1,548,341	109,949	-	-	-
Emergency Medical Services	-	-	-	-	-	-	6,470,446	7,921,172	7,308,243	6,727,643
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	278,112
Capital Grants and Contributions	4,038,412	1,889,165	4,291,731	2,010,253	697,916	95,834	4,683,424	649,609	1,170,970	-
Total business-type activities program revenues	54,440,880	53,102,000	58,868,315	59,429,986	60,604,915	59,954,140	74,680,710	76,119,831	74,207,331	76,218,131
Total primary government program revenues	84,729,620	101,229,612	104,141,652	99,802,736	97,097,108	74,631,812	84,023,550	86,935,420	95,577,212	113,042,912
Net (Expense)/Revenue										
Governmental activities	(103,726,403)	(106,774,484)	45,273,337	(106,108,937)	(116,525,624)	(125,231,387)	(154,967,354)	(123,703,764)	(138,952,916)	(127,858,448)
Business-type activities	8,954,365	6,778,527	58,868,315	10,870,894	5,655,632	4,074,535	12,781,034	12,052,503	2,966,722	10,239,834
Total primary government net expense	(94,772,038)	(99,995,957)	104,141,652	(95,238,043)	(110,869,992)	(121,156,852)	(142,186,320)	(111,651,261)	(135,986,194)	(117,618,614)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenue and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 73,882,128	\$ 77,315,641	\$ 76,445,349	\$ 71,775,415	\$ 72,018,650	\$ 69,221,468	\$ 72,032,049	\$ 76,331,581	\$ 78,266,107	\$ 80,155,902
County Option Income Tax	10,270,179	11,502,052	13,219,723	13,748,824	13,739,325	15,025,840	14,847,338	21,194,795	17,579,628	20,210,633
Economic Develop. Income Tax	4,536,245	7,335,113	8,044,773	8,324,878	8,177,352	8,796,821	9,031,709	9,594,602	10,600,122	12,700,892
Professional Sports Develop. Tax	522,788	597,406	558,268	633,904	649,996	588,054	628,261	673,787	347,255	-
Community Revitalization District Tax	605,623	416,149	733,100	653,185	244,623	-	-	-	-	-
Hotel/motel Tax	-	-	-	-	-	-	-	-	-	616,437
Unrestricted Grants and Contributions	7,597,883	4,883,081	3,964,336	3,891,810	5,893,924	28,473,888	25,487,112	25,846,397	17,160,034	4,819,125
Unrestricted Investment earnings	859,135	868,023	1,050,768	1,317,443	762,270	951,901	1,322,674	1,458,787	1,687,888	3,304,646
Other	2,781,368	2,627,341	3,483,054	6,623,313	14,285,314	6,747,199	11,214,442	6,745,542	8,731,916	10,523,004
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Net Pension Obligation	-	-	-	-	-	-	-	-	-	-
Transfers	(645,992)	(648,823)	3,041,176	3,879,721	4,525,187	(683,049)	2,846,415	3,681,016	4,123,183	5,229,661
Total governmental activities	100,409,357	104,895,983	110,540,547	110,848,493	120,296,641	129,122,122	137,410,000	145,526,507	138,496,133	137,560,300
Business-type activities:										
Unrestricted Investment earnings	271,360	146,826	206,409	285,572	138,362	128,168	358,918	570,982	578,773	1,088,896
Other	-	-	-	-	-	1,501,664	-	-	1,278,588	1,275,000
Transfers	645,992	648,823	(3,041,176)	(3,879,721)	(4,525,187)	683,049	(2,846,415)	(3,681,016)	(4,123,183)	(5,229,661)
Total business-type activities	917,352	795,649	(2,834,767)	(3,594,149)	(4,386,825)	2,312,881	(2,487,497)	(3,110,034)	(2,265,822)	(2,865,765)
Total primary government	101,326,709	105,691,632	107,705,780	107,254,344	115,909,816	131,435,003	134,922,503	142,416,473	136,230,311	134,694,535
Special Item (Governmental activities):										
Well field contamination settlement	-	-	-	-	-	-	-	-	-	-
Disposal of operations	-	-	-	-	-	-	(1,180,964)	-	-	-
Change in Net Position										
Governmental activities	(6,365,127)	150,169,320	911,788	4,739,556	3,771,016	3,890,735	(17,557,354)	21,822,743	(456,783)	9,701,852
Business-type activities	7,695,879	59,663,964	9,710,075	7,276,745	1,268,807	6,387,416	9,112,573	7,799,078	700,900	7,374,069
Total primary government	\$ 1,330,752	\$ 209,833,284	\$ 10,621,863	\$ 12,016,301	\$ 5,039,823	\$ 10,278,151	\$ (8,444,781)	\$ 29,621,821	\$ 244,117	\$ 17,075,921

Excludes prior period adjustments

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

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

(2) In 2015, Emergency Medical Services was reclassified to an enterprise fund.

Source : City of South Bend Comprehensive Annual Financial Reports

	As of December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Prior to adoption of GASB 54:										
Reserved	\$ 1,516,159	\$ 1,824,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved and undesignated	23,102,296	26,912,688	-	-	-	-	-	-	-	-
Subsequent to adoption of GASB 54:										
Nonspendable	-	-	1,115,025	958,341	656,848	558,304	491,665	494,730	447,003	425,680
Restricted	-	-	327,267	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	255,287	165,389	516,506	-	466,088	1,380,036	1,242,770	820,914
Unassigned	-	-	26,233,637	27,671,353	26,495,559	27,029,101	29,664,303	32,077,856	33,776,487	37,383,206
Total general fund	<u>24,618,455</u>	<u>28,737,142</u>	<u>27,931,216</u>	<u>28,795,083</u>	<u>27,668,913</u>	<u>27,587,405</u>	<u>30,622,056</u>	<u>33,952,622</u>	<u>35,466,260</u>	<u>38,629,800</u>
All other governmental funds:										
Prior to adoption of GASB 54:										
Reserved	56,819,802	62,230,229	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	36,398,024	31,996,398	-	-	-	-	-	-	-	-
Capital projects funds	78,214,132	85,237,947	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Subsequent to adoption of GASB 54:										
Nonspendable	-	-	37,036,839	37,706,861	22,828,476	20,537,450	27,042,236	23,566,267	21,927,221	22,322
Restricted	-	-	44,754,037	78,326,567	95,387,879	100,501,274	113,004,506	101,826,640	125,302,667	152,809,121
Committed	-	-	11,829,074	11,142,045	20,697,026	12,962,745	2,238,475	2,698,694	2,392,685	3,209,500
Assigned	-	-	77,460,284	35,180,652	35,455,190	35,147,874	32,138,059	31,998,790	32,769,201	38,707,987
Unassigned	-	-	(2,777,374)	(4,219,066)	(4,852,169)	(5,700,829)	(4,218,596)	(2,301,793)	(626,846)	-
Total all other governmental funds	<u>171,431,958</u>	<u>179,464,574</u>	<u>168,302,860</u>	<u>158,137,059</u>	<u>169,516,402</u>	<u>163,448,514</u>	<u>170,204,680</u>	<u>157,788,598</u>	<u>181,764,928</u>	<u>194,748,930</u>
Total of all governmental funds	<u>\$ 196,050,413</u>	<u>\$ 208,201,716</u>	<u>\$ 196,234,076</u>	<u>\$ 186,932,142</u>	<u>\$ 197,185,315</u>	<u>\$ 191,035,919</u>	<u>\$ 200,826,736</u>	<u>\$ 191,741,220</u>	<u>\$ 217,231,188</u>	<u>\$ 233,378,730</u>

Source: City of South Bend Comprehensive Annual Financial Reports

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	As of December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue										
Taxes	\$ 89,139,585	\$ 101,785,765	\$ 99,001,213	\$ 95,136,206	\$ 94,829,947	\$ 93,632,183	\$ 96,033,296	\$ 107,861,553	\$ 106,746,367	\$ 113,683,864
Licenses, fees and permits	206,594	192,397	190,943	189,714	177,019	141,565	151,923	224,677	231,260	245,956
Fines and forfeits	423,981	409,775	636,749	334,767	660,841	563,999	454,327	756,781	562,466	494,836
Charges for services	16,678,584	16,585,634	13,990,267	12,442,553	12,320,498	10,628,976	5,794,168	7,062,108	7,020,575	5,735,251
Intergovernmental	20,577,464	35,822,886	34,419,714	31,297,526	29,227,759	30,663,505	30,216,059	27,959,813	29,634,896	35,167,863
Investment earnings	859,135	868,023	1,050,768	1,317,443	762,270	955,376	1,253,242	1,624,527	1,687,888	3,304,646
Other revenues	3,046,791	2,677,796	3,587,518	6,660,875	13,174,140	7,904,187	8,816,811	7,179,959	9,703,304	10,523,004
Total revenue	130,932,134	158,342,276	152,877,172	147,379,084	151,152,474	144,489,791	142,719,826	152,669,418	155,586,756	169,155,420
Expenditures										
Current:										
General government	5,969,141	5,214,424	6,680,855	6,390,585	7,154,965	8,022,688	8,420,278	16,311,633	14,221,015	12,763,226
Public safety	48,790,068	62,586,177	69,612,754	67,138,414	64,041,549	66,927,250	61,889,405	64,350,281	72,010,182	75,530,051
Highways and streets	11,716,810	10,702,555	5,079,041	9,288,682	9,769,942	10,441,957	12,787,641	11,294,768	13,600,140	16,906,126
Public works	-	-	-	-	-	-	-	-	-	-
Health & welfare	8,938,134	17,408,376	9,698,611	3,543,180	8,068,458	7,309,130	11,068,013	20,894,153	15,904,306	16,597,764
Community & economic development	12,733,094	12,841,596	13,816,699	18,557,986	13,956,025	13,948,089	12,855,704	13,070,606	20,622,330	22,179,273
Capital outlay	37,485,105	21,952,522	46,691,030	39,984,127	30,748,663	29,407,934	46,553,570	27,056,295	17,035,543	23,240,519
Bond Issuance Costs	-	-	-	-	-	-	372,432	-	-	165,885
Debt service interest	8,053,995	7,499,683	7,186,494	6,734,305	6,113,043	5,360,219	5,392,298	4,943,021	4,514,526	5,682,429
Debt service principal	9,276,363	12,552,681	13,632,195	10,822,721	13,008,105	12,882,830	13,319,392	13,055,327	16,634,195	13,134,725
Total expenditures	142,962,710	150,758,014	172,397,679	162,460,000	152,860,750	154,300,097	172,658,733	170,976,084	174,542,237	186,199,998
Excess of Revenue Over Expenditures	(12,030,576)	7,584,262	(19,520,507)	(15,080,916)	(1,708,276)	(9,810,306)	(29,938,907)	(18,306,666)	(18,955,481)	(17,044,578)
Other Financing Sources (Uses)										
Proceeds from debt issuance	1,771,318	5,280,314	3,478,239	5,660,897	7,801,455	8,436,905	69,426,593	4,999,053	40,727,816	26,101,096
Premium (discount) on debt issuance	80,950	146,030	26,877	1,236,364	21,576	171,851	1,919,787	-	6,478	479,608
Proceeds from refunding	7,210,000	5,327,775	38,307,431	13,595,000	3,990,000	-	-	-	-	-
Payments to refunded bond escrow age	(7,591,171)	(5,538,255)	(37,300,856)	(14,613,147)	(4,376,769)	(3,482,205)	(35,698,815)	-	-	-
Transfers in	8,687,172	16,314,577	22,483,564	25,368,413	26,365,239	18,478,925	31,498,681	19,541,050	29,141,285	28,197,288
Transfers out	(9,333,164)	(16,963,400)	(19,442,388)	(21,488,692)	(21,840,052)	(16,522,289)	(28,652,266)	(15,860,034)	(25,018,102)	(22,528,488)
Other	-	-	-	-	-	28,476	1,235,744	541,081	(412,028)	942,616
Total other financing sources (uses)	825,105	4,567,041	7,552,867	9,758,835	11,961,449	7,111,663	39,729,724	9,221,150	44,445,449	33,192,120
Special Item										
Well field contamination settlement	4,462,214	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (6,743,257)	\$ 12,151,303	\$ (11,967,640)	\$ (5,322,081)	\$ 10,253,173	\$ (2,698,643)	\$ 9,790,817	\$ (9,085,516)	\$ 25,489,968	\$ 16,147,542
Debt service as a percentage of noncapital expenditures	12.10%	17.59%	15.42%	13.84%	12.92%	13.38%	11.59%	12.74%	13.26%	10.11%

Excludes prior period adjustments

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

Source: City of South Bend Comprehensive Annual Financial Reports

Last Ten Years
(Amounts in 000's)

Year	Banks		Savings and Loans		Credit Unions		Total Deposits	Percent Increase/ (Decrease)
	Branches	Deposits	Branches	Deposits	Branches	Deposits		
2009	40	2,443,390	-	-	23	2,914,347	5,357,737	26.21%
2010	40	3,108,702	-	-	n/a	2,410,711	5,519,413	3.02%
2011	39	3,342,964	-	-	n/a	2,474,034	5,816,998	5.39%
2012	40	3,201,888	-	-	n/a	2,735,212	5,937,100	2.06%
2013	37	3,730,018	-	-	n/a	2,854,527	6,584,545	10.91%
2014	39	2,548,101	-	-	n/a	2,911,596	5,459,697	-17.08%
2015	40	2,454,129	1	25,077	n/a	3,089,732	5,568,938	2.00%
2016	39	2,607,360	1	25,077	n/a	3,262,413	5,894,850	5.85%
2017	35	2,853,276	-	-	n/a	3,451,457	6,304,733	6.95%
2018	36	3,179,336	-	-	n/a	3,719,934	6,899,270	9.43%

Banks			Credit Unions		
1st Source Bank	\$ 1,784,833	56.15%	Teacher's Credit Union	\$ 2,666,895	71.69%
Key Bank	533,082	16.77%	Notre Dame Federal Credit Union	525,171	14.12%
Wells Fargo	291,200	9.16%	Community Wide Credit Union	370,901	9.97%
Others	570,221	17.94%	AAA Federal Credit Union	53,969	1.45%
Total	\$ 3,179,336	100.02%	Policemen's Federal Credit Union	48,721	1.31%
			Others	54,277	1.46%
			Total	\$ 3,719,934	100.00%

n/a - information is not available

Bank of America closed operations in South Bend prior to June 30, 2014 reducing total bank deposits.

Sources:

Federal Deposit Insurance Corporation Website (www.fdic.gov). Research and Analysis: Summary of Deposits, Deposits Market Share Report, Indiana, St. Joseph County, South Bend, Run Report.

National Credit Union Association Website (www.ncua.gov). Custom Query, Search Fields, State = Indiana, Total Shares Greater than 1, City = South Bend or Notre Dame. Check data for CU name and total amount of shares and deposits.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax, and other major revenue sources.

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 as a Percent of Adjusted Tax Levy	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as a Percent of Adjusted Tax Levy	(1) Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Adjusted Tax Levy
2008/2009	64,546,050	7,863,846	56,682,204	47,497,697	83.80%	3,355,161	50,852,858	89.72%	5,810,503	10.25%
2009/2010	66,929,179	14,346,110	52,583,069	41,813,442	79.52%	6,380,600	48,194,042	91.65%	10,026,236	19.07%
2010/2011	68,662,101	17,692,787	50,969,314	40,876,844	80.20%	5,791,920	46,668,764	91.56%	8,165,775	16.02%
2011/2012	70,756,844	23,965,911	46,790,933	42,598,817	91.04%	5,111,380	47,710,197	101.96%	9,550,891	20.41%
2012/2013	72,696,497	27,863,156	44,833,341	38,721,788	86.37%	5,200,000	43,921,788	97.97%	11,146,473	24.86%
2013/2014	73,981,565	27,051,751	46,929,814	41,370,637	88.15%	3,134,526	44,505,163	94.83%	8,745,941	18.64%
2014/2015	76,533,090	29,728,412	46,804,678	42,097,072	89.94%	3,168,597	45,265,669	96.71%	8,200,000	17.52%
2015/2016	78,503,658	29,601,193	48,902,465	43,806,020	89.58%	3,900,000	47,706,020	97.55%	7,468,597	15.27%
2016/2017	81,487,640	31,615,462	49,872,178	45,605,926	91.45%	3,432,704	49,038,630	98.33%	12,106,873	24.28%
2017/2018	85,426,389	33,910,221	51,516,168	43,171,113	83.80%	5,867,517	50,747,909	98.51%	12,106,873	23.50%

Data provided for General Fund, Parks & Recreation, Cumulative Capital Development, Fire Pension and Police Pension Funds. Excludes College Football Hall of Fame and Tax Increment Financing Funds.

Delinquent tax collections are not broken out by individual taxing unit. A calculation of South Bend's share of delinquent taxes has been made based on proportionate tax rates.

Total collections may exceed 100% of adjusted tax levy as prior year collections are not broken out separately by the St. Joseph County Auditor.

(1) Outstanding Delinquent Taxes are reported in the aggregate as of the end of each year and are not cumulative. Estimated for 2017/2018.

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).

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years
(Rate per \$100 of Net Assessed Value)

Tax Year/ Collection Year	City Direct Rates						Overlapping Rates (3)						
	General Fund	Parks/ Recreation	Firefighters' Pension	Police Pension	Park Bond	Cumulative Capital Develop ment	Total Direct	St. Joseph County	Schools Districts	Township	Library	Other (1)	Total Overlappi ng
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
2009/2010 (2)	2.2536	0.4401	-	-	-	0.0342	2.7279	0.5866	1.0728	0.0406	0.2657	0.1835	2.1492
2010/2011	2.4381	0.4818	-	-	-	0.0342	2.9541	0.5424	1.2211	0.0438	0.3027	0.1958	2.3058
2011/2012	2.4954	0.4957	-	-	-	0.0328	3.0239	0.6212	1.1931	0.0464	0.2941	0.1817	2.3365
2012/2013	2.5678	0.5102	-	-	-	0.0328	3.1108	0.6731	1.3493	0.0453	0.3227	0.1971	2.5875
2013/2014	2.7977	0.5608	-	-	-	0.0328	3.3913	0.7058	1.3577	0.0505	0.3309	0.1849	2.6298
2014/2015	2.8313	0.5676	-	-	-	0.0325	3.4314	0.6866	1.2940	0.0500	0.3207	0.2125	2.5638
2015/2016	2.8703	0.5754	-	-	-	0.0321	3.4778	0.6974	1.2682	0.0512	0.3549	0.2224	2.5941
2016/2017	2.8382	0.6473	-	-	-	0.0313	3.5168	0.6950	1.2049	-	0.3372	0.1822	2.4193
2017/2018	2.8267	0.6651	-	-	0.0293	0.0303	3.5514	0.6908	1.1685	-	0.3309	0.1907	2.3809

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

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

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

Detail of Net Assessed Valuation
(Assessment For the Year 2017 Payable in 2018)

	South Bend Centre Twp	South Bend Clay Twp	South Bend German Twp	South Bend Penn Twp	South Bend Warren Twp	South Bend Portage Twp	Totals	Percent
Value of land	\$ 119,438,600	\$ 29,366,600	\$ 79,715,800	\$ 17,403,700	\$ 844,600	\$ 404,190,905	\$ 650,960,205	
Value of improvements	479,223,300	123,699,000	441,857,900	98,734,300	23,155,000	2,632,971,680	3,799,641,180	
Total value of real estate	598,661,900	153,065,600	521,573,700	116,138,000	23,999,600	3,037,162,585	4,450,601,385	
Less: Mortgage, veterans, blind, age 65 & other exemptions	(237,682,480)	(36,172,444)	(89,398,370)	(33,587,558)	-	(963,974,966)	(1,360,815,818)	
Tax-exempt property	(49,342,130)	(8,929,726)	(30,290,820)	(9,026,600)	-	(360,010,919)	(457,600,195)	
Investment Deduction	-	-	-	-	-	(1,998,700)	(1,998,700)	
Tax increment financing	(56,466,819)	(1,092,000)	(260,097,538)	-	(23,999,600)	(405,560,624)	(747,216,581)	
Tax abatements	(520,980)	-	(26,497,466)	(2,238,600)	-	(21,783,696)	(51,040,742)	
Net value of real estate	254,649,491	106,871,430	115,289,506	71,285,242	-	1,283,833,680	1,831,929,349	75.81%
Gross personal property assessments	31,036,980	10,164,890	193,670,283	3,592,620	6,923,520	406,457,370	651,845,663	
Less: Tax abatements:	(1,479,720)	-	(19,240,910)	-	-	(26,448,020)	(47,168,650)	
Tax-exempt property	(2,095,479)	(159,420)	(4,606,051)	(2,104,030)	-	(87,360,460)	(96,325,440)	
Investment deduction	-	-	-	-	-	(17,439,241)	(17,439,241)	
Tax increment financing	-	-	-	-	-	-	-	
Net value of personal property	27,461,781	10,005,470	169,823,322	1,488,590	6,923,520	275,209,649	490,912,332	20.32%
Net value of utilities	8,981,100	4,040,290	11,708,120	1,202,260	231,270	67,452,500	93,615,540	3.87%
Total net assessed valuation	\$ 291,092,372	\$ 120,917,190	\$ 296,820,948	\$ 73,976,092	\$ 7,154,790	\$ 1,626,495,829	\$ 2,416,457,221	100.00%
Percentage of Total	12.05%	5.00%	12.28%	3.06%	0.30%	67.31%	100.00%	

Summary:

	Real Property	Personal Property/Utilities	Total	Percent
Total value	\$ 4,450,601,385	\$ 745,461,203	\$ 5,196,062,588	100.00%
Deductions & exemptions	(1,362,814,518)	(17,439,241)	(1,380,253,759)	-26.56%
Tax exempt property	(457,600,195)	(96,325,440)	(553,925,635)	-10.66%
Tax increment financing	(747,216,581)	-	(747,216,581)	-14.38%
Tax abatements	(51,040,742)	(47,168,650)	(98,209,392)	-1.89%
Total net assessed valuation	\$ 1,831,929,349	\$ 584,527,872	\$ 2,416,457,221	46.51%
Percent	75.81%	24.19%	100.00%	

Source: St. Joseph County Auditor's Office - Information from the County Abstract prepared by the Indiana Department of Local Government Finance

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Tax Year/ Collection Year	Gross Assessed Values				Less:	Total Net	(2)	%
	Real Property	Personal Property	Utilities Property	Total Value	Non-Taxed Property (1)	Taxable Value	City Tax Rate	Taxable
2008/2009	4,698,989,240	592,538,950	95,891,770	5,387,419,960	2,718,532,541	2,668,887,419	2.4081	49.54%
2009/2010	4,368,497,000	604,951,450	98,433,750	5,071,882,200	2,618,376,627	2,453,505,573	2.7279	48.37%
2010/2011	4,339,037,300	551,819,290	101,009,760	4,991,866,350	2,667,414,488	2,324,451,862	2.9541	46.56%
2011/2012	4,255,238,900	560,331,660	95,165,650	4,910,736,210	2,529,861,602	2,380,874,608	3.0239	48.48%
2012/2013	4,452,887,970	537,500,490	100,832,450	5,091,220,910	2,720,133,213	2,371,087,697	3.1108	46.57%
2013/2014	4,199,757,500	552,872,520	90,252,180	4,842,882,200	2,633,155,528	2,209,726,672	3.3913	45.63%
2014/2015	4,192,804,920	557,759,982	86,924,710	4,837,489,612	2,577,220,294	2,260,269,318	3.4314	46.72%
2015/2016	4,199,285,400	603,870,040	83,786,930	4,886,942,370	2,609,772,627	2,277,169,743	3.4778	46.60%
2016/2017	4,317,332,400	638,702,010	105,036,200	5,061,070,610	2,733,570,369	2,327,500,241	3.5168	45.99%
2017/2018	4,450,601,385	651,845,663	93,615,540	5,196,062,588	2,779,605,367	2,416,457,221	3.5168	46.51%

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

(2) City tax rate excludes Redevelopment Commission (Hall of Fame) tax rate.

Source: St. Joseph County Auditor's Office

Net Assessed Value of Taxable Property

Last Ten Fiscal Years

Tax Year/ Collection Year	Real Estate Net Assessed Value	Personal Net Assessed Value	Utilities Net Assessed Value	Total Net Assessed Value	Percent Change
2008/2009	2,137,129,242	435,866,407	95,891,770	2,668,887,419	-10.32%
2009/2010	1,911,818,036	443,253,787	98,433,750	2,453,505,573	-8.07%
2010/2011	1,809,523,734	413,918,368	101,009,760	2,324,451,862	-5.26%
2011/2012	1,858,836,588	426,872,370	95,165,650	2,380,874,608	2.43%
2012/2013	1,858,213,181	412,042,066	100,832,450	2,371,087,697	-0.41%
2013/2014	1,687,672,152	431,802,340	90,252,180	2,209,726,672	-6.81%
2014/2015	1,753,122,893	420,221,715	86,924,710	2,260,269,318	2.29%
2015/2016	1,737,036,616	456,346,197	83,786,930	2,277,169,743	0.75%
2016/2017	1,758,787,301	463,676,740	105,036,200	2,327,500,241	2.21%
2017/2018	1,831,929,349	490,912,332	93,615,540	2,416,457,221	6.12%

Source: St. Joseph County Auditor's office

Assessed Value of Taxable Property

Last Ten Fiscal Years

Tax Year/ Collection Year	Total Gross Valuation	Deductions (1)	Tax Exempt Property	Tax Increment Financing	Tax Abatements	Net Assessed Valuation
2008/2009	5,387,419,960	(1,557,329,781)	(436,861,027)	(625,910,065)	(98,431,668)	2,668,887,419
2009/2010	5,071,882,200	(1,344,563,829)	(449,848,037)	(707,096,696)	(116,868,065)	2,453,505,573
2010/2011	4,991,866,350	(1,353,769,271)	(439,343,852)	(777,038,302)	(97,263,063)	2,324,451,862
2011/2012	4,910,736,210	(1,331,068,608)	(417,907,225)	(702,724,247)	(78,161,522)	2,380,874,608
2012/2013	5,091,220,910	(1,397,134,910)	(488,961,977)	(761,349,489)	(72,686,837)	2,371,087,697
2013/2014	4,842,882,200	(1,344,702,776)	(512,692,590)	(713,448,152)	(62,312,010)	2,209,726,672
2014/2015	4,837,489,612	(1,292,923,103)	(510,555,188)	(707,010,507)	(66,731,496)	2,260,269,318
2015/2016	4,886,942,370	(1,305,921,190)	(521,555,123)	(718,066,149)	(64,230,165)	2,277,169,743
2016/2017	5,061,070,610	(1,334,844,637)	(559,770,989)	(743,657,399)	(95,297,344)	2,327,500,241
2017/2018	5,196,062,588	(1,380,253,759)	(553,925,635)	(747,216,581)	(98,209,392)	2,416,457,221

(1) Includes homestead standard deduction, supplemental standard deduction, mortgage deduction, blind/disabled deduction, investment deduction, veteran's deduction, over 65 years old deduction, and geothermal deduction. In 2009, a new 35% supplemental standard deduction was provided as a part of "circuit breaker" property tax reform legislation.

2017 Deductions	2015/2016	2016/2017	2017/2018
Homestead Standard Deduction	\$ 820,420,116	\$ 828,638,094	\$ 842,461,563
Supplemental Standard Deduction	375,610,821	400,306,547	435,967,478
Mortgage Deduction	42,985,922	40,717,260	40,183,948
Veteran's Deduction	11,784,608	11,986,495	12,815,878
Age 65 and Over Deduction	24,608,600	23,876,138	23,373,704
Energy Systems Deduction	388,200	396,600	421,500
Blind & Disabled Deduction	5,643,351	5,646,155	5,567,847
Fertilizer/Pesticide Deduction	-	114,555	
Heritage Barn Deduction	-	10,000	23,900
Investment Deduction	24,479,572	23,152,793	19,437,941
Total	\$ 1,305,921,190	\$ 1,334,844,637	\$ 1,380,253,759

Source: St. Joseph County Auditor's Office Abstract

Fund Name	Fund Number	2009 Actual (3)	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual
General Fund	101	\$ 79,162,937	\$ 38,780,847	\$ 38,514,550	\$39,368,431	\$36,251,397	\$36,708,989	\$37,349,387	\$39,362,139	\$39,568,076	\$ 40,719,333
Excess Levy	103	-	-	-	-	-	3,648	-	-	-	-
Parks & Recreation	201	13,919,096	7,591,932	7,613,760	7,824,056	7,207,060	7,365,388	7,487,554	7,902,995	9,033,731	9,591,899
Redevelopment Bonds Studebaker Corridor	310	-	-	-	-	-	-	-	-	-	-
Park Bond (2017ParksBond Debt Service)	312	-	-	-	-	-	-	-	-	-	703,118
College Football Hall of Fame Debt Service	313	2,362,057	1,488,453	1,549,954	1,133,205	1,268,179	497,768	906,263	1,361,512	820,071	426,604
River West TIF District (1)	324	10,808,912	21,508,430	11,187,768	11,631,287	13,340,354	14,284,734	16,293,240	18,159,311	17,259,902	18,662,835
Cumulative Capital Development	406	1,420,833	587,063	540,454	517,710	463,331	430,786	428,727	440,887	436,823	436,677
South Bend Central Development Area TIF (1)	420	3,870,188	7,336,117	3,633,473	3,671,478	2,590,808	4,309,727	-	-	-	-
West Washington Street TIF District	422	358,844	860,049	431,085	422,715	493,608	580,987	402,911	453,503	378,994	332,220
Central Medical Service Area TIF District (1)	426	919,174	3,524,962	1,704,238	1,606,915	1,221,676	851,211	-	-	-	-
River East (Northeast) TIF District	429	22,191	195,400	715,063	1,351,048	841,627	1,568,240	2,421,308	2,348,608	2,630,887	3,512,606
Southside Development Area TIF District	430	355,596	4,094,135	1,808,952	2,466,203	2,404,416	2,379,212	2,205,822	2,401,252	2,365,692	2,166,637
Erskine Commons TIF District (5)	431	1,240,184	5,978,592	784,373	-	-	-	-	-	-	-
Erskine Village TIF District	432	1,531,403	3,759,287	1,603,182	-	1,311,129	9,175	19,183	-	-	-
Douglas Road TIF District	435	125,294	460,760	306,053	285,713	323,939	321,895	270,758	345,262	379,255	-
River East (Northeast) Residential TIF	436	-	1,815,829	2,446,103	2,514,048	2,262,765	2,725,909	3,129,681	3,932,947	4,262,917	4,236,865
Airport Urban Enterprise	454	-	301,430	123,165	111,721	-	-	-	-	-	-
Fire Department Employees Pension (4)	701	1,437,539	(5,867)	-	-	-	-	-	-	-	-
Police Department Employees Pension (4)	702	1,609,905	(9,479)	-	-	-	-	-	-	-	-
Total		\$ 119,144,153	\$ 98,267,940	\$ 72,962,173	\$72,904,530	\$69,980,289	\$72,037,669	\$70,914,834	\$76,708,415	\$77,136,348	\$ 80,788,794

- (1) Name changed in 2015 from TIF Airport to River West TIF due to consolidation of Central Development Area and Central Medical TIFs.
- (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.

Source - City of South Bend Accounting Records

City of South Bend, Indiana

2018 Circuit Breaker Property Tax Cap Credits

December 31, 2018

Taxing Unit Name	(1%) Homesteads	(2%) Other Residential and Farmland	(3%) All Other Real/Personal	Elderly	Total Credits
City of South Bend (101,168 population)					
South Bend Civil City	\$ 8,986,817	\$ 13,491,772	\$ 11,391,917	\$39,714	\$ 33,910,220
TIF - SB So. #1 Centre	1,525	39,063	1,037,873	4	1,078,465
TIF - Douglas Road EDA	-	-	-	-	-
TIF - River East Clay	-	-	-	-	-
TIF - River West German	993	370,895	4,528,640	-	4,900,528
TIF - SB West Washington	2,265	11,226	156,748	2	170,241
TIF - SB So. #1 Portage	20,487	345,351	1,245,678	1,005	1,612,521
TIF - River West Portage	1,240	1,119,963	2,613,244	30	3,734,477
TIF - River West Warren	-	-	466,653	-	466,653
TIF - River East Portage	1,363	3,165,116	679,367	-	3,845,846
Total Credits	\$ 9,014,690	\$ 18,543,386	\$ 22,120,120	\$40,755	\$ 49,718,951
Per Capita Credits	89.11	183.29	218.65	0.40	491.45
Percent of Total	18.13%	37.30%	44.49%	0.08%	100.00%

Selected Benchmark Local Governments:

Local Unit	Total Credits	2010 Population	Per Capita Credits
South Bend Civil City	\$ 33,910,221	101,168	\$ 335
Anderson Civil City	12,482,782	56,120	222
East Chicago Civil City	4,368,987	29,698	147
Elkhart Civil City	10,416,671	50,949	204
Evansville Civil City	13,024,809	117,429	111
Fort Wayne Civil City	19,107,625	253,691	75
Gary Civil City	41,638,777	80,294	519
Goshen Civil City	3,769,447	31,719	119
Hammond Civil City	11,199,475	80,830	139
Jeffersonville Civil City	4,032,390	44,953	90
Kokomo Civil City	10,527,131	45,468	232
Lafayette Civil City	2,165,737	61,140	35
LaPorte Civil City	2,547,834	22,053	116
Mishawka Civil City	5,427,804	48,252	112
Muncie Civil City	16,243,724	70,085	232
Noblesville Civil City	3,635,554	51,969	70
Saint Joseph County	8,439,187	266,931	32
South Bend School Corporation	6,977,998	101,168	69
Terre Haute Civil City	11,710,916	60,785	193

Notes: Circuit breaker tax cap credits are tax savings for taxpayers and revenue losses for local governmental units. Circuit breaker credits are highest in tax districts with the highest tax rates. These are usually districts that include cities or towns because the municipal tax rate is included in the district tax rate. This means that most circuit breaker credits are in cities and towns and in units that overlap cities and towns.

Sources - Circuit Breaker Report. Prepared by the Legislative Services Agency, December 20, 2018 (www.iga.in.gov).
County Property Tax Studies, Saint Joseph County, Property Tax Changes in Saint Joseph County between 2015 and 2016. Prepared by the Legislative Services Agency, October 2018. (www.iga.in.gov).
U.S. Census Bureau, 2010 Census information (<http://factfinder.census.gov/>).

Principal Property Taxpayers - Current and Nine Years Ago

December 31, 2018

Taxpayer	Type of Business	2018			2009		
		Net Assessed Value (1)	Rank	Percent of Total	Net Assessed Value (2)	Rank	Percent of Total
University of Notre Dame	Higher Education	\$ 43,277,785	1	1.79%			
Indiana Michigan Power Company - AEP	Utility	41,328,450	2	1.71%	25,288,400	7	0.95%
Edward Rose of Indiana	Apartments and Real Estate	35,532,900	3	1.47%	75,137,200	2	2.82%
Honeywell International, Inc.	Airplane and Auto Parts	28,601,739	4	1.18%			
Federal-Mogul Powertrain Systems	Automotive Parts	25,425,870	5	1.05%			
Noble Americas South Bend Ethanol LLC	Ethanol Plant	20,195,680	6	0.84%			
NIPSCO	Utility	19,764,470	7	0.82%			
US Bank National Association	Banking	19,152,900	8	0.79%			
Comcast	Telecommunications	17,625,810	9	0.73%			
Indiana Bell - AT&T Inc.	Telecommunications	17,488,870	10	0.72%	8,249,100	10	0.31%
Memorial Health System	Health Care	-			86,638,050	1	3.25%
Wal Mart	Retail Store	-			62,991,000	3	2.36%
Meijer	Retail Store	-			42,931,200	4	1.61%
Park Jefferson Realty, LLC	Apartments and Real Estate	-			32,950,000	5	1.23%
Castle Point Apartments	Apartments and Real Estate	-			26,070,600	6	0.98%
1st Source Bank	Financial Institution	-			22,311,475	8	0.84%
Maple Lane Apartments	Apartments and Real Estate	-			15,033,500	9	0.56%
Total Net Assessed Value - Ten Largest Taxpayers		\$ 268,394,474		11.11%	\$ 397,600,525		14.90%
Total Net Assessed Value (3)		\$ 2,416,457,221		100.00%	\$ 2,668,887,419		100.00%

Source:

- (1) Crowe Horwath LLP
- (2) 2009 Comprehensive Annual Financial Report
- (3) St. Joseph County Auditor
- (3) St. Joseph County Auditor

Local Income Tax Revenue

Last Ten Years

Distribution Year	EDIT (1) Tax Rate	Total Est County EDIT Collections	Rate of Growth	South Bend EDIT Distribution	Rate of Growth	South Bend as a Percent of Total	Actual City Collections During Year
2009	0.20%	11,938,605	7.20%	4,612,694	15.38%	38.64%	3,843,912
2010	(2) 0.40%	22,789,919	90.89%	8,321,633	80.41%	36.51%	9,090,415
2011	(3) 0.40%	18,826,685	-17.39%	7,300,866	-12.27%	38.78%	7,300,866
2012	(4) 0.40%	17,649,256	-6.25%	8,324,626	14.02%	47.17%	9,068,785
2013	0.40%	20,611,415	16.78%	8,177,352	-1.77%	39.67%	8,177,352
2014	0.40%	22,063,091	7.04%	8,796,821	7.58%	39.87%	8,796,821
2015	0.40%	23,081,049	4.61%	9,181,206	4.37%	39.78%	9,181,206
2016	0.40%	23,733,626	2.83%	9,594,602	4.50%	40.43%	9,594,602
2017	0.40%	26,149,949	10.18%	10,600,122	10.48%	40.54%	10,600,122
2018	(5) 0.40%	26,745,547	2.28%	11,885,489	12.13%	44.44%	11,885,489
Total		\$ 213,589,142		\$86,795,411		40.64%	\$ 87,539,570

(1) This tax was first enacted as of July 1, 1995 at the rate of 0.1% of City residents' adjusted gross income. The rate was increased to 0.2% effective July 1, 1997.

(2) The CEDIT tax rate for 2010 and subsequent years was increased by City of South Bend Common Council and the Saint Joseph County Common Council.

(3) In 2011, the State of Indiana underpaid due to an accounting error.

(4) The City's 2012 CEDIT distribution included \$744,159, the amount the State of Indiana underpaid the City in 2011.

(5) The City's 2018 CEDIT distribution included \$1,164,530 of Supplemental and One Time distributions.

Source - State of Department of Local Government Finance CEDIT Distribution Reports
City of South Bend Accounting Records

Local Income Tax Revenue

Last Ten Years

Distribution Year	County Option Income Tax (COIT) Revenue						
	COIT Tax Rate (1)	Total County COIT Distributions	Rate of Growth	South Bend COIT Distribution	Rate of Growth	South Bend as a Percent of Total	Actual City Collections During Year
2009	0.60%	26,973,887	30.37%	\$ 8,952,424	40.27%	33.19%	8,302,694
2010	0.60%	25,147,806	-6.77%	7,855,776	-12.25%	31.24%	7,648,824
2011	(2) 0.60%	19,907,430	-20.84%	6,458,586	-17.79%	32.44%	7,097,462
2012	(3) 0.60%	22,536,457	13.21%	7,691,991	19.10%	34.13%	8,610,742
2013	0.60%	22,923,958	1.72%	7,846,939	2.01%	34.23%	7,846,939
2014	0.60%	25,275,541	10.26%	8,645,811	10.18%	34.21%	8,645,811
2015	0.60%	26,435,155	4.59%	8,859,912	2.48%	33.52%	8,859,912
2016	0.60%	27,898,910	5.54%	9,454,023	6.71%	33.89%	9,454,023
2017	0.60%	31,321,416	12.27%	10,459,265	10.63%	33.39%	10,459,265
2018	(4) 0.60%	<u>31,947,819</u>	2.00%	<u>12,188,922</u>	16.54%	38.15%	<u>12,188,922</u>
Total		<u>\$ 260,368,379</u>		<u>\$88,413,649</u>		33.96%	<u>\$ 89,114,594</u>

(1) This tax was first enacted as of July 1, 1997 at the rate of 0.2% of City residents' adjusted gross income. The COIT rate increased 0.1% each year until it reached 0.6% as of July 1, 2001. The above collections/distribution amounts are net of the additional homestead credits that accompanied the passage of this income tax.

(2) In 2011, the State of Indiana underpaid due to an accounting error.

(3) The City's 2012 COIT distribution included \$918,751, the amount the State of Indiana underpaid the City in 2011.

(4) The City's 2018 COIT distribution included Supplemental and One Distributions totaling \$1,433,440.

Source - State of Indiana Department of Local Government Finance COIT Distribution Reports
City of South Bend Accounting Records

Local Income Tax Revenue

Last Ten Years

Public Safety Local Option Income Tax (PS LOIT) Revenue

Distribution Year	PS LOIT Tax Rate	Total County LOIT Distributions	Rate of Growth	South Bend LOIT Distribution	Rate of Growth	South Bend as a Percent of Total	Actual City Collections During Year
2010	(1) 0.25%	\$ 13,846,267	100.00%	\$ 6,078,454	100.00%	43.90%	\$ 6,078,454
2011	(2) 0.25%	11,371,882	-17.87%	5,293,619	-12.91%	46.55%	5,293,619
2012	(3) 0.25%	10,644,975	-6.39%	6,056,334	14.41%	56.89%	6,605,601
2013	0.25%	12,457,864	17.03%	5,892,356	-2.71%	47.30%	5,892,386
2014	0.25%	13,476,753	8.18%	6,380,029	8.28%	47.34%	6,380,029
2015	0.25%	13,734,382	1.91%	6,466,190	1.35%	47.08%	6,466,190
2016	0.25%	14,237,777	3.67%	6,791,160	5.03%	47.70%	6,791,160
2017	0.25%	15,673,247	10.08%	7,467,618	9.96%	47.65%	7,467,618
2018	(4) 0.25%	15,986,699	2.00%	8,487,336	13.66%	53.09%	8,487,336
Total		\$ 121,429,846		\$58,913,096		48.52%	\$ 59,462,393

(1) This tax was effective in October 2009 at the rate of 0.25% of City residents' adjusted gross income.

The measure is being used to support the Public Safety operations consisting of the Police Department and the Fire Department, to keep the staffing levels at their full complement.

(2) In 2011, the State of Indiana underpaid due to an accounting error.

(3) The City's 2012 PS LOIT distribution included \$549,267, the amount the State of Indiana underpaid the City in 2011.

(4) The City's 2018 LOIT distribution included Supplemental and One Time distributions of \$857,797.

Source - State of Indiana Department of Local Government Finance LOIT Public Safety Distribution Reports
City of South Bend Accounting Records

Total County Income Tax Distributions by Taxing Unit

Last Ten Years

Unit of Government	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total County Certified Distribution	\$34,801,729	\$33,231,041	\$ 27,292,516	\$29,898,874	\$29,898,874	\$32,344,207	\$32,962,518	\$34,170,664	\$37,640,869	\$38,393,656
Less: Homestead Credit (1)	(7,827,842)	(8,083,235)	(7,385,086)	(7,362,417)	(6,974,918)	(7,068,666)	(6,527,363)	(6,271,754)	(6,319,453)	(6,445,837)
Total Distributive Shares	\$26,973,887	\$25,147,806	\$ 19,907,430	\$22,536,457	\$22,923,956	\$25,275,541	\$26,435,155	\$27,898,910	\$31,321,416	\$31,947,819
Distributive Shares/Total County Distribution	77.51%	75.68%	72.94%	75.38%	76.67%	78.15%	80.20%	81.65%	83.21%	83.21%
Amount										
St. Joseph County	\$10,358,300	\$ 9,819,576	\$ 7,383,180	\$ 7,986,750	\$ 8,460,192	\$ 9,314,201	\$ 9,611,416	\$ 9,983,016	\$10,908,099	11,290,728
Townships	1,180,913	1,168,352	1,054,827	1,244,481	954,332	1,069,408	1,541,211	1,695,662	2,396,851	1,978,069
City of South Bend - Civil City	8,748,506	7,677,730	6,304,224	7,511,976	7,711,609	8,483,839	8,754,940	9,275,956	10,267,284	10,781,364
City of South Bend - Redevelopment	203,918	178,046	154,363	184,790	135,330	161,972	104,972	178,067	191,981	124,929
Other Cities & Towns	3,592,330	3,462,786	2,667,400	3,077,335	3,137,086	3,378,481	3,508,422	3,683,131	4,118,009	4,317,405
Libraries	2,007,809	2,042,942	1,762,365	1,879,376	1,849,933	2,126,185	2,144,046	2,279,241	2,541,672	2,569,360
Special Districts	882,111	798,374	581,071	651,749	675,474	741,455	770,148	803,837	897,520	885,964
Total	\$26,973,887	\$25,147,806	\$ 19,907,430	\$22,536,457	\$22,923,956	\$25,275,541	\$26,435,155	\$27,898,910	\$31,321,416	\$31,947,819
Percentage of Distribution										
St. Joseph County	38.40%	39.05%	37.09%	35.44%	36.91%	36.85%	36.36%	35.78%	34.83%	35.34%
Townships	4.38%	4.65%	5.30%	5.52%	4.16%	4.23%	5.83%	6.08%	7.65%	6.19%
City of South Bend - Civil City	32.43%	30.53%	31.67%	33.33%	33.64%	33.57%	33.12%	33.25%	32.78%	33.75%
City of South Bend - Redevelopment	0.76%	0.71%	0.78%	0.82%	0.59%	0.64%	0.40%	0.64%	0.61%	0.39%
Other Cities & Towns	13.32%	13.77%	13.40%	13.65%	13.68%	13.37%	13.27%	13.20%	13.15%	13.51%
Libraries	7.44%	8.12%	8.85%	8.34%	8.07%	8.41%	8.11%	8.17%	8.11%	8.04%
Special Districts	3.27%	3.17%	2.91%	2.90%	2.95%	2.93%	2.91%	2.88%	2.87%	2.77%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

(1) A portion of the county option income tax is used for property tax relief through homestead credits for residential property owners.

Source - State of Indiana Department of Local Government Finance COIT Distribution Reports

Ten Largest Water Customers

December 31, 2018

Name	2018 Revenue	Percentage of Total Water Operating Revenue	Usage CCF*
South Bend Community School Corporation	153,725	0.92%	99,555
Memorial Hospital of South Bend	121,561	0.72%	87,523
Irish Hills Apartments	111,845	0.67%	80,481
South Bend Parks Department	86,245	0.51%	61,819
Indiana University South Bend	80,673	0.48%	46,685
Honeywell Aerospace Company	73,525	0.44%	39,187
Indian Springs Apartments and Townhomes	70,679	0.42%	46,279
Housing Authority of South Bend	66,280	0.40%	34,843
St Joseph County Maintenance Department	56,162	0.33%	56,207
Holy Cross Care Services	43,519	0.26%	35,615
Total of Ten Largest Water Customers	<u>\$ 864,214</u>	5.15%	
Total for Operating Revenue for Water Works	<u>\$16,775,158</u>	100.00%	

*Hundreds of Cubic Feet

Source: City of South Bend Water Utility

Ten Largest Sewage Works Customers

December 31, 2018

Name	Metered Revenue	Heavy Demand Surcharge	2018 Revenue	Percentage of Total Water Sewer Revenue	Usage CCF*
I/NTEK Plant	\$ 2,115,130	\$ -	\$ 2,115,130	5.21%	734,505
University of Notre Dame	1,321,988	-	1,321,988	3.25%	525,074
Noble Americas South Bend Ethenol	710,257	-	710,257	1.75%	224,354
Memorial Hospital	389,610	-	389,610	0.96%	74,857
South Bend Community School Corp	371,912	-	371,912	0.92%	65,540
Honeywell Aerospace Co	245,749	-	245,749	0.61%	37,130
Irish Hills Apartments	242,538	-	242,538	0.60%	59,696
Indian Springs Apartments and Townhomes	226,426	-	226,426	0.56%	39,638
Town of New Carlisle	226,224	-	226,224	0.56%	64,637
Indiana University South Bend	210,559	-	210,559	0.52%	30,677
Total of Ten Largest Sewer Customers	\$ 6,060,393	\$ -	\$ 6,060,393	14.92%	
Total Operating Revenue for Wastewater			\$ 40,616,333		

*Hundreds of Cubic Feet

Source: City of South Bend Sewage Works Utility

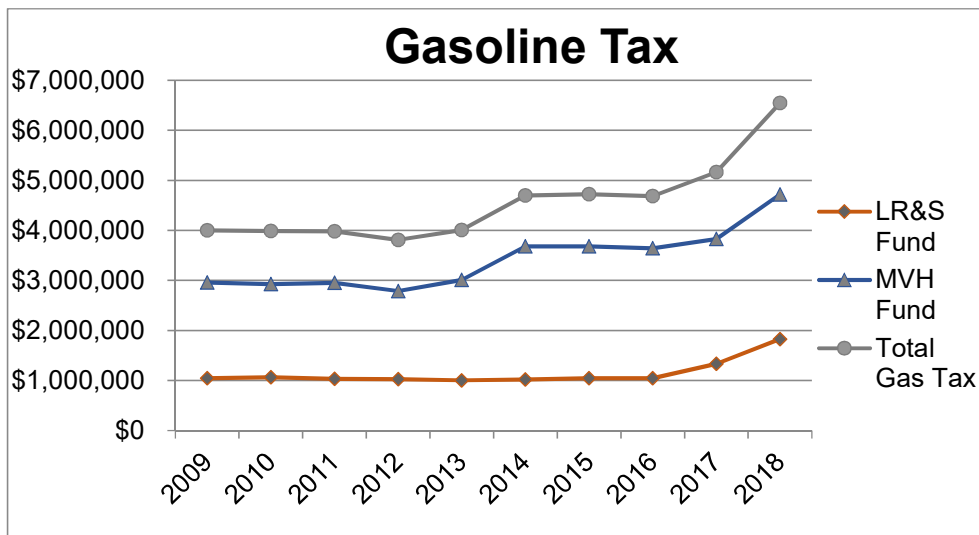
Gasoline Tax Collections - Cash Basis

**Last Ten Fiscal Years
December 31, 2018**

Year	LR&S Fund	MVH Fund	Total Gas Tax	% Change
2009	1,045,477	2,954,086	3,999,563	-2.93%
2010	1,064,149	2,922,165	3,986,314	-0.33%
2011	1,030,958	2,951,072	3,982,030	-0.11%
2012	1,022,508	2,786,592	3,809,100	-4.34%
2013	1,001,871	3,006,122	4,007,993	5.22%
2014	1,017,383	3,682,329	4,699,712	17.26%
2015	1,045,516	3,679,371	4,724,887	0.54%
2016	1,046,446	3,640,561	4,687,007	-0.80%
2017	1,334,565	3,829,167	5,163,732	10.17%
2018	1,827,580	4,717,972	6,545,552	26.76%

Distributions of gas tax revenue are made monthly by the Indiana Department of Revenue to the Local Road and Street (LR&S) and Motor Vehicle Highway (MVH) funds for use in construction and maintenance of streets and highways. Distributions are based on a complex formula developed by the State of Indiana. The formula takes into account population, road and street mileage and other factors. Gas tax revenue was declining in prior years due to the economy and more fuel efficient vehicles, however, due to an improvement in the economy and temporary increase in state funding for two years, total gas tax increased in 2014. Gas tax remained consistent in 2016. Legislation passed by the Indiana General Assembly in 2017 to increase gas tax caused large increase seen in 2018.

Source: City Accounting Records



Wheel and Excise Surtax Collections (Cash Basis)

Last Ten Years

Year	2018 Wheel Tax	% Change
2009	1,893,982	-7.19%
2010	1,975,397	4.30%
2011	1,863,283	-5.68%
2012	1,795,538	-3.64%
2013	2,045,213	13.91%
2014	1,637,707	-19.92%
2015	2,135,441	30.39%
2016	2,006,547	-6.04%
2017	2,211,731	10.23%
2018	2,152,758	-2.67%

Effective January 1, 2004, St. Joseph County enacted a wheel tax and annual license excise surtax as allowed by Indiana State law to provide additional funding for road maintenance and repair. Indiana State law allows an annual wheel tax of \$5-40 per vehicle and an annual license excise surtax of 2-10%. St. Joseph County has enacted a \$25 County Excise surtax. The tax applies to all passenger cars, trucks less than 11,000 pounds, buses, tractors and motorcycles registered in the County. (Other rates apply to recreational vehicles, semitrailers and trucks exceeding 11,000 pounds.) The tax is collected by the Indiana Bureau of Motor Vehicles, remitted to the County and distributed monthly to the local units based on population and road miles.

Increase in the 2015 wheel tax due to 13 months of taxes being collected during the year (September 2014 - September 2015). Prior year tax collections were several months behind.

Source: City of South Bend Accounting Records

Hotel/Motel Tax Revenue - Cash Basis - City Distributions

Last Ten Fiscal Years

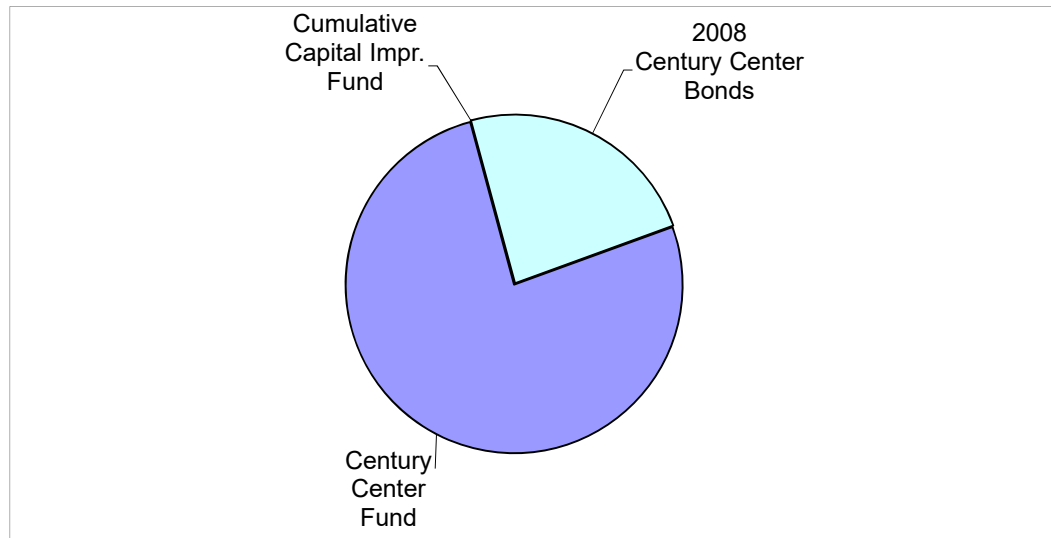
Year	-----Paid to City of South Bend-----					-----Direct Payments-----				Total Hotel/ Motel Tax	%
	Century Center Fund	Professional Sports Develop. Fund	Cumulative Capital Impr. Fund	2008 Century Center Bonds	Century Center Energy Debt Serv	Subtotal: Paid to City of South Bend	1992 Century Center Bonds	2008 Century Center Bonds	Other Century Center Projects		
2009	1,347,651	530,137	150,000	-		2,027,788	-	198,500	265,258	2,491,546	-24.22%
2010	1,313,152	521,800	150,000	399,000		2,383,952	-	-	97,000	2,480,952	-0.43%
2011	1,313,436	494,325	150,000	400,000		2,357,761	-	-	-	2,357,761	-4.97%
2012	1,313,436	489,152	150,000	398,000		2,350,588	-	-	-	2,350,588	-0.30%
2013	1,313,436	-	150,000	398,500		1,861,936	-	-	-	1,861,936	-20.79%
2014	1,313,450	-	150,000	400,000		1,863,450	-	-	457,739	2,321,189	24.67%
2015	1,313,450	-	150,000	492,000		1,955,450	-	-	976,855	2,932,305	26.33%
2016	1,313,450	-	150,000	396,000		1,859,450	-	-	713,601	2,573,051	-12.25%
2017	1,275,000	-	150,000	394,000		1,819,000	-	-	546,965	2,365,965	-8.05%
2018	1,275,000	-	150,000	395,000	221,437	1,891,437	-	-	687,192	2,578,629	8.99%

The hotel/motel tax was enacted in 1973 and the current tax rate is 6%. The tax is accounted for in a fund of the Saint Joseph County government and is administered by the 11 member Saint Joseph County Board of Managers for Hotel-Motel Tax. Appointments to the Board of Managers are made by the Mayors of South Bend and Mishawaka and the Saint Joseph County Commissioners.

Proceeds from the hotel/motel tax fund are budgeted and distributed annually to important economic development and tourism projects in the County. South Bend receives distributions for the operations, maintenance and debt service of Century Center (convention center), the Cumulative Capital Development Fund (used for repayment of 1994 Century Center Bonds), repayment of a 2008 Century Center Bond and other capital projects. Hotel/Motel tax will also be used to pay the 2015 Energy Conservation Bond which was issued by the City for the energy improvements made at the Century Center in 2015.

The hotel/motel tax fund also supports other activities not included in the City of South Bend's financial statements such as the South Bend/Mishawaka Convention and Visitors Bureau. The total distribution of hotel/motel tax during 2017 to all organizations was \$4,416,002. The cash balance in the County Hotel/Motel Tax Fund was \$5,453,192 at December 31, 2017.

Source: City of South Bend Accounting Records and Saint Joseph County Auditor's Office



Professional Sports Development (PSDA) Tax - Cash Basis

Last Ten Fiscal Years

Year	Total PSDA Tax	% Change
2009	617,304	55.54%
2010	640,760	3.80%
2011	409,020	-36.17%
2012	721,763	76.46%
2013	597,111	-17.27%
2014	551,252	-7.68%
2015	628,261	13.97%
2016	760,390	21.03%
2017	409,659	-46.13%
2018	-	0.00%

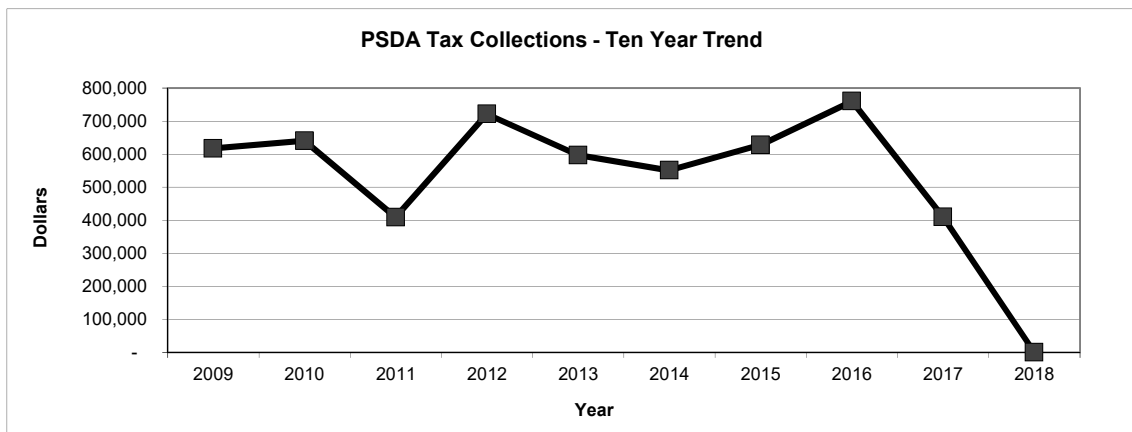
The Professional Sports Development Area (PSDA) tax is a combination of Indiana state income tax withholding, local income tax withholding and sales tax withholding from businesses and employees in South Bend's designated PSDA area, which includes the College Football Hall of Fame, Century Center, Coveleski Stadium, Morris Performing Arts Center, Palais Royale Ballroom and Studebaker National Museum. South Bend's PSDA area was formed on November 3, 1997 and expires on December 31, 2027. PSDA capture of state sales and income taxes ended in 2017. The City expects one more payment of PSDA tax to be received in 2019.

The PSDA taxes are collected by the Indiana Department of Revenue and are remitted on a monthly basis to Saint Joseph County which issues a check to the City of South Bend. There are currently four professional sports development areas in the State--South Bend, Indianapolis/Marion County, Evansville and Ft. Wayne.

PSDA tax revenue increased in 2009 primarily due to the increase in the State of Indiana sales tax rate from 6% to 7% and the increase in local option income taxes from .8% to 1.75% as a consequence of property tax reform. PSDA tax revenue decreased in 2011 due to delays in payments in amounts owed by the State until 2012. The decrease PSDA tax revenues in 2014 were due to a delay in payments from the state whereas the increase in 2015 is due to 12 months of receipts being deposited.

In prior years, PSDA tax revenue has been used to fund the College Football Hall of Fame Capital Fund. PSDA tax revenue is pledged to pay debt service on 2010 Coveleski Stadium Taxable Revenue bonds in the amount of \$4,980,000 issued on December 23, 2010. The bond proceeds were used to make certain capital improvements to the City-owned facility. The operations of the minor league baseball team (South Bend Cubs) in the stadium accounts for the majority of PSDA tax revenue earned each year.

Source: City of South Bend Accounting Records



City of South Bend, Indiana

Cable Television Franchise Fee Collections - Cash Basis

Last Ten Years

Year	Comcast	AT&T	Total Franchise Fees	% Change
2009	702,048	41,043	743,091	7.01%
2010	817,023	131,263	948,286	27.61%
2011	677,949	176,586	854,535	-9.89%
2012	691,586	192,621	884,207	3.47%
2013	736,071	191,529	927,600	4.91%
2014	717,156	238,309	955,465	3.00%
2015	723,676	281,873	1,005,549	5.24%
2016	749,565	256,611	1,006,176	0.06%
2017	771,128	156,394	927,522	-7.82%
2018	714,471	226,562	941,033	1.46%

Pursuant to Indiana State law, the City of South Bend receives video franchise fees in the amount of 5% of gross revenue for cable operations in the City. The payments are made to the City on a quarterly basis. The franchise agreement with Comcast was effective October 19, 1998 and the franchise agreement with AT&T was effective January 1, 2009.

The video franchise fee revenue is deposited in the General Fund and is used for general operating costs. A portion of the proceeds (\$43,000) are spent on support of the local public access channel.

Under Indiana State law, the City is required to submit an Annual Franchise Fee Report (State Form 55122) summarizing franchise fee revenue received during the year and the purpose for which the revenue was expended. The report must be filed with the Indiana Utility Regulatory Commission by March 1st of the following year.

Source: City of South Bend Accounting Records

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Computation of Legal Debt Margin

ESTIMATED

December 31, 2018

Civil City

Net Assessed Valuation (2018 pay 2019) of Taxable Property in South Bend	\$ 2,498,376,757
Debt limit: 2% of one third thereof	16,655,845
Less Bonds subject to limitation:	
Economic Development Income Tax Bonds of 2015 (Parks Bond)	(4,980,000)
Economic Development Income Tax Bonds of 2018 (Zoo Bond)	(3,440,000)
General Obligation Bonds, Series 2018 (Fire Station #9)	<u>(4,970,000)</u>
Issuance Margin	<u>\$ 3,265,845</u>
Percentage of Debt to Debt Limit	80.39%

Park District

Net Assessed Valuation (2018 pay 2019) of Taxable Property in South Bend	\$ 2,498,376,757
Debt limit: 2% of one third thereof	16,655,845
Less Bonds subject to limitation:	
Park District Bonds, Series 2017 (A-K)	<u>(13,725,000)</u>
Issuance Margin	<u>\$ 2,930,845</u>
Percentage of Debt to Debt Limit	82.40%

Redevelopment District

Net Assessed Valuation (2018 pay 2019) of Taxable Property in South Bend	\$ 2,498,376,757
Debt limit: 2% of one third thereof	16,655,845
Less Bonds subject to limitation:	
Special Taxing District Bonds of 2014	(1,365,000)
Redevelopment District Bonds of 2018 (TIF Parks Bond)	<u>(11,590,000)</u>
Issuance Margin	<u>\$ 3,700,845</u>
Percentage of Debt to Debt Limit	77.78%

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.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Civil City										
Debt Limit (1)	\$17,792,583	\$16,356,704	\$15,495,323	\$15,599,467	\$15,579,379	\$14,731,511	\$15,068,462	\$15,181,132	\$16,109,715	\$ 16,655,845
Total Net Debt Applicable To Limit	5,500,000	9,850,000	8,910,000	7,650,000	6,335,000	4,970,000	7,270,000	5,835,000	5,190,000	13,390,000
Debt Margin	12,292,583	6,506,704	6,585,323	7,949,467	9,244,379	9,761,511	7,798,462	9,346,132	10,919,715	3,265,845
Percentage of Debt Limit	30.91%	60.22%	57.50%	49.04%	40.66%	33.74%	48.25%	38.44%	32.22%	80.39%
Park District										
Debt Limit (1)	\$17,792,583	\$16,356,704	\$15,495,323	\$15,599,467	\$15,579,379	\$14,731,511	\$15,068,462	\$15,181,132	\$16,109,715	\$ 16,655,845
Total Net Debt Applicable To Limit	-	-	-	-	-	-	-	-	14,075,000	13,725,000
Debt Margin	17,792,583	16,356,704	15,495,323	15,599,467	15,579,379	14,731,511	15,068,462	15,181,132	2,034,715	2,930,845
Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	87.37%	82.40%
Redevelopment District										
Debt Limit (1)	\$17,792,583	\$16,356,704	\$15,495,323	\$15,599,467	\$15,579,379	\$14,731,511	\$15,068,462	\$15,181,132	\$16,109,715	\$ 16,655,845
Total Net Debt Applicable To Limit	5,010,000	4,715,000	4,085,000	4,085,001	3,405,000	3,010,000	2,615,000	2,210,000	1,795,000	12,955,000
Debt Margin	12,782,583	11,641,704	11,410,323	11,514,466	12,174,379	11,721,511	12,453,462	12,971,132	14,314,715	3,700,845
Percentage of Debt Limit	28.16%	28.83%	26.36%	26.19%	21.86%	20.43%	17.35%	14.56%	11.14%	77.78%

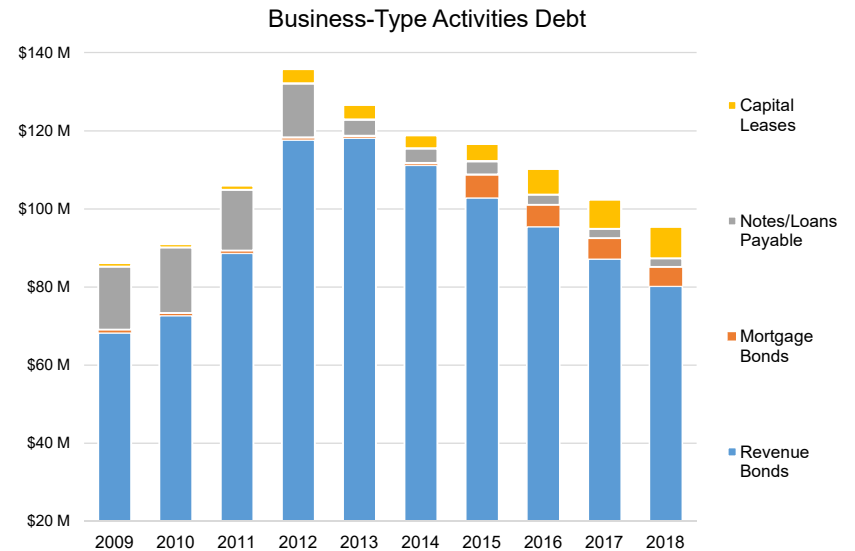
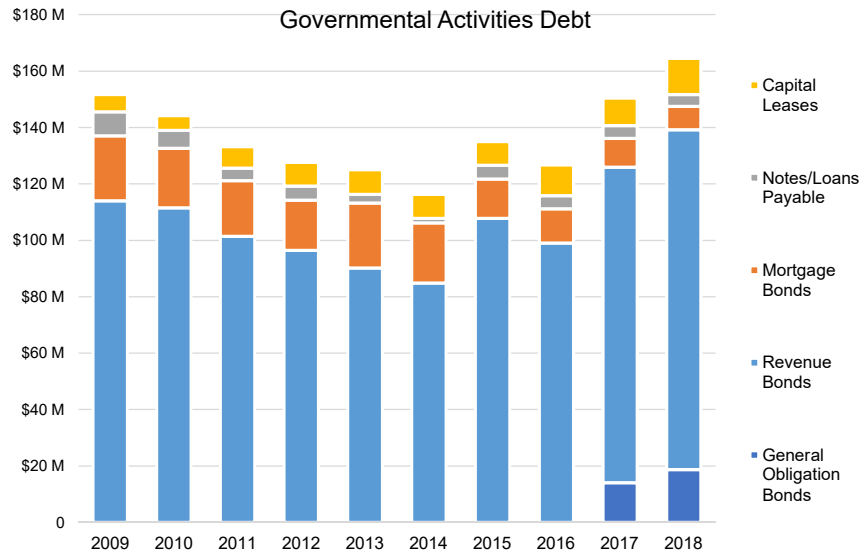
(1) A 2% of net assessed value debt limit has been established by the Constitution of the State of Indiana for certain type of debt including general obligation bonds, Economic Development Income Tax bonds and tax revenue notes. This limitation does not apply to revenue bonds payable from governmental or proprietary funds.

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Estimated Population (1)	Debt Per Capita	South Bend Estimated Personal Income (2)	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						
2009	-	113,975,000	23,061,148	8,470,308	6,214,206	68,225,000	829,020	16,145,358	893,233	237,813,273	106,192	2,239	3,679,658,992	6.46%	
2010	-	111,510,000	21,117,295	6,323,199	5,299,341	72,655,000	717,705	16,755,369	799,402	235,177,311	101,168	2,325	3,505,572,368	6.71%	
2011	-	101,472,431	19,724,490	4,431,871	7,510,749	88,655,000	660,510	15,542,372	1,077,642	239,075,065	101,168	2,363	3,371,120,096	7.09%	
2012	-	96,410,000	17,883,530	4,953,639	8,336,120	117,650,000	601,470	13,848,901	3,641,362	263,325,022	101,168	2,603	3,371,120,096	7.81%	
2013	-	90,172,826	23,079,781	3,030,554	8,777,238	118,121,963	546,973	4,121,010	3,831,933	251,682,278	101,168	2,488	3,371,120,096	7.47%	
2014	-	84,862,512	21,331,548	1,617,491	8,481,375	111,209,874	480,604	3,794,664	3,307,802	235,085,870	101,168	2,324	3,371,120,096	6.97%	
2015	-	107,815,890	13,904,973	4,831,752	8,491,407	102,871,921	5,851,565	3,458,899	4,411,042	251,637,449	101,168	2,487	3,371,120,096	7.46%	
2016	-	99,040,132	12,091,550	4,647,381	10,929,075	95,477,047	5,556,865	2,582,205	6,585,123	236,909,378	101,168	2,342	3,492,622,864	6.78%	
2017	14,081,478	111,887,531	10,224,972	4,437,115	9,795,612	87,219,814	5,255,484	2,398,821	7,456,169	252,756,996	101,168	2,498	3,492,622,864	7.24%	
2018	18,737,645	120,483,913	8,300,854	4,108,822	12,832,195	80,178,104	4,951,979	2,231,783	7,994,705	259,820,000	101,168	2,568	3,492,622,864	7.44%	
Percent of Total Debt	7.21%	46.37%	3.19%	1.58%	4.94%	30.86%	1.91%	0.86%	3.08%	100.00%					

Sources: City of South Bend Comprehensive Annual Financial Reports

(1) U.S. Census Bureau, 2010 Census information (<http://factfinder.census.gov/>). 2016 information not available.

(2) The City's estimated personal income is computed as City population x City of South Bend Median Household Income from U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates (<http://factfinder.census.gov/>)



Computation of Direct and Overlapping Debt

December 31, 2018

	Gross Debt	Percentage Applicable to South Bend	Amount Applicable to South Bend	Debt Per Capita	Ratio of Debt/ Net Assessed Value	Ratio of Debt/ Personal Income
Direct Debt:						
City of South Bend						
General Obligation Bonds	\$ 18,737,645	100.00%	\$ 18,737,645			
Revenue Bonds - Governmental Activities	120,483,913	100.00%	\$ 120,483,913			
Mortgage Bonds - Governmental Activities	8,300,854	100.00%	8,300,854			
Notes Payable - Governmental Activities	4,108,822	100.00%	4,108,822			
Capital Leases - Governmental Activities	12,832,195	100.00%	<u>12,832,195</u>			
Total Direct Debt and Lease Obligation Debt			<u>164,463,429</u>	<u>\$ 1,626</u>	6.81%	3.50%
Overlapping Debt (1)						
South Bend Community School Corporation	\$ 86,458,200	52.85%	\$ 51,999,309			
South Bend Public Transport	-	62.41%	234,038			
St. Joseph County Public Library	5,840,000	49.51%	1,220,422			
St. Joseph County Airport Authority	9,495,000	28.17%	3,042,360			
St. Joseph County	29,645,000	28.17%	13,570,838			
St. Joseph County Solid Waste Management	-	28.17%	125,382			
Penn-Harris-Madison School Corporation	48,507,671	2.67%	955,117			
Mishawaka-Penn-Harris Public Library	-	2.19%	<u>77,198</u>			
Total Overlapping and Underlying Direct Debt and Lease Obligations			<u>71,224,664</u>	<u>\$ 704</u>	2.95%	1.51%
Total Direct Debt and Lease Obligation Debt and Overlapping and Underlying Direct Debt and Lease Obligations			<u>\$ 235,688,093</u>	<u>\$ 2,330</u>	9.75%	5.01%

Ratio Factors

Net Assessed Valuation (2017 payable 2018)	2,416,457,221
Population - 2010 Census	101,168
South Bend Median Household Income 2016	46,489
Estimated South Bend Total Personal Income (2 x 3)	4,703,199,152

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

(2) U.S. Census Bureau, 2010 Census information (<http://factfinder.census.gov/>). 2016 information not available.

(3) U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates (<http://factfinder.census.gov/>)

City of South Bend, Indiana

**Ratio of Annual Debt Service Expenditures For
General Obligation Bonded Debt to Total
Governmental Fund Expenditures**

**Last Ten Fiscal Years
December 31, 2018**

Fiscal Year	Principal	Interest	Total Debt Service	Total Governmental Fund Expenditures	Ratio of Debt Service To Governmental Fund Expenditures
2009	-	-	-	142,962,710	0.00%
2010	-	-	-	150,758,014	0.00%
2011	-	-	-	172,397,679	0.00%
2012	-	-	-	162,460,000	0.00%
2013	-	-	-	152,889,475	0.00%
2014	-	-	-	154,300,097	0.00%
2015	-	-	-	172,658,733	0.00%
2016	-	-	-	170,976,084	0.00%
2017	-	-	-	174,542,237	0.00%
2018	426,149	288,967	715,116	186,199,998	0.38%

Source - City of South Bend Comprehensive Annual Financial Reports

City of South Bend, Indiana

**Ratio of Net General Obligation Bonded Debt to Net Assessed Valuation and
Net Bonded Debt Per Capita**

Last Ten Fiscal Years

Tax Year/ Collection Year	Population (1)	Net Assessed Value	Gross General Obligation Bonded Debt	Debt Service Monies Available	Net General Obligation Bonded Debt	Percent of Net GO Bonded Debt To Net Assessed Value	Net GO Bonded Debt Per Capita
2007/2008	104,905	\$ 2,976,080,798	\$ -	\$ -	\$ -	0.00%	\$ -
2008/2009	106,192	2,668,887,419	-	-	-	0.00%	-
2009/2010	101,168	2,453,505,573	-	-	-	0.00%	-
2010/2011	101,168	2,324,451,862	-	-	-	0.00%	-
2011/2012	101,168	2,380,874,608	-	-	-	0.00%	-
2012/2013	101,168	2,371,087,697	-	-	-	0.00%	-
2013/2014	101,168	2,209,726,672	-	-	-	0.00%	-
2014/2015	101,168	2,260,269,318	-	-	-	0.00%	-
2015/2016	101,168	2,277,169,743	-	-	-	0.00%	-
2016/2017	101,168	2,327,500,241	14,081,478	-	14,081,478	0.61%	139
2017/2018	101,168	2,416,457,221	18,737,645	-	18,737,645	0.78%	185

The City of South Bend has no General Obligation bonded debt.

(1) U.S. Census Bureau, 2010 Census information (<http://factfinder.census.gov/>). 2017 information not available.

Saint Joseph County Hotel/Motel Tax Board
Statement of Estimated Cash Flow and Debt Service Coverage

Year	Projected Hotel/Motel Tax Revenues	2011 B Century Center Refunding Bonds (1)	2013 Century Center Refunding Bonds	2015 Century Center Energy Conservation Bonds	Total Annual Debt Service	Estimated Excess Funds	Estimated Coverage
2019	4,893,930	-	395,000	162,702	557,702	4,336,228	877.52%
2020	4,942,869	-	396,500	280,090	676,590	4,266,279	730.56%
2021	4,992,298	-	397,000	285,614	682,614	4,309,684	731.35%
2022	5,042,221	-	396,500	291,274	687,774	4,354,447	733.12%
2023	5,092,643	-	395,000	297,175	692,175	4,400,468	735.75%
2024	5,143,570	-	394,500	303,221	697,721	4,445,849	737.20%
2025	5,195,005	-	396,000	309,315	705,315	4,489,690	736.55%
2026	5,246,955	-	283,500	315,561	599,061	4,647,894	875.86%
2027	5,299,425	-	84,500	321,964	406,464	4,892,961	1303.79%
2028	5,352,419	-	-	328,529	328,529	5,023,890	1629.21%
2029	5,405,943	-	-	335,259	335,259	5,070,684	1612.47%
2030	5,460,003	-	-	342,159	342,159	5,117,844	1595.75%
2031	5,514,603	-	-	349,334	349,334	5,165,269	1578.60%
2032	5,569,749	-	-	176,508	176,508	5,393,241	3155.52%
2033	5,625,446	-	-	-	-	5,625,446	n/a
Total	\$ 78,777,080	\$ -	\$ 3,138,500	\$ 4,098,705	\$ 7,237,205	\$ 71,539,875	

Source: Saint Joseph County Hotel/Motel Tax Board financial reports
City of South Bend Debt Schedules

(1) \$150,000 paid from hotel/motel tax revenue. The balance paid from City of South Bend revenue sources.

Schedule of Revenue Bond Coverage
Water Utility Bonds

Last Ten Years

Year	Gross Operating		Net Revenue	Debt Service Requirements			Debt Coverage
	Revenue	Operating Expenses (1)	Available for Debt Service	Principal	Interest	Total	
2009	13,471,890	8,838,405	\$ 4,633,485	2,481,871	754,108	\$3,235,979	143.19%
2010	13,513,995	8,560,390	4,953,605	2,605,840	937,293	3,543,133	139.81%
2011	14,032,074	9,301,552	4,730,522	2,729,925	823,265	3,553,190	133.13%
2012	14,190,243	9,021,274	5,168,969	821,847	823,944	1,645,791	314.07%
2013	13,783,701	10,665,913	3,117,788	1,241,768	809,673	2,051,441	151.98%
2014	14,373,176	10,105,709	4,267,467	1,251,588	769,025	2,020,613	211.20%
2015	14,204,285	10,651,321	3,552,964	1,319,285	732,394	2,051,679	173.17%
2016	15,091,372	12,081,699	3,009,673	977,113	623,226	1,600,339	188.06%
2017	15,283,325	11,421,026	3,862,299	1,606,652	623,909	2,230,561	173.15%
2018	16,767,283	11,766,084	5,001,199	394,873	319,700	714,573	699.89%

(1) Operating expenses exclude depreciation.

Operating revenue used to make debt service payments is obtained primarily through monthly user charges to water

Source - City of South Bend Comprehensive Annual Financial Report.

Schedule of Revenue Bond Coverage
Wastewater Utility Bonds

Last Ten Years

Year	Gross		Net Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage
	Operating Revenue	Operating Expenses (1)		Principal	Interest	Total	
2009	24,313,147	17,504,825	\$ 6,808,322	3,130,000	2,557,940	\$ 5,687,940	119.70%
2010	25,444,404	12,193,363	13,251,041	3,385,205	2,314,275	5,699,480	232.50%
2011	29,023,547	14,869,660	14,153,887	3,867,584	2,737,027	6,604,611	214.30%
2012	30,963,483	13,777,728	17,185,755	4,736,450	3,489,057	8,225,507	208.93%
2013	31,926,078	11,526,554	20,399,524	5,080,425	3,354,156	8,434,581	241.86%
2014	34,009,117	14,313,967	19,695,150	6,320,626	3,376,045	9,696,671	203.11%
2015 (3)	36,635,501	13,557,598	23,077,903	4,691,336	3,419,351	8,110,687	284.54%
2016	39,061,562	16,920,370	22,141,192	7,522,453	2,342,132	9,864,586	224.45%
2017	38,794,212	22,942,677	15,851,535	7,666,400	2,197,813	9,864,213	160.70%
2018	39,931,429	16,218,116	23,713,313	7,821,444	2,033,062	9,854,506	240.63%

(1) Operating expenses exclude depreciation.

(2) Two large Sewage Works revenue bonds were issued during 2007 with principal and interests payments beginning in 2008.

These bonds are part of the City of South Bend's long term combined sewer overflow (CSO) control plan.

(3) Sewer bonds were refunded in 2015 and the principal repayments are not included in the 2015 principal total.

Operating revenue used to make debt service payments is obtained primarily through monthly user charges to sewer customers.

Source - City of South Bend Comprehensive Annual Financial Report

Municipal Sewage Works

Annual Wastewater Flow Data

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Capacity (MGD)	48	48	48	48	48	48	48	48	48	48
Average Daily Flow	38.42	30.86	35.80	31.77	30.69	32.00	30.20	43.87	35.80	38.47
Peak Flow	68.80	62.00	72.50	63.70	62.50	68.50	57.70	67.80	62	71
Annual Flow (MG)	14,024	11,264	13,068	11,596	11,203	11,677	11,023	16,014	13,067	14,042

Number of Customers - South Bend Municipal Sewage Works

<u>Year</u>	<u>Total Number of Customers</u>
2009	36,664
2010	38,455
2011	39,027
2012	39,068
2013	39,322
2014	39,461
2015	39,763
2016	40,073
2017	40,543
2018	40,679

Source: City of South Bend Environmental Services Department

City of South Bend, Indiana

Statement of City-Owned Utility Debt

December 31, 2018

South Bend Municipal Sewage Works

Sewage Works State Revolving Fund (SRF) Loan of 2009	\$	1,920,133
Sewage Works Revenue Bonds of 2010		6,345,000
Sewage Works Revenue Bonds of 2011		15,480,000
Sewage Works Revenue Bonds of 2012		18,755,000
Sewage Works Revenue Bonds of 2013 A		4,100,000
Sewage Works Refunding Revenue Bonds of 2015		<u>19,850,000</u>
Total Sewage Utility Debt		<u>66,450,133</u>

South Bend Municipal Waterworks

Waterworks Revenue Bonds of 2009, Series A		
State Revolving Fund (SRF) Loan	\$	311,650
Waterworks Revenue Bonds of 2009, Series B		
Indiana Bond Bank		4,085,000
Waterworks Revenue Bonds of 2012		2,005,000
Waterworks Revenue Refunding Bonds of 2012, Series B		6,570,000
Waterworks Refunding Bonds of 2016		<u>2,895,000</u>
Total Water Utility Debt		<u>15,866,650</u>
Total Utility Debt	\$	<u>82,316,783</u>

Source: City of South Bend Finance Department

Estimated Debt Service Coverage Calculation of Sewage Works

December 31, 2018

Operating Revenues	\$	39,931,429
Less: Operation and Maintenance Expenses (Net of Depreciation)		<u>(16,218,116)</u>
Net Revenues Available for Debt Service		23,713,313
Estimated Combined Annual Debt Service		<u>9,148,379</u>
Coverage - \$	\$	<u>14,564,934</u>
Coverage - %		259.21%

Estimated Debt Service Coverage Calculation of Water Utility

December 31, 2018

Operating Revenues	\$	16,767,283
Less: Operation and Maintenance Expenses (Net of Depreciation)		<u>(11,766,084)</u>
Net Revenues Available for Debt Service		5,001,199
Estimated Combined Maximum Annual Debt Service		<u>3,192,871</u>
Coverage - \$	\$	<u>1,808,328</u>
Coverage - %		156.64%

City of South Bend, Indiana

Projected City of South Bend COIT Revenue

0.6% COIT Tax Rate

Levy is used to Distribute COIT

Year of Collection	St. Joseph County Projected Distribution	Projected COIT	Projected COIT Amount Available For Debt Service
2019	\$ 35,539,674	34.18%	\$ 12,148,294
2020	36,250,467	34.18%	12,391,260
2021	36,975,477	34.18%	12,639,085
2022	37,714,986	34.18%	12,891,867
2023	38,469,286	34.18%	13,149,704
2024	39,238,672	34.18%	13,412,698
2025	40,023,445	34.18%	13,680,952
2026	40,823,914	34.18%	13,954,571
2027	41,640,392	34.18%	14,233,663
2028	42,473,200	34.18%	14,518,336
		Total	\$ 133,020,430

Estimated 2% increase to COIT distributions due to improving economic conditions. Starting in 2017, COIT is part of the new Local Income Tax (LIT) category.

Source: Department of Local Government Finance (DLGF)

Projected City of South Bend CEDIT Revenue

0.4% CEDIT Tax Rate

Levy is used to Distribute CEDIT

Year of Collection	St. Joseph County Projected Distribution	Projected CEDIT	Projected CEDIT Amount Available For Debt Service
2019	28,586,914	41.39%	11,831,812
2020	29,158,652	41.39%	12,068,448
2021	29,741,825	41.39%	12,309,817
2022	30,336,662	41.39%	12,556,014
2023	30,943,395	41.39%	12,807,134
2024	31,562,263	41.39%	13,063,276
2025	32,193,508	41.39%	13,324,542
2026	32,837,378	41.39%	13,591,033
2027	33,494,126	41.39%	13,862,854
2028	34,164,008	41.39%	14,140,111
		Total	\$ 129,555,040

Estimated 2% increase to CEDIT distributions due to improving economic conditions. Starting in 2017, CEDIT is part of the new Local Income Tax (LIT) category.

Source: Department of Local Government Finance (DLGF)

Projected City of South Bend LOIT Revenue

.25% LOIT Tax Rate

Year of Collection	St. Joseph County Projected Distribution	Projected CEDIT	Projected PS LOIT Amount Available For Debt Service
2019	\$ 17,784,064	48.14%	\$ 8,560,555
2020	18,139,745	48.14%	8,731,766
2021	18,502,540	48.14%	8,906,401
2022	18,872,591	48.14%	9,084,529
2023	19,250,043	48.14%	9,266,220
2024	19,635,044	48.14%	9,451,544
2025	20,027,745	48.14%	9,640,575
2026	20,428,299	48.14%	9,833,387
2027	20,836,865	48.14%	10,030,055
2028	21,253,603	48.14%	10,230,656
		Total	\$ 93,735,689

Estimated 2% increase to PS LOIT distributions due to improving economic conditions. Starting in 2017, PS LOIT is part of the new Local Income Tax (LIT) category.

Source: Department of Local Government Finance (DLGF)

City of South Bend, Indiana

Statement of Estimated Cash Flow and Debt Service Coverage (COIT)

Year	Projected City of South Bend COIT Revenues	Redevelopment District Taxable Revenue Bonds, Series 2010	COIT Lease Rental Revenue Refunding Bonds of 2010 Lease Payments	First Mortgage Revenue Refunding Bonds, Series 2012 Lease Payments	First Mortgage Revenue Bonds Series 2013 Lease Payments	Total Lease Payments	Estimated Excess Funds	Estimated Coverage
2019	\$ 10,881,819	\$ 353,970	\$ 671,144	\$ 1,557,920	\$ 398,830	\$ 2,981,864	\$ 7,899,955	364.93%
2020	11,099,456	-	672,500	1,555,880	396,705	2,625,085	8,474,371	422.82%
2021	11,321,445	-	336,600	1,566,750	399,355	2,302,705	9,018,740	491.66%
2022	11,547,874	-	-	1,555,000	396,780	1,951,780	9,596,094	591.66%
2023	11,778,831	-	-	779,625	398,980	1,178,605	10,600,226	999.39%
2024	12,014,408	-	-	-	406,543	406,543	11,607,865	2955.26%
2025	12,254,696	-	-	-	411,493	411,493	11,843,203	2978.11%
2026	12,499,790	-	-	-	410,643	410,643	12,089,147	3043.96%
2027	12,749,786	-	-	-	414,149	414,149	12,335,637	3078.55%
2028	13,004,781	-	-	-	421,605	421,605	12,583,176	3084.59%
2029	13,264,877	-	-	-	422,742	422,742	12,842,135	3137.82%
2030	13,530,175	-	-	-	422,742	422,742	13,107,433	3200.57%
2031	13,800,778	-	-	-	427,550	427,550	13,373,228	3227.87%
2032	14,076,794	-	-	-	431,254	431,254	13,645,540	3264.15%
2033	14,358,329	-	-	-	433,925	433,925	13,924,404	3308.94%
2034	14,645,496	-	-	-	-	-	14,645,496	n/a
2035	14,938,406	-	-	-	-	-	14,938,406	n/a
2036	15,237,174	-	-	-	-	-	15,237,174	n/a
Total	\$ 233,004,914	\$ 353,970	\$ 1,680,244	\$ 7,015,175	\$ 6,193,296	\$ 15,242,685	\$ 217,762,229	1528.63%

Note: These payments include principal and interest.

Source: City of South Bend Finance Department

City of South Bend, Indiana

Statement of Estimated Cash Flow and Debt Service Coverage (CEDIT)

Year	Projected City of South Bend CEDIT Revenues	2014 St. Joseph County PSAP Revenue Bond	2015 Parks/CEDIT Bond	Total Lease Payments	Estimated Excess Funds	Estimated Coverage
2019	\$ 11,028,367	\$ 199,242	\$ 382,731	\$ 581,973	\$ 10,446,394	1895.00%
2020	11,248,934	199,460	381,131	580,591	10,668,343	1937.50%
2021	11,473,913	199,271	374,381	573,652	10,900,261	2000.15%
2022	11,703,391	199,423	372,556	571,980	11,131,412	2046.12%
2023	11,937,459	199,423	375,581	575,005	11,362,454	2076.06%
2024	12,176,208	199,314	368,381	567,696	11,608,512	2144.85%
2025	12,419,732	154,405	381,031	535,436	11,884,296	2319.55%
2026	12,668,127	155,363	373,231	528,594	12,139,533	2396.57%
2027	12,921,490	154,724	375,356	530,080	12,391,410	2437.65%
2028	13,179,919	155,298	377,181	532,479	12,647,440	2475.20%
2029	13,443,518	154,128	383,616	537,744	12,905,774	2499.98%
2030	13,712,388	154,172	384,038	538,210	13,174,179	2547.78%
2031	13,986,636	154,051	388,463	542,514	13,444,122	2578.12%
2032	14,266,369	153,630	387,175	540,805	13,725,563	2637.99%
2033	14,551,696	153,038	389,813	542,851	14,008,845	2680.61%
2034	14,842,730	153,582	391,781	545,364	14,297,366	2721.62%
2035	15,139,584	-	593,094	593,094	14,546,491	2552.65%
2036	15,442,376	-	-	-	15,442,376	n/a
2037	15,751,224	-	-	-	15,751,224	n/a
Total	\$ 251,894,061	\$ 2,738,526	\$ 6,679,541	\$ 9,418,067	\$ 242,475,994	2674.58%

Note: These payments include principal and interest.

Source: City of South Bend Finance Department

Estimated Tax Increment Revenue

Erskine Village Project

Tax Year / Collection Year	Estimated Tax Increment (1)	12/13 Net Tax Rate (2)	Estimated Tax Increment Revenue
2012/2013	\$ 1,311,129	\$ 4	\$ 1,311,129
2013/2014	9,175	-	9,175
2014/2015	19,183	-	19,183
2015/2016	-	-	-
2016/2017	-	-	-
2017/2018	-	-	-

(1) The City passed back incremental assessed value for payable year 2013.

The City will make a yearly decision on the pass back of incremental assessed value. The Redevelopment Commission released TIF for 2013 pay 2014, 2015 pay 2016, 2016 pay 2017, and 2017 pay 2018.

Source: City of South Bend Finance Department

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Year	City of South Bend Population (1)	Percent Increase/ (Decrease)	South Bend Metropolitan Area Median Family Income (2)	Percent Increase/ (Decrease)	South Bend Metro Area Total Personal Income (3) (Millions)	Percent Increase/ (Decrease)	South Bend Metro Area Per Capita Income (3)	Percent Increase/ (Decrease)	City of South Bend Median Age (4)	City of South Bend Public School Enrollment (5)	Percent Increase/ (Decrease)
2009	106,192	2.04%	43,403	-2.25%	10,581	-3.45%	33,151	-3.61%	32.3	20,451	-5.82%
2010	101,168	-4.73%	40,789	-6.02%	10,788	1.95%	33,819	2.02%	33.4	20,066	-1.88%
2011	101,168	0.00%	40,873	0.21%	11,447	6.11%	35,867	6.06%	33.3	19,467	-2.99%
2012	101,168	0.00%	40,873	0.00%	11,948	4.37%	37,505	4.57%	33.3	18,982	-2.49%
2013	101,168	0.00%	40,873	0.00%	12,196	2.08%	38,265	2.03%	33.3	19,680	3.68%
2014	101,168	0.00%	34,656	-15.21%	12,887	5.67%	40,342	5.43%	33.9	19,308	-1.89%
2015	101,168	0.00%	34,656	0.00%	13,560	5.22%	42,362	5.01%	34.0	18,680	-3.25%
2016	101,168	0.00%	34,523	-0.38%	14,074	3.79%	43,880	3.58%	34.9	18,110	-3.05%
2017	101,168	0.00%	35,758	3.58%	14,074	0.00%	43,880	0.00%	34.9	17,697	-2.28%
2018	101,168	0.00%	35,758	0.00%	14,700	4.45%	45,681	4.10%	33.4	17,225	-2.67%

Sources:

(1) U.S. Census Bureau, 2010 Census information (<http://factfinder.census.gov/>). 2017 information not available.

(2) U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates (<http://factfinder.census.gov/>)

(3) Bureau of Local Economic Analysis, South Bend-Mishawaka, IN_MI Metropolitan Area Profile (<https://www.bea.gov/>). 2017 information not available.

Personal income includes net earnings by place of residence; dividends, interest, and rent; and personal current transfer receipts received by the residents of South Bend-Mishawaka.

(4) U.S. Census Bureau, Profile of General Demographic Characteristics (<http://factfinder.census.gov/>)

(5) Indiana Department of Education, South Bend School Corporation Total Enrollment (<http://compass.doe.in.gov/>)

Metropolitan statistical area (MSA)- An area consisting of a core county or counties in which lies an urban area having a population of at least 50,000, plus adjacent counties having a high degree of social and economic integration with the core counties as measured through commuting ties.

Demographic Statistics (Continued)

Last Ten Years

Year	December South Bend Metropolitan Area Labor Force (1)	Percent Increase/ (Decrease)	December South Bend Metropolitan Area Unemployment (1)	Percent Increase/ (Decrease)	December South Bend Metropolitan Unemployment Rate (1)
2009	154,409	-3.48%	17,713	120.15%	11.47%
2010	155,045	0.41%	17,869	0.88%	11.53%
2011	155,025	-0.01%	15,582	-12.80%	10.05%
2012	151,520	-2.26%	14,085	-9.61%	9.30%
2013	150,796	-0.48%	13,021	-7.55%	8.63%
2014	152,583	1.19%	10,040	-22.89%	6.58%
2015	154,598	1.32%	7,768	-22.63%	5.02%
2016	158,279	2.38%	7,176	-7.62%	4.53%
2017	157,856	-0.27%	5,442	-24.16%	3.45%
2018	160,969	1.97%	5,988	10.03%	3.72%

Source:

(1) Bureau of Labor Statistics, Local Area Unemployment Statistics: South Bend-Mishwaka IN-MI Metropolitan Statistical Area (<https://www.bls.gov/data/>)

Metropolitan statistical area (MSA)- An area consisting of a core county or counties in which lies an urban area having a population of at least 50,000, plus adjacent counties having a high degree of social and economic integration with the core counties as measured through commuting ties.

Employment By Type and Industry

Last Ten Years

Description	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total employment	174,085	165,304	163,945	166,847	165,809	165,629	168,314	171,852	175,721	176,231
By Type:										
Wage and salary employment	144,931	135,840	134,643	136,844	136,390	136,105	138,475	141,683	144,810	145,127
Proprietors employment	29,154	29,464	29,302	30,003	29,419	29,524	29,839	30,169	30,911	31,104
Farm proprietors employment	1,331	1,329	1,340	1,342	1,305	1,310	1,303	1,295	1,292	1,277
Nonfarm proprietors employment	27,823	28,135	27,962	28,661	28,114	28,214	28,536	28,874	29,619	29,827
By Industry:										
Farm employment	1,791	1,765	1,758	1,770	1,685	1,692	1,686	1,690	1,674	1,633
Nonfarm employment	172,294	163,539	162,187	165,077	164,124	163,937	166,628	170,162	174,047	174,598
Private nonfarm employment	154,068	145,200	143,893	146,880	146,807	147,148	150,006	153,455	157,232	157,803
Forestry, fishing, and related activities	(D)	(D)	245	270	301	287 (D)	(D)	(D)	(D)	(D)
Mining	105	96	117	105	154	173 (D)	(D)	(D)	(D)	(D)
Utilities	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Construction	9,257	7,988	6,909	6,928	6,631	6,811	6,827	7,341	7,736	8,216
Manufacturing	19,324	16,516	16,280	17,619	17,655	17,139	17,523	18,098	18,444	18,670
Wholesale trade	7,962	7,057	7,168	7,250	7,097	6,870	7,265	7,477	7,678	7,064
Retail trade	19,141	18,105	17,711	17,813	17,665	17,612	17,735	17,912	18,186	17,968
Transportation and warehousing	(D)	(D)	4,332 E	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Information	2,556	(D)	2,227	2,080	2,114	2,265	2,266	2,147	2,053	1,993
Finance and insurance	7,028	6,988	6,814	7,021	6,796	6,212	6,055	6,143	6,188	6,668
Real estate and rental and leasing	6,423	6,128	5,928	6,100	5,986	6,064	6,271	6,225	6,502	6,423
Professional, scientific, and technical services	7,642 E	7,273 E	7,163 E	7,168 E	6,981 E	7,411	7,419	7,805	(D)	8,149
Management of companies and enterprises	1,218 E	1,246 E	1,306 E	1,403 E	1,513 E	2,194	2,331	2,390	(D)	2,801
Administrative and waste management services	9,111	8,108	8,524	8,356	7,912	7,785	8,142	8,169	8,657	8,442
Educational services	13,254	13,067	13,198 E	13,747	14,121 (D)	(D)	(D)	(D)	15,284	(D)
Health care and social assistance	20,339	20,882	20,332 E	21,256	21,870 (D)	(D)	(D)	(D)	23,679	(D)
Arts, entertainment, and recreation	2,839	2,655	2,625	2,811	2,767	2,809	2,749	2,742	2,852	3,132
Accommodation and food services	11,647	10,945	11,021	11,576	11,816	12,189	12,348	12,811	13,248	13,200
Other services, except public administration	10,196	(D)	9,728	10,031	10,038	9,939	10,316	10,385	10,569	10,512
Government and government enterprises	18,226	18,339	18,294	18,197	17,317	16,789	16,622	16,707	16,815	16,795
Federal, civilian	1,223	1,241	1,265	1,090	1,071	1,010	962	944	952	972
Military	1,003	1,013	1,003	1,043	1,006	990	1,002	1,023	1,005	972
State and local	16,000	16,085	16,026	16,064	15,240	14,789	14,658	14,740	14,858	14,851
State government	3,188	3,350	3,448	3,555	3,483	3,272	3,096	3,077	3,109	3,128
Local government	12,812	12,735	12,578	12,509	11,757	11,517	11,562	11,663	11,749	11,723

Source: Bureau of Local Economic Analysis (<https://www.bea.gov/>)

* 2018 information not available

1 - The estimates of employment for 2001-2006 are based on the 2002 North American Industry Classification System (NAICS), a comprehensive, industrial classification system--developed and used by the United States, Canada, and Mexico--that groups establishments according to the similarity of their production processes. The estimates for 2007-2010 are based on the 2007 NAICS. The estimates for 2011 forward are based on the 2012 NAICS.

2 - Excludes limited partners.

E The estimate shown here constitutes the major portion of the true estimate.

(D) Not shown to avoid disclosure of confidential information, but the estimates for this item are included in the totals.

Last updated: November 15, 2018-- revised statistics for 2001-2016.

Metropolitan statistical area (MSA)- An area consisting of a core county or counties in which lies an urban area having a population of at least 50,000, plus adjacent counties having a high degree of social and economic integration with the core counties as measured through commuting ties.

City of South Bend, Indiana

**Comparison of Growth Rates in Personal Income for St. Joseph County,
The State of Indiana and U.S. Personal Income**

Last Ten Years

Calendar Year	Amount in Millions		Amount in Billions	Annual Percentage Increase		
	St. Joseph Co. Personal Income	Indiana Personal Income	U.S. Personal Income	St. Joseph Co. Personal Income	Indiana Personal Income	U.S. Personal Income
2009	9,708	225,760	12,493	3.49%	4.96%	4.15%
2010	9,042	220,157	12,079	-6.86%	-2.48%	-3.31%
2011	9,144	227,692	12,460	1.14%	3.42%	3.15%
2012	10,257	256,257	13,998	12.17%	12.55%	12.35%
2013	10,395	259,524	14,175	1.35%	1.27%	1.26%
2014	10,967	269,592	14,983	5.50%	3.88%	5.70%
2015	11,657	279,704	15,711	6.29%	3.75%	4.86%
2016	11,781	289,164	16,116	1.06%	3.38%	2.58%
2017	12,472	301,008	16,820	5.87%	4.10%	4.37%
2018	12,472*	312,150	17,572	-100.00%	3.70%	4.47%
Average Annual Growth - Most Recent 5 Years				4.29%	3.67%	4.38%
Average Annual Growth - Most Recent 10 Years				3.02%	3.84%	3.84%

Source: Bureau of Local Economic Analysis (<https://www.bea.gov/>)

Note-- All dollar estimates are in current dollars (not adjusted for inflation).

Last updated: March 3, 2019-- new estimates for 2016; revised estimates for 2012-2016.

* 2018 information not available.

Principal Employers - Current and Ten Years Ago

December 31, 2017

Employer	Type of Business	2018			2009		
		Number of Employees	Percent of Total	Rank	Number of Employees	Percent of Total	Rank
Beacon Health System (Memorial) (2)	Health Care	7,088	4.40%	1	3,529	2.64%	2
University of Notre Dame	Higher Education	6,535	4.06%	2	4,596	3.44%	1
South Bend Community School Corp (2)	Public Schools	3,432	2.13%	3	3,130	2.35%	3
Indiana University South Bend	Higher Education	1,400	0.87%	4	1,259	0.94%	8
St. Joseph County	Government	1,396	0.87%	5	1,305	0.98%	7
City of South Bend	Government	1,285	0.80%	6	1,213	0.91%	9
Four Winds Casino (2)	Casino and restaurants	1,200	0.75%	7	-	0.00%	
AM General Corporation	Manufacturing/Assembly	873	0.54%	8	2,400	1.80%	5
Honeywell Aerospace (2)	Aerospace Manufacturing	850	0.53%	9		0.00%	
Press Ganey (2)	Health Care Management	688	0.43%	10		0.00%	
Saint Joseph Health System	Health Care				2,617	1.96%	4
The Diocese of Fort Wayne/South Bend	Parochial Schools				1,403	1.05%	6
Wal-Mart	Retail Store	-			1,111	0.83%	10
Total Number of Employees		<u>24,747</u>	<u>15.37%</u>		<u>22,563</u>	<u>16.91%</u>	
Total Employees - South Bend Metropolitan Area Labor Force (1)		<u>160,969</u>	<u>100.00%</u>		<u>133,433</u>	<u>100.00%</u>	

Source:

Crowe Horwath CPAs and conversations with employers

(1) Bureau of Labor Statistics, Local Area Unemployment Statistics: South Bend-Mishwaka IN-MI Metropolitan Statistical Area (<https://www.bls.gov/data/>)

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

New Construction - Number of Permits and Property Values

Last Ten Fiscal Years
(Dollar Amounts in 000's)

Year	Residential Number of Permits	Residential Value (in 000's)	Commercial Number of Permits	Commercial Value (in 000's)	Public Utility Number of Permits	Public Utility Value (in 000's)	Manufacturing Number of Permits	Manufacturing Value (in 000's)	Total Value (in 000's)	Total Value Increase/ (Decrease)
2009	48	8,467	10	29,451	1,627	28,785	-	-	66,703	-23.16%
2010	35	7,450	5	28,283	1,221	25,998	-	-	61,731	-7.45%
2011	33	6,300	14	10,737	880	20,265	1	2,023	39,325	-36.30%
2012	45	9,827	11	21,247	-	-	2	2,291	33,365	-15.16%
2013	50	15,136	8	4,954	-	-	1	160	20,250	-39.31%
2014	51	13,101	12	10,392	-	-	-	-	23,493	16.01%
2015	(1) 77	18,615	70	415,219	-	-	6	28,460	462,294	1867.79%
2016	61	15,215	22	53,622	-	-	-	-	68,837	-85.11%
2017	88	23,195	13	17,843	-	-	-	466	41,504	-39.71%
2018	92	26,069	19	41,335	-	-	-	-	67,404	62.40%

Source - Consolidated City/County Building Department

(1) - Increase in commercial construction due to major construction taking place at the University of Notre Dame.

Capital Asset and Infrastructure Statistics by Function/Program

Last Ten Fiscal Years

Function/program	As of December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	25	25	19	19	19	19	19	19	19	19
Fire										
Stations	11	11	11	11	11	11	11	11	11	11
Training Center	-	-	-	-	-	1	1	1	1	1
Rescue units	33	33	33	33	33	33	33	33	33	33
Refuse collection										
Collection trucks	21	23	23	19	19	19	19	19	-	-
Other public works										
Streets (miles)	532	532	499	525	525	525	525	525	525	525
Streetlights	2,500	2,500	2,500	2,700	2,700	3,000	3,015	3,015	3,015	3,015
Traffic signals	162	162	164	165	167	162	158	164	163	163
Parks and recreation										
Acreage	1,292	1,292	1,292	1,292	1,292	1,292	1,292	1,292	1,300	1,300
Playgrounds	23	23	23	23	23	23	23	23	23	23
Baseball/softball diamonds	27	27	27	27	27	27	27	27	27	27
Soccer/football fields	17	17	17	19	19	19	19	19	19	19
Swimming pools	2	2	2	2	2	2	2	2	2	2
Splash Pads	5	5	5	5	6	6	6	7	8	8
Community center	5	5	5	5	5	3	3	3	4	4
Water										
Water mains (miles)	560	580	582	583	584	583	583	583	586	587
Fire hydrants	5,317	5,345	5,377	5,401	5,436	5,448	5,439	5,459	5,539	5,550
Storage capacity (thousands of gallons)	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300
Wastewater										
Sanitary sewers (miles)	534	534	534	528	526	527	527	527	535	537
Storm sewers (miles)	200	127	127	133	133	133	133	155	155	155
Treatment capacity (thousands of gallons)	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000

Sources: Various city departments

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/ Program	As of December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Physical arrests	3,785	3,077	3,626	3,174	2,959	2,608	2,483	2,342	2,229	2,664
Parking violations	1,479	979	904	1,051	1,019	299	691	480	919	548
Traffic violations	11,746	14,163	4,236	7,561	2,180	1,487	4,327	6,437	4,701	2,580
Fire:										
Emergency responses	14,341	15,578	15,408	15,720	15,865	15,902	15,340	15,886	16,829	22,659
Fires extinguished	264	225	251	214	220	227	213	236	339	278
Inspections	4,205	4,233	3,553	3,325	2,273	3,133	3,778	2,148	2,522	3,525
Refuse collection:										
Refuse collected (tons per day) (1)	70	120	123	128	122	128	149	139	142	142
Other public works:										
Street resurfacing (miles)	15	20	18	17	21	22	17	20	19	21
Potholes repaired (tonnage)	629	380	332	117	691	826	526	462	363	476
Parks and recreation:										
Athletic field permits issued	700	381	227	133	93	120	113	427	142	103
Fitness Center Admissions	74,438	60,118	67,408	61,002	63,671	67,428	64,547	67,294	73,405	68,306
Water:										
New billable housing starts	194	179	144	160	242	141	108	189	214	119
Water mains breaks	87	76	60	66	80	134	99	53	45	67
Average daily consumption (thousands of gallons)	16,100	15,955	15,600	16,600	15,300	11,000	14,500	14,640	14,358	14,640
Wastewater:										
Average daily sewage treatment (thousands of gallons)	41,200	30,861	35,800	31,770	30,690	31,991	30,200	43,874	35,800	37,110

Sources: Various city departments

(1) 2007 and prior years were in cubic yards

Full-Time Equivalent City Government Employees by Department

Last Ten Fiscal Years

Department	As of December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government:										
Mayor's Office	8	7	7	6	6	7	7	6	7	7
City Clerk's Office	5	5	5	5	5	5	5	5	5	5
Common Council (elected officials, part-time)	9	9	9	9	9	9	9	9	9	9
Administration and Finance	26	26	27	22	20	21	18	26	21	23
Legal Department	9	9	9	9	10	10	12	11	10	10
Engineering & Sustainability	16	19	17	15	13	14	16	18	18	23
Safety and Risk	-	-	-	3	3	3	2	2	2	3
Human Rights	-	-	-	6	6	6	6	6	5	5
Public Safety:										
Police Department	279	293	293	291	291	295	300	287	283	283
Communication Center	37	38	35	35	33	34	-	-	-	-
Fire Department	246	255	258	249	255	257	259	268	272	262
Building Maintenance	4	3	3	-	-	-	-	3	2	4
Culture and Recreation:										
Parks and Recreation (2)	111	113	114	114	113	87	88	89	94	90
Convention and Events Management (1)	13	13	14	14	14	14	14	12	9	18
Economic Development:										
Department of Community Investment	26	26	25	24	26	25	25	23	22	24
Highways and Streets:										
Street Department	51	52	56	52	60	59	53	59	55	54
Traffic & Lighting	6	-	-	-	-	-	-	-	-	-
Enterprise Funds:										
Water Works	82	75	74	73	70	68	67	65	67	63
Wastewater	48	51	49	46	45	42	43	44	45	42
Organic Resources (formerly in Wastewater)	-	-	-	6	6	6	6	6	6	6
Sewer	33	35	36	39	34	33	30	31	38	39
Solid Waste	26	26	23	24	26	22	21	25	23	22
Building Department	15	13	13	13	14	13	13	14	14	15
Code Enforcement/Animal Care & Control	27	23	25	25	24	23	23	26	29	26
Internal Service Fund:										
311 Call Center	-	-	-	-	5	7	7	7	6	7
Innovation and Technology (3)	-	-	-	-	-	-	-	-	17	20
Central Services	39	41	41	42	43	38	36	37	40	39
Total Positions	1,116	1,132	1,133	1,122	1,131	1,098	1,060	1,079	1,099	1,099

Full-Time Equivalent City Government Employees by Department (Continued)

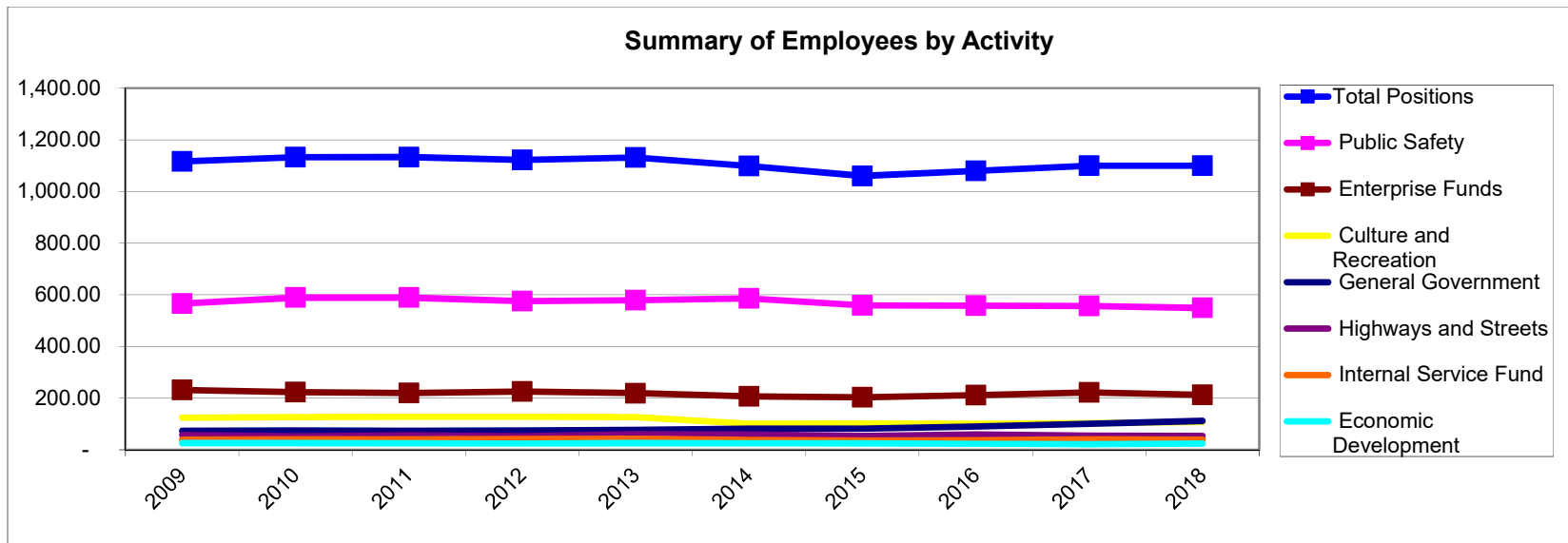
Last Ten Fiscal Years

Department	As of December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Summary by Activity										
General Government	73.00	75.00	74.00	75.00	77.00	82.00	82.00	90.00	100.00	112.00
Public Safety	566.00	589.00	589.00	575.00	579.00	586.00	559.00	558.00	557.00	549.00
Culture and Recreation	124.00	126.00	128.00	128.00	127.00	101.00	102.00	101.00	103.00	108.00
Economic Development	26.00	26.00	25.00	24.00	26.00	25.00	25.00	23.00	22.00	24.00
Highways and Streets	57.00	52.00	56.00	52.00	60.00	59.00	53.00	59.00	55.00	54.00
Enterprise Funds	231.00	223.00	220.00	226.00	219.00	207.00	203.00	211.00	222.00	213.00
Internal Service Fund	39.00	41.00	41.00	42.00	43.00	38.00	36.00	37.00	40.00	39.00
Total Positions	1,116.00	1,132.00	1,133.00	1,122.00	1,131.00	1,098.00	1,060.00	1,079.00	1,099.00	1,099.00

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.
- (2) Potawatomi Zoo employees (33) became employees of the Potawatomi Zoological Society through a public-private partnership as of January 1, 2014.
- (3) Innovation & Technology became a stand alone department in 2017; this department includes technology employees as well as business analysis.

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



Salary Rate Comparison

1990 - 2018

Year	---1st Class Patrol Officer---		---1st Class Fire Fighter---		Non-bargaining	Teamsters
	Percent	Base Salary	Percent	Base Salary		
1990	3.62%	\$ 20,071	4.74%	\$ 19,869	3.00-4.00%	.25 per hour
1991	0.92%	20,256	2.52%	20,369	3.00%	.25 per hour
1992	4.69%	21,206	2.45%	20,869	3.00%	.30 per hour
1993	0.44%	21,300	5.00%	21,912	4.24%	0.00%
1994	2.35%	21,800	0.00%	21,912	1.50% + \$300 bonus	.15 per hour
1995	4.82%	22,850	3.00%	22,569	1.50% + \$300 bonus	.30 per hour
1996	4.38%	23,850	5.00%	23,697	3.00%	.27 per hour
1997	4.19%	24,850	4.87%	24,850	3.00%	.33 per hour
1998	4.63%	26,000	0.60%	25,000	3.00%	.37 per hour
1999	3.85%	27,000	2.60%	25,650	3.25%	3.50%
2000	5.56%	28,500	9.34%	28,045	3.50%	3.50%
2001	9.74%	31,275	11.52%	31,275	3.50%	4.00%
2002	4.50%	32,682	4.03%	32,534	4.00%	4.00%
2003	5.57%	34,504	4.04%	33,850	4.00%	4.00%
2004	6.01%	36,578	5.17%	35,600	4.00%	4.00%
2005	9.36%	40,000	12.36%	40,000	4.00%	4.00%
2006	2.50%	41,000	2.00%	40,800	2.00%	4.25%
2007	2.50%	42,025	2.50%	41,820	\$750/0%	.38 per hour
2008	3.50%	43,496	3.50%	43,285	3.00%	3.00%
2009	2.20%	44,453	2.00%	44,150	2.00%	2.00%
2010	0.00%	44,453	6.80%	47,150	2.00%	2.00%
2011	11.50%	49,563	4.06%	49,066	2.00%	0.00%
2012	2.00%	50,554	2.00%	50,047	2.00%	2.00%
2013	2.50%	51,818	3.00%	51,550	2.00%	2.00%
2014	2.50%	53,113	3.00%	53,100	2.00%	2.00%
2015	2.20%	54,281	2.20%	54,268	2.00%	2.00%
2016	2.20%	55,475	2.20%	55,462	2.00%	2.00%
2017	2.50%	56,861	2.20%	56,682	2.00%	1% + 1.5% for PERF
2018	2.00%	57,998	2.00%	57,957	2.00%	1.5% INPRS Contribution

Type of Coverage		Limits of Liability	Estimated Annual Premium
Liability			
Comprehensive General Liability		Statutory	Self-Insured
Police Professional Liability		Statutory	Self-Insured
Ambulance Malpractice Liability		Statutory	Self-Insured
Premises Liability (Clay Utilities, Century Center, Parking Garages)		Statutory	Self-Insured
CGL - Stadium		Statutory	Self-Insured
Liquor Liability	1/1/18-1/1/19	\$ 1,000,000	\$ 1,963 Premium
Special Events (Arbor Day/Rum Village Aerial)	4/20/18-4/20/19	\$ 1,000,000	\$ 2,510 Premium
Crime			
Public Employee Dishonesty	12/31/18-12/31/19	\$ 1,000,000	\$ 9,205 Premium
Property			
	7/1/18-7/1/19		
All risk blanket building & contents		\$ 550,000,000	\$ 425,292 Premium
Business Income		Included in above	Included in above
Machinery Breakdown		Included in above	Included in above
Fine Arts		Included in above	Included in above
Valuable Papers & Records		Included in above	Included in above
Contractors Equipment		Included in above	Included in above
Flood Insurance - Pump station & contents	1/15/18-1/15/19	\$ 839,200	\$ 8,882 Premium
Eddy Street Commons Parking Garage	3/2/18-3/2/19		
Building & Infrastructure		\$ 36,000,000	\$ 21,833 Premium
Business Income & Rental Value		\$ 15,000,000	Included in above
Flood		\$ 25,000,000	Included in above
Earthquake		\$ 25,000,000	Included in above
Other			
	1/1/18-1/1/19		
Workers Compensation		Statutory	Self-Insured
Third Party Fee		Statutory	\$ 53,000 Fee
Excess Over Self-insured \$400,000 Retention Each Accident		Statutory	\$ 151,028 Premium/Fee

Source: City of South Bend Administration & Finance Department
Gibson Insurance Company

Police Department			
	2016	2017	2018
Authorized Officers	247	230	237
Vehicles	363	340	428
Special Officer Groups:			
K-9 Patrols	8	7	7
SWAT Team	17	18	18
NEST - Special Neighborhood Unit	9	12	12
Motorcycle Patrol Officers	7	6	8
Bomb Squad	3	3	3
Crime Prevention Officers	3	4	3
Crime Data:			
Murders	15	17	9
Rapes	70	93	66
Robbery	388	345	365
Aggravated Assault	565	611	782
Residential Burglary	955	830	685
Non-residential Burglary	286	362	350
Larceny	3,359	3,438	3,288
Auto Theft	566	469	510
Arson	47	37	47
Calls for Service	103,183	99,542	96,853
Dispatches	103,183	99,542	96,853
Miles Driven	3,137,616	3,038,700	2,993,092
Arrests	2,342	2,229	2,664

Fire Department			
Paid Department established 1887			
	2016	2017	2018
Sworn Firefighters (51 of which are Paramedics)	244	253	255
Fire Apparatus	20	20	20
Hazardous Materials Truck	1	1	1
Reserve Pumper Trucks	3	3	3
Reserve Ladder Trucks	2	2	2
River Rescue Boats	3	3	3
Ambulances	7	7	4
Neonatal (Newborn) Units	3	3	3
Fire Runs	3,421	3,582	3,894
Ambulance Runs	14,583	15,442	18,765

Department of Public Works			
	2016	2017	2018
Traffic Signals	164	163	163
Street Lights (City maintained)	3,015	3,015	3,015
Miles of Streets	525	525	525
Miles of Sidewalks	695	695	707
Miles of Alleys	398	398	398
Miles of Sanitary Sewers and Storm Drains	691	691	692
City Owned Vehicles & Related Units	1,183	1,190	1,125
Trash Picked Up Per Week (in tons)	556/wk	568/wk	568/wk
Sign Shop			
	2016	2017	2018
Work orders for sign maintenance, installation or removal	3,119	1,641	1,642
Miles of yellow and white paint	288	297	311
Pre-formed plastic arrows used for street markings	91	46	216
Crosswalk painting at intersections	487	387	220
Turn arrows in turn lanes	-	-	-
Detour routes	-	-	-
Temporary No Parking postings	462	499	512
Built Portables	-	-	-
Railroad Crossings	7	7	4
Special Signs Built	350	273	532
Barricades set up for events (# of events):	86	100	136
Block Parties	47	40	28

Sewer Utility			
	2016	2017	2018
Customers	40,043	40,543	40,680
Dry Tons of Sludge produced per year	2,704	2,397	2,565
Miles of Sanitary Sewer Lines	230	230	232
Miles of Storm Sewer Lines	155	155	155
Miles of Combined Lines (not separated)	305	305	305

Water Utility			
	2016	2017	2018
Customers/Meters	40,670	41,200	41,275
Irrigation Customers	2,973	2,907	2,905
Wells/Pumps in service	30	27	30
Pumping Capacity	53.7 m.g.d.	48 m.g.d.	40 m.p.g.
Daily Consumption	14.6 m.g.d.	14.4m.g.d.	14.6 m.g.d.
Peak Demand	26.5 m.g.d.	25.8 m.g.d.	25.1 m.g.d.
Miles of Distribution Systems	583	586	587
Fire Hydrants	5,459	5,539	5,550

South Bend International Airport

Passenger Volume:			
Year	Airline Enplanements	South Shore Train	Bus to O'Hare/Midway
2014	301,878	251,426	37,315
2015	314,300	248,506	34,394
2016	328,897	243,920	34,145
2017	305,491	260,794	33,696
2018	368,877	246,641	27,044

On average, more than 1,600 airline passengers travel through South Bend International every day.

Commercial airlines with operations at South Bend International Airport (market share):

	2017	2018
Allegiant Air	31.73%	26.98%
Delta Connection	45.79%	41.56%
United Express	20.63%	19.50%
American	-	10.24%
Charters/Nonscheduled	1.85%	1.72%
Total	100.00%	100.00%

Transpo

South Bend Public Transportation Corporation		
	2017	2018
Motor Bus (Fixed Route)		
Route Miles	291	290
Ridership	1,571,446	1,553,926
Miles of Service	1,356,792	1,420,366
Revenue Miles	1,282,475	1,361,525
Demand Response (ACCESS)		
Ridership	68,572	76,323
Total Miles	347,186	395,061
Revenue Miles	312,417	344,767

Other Transportation

43 Trucking Lines, 33 Terminals
 4 Interstate Bus Lines
 4 Major Rail Systems (freight and passenger)

Colleges and Universities

Universities and Colleges	Enrollment	
	2017	2018
University of Notre Dame	12,393	12,393
Indiana University at South Bend	5,385	5,214
Bethel College	1,650	1,650
St. Mary's College	1,600	1,600
Holy Cross College	500	500
Trine University - South Bend	78	78
Purdue Polytechnic Institute SB	150	120

Technical Colleges

	Enrollment	
	2017	2018
IVY Tech Community College *	5,694	5,547

Convention Facilities

Century Center	75,000 square feet of exhibit space 2,270 max available seating 694 seat theater
Morris Performing Arts Center	2,500 available seating
Hotels/Motels	25 Hotels/Motels 3 Bed & Breakfasts
Major hotels and meeting rooms:	
DoubleTree by Hilton	facilities to seat 600
Waterford Estates Lodge	facilities to seat 500
The Morris Inn	facilities to seat 400
Aloft	facilities to seat 150

Health Care

The City of South Bend has excellent health care access at costs below the national average and the lowest in the Midwest region. The City has one major hospital:
 Beacon Health Systems (Memorial Hospital) 525 beds

Communications

Access to:
 3 Major Television Networks: NBC (WNDU), ABC (WBND), and CBS/FOX (WSBT)
 1 Public Broadcasting Television Station (WNIT)
 2 Local Television Stations (WHME, WJSV)
 1 Major Newspaper (The South Bend Tribune)
 25 Radio Stations

Famous Residents

South Bend has been the home to the many distinguished individuals including the following persons:
 Schuyler Colfax, 17th U.S. Vice President
 John Fogerty, singer
 Michael Warren, actor
 Chad Everett, actor
 Sidney Pollack, actor/director
 Knute Rockne, football coach
 John Wooden, basketball coach
 Joe Kernan, former South Bend Mayor and Indiana Governor
 Ryan Newman, racecar driver
 Skylar Diggins, woman's basketball player

Other

- Incorporated in 1865
 - County Seat of St. Joseph County
 - South Bend officially began under the name South Hold, but the name was changed by the Post Office in 1830 to avoid confusion

with other communities that used that name. The name South Bend was used because the City is located at the southernmost point of the St. Joseph River.

- Average High Temperature:
 January 31 degrees Fahrenheit
 July 83 degrees Fahrenheit