



**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

CITY OF MISHAWAKA, INDIANA

FISCAL YEAR ENDED DECEMBER 31, 2017

DAVID A. WOOD, MAYOR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MISHAWAKA, INDIANA

For the Fiscal Year Ended December 31, 2017



CITY CONTROLLER'S OFFICE

INTRODUCTORY SECTION

CITY OF MISHAWAKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2017

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	David A. Wood	01-01-16 to 12-31-19
Controller	Rebecca S. Miller	01-01-17 to 12-31-18
City Clerk	Deborah S. Block	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Kenneth B. Prince	01-01-17 to 12-31-18
Members of the Common Council	Ronald S. Banicki Michael A. Bellovich Joe Canarecci S. Michael Compton Ross Deal Dale E. Emmons Matt Mammolenti Bryan Tanner	01-01-16 to 12-31-19 01-01-16 to 12-31-19 01-01-16 to 12-31-19 01-01-16 to 12-31-19 01-01-16 to 12-31-19 01-01-16 to 12-31-19 01-01-16 to 12-31-19 02-11-16 to 12-31-19



CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

DEPARTMENT OF FINANCE
Rebecca S. Miller, Controller
Kurtis D. Vardaman, Deputy Controller

July 26, 2018

To the Honorable Mayor David A. Wood,
Members of the Common Council, and
Citizens of the City of Mishawaka:

The Comprehensive Annual Financial Report of the City of Mishawaka, Indiana for the fiscal year ended December 31, 2017 is hereby submitted.

This report was prepared by the City Controller's Office in conjunction with the H.J. Umbaugh and Associates. Responsibility for the accuracy, completeness, and fairness of the presentation rests with the city. We believe the data as presented is accurate in all material respects and is presented fairly as set forth in the 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, 2017 and that all disclosures necessary to enable the reader to gain the maximum understanding of the city's financial affairs have been included. The financial statements of the City of Mishawaka for the year-ended December 31, 2017 are fairly presented in conformity with GAAP.

Internal control is a major part of managing a city. It is not a one-time event, but an ongoing series of actions and events that occur in a municipality. Internal controls are designed to provide reasonable but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and reliability of financial records for preparing the financial statements and maintaining accountability for assets. Reasonable assurance recognizes the cost of internal controls should not exceed the benefits to be derived, and the valuation of costs and benefits requires judgment by management.

The City of Mishawaka's accounting system is specifically designed for governmental entities and is equipped to adequately report and record financial data accurately while keeping the City compliant with laws and regulations. We believe that the City of Mishawaka's internal controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions. Policies and procedures have been put into place at the City of Mishawaka to insure the best possible performance. Key items: A written Cash Handling policy, Capital Asset policy, Computer usage policy, and periodic inventories overseen by the Controller's Office. We continue to train and review and update policies as needed.

The State Board of Accounts of the State of Indiana has issued an unqualified opinion on the City of Mishawaka's financial statements for the year ended December 31, 2017. The independent auditor's opinion is located at the front of the financial section of this report.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City of Mishawaka's MD&A may be found immediately following the report of the independent auditors. The following pages of this transmittal letter include a general overview of the City of Mishawaka with discussion on the economic condition of the city also including present and future goals of the City.

CITY PROFILE

The City of Mishawaka was incorporated as a city in 1899. The City of Mishawaka is located in the north central part of the State of Indiana. Mishawaka is approximately 100 miles east of Chicago and 140 miles north of Indianapolis. The city currently occupies a land area of approximately 18.01 square miles and serves a population of 48,252 (2010 Census). The central government of the city consists of the Mayor (chief executive officer) and a nine-member Common Council, six members of which are elected by districts each serving a four-year term. The City of Mishawaka also elects a City Clerk.

The City of Mishawaka provides a full range of services, including police and fire protection, maintenance of highways, streets and other infrastructure, economic redevelopment, and recreational activities. Other services provided are a municipal utility that includes electric, wastewater and water services.

The City of Mishawaka component units are composed of the Mishawaka Building Corporation and the Local Public Improvement Bond Bank. The Mishawaka-Penn Public Library, Mishawaka School City and the Mishawaka Housing Authority have been determined to be separate reporting entities.

The annual budget serves as the foundation for the City of Mishawaka's financial planning and control. Budgetary controls are maintained at the fund level. The Mishawaka City Council is required to adopt a final budget by no later than October 31st of each year. Budget to actual comparisons demonstrate how actual revenues and expenses/expenditures compare to both the original and final revised budgets. The following schedule identifies where these comparisons can be found.

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ECONOMIC CONDITION

The City's major challenges are to provide the infrastructure, services and public safety needed to maintain the quality of life, which has attracted considerable growth to our city. The economic condition and outlook of the government continues to show stable growth and vitality. The City of Mishawaka is a growing community with a highly diversified economic base. To maintain the attractiveness of the City of Mishawaka we must balance our support systems with our quality of life amenities.

The City of Mishawaka has continued to grow in a steady and orderly fashion. Long-term investments continue to be made in our infrastructure and then maintained. Over the past five years, circuit breaker property tax caps have reduced the City's revenue. With the downturn of the economy 2009, followed by the tax caps, the City of Mishawaka has and continues to make the hard decisions necessary to maintain a balanced budget. Despite these challenges, the citizens expect such services as street sweeping, leaf collections, and public safety to keep our neighborhoods clean, safe, and an attractive place to live.

The City of Mishawaka has access to the Indiana toll road, U.S. Highways 6, 20, 31 and several state highways. The City also has access to an international airport, which is the second busiest airport in Indiana and the first in the country that is a tri-modal airport, with air, rail and bus lines.

Mishawaka's 2000 Census population was 46,557, and the population of Mishawaka increased to 48,252 or 3.6% according to the 2010 U.S. Census. Steady job growth and population growth have contributed to the stability of the community. As of December 2017, the South Bend/Mishawaka area unemployment rate was 3.6% compared to 4.6% in 2016. The South Bend/Mishawaka area overall resident employment remains flat at 133,266 for 2017 compared to 134,570 in 2015.

Locally there are several colleges with over a 22,000 combined student population. These universities and technical schools include Bethel College in Mishawaka, the University of Notre Dame, Indiana University South Bend, Saint Mary's College and Ivy Tech Community College.

The largest employers in Mishawaka are in the Health, News and Information and Education. The St. Joseph Regional Medical Center employs approximately 2,900 people, PHM Schools an estimate of 1,469 and the AM General Corporation employs approximately 1,200 people.

The total estimated value of new construction permits in Mishawaka during 2017 was \$136.4 million. Residential permits totaled \$17.1 million, commercial permits totaled \$96.9 million, and multi-family permits were \$22.3 million. Highlighting the 2017 building season was the \$34 million permit for the Mill at Ironworks Project being constructed by Flaherty & Collins.

In 2017, 21 new commercial permits, and 114 commercial alterations/additions were issued and new single-family housing increased by 50% from 36 to 78. Although the City of Mishawaka is benefiting from long-term strategic planning, the housing market is still lower than the prerecession year of 2007 where there were 112 permits pulled for single-family homes. Over the next few years, the City anticipates the continued transformation of longstanding retail centers, as well as, scattered new-site construction. Retail sales in Mishawaka totaled \$1.8 billion according to a 2007 survey of market data by the U.S. Census Bureau. The Mishawaka area is northern Indiana’s retail hub bringing in new national retailers every year like Whole Foods, Costco, and Fresh Thyme Market, and the trend is expected to continue.

The City of Mishawaka annexed 8.3 acres of land in 2017.

In 2017 the City of Mishawaka continues to experience business retention and neighborhood revitalization.

59 tax abatements have been issued by the City of Mishawaka since 1986 for 40 different companies. Only twelve tax abatements were outstanding at the end of 2017.

ECONOMIC INDICATORS	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Population	48,252	48,252	48,252	48,252	48,252
Assessed Value (billions)	1.39	1.34	1.37	1.30	1.30
Dollar Value of Building Permits (millions)	136.4	98.4	5.2	\$67.8	53.3
Building Permits – New Housing	78	36	47	43	39
Labor Force (St. Joseph County)	133,266	130,912	134,570	129,684	127,545

Sources: Bureau of Labor Statistics, US Census Bureau.

MAJOR INITIATIVES/PROGRAMS

The following initiatives, some new and some on-going are briefly outlined to indicate the challenges and opportunities related to development currently facing the City.

Maintaining the City’s long-term financial health is the number one priority for the year 2017 and beyond. Trying to control property taxes and still maintaining the services that are required will be a difficult process in the years to come. In 2007, legislation was passed to cap residential property tax at one percent by the year 2010. This legislation has put a burden on municipalities as revenues continue to decline and expenses increase. In 2009, St Joseph County implemented a new Local Option Income Tax, this tax helped to fund Public Safety needs beginning in 2013 and will also help fund any future capital needs for public safety.

The City’s neighborhood stabilization plan continues to be implemented in 2017. The Mishawaka Code Enforcement Department assists the Community Development Department in providing them with the locations of vacant properties. Many vacant properties have been demolished and replaced with single-family homes. The overall appearance in older neighborhoods has greatly improved and will continue to improve.

One of the largest projects completed in 2013 is the Capital Avenue/SR 331 urban expressway. This highway connects two major roadways, the Indiana Toll Road (Interstate 80/90) and US Highway 20. This roadway opens up important economic development opportunities in the corridor. In 2014 the Fir/Capital Connector was started with a completion date in 2015. This connector will be a gateway into the city from Capital Avenue at the Toll Road Interchange.

Twelfth Street/Harrison Road widening continues on this east-west corridor. The next phase to be completed is from Capital Avenue to Merrifield Avenue. This busy road connects the highly populated eastern city limits to Union Street near downtown Mishawaka.

The City is continuing to develop a countywide Geographic Information System (GIS). Several strategic plans for improvement have been finalized. The entire application data has been moved to a faster server and the software version has been updated at the workstation level. The GIS computer technology combines mapping and information stored as data that can be collated and retrieved by location. The benefits include improved regional planning and intergovernmental communication; enhanced access and coordination of vital information for police, fire and EMS; soil, drainage and topography can be layered over parcels to provide quick site analysis, immediate and easy access to infrastructure, utilities and drainage data; and land use management.

The consolidation of the TIF districts into a single district continues to be very beneficial as it provides funding to projects that otherwise would not have a funding source. Highlighting the TIF area in downtown is the Mill at Ironworks mixed use development at Beutter Park. This \$42 million project is the result of Regional Cities grant, city, and private development funding.

The Mishawaka Riverwalk continues to be expanded. The City of Mishawaka Riverwalk connects neighborhoods and parks while also taking advantage of the view of the St. Joseph River. This access adds value to existing homes and neighborhoods. The next phase is on the east end connecting the Cedar Street Bridge.

The Park Department is currently analyzing all of its facilities and evaluating where activities are best located. Mary Gibbard Park on the city's west side is undergoing a transformation based on ideas from area schoolchildren. Twin Branch Park has its next phase of improvements scheduled for 2018.

In 2008, the City of Mishawaka created its own Local Bond Bank. Over the last few years, the bond bank has funded a citywide energy plan, the purchase of a Sewer Vac, the construction of a new fire station, and a TIF Bond issue for improvements at the Battell Center. In 2017, the city continued to make use of the Local Bond Bank by purchasing an Ambulance, Fire Truck, and implementing a new records management system at the Mishawaka Police Department. The creation of the Bond Bank has saved the City thousands of dollars in interest expense since its inception.

INDEPENDENT AUDIT

Indiana state statute IC 5-13-1 requires each municipality to be audited by the State Board of Accounts, an agency of the State of Indiana. This requirement has been satisfied and the auditor's opinion has been included in this report.

AWARDS AND ACKNOWLEDGEMENTS

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 Mishawaka for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2016. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government 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. The City of Mishawaka has received a Certificate of Achievement for the last 31 consecutive years (December 31, 1986 – December 31, 2016). We believe 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.

The preparation of this report was made possible by the dedicated staff of the Controller's Office. I would like to thank Martha Harper, Area Supervisor for the State Board of Accounts, and the Area Field Examiner John Pajakowski for their assistance and encouragement. Acknowledgment should also go to Mayor David A. Wood and the members of the Mishawaka Common Council for their interest and support in planning and conducting the financial operations of the City.

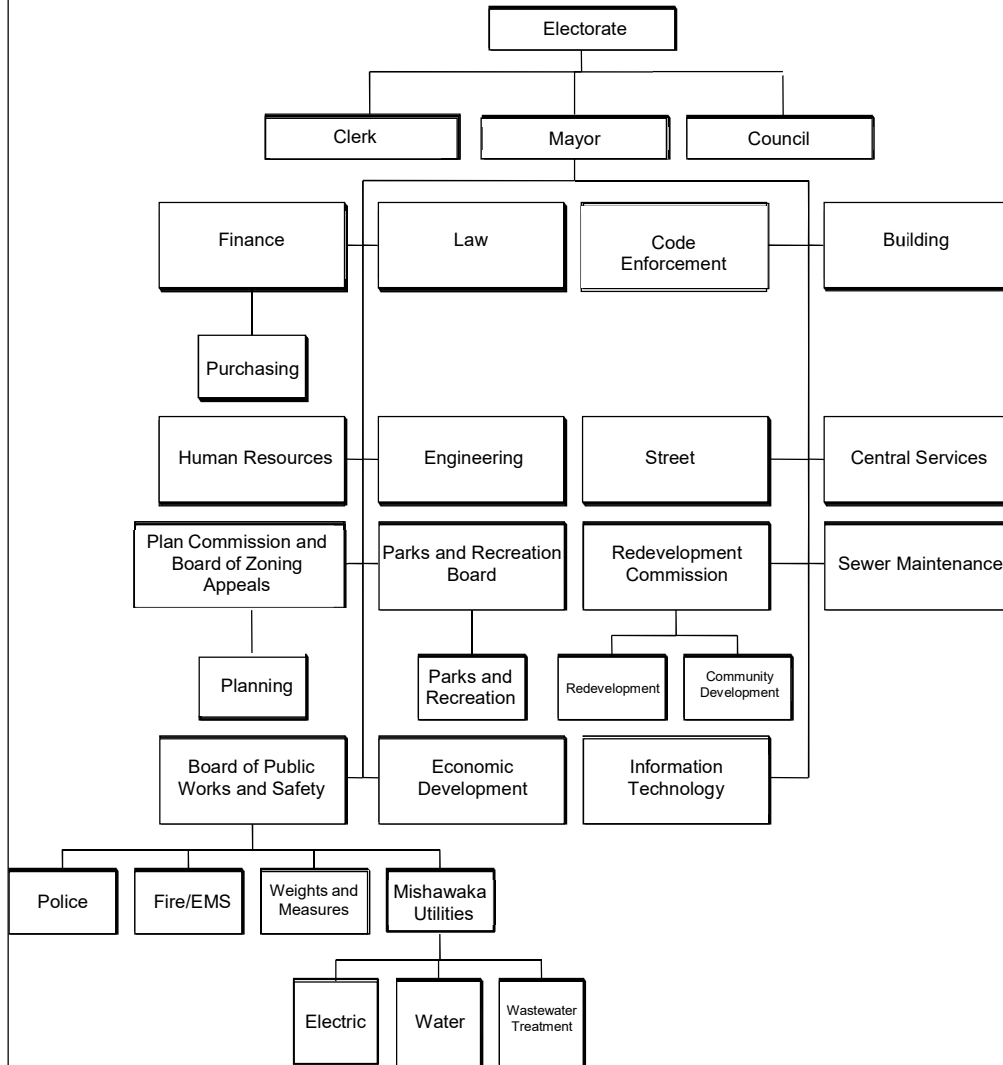
Respectfully submitted,



Rebecca S. Miller
City Controller

Staff: Kim Hill
Amber Robinett
Shellie Lentz
Melanie Wroblewski
Kurt Vardaman
Kayla Yoder

Mishawaka City Government





Government Finance Officers Association

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Indiana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO



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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF MISHAWAKA, ST. JOSEPH COUNTY, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mishawaka (City), as of and for the year ended December 31, 2017, 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. 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mishawaka, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule, Budget/GAAP Reconciliation, Schedule of Funding Progress, Schedules of the City's Proportionate Share of the Net Pension Liability, Schedules of Changes in Net Pension Liability and Related Ratios, Schedules of City Contributions, and Schedule of Investment Returns, 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 Introductory Section, combining and individual fund financial statements and schedules, and the Statistical Section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Combining Balance Sheet, Combining Statement of Revenues, Expenditures, and Other Changes in Fund Balances, Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, Combining Statement of Fiduciary Net Position, and Combining Statement of Changes in Fiduciary Net Position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Balance Sheet, Combining Statement of Revenues, Expenditures, and Other Changes in Fund Balances, Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, Combining Statement of Fiduciary Net Position, and Combining Statement of Changes in Fiduciary Net Position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

July 23, 2018

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City of Mishawaka, Indiana
Management Discussion and Analysis
For the year ended December 31, 2017

As management of the City of Mishawaka, we offer the readers of the City of Mishawaka's financial statements this narrative overview and analysis of the financial activities of the City of Mishawaka for the calendar year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our basic financial statements and notes to the financial statements to enhance their understanding of the City of Mishawaka's financial performance.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the Transmittal Letter, City's financial statements, and the other Required Supplemental Information ("RSI") that is provided in addition to this MD&A.

Financial Highlights

- The government's total net position increased by \$23,356,267. Of this amount, governmental activities net position increased by \$9,236,285 and business-type activities increased by \$14,119,982.
- As of the close of calendar year 2017, the City of Mishawaka's governmental funds reported combined ending fund balances of \$58,011,940, an increase of \$15,932,054 from the prior year.
- At the end of 2017, the unassigned fund balance for the General Fund was \$5,984,251 (17.3 percent of General Fund Expenditures) compared to \$4,717,765 for 2016 which was about 15.6 percent of total 2016 General Fund expenditures.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Mishawaka's basic financial statements. Those statements are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated in columns, which add to a total for the Primary Government.

The Statement of Net Position presents information on all of the City of Mishawaka's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Mishawaka is improving or deteriorating.

Component units, which are other governmental units over which the City of Mishawaka may exercise influence and/or be obligated to provide financial subsidy, are presented as a separate column in the government-wide statements and as individual activities in the fund financial statements.

The Statement of Activities presents information showing how the government's net position changed during the most recent calendar year. All changes in net position are recorded in the period in which the underlying event takes place, which may differ from the period in which the cash is received or disbursed. The statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and business-type activities net of the related revenues, as well as a separate presentation of revenues available for general purposes.

Both of the government-wide financial statements distinguish the functions of the City of Mishawaka that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Mishawaka include general government, public safety, highways and streets, sanitation, community development, culture and recreation, and interest on long-term debt. The business-type activities of the City of Mishawaka include a water, wastewater, and electric utility. The major governmental activities of the City of Mishawaka consist of General Government (General Fund), the Consolidated Tax Increment Finance (TIF) Fund and the construction fund for the 2017 economic development project.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and reporting of resources that are segregated for specific activities or objectives. The City of Mishawaka, 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 Mishawaka are divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The focus is on Major Funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the calendar year. Such information may be useful in evaluating a government's near-term financing requirements. Governmental funds use the modified accrual basis of accounting.

General Government Revenues

The following schedule presents a summary of general revenues for the year ended:

<u>Revenues</u>	<u>2017 Amount</u>	<u>% of Total</u>
Taxes: General Property	\$40,809,464	59.20%
Licenses and permits	663,407	0.96%
Intergovernmental	19,560,487	28.38%
Charges for services	6,957,876	10.09%
Fines and forfeits	25,743	0.04%
Interest	474,960	0.69%
Sales and Use of Property	69,063	0.10%
Gifts and Donations	123,144	0.18%
Other	250,566	0.36%
Totals	<u>\$ 68,934,710</u>	<u>100.00%</u>

As shown above, the City of Mishawaka’s single largest source of revenue is generated by property taxation. This revenue is based on a relationship between assessed property valuation of industrial, commercial, and residential parcels, both real and personal, and the application of a tax rate to arrive at the total levy. Taxable property is assessed at 100 percent of the true tax value.

The City of Mishawaka has the ability through the State of Indiana to increase its general property tax levy by a maximum of 5 percent. In 2017, the increase was 3.8 percent. The above property tax revenue includes taxes collected on behalf of the following funds: General fund, Consolidated TIF, Park and Recreation fund, Motor Vehicle Highway fund, Cumulative Capital Development fund, Cumulative Sewer fund, various capital projects funds for the City of Mishawaka’s Redevelopment Tax Incremental Financing (TIF) funds, and a special levy to cover debt service on general obligation bonds. Approximately 66.7 percent of the General Fund’s 2017 total revenue was derived from property taxes, the Consolidated TIF Fund derived 98.4 percent of its revenue from property tax, and the Other Governmental Fund’s property tax percentage was 20.5 percent of total revenue.

Local Income Taxes (LIT) were established to support the purpose of taking the tax burden away from homeowners. The years of distribution listed are on a cash basis, not accrual. Intergovernmental revenue primarily consists of LIT directed toward general uses, economic development and public safety. Economic development LIT was originally enacted on July 1, 1995 at one-tenth of a percent (0.1 percent) but was then increased by ordinance beginning in 1998 to two-tenths of a percent (0.2 percent) and in 2009 it was increased to its maximum of (0.4 percent). In 2017 the former Economic Development Income Tax (EDIT) was combined into a single Local Income Tax (LIT), The City received \$3,364,145, \$3,233,002 and \$3,619,204 of economic development LIT for the years 2015, 2016, and 2017 respectively. General use LIT traces back to the former County Option Income Tax that was enacted in July of 1997 at two-tenths of a percent (0.2 percent) and increased yearly by one-tenth of a percent (0.1 percent) to a maximum of six-tenths of a percent (0.6 percent). In 2017, COIT was combined into the single LIT. The City received \$2,986,013, \$3,129,540 and \$3,500,515 of general purpose income tax distributions for the years 2015, 2016, and 2017 respectively. In October of 2009 a Public Safety Local Option Income Tax was enacted at .25 percent. The Public Safety LOIT was combined into the Local Income Tax in 2017. The public safety directed Local Income tax received by the City was \$2,285,289, \$2,288,352 and \$2,549,672 for the years 2015, 2016, and 2017, respectively. Other intergovernmental revenue includes alcoholic beverage tax, wheel tax, vehicle excise tax, and cigarette tax. User fees are analyzed each year with future increases to be implemented to help shift some of the burden of taxation.

General Government Expenditures

The following schedule presents a summary of general government expenditures for the year ended December 31, 2017.

<u>Expenditures</u>	<u>2017 Amount</u>	<u>% of Total</u>
General Government	\$ 7,838,212	12.29%
Public Safety	29,839,293	46.81%
Highways and Streets	8,681,836	13.61%
Infrastructure	5,071,987	7.95%
Sanitation	2,347,987	3.68%
Culture and Recreation	5,326,143	8.35%
Community Development	4,090,373	6.41%
Debt service	574,741	0.90%
Totals	<u>\$ 63,770,572</u>	<u>100.00%</u>

The City of Mishawaka breaks its general government expenditures into six operating categories: general government, public safety, highways and streets, sanitation, culture and recreation, and community development. Combined in the expenditure totals are also capital outlays which are listed separately on the statement of revenues, expenditures, and changes in fund balances for governmental funds. Debt service is also listed separately in the report. As you can see in the above summary, Public Safety has the highest total of expenditures at \$29,839,293 or 46.81 percent of the total expenditure. Highways and Streets are at 13.61 percent and General Government at 12.29 percent. Data for each non-major fund is provided in the form of combining statements elsewhere in this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Mishawaka's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Mishawaka maintains 34 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, Consolidated TIF, and 2017 Bonds Construction Fund all of which are considered to be major funds. Data from the other funds are combined and presented in one column labeled Nonmajor Governmental Funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Mishawaka adopts an annual appropriated budget for the majority of its funds. A Budgetary Comparison Schedule has been provided for the General fund to demonstrate compliance with the budgets as Required Supplementary Information.

Proprietary funds: Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Information is provided separately in the Statement of Net Position - Proprietary Funds and Statement of Revenues, Expense, and Changes in Fund Net Position - Proprietary Funds for the electric, water, and wastewater utilities which are considered major funds. Proprietary funds use the accrual basis of accounting. The City of Mishawaka maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Mishawaka maintains three enterprise funds to account for its electric, water and wastewater utilities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Mishawaka's various functions. The City of Mishawaka uses an internal service fund to account for its self-funding group health insurance. Because these services predominantly benefit governmental rather than business-type activities, it has been included within the governmental activities in the government-wide financial statements but is combined into an aggregated presentation in the proprietary fund financial statements.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City of Mishawaka. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Mishawaka's own operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Mishawaka's fiduciary duties are accounted for in trust funds. The primary trust funds are the 1925 Police Pension, 1937 Firefighters' Pension, and Utility Pension funds.

Pension Trust Fund Operations

Most City of Mishawaka employees are covered by the Public Employees Retirement Fund (PERF) and the 1977 Police Officers' and Firefighters' Pension Fund, both administered by the State of Indiana. 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 Pension and the 1937 Firefighters' Pension Plans. These two plans are administered by the Local Pension Board. This group of police officers and firefighters are continuing to decline, both as a total member and as a percentage of total payrolls of both the police and fire departments and of the City as a whole. In 2009, the State of Indiana took over the funding of the 1925 Police and 1937 Fire Pension Plans. This funding will be paid directly to the City of Mishawaka through the State of Indiana Pension Relief Fund.

The Utility Pension Plan covers all the City of Mishawaka's utility workers except for sewer employees who are covered by PERF. The Utility Pension Plan is administered by the City of Mishawaka's Board of Works and provides retirement, disability, and death benefits to plan members and beneficiaries. Funding requirements are established by the plan administrator. Currently, employees are not required to make any contributions to the plan. The Utility Pension Plan is funded by revenue received from utility services.

Notes to the Financial Statements

The notes provide additional information that is essential to 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, this report also provides certain required supplementary information. The combining statements referred to earlier in connection with non-major governmental funds and fiduciary funds are presented immediately after the required supplementary information. Also, included are budget comparisons for governmental funds other than the General fund, the Consolidated TIF, and the 2017 Bonds Construction Fund which are major funds.

Government-Wide Financial Statement Analysis

Summary of Net Position – The following table reflects a summary of Net Position compared to the prior year.

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 62,954,645	\$ 46,982,571	\$ 49,933,547	\$ 39,082,598	\$ 112,888,192	\$ 86,065,169
Capital assets	232,232,286	225,616,571	212,663,411	202,650,010	444,895,697	428,266,581
Total assets	<u>295,186,931</u>	<u>272,599,142</u>	<u>262,596,958</u>	<u>241,732,608</u>	<u>557,783,889</u>	<u>514,331,750</u>
Deferred outflows of resources	6,269,039	8,366,786	2,645,866	3,111,938	8,914,905	11,478,724
Long-term liabilities	88,685,187	76,983,067	92,209,392	86,321,428	180,894,579	163,304,495
Other liabilities	3,316,563	3,381,800	8,262,023	9,134,733	11,578,586	12,516,533
Total liabilities	<u>92,001,750</u>	<u>80,364,867</u>	<u>100,471,415</u>	<u>95,456,161</u>	<u>192,473,165</u>	<u>175,821,028</u>
Deferred inflows of resources	4,325,980	4,709,106	2,601,268	1,338,226	6,927,248	6,047,332
Net position:						
Net Investment						
In capital assets	222,065,507	218,989,656	143,482,938	126,947,050	365,548,445	345,936,706
Restricted	15,126,462	-	23,876,193	10,524,235	39,002,655	10,524,235
Unrestricted	(32,063,729)	(23,097,701)	(5,188,990)	10,578,874	(37,252,719)	(12,518,827)
Total net position	<u>\$ 205,128,240</u>	<u>\$ 195,891,955</u>	<u>\$ 162,170,141</u>	<u>\$ 148,050,159</u>	<u>\$ 367,298,381</u>	<u>\$ 343,942,114</u>

Normal Impacts

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Current and other assets consist mainly of cash, investments, and receivables from property taxes, intergovernmental sources, and interest. Capital assets include land, improvements to land, construction in progress, buildings and improvements, equipment, and infrastructure such as roads, and sidewalks and curbs. Deferred outflows include deferred amounts from refunding of debt, utility ratemaking expenses and pension costs. Long-term liabilities consist mainly of notes and loans payable, bonds payable, and capital leases. Other liabilities include accounts payable, accrued payroll, customer deposits, and taxes payable.

Borrowing of capital will increase current assets and long-term debt. Spending borrowed proceeds on new capital will reduce current assets and increase capital assets. Spending of non-borrowed current assets on new capital will reduce current assets and increase capital assets and will reduce unrestricted net position and increase net investment in capital assets. Principal payment on debt will reduce current assets and reduce long-term debt and reduce unrestricted net position and increase net investment in capital assets. Reduction of capital assets through depreciation will reduce capital assets and net investment in capital assets.

Current Year Impacts

At December 31, 2017, the City of Mishawaka's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$367,298,381 an increase of \$23,356,267 from the previous year. The largest portion of the City of Mishawaka's net position reflects its net investment in capital assets of \$365,548,445.

At year end the City of Mishawaka's net position was \$367,298,381. This amount is made up of \$365,548,445 of net investment in capital assets (e.g. land, buildings, machinery, and equipment); \$39,002,655 of assets with external restrictions upon its use; and (\$37,252,719) of unrestricted assets for future use as directed by management.

Summary of Changes in Net Position

The following table reflects the changes in net position compared to prior year:

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program revenues:						
Charges for services	\$ 8,356,586	\$ 7,813,037	\$ 90,555,806	\$ 84,066,387	\$ 98,912,392	\$ 91,879,424
Operating grants and contributions	1,321,851	3,038,523	-	-	1,321,851	3,038,523
Capital grants and contributions	5,738,877	5,382,141	-	-	5,738,877	5,382,141
General revenues:						
Property taxes	40,963,002	41,045,625	-	-	40,963,002	41,045,625
Other taxes	7,664,745	4,314,643	-	-	7,664,745	4,314,643
Grants and contributions not restricted to specific programs	4,296,981	3,964,503	-	-	4,296,981	3,964,503
Unrestricted investment earnings	474,959	244,416	338,132	233,708	813,091	478,124
Other revenue	271,249	467,742	-	-	271,249	467,742
Total revenues	69,088,250	66,270,630	90,893,938	84,300,095	159,982,188	150,570,725
EXPENSES						
General government	7,475,939	6,984,185	-	-	7,475,939	6,984,185
Public safety	31,631,819	24,360,149	-	-	31,631,819	24,360,149
Highways and streets	11,945,887	10,888,630	-	-	11,945,887	10,888,630
Sanitation	2,347,987	1,898,990	-	-	2,347,987	1,898,990
Community Development	2,601,936	2,435,052	-	-	2,601,936	2,435,052
Culture and recreation	4,359,038	4,440,140	-	-	4,359,038	4,440,140
Interest on long-term debt	266,106	104,744	-	-	266,106	104,744
Water utility	-	-	7,107,941	7,347,111	7,107,941	7,347,111
Wastewater utility	-	-	12,595,663	13,064,822	12,595,663	13,064,822
Electric utility	-	-	56,293,605	59,451,069	56,293,605	59,451,069
Total expenses	60,628,712	51,111,890	75,997,209	79,863,002	136,625,921	130,974,892
Changes in net position						
before transfers	8,459,538	15,158,740	14,896,729	4,437,093	23,356,267	19,595,833
Transfers	776,747	(4,877,358)	(776,747)	4,877,358	-	-
Change in net position	9,236,285	10,281,382	14,119,982	9,314,451	23,356,267	19,595,833
Net Position-Beginning	195,891,955	185,610,573	148,050,159	138,735,708	343,942,114	324,346,281
Net Position-Ending	\$ 205,128,240	\$ 195,891,955	\$ 162,170,141	\$ 148,050,159	\$ 367,298,381	\$ 343,942,114

Normal Impacts

Revenue: When comparing revenue, economic conditions can reflect a declining, stable, or growing environment and may have a great impact on property, sales, gas, and other taxes, as well as, public spending for building permits, user fees, and volumes of consumption. While certain tax rates are set by statute, the City Council has the authority to impose and increase or decrease rates (utility charges, user fees, permits, etc.). Certain recurring revenues (block grants, state sharing, etc.) may experience changes periodically while others (or one-time) grants are less predictable and may often distort revenue comparisons from year to year.

Expenses: Within certain expense categories (Police, Fire, Parks and Recreation, etc.), programs added or deleted from year to year may change to meet community needs. Staffing needs may change from year to year to meet the changes in services. Staffing costs (salaries and benefits) represent 76.1 percent of the City's primary government operating cost. Some functions may experience unusual changes due to the specific cost (fuel, chemicals, etc.)

Current Year Impacts

Governmental Activities

Net position of the governmental activities increased from 2016 to 2017 by \$9,236,285.

Charges for services revenue increased by \$543,549.

Operating grants and contributions decreased by \$1,716,672.

Capital grants and contributions increased by \$356,736.

Grants and contributions not restricted to specific programs increased in 2017 by \$332,478.

Overall, property tax revenue decreased by \$82,623. Revenue was less than budgeted due to circuit breaker losses and to a smaller extent, taxpayer delinquencies.

Unrestricted investment earnings increased by \$230,543.

Other revenue decreased by \$196,493.

Governmental expenses increased by \$9,516,822 or 19 percent. The net increase resulted from increased spending for public safety, general government, sanitation, community development, interest on long-term debt, and highways and streets.

Business-Type Activities

Business-Type Activities net position increased by \$14,119,982.

Overall, utility revenues increased in 2017 by \$6,593,843. This is primarily due to power cost tracking factor adjustments in the electric utility being passed on to customers.

The expenses of the Business-Type activities decreased \$3,865,793 from 2016 or -4.8 percent. The changes are primarily attributable to normal changes in the costs of providing service to customers.

Fund Financial Statement Analysis

As noted earlier, the City of Mishawaka uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Mishawaka can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

The focus of the City of Mishawaka's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Mishawaka's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the calendar year.

As of the end of the current calendar year, the City of Mishawaka's governmental funds reported combined ending fund balances of \$58,011,940, an increase of \$15,932,054 from the prior year. The City of Mishawaka's long term focus is to match annual service costs with available revenues.

The General fund had an increase in fund balance of \$1,028,538, and the Consolidated TIF fund had an increase of \$5,487,277. Due to Circuit Breaker losses, prudent and conservative spending continues to be emphasized in the General Fund (and all other tax supported funds) to ensure both fiscal and operational accountability to citizens, review bodies and creditors.

Eight funds had lower fund balances at 2017 year end. Of note, the LOIT Special Distribution fund decreased \$1,129,750. As planned these funds were used for the City's match for Community Crossings – the State's program to assist local governments in road and infrastructure needs. The Rainy Day fund decreased by \$310,396 as these funds were used to offset Circuit Breaker losses in the Park Fund. Finally, the CEDIT Fund decreased \$247,507 due to planned capital outlays authorized from this funding source.

A loss of property tax revenue (Circuit Breaker) had an effect on the fund balances as a whole. The 2017 final tax settlement was a net 87.4% percent of revenues with a shortage of \$4,093,393. Overall the City of Mishawaka has very prudent spending philosophies and will continue this in the future. Individual fund data for each of the non-major governmental funds is provided in the form of the combining statements in the Supplemental Information portion.

The General fund is also the chief operating fund of the City of Mishawaka. As of December 31, 2017, the unassigned fund balance was \$5,984,251, and the total fund balance in the General fund was \$6,316,969, an increase of \$1,028,538 from 2016. Each year the City of Mishawaka works hard to stay within budget estimates and demonstrate prudent spending.

As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17.3 percent of the total General fund expenditures. The total grows to 19.1 percent when total fund balance is compared to General fund expenditures.

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

Proprietary Funds

The City of Mishawaka's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The water, wastewater, and electric utilities all saw an increase in their net positions in 2017. The total net position for the City of Mishawaka's enterprise funds were increased by \$14,119,982. Of this, net investment of capital assets increased by 16,535,888, restricted increased by \$13,351,958 and unrestricted net position decreased by \$15,767,864. Overall current and other assets increased by \$20,864,350. The total liabilities for the enterprise funds had an increase from 2016 of \$5,015,254.

The Internal Service Fund unrestricted net position was \$(274,024).

The basic proprietary fund financial statements are found later in this report.

Fiduciary Funds

The City of Mishawaka's fiduciary funds are used to account for resources held for the benefit of parties outside the government. The basic fiduciary funds financial statements can be found later in this report.

General Fund Budgetary Highlights

The City of Mishawaka adopts an annual appropriated budget for its General fund. A Budgetary Comparison Schedule has been provided for the General fund to demonstrate compliance with this budget. The final budget was more than the original budget by \$680,723. An amended original budget can be explained by an encumbrance rollover, a current year budget increase, or a reduction in budget by the state. In 2017, the submitted budget to the state was increased with encumbrances from 2016 by \$332,718. A budget adjustment of \$680,723 was necessary to cover the necessary expenses of the City and to account for the following infrequent items. When insurance proceeds for accidents or grant money is received for police overtime, the corresponding lines are reimbursed. The General fund budget is reviewed throughout the year and amended from time to time with the approval of the City Council.

The City of Mishawaka tries to maintain its original budget by transferring funds from one account line to another. If this does not cover expenses then the City of Mishawaka appropriates from its fund balance. At the end of the calendar year, the actual expenditures are projected and the following financial information is condensed from the Required Supplementary Information and the Budget Comparison Schedule.

The actual revenues in 2017 were \$2,299,160 under budget and expenditures were \$1,113,144 under the final budget amount.

Two revenue categories were under budget in 2017; Property tax revenue was \$4,093,393 less than expected and Miscellaneous was \$119,630 less than expected as well. Tax collection due to Circuit Breaker was 87.4 percent. In 2016 it was 87.2 percent. As assessed value for the City goes down, Circuit Breaker losses increase. In 2017, Intergovernmental revenue came in higher than budget by \$315,402.

Capital Assets and Long-Term Debt Liability

Capital Assets

The City of Mishawaka's investment in capital assets for its governmental and business-type activities at December 31, 2017, amounts to \$444,895,697 (net of accumulated depreciation), which represents a net increase (additions less retirements and depreciation) of \$16,629,116. This investment in capital assets includes land, construction in progress, buildings, improvements, equipment, vehicles, and roads. A detailed note of these capital assets can be found in the Notes to the Financial Statements (Note III. C.).

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 13,331,067	\$ 13,463,667	\$ 2,741,987	\$ 1,520,946	\$ 16,073,054	\$ 14,984,613
Construction in progress	23,924,613	23,603,743	13,874,312	6,468,537	37,798,925	30,072,280
Buildings	29,123,353	26,282,111	34,303,826	34,935,021	63,427,179	61,217,132
Improvement other than buildings	21,031,549	21,768,139	146,564,926	143,232,014	167,596,475	165,000,153
Machinery and equipment	9,778,022	9,938,182	14,190,753	15,549,377	23,968,775	25,487,559
Transportation	-	-	987,607	944,115	987,607	944,115
Infrastructure being depreciated	135,043,682	130,560,729	-	-	135,043,682	130,560,729
Total	\$ 232,232,286	\$ 225,616,571	\$ 212,663,411	\$ 202,650,010	\$ 444,895,697	\$ 428,266,581

	Governmental Activities	Business-Type Activities	Totals
Beginning Balance	\$ 225,616,571	\$ 202,650,010	\$ 428,266,581
Additions	23,960,052	22,295,369	46,255,421
Retirements:			
Land	(132,600)	-	(132,600)
Construction in progress	(6,669,592)	(3,233,350)	(9,902,942)
Other	(2,764,735)	(1,662,758)	(4,427,493)
Depreciation (Net)	(7,777,410)	(7,385,860)	(15,163,270)
Ending Balance	\$ 232,232,286	\$ 212,663,411	\$ 444,895,697

Major capital asset projects completed and added during the current calendar year include the following:

- Linden Area LTCP Div A Phase I & II and Phase B – \$2.44 million
- Milburn Area LTCP Div K & M - \$1.4 million
- Merrifield Park Trail/Riverwalk Extension \$3.59 million

Construction in Progress items:

- Juday Creek Penn Farms property - \$663,758
- Juday Creek Golf Course - \$962,620

Other notable projects

- The Reserve, a project by Watermark out of Indianapolis to build 300 units of larger apartments with garages made significant progress in 2017
- Silver Birch of Mishawaka is being constructed by Chicago, Illinois based Vermilion Development just south of the southeast corner of Edison Road and Hickory Road

Debt Outstanding

At December 31, 2017, the City had \$11,900,000 of outstanding tax increment bonds. The enterprise funds had \$78,135,000 of revenue bonds payable. Under the Indiana Constitution and state statute, the City of Mishawaka’s general obligation bonded debt issuances are subject to a legal limitation based upon 2 percent of assessed value of real and personal property.

The overall bonded debt increased by \$18,090,000 from the prior year.

	<u>2017</u>	<u>2016</u>
Governmental:		
Tax Increment	<u>\$ 11,900,000</u>	<u>\$ 945,000</u>
 Business-Type:		
Water Utility	7,735,000	9,535,000
Wastewater Utility	<u>70,400,000</u>	<u>61,465,000</u>
Sub-total	<u>78,135,000</u>	<u>71,000,000</u>
 Total	 <u>\$ 90,035,000</u>	 <u>\$ 71,945,000</u>

Net principal bond payments of \$30,000 and \$8,935,000 were made in the governmental and business- type activities, respectively after considering the effects of the new bond issuance and the bond refunding.

The most recent Sewer Works Revenue and Refunding Revenue Bond of 2017 was rated A.

The most recent Sewer Works Refunding Revenue Bond of 2015 was rated A+.

The most recent Waterworks Refunding Revenue Bond of 2013 was rated AA-.

The most recent Taxable Economic Development Revenue Bond of 2017 was rated A.

A detailed listing of the City’s debt can be found in the Notes to the Financial Statements (Note III. G.). A calculation of the City’s legal debt limitation can be found in the statistical section of this report.

Economic Factors and Highlights

The City of Mishawaka is located in the north central part of the State of Indiana. The City of Mishawaka is approximately 140 miles north of Indianapolis and 100 miles east of Chicago. 2017 was a continuation of previous years with continued steady growth and some big construction projects. The City of Mishawaka annexed 8.3 acres in 2017. The City of Mishawaka is benefiting from its long-term strategic planning, and over the next few years, we anticipate that the City of Mishawaka will continue to see the transformation of retail centers as well as new construction. The City of Mishawaka’s 2000 census number was 46,557 the 2010 census number was 48,252 a

3.6 percent increase in the last ten years. Unemployment in St Joseph County Indiana is at 5.1 percent as recorded in January 2016. This is an improvement from 6.5 percent in December 2015. Total Labor force for St. Joseph County decreased to 130,912 as noted in June 2016 as compared to 134,570 in December 2015.

In 2005, the State of Indiana enacted a phase in of a Circuit Breaker. The Circuit Breaker legislation (amended in 2008) had its greatest reduction of all residential property tax in 2010 (1 percent). The City of Mishawaka has had to make difficult decisions to be able to provide the best services to its citizens at the best cost possible. In 2017, the City only received 80.8 percent of its distribution of property tax. Due to the property tax caps (Circuit Breaker), the City was left short \$4.9 million in funds. With these expected losses each year and with debt in St. Joseph County falling below the levy in 2019 the City is doing long range forecasting and analysis with an outside consultant to prepare for as little disruption as possible to City services and finances. In anticipation, various expenses and capital outlays have been moved to other funds, and wage increases over the past five years have averaged the lowest in a decade.

Continuing in 2018 the City will still have to maintain a conservative stance on spending, the health insurance program will be adjusted, and costs of services will be analyzed. The Mishawaka Health and Wellness clinic opened in August 2015 and continues to be a good value for all City employees on the City's insurance plan. With health insurance being one of the City's highest expenses, the goal is to improve employee health with the added benefit of reduced claims.

In 2017, the City of Mishawaka submitted another balanced budget. The adopted FY2018 Civil City Budget is \$52,847,785, which is 4.55 percent higher than in FY2017. The General fund budget for FY2018 is \$33,221,342, which is 5.18 percent higher than FY2017. The goal in 2017 was to budget higher and underspend, hoping to increase cash reserves. This was attained with the General fund increasing by 26 percent. However, lower than estimated due to an overall increase in health care claims.

City Highlights:

- In 2016, the Regional Development Authority awarded Flaherty and Collins just over 5 million dollars to build a new 233-unit, high amenity, mixed-use apartment building on the site of the former Uniroyal Complex south of Beutter Park in downtown Mishawaka. In 2017, the City issued a Tax Increment Financing Bond for almost 11 million dollars to fund the City's contribution to the project. The public infrastructure included in the project includes a public parking garage that will provide the public the ability to park for up to three hours free. As part of that project, Ironworks Avenue will be extended with on-street angled parking, and Hill Street, north of Front Street, will be converted into a two aisle parking area similar to Mill Street north of Front Street.

We are excited that after 20 years, 4 acres of the former Uniroyal complex is being made productive again and that it will be generating over a half million dollars in local property taxes a year at the project's completion. The developer broke ground in late 2017 and the building, which is roughly 450,000 square feet encompassing two city blocks will take approximately two years to complete. Foundations were placed in January of 2018.

- 2017 also had some significant development activity on the industrial/manufacturing side. Siemens quietly made a 16 million dollar investment to their facility located at 430 Beiger Street. Lippert Components purchased the former AM General Parts Distribution facility that was housed on the former Wheelabrator Site at 408 South Byrkit Avenue. Their purchase of the former Independent Concrete Pipe site on Beiger Street also gave them significant room for expansion and will mean that hundreds of additional jobs will be housed in this location over time.

- Habitat for Humanity Jimmy & Rosalynn Carter Work Project is occurring in the City of Mishawaka in 2018. The build that has occurred internationally is coming to Mishawaka in part to honor the contributions of local architect Leroy Troyer who has been a family friend of the Carter's and a contributor on the "Carter Work Build" project from the beginning. The location at the northwest corner of the intersection of Byrkit Avenue and Jefferson Boulevard has taken shape with much of the necessary infrastructure being installed in 2017. We are proud to collaborate with Habitat for Humanity of St. Joseph County to bring a brand new neighborhood to Mishawaka that will bring many new families to the City in an area served by School City of Mishawaka. The City contributed part of the infrastructure improvements needed for the project totaling roughly \$600,000.
- The Redevelopment Department's First Time Homebuyer Program administered by the South Bend Housing consortium continues to be a success in 2017. Two new homes were built, and since 2004, the Redevelopment Department has built 52 new homes through this program.
- Since 2006, the City of Mishawaka has collaborated with local churches to create the program known as Summer of Service. In 2017, the City again joined efforts with faith-based organizations to complete service and repair projects on four homes in the City of Mishawaka.
- For the last eleven years, the City of Mishawaka Code Enforcement Department has highlighted 100 structures that they feel needed the attention, and in 2017 71 percent of those highlighted were brought into code compliance.
- New commercial building activity increased again. In 2017, commercial permits were issued with an estimated construction cost of \$96.9 million, a significant \$10.7 million increase over the \$86.2 million issued in 2016. By the numbers, 21 new commercial building permits were pulled for new free standing buildings in 2017 compared to 13 in 2016. The single largest permit was for the new Mill at Ironworks Plaza project being constructed by Flaherty & Collins on the former Uniroyal properties with a \$34 million estimated construction cost.
- Students from LaSalle Elementary had the opportunity to act as architects and were able to share their ideas and influence the design of the new Mary Gibbard Park. The renovations will feature a new splash pad, inclusive playground, BMX Bike Park, large pavilion, sports fields, and a new restroom.
- The City of Mishawaka milled and resurfaced 10.3 miles of street in 2017.
- In 2016, the City continues to provide funding for the Park Improvement Plan. The City has 31 parks that will need updating over the next several years. Twin Branch received a new parking lot 2016 and will see another \$500,000 in improvements 2017 which will include new playground.

Requests for Information

This financial report is designed to provide a general overview of the City of Mishawaka's finances and to demonstrate the City's accountability to its taxpayers, creditors and for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Office of the Controller, 600 E. 3rd Street, Mishawaka, IN 46544 or by email at controller@mishawaka.in.gov.

CITY OF MISHAWAKA
STATEMENT OF NET POSITION
As of December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ 41,583,270	\$ 10,371,531	\$ 51,954,801	\$ 2,405,539
Receivables (Net of Allowances for Uncollectibles):				
Interest	36,049	15,185	51,234	-
Taxes	1,390,861	-	1,390,861	-
Accounts	542,295	5,725,126	6,267,421	-
Other	-	79,226	79,226	-
Intergovernmental	616,373	-	616,373	-
Loans	2,840,571	-	2,840,571	4,186,799
Inventories	-	3,433,660	3,433,660	-
Prepaid expense	508,621	351,484	860,105	-
Restricted assets:				
Cash and cash equivalents	8,927,988	29,957,335	38,885,323	-
Assets held for resale	6,282,396	-	6,282,396	-
Capital assets:				
Land and construction in progress	37,255,680	16,616,299	53,871,979	-
Other capital assets, net of depreciation	194,976,606	196,047,112	391,023,718	-
Net pension asset	226,221	-	226,221	-
Total assets	295,186,931	262,596,958	557,783,889	6,592,338
Deferred outflows of resources				
Deferred amount on refunding	-	564,992	564,992	-
Deferred utility ratemaking expenses	-	951,930	951,930	-
Deferred pension	6,269,039	1,128,944	7,397,983	-
Total deferred outflows of resources	6,269,039	2,645,866	8,914,905	-
Liabilities				
Accounts payable	2,604,603	4,420,123	7,024,726	-
Accrued payroll and withholdings payable	114,967	137,992	252,959	-
Contracts payable	371,456	-	371,456	-
Taxes payable	-	243,033	243,033	-
Accrued interest payable	162,583	553,898	716,481	-
Payable from restricted assets:				
Customer deposits	-	2,906,977	2,906,977	-
Interest payable	62,954	-	62,954	-
Noncurrent liabilities:				
Due within one year:				
Revenue bonds payable	-	6,175,000	6,175,000	-
TIF bonds payable	1,085,000	-	1,085,000	-
Compensated absences	512,294	64,030	576,324	-
Capital lease obligations	705,555	73,585	779,140	-
Notes and loans payable	78,030	111,000	189,030	-
Due in more than one year:				
Revenue bonds payable (net of unamortized premiums)	-	75,470,533	75,470,533	-
TIF bonds payable (net of unamortized discounts)	10,802,071	-	10,802,071	-
Compensated absences	228,628	228,382	457,010	-
Capital lease obligations	4,015,505	315,515	4,331,020	-
Notes and loans payable	1,283,160	1,556,000	2,839,160	-
Net other postemployment benefits obligation	21,259,438	5,743,292	27,002,730	-
Net pension liability	48,715,506	2,472,055	51,187,561	-
Total liabilities	92,001,750	100,471,415	192,473,165	-
Deferred inflows of resources				
Deferred pension	4,325,980	2,601,268	6,927,248	-
Total deferred inflows of resources	4,325,980	2,601,268	6,927,248	-
Net Position				
Net investment in capital assets	222,065,507	143,482,938	365,548,445	-
Restricted for:				
Debt service	1,191,700	10,117,955	11,309,655	-
Capital projects	13,934,762	754,000	14,688,762	6,592,338
Construction	-	13,004,238	13,004,238	-
Unrestricted	(32,063,729)	(5,188,990)	(37,252,719)	-
Total net position	\$ 205,128,240	\$ 162,170,141	\$ 367,298,381	\$ 6,592,338

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

CITY OF MISHAWAKA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Expense	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Totals	
Primary government:								
Governmental activities:								
General government	\$ 7,475,939	\$ 590,927	\$ 754,061	\$ -	\$ (6,130,951)	\$ -	\$ (6,130,951)	\$ -
Public safety	31,631,819	2,421,326	228,756	43,442	(28,938,295)	-	(28,938,295)	-
Highways and streets	11,945,887	1,677,847	-	5,695,435	(4,572,605)	-	(4,572,605)	-
Sanitation	2,347,987	2,455,718	-	-	107,731	-	107,731	-
Community development	2,601,936	511,849	339,034	-	(1,751,053)	-	(1,751,053)	-
Culture and recreation	4,359,038	698,919	-	-	(3,660,119)	-	(3,660,119)	-
Interest on long-term debt	266,106	-	-	-	(266,106)	-	(266,106)	-
Total governmental activities	60,628,712	8,356,586	1,321,851	5,738,877	(45,211,398)	-	(45,211,398)	-
Business-type activities:								
Water	7,107,941	8,965,963	-	-	-	1,858,022	1,858,022	-
Wastewater	12,595,663	19,225,278	-	-	-	6,629,615	6,629,615	-
Electric	56,293,605	62,364,565	-	-	-	6,070,960	6,070,960	-
Total business-type activities	75,997,209	90,555,806	-	-	-	14,558,597	14,558,597	-
Total primary government	\$ 136,625,921	\$ 98,912,392	\$ 1,321,851	\$ 5,738,877	(45,211,398)	14,558,597	(30,652,801)	-
General revenues:								
Property taxes					40,963,002	-	40,963,002	-
Other taxes					7,664,745	-	7,664,745	-
Grants and contributions not restricted to specific programs					4,296,981	-	4,296,981	-
Unrestricted investment earnings					474,959	338,132	813,091	110,119
Other					271,249	-	271,249	-
Transfers					776,747	(776,747)	-	-
Total general revenues and transfers					54,447,683	(438,615)	54,009,068	110,119
Change in net position					9,236,285	14,119,982	23,356,267	110,119
Net position - beginning					195,891,955	148,050,159	343,942,114	6,482,219
Net position - ending					\$ 205,128,240	\$ 162,170,141	\$ 367,298,381	\$ 6,592,338

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

CITY OF MISHAWAKA
BALANCE SHEET -
GOVERNMENTAL FUNDS
As of December 31, 2017

	General	Consolidated TIF	2017 Bonds Construction Fund	Nonmajor Governmental Funds	Totals
Assets					
Cash and Cash Equivalents	\$ 6,392,977	\$ 16,445,331	\$ 7,802,542	\$ 19,456,771	\$ 50,097,621
Receivables (Net of Allowances for Uncollectibles):					
Interest	14,160	21,889	-	-	36,049
Taxes	838,057	405,528	-	147,276	1,390,861
Accounts	477,578	-	-	64,717	542,295
Intergovernmental	15,342	-	-	601,031	616,373
Loans	-	2,500,000	-	340,571	2,840,571
Assets held for resale	-	6,282,396	-	-	6,282,396
Total assets	\$ 7,738,114	\$ 25,655,144	\$ 7,802,542	\$ 20,610,366	\$ 61,806,166
Liabilities, Deferred inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ 403,369	\$ 463,523	\$ -	\$ 1,050,050	\$ 1,916,942
Accrued payroll and withholdings payable	50,021	-	-	64,946	114,967
Contracts payable	129,698	241,758	-	-	371,456
Total liabilities	583,088	705,281	-	1,114,996	2,403,365
Deferred inflows of resources - property taxes	838,057	405,528	-	147,276	1,390,861
Fund Balances:					
Restricted	-	24,544,335	7,802,542	14,134,804	46,481,681
Committed	-	-	-	1,969,723	1,969,723
Assigned	332,718	-	-	3,243,567	3,576,285
Unassigned	5,984,251	-	-	-	5,984,251
Total fund balances	6,316,969	24,544,335	7,802,542	19,348,094	58,011,940
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,738,114	\$ 25,655,144	\$ 7,802,542	\$ 20,610,366	\$ 61,806,166

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

CITY OF MISHAWAKA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of December 31, 2017

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

Total fund balances		\$	58,011,940
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds.			
Land and construction in progress	\$	37,255,680	
Other capital assets, net of depreciation		<u>194,976,606</u>	
Total			232,232,286
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in funds.			
Net pension asset			226,221
Prepaid expenses			508,621
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			
			(274,024)
Deferred outflows and deferred inflows related to pension obligations are included in the governmental activities in the statement of net position			
			1,943,059
Short-term liabilities that are not recognized in governmental funds until due			
Accrued interest payable.		(225,538)	
Current portion of long-term debt		(1,085,000)	
Compensated absences		(512,294)	
Capital lease obligations		(705,555)	
Notes and loans payable		<u>(78,030)</u>	
Total			(2,606,417)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds (shown net of bond discounts and premiums).			
TIF bonds payable		(10,802,070)	
Compensated absences		(228,628)	
Capital lease obligations		(4,015,505)	
Notes and loans payable		(1,283,160)	
Net other postemployment benefits obligation		(21,259,438)	
Net pension liability		<u>(48,715,505)</u>	
Total			(86,304,306)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
			<u>1,390,860</u>
Total		\$	<u>205,128,240</u>

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

CITY OF MISHAWAKA
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	General	Consolidated TIF	2017 Bonds Construction Fund	Nonmajor Governmental Funds	Total
Revenues:					
Taxes	\$ 18,776,255	\$ 18,152,609	\$ -	\$ 3,880,600	\$ 40,809,464
Licenses and permits	485,719	-	-	177,688	663,407
Intergovernmental	9,069,122	-	-	10,491,365	19,560,487
Charges for services	2,920,807	-	-	4,037,069	6,957,876
Fines and forfeits	21,428	-	-	4,315	25,743
Interest	271,880	186,545	10,023	6,512	474,960
Sale and use of property	501	-	-	68,562	69,063
Gifts and donations	-	-	-	123,144	123,144
Other	24,125	100,180	-	126,261	250,566
Total Revenues	31,569,837	18,439,334	10,023	18,915,516	68,934,710
Expenditures:					
Current:					
General government	6,211,347	-	-	1,020,759	7,232,106
Public safety	27,357,917	-	-	2,163,927	29,521,844
Highways and streets	279,156	-	-	6,174,563	6,453,719
Sanitation	-	-	-	2,347,987	2,347,987
Culture and recreation	-	-	-	3,069,800	3,069,800
Community development	386,466	926,953	-	271,175	1,584,594
Debt Service:					
Principal	-	-	-	456,516	456,516
Interest and fiscal charges	-	-	-	118,225	118,225
Capital Outlay:					
General government	443,160	-	-	162,946	606,106
Public safety	-	-	-	317,449	317,449
Highways and streets	-	380,469	-	1,847,648	2,228,117
Infrastructure	-	5,071,987	-	-	5,071,987
Culture and recreation	-	1,652,904	-	603,439	2,256,343
Community development	-	783,298	1,722,481	-	2,505,779
Total Expenditures	34,678,046	8,815,611	1,722,481	18,554,434	63,770,572
Excess (deficiency) of revenues Over (under) expenditures	(3,108,209)	9,623,723	(1,712,458)	361,082	5,164,138
Other financing sources (uses):					
Transfers in	4,136,747	-	-	1,288,966	5,425,713
Transfers out	-	(3,475,005)	-	(1,173,961)	(4,648,966)
Issuance of debt	-	-	9,515,000	1,470,000	10,985,000
Miscellaneous	-	(661,441)	-	-	(661,441)
Bond issuance costs	-	-	-	(332,390)	(332,390)
Total other financing sources and uses	4,136,747	(4,136,446)	9,515,000	1,252,615	10,767,916
Net change in fund balances	1,028,538	5,487,277	7,802,542	1,613,697	15,932,054
Fund Balance - January 1	5,288,431	19,057,058	-	17,734,397	42,079,886
Fund Balances - December 31	\$ 6,316,969	\$ 24,544,335	\$ 7,802,542	\$ 19,348,094	\$ 58,011,940

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

CITY OF MISHAWAKA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balance - total governmental funds	\$	15,932,054
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	\$ 13,654,118	
Plus adjustment for sale of land held for resale	661,441	
Less current year depreciation expense	(8,152,055)	
Less adjustment for depreciation on disposed assets	<u>(374,644)</u>	
Total		5,788,860

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		153,539
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The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net position.

Principal paid on debt		456,516
Issuance of bonds		(10,985,000)
Unamortized bond discount		12,929

Expenses related to other post employment benefits obligations are reported in the government wide statement of activities		(1,740,909)
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Expense related to pension liability are reported in the government wide statement of activities		(197,697)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest.	\$ (190,244)	
Change in prepaid expenses	43,307	
Change in compensated absences	<u>90,492</u>	
Total		(56,445)

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		<u>(127,562)</u>
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Change in net position of governmental activities (Statement of Activities)	\$	<u><u>9,236,285</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF MISHAWAKA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2017

	Business-Type Activities -Enterprise Funds			Total	Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility		
<u>Assets</u>					
Current assets:					
Unrestricted:					
Cash and cash equivalents	\$ 2,117,805	\$ 2,070,853	\$ 6,182,873	\$ 10,371,531	\$ 413,637
Interest receivable	7,683	7,502	-	15,185	-
Accounts receivable (net of allowance)	510,194	1,067,714	4,147,218	5,725,126	-
Accounts receivable - other (net of allowance)	(5,088)	-	84,314	79,226	-
Inventories	189,177	-	3,244,483	3,433,660	-
Prepaid items	101,152	136,425	113,907	351,484	-
Total unrestricted current assets	<u>2,920,923</u>	<u>3,282,494</u>	<u>13,772,795</u>	<u>19,976,212</u>	<u>413,637</u>
Restricted:					
Restricted cash and cash equivalents:					
Customer deposits	615,019	4,686	2,799,319	3,419,024	-
Revenue bond covenant accounts	3,750,880	6,367,075	-	10,117,955	-
Reserve account	-	-	754,000	754,000	-
Construction account	-	13,004,238	-	13,004,238	-
Repair account	-	2,653,906	8,212	2,662,118	-
Total restricted current assets	<u>4,365,899</u>	<u>22,029,905</u>	<u>3,561,531</u>	<u>29,957,335</u>	<u>-</u>
Total current assets	<u>7,286,822</u>	<u>25,312,399</u>	<u>17,334,326</u>	<u>49,933,547</u>	<u>413,637</u>
Capital assets:					
Land and construction in progress	2,544,593	13,763,973	307,732	16,616,298	-
Other capital assets (net of accumulated depreciation)	38,558,516	119,845,948	37,642,649	196,047,113	-
Total capital assets	<u>41,103,109</u>	<u>133,609,921</u>	<u>37,950,381</u>	<u>212,663,411</u>	<u>-</u>
Total noncurrent assets	<u>41,103,109</u>	<u>133,609,921</u>	<u>37,950,381</u>	<u>212,663,411</u>	<u>-</u>
Total assets	<u>48,389,931</u>	<u>158,922,320</u>	<u>55,284,707</u>	<u>262,596,958</u>	<u>413,637</u>
Deferred outflows of resources:					
Deferred amount on refunding	123,497	441,495	-	564,992	-
Deferred utility ratemaking expenses	152,403	158,090	641,437	951,930	-
Deferred pension	239,925	409,169	479,850	1,128,944	-
Total deferred outflows of resources	<u>515,825</u>	<u>1,008,754</u>	<u>1,121,287</u>	<u>2,645,866</u>	<u>-</u>

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

CITY OF MISHAWAKA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2017
(Continued)

	Business-Type Activities -Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
Liabilities					
Current liabilities:					
Unrestricted:					
Accounts payable	\$ 44,474	\$ 81,776	\$ 4,293,873	\$ 4,420,123	\$ 687,661
Accrued payroll and withholdings payable	31,672	44,690	61,630	137,992	-
Taxes payable	-	-	243,033	243,033	-
Accrued interest payable	-	553,898	-	553,898	-
Compensated absences	16,180	12,957	34,893	64,030	-
Total unrestricted current liabilities	<u>92,326</u>	<u>693,321</u>	<u>4,633,429</u>	<u>5,419,076</u>	<u>687,661</u>
Restricted:					
Customer deposits	570,405	3,365	2,333,207	2,906,977	-
Capital lease obligations	20,826	17,702	35,057	73,585	-
Notes and loans payable	-	111,000	-	111,000	-
Revenue bonds payable	1,845,000	4,330,000	-	6,175,000	-
Total restricted current liabilities	<u>2,436,231</u>	<u>4,462,067</u>	<u>2,368,264</u>	<u>9,266,562</u>	<u>-</u>
Total current liabilities	<u>2,528,557</u>	<u>5,155,388</u>	<u>7,001,693</u>	<u>14,685,638</u>	<u>687,661</u>
Noncurrent liabilities:					
Unrestricted:					
Compensated absences	60,020	65,657	102,705	228,382	-
Capital lease obligations	89,539	75,980	149,996	315,515	-
Notes and loans payable	-	1,556,000	-	1,556,000	-
Total unrestricted noncurrent liabilities	<u>149,559</u>	<u>1,697,637</u>	<u>252,701</u>	<u>2,099,897</u>	<u>-</u>
Restricted:					
Notes and loans payable	-	-	-	-	-
Revenue bonds payable (net of unamortized premiums)	5,896,036	69,574,497	-	75,470,533	-
Net other postemployment benefits obligation	1,586,491	1,701,751	2,455,050	5,743,292	-
Net pension liability	427,079	1,190,819	854,157	2,472,055	-
Total restricted noncurrent liabilities	<u>7,909,606</u>	<u>72,467,067</u>	<u>3,309,207</u>	<u>83,685,880</u>	<u>-</u>
Total noncurrent liabilities	<u>8,059,165</u>	<u>74,164,704</u>	<u>3,561,908</u>	<u>85,785,777</u>	<u>-</u>
Total liabilities	<u>10,587,722</u>	<u>79,320,092</u>	<u>10,563,601</u>	<u>100,471,415</u>	<u>687,661</u>
Deferred inflows of resources:					
Deferred pension	644,562	667,584	1,289,122	2,601,268	-
Net Position					
Net investment in capital assets	33,527,608	71,548,565	38,406,765	143,482,938	-
Restricted for debt service and other purposes					
Debt service	3,750,880	6,367,075	-	10,117,955	-
Capital projects	-	-	754,000	754,000	-
Construction	-	13,004,238	-	13,004,238	-
Unrestricted	394,984	(10,976,480)	5,392,506	(5,188,990)	(274,024)
Total net position	<u>\$ 37,673,472</u>	<u>\$ 79,943,398</u>	<u>\$ 44,553,271</u>	<u>\$ 162,170,141</u>	<u>\$ (274,024)</u>

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

CITY OF MISHAWAKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Enterprise Funds			Total	Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility		
Operating revenues:					
Unmetered water revenue	\$ 8,050	\$ -	\$ -	\$ 8,050	\$ -
Metered revenue					
Residential	3,131,144	-	28,172,504	31,303,648	-
Commercial	3,314,454	-	32,565,250	35,879,704	-
Public street and highway lighting	-	-	672,190	672,190	-
Fire protection revenue	1,723,790	-	-	1,723,790	-
Penalties	51,884	255,381	292,613	599,878	-
Measured revenue:					
Residential	-	7,013,268	-	7,013,268	-
Commercial	-	7,594,511	-	7,594,511	-
Other	64,465	386,720	2,024	453,209	13,250,285
Total Revenues	8,293,787	15,249,880	61,704,581	85,248,248	13,250,285
Operating expenses:					
Source of supply and expense - operations and maintenance	1,175,846	2,509,145	-	3,684,991	-
Transmission and distribution	1,852,232	-	5,502,080	7,354,312	-
Treatment and disposal expense - operations and maintenance	1,323,645	381,189	-	1,704,834	-
Customer accounts	420,106	-	1,305,207	1,725,313	-
Administration and general	498,235	840,390	2,444,282	3,782,907	-
Insurance claims and premiums	93,071	303,443	143,919	540,433	13,377,847
Purchase power	-	-	44,252,268	44,252,268	-
Sewer - operation and maintenance	-	1,056,159	-	1,056,159	-
Pretreatment - operation and maintenance	-	1,098,591	-	1,098,591	-
Chemicals	-	217,410	-	217,410	-
Depreciation	1,499,563	3,816,329	2,618,491	7,934,383	-
Total operating expenses	6,862,698	10,222,656	56,266,247	73,351,601	13,377,847
Operating income (loss)	1,431,089	5,027,224	5,438,334	11,896,647	(127,562)
Nonoperating revenues (expenses):					
Interest and investment revenue	119,958	181,597	36,576	338,131	-
Miscellaneous revenue	317,549	20,155	764,517	1,102,221	-
Interest expense	(218,435)	(2,214,918)	-	(2,433,353)	-
Amortization expense	(26,808)	(27,657)	(27,358)	(81,823)	-
Bond issuance costs	-	(130,431)	-	(130,431)	-
Gain/(Loss) on disposal of assets	-	-	(104,534)	(104,534)	-
Total nonoperating revenues (expenses)	192,264	(2,171,254)	669,201	(1,309,789)	-
Income (loss) before contributions and transfers	1,623,353	2,855,970	6,107,535	10,586,858	(127,562)
Capital contributions - net	354,627	3,955,243	-	4,309,870	-
Payments in lieu of taxes	(641,635)	(1,890,304)	(604,807)	(3,136,746)	-
Transfers in/(out)	-	3,360,000	(1,000,000)	2,360,000	-
Change in net position	1,336,345	8,280,909	4,502,728	14,119,982	(127,562)
Total net position - beginning	36,337,127	71,662,489	40,050,543	148,050,159	(146,462)
Total net position - ending	\$ 37,673,472	\$ 79,943,398	\$ 44,553,271	\$ 162,170,141	\$ (274,024)

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

CITY OF MISHAWAKA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Water Utility	Wastewater Utility	Electric Utility	Totals	Internal Service Fund
Cash flows from operating activities:					
Receipts from customers and users	\$ 8,238,359	\$ 14,969,410	\$ 62,005,808	\$ 85,213,577	
Receipts from interfund services provided					\$ 13,250,285
Payments to suppliers	(2,422,343)	(2,176,543)	(49,209,034)	(53,807,920)	
Payments to employees	(2,910,463)	(4,220,906)	(4,833,537)	(11,964,906)	
Payments for interfund services used					(13,584,395)
Net cash provided (used) by operating activities	<u>2,905,553</u>	<u>8,571,961</u>	<u>7,963,237</u>	<u>19,440,751</u>	<u>(334,110)</u>
Cash flows from noncapital financing activities:					
Transfer from/(to) other funds	(641,635)	1,469,696	(1,604,807)	(776,746)	-
Proceeds from bond refunding		27,327,680		27,327,680	
Principal paid into escrow for refunded bonds		(27,525,000)		(27,525,000)	
Interest paid into escrow for refunded bonds		(561,429)		(561,429)	
Net cash provided (used) by noncapital financing activities	<u>(641,635)</u>	<u>710,947</u>	<u>(1,604,807)</u>	<u>(1,535,495)</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(2,124,074)	(8,858,206)	(2,399,014)	(13,381,294)	-
Proceeds from bond issue		13,197,320		13,197,320	-
Principal paid on bonds	(1,800,000)	(4,065,000)	-	(5,865,000)	-
Principal paid on loans	-	(107,000)	-	(107,000)	-
Interest paid on bonds	(247,829)	(2,119,740)	-	(2,367,569)	-
Interest paid on loans	-	(53,299)	-	(53,299)	-
Other receipts	317,549	20,155	764,517	1,102,221	-
Gain (loss) on sale of assets	-	-	(104,534)	(104,534)	-
Net cash provided (used) by capital and related financing activities	<u>(3,854,354)</u>	<u>(1,985,770)</u>	<u>(1,739,031)</u>	<u>(7,579,155)</u>	<u>-</u>
Cash flows from investing activities:					
Interest received	112,275	174,095	36,576	322,946	-
Net increase (decrease) in cash and cash equivalents	<u>(1,478,161)</u>	<u>7,471,233</u>	<u>4,655,975</u>	<u>10,649,047</u>	<u>(334,110)</u>
Cash and cash equivalents, January 1 (including \$754,000, \$3,235,065, \$8,691,036 and \$9,686,581 for the reserve account, customer deposits, revenue bond covenant account, repair account, and construction respectively, reported in restricted accounts)					
	<u>7,961,865</u>	<u>16,629,525</u>	<u>5,088,429</u>	<u>29,679,819</u>	<u>747,747</u>
Cash and cash equivalents, December 31 (including \$754,000, \$3,244,790, \$9,770,235 and \$7,759,712 for the reserve account, customer deposits, revenue bond covenant account and repair account reported in restricted accounts)					
	<u>\$ 6,483,704</u>	<u>\$ 24,100,758</u>	<u>\$ 9,744,404</u>	<u>\$ 40,328,866</u>	<u>\$ 413,637</u>

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

CITY OF MISHAWAKA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Water Utility	Wastewater Utility	Electric Utility	Totals	Internal Service Fund
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 1,431,089	\$ 5,027,224	\$ 5,438,334	11,896,647	\$ (127,562)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,499,563	3,816,329	2,618,491	7,934,383	
(Increase) decrease in assets:					
Accounts receivable	(55,428)	(280,470)	301,227	(34,671)	-
Interfund services provided or used	-	-	-	-	
Inventories	9,105	-	(105,587)	(96,482)	
Prepaid items	(18,424)	(15,705)	(21,435)	(55,564)	
Deferred outflows	147,460	69,843	248,769	466,072	
Increase (decrease) in liabilities:					
Accounts payable	(16,712)	(95,810)	(21,248)	(133,770)	(206,548)
Contracts payable	-	-	-	-	
Customer deposits	(28,251)	250	(309,812)	(337,813)	
Accrued payroll and withholdings payable	(1,636)	6,264	(29,236)	(24,608)	
Taxes payables	-	-	(5,900)	(5,900)	
Compensated absences payable	5,785	14,893	5,444	26,122	
Net other postemployment benefits obligation	142,411	171,273	263,011	576,695	
Net pension liability payable	(529,931)	(443,607)	(1,059,864)	(2,033,402)	
Deferred inflows	320,522	301,477	641,043	1,263,042	
Total adjustments	1,474,464	3,544,737	2,524,903	7,544,104	(206,548)
Net cash provided (used) by operating activities	\$ 2,905,553	\$ 8,571,961	\$ 7,963,237	\$ 19,440,751	\$ (334,110)
Noncash investing, capital and financing activities:					
Contributed capital assets	354,627	3,955,243	-	4,309,870	
Work in progress moved to capital assets	-	1,836,243	-	1,836,243	
Change in asset carrying value	7,111	-	99,091	106,202	
Disposal of capital assets	(185,360)	(54,660)	(507,162)	(747,182)	

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

CITY OF MISHAWAKA
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
December 31, 2017

<u>Assets</u>	<u>Pension Trust Funds</u>
Cash and Cash Equivalents	\$ 1,842,685
Receivables:	
Interest and dividends	46,654
Total receivables	<u>46,654</u>
Investment at fair value:	
Municipal bonds	952,374
Mutual funds	<u>20,177,154</u>
Total investments	<u>21,129,528</u>
Total assets	<u>\$ 23,018,867</u>
 <u>Liabilities</u>	
Current liabilities:	
Net benefits due and unpaid	<u>\$ 6,447</u>
Total liabilities	<u>6,447</u>
 <u>Net Position Restricted for Pensions</u>	
Held in trust for:	
Employees' pension benefits	<u>23,012,420</u>
Total net position restricted for pensions	<u>\$ 23,012,420</u>

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

CITY OF MISHAWAKA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
For the Year Ended December 31, 2017

	Pension Trust Funds
<u>Additions</u>	
Contributions:	
On behalf	\$ 3,419,647
Employer	<u>1,094,354</u>
Total contributions	<u>4,514,001</u>
Investment income (loss):	
Net change in fair value of investments	1,895,924
Interest	<u>893,494</u>
Total investments income (loss)	2,789,418
Less investment expense:	
Investment activity expense	<u>(42,877)</u>
Net investment income (loss)	<u>2,746,541</u>
Total additions	<u>7,260,542</u>
<u>Deductions</u>	
Benefits	4,454,569
Administrative expense	<u>14,739</u>
Total deductions	<u>4,469,308</u>
Change in net position	2,791,234
Net position - beginning	<u>20,221,186</u>
Net position - ending	<u>\$ 23,012,420</u>

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Mishawaka (primary government) was established under the laws of the State of Indiana. The primary government operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, health, welfare and social services, culture and recreation, public improvements, planning and zoning, general administrative services, electric, water, wastewater, and urban redevelopment and housing.

The accompanying financial statements present the activities of the primary government and its significant component units. The component units discussed below are included in the primary government's reporting entity because of the significance of their operational or financial relationships with the primary government. Blended component units, although legally separate entities are in substance part of the government's operations and exist solely to provide services for the government; data from these units is combined with data of the primary government. Discretely presented component units are involved in activities of an operational nature independent from the government; their transactions are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended Component Unit

The City of Mishawaka Building Corporation, Inc., is a legally separate nonprofit corporation, and is a significant blended component unit of the primary government. The Building Corporation's main purpose is to finance construction and remodeling of City buildings for the City of Mishawaka. 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 Mishawaka, 600 East Third Street, Mishawaka, Indiana, 46544.

Discretely Presented Component Unit

The Mishawaka Local Public Improvement Bond Bank is a significant discretely presented component unit of the primary government. In 2008 the Bond Bank was created pursuant to Indiana Code 5-1.4 established by ordinance and adopted by the Mishawaka Common Council which is the legislative body of the City. The Bond Bank is governed by a board of directors composed of five (5) members. The primary government appoints all members of the board in accordance with Indiana Code 5-1.4-2-2. The City of Mishawaka created the Bond Bank to issue revenue bonds and other obligations to finance projects and purchase equipment. The City of Mishawaka directs the actions of the Bond Bank.

The financial statement of the component unit may be obtained from the Controller, City of Mishawaka at 600 East Third Street, Mishawaka, Indiana, 46544.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Related Organizations

The primary government's officials are also responsible for appointing the voting majority of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointments. The primary government, acting through the Mayor, appoints the board of the Mishawaka Housing Authority.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and permits, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the primary government receives cash.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

The primary government reports the following major governmental funds:

The General fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Consolidated TIF fund accounts for revenues and expenditures related to the City's TIF area. Financing is provided by incremental taxes collected on property located in the districts. Amounts needed for bond retirements are transferred annually to the proper debt service funds.

The 2017 Bonds Construction Fund accounts for revenues and expenditures related to the 2017 EDIT Bonds and the construction of the Iron Works project.

The primary government reports the following major enterprise funds:

The Water Utility fund accounts for the operation of the primary government's water distribution system.

The Wastewater Utility fund accounts for the operation of the primary government's wastewater treatment plant, pumping stations and collection systems.

The Electric Utility fund accounts for the operation of the primary government's electric distribution system.

Additionally, the primary government reports the following fund types:

The Internal Service funds account for employee medical coverage provided to other departments on a cost-reimbursement basis.

The Pension Trust funds account for the activities of the 1925 police, 1937 fire, and utility pension funds which accumulate resources for pension benefit payments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the water, wastewater and electric functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues from non-operating items. Operating revenues 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 revenues of the enterprise 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 revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the government 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.

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 that mature within one year or less at the date of their acquisition are reported at amortized cost. There are no material differences between amortized cost and fair value. Other money market investments are reported at fair value.

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

2. Interfund Transactions and Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables" (i.e., the current and non-current portion of interfund loans). All other outstanding balances between funds are reported as "interfund services provided/used." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances.

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the primary government 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 were based upon the preceding year's January 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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. Delinquent property taxes outstanding at year end for governmental, net of allowances for uncollectible accounts, are recorded as a receivable with an offset to unearned revenue since the amounts are not considered available.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

4. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method except for certain inventory held by the electric and water utility. Transformer inventory of the electric utility is valued at actual cost. All other inventory of the electric utility is valued at average cost. Material and supplies use average costing for water utility. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Restricted Assets

Certain proceeds of the primary government's 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. None of the restricted net position is restricted due to enabling legislation.

6. Capital Assets

Capital assets, which include property, plant, equipment 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 reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated acquisition value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	\$ 100,000	Straight-Line	20-50
Equipment	5,000	Straight-Line	3-15
Roads - collector and residential	3,000,000	Straight-Line	10-35
Water collection systems	5,000	Straight-Line	5-50
Wastewater distribution and collection systems	5,000	Straight-Line	4-50
Electric distribution systems	5,000	Straight-Line	5-50

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.

7. Compensated Absences

- a. Flexible Time – primary government employees earn flexible time off at the rate of one-half day per month and may accumulate to a maximum of twenty-five days. The primary

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

government may buy back flexible time off days from any employee up to a maximum of six flexible time off days per year. Flexible time off is paid to employees upon termination.

- b. Vacation Leave – non-union primary government employees earn vacation leave at rates from ten days to twenty-five days per year based upon the number of years of service. Union utility employees earn vacation leave at rates from five to thirty days per year based upon the number of years of service, plus one day for each year of service after thirty years. Vacation leave does not accumulate from year to year.
- c. Compensatory Leave – All employees except utility union employees have accumulated compensatory leave for a variety of reasons.

Flexible time off and compensatory leave is accrued when incurred and reported as a liability in the Statement of Net Position and in the Proprietary Fund statements. No liability is recognized in the governmental fund statements as no amounts were due and payable at year-end for terminated employees.

8. Long-Term Obligations

In the government-wide financial statements and 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 straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recorded as an expense as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

For bond refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred inflow of resources or a deferred outflow of resources respectively, on the statement of net position.

9. Encumbrances

Contracts and purchasing commitments are reported as encumbrances when the contract or purchase order is executed. When the terms of the purchase order or contract have been fulfilled and payment to the contracting party is due, the encumbrance is liquidated and the liability and expenditure are recorded. Encumbrances remaining at fiscal year-end are reported within the restricted, committed or assigned fund balances of the governmental funds.

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(Continued)

The following shows encumbrances at December 31, 2017:

	Amount
General	\$ 332,718
Other Governmental Funds	3,243,567
Total	\$ 3,576,285

10. Fund Balances

The fund balance amounts for governmental funds have been classified in accordance with GASB Statement No. 54 – "Fund Balance Reporting and Government Fund Type Definitions." Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. A brief description of each category is as follows:

Non-spendable fund balances include items that cannot be spent. This includes activity that is not in a spendable form (long-term portions of loans, 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 City Council, the City's highest level of decision-making authority. This formal action is the passage of an ordinance by the Council 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.

Assigned fund balances include amounts that are constrained by the City's intent to be used for a specific purpose as expressed by the City Council or management based on the purpose of the fund and per the City's expenditure policy, 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. The City Council has the authority per the annual budget ordinance to make assignments of fund balances for specific purposes except for those restricted by law.

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.

When both restricted and unrestricted amounts are available for use, generally it is the City's policy to use restricted amounts first, with unrestricted resources utilized as needed.

In the case of unrestricted resources, it is generally the City's policy to use committed amounts first, followed by assigned amounts, then unassigned amounts as needed.

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

The detail of the fund balance classifications of the governmental funds for the year ended December 31, 2017 is as follows:

	General Fund	Capital Project Funds		Other Governmental Funds	Total Governmental Funds
		Consolidated TIF	2017 Bond Construction		
Restricted					
Long-Term Loans Receivable	\$ -	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000
Assets Held for Resale	-	6,282,396	-	-	6,282,396
Other Purposes General Government	-	-	-	1,737,228	1,737,228
Technology	-	-	-	263,637	263,637
Law Enforcement Training and Capital	-	-	-	1,042,712	1,042,712
Firefighting Training and Capital	-	-	-	840,615	840,615
Capital Projects	-	16,261,939	-	2,407,262	18,669,201
Sanitation	-	-	-	783,858	783,858
Capital Highway Projects	-	-	7,802,542	2,757,026	10,559,568
Sidewalk Construction	-	-	-	3,266	3,266
Families, Parks, and Recreation	-	-	-	2,225,436	2,225,436
Housing and Community Development	-	-	-	(32,936)	(32,936)
Debt service reserve	-	-	-	1,099,868	1,099,868
Debt service principal and interest	-	-	-	1,006,832	1,006,832
Total Restricted	-	24,544,335	7,802,542	14,134,804	46,481,681
Committed					
Capital Projects	-	-	-	1,969,723	1,969,723
Total Committed	-	-	-	1,969,723	1,969,723
Assigned					
General Government Other Purposes	332,718	-	-	-	332,718
Public Safety	-	-	-	338,599	338,599
Capital Projects	-	-	-	2,000,505	2,000,505
Sanitation	-	-	-	183,611	183,611
Housing and Community Development	-	-	-	639,566	639,566
Parks and Recreation	-	-	-	81,286	81,286
Total Assigned	332,718	-	-	3,243,567	3,576,285
Unassigned	5,984,251	-	-	-	5,984,251
Total Fund Balance	\$ 6,316,969	\$ 24,544,335	\$ 7,802,542	\$ 19,348,094	\$ 58,011,940

E. Tax Abatements

The City of Mishawaka promotes a series of real and personal property tax abatement programs available under Indiana law, including:

Real Property Tax Abatement (I.C. 6-1.1-12.1)

Real property tax abatements are achieved through the phase-in of real property tax obligations from the improvements being made. The phase-in can span a period of one to ten years and is based on a declining percentage of the increase in assessed value of such improvements.

Tax abatement is granted based on qualifying new investment, retained and committed jobs, wages and the economic impact of the project. The City's Common Council (Council) is responsible for approving the abatement and determining the time period for the abatement. Required approvals must occur before construction permits are obtained.

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

Personal Property Tax Abatement (I.C. 6-1.1-12.1)

Similarly, personal property tax abatements for manufacturing, research and development, information technology and logistics/distribution equipment are accomplished through the phase-in of personal property tax obligations over a one to ten year period, based on a declining percentage of the assessed value of the newly installed equipment.

Tax abatement is granted based on qualifying new investment, retained and committed jobs, wages and the economic impact of the project. The Council is responsible for approving the abatement and determining the time period for the abatement. Required approvals must occur before construction permits are obtained.

Vacant Building Abatement (I.C. 6-1.1-12.1-4-8)

Up to a two year real property tax abatement is available to a company, according to local qualifications, based on occupying a building that has been vacant for more than a year.

The building must be used for commercial or industrial purposes and be located in a designated Economic Revitalization Area, as designated by the Council. Prior approval of the Council must occur before occupying the facility and the Council determines the time period for the abatement.

All of these programs are designed to spur job creation and retention, grow the income and property tax base, support the redevelopment of areas experiencing a cessation of growth, attract and retain businesses in targeted industries, and assist distressed businesses, among other objectives. Minimum eligibility criteria for such abatements vary by program, as noted above, but generally require that an investment in real or personal property be projected to increase assessed value, create or retain jobs and/or promote economic revitalization.

In return for such abatements, the City generally commits to permit, zoning and job training assistance. Included in each abatement agreement are provisions specifying certain damages, among which may include a clawback of some or all of the taxes previously abated. If a company ceases operations or announces the cessation of operations at the facility for which the abatement was granted, termination of the abatement agreement is warranted and 100% clawback is required. Other clawbacks are calculated based on the highest level of non-compliance among the measured categories for that project.

Impact of Abatements on Revenues

Indiana property tax laws complicate the calculation of the exact impact of property tax abatements on the tax revenues of a given unit of local government. Constraints on the growth of the annual tax levy and constitutional limitations on taxes (also known as property tax caps) are the chief complicating factors. The increase in the annual tax levy is limited to the growth in the 6-year moving average of nonfarm personal income growth, which is known as the Assessed Value Growth Quotient (AVGQ). Statutory property tax caps for homesteads, agricultural and other residential and commercial are equal to 1%, 2% and 3%, respectively, of associated assessed valuations.

The tax rate, which is established for each taxing unit by the Department of Local Government Finance, is based on the tax levy requested by the taxing unit (as limited by the AVGQ) divided by the net assessed value of the property in a physical taxing district. The theory behind the AVGQ is that the costs of government should not be increasing at a greater rate than taxpayer incomes.

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
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 (Continued)

Tax abatements are granted on the assessed value of the property abated. The taxpayer's taxes are then calculated based on this reduced assessment, thus resulting in a lower tax liability. But because a given district's tax rate is calculated based on the total net assessed value in the district (net of abatements and other adjustments), the certified levy of each unit in the district is the same as if the abatements had not been granted.

Additionally, to the extent that parcels have reached the constitutional limit of tax liability as a percentage of gross assessed value, the property tax rate caps (circuit breaker credits) reduce the property tax collections of the affected taxing units. The degree to which property tax abatements exacerbate circuit breaker losses differs by parcel and is dependent on the proportion of abated assessed value to total gross assessed value, as well as prevailing property tax rates.

The estimated gross amount, on an accrual basis, by which the City of Mishawaka's property tax revenues (payable 2017 taxes) were reduced as a result of the aforementioned City abatement programs, totaled \$44,149. The abatements for the City of Mishawaka included abatements for the following programs:

Real Property Tax Abatement	\$30,955
Personal Property Abatements	13,194

While the City of Mishawaka has calculated the potential impact of existing tax abatements on its property tax revenues for 2017 to approximate \$44,149, the actual extent of lost revenues is something less than this amount and cannot be easily determined due to the application of circuit breaker credits.

The City of Mishawaka estimated gross amount, on an accrual basis, by which the City of Mishawaka's property tax revenues (payable 2017 taxes) were reduced are also affected by abatements approved by other taxing units in St. Joseph County. The total estimated impact on revenue for the approved abatements by other taxing units in St. Joseph County totaled \$255,032.

The \$255,032 of tax abatements by taxing unit comprised of the following programs:

<u>Real Residential Property</u>	<u>Real Commercial Property</u>	<u>Personal Property</u>	<u>Vacant Building</u>
\$10,654	\$103,941	\$123,061	\$17,376

While the City of Mishawaka has calculated the potential impact of existing tax abatements on its property tax revenues for 2017 to approximate \$255,032, the actual extent of lost revenues is something less than this amount and cannot be easily determined due to the application of circuit breaker credits.

II. 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. Sixteen annual budgets are adopted for the following governmental funds:

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
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 (Continued)

Nonmajor Governmental Funds		
<u>General Funds (1)</u>	<u>Special Revenue (9)</u>	<u>Capital Projects Funds (6)</u>
General	Motor Vehicle Highway	Cumulative Building and Fire Fighting Equipment
	Local Road and Street	Cumulative Capital Improvement
	Public Safety	Cumulative Sewer
	Park and Recreation	Cumulative Capital Development
	Rainy Day	CEDIT
	Law Enforcement Continuing Education	Local Major Moves Construction
	Park Nonreverting Operating	
	LOIT Special Distribution	
	Local Road and Bridge and Matching	
	Grant Fund	

On or before September 30, 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 a public hearing is conducted by the Common Council to obtain taxpayer comments. In October 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 primary government's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Common Council. The Indiana 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 which required legally approved budgets. Total expenditures did not exceed total appropriations for any departments within the General Fund.

III. Detailed Notes on All Funds

A. Deposits and Investments

Primary Government

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial 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. The primary government does not have a deposit policy for custodial credit risk. At December 31, 2017, the primary government had deposit balances in the amount of \$93,995,067. Of this amount, the following was exposed to custodial credit risk.

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

	Amount
Uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent, but not in the depositor-government's name	\$ 123,178
Total	\$ 123,178

Bank balances held in the utility pension funds were collateralized with securities held by the pledging financial institution's trust department or agent not in the depositor-City's name.

All other bank balances at December 31, 2017 were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Utilities Pension Fund Board of Trustees has established an investment policy for the Utility's Retirement Plan. This investment policy outlines parameters for investment activity for the pension plan. As of December 31, 2017, the City's Utility Pension Fund had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-2	More Than 2
Utility Pension Fund:				
Municipal obligations	\$ 952,374	\$ 232,040	\$ -	\$ 720,334
Mutual funds	20,177,153	20,177,153	-	-
Totals	\$ 21,129,527	\$ 20,409,193	\$ -	\$ 720,334

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the primary government to invest 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. Indiana Code also authorizes the primary government to invest in securities fully guaranteed and issued by 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% of the funds held by the primary government 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 a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
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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 and 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.

Additionally, the primary government may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the primary government'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 is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

The Utility Pension Plan is not subject to the same investment laws as the City. The investment policy for the Utility Pension Plan was adopted by the board on August 27, 1999. Authorized investments include common or preferred stocks, bonds, debentures, notes or other evidences of indebtedness or ownership, or other securities, in any corporation, mutual investment fund, investment company, association or business trust; bonds or other obligation or securities issued by the United States of America or any state or governmental subdivision or instrumentality thereof; and real and personal property of all kinds, including leaseholds on improved and unimproved real estate.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Utility's Pension Plan does not have a formal investment policy for custodial credit risk for investments.

At December 31, 2017, the following investments held by the Utility's Pension Plan were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, but not in the government's name:

<u>Investment Type</u>	<u>Not in the Government's Name</u>
Municipal bonds	\$ 952,374
Mutual funds	<u>20,177,153</u>
Totals	<u>\$ 21,129,527</u>

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than five years.

The Utility's Pension Plan does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Utility's Pension Plan does not have a formal investment policy for credit risk for investments.

The distribution of securities with credit ratings is summarized below.

Standard & Poor's Rating	Moody's Rating	City's Investments	
		Mutual Funds	Municipal Bonds
AA	Aa	\$ -	\$ 662,998
Unrated	Unrated	20,177,153	289,376
Totals		\$ 20,177,153	\$ 952,374

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. The Utility Pension Plan does not have a policy in regard to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

The Utility Pension Plan held the following investments that were exposed to concentration of credit risk:

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

Issuer	2017
Russell Investment Grade bond	\$ 2,112,621
Vanguard Windsor II Adm	1,367,707
Vanguard Morgan Growth Adm	1,220,170
Total	\$ 4,700,498

Fair Value Measurement

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 and other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2017:

- Municipal Bonds of \$952,374 are valued using quoted market prices (Level 1 inputs)
- Mutual Funds of \$20,177,153 are valued using quoted market prices (Level 1 inputs)

3. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial 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 December 31, 2017 the discretely presented component unit had deposit balances in the amount of \$2,405,539 all of which were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories. The discretely presented component unit does not have a policy covering deposit custodial credit risk.

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

B. Loans Receivables

The following receivable accounts have timing and credit characteristics different from typical accounts receivable.

Fund	Receivable	Noncurrent
<u>Governmental Funds:</u>		
Major fund:		
Consolidated TIF	\$ 2,500,000	\$ 2,000,000
Special revenue funds:		
Community Development	340,571	300,560
Total governmental funds	\$ 2,840,571	\$ 2,300,560
<u>Discretely Presented Component Unit</u>		
Mishawaka Bond Bank	\$ 4,186,799	\$ 3,726,761

C. Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

Primary government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activity:				
Capital assets, not being depreciated:				
Land	\$ 13,463,667	\$ -	\$ 132,600	\$ 13,331,067
Construction in progress	23,603,743	6,990,462	6,669,592	23,924,613
Total capital assets, not being depreciated	37,067,410	6,990,462	6,802,192	37,255,680
Capital assets, being depreciated:				
Buildings	35,182,511	3,544,030	-	38,726,541
Improvements other than buildings	33,267,919	487,206	-	33,755,125
Machinery and equipment	32,325,706	2,694,059	1,321,168	33,698,597
Infrastructure being depreciated	155,669,138	8,800,728	-	164,469,866
Totals	256,445,274	15,526,023	1,321,168	270,650,129
Less accumulated depreciation for:				
Buildings	8,900,400	702,788	-	9,603,188
Improvements other than buildings	11,499,780	1,223,796	-	12,723,576
Machinery and equipment	22,387,524	1,907,695	374,644	23,920,575
Infrastructure being depreciated	25,108,409	4,317,776	-	29,426,185
Totals	67,896,113	8,152,055	374,644	75,673,523
Total capital assets, being depreciated, net	188,549,161	7,373,968	946,524	194,976,606
Total governmental activity capital assets, net	\$ 225,616,571	\$ 14,364,430	\$ 7,748,716	\$ 232,232,286

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activity:				
Capital assets, not being depreciated:				
Land	\$ 1,520,946	\$ 1,221,042	\$ -	\$ 2,741,988
Construction in progress	<u>6,468,537</u>	<u>9,242,017</u>	<u>1,836,243</u>	<u>13,874,311</u>
Total capital assets, not being depreciated	<u>7,989,483</u>	<u>10,463,059</u>	<u>1,836,243</u>	<u>16,616,299</u>
Capital assets, being depreciated:				
Buildings	53,642,188	486,555	-	54,128,743
Improvements other than buildings	206,284,947	8,963,913	851,890	214,396,970
Machinery and equipment	50,610,987	566,956	554,232	50,623,711
Transportation	<u>5,161,000</u>	<u>417,779</u>	<u>256,636</u>	<u>5,322,143</u>
Totals	<u>315,699,122</u>	<u>10,435,203</u>	<u>1,662,758</u>	<u>324,471,567</u>
Less accumulated depreciation for:				
Buildings	18,707,167	1,117,750	-	19,824,917
Improvements other than buildings	63,052,933	5,050,601	271,490	67,832,044
Machinery and equipment	35,061,610	1,400,366	29,018	36,432,958
Transportation	<u>4,216,885</u>	<u>365,666</u>	<u>248,015</u>	<u>4,334,536</u>
Totals	<u>121,038,595</u>	<u>7,934,383</u>	<u>548,523</u>	<u>128,424,455</u>
Total capital assets, being depreciated, net	<u>194,660,527</u>	<u>2,500,820</u>	<u>1,114,235</u>	<u>196,047,112</u>
Total business-type activity capital assets, net	<u>\$ 202,650,010</u>	<u>\$ 12,963,879</u>	<u>\$ 2,950,478</u>	<u>\$ 212,663,411</u>

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

Governmental activities:	
General government	\$ 236,348
Public safety	1,372,747
Highways and streets	5,071,537
Community development	3,442
Culture and recreation	<u>1,467,981</u>

Total depreciation expense - governmental activities \$ 8,152,055

Business-type activities:	
Water	\$ 1,499,563
Wastewater	3,816,329
Electric	<u>2,618,491</u>

Total depreciation expense - business-type activities \$ 7,934,383

D. Construction Commitments

Construction work in progress is composed of the following:

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

<u>Project</u>	Expended to December 31, <u>2017</u>	<u>Committed</u>
Governmental activities:		
Church/Main Connector	\$ 6,149,349	\$ 631,170
Church/Main Connect - Church Union Imp Ph II	5,512,627	520,694
Gumwood Road Widening	1,665,978	-
12th Street Phase II	484,880	-
SR 23 Widening	1,593,623	155,769
4th Street LTCP Improvements	1,418,201	-
Battell Park East end Ph 1	76,343	102,044
Merrifield Park Improv Castle Manor Renovation	263,400	200,863
Merrifield Park Trail	3,593,297	-
Other Projects	<u>3,166,915</u>	<u>-</u>
Totals - governmental activities	<u>\$ 23,924,613</u>	<u>\$ 1,610,540</u>

<u>Project</u>	Expended to December 31, <u>2017</u>	<u>Committed</u>
Business-type activities:		
Wastewater Utility:		
Storage and conveyance tunnel	\$ 4,312,638	\$ 2,194,362
Milburn improvements	2,326,127	2,716,101
LTCP project	1,377,403	-
Linden Area LTCP	5,104,767	-
Miscellaneous projects	121,211	539,070
Water Utility:		
The Preserve - Fir Road	182,626	-
Juday Creek Well Field	146,165	338,000
Habitat for Hummanity - Byrkit	153,830	304,500
Miscellaneous projects	<u>149,544</u>	<u>-</u>
Totals - business-type activities	<u>\$ 13,874,311</u>	<u>\$ 6,092,033</u>

E. Interfund Balances and Activity

1. Interfund Transfers

Interfund transfers at December 31, 2017, were as follows:

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Transfer From	Transfer To			Total
	General Fund	Nonmajor Governmental	Business-Type Activities	
Governmental:				
Consolidated TIF	\$ -	\$ 115,005	\$ 3,360,000	\$ 3,475,005
Nonmajor Governmental	-	1,173,961	-	1,173,961
Business-type:				
Water Utility	641,635	-	-	641,635
Wastewater Utility	1,890,304	-	-	1,890,304
Electric Utility	1,604,807	-	-	1,604,807
Total	<u>\$ 4,136,746</u>	<u>\$ 1,288,966</u>	<u>\$ 3,360,000</u>	<u>\$ 8,785,712</u>

The primary government typically uses transfers to fund ongoing operating subsidies.

F. Leases

Capital Leases

The primary government has entered into a capital lease for a fire station, a fire truck, an ambulance, and for radio equipment. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2017, are as follows:

	Governmental Activities
2018	\$ 808,364
2019	799,697
2020	790,029
2021	782,362
2022	691,009
2023-2027	<u>1,260,222</u>
Total minimum lease payments	5,131,683
Less amount representing interest	<u>410,623</u>
Present value of net minimum lease payments	<u>\$ 4,721,060</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

	Business-Type Activities
2018	\$ 84,277
2019	84,280
2020	84,283
2021	84,286
2022	84,290
Total minimum lease payments	421,416
Less amount representing interest	32,316
Present value of net minimum lease payments	\$ 389,100

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

	Governmental Activities
Buildings	\$ 3,815,830
Equipment	2,270,420
Accumulated depreciation	(724,950)
Total	\$ 5,361,300
	Business-Type Activities
Equipment	\$ 389,099
Accumulated depreciation	(57,392)
Total	\$ 331,707

G. Long-Term Liabilities

1. Tax Increment Bonds

On May 11, 2015, the Mishawaka Local Public Improvement Bond Bank, a discretely presented component unit, issued tax increment revenue bonds to the City in the amount of \$1,000,000 to finance improvements to the Battell Center. The City has pledged future local income tax revenue toward repayment of the Bonds.

The primary government has pledged a portion of tax increment revenues to repay tax increment bonds issued in 2017 to finance public community development projects (outstanding balance of \$10,985,000 at December 31, 2017). The bonds are payable solely from the incremental property tax revenues generated by special ad valorem tax levied on all

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
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(Continued)

taxable property with the district. Incremental tax revenues were estimated to produce 100 percent of the debt service requirements over the life of the bonds.

Purpose	Interest Rates	Fund Type	Balance December 31	Due Within One Year	Due in More Than One Year
\$1,000,000 tax increment bonds due in annual installments of \$15,000 to \$25,000 plus interest through February 1, 2040.	2%	Governmental funds	\$ 915,000	\$ 30,000	\$ 885,000
\$10,985,000 tax increment economic development revenue bonds due in installments of \$1,055,000 to \$1,155,000 plus interest through February 1, 2023.	1.30% to 2.10%	Governmental funds	<u>10,985,000</u>	<u>1,055,000</u>	<u>9,930,000</u>
Totals			<u>\$ 11,900,000</u>	<u>\$ 1,085,000</u>	<u>\$ 10,815,000</u>

Annual debt service requirements to maturity for the bonds are as follows:

	Battell Center		Ironworks	
	Principal	Interest	Principal	Interest
2018	\$ 30,000	\$18,150	\$1,055,000	\$161,663
2019	35,000	17,500	2,130,000	169,152
2020	35,000	16,800	2,170,000	137,042
2021	35,000	16,100	2,210,000	99,428
2022	35,000	15,400	2,265,000	58,024
2023-2027	190,000	66,200	1,155,000	12,128
2028-2032	200,000	46,500		
2033-2037	230,000	25,250		
2038-2040	<u>125,000</u>	<u>3,750</u>		
Totals	<u>\$ 915,000</u>	<u>\$ 225,650</u>	10,985,000	637,437
Less Unamortized Discount			(12,929)	
Totals			<u>\$ 10,972,071</u>	<u>\$ 637,437</u>

2. Revenue Bonds

The primary government issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Business-Type Activities:

Purpose	Interest Rates	Balance at December 31	Due Within One Year	Plus: Unamortized Premium	Due in more Than One Year
\$4,475,000 2007 Water refunding revenue bonds due in installments of \$200,000 to \$220,000 plus interest through July 1, 2020	3.9% to 4.25%	\$ 1,055,000	\$ 410,000	\$ 6,036	\$ 651,036
\$12,710,000 2013 Water Refunding revenue bonds due in installments of \$715,000 to \$775,000 plus interest through July 1, 2022	2%	6,680,000	1,435,000	-	5,245,000
\$34,755,000 2015 Wastewater refunding revenue bonds, due in installments of \$1,295,000 to \$1,880,000 plus interest through September 1, 2027	2.25% to 5%	29,875,000	2,615,000	2,895,490	30,155,490
\$16,315,000 Sewage Works 2017 Bonds, Series A due in installments of \$685,000 to \$1,170,000 plus interest through March 1, 2034	4.00%	16,315,000	685,000	609,007	16,239,007
\$24,210,000 Sewage Works 2017 Bonds, Series B due in installments of \$1,030,000 to \$1,485,000 plus interest through September 1, 2034	2.85%	<u>24,210,000</u>	<u>1,030,000</u>	<u>-</u>	<u>23,180,000</u>
Totals		<u>\$ 78,135,000</u>	<u>\$ 6,175,000</u>	<u>\$ 3,510,533</u>	<u>\$ 75,470,533</u>

The primary government has pledged future revenues, net of operating expenses, equal to future annual debt service payments to repay water and wastewater utilities' bonds. The bonds were originally issued to finance certain improvements and extensions to the utilities. The Bond ordinances require monthly deposits of a portion of user fee revenues sufficient to meet requirements of the next principal, interest, and bank fiscal charge payments throughout the life of the bonds. Water and Wastewater bond ordinances also require monthly deposits of user fee revenues over 60 months to produce a bond reserve to approximate the maximum annual debt service.

During 2017, the water utility paid \$2.0 million in debt payments or approximately 24 percent of operating revenues. The wastewater utility paid \$6.74 million in debt payments or approximately 44 percent of operating revenues. Bond coverage for the water utility at December 31, 2017 was 141%. Bond coverage for the wastewater utility at December 31, 2017 was 130%. Bond coverage includes the payment in lieu of taxes to the City and TIF dollars transferred to the wastewater utility from the Consolidated TIF fund.

Revenue bonds debt service requirements to maturity are as follows:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

	Business-Type Activities	
	Principal	Interest
2018	\$ 6,175,000	\$ 2,340,996
2019	6,680,000	2,484,327
2020	6,660,000	2,241,542
2021	6,635,000	2,004,607
2022	6,040,000	1,778,185
2023-2027	27,130,000	5,550,122
2028-2032	13,020,000	1,929,277
2033-2034	5,795,000	216,090
Totals	\$ 78,135,000	\$ 18,545,146

3. Notes and Loans Payable

The primary government governmental activities note is the result of an inter-local agreement with St. Joseph County to fund a portion of the annual debt service payment associated with the Economic Development Income Tax Revenue Bonds on 2014 to finance costs related to the jointly used Public Safety Access Point project. The City's portion of annual debt service payments is 17.34% as outlined by the Resolution of the Common Council of the City of Mishawaka. The allocated portion of the Public Safety Access Notes Payable is due in annual debt service requirements to maturity as follows:

	Principal	Interest
2018	\$ 78,030	\$ 40,815
2019	79,764	39,246
2020	81,498	37,642
2021	83,232	35,795
2022	85,833	33,285
2023-2027	386,682	126,937
2028-2032	391,017	69,679
2033-2034	175,134	8,014
Totals	\$ 1,361,190	\$ 391,413

The Economic Development Income Tax Revenue Bonds of 2014, dated December 30, 2014 was issued in the amount of \$9,155,000 with payments ranging from \$190,000 to \$265,000 payable in semi-annual payments with interest ranging from 2 percent to 3.625 percent. The table above reflects the portion for which the City of Mishawaka is responsible (17.34% of total bond issuance). The City has pledged future Local Income Tax or LITT toward repayment of the Bonds.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

The primary government's business-type activities loans are from the State Revolving Loan Fund. Annual debt service requirements to maturity for the State Revolving Loans are as follows:

	Principal	Interest
2018	\$ 111,000	\$ 50,005
2019	115,000	46,589
2020	119,000	43,051
2021	121,000	39,407
2022	125,000	35,685
2023-2027	689,000	118,250
2028-2032	387,000	17,904
Totals	\$ 1,667,000	\$ 350,891

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017, was as follows:

Primary government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
TIF	\$ 945,000	\$ 10,985,000	\$ 30,000	\$ 11,900,000	\$ 1,085,000
Less deferred amount: for issuance (discounts)/premiums	-	(13,565)	(636)	(12,929)	(2,552)
Total bonds payable	945,000	10,971,435	29,364	11,887,071	1,082,448
Capital leases	4,243,562	826,852	349,354	4,721,060	705,555
Notes Payable	1,438,353	-	77,163	1,361,190	78,030
Net other postemployment benefit obligation *	19,518,529	1,740,909	-	21,259,438	-
Compensated absences *	831,414	612,810	703,302	740,922	512,294
Net pension liability *	50,006,209	-	1,290,703	48,715,506	-
Total governmental activities long-term liabilities	\$ 76,983,067	\$ 14,152,006	\$ 2,449,886	\$ 88,685,187	\$ 2,378,327

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds payable:					
Water Utility	\$ 9,535,000	\$ -	\$ 1,800,000	\$ 7,735,000	\$ 1,845,000
Wastewater Utility	61,465,000	40,525,000	31,590,000	70,400,000	4,330,000
Less deferred amount:					
For issuance (discounts)/premiums	<u>3,219,984</u>	<u>606,420</u>	<u>315,871</u>	<u>3,510,533</u>	<u>352,230</u>
Total revenue bonds payable	74,219,984	41,131,420	33,705,871	81,645,533	6,527,230
Capital leases	389,100	-	-	389,100	73,585
Notes and loans payable	1,774,000	-	107,000	1,667,000	111,000
Net other postemployment benefit obligation	5,166,597	576,695	-	5,743,292	-
Compensated absences	266,290	218,873	192,751	292,412	64,030
Net pension liability	<u>4,492,589</u>	<u>-</u>	<u>2,020,534</u>	<u>2,472,055</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 86,308,560</u>	<u>\$ 41,926,988</u>	<u>\$ 36,026,156</u>	<u>\$ 92,209,392</u>	<u>\$ 6,775,845</u>

* - The General Fund, Motor Vehicle Highway Fund and the Park Fund have historically been used to liquidate the liability for net other postemployment benefits, compensated absences and net pension liability.

5. Current Refunding

On November 28, 2017, the Wastewater utility issued \$16,315,000 of Sewage Works Revenue and Refunding Revenue Bonds of 2017, Series A and \$24,210,000 of Sewage Works Revenue and Refunding Revenue Bonds of 2017, Series B for the current refunding of \$27,525,000 of outstanding Sewage Works Revenue Bonds of 2010 Series B. The refunded bonds were originally issued to finance certain improvements and extensions to the City's Sewage Works. Interest rates on the Series A bonds range from 3.00% to 4.00% and the Series B bonds are 2.85%. The bond proceeds along with an original issue premium of \$151,951 and sinking fund cash on hand of \$3,588,373 were used to place \$28,086,429 into an irrevocable escrow for the current refunding of the principal and interest on the outstanding debt. The remaining funds of \$16,178,895 will be used to provide construction funds (\$13,000,000), for the costs of issuance (\$156,238), fund the Debt Service Reserve Fund (\$2,870,706) and the Bond and Interest Sinking Fund (\$151,951).

H. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

Customer deposits	\$ 3,419,024
Revenue bond covenant accounts	10,117,955
Reserve account	754,000
Repair Accounts	2,662,118
Construction	<u>13,004,238</u>
 Total restricted assets	 <u>\$ 29,957,335</u>

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

IV. Other Information

A. Risk Management

The primary government 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 to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; 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.

Medical Benefits to Employees, Retiree and Dependents

In 2014, the primary government moved from the Indiana Association of Cities and Towns (IACT) Medical Trust and has chosen to re-establish a risk financing fund for risks associated with employee health insurance. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$150,000 per year. In 2015, 2016 and 2017 six, six and eight members respectively exceeded the commercial insurance coverage in each year. Interfund premiums are charged to each fund based on the insured funds' number of employees and are reported as expenditures of the fund. Provisions are also made for unexpected and unusual claims.

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 pay cuts and other economic and social factors.

	2017	2016
Unpaid claims, beginning of fiscal year	\$ 894,209	\$ 971,878
Incurred claims and changes in estimates	13,671,299	11,384,123
Claim payments	(13,877,847)	(11,461,792)
Unpaid claims, end of fiscal year	\$ 687,661	\$ 894,209

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NOTES TO FINANCIAL STATEMENTS
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B. Other Postemployment Benefits

Plan Description

The City of Mishawaka Retiree Healthcare Plan is a self-funded single-employer defined benefit healthcare plan administered by the City of Mishawaka, Department of Finance, through the City's self-insurance fund.

The plan provides for medical insurance benefits to eligible retirees and their spouses. Indiana Code 5-10-8 gives the primary government the authority to establish the plan. A separate financial report is not issued for this plan.

Funding Policy

The contribution requirements of plan members for the City of Mishawaka 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, 2017, the primary government contributed \$1,860,728 to the plan for current premiums. For Pre-Medicare retirees, the primary government annually provides \$400 for covered employees with less than 20 years of service and pays the full single premium cost for employees who retire with 20 or more years of service. For Post-Medicare employees, the primary government provides \$400 annually towards the cost of medical coverage regardless of the years of service.

Annual OPEB Cost and Net OPEB Obligation

The primary government's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the primary government's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Primary government's net OPEB obligation to the plan:

Annual required contribution	\$ 4,119,660
Interest on net OPEB obligation	1,110,831
Adjustment to annual required contribution	<u>(1,052,159)</u>
Annual OPEB cost	4,178,332
Contributions made	<u>(1,860,728)</u>
Increase in net OPEB obligation	2,317,604
Net OPEB obligation, beginning of year	<u>24,685,126</u>
Net OPEB obligation, end of year	<u><u>\$ 27,002,730</u></u>

The information in the above table has been allocated between governmental type and business type activities in the financial statements based on actuarially determined allocations of individual

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(Continued)

employees. The primary government's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 4,021,480	33.0%	\$ 21,987,569
12/31/2016	4,405,931	38.8%	24,685,126
12/31/2017	4,178,332	44.5%	27,002,730

Funded Status and Funding Progress

As of January 1, 2017, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$44,413,408 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$44,413,408. The covered payroll as a percentage of the Actuarial Accrued Liability was (157%). Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumption

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2017 actuarial report, the projected unit credit with linear proration to decrement method was used. The actuarial assumptions included a discount rate of 4.5% unfunded; inflation and salary scale of 3% each and an annual healthcare cost trend rate of 8.5% initially, reduced by decrements to an ultimate rate of 5% after 2025. The UAAL is being amortized as a level percentage of projected pay based on an open group. The remaining amortization period at December 31, 2016, was 30 years.

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(Continued)

C. Pension Plans

1. Cost Sharing Multiple-Employer Defined Benefit Pension Plan –

a. Public Employees' Retirement Fund

Plan Description

The Public Employees' Retirement Fund (PERF) 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 plan is a cost-sharing, multiple-employer defined benefit plan administered by the Indiana Public Retirement System (INPRS). The pension system issues a publicly available financial report that can be obtained at <http://www.inprs.in.gov>.

Benefits Provided

The plan provides retirement, disability and survivor benefits. The Indiana Code, Title 5, Articles 10.2 and 10.3, 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.

Retirement benefits for employees are calculated as years of credible service times the average highest 20 quarters of salary times 1.1% plus the employee's Annuity Savings Account. Normal retirement age is 60 with early retirement at 50-59 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.

Contributions

Per Indiana Code, Title 5, Articles 10.2 and 10.3, contributions 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. Members are required to contribute 3% of their annual covered salary. The primary government is required to contribute at an actuarially determined rate; the current rate for calendar year 2017 is 11.20% percent of annual covered payroll. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member. The actuarial amount, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the PERF plan from the City were \$889,408 for the calendar year ended December 31, 2017.

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

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(Continued)

At December 31, 2017, the City reported a liability of \$5,920,468 for its proportionate share of the overall net pension liability. The City allocates the pension liability to Governmental Activities and Business-Type Activities based on their respective contributions to INPRS. For 2017, the allocation was \$5,156,728 and \$763,740 to the Governmental Activities and Business-Type Activities respectively. The net pension liability was measured as of June 30, 2017 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 a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating units, actuarially determined. At June 30, 2017, the City's proportion was .0013270 percent, which was a decrease of .0000014 from its proportion measured as of June 30, 2016.

	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2016	0.0013284	0.0011791	0.0001493
2017	0.0013270	0.0011558	0.0001712

For the year ended December 31, 2017, the City recognized overall pension expense of \$994,401 that was allocated to Governmental Activities and Business-Type Activities in the amounts of \$875,272 and \$119,129 respectively. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflow of Resources	Deferred Inflow of Resources
Governmental Activities:		
Differences between expected and actual experience	\$ 97,932	\$ 4,002
Net difference between projected and actual investment earnings on pension plan investments	557,163	-
Change of assumptions	82,796	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,700	151,437
City contributions subsequent to the measurement date	393,139	-
Totals	\$ 1,142,730	\$ 155,439
	Deferred Outflow of Resources	Deferred Inflow of Resources
Business-Type Activities:		
Differences between expected and actual experience	\$ 14,504	\$ 593
Net difference between projected and actual investment earnings on pension plan investments	82,519	-
Change of assumptions	12,262	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,733	22,429
City contributions subsequent to the measurement date	58,226	-
Totals	\$ 169,244	\$ 23,022

\$393,139 and \$58,226 reported as deferred outflows of resources related to pension contribution subsequent to the measurement date (Governmental Activities and Business-Type Activities respectively) will be recognized as reduction of the net pension liability/collective net pension liability in the year ended December 31, 2018. Other amounts reported as reductions of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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	Year Ended December 31,	
	Governmental Activities	Business-Type Activities
2017	\$ 175,733	\$ 26,027
2018	330,721	48,982
2019	115,438	17,097
2020	(27,741)	(4,109)
2021	-	-
Thereafter	-	-
Total	\$ 594,151	\$ 87,997

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Experience Study Date	Period of 4 years ended June, 30, 2014
Investment Rate of Return	6.75% net of pension plan investment expense
Cost of Living Increases	1.00%
Future Salary Increases	2.50% to 4.25%
Inflation	2.25%
Mortality rates	RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006

The actuarial assumptions and methods used in the June 30, 2017 valuation of the Public Employees' Retirement Fund were adopted by the INPRS Board in May 2017. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2010 through June 30, 2014, and were first used in the June 30, 2015 valuation. The INPRS Board adopted a funding policy in April 2014, and the policy was last updated in April 2016.

For the actuarial valuation as of June 30, 2017, an actuarial audit was completed which included updating the following assumptions: adding a load on final average salary of \$400 to reflect unused sick leave accumulated at termination of employment for active and inactive vested members. Additionally, for disabled members, the RP-2014 (with MP-2014 improvement removed) Disability Mortality tables are assumed instead of the RP2014 (with MP-2014 improvement removed) Total Data Set Mortality tables.

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. The target allocation and best estimates of arithmetic real rates of return as of June 30, 2017 for each major asset class are summarized in the following table.

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<u>Global Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equity	22.0%	4.9%
Private equity	14.0%	5.7%
Fixed income - Ex inflation-linked	20.0%	2.3%
Fixed income - inflation-linked	7.0%	0.6%
Commodities	8.0%	2.2%
Real estate	7.0%	3.7%
Absolute return	10.0%	3.9%
Risk parity	12.0%	5.1%

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from units will be made at contractually required rates, actuarially determined.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportional share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	5.75%	6.75%	7.75%
Net Pension Liability:	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Governmental Activities	\$ 7,520,880	\$ 5,156,728	\$ 3,191,460
Business-Type Activities	1,113,884	763,740	472,673

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued INPRS Comprehensive Annual Financial Report (CAFR) and Actuarial Valuations. These reports can be found at:

http://www.in.gov/inprs/files/2017_INPRSCAFRBookWeb.pdf
<http://www.in.gov/inprs/files/2017PERFActuarialReport.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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

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.

b. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

Benefits Provided

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 equal to 50 percent of the salary of a first class officer for 20 years of service. Normal retirement age is 52 with early retirement at 50. Employees are eligible for non-duty disability benefits after five years of services 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. 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.

Contributions

Per Indiana State statute (IC 36-8-8 and IC 36-8-8.5), 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. The funding policy for the 1977 Fund requires remittances of member and employer contributions based on percentages of the salary of a first class officer or firefighter rather than actual payroll. Employees are required to contribute 6 percent of their annual pay. The employer contribution rate is actuarially determined. The City's contractually required contribution rate for the year ended December 31, 2017 was 17.5 percent of the salary of a first class officer or firefighter. Contributions to the plan from the City were \$1,099,360 to the Police Officers' plan and \$1,116,201 to the Firefighter's plan for the year ended December 31, 2017.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

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

At December 31, 2017, the City reported net pension asset of \$112,220 for the Police Officers' fund and \$114,001 for the Firefighters' fund for their respective proportionate shares of the net pension liability. The Plan's net pension liability was measured as of June 30, 2017 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 a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating units, actuarially determined. Changes in proportionate share from 2016 to 2017 are shown in the table below:

	<u>Change in Proportionate Share</u>	
	<u>Police Officers'</u>	<u>Firefighters'</u>
2017	0.0072750	0.0073905
2016	0.0071511	0.0071635
Change	0.0001239	0.0002270
Percent Change	1.73%	3.17%

For the year ended December 31, 2017, the City recognized pension expense of \$910,341 for the Police Officers' fund and \$928,950 for the Firefighters' fund.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police Officers'		Firefighters'	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 451,907	\$ 352,627	\$ 459,082	\$ 358,225
Net difference between projected and actual investment earnings on pension plan investments	1,481,642	-	1,505,165	-
Change of assumptions	-	1,678,503	-	1,705,151
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,281	37,678	55,003	38,357
City contributions subsequent to the measurement date	553,115	-	587,114	-
Totals	\$ 2,519,945	\$ 2,068,808	\$ 2,606,364	\$ 2,101,733

\$553,115 and \$587,114 reported for the Police Officers' and Firefighters' funds respectively as deferred outflows of resources related to pensions resulting from City contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability/collective net pension liability in the year ended December 31, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

	Year Ended December 31,	
	Police	
	Officers'	Firefighters'
2018	\$ 192,284	\$ 199,493
2019	565,041	578,168
2020	40,670	45,472
2021	(348,696)	(350,076)
2022	(258,086)	(258,027)
Thereafter	(293,191)	(297,513)
Total	\$ (101,978)	\$ (82,483)

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Experience Study Date	Period of 4 years ended June, 30, 2014
Investment Rate of Return	6.75% net of pension plan investment expense
Cost of Living Increases	2.00%
Future Salary Increases	2.50%
Inflation	2.25%
Mortality rates	RP-2014 Blue Collar Mortality Table, with Social Security Administration generational improvement scale from 2006

The actuarial assumptions and methods used in the June 30, 2017 valuation of the Public Employees' Retirement Fund were adopted by the INPRS Board in May 2017. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2010 through June 30, 2014, and were first used in the June 30, 2015 valuation. The INPRS Board adopted a funding policy in April 2014, and the policy was last updated in April 2016.

For the actuarial valuation as of June 30, 2017, an actuarial audit was completed which included updating the following assumptions: adding a load on final average salary of \$400 to reflect unused sick leave accumulated at termination of employment for active and inactive vested members. Additionally, for disabled members, the RP-2014 (with MP-2014 improvement removed) Disability Mortality tables are assumed instead of the RP2014 (with MP-2014 improvement removed) Total Data Set Mortality tables.

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.

The target allocation and best estimates of arithmetic real rates of return as of June 30, 2017 for each major asset class are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

<u>Global Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equity	22.0%	4.9%
Private equity	14.0%	5.7%
Fixed income - Ex inflation-linked	20.0%	2.3%
Fixed income - inflation-linked	7.0%	0.6%
Commodities	8.0%	2.2%
Real estate	7.0%	3.7%
Absolute return	10.0%	3.9%
Risk parity	12.0%	5.1%

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from units will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Police and Firefighter proportional share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<u>Net Pension Liability/(Asset)</u>		
	5.75%	6.75%	7.75%
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Police Officers'	\$ 6,136,801	\$ (112,220)	\$ (5,161,635)
Firefighters'	\$ 6,234,231	\$ (114,001)	\$ (5,243,582)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued INPRS Comprehensive Annual Financial Report (CAFR) and Actuarial Valuations. These reports can be found at:

http://www.in.gov/inprs/files/2017_INPRSCAFRBookWeb.pdf
<http://www.in.gov/inprs/files/20171977FundActuarialReport.pdf>

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

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.

2. Single Employer Defined Benefit Pension Plan

a. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6).

The pension board consists of nine members. Three are members by virtue of office: the Mayor, the City Controller, and the Police Chief. Five members are elected representatives of the active membership of the police department, and one additional member, a retired officer, is elected. The plan provides retirement, disability, and death benefits to plan members and beneficiaries.

The financial statements of the plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

The plan was established and may be amended by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Plan Membership

Plan membership at December 31, 2017, consisted of the following:

	1925 Police Officers' Pension
Retires and beneficiaries currently receiving benefits	45
Terminated employees entitled to but not yet receiving benefits	-
Current active employees	1

Benefits Provided

The plan provides retirement, disability and death benefits. The benefit provisions of the plan for non-converted members are set forth in Indiana Code 38-8-6. The benefit provisions for the converted members are set forth in Indiana Code 36-8-8. Unless specifically denoted, provisions for converted and non-converted members are the same.

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(Continued)

All full-time, fully-paid police officers who were hired before May 1, 1977 or rehired between April 30, 1977 and February 1, 1979 are eligible participants. The pension plan is closed to new entrants.

Eligibility for annuity benefits is as follow. Non-converted members of any age with twenty or more years of creditable service and converted plan members who are age fifty-two with twenty or more years of creditable service are eligible for normal benefits. Normal retirement benefits are calculated at 50% of the base salary of a First class Patrolman, plus an additional 1% for each completed six months of service over twenty years up to a maximum of 74% with 32 years of service.

Non-converted plan members of any age with twenty or more years of creditable service and converted plan members age fifty with twenty years or more of creditable service are eligible to receive early retirement benefits. Early retirement benefits are unreduced for non-converted plan members. Early retirement benefits are reduced by 7% per year for converted plan members between ages fifty and fifty-two. Late retirement benefits are calculated in the same manner as normal retirement benefits.

Disability retirement benefits are equal to a sum determined by a disability medical panel, but not exceeding 55% of the monthly salary (with longevity pay) of a First Class Patrolman. If a member has more than twenty years of service, the disability benefit, if greater, will be equal to the pension the member would have received if the member had retired on the date of disability. For converted plan members, the disability benefit is equal to the benefit the member would have received if the member had retired.

If a converted member does not have twenty years of service or is not at least age fifty-two on the date of disability, the benefit is computed as if the member does have twenty years of service and is age fifty-two at the date of disability.

Pre-retirement death benefits vary for converted and non-converted plan members and depending upon whether or not the death is considered in the line of duty or not in the line of duty. Such benefits range from 20-50% of a First Class Patrolman salary, with longevity, or from 55-100% of the monthly benefit the member was receiving, or was entitled to receive, on the date of death. Pre-retirement death benefits are payable to the surviving spouse, children and dependent parents of plan members provided they meet eligibility guidelines. A one-time funeral death benefit is paid to the heirs or estate upon a member's death from any cause and is equal to at least \$12,000. An additional benefit of \$150,000 is paid from the Pension Relief Fund to a surviving spouse, children, or parent(s) if death occurs in the line of duty.

Non-converted members are entitled to the normal retirement benefit described above if termination occurs after earning twenty years of service. If termination occurs before completing twenty years of service, no benefits are payable. Converted members are entitled to the accrued retirement benefit determined as of the termination date and payable commencing on the normal retirement date. If termination occurs before completing twenty years of service, the member shall be entitled to the member's contributions plus accumulated interest.

Benefits for non-converted retired members are increased annually based on increases in the first class salary as approved by the employer. Converted retired member benefits are increased annually based on increases in the CPI-U index. The increase is subject to a 3% maximum and 0% minimum.

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

Contributions

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to six percent (6%) of the salary of a First Class Patrolman until they have completed thirty-two years of service.

Actuarial valuations are performed annually for the 1925 Police Officers' Pension Plan. The assumptions used in the valuation are selected and approved by the Indiana Public Retirement System (INPRS) Board of Trustees.

Benefits to members of the plan are funded on a pay-as-you-go basis by certain revenues and appropriations of the State of Indiana to the Pension Relief Fund. On-behalf contributions from the State of Indiana as shown in the financial statements of \$1,359,986 approximate an equal amount paid out for benefits. The primary government has recognized these on-behalf payments as intergovernmental revenue and public safety expenditures in the General Fund. The Pension Relief Fund has been created within the INPRS and is administered by INPRS and is used as a temporary holding account for collecting State revenues and appropriations before funds are distributed to employers. Amounts required to pay benefits are distributed from the fund to the City.

Pension Plan Investments – Policy and Rate of Return

The pension plan investment policy is consistent with the overall policy of the City as described in Note III.A.2. The plan held no investments during the reporting period.

Deferred Retirement Option Plan

The Deferred Retirement Option Plan (DROP) is an optional form of benefit, which allows members who are eligible for an unreduced retirement benefit to continue to work and earn a salary while accumulating a DROP benefit. A member who elects to enter the DROP shall execute an irrevocable election to retire on the DROP retirement date. The member shall select a DROP retirement date not less than 12 months and not more than 36 months after the member's DROP entry date. While in the DROP, the member shall continue to make applicable fund contributions. When a member enters the DROP, a "DROP frozen benefit" will be calculated. Members of the DROP are eligible to receive a lump sum equal to the amount of the DROP frozen benefit multiplied by the number of months in the DROP. A member may elect to receive this amount in three annual installments instead of a single lump sum. In addition, the member will receive a monthly retirement benefit equal to the DROP frozen benefit. Forms of payment include a single life annuity or a joint annuity with 60% survivor benefits. A member, upon retirement, may elect to forgo DROP benefits and instead receive monthly retirement benefits calculated as if the member never elected to participate in the DROP. There is no balance of amounts held by the pension plan pursuant to the DROP.

Net Pension Liability

The components of the net pension liability of the 1925 Police Officers' Pension Plan at December 31, 2017, were as follows:

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(Continued)

	1925 Police Officers' Pension
Actuarial net pension liability	\$ 18,095,597
Plan fiduciary net position	<u>(763,592)</u>
Net pension liability	<u><u>\$ 17,332,005</u></u>

Plan fiduciary net position as a percentage of total pension liability 4.22%

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

Changes in Net Pension Liability	Police Officers'		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2016	\$ 17,519,874	\$ 756,901	\$ 16,762,973
Service cost	25,219		25,219
Interest cost	562,636		562,636
Differences between expected and actual experience (gain)/loss	547,357		547,357
Changes in assumptions (gain)/loss	795,978		795,978
Employer contributions			-
Non-employer contributing entity contributions		1,359,986	(1,359,986)
Benefit payments, including refunds	<u>(1,355,467)</u>	<u>(1,353,295)</u>	<u>(2,172)</u>
Net changes	<u>575,723</u>	<u>6,691</u>	<u>569,032</u>
Balance at December 31, 2017	<u><u>\$ 18,095,597</u></u>	<u><u>\$ 763,592</u></u>	<u><u>\$ 17,332,005</u></u>

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

For the year ended December 31, 2017, the City recognized pension expense of \$1,931,190. At December 31, 2017, the City reported no deferred outflows of resources or deferred inflows of resources related to the 1925 Police Officers' Pension Plan.

Actuarial Assumptions

The actuarial assumptions used in the valuation were selected and approved by the INPRS Board of Trustees.

The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
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(Continued)

Inflation	2.25% per year
Salary increases	2.50% per year
Investment rate of return	2.75% net of pension plan investment expense, including inflation
Cost of living increases:	
Non-converted	2.50% per year in retirement
Converted	2.50% per year in retirement

Mortality rates were based on the RP 2014 Blue Collar mortality tables with MP-2014 improvement removed, and with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 report.

The actuarial assumptions used in the valuation are based on the results of the actuarial experience study completed for the 1977 Police Officers' and Firefighters' Pension and Disability Fund in April 2015, which covered the period beginning July 1, 2010 and ending June 30, 2014.

Discount Rate

The discount rate is set equal to the Barclay's 20-year Municipal Bond Index rate of 2.75 percent as of December 31, 2017. The discount rate decreased from the 3.23 percent used for the December 31, 2016 calculation of the net pension liability. The projection of cash flows used to determine the discount rate considered the fact that on-behalf contributions made by the State of Indiana are made as benefit payments become due for payment.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was 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 2.75 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond Index as of December 31, 2017. The municipal bond rate was applied to all remaining periods.

The pension plan currently has no investments.

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

The following represents the net pension liability of the City, calculated using the discount rate of 2.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.75 percent) or 1-percentage point higher (3.75 percent) than the current rate:

	1.75% <u>1% Decrease</u>	2.75% <u>Current Rate</u>	3.75% <u>1% Increase</u>
Net Pension Liability	\$ 19,213,506	\$ 17,332,005	\$ 15,741,317

Pension Cost

The pension plan does not issue a separate financial report.

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(Continued)

Funding Status and Funding Progress

As of the January 1, 2017 actuarial valuation date, the plan was not funded and is on a pay as you go basis. The actuarial accrued liability for benefits was \$18,095,597, and the actuarial value of assets was \$763,592, resulting in an unfunded actuarial accrued liability of \$17,332,005. The covered payroll (annual payroll to active employees covered by the plan) and the ratio of the unfunded actuarial accrued liability to the covered payroll were not available.

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is not available in the separately issued financial report. 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. 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.

b. 1937 Firefighters' Pension Plan

Plan Description

The City of Mishawaka contributes to the 1937 Firefighters' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7).

The pension board consists of seven members, which include the Mayor, the Fire Chief, the Pension Secretary, three trustees elected from active members, and one trustee elected from retired members.

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established and can be amended by the plan administrator, as provided by state statute.

The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Plan Membership

Plan membership at December 31, 2017, consisted of the following:

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NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

	1937 Firefighters' Pension
Retires and beneficiaries currently receiving benefits	71
Terminated employees entitled to but not yet receiving benefits	-
Current active employees	-

Benefits Provided

The plan provides retirement, disability, and death benefits. The benefit provisions of the 1937 Firefighters' Pension Plan for non-converted members are set forth in Indiana Code 36-8-7. The benefit provisions for converted members are set forth in Indiana Code 36-8-8.

Unless specifically denoted, provisions for converted and non-converted members are the same. All full-time, fully-paid firefighters who were hired before May 1, 1977 or rehired between April 30, 1977 and February 1, 1979 are eligible participants. The pension plan is closed to new entrants.

Eligibility for annuity benefits is as follows. Non-converted members of any age with twenty or more years of creditable service and converted plan members who are age fifty-two with twenty or more years of creditable service are eligible for normal benefits. Normal retirement benefits are calculated at 50% of the base salary of a First Class Firefighter, plus an additional 1% for each completed six months of service over twenty years up to a maximum of 74% with 32 years of service.

Non-converted plan members of any age with twenty or more years of creditable service and converted plan members age fifty with twenty years or more of creditable service are eligible to receive early retirement benefits. Early retirement benefits are unreduced for unconverted plan members. Early retirement benefits are reduced by 7% per year for converted plan members between ages fifty and fifty-two. Late retirement benefits are calculated in the same manner as normal retirement benefits.

Disability retirement benefits are equal to a sum determined by a disability medical panel, but not exceeding 55% of the monthly salary (with longevity pay) of a First Class Firefighter. If a member has more than twenty years of service, the disability benefit, if greater, will be equal to the pension the member would have received if the member had retired on the date of disability. For converted plan members, the disability benefit is equal to the benefit the member would have received if the member had retired. If a converted member does not have twenty years of service or is not at least age fifty-two on the date of disability, the benefit is computed as if the member does have twenty years of service and is age fifty-two at the date of disability.

Pre-retirement death benefits vary for converted and non-converted plan members and depending upon whether or not the death is considered in the line of duty or not in the line of duty. Such benefits range from 20-50% of a First Class Firefighter's salary, with longevity, or from 55-100% of the monthly benefit the member was receiving, or was entitled to receive, on the date of death.

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(Continued)

Pre-retirement death benefits are payable to the surviving spouse, children and dependent parents of plan members provided they meet eligibility guidelines. A one-time funeral death benefit is paid to the heirs or estate upon a member's death from any cause and is equal to at least \$12,000. An additional benefit of \$150,000 is paid from the Pension Relief Fund to a surviving spouse, children, or parent(s) if death occurs in the line of duty.

Non-converted members are entitled to the normal retirement benefit described above if termination occurs after earning twenty years of service. If termination occurs before completing twenty years of service, no benefits are payable. Converted members are entitled to the accrued retirement benefit determined as of the termination date and payable commencing on the normal retirement date.

If termination occurs before completing twenty years of service, the member shall be entitled to the member's contributions plus accumulated interest.

Benefits for non-converted retired members are increased annually based on increases in the First Class Firefighter's salary as approved by the employer.

Converted retired member benefits are increased annually based on increases in the CPI-U index. The increase is subject to a 3% maximum and 0% minimum.

Contributions

Plan members are required by state statute (IC 36-8-7-8) to contribute an amount equal to six percent (6%) of the salary of a First Class Firefighter until they have completed thirty-two years of service.

Actuarial valuations are performed annually for the 1937 Firefighters' Pension Plan. Benefits to members of the Plan are funded on a pay-as-you-go basis by certain revenues and appropriations from the State of Indiana to the Pension Relief Fund. On-behalf contributions from the State of Indiana as shown in the financial statements of \$2,059,663 approximate an equal amount paid out for benefits. The primary government has recognized these on-behalf payments as intergovernmental revenue and public safety expenditures in the General Fund. The Pension Relief Fund has been created within the Indiana Public Retirement System (INPRS) and is administered by INPRS and is used as a temporary holding account for collecting State revenues and appropriations before funds are distributed to employers. Amounts required to pay benefits are distributed from the fund to the City.

Pension Plan Investments – Policy and Rate of Return

The pension plan investment policy is consistent with the overall policy of the City as described in Note III.A.2.

The plan held no investments during the reporting period.

Deferred Retirement Option Plan

The Deferred Retirement Option Plan (DROP) is an optional form of benefit, which allows members who are eligible for an unreduced retirement benefit to continue to work and earn a salary while accumulating a DROP benefit. A member who elects to enter the DROP

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 (Continued)

shall execute an irrevocable election to retire on the DROP retirement date. The member shall select a DROP retirement date not less than 12 months and not more than 36 months after the member's DROP entry date. While in the DROP, the member shall continue to make applicable fund contributions.

When a member enters the DROP, a "DROP frozen benefit" will be calculated. Members of the DROP are eligible to receive a lump sum equal to the amount of the DROP frozen benefit multiplied by the number of months in the DROP. A member may elect to receive this amount in three annual installments instead of a single lump sum. In addition, the member will receive a monthly retirement benefit equal to the DROP frozen benefit. Forms of payment include a single life annuity or a joint annuity with 60% survivor benefits. A member, upon retirement, may elect to forgo DROP benefits and instead receive monthly retirement benefits calculated as if the member never elected to participate in the DROP. There is no balance of amounts held by the pension plan pursuant to the DROP.

Net Pension Liability

The components of the net pension liability of the 1937 Firefighters' Pension Plan at December 31, 2017, were as follows:

	1937 Firefighters' Pension
Actuarial net pension liability	\$ 27,182,688
Plan fiduciary net position	<u>(955,915)</u>
Net pension liability	<u>\$ 26,226,773</u>
Plan fiduciary net position as a percentage of total pension liability	<u>3.52%</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Changes in the net pension liabilities are as follows:

<u>Changes in Net Pension Liability</u>	<u>Firefighters'</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2016	\$ 27,573,516	\$ 953,399	\$ 26,620,117
Interest cost	843,915		843,915
Differences between expected and actual experience (gain)/loss	(433,951)		(433,951)
Changes in assumptions (gain)/loss	1,223,513		1,223,513
Employer contributions			-
Non-employer contributing entity contributions		2,059,663	(2,059,663)
Benefit payments, including refunds	(2,024,305)	(2,057,147)	32,842
Net changes	(390,828)	2,516	(393,344)
Balance at December 31, 2017	<u>\$ 27,182,688</u>	<u>\$ 955,915</u>	<u>\$ 26,226,773</u>

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

For the year ended December 31, 2017, the City recognized pension expense of \$1,633,477. At December 31, 2017, the City reported no deferred outflows of resources or deferred inflows of resources related to the 1937 Firefighters' Pension Plan.

Actuarial Assumptions

The actuarial assumptions used in the valuation were selected and approved by the INPRS Board of Trustees.

The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% per year
Salary increases	2.50% per year
Investment rate of return	2.75% net of pension plan investment expense, including inflation
Cost of living increases:	
Non-converted	2.50% per year in retirement
Converted	2.50% per year in retirement

Mortality rates were based on the RP 2014 Blue Collar mortality tables with MP-2014 improvement removed, and with future mortality improvement projected generationally

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

using future mortality improvement inherent in the Social Security Administration's 2014 report.

The actuarial assumptions used in the valuation are based on the results of the actuarial experience study completed for the 1977 Police Officers' and Firefighters' Pension and Disability Fund in April 2015, which covered the period beginning July 1, 2010 and ending June 30, 2014.

Discount Rate

The discount rate is set equal to the Barclay's 20-year Municipal Bond Index rate of 2.75 percent as of December 31, 2017.

The discount rate decreased from the 3.23 percent used for the December 31, 2016 calculation of the net pension liability.

The projection of cash flows used to determine the discount rate considered the fact that on-behalf contributions made by the State of Indiana are made as benefit payments become due for payment.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was 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 2.75 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond Index as of December 31, 2017. The municipal bond rate was applied to all remaining periods.

The pension plan currently has no investments.

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

The following represents the net pension liability of the City, calculated using the discount rate of 2.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.75 percent) or 1-percentage point higher (3.75 percent) than the current rate:

	1.75% <u>1% Decrease</u>	2.75% <u>Current Rate</u>	3.75% <u>1% Increase</u>
Net Pension Liability	\$ 29,116,929	\$ 26,226,773	\$ 23,781,528

Pension Cost

The pension plan does not issue a separate financial report.

Funding Status and Funding Progress

As of January 1, 2017, the most recent actuarial valuation date, the plan was not funded and is funded on a pay-as-you-go basis. The actuarial accrued liability for benefits was \$27,182,688, and the actuarial value of assets was \$955,919, resulting in an unfunded actuarial accrued liability of \$26,226,773. The covered payroll (annual payroll to active employees covered by the plan) and the ration of the unfunded actuarial accrued liability to the covered payroll were not available.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is not available in the separately issued financial report. 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. 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.

c. Utility Pension Plan

Plan Administration

The Primary government’s Utilities (water, wastewater and electric) contribute to the Mishawaka Utilities Retirement System, a single employer defined benefit pension plan administered by the Indiana Trust & Investment Management Company, as trustee.

The pension board consists of the Mayor, the City Controller, the General Manager of the Utilities and four elected employees of the Mishawaka Utilities. The plan covers all employees of the three utilities except for sewer maintenance employees of the Wastewater Utility who are covered by PERF. The plan is administered by the Primary government’s Board of Works, as provided by state statute (IC 8-1.5-3-7) and provides retirement, termination/severance, disability, and death benefits to plan members and beneficiaries. The trustee does not issue a publicly available financial report that includes financial statements and supplementary information of the plan.

The plan remains open to new participants.

Plan Membership

Plan membership at December 31, 2017, consisted of the following:

	Utility Pension
Retires and beneficiaries currently receiving benefits	73
Terminated employees entitled to but not yet receiving benefits	1
Current active employees	120

Benefits Provided

The plan provides retirement, termination/severance, disability, and death benefits to plan members and beneficiaries. The plan covers all employees of the three utilities except for

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

sewer maintenance employees of the Wastewater Utility who are covered by INPRS. The plan provides that the monthly retirement benefit shall be a pension payable for the member's lifetime with five years of payments guaranteed equal to one and one-half percent (1-1/2%) of the member's average monthly wage, which is based upon regular straight time rate, received during the highest paid five consecutive fiscal years before retirement multiplied by the member's years of credited service, plus one hundred and twenty dollars (\$120). Members are eligible to retire as of normal retirement for an unreduced benefit upon the earlier of 1) attainment of age sixty-five (65), or 2) the completion of thirty years of credited service, or 3) the date on which the sum of the member's age and years of credited service equals 85.

A reduced early retirement benefit is available to members with at least fifteen years of credited service any time after attainment of age sixty with a reduction factor of one-fourth percent for each month by which the early retirement date precedes what would have been the normal retirement date.

A disability retirement benefit is available to members with at least ten years of credited service and permanent disability as determined for purposes of the Federal Social Security Act.

A terminated participant not eligible for death, disability or retirement may choose benefits based on a vested schedule as determined by years of credited service or a lump sum equal to 5% of the highest annual compensation multiplied by credited service.

A death benefit is available equal to 5% of the highest annual compensation multiplied by credited service, or the survivor's portion of a joint and 50% survivor annuity, payable to a surviving spouse.

Contributions

The employer intends to contribute to the plan each year such amounts as may be required to operate the plan on a sound actuarial basis.

The minimum annual contribution by the employer must be sufficient, as determined by the pension actuaries, to prevent deterioration in the actuarial status of the trust fund during the year.

For the year ended December 31, 2017, the mandatory member contribution rate was 0% of annual pay and the actuarially determined employer's contribution rate was 16.75% of annual payroll.

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

For the year ended December 31, 2017, the City recognized pension expense of \$699,535 for the Utility fund. The expense was allocated \$174,884 to the Water Utility, \$174,884 to the Wastewater Utility and \$349,767 to the Electric Utility.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

	Water Utility		Wastewater Utility		Electric Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Business-type activities						
Differences between expected and actual experience	\$ 4,681	\$ 224,093	\$ 4,681	\$ 224,093	\$ 9,362	\$ 448,185
Net difference between projected and actual investment earnings on pension plan investments	155,676	308,041	155,676	308,041	311,350	616,080
Change of assumptions	79,569	112,428	79,569	112,428	159,136	224,857
Totals	<u>\$239,926</u>	<u>\$644,562</u>	<u>\$239,926</u>	<u>\$644,562</u>	<u>\$479,848</u>	<u>\$1,289,122</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ending December 31,		
	Water Utility	Wastewater Utility	Electric Utility
2018	\$ (47,424)	\$ (47,424)	\$ (94,849)
2019	(63,684)	(63,685)	(127,370)
2020	(131,885)	(131,884)	(263,770)
2021	(135,948)	(135,948)	(271,894)
2022	(20,078)	(20,079)	(40,158)
Thereafter	<u>(5,617)</u>	<u>(5,616)</u>	<u>(11,233)</u>
Totals	<u>\$ (404,636)</u>	<u>\$ (404,636)</u>	<u>\$ (809,274)</u>

Pension Plan Investments – Policy and Rate of Return

The pension plan investment policy is consistent with the overall policy of the City as described in Note III.A.2. The plan held \$21,129,528 of investments as of December 31, 2017.

Net Pension Liability

The components of the net pension liability of the Utility Pension Plan at December 31, 2017, were as follows:

	Utility Pension	Allocated to:		
		Water Utility	Wastewater Utility	Electric Utility
Actuarial net pension liability	\$ 23,001,227	\$ 5,750,307	\$ 5,750,307	\$ 11,500,613
Plan fiduciary net position	(21,292,912)	(5,323,228)	(5,323,228)	(10,646,456)
Net pension liability	<u>\$ 1,708,315</u>	<u>\$ 427,079</u>	<u>\$ 427,079</u>	<u>\$ 854,157</u>
Plan fiduciary net position as a percentage of total pension liability	<u>92.57%</u>	<u>92.57%</u>	<u>92.57%</u>	<u>92.57%</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Change in the net pension liabilities are as follows:

<u>Changes in Net Pension Liability</u>	<u>Utility Pension</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2016	\$ 22,338,927	\$ 18,510,885	\$ 3,828,042
Service cost	572,487		572,487
Interest cost	1,508,344		1,508,344
Differences between expected and actual experience (gain)/loss	(237,501)		(237,501)
Changes in assumptions (gain)/loss	(136,901)		(136,901)
Employer contributions		1,094,354	(1,094,354)
Net investment income		2,746,540	(2,746,540)
Administrative expense		(14,738)	14,738
Benefit payments, including refunds	(1,044,129)	(1,044,129)	-
Net changes	<u>662,300</u>	<u>2,782,027</u>	<u>(2,119,727)</u>
Balance at December 31, 2017	<u>\$ 23,001,227</u>	<u>\$ 21,292,912</u>	<u>\$ 1,708,315</u>

Actuarial Assumptions

The actuarial assumptions used in the valuation were selected and approved by the Board of Trustees for the plan.

The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50% per annum
Salary increases:	3.50% per annum
Due to Inflation	2.50%
Due to Merit/Seniority	1.00%
Investment rate of return	6.75% per annum, net of pension plan investment expenses, including inflation
Cost of living increases for certain retirees	2.00% per annum

Mortality rates were based on RP-2014 adjusted to 2006 Blue Collar Mortality with Two Dimensional Generational Mortality Improvement Project Scale MP-2017 (separate employee & annuitant tables and male & female tables).

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Annual Pension Cost

For 2017, the Utilities' annual pension cost and related information for the Utility Pension Plan, as provided by the actuary, is presented in this note.

Discount Rate

The discount rate is set equal to the Barclay's 20-year Municipal Bond Index rate of 6.75 percent as of December 31, 2017. The discount rate of 6.75 was unchanged from the percent used for the December 31, 2015 calculation of the net pension liability. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed to prevent the deterioration in the actuarial stats of the trust.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate of 6.75 percent is equal to the long-term expected return of plan investments. The rate was applied to all remaining periods.

The long-term expected rate of return on the utility pension plan investments was determined based on the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation).

The long-term expected rate of return on plan investments is 6.75%.

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

The following represents the net pension liability of the Utilities, calculated using the discount rate of 6.75%, as well as what the Utility net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75 percent) or 1-percentage point higher (7.75 percent) than the current rate:

	Net Pension Liability/(Asset)		
	5.75%	6.75%	7.75%
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Water Utility	\$ 1,071,094	\$ 427,079	\$ (122,893)
Wastewater Utility	1,071,094	427,079	(122,893)
Electric Utility	2,142,187	854,157	(245,785)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is not available in the separately issued financial report. 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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

of accounting. 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.

d. Financial Statements for Defined Benefit Plans

Combining Statements of Fiduciary Net Position – Pension Trust Funds:

	1925 Police Pension	1937 Firefighters' Pension	Utility Pension
<u>Statement of Net Position</u>			
Cash and investments	\$ 763,592	\$ 955,915	\$ 21,252,706
Other assets			46,654
			-
Liabilities			(6,447)
Net Position	<u>\$ 763,592</u>	<u>\$ 955,915</u>	<u>\$ 21,292,913</u>
<u>Statement of Changes in Net Position</u>			
Contributions	\$ 1,359,986	\$ 2,059,663	\$ 1,094,354
Benefit payments	(1,353,295)	(2,057,147)	(1,044,129)
Investment income	-	-	2,789,417
Administrative expense	-	-	(57,615)
Change in net position	6,691	2,516	2,782,027
Net position - beginning	<u>756,901</u>	<u>953,399</u>	<u>18,510,886</u>
Net position - ending	<u>\$ 763,592</u>	<u>\$ 955,915</u>	<u>\$ 21,292,913</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Statements of Changes in Fiduciary Net Position – Pension Trust Funds:

	1925 Police Pension	1937 Firefighters' Pension	Utility Pension
<u>Additions:</u>			
Contributions:			
On behalf contributions	\$ 1,359,986	\$ 2,059,663	\$ -
Employer	-	-	1,094,354
Total contributions	<u>1,359,986</u>	<u>2,059,663</u>	<u>1,094,354</u>
Investment income (loss):			
Net change in fair value of investments	-	-	1,895,924
Interest and dividends	-	-	893,494
Total investment income (loss)	-	-	2,789,418
Less investment expenses:			
Investment activity expense	-	-	(42,877)
Net investment income (loss)	<u>-</u>	<u>-</u>	<u>2,746,541</u>
Total additions	<u>1,359,986</u>	<u>2,059,663</u>	<u>3,840,895</u>
<u>Deductions:</u>			
Benefits	1,353,295	2,057,147	1,044,129
Administrative expense	-	-	14,739
Total deductions	<u>1,353,295</u>	<u>2,057,147</u>	<u>1,058,868</u>
Changes in net position	6,691	2,516	2,782,027
Net position - beginning	<u>756,901</u>	<u>953,399</u>	<u>18,510,886</u>
Net position - ending	<u>\$ 763,592</u>	<u>\$ 955,915</u>	<u>\$ 21,292,913</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

D. Net Position – Net investment in Capital Assets

As of December 31, 2017, Net Position – Net investment in capital assets is calculated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net capital assets	\$ 232,232,286	\$ 212,663,411	\$ 444,895,697
Less:			
Total capital leases payable	(4,721,060)	(389,100)	(5,110,160)
Total notes and loans payable	(1,361,190)	(1,667,000)	(3,028,190)
Total revenue bonds payable, net	-	(81,645,533)	(81,645,533)
Total TIF bonds payable, net	(11,887,071)	-	(11,887,071)
Add:			
Deferred amount on refunding	-	564,992	564,992
Unspent bond proceeds	7,802,542	13,004,238	20,806,780
Deferred charges	-	951,930	951,930
Net investment in capital assets	<u>\$ 222,065,507</u>	<u>\$ 143,482,938</u>	<u>\$ 365,548,445</u>

E. Subsequent Events

Planned Issuance of 2018 Sewage Works Revenue Bonds

The City is planning to issue Sewage Works Revenue Bonds in the amount of \$12,550,000 for certain additions, extensions and improvements to the City’s municipal sewage works. These bonds are anticipated to be sold in mid-August, 2018 with a closing in late-August 2018. Preliminary interest rate estimates range from 1.85% to 4.05%. The Bonds are anticipated to mature over a period of approximately twenty years and one month with an anticipated final payment due on September 1, 2038.

Planned Issuance of 2018 Water Utility Revenue Bonds

The City is planning to issue Water Utility Revenue Bonds through the Indiana Drinking Water State Revolving Fund in the amount of approximately \$13,000,000 for certain additions, extensions and improvements to the City’s municipal water utility. These bonds are anticipated to be sold and close in fall, 2018. Preliminary interest rate is estimated at 2.0%. The Bonds are anticipated to mature over a period of approximately nineteen years and ten months with an anticipated final payment due on July 1, 2038.

Supplemental Income Tax (“LIT”) Distribution

Indiana Code Citation IC 6-3.6-9-15 requires the State Budget Agency to provide the amount of supplemental distributions for qualifying counties to the Department of Local Government Finance before May 2nd. The supplemental distribution is disbursed to counties that have a balance in the county trust account exceeding fifteen percent (15%) of the certified distribution to be made to the county in the year of determination.

For Mishawaka, the expected amount of the distribution is \$1,021,477. The distribution will be deposited into the General Fund.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Consent Decree

On May 23, 2014 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 combined sewer overflow (CSO) long-term control plan (LTCP) that requires the City to complete a construction program by December 31, 2031 at a cost of approximately \$414 million in 2017 dollars to comprehensively upgrade and expand the City's sewage collection, storage, conveyance, and treatment system. The LTCP level of control is zero combined sewer overflows in the typical year, or 100% volume reduction. To date the City has spent \$251 million and has achieved a 98.7% CSO volume reduction. To achieve an additional 1.3% volume reduction it would cost an additional \$163 million. The impact on improvement to water quality would be negligible. In January 2018 the City notified the agencies that it desired to renegotiate its consent decree LTCP. A new LTCP has been developed that would result in 8 CSOs in the typical year and result in a 99.4% volume reduction. The cost for this revised plan would be an additional \$13 million for a total cost of \$264 million. The plan will meet the same environmental goals and will shorten the implementation schedule by two years. Mishawaka is preparing to submit its revised LTCP to the agencies for their review. Negotiations will commence after agency review.

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 22,869,647	\$ 22,869,647	\$ 18,776,255	\$ (4,093,392)
Licenses and permits	745,610	745,610	928,789	183,179
Intergovernmental	5,102,772	5,102,772	5,418,174	315,402
Charges for services	1,337,000	1,337,000	1,632,553	295,553
Fines and forfeits	20,000	20,000	39,246	19,246
Interest	55,000	55,000	258,628	203,628
Sale and use of property	-	-	501	501
Reimbursement	389,511	389,511	1,285,864	896,353
Miscellaneous	125,938	125,938	6,308	(119,630)
Total revenues	30,645,478	30,645,478	28,346,318	(2,299,160)
Expenditures:				
Current:				
General government:				
Mayor				
Personal services	147,402	147,402	147,402	-
Supplies	1,500	1,505	782	723
Other services and charges	15,500	15,683	12,555	3,128
City Clerk				
Personal services	141,104	141,104	133,600	7,504
Supplies	3,000	3,036	1,135	1,901
Other services and charges	21,107	21,541	14,487	7,054
Central Services				
Personal services	646,953	653,046	560,590	92,456
Supplies	916,250	957,418	770,480	186,938
Other services and charges	80,000	97,490	75,419	22,071
Common Council				
Personal services	102,843	102,843	102,843	-
Supplies	750	750	99	651
Other services and charges	11,000	11,000	5,834	5,166
Controller				
Personal services	2,529,131	2,529,131	2,392,447	136,684
Supplies	15,000	15,771	10,443	5,328
Other services and charges	2,038,710	2,062,846	1,972,111	90,735
Other financing uses	-	-	64,834	(64,834)
Capital outlay	250,000	620,741	582,068	38,673
Human Resources				
Personal services	52,448	52,448	41,967	10,481
Supplies	2,000	2,000	850	1,150
Other services and charges	83,450	83,450	66,861	16,589
Information Technology				
Personal services	290,630	290,630	290,609	21
Supplies	20,000	20,049	20,040	9
Other services and charges	40,000	40,120	24,377	15,743
Cemetery				
Other services and charges	25,000	25,000	25,000	-
Legal				
Personal services	138,282	138,282	137,511	771
Supplies	1,000	1,000	378	622
Other services and charges	56,000	59,779	12,670	47,109
Total general government	7,629,060	8,094,065	7,467,392	626,673

The notes to the required supplementary information are an integral part of this statement.

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
For the Year Ended December 31, 2017
(Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Planning				
Personal services	\$ 213,281	\$ 213,281	\$ 213,068	\$ 213
Supplies	4,000	4,061	1,463	2,598
Other services and charges	4,500	4,500	1,652	2,848
Police				
Personal services	10,690,806	10,735,604	10,580,646	154,958
Supplies	36,000	39,134	31,991	7,143
Other services and charges	117,800	125,716	96,608	29,108
Fire				
Personal services	11,196,598	11,196,598	11,150,926	45,672
Supplies	312,000	349,012	317,710	31,302
Other services and charges	106,000	167,868	151,495	16,373
Code Enforcement				
Personal services	268,498	268,498	268,498	-
Supplies	3,500	3,500	2,560	940
Other services and charges	38,000	38,000	13,967	24,033
Building Department				
Personal services	199,126	199,126	198,018	1,108
Supplies	2,000	2,799	2,477	322
Other services and charges	4,800	4,800	2,264	2,536
Total public safety	<u>23,196,909</u>	<u>23,352,497</u>	<u>23,033,342</u>	<u>319,155</u>
Engineering				
Personal services	317,330	317,330	272,661	44,669
Supplies	4,000	4,000	3,740	260
Other services and charges	10,250	10,370	3,618	6,752
Total highways and streets	<u>331,580</u>	<u>331,700</u>	<u>280,019</u>	<u>51,681</u>
Redevelopment				
Personal services	200,043	200,043	199,374	669
Supplies	1,000	1,010	404	606
Other services and charges	227,800	287,800	173,441	114,359
Total community development	<u>428,843</u>	<u>488,853</u>	<u>373,219</u>	<u>115,634</u>
Total expenditures	<u>31,586,392</u>	<u>32,267,115</u>	<u>31,153,972</u>	<u>1,113,143</u>
Excess (deficiency) of revenues over (under) expen	(940,914)	(1,621,637)	(2,807,654)	(1,186,017)
Other financing sources:				
Transfer in	<u>4,380,000</u>	<u>4,380,000</u>	<u>4,136,747</u>	<u>(243,253)</u>
Net change in fund balances	3,439,086	2,758,363	1,329,093	(1,429,270)
Fund balances - beginning	<u>4,581,587</u>	<u>4,581,587</u>	<u>4,581,587</u>	<u>-</u>
Fund balances - ending	<u>\$ 8,020,673</u>	<u>\$ 7,339,950</u>	<u>\$ 5,910,680</u>	<u>\$ (1,429,270)</u>

The notes to the required supplementary information are an integral part of this statement.

CITY OF MSHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET/GAAP RECONCILIATION
 GENERAL FUND
 For the Year Ended December 31, 2017
 (Continued)

The major differences between Budgetary (Non-GAAP) basis and GAAP basis are:

- 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. Expenditures 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:

	General
Net change in fund balance, budgetary basis	\$ 1,329,093
To adjust revenues for accruals	5,780
To adjust expenditures for accruals	(639,053)
To adjust expenditures for encumbrances	332,718
Net change in fund balance, GAAP basis	\$ 1,028,538

The notes to the required supplementary information are an integral part of this statement.

CITY OF MISHAWAKA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2017

Note 1. Budgets and Budgetary Accounting

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

- A. After individual meetings with the Common Council and Civil City department heads, the 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.
- B. Prior to adoption, the City advertises the budget and the Common Council holds a public hearing 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.

CITY OF MISHAWAKA, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2017
(Continued)

F. An annual budget was legally adopted for the following sixteen governmental funds:

Major funds (1):
General fund

Nonmajor funds:

Special revenue funds (9):

Motor Vehicle Highway, Local Road and Street, Park and Recreation, Public Safety, Rainy Day, Law Enforcement Continuing Education, Park Nonreverting Operating, and LOIT Special Distribution, Local Bridge and Matching Grant Fund

Capital projects funds (6):

Cumulative Building and Fire Fighting Equipment, Cumulative Capital Improvement, Cumulative Sewer, Cumulative Capital Development, CEDIT, and Local Major Moves Construction

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 \$680,723 in 2017.

I. Expenditures did not exceed appropriations for any funds which required legally approved budgets.

CITY OF MISHAWAKA, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2017
(Continued)

Note 2. Financial Reporting – Pension Plans

A. Plan Amendments

- B. In 2017, there were no changes to the Plan that impacted the pension benefits during the fiscal year.

In 2017, a second mortality table was added creating both the healthy and disabled mortality tables. There were no other changes made during the current year that materially impacted Net Pension Liability during the fiscal year. These assumption changes are highlighted below and were in effect for the 2016 and 2017 actuarial studies.

PERF Plan:

- a) For disabled members, the RP-2014 (with MP-2014 improvement removed) Disability Mortality tables are assumed instead of the RP2014 (with MP-2014 improvement removed) Total Data Set Mortality tables.

1977 Police Officers' and Firefighters' Pension and Disability Fund:

- b) For the actuarial valuation as of June 30, 2017, an actuarial audit was completed during the plan year and the following assumptions were updated: applying IRC Section 415 limits to all benefits, correcting the mortality rates used in the valuation to properly reflect the RP-2014 (with MP-2014 improvement removed) Blue Collar Mortality tables, correcting the retirement rates to properly reflect the April 2015 experience study, and updating the salary scale assumption from 3.25 percent to 2.50 percent that is used for the Class III disability benefit. Additionally, for disabled members, the RP-2014 (with MP-2014 improvement removed) Disability Mortality tables are assumed instead of the RP-2014 (with MP-2014 improvement removed) Blue Collar Mortality tables
- c) Disability and termination rates were adjusted to reflect recent experience.

1925 and 1937 Plans

- d) The discount rate used for the December 31, 2017 valuation was 2.75% based on the Barclay's 20-year Municipal Bond Index. This is a decrease from 3.23% used for the December 31, 2016 valuation.
- e) For converted members, the July 1, 2017 COLA was updated from the 2.0% to reflect the known increase of 2.5%. Beginning July 1, 2018 the assumption reverts back to 2.0%.
- f) 1% of future disabled converted participants are assumed to receive the enhanced benefit
- g) For disabled participants, the mortality assumption was updated to the RP-2014 Disabled mortality tables with MP-2014 improvement removed, and with future mortality improvement projected generationally using future mortality improvement inherent in the Social Security Administration's 2014 Trustee report, from RP-2014 Blue Collar mortality tables with MP-2014 improvement removed.

CITY OF MISHAWAKA, INDIANA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2017
 (Continued)

C. Method and assumptions used in the calculations of actuarially determined contributions

The actuarially determined contribution rates in the schedule of the 1937 Firefighters', 1925 Police Officers' and Utility Pension plans contributions are calculated as of December 31, 2017. The following actuarial method and assumptions were used to determine contribution rates reported in their respective schedules:

1937 Firefighters' and 1925 Police Officers' Pension Plans

Actuarial cost method	Entry Age Normal – Level Percent of Payroll
Amortization method	Level percentage of projected payroll, closed
Remaining amortization period	20 years
Inflation	2.25%
Salary increases	2.50%
Cost-of-Living Increases	Non-converted 2.50% per year in retirement
Converted	2.50% per year in retirement
Discount rate	2.75% (Based on Barclay's 20-year Municipal Bond Index rate)
Mortality assumption	RP-2014 Blue Collar mortality table, with MP-2014, removed, projected from 2006 based on the SSA improvement scale

Utility Pension Plan

Actuarial cost method	Entry Age Normal – Level Percent of Payroll
Amortization method	Level percentage of projected payroll, open
Remaining amortization period	28 years
Inflation	2.50%
Cost-of-Living Increases	2.00%
Discount rate	6.75%
Mortality assumption	RP-2014 Adjusted to 2006 Blue Collar Mortality with Two Dimensional Generational Mortality Improvement Project Scale MP-2017

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Public Employees' Retirement Fund
 Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 to 2008</u>
City's proportion of the net pension liability (asset)	0.0013270	0.0013284	0.0014061	0.0014579	Not Available
City's proportionate share of the net pension liability (asset)	\$ 5,920,468	\$ 6,028,870	\$ 5,726,908	\$ 3,924,033	
City's covered-employee payroll	\$ 6,583,570	\$ 6,366,358	\$ 6,734,743	\$ 7,290,367	
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	89.93%	94.70%	85.04%	53.82%	
Plan fiduciary net position as a percentage of total pension liability	79.00%	75.30%	77.30%	84.30%	

Note: Information is presented for the reporting entity. Allocations between Governmental and Business-Type activities are shown in notes to the financial statements.

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 Public Employees' Retirement Fund
 Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 to 2008</u>
Contractually required contributions	\$ 994,401	\$ 967,813	\$ 847,987	\$ 389,622	Not Available
Contributions in relation to the contractually required contribution	(731,175)	(707,253)	(748,561)	(767,937)	
Contribution deficiency (excess)	<u>\$ 263,226</u>	<u>\$ 260,560</u>	<u>\$ 99,426</u>	<u>\$ (378,315)</u>	
City's covered-employee payroll	\$ 6,263,435	\$ 6,376,627	\$ 6,515,060	\$ 7,208,652	
Contributions as a percentage of covered-employee payroll	11.67%	11.09%	11.49%	10.65%	

Note: Information is presented for the reporting entity. Allocations between Governmental and Business-Type activities are shown in the notes to the financial statements.

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Police Officers' 1977 Fund
 Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 to 2008</u>
Proportion of the net pension liability (asset)	0.0072750	0.0071511	0.0071297	0.0074439	Not Available
Proportionate share of the net pension liability (asset)	\$ (112,220)	\$ 635,282	\$ (1,053,200)	\$ (379,492)	
Covered-employee payroll	\$ 5,897,944	\$ 5,526,966	\$ 5,316,603	\$ 5,284,286	
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-1.90%	11.49%	-19.81%	-7.18%	
Plan fiduciary net position as a percentage of total pension liability	103.70%	98.20%	103.20%	101.10%	

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 Police Officers' 1977 Fund
 Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 to 2008</u>
Contractually required contributions	\$ 910,341	\$ 830,848	\$ 285,938	\$ 214,353	Not Available
Contributions in relation to the contractually required contribution	(1,099,360)	(1,088,820)	(1,047,375)	(1,037,474)	
Contribution deficiency (excess)	<u>\$ (189,019)</u>	<u>\$ (257,972)</u>	<u>\$ (761,437)</u>	<u>\$ (823,121)</u>	
City's covered-employee payroll	\$ 5,663,477	\$ 5,434,709	\$ 5,243,094	\$ 5,235,103	
Contributions as a percentage of covered-employee payroll	19.41%	20.03%	19.98%	19.82%	

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Firefighters' 1977 Fund
 Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 to 2008</u>
City's proportion of the net pension liability (asset)	0.0073905	0.0071635	0.0073620	0.0076191	Not Available
City's proportionate share of the net pension liability (asset)	\$ (114,001)	\$ 636,383	\$ (1,087,515)	\$ (388,424)	
City's covered-employee payroll	\$ 5,991,548	\$ 5,536,602	\$ 5,489,804	\$ 5,408,685	
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-1.90%	11.49%	-19.81%	-7.18%	
Plan fiduciary net position as a percentage of total pension liability	103.70%	98.20%	103.20%	101.10%	

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 Firefighters' 1977 Fund
 Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 to 2008</u>
Contractually required contributions	\$ 928,950	\$ 836,228	\$ 300,681	\$ 223,666	Not Available
Contributions in relation to the contractually required contribution	(1,116,201)	(1,090,710)	(1,081,481)	(1,065,499)	
Contribution deficiency (excess)	<u>\$ (187,251)</u>	<u>\$ (254,482)</u>	<u>\$ (780,800)</u>	<u>\$ (841,833)</u>	
City's covered-employee payroll	\$ 5,767,526	\$ 5,670,591	\$ 5,603,416	\$ 5,498,850	
Contributions as a percentage of covered-employee payroll	19.35%	19.23%	19.30%	19.38%	

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 Last 10 Fiscal Years*

<u>1925 Police Officers' Pension Plan</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012 to 2008</u>	
Total Pension Liability:							
Total pension liability - beginning of year	\$ 17,519,874	\$ 20,074,686	\$ 20,977,077	\$ 19,201,969	\$ 17,132,599	Information not available	
Service cost	25,219	30,691	29,939	18,826	10,567		
Interest cost	562,636	489,297	513,029	797,797	985,820		
Experience (gains)/losses	547,357	(606,418)	1,711	-	(178,099)		
Assumption changes	795,978	(1,111,822)	(60,691)	2,379,342	2,676,759		
Plan amendments	-	-	-	-	-		
Projected benefit payments	(1,355,467)	(1,356,560)	(1,386,379)	(1,420,857)	(1,425,677)		
Total pension liability - end of year	<u>\$18,095,597</u>	<u>\$17,519,874</u>	<u>\$20,074,686</u>	<u>\$20,977,077</u>	<u>\$ 19,201,969</u>		
Plan Fiduciary Net Position:							
Plan fiduciary net position - beginning of year	\$ 756,901	\$ 741,320	\$ 787,611	\$ 782,880	\$ 795,394		
Administrative	-	(35)	(4,450)	(6,001)	-		
Non-employer contributing entity contributions	1,359,986	1,379,034	1,364,012	1,409,222	1,413,163		
Actual benefit payments	(1,353,295)	(1,363,418)	(1,405,853)	(1,398,490)	(1,425,677)		
Plan fiduciary net position - end of year	<u>\$ 763,592</u>	<u>\$ 756,901</u>	<u>\$ 741,320</u>	<u>\$ 787,611</u>	<u>\$ 782,880</u>		
Net Pension Liability	<u>\$17,332,005</u>	<u>\$16,762,973</u>	<u>\$19,333,366</u>	<u>\$20,189,466</u>	<u>\$ 18,419,089</u>		
<u>1937 Firefighters' Pension</u>							
	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>		
Total Pension Liability:							
Total pension liability - beginning of year	\$ 27,573,516	\$ 31,563,080	\$ 34,780,160	\$ 31,755,489	\$ 27,586,310		
Service cost	-	-	-	-	-		
Interest cost	843,915	783,385	830,569	1,318,268	1,581,245		
Experience (gains)/losses	(433,951)	(825,334)	(1,706,681)	-	526,248		
Assumption changes	1,223,513	(1,791,378)	(97,894)	4,044,868	4,526,150		
Plan amendments	-	-	-	-	-		
Projected benefit payments	(2,024,305)	(2,156,237)	(2,243,074)	(2,338,465)	(2,464,464)		
Total pension liability - end of year	<u>\$27,182,688</u>	<u>\$27,573,516</u>	<u>\$31,563,080</u>	<u>\$34,780,160</u>	<u>\$ 31,755,489</u>		
Plan Fiduciary Net Position:							
Plan fiduciary net position - beginning of year	\$ 953,399	\$ 980,987	\$ 1,003,077	\$ 887,820	\$ 1,018,421		
Administration	-	(100)	(7,875)	(7,314)	(6,848)		
Non-employer contributing entity contributions	2,059,663	2,171,516	2,241,138	2,459,100	2,340,711		
Actual benefit payments	(2,057,147)	(2,199,004)	(2,255,353)	(2,336,529)	(2,464,464)		
Plan fiduciary net position - end of year	<u>\$ 955,915</u>	<u>\$ 953,399</u>	<u>\$ 980,987</u>	<u>\$ 1,003,077</u>	<u>\$ 887,820</u>		
Net Pension Liability	<u>\$26,226,773</u>	<u>\$26,620,117</u>	<u>\$30,582,093</u>	<u>\$33,777,083</u>	<u>\$ 30,867,669</u>		

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 Last 10 Fiscal Years*

Utilities Pension	2017	2016	2015	2014	2013 to 2008	
Total Pension Liability:						
Total pension liability - beginning of year	\$22,338,927	\$22,565,043	\$21,966,679	\$20,177,128	Information not available	
Service cost	572,487	531,666	551,697	547,910		
Interest cost	1,508,344	1,520,132	1,482,659	1,367,260		
Experience (gains)/losses	(237,501)	(931,461)	(135,067)	41,160		
Assumption changes	(136,901)	(282,632)	(279,902)	699,670		
Plan amendments	(1,044,129)	(1,063,821)	(1,021,023)	(866,449)		
Total pension liability - end of year	<u>\$23,001,227</u>	<u>\$22,338,927</u>	<u>\$22,565,043</u>	<u>\$21,966,679</u>		
Plan Fiduciary Net Position:						
Plan fiduciary net position - beginning of year	\$18,510,885	\$17,431,518	\$17,659,728	\$16,901,219		
Employer contributions	1,094,354	1,047,200	1,025,201	867,363		
Employee contributions	-	-	-	-		
Non-employer contributing entity contributions	-	-	-	-		
Investment return	2,789,417	1,153,814	(173,954)	813,594		
Actual benefit payments	(1,044,129)	(1,063,821)	(1,021,023)	(866,449)		
Administrative and project expenses	(57,615)	(57,826)	(58,434)	(55,999)		
Plan fiduciary net position - end of year	<u>\$21,292,912</u>	<u>\$18,510,885</u>	<u>\$17,431,518</u>	<u>\$17,659,728</u>		
Net Pension Liability	<u>\$ 1,708,315</u>	<u>\$ 3,828,042</u>	<u>\$ 5,133,525</u>	<u>\$ 4,306,951</u>		

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
 Last 10 Fiscal Years*

	2017	2016	2015	2014	2013	2012 to 2008	
<u>1925 Police Officers' Pension Plan</u>							
Total pension liability	\$ 18,095,597	\$ 17,519,874	\$ 20,074,686	\$ 20,977,077	\$ 19,201,969	Information not available	
Less plan fiduciary net position	(763,592)	(756,901)	(741,320)	(787,611)	(782,880)		
Net pension liability	<u>\$ 17,332,005</u>	<u>\$ 16,762,973</u>	<u>\$ 19,333,366</u>	<u>\$ 20,189,466</u>	<u>\$ 18,419,089</u>		
Plan fiduciary net position as a percentage of the total pension liability	4.22%	4.32%	3.69%	3.75%	4.08%		
Covered employee payroll	**	**	**	**	**		
Net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A		
<u>1937 Firefighters' Pension Plan</u>							
Total pension liability	\$ 27,182,688	\$ 27,573,516	\$ 31,563,080	\$ 34,780,160	\$ 31,755,489		
Less plan fiduciary net position	(955,915)	(953,399)	(980,987)	(1,003,077)	(887,820)		
Net pension liability	<u>\$ 26,226,773</u>	<u>\$ 26,620,117</u>	<u>\$ 30,582,093</u>	<u>\$ 33,777,083</u>	<u>\$ 30,867,669</u>		
Plan fiduciary net position as a percentage of the total pension liability	3.52%	3.46%	3.11%	2.88%	2.80%		
Covered employee payroll	**	**	**	**	**		
Net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A		
<u>Utilities Pension Plan</u>							
Total pension liability	\$ 23,001,227	\$ 22,338,927	\$ 22,565,043	\$ 21,966,679	\$ 20,177,128		
Less plan fiduciary net position	(21,292,912)	(18,510,885)	(17,431,516)	(17,659,728)	(16,901,219)		
Net pension liability	<u>\$ 1,708,315</u>	<u>\$ 3,828,042</u>	<u>\$ 5,133,527</u>	<u>\$ 4,306,951</u>	<u>\$ 3,275,909</u>		
Plan fiduciary net position as a percentage of the total pension liability	92.57%	82.86%	77.25%	80.39%	83.76%		
Covered employee payroll	\$ 6,211,193	\$ 6,012,037	\$ 6,119,311	\$ 6,361,099	\$ 6,159,487		
Net pension liability as a percentage of covered employee payroll	27.50%	63.67%	83.89%	67.71%	N/A		

Notes:

* GASB 67 requires that information be shown for ten years. Until a full ten years trend is compiled, information will be shown for those years for which the information is available.

** Not available.

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 Last 10 Fiscal Years*

	2017	2016	2015	2014	2013	2012	2011	2010	2009 to 2008
1925 Police Officers' Pension Plan									
Actuarially determined contribution	\$ 1,347,955	\$ 1,358,078	\$ 1,405,853	\$ 1,398,490	\$ 1,425,677				
Less contributions in relation to the actuarially determined contribution	(1,347,955)	(1,358,078)	(1,405,853)	(1,398,490)	(1,425,677)				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered employee payroll	**	**	**	**	**				
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A				
1937 Firefighters' Pension Plan									
Actuarially determined contribution	\$ 2,046,698	\$ 2,188,594	\$ 2,255,353	\$ 2,336,529	\$ 2,464,464				
Less contributions in relation to the actuarially determined contribution	(2,046,698)	(2,188,594)	(2,255,353)	(2,336,529)	(2,464,464)				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered employee payroll	**	**	**	**	**				
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A				
Utilities Pension Plan									
Actuarially determined contribution	\$ 910,977	\$ 956,702	\$ 1,012,206	\$ 897,211	\$ 841,896	\$ 674,395	\$ 589,148	\$ 595,072	
Less contributions in relation to the actuarially determined contribution	(1,094,354)	(1,047,200)	(1,025,201)	(867,363)	(874,082)	(936,366)	(598,801)	(610,528)	
Contribution deficiency (excess)	\$ (183,377)	\$ (90,498)	\$ (12,995)	\$ 29,848	\$ (32,186)	\$ (261,971)	\$ (9,653)	\$ (15,456)	
Covered employee payroll	\$ 6,211,193	\$ 6,012,037	\$ 6,119,311	\$ 6,361,099	\$ 6,159,487	\$ 5,797,047	\$ 5,685,044	\$ 5,891,118	
Contributions as a percentage of covered employee payroll	17.62%	17.42%	16.75%	13.64%	14.19%	16.15%	10.53%	10.36%	

Information not available

Not Available

Notes:
 * GASB 67 requires that information be shown for ten years. Until a full ten years trend is compiled, information will be shown for those years for which the information is available.
 ** Not available

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF INVESTMENT RETURNS
 Last 10 Fiscal Years*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>1925 Police Officers' Pension Plan</u>										
Annual money-weighted rate of return, net of investment expense	N/A **	N/A **	N/A **	N/A **	N/A **	Not available				
<u>1937 Firefighters' Pension Plan</u>										
Annual money-weighted rate of return, net of investment expense	N/A **	N/A **	N/A **	N/A **	N/A **					
<u>Utilities Pension Plan</u>										
Annual money-weighted rate of return, net of investment expense	15.07%	6.64%	-1.30%	4.50%	13.40%	11.40%	-0.70%	11.00%	21.90%	-25.70%

Notes:

- * GASB 67 requires that information be shown for ten years. Until a full ten years trend is compiled, information will be shown for those years for which the information is available.
- ** The City pension funds do not have investments and, therefore, no returns on investment to report.

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
Other Post Employment Benefits						
1/1/2011	\$ -	\$ 45,723,694	\$ (45,723,694)	0%	\$ 25,071,329	-182%
1/1/2012	-	51,691,333	(51,691,333)	0%	26,212,073	-197%
1/1/2013	-	49,498,424	(49,498,424)	0%	26,736,315	-185%
1/1/2014	-	37,430,328	(37,430,328)	0%	27,137,360	-138%
1/1/2015	-	42,625,775	(42,625,775)	0%	27,258,133	-156%
1/1/2016	-	46,583,847	(46,583,847)	0%	29,700,632	-157%
1/1/2017	-	44,413,408	(44,413,408)	0%	28,228,653	-157%

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Motor Vehicle Highway -	To account for street construction and the operations of the street and maintenance department. Financing is provided by state motor vehicle highway distributions and a specific annual property tax levy.
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.
Park and Recreation -	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.
Park and Recreation Gift -	To account for donations to the Park and Recreation Department.
Public Safety -	To account for distributions of the Public Safety Local Option Income Tax. These funds can only be used for public safety.
Rainy Day -	To account for supplemental distributions of COIT and CEDIT. These funds can be used for any purpose permitted by state statute for other revenues of the city.
LOIT Special Distribution -	To account for a one-time distribution of income taxes to be held and used only for infrastructure improvements.
Police Drug Investigation Assistance -	To account for expenditures for drug and arson investigation and training of police personnel financed by state grants, donations, and sale of confiscated assets.
Off-Street Parking -	To account for operations of city owned parking lots. Revenues are received from parking permit fees.
Sidewalk and Curb Repair -	To account for revenue received from residents for improvements to adjacent sidewalks and curbs.
Industrial Development -	To account for state loans to provide loan money to business and commercial customers for rehabilitation.
Trash Collection -	To account for transaction related to trash collections. Residents are billed monthly for collections and the City has a contract to provide services.
Mishawaka Gift -	To account for donations for various projects.
Law Enforcement Continuing Education -	To account for court fees, fees charged for furnishing accident reports, handgun application fees and fees charged for vehicle inspections. Expenditures are for the continuing education and training of law enforcement officers.

**NONMAJOR GOVERNMENTAL FUNDS
(Continued)**

Bicentennial Gift -	To account for donations for the bicentennial celebration. Interest earned on these monies is receipted to this fund.
Community Development -	To account for Housing and Urban Development (HUD) monies used for low or no interest residential rehabilitation loans and for urban redevelopment and housing. Pay back monies from loans are also used for these purposes.
Property Rehabilitation Revolving -	To account for Housing and Urban Development (HUD) monies used for low or no interest residential rehabilitation loans and for the First Time Home Buyers program. Pay back monies from loans are also used for this purpose.
Park Nonreverting Operating -	To account for some operating expenses at the city pools and golf course. Financing is provided by improvement fees charged by the Park Department.
Criminal Assistance Grant -	To account for federal funds received for criminal prevention and intervention programs coordinated by the police department.
NSP (3) Grant -	To account for federal funds received for a neighborhood stabilization program.
Local Road and Bridge Matching Grant -	To account for grant matching funds funds received for street improvements.
<u>Debt Service Funds</u>	
Mill at Iron Works Bond Debt Service Reserve -	To account for reserve funds for the Mill at Iron Works Bonds. Funding is provided by transfers from other City funds.
Mill at Iron Works Bond and Interest -	To account for debt retirement of the Mill at Iron Works bond project.
Mishawaka 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.
Consolidated TIF Bond and Interest -	To account for debt retirement of the Battell Center project.

**NONMAJOR GOVERNMENTAL FUNDS
(Continued)**

Capital Projects Funds

Cumulative Building and Fire Fighting Equipment -	To account for financial resources for the purchase of fire equipment. Financing is provided by a specific property tax levy.
Cumulative Capital Improvement -	To account for financial resources related to improvement projects financed by state cigarette tax distributions. Transfers may be made to the General Fund.
Cumulative Sewer -	To account for financial resources for the construction or repairing of storm sewers or sewage disposal plants and sanitary sewers. Financing is provided by a specific property tax levy.
Local Major Moves Construction -	To account for financial resources related to construction of highways, roads and bridges. Financing was provided by a one-time distribution from the proceeds of a seventy-five year lease of the state's toll road.
Cumulative Capital Development -	To account for financial resources related to development projects. Financing is provided by a specific property tax levy.
County Economic Development Income Tax (CEDIT) -	To account for financial resources related to development projects. Financing is provided by a tax on income.

CITY OF MISHAWAKA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2017

	Special Revenue						
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Public Safety	Rainy Day	
<u>Assets</u>							
Cash and Cash Equivalents	\$ 1,205,921	\$ 272,080	\$ 1,418,822	\$ 91,082	\$ 2,057,763	\$ 586,340	\$ 300,750
Receivables (Net of Allowances for Uncollectibles):							
Taxes	13,750	-	85,585	-	-	-	-
Accounts	-	-	6,592	-	-	-	-
Intergovernmental	466,738	134,293	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total assets	<u>\$ 1,686,409</u>	<u>\$ 406,373</u>	<u>\$ 1,510,999</u>	<u>\$ 91,082</u>	<u>\$ 2,057,763</u>	<u>\$ 586,340</u>	<u>\$ 300,750</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ 76,285	\$ -	\$ 65,748	\$ 967	\$ 42,901	\$ -	\$ 40,536
Accrued payroll and withholdings payable	45,863	-	19,083	-	-	-	-
Total liabilities	<u>122,148</u>	<u>-</u>	<u>84,831</u>	<u>967</u>	<u>42,901</u>	<u>-</u>	<u>40,536</u>
Deferred inflows of resources - property taxes	13,750	-	85,585	-	-	-	-
Fund Balances:							
Non-spendable							
Long-term loans receivable	-	-	-	-	-	-	-
Restricted	1,461,995	329,949	1,259,546	90,115	1,681,230	-	145,441
Committed	-	-	-	-	-	586,340	-
Assigned	88,516	76,424	81,037	-	333,632	-	114,773
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>1,550,511</u>	<u>406,373</u>	<u>1,340,583</u>	<u>90,115</u>	<u>2,014,862</u>	<u>586,340</u>	<u>260,214</u>
Total liabilities and fund balances	<u>\$ 1,686,409</u>	<u>\$ 406,373</u>	<u>\$ 1,510,999</u>	<u>\$ 91,082</u>	<u>\$ 2,057,763</u>	<u>\$ 586,340</u>	<u>\$ 300,750</u>

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2017
 (Continued)

	Special Revenue						Law Enforcement Continuing Education
	Police Drug Investigation Assistance	Off-Street Parking	Sidewalk and Curb Repair	Industrial Development	Trash Collection	Mishawaka Gift	
<u>Assets</u>							
Cash and Cash Equivalents	\$ 1,200	\$ 10,548	\$ 3,266	\$ 58,158	\$ 935,994	\$ 354,773	\$ 129,595
Receivables (Net of Allowances for Uncollectibles):							
Taxes	-	-	-	-	-	-	-
Accounts	-	-	-	-	55,123	-	3,002
Intergovernmental	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total assets	<u>\$ 1,200</u>	<u>\$ 10,548</u>	<u>\$ 3,266</u>	<u>\$ 58,158</u>	<u>\$ 991,117</u>	<u>\$ 354,773</u>	<u>\$ 132,597</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 207,259	\$ -	\$ 9,316
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,259</u>	<u>-</u>	<u>9,316</u>
Deferred inflows of resources - property taxes	-	-	-	-	-	-	-
Fund Balances:							
Non-spendable							
Long-term loans receivable	-	-	-	-	-	-	-
Restricted	1,200	10,548	3,266	58,158	783,858	354,773	118,314
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	4,967
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>1,200</u>	<u>10,548</u>	<u>3,266</u>	<u>58,158</u>	<u>783,858</u>	<u>354,773</u>	<u>123,281</u>
Total liabilities and fund balances	<u>\$ 1,200</u>	<u>\$ 10,548</u>	<u>\$ 3,266</u>	<u>\$ 58,158</u>	<u>\$ 991,117</u>	<u>\$ 354,773</u>	<u>\$ 132,597</u>

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2017
 (Continued)

Special Revenue

	Bicentennial Gift	Community Development	Property Rehabilitation Revolving	Park Nonreverting Operating	Criminal Assistance Grant	NSP (3) Grant	Local Road and Bridge Matching Grant	Totals
Assets								
Cash and Cash Equivalents	\$ 1,340	\$ 48,631	\$ 140,686	\$ 520,171	\$ 82,583	\$ 52,706	\$ 72,658	\$ 8,345,067
Receivables (Net of Allowances for Uncollectibles):								
Taxes	-	-	-	-	-	-	-	99,335
Accounts	-	-	-	-	-	-	-	64,717
Intergovernmental	-	-	-	-	-	-	-	601,031
Loans	-	340,571	-	-	-	-	-	340,571
Total assets	<u>\$ 1,340</u>	<u>\$ 389,202</u>	<u>\$ 140,686</u>	<u>\$ 520,171</u>	<u>\$ 82,583</u>	<u>\$ 52,706</u>	<u>\$ 72,658</u>	<u>\$ 9,450,721</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ -	\$ 33,392	\$ 730	\$ 260	\$ -	\$ -	\$ -	\$ 477,394
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	64,946
Total liabilities	<u>-</u>	<u>33,392</u>	<u>730</u>	<u>260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>542,340</u>
Deferred inflows of resources - property taxes	-	-	-	-	-	-	-	99,335
Fund Balances:								
Non-spendable								
Long-term loans receivable	-	-	-	-	-	-	-	-
Restricted	1,340	(283,756)	139,956	519,662	82,583	52,706	-	6,810,884
Committed	-	-	-	-	-	-	-	586,340
Assigned	-	639,566	-	249	-	-	72,658	1,411,822
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>1,340</u>	<u>355,810</u>	<u>139,956</u>	<u>519,911</u>	<u>82,583</u>	<u>52,706</u>	<u>72,658</u>	<u>8,809,046</u>
Total liabilities and fund balances	<u>\$ 1,340</u>	<u>\$ 389,202</u>	<u>\$ 140,686</u>	<u>\$ 520,171</u>	<u>\$ 82,583</u>	<u>\$ 52,706</u>	<u>\$ 72,658</u>	<u>\$ 9,450,721</u>

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2017
 (Continued)

	Debt Service				Totals
	Mill at Iron Works Debt Service Reserve	Mill at Iron Works Bond and Interest	Mishawaka Building Corporation Debt Service	Consolidated TIF Bond and Interest	
<u>Assets</u>					
Cash and Cash Equivalents	\$ 1,099,868	\$ 25,577	\$ -	\$ 66,255	\$ 1,191,700
Receivables (Net of Allowances for Uncollectibles):					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Total assets	<u>\$ 1,099,868</u>	<u>\$ 25,577</u>	<u>\$ -</u>	<u>\$ 66,255</u>	<u>\$ 1,191,700</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-
Total liabilities	-	-	-	-	-
Deferred inflows of resources - property taxes	-	-	-	-	-
Fund Balances:					
Non-spendable					
Long-term loans receivable	-	-	-	-	-
Restricted	1,099,868	25,577	-	66,255	1,191,700
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>1,099,868</u>	<u>25,577</u>	<u>-</u>	<u>66,255</u>	<u>1,191,700</u>
Total liabilities and fund balances	<u>\$ 1,099,868</u>	<u>\$ 25,577</u>	<u>\$ -</u>	<u>\$ 66,255</u>	<u>\$ 1,191,700</u>

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2017
 (Continued)

	Capital Projects				
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	Local Major Moves Construction	Cumulative Capital Development
<u>Assets</u>					
Cash and Cash Equivalents	\$ -	\$ 1,737,228	\$ 2,528,682	\$ 821,031	\$ 355,187
Receivables (Net of Allowances for Uncollectibles):					
Taxes	-	10,277	15,701	-	21,963
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 1,747,505</u>	<u>\$ 2,544,383</u>	<u>\$ 821,031</u>	<u>\$ 377,150</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 10,467	\$ 11,938	\$ 72,344
Accrued payroll and withholdings payable	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>10,467</u>	<u>11,938</u>	<u>72,344</u>
Deferred inflows of resources - property taxes	<u>-</u>	<u>10,277</u>	<u>15,701</u>	<u>-</u>	<u>21,963</u>
Fund Balances:					
Non-spendable					
Long-term loans receivable	-	-	-	-	-
Restricted	-	1,737,228	2,407,262	809,093	263,637
Committed	-	-	-	-	-
Assigned	-	-	110,953	-	19,206
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>1,737,228</u>	<u>2,518,215</u>	<u>809,093</u>	<u>282,843</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1,747,505</u>	<u>\$ 2,544,383</u>	<u>\$ 821,031</u>	<u>\$ 377,150</u>

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2017
 (Continued)

	<u>Capital Projects</u>		Total Nonmajor Governmental Funds
	<u>CEDIT</u>	<u>Totals</u>	
<u>Assets</u>			
Cash and Cash Equivalents	\$ 4,477,876	\$ 9,920,004	\$ 19,456,771
Receivables (Net of Allowances for Uncollectibles):			
Taxes	-	47,941	147,276
Accounts	-	-	64,717
Intergovernmental	-	-	601,031
Loans	-	-	340,571
	<u>-</u>	<u>-</u>	<u>340,571</u>
Total assets	<u>\$ 4,477,876</u>	<u>\$ 9,967,945</u>	<u>\$ 20,610,366</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 477,907	\$ 572,656	\$ 1,050,050
Accrued payroll and withholdings payable	-	-	64,946
	<u>-</u>	<u>-</u>	<u>64,946</u>
Total liabilities	<u>477,907</u>	<u>572,656</u>	<u>1,114,996</u>
Deferred inflows of resources - property taxes	-	47,941	147,276
	<u>-</u>	<u>47,941</u>	<u>147,276</u>
Fund Balances:			
Non-spendable			
Long-term loans receivable	-	-	-
Restricted	915,000	6,132,220	14,134,804
Committed	1,383,383	1,383,383	1,969,723
Assigned	1,701,586	1,831,745	3,243,567
Unassigned	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>3,999,969</u>	<u>9,347,348</u>	<u>19,348,094</u>
Total liabilities and fund balances	<u>\$ 4,477,876</u>	<u>\$ 9,967,945</u>	<u>\$ 20,610,366</u>

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2017

	Special Revenue						
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Public Safety	Rainy Day	LOIT Special Distribution
Revenues:							
Taxes:							
Property	\$ 343,406	\$ -	\$ 2,596,511	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,983,975	636,803	189,692	-	2,562,853	-	-
Charges for services	841,019	-	441,849	22,201	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Sale and use of property	-	-	68,562	-	-	-	-
Gifts and donations	-	-	-	34,035	-	-	-
Other	2,665	-	4,340	-	5,799	-	-
Total Revenues	<u>3,171,065</u>	<u>636,803</u>	<u>3,300,954</u>	<u>56,236</u>	<u>2,568,652</u>	<u>-</u>	<u>-</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	310,396	-
Public safety	-	-	-	-	1,864,302	-	-
Highways and streets	3,132,238	423,577	-	-	-	-	331,297
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	2,520,344	24,518	-	-	-
Community development	-	-	-	-	-	-	-
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital Outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	30,953
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Total Expenditures	<u>3,132,238</u>	<u>423,577</u>	<u>2,520,344</u>	<u>24,518</u>	<u>1,864,302</u>	<u>310,396</u>	<u>362,250</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>38,827</u>	<u>213,226</u>	<u>780,610</u>	<u>31,718</u>	<u>704,350</u>	<u>(310,396)</u>	<u>(362,250)</u>
Other financing sources (uses):							
Issuance of debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(406,461)	-	(767,500)
Bond issuance costs	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(406,461)</u>	<u>-</u>	<u>(767,500)</u>
Net change in fund balances	38,827	213,226	780,610	31,718	297,889	(310,396)	(1,129,750)
Fund Balance - January 1	<u>1,511,684</u>	<u>193,147</u>	<u>559,973</u>	<u>58,397</u>	<u>1,716,973</u>	<u>896,736</u>	<u>1,389,964</u>
Fund Balances - December 31	<u>\$ 1,550,511</u>	<u>\$ 406,373</u>	<u>\$ 1,340,583</u>	<u>\$ 90,115</u>	<u>\$ 2,014,862</u>	<u>\$ 586,340</u>	<u>\$ 260,214</u>

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2017
 (Continued)

	Special Revenue						Law Enforcement Continuing Education
	Police Drug Investigation Assistance	Off-Street Parking	Sidewalk and Curb Repair	Industrial Development	Trash Collection	Mishawaka Gift	
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	5,327	-	-	-	-	24,142
Intergovernmental	4,101	-	-	-	-	-	-
Charges for services	-	-	-	-	2,455,718	-	39,632
Fines and forfeits	-	-	-	-	-	-	4,315
Interest	-	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	80,670	-
Other	-	-	3,266	-	122	-	-
Total Revenues	<u>4,101</u>	<u>5,327</u>	<u>3,266</u>	<u>-</u>	<u>2,455,840</u>	<u>80,670</u>	<u>68,089</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	6,643	1,798	-	-	-	-	56,338
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	2,347,987	-	-
Culture and recreation	-	-	-	-	-	27,759	-
Community development	-	-	-	-	-	-	-
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital Outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Total Expenditures	<u>6,643</u>	<u>1,798</u>	<u>-</u>	<u>-</u>	<u>2,347,987</u>	<u>27,759</u>	<u>56,338</u>
Excess (deficiency) of revenues							
Over (under) expenditures	<u>(2,542)</u>	<u>3,529</u>	<u>3,266</u>	<u>-</u>	<u>107,853</u>	<u>52,911</u>	<u>11,751</u>
Other financing sources (uses):							
Issuance of debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(2,542)</u>	<u>3,529</u>	<u>3,266</u>	<u>-</u>	<u>107,853</u>	<u>52,911</u>	<u>11,751</u>
Fund Balance - January 1	<u>3,742</u>	<u>7,019</u>	<u>-</u>	<u>58,158</u>	<u>676,005</u>	<u>301,862</u>	<u>111,530</u>
Fund Balances - December 31	<u>\$ 1,200</u>	<u>\$ 10,548</u>	<u>\$ 3,266</u>	<u>\$ 58,158</u>	<u>\$ 783,858</u>	<u>\$ 354,773</u>	<u>\$ 123,281</u>

(Continued on next page)

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2017
 (Continued)

	Special Revenue							
	Bicentennial Gift	Community Development	Property Rehabilitation Revolving	Park Nonreverting Operating	Criminal Assistance Grant	NSP (3) Grant	Local Road and Bridge Matching Grant	Totals
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,939,917
Licenses and permits	-	-	-	-	-	-	-	29,469
Intergovernmental	-	339,034	-	-	215,575	-	767,500	6,699,533
Charges for services	-	302	-	184,168	-	-	-	3,984,889
Fines and forfeits	-	-	-	-	-	-	-	4,315
Interest	8	-	-	-	-	-	-	8
Sale and use of property	-	-	-	-	-	-	-	68,562
Gifts and donations	-	-	8,439	-	-	-	-	123,144
Other	-	98,574	-	-	-	-	-	114,766
Total Revenues	8	437,910	8,439	184,168	215,575	-	767,500	13,964,603
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	310,396
Public safety	-	-	-	-	144,139	-	-	2,073,220
Highways and streets	-	-	-	-	-	-	-	3,887,112
Sanitation	-	-	-	-	-	-	-	2,347,987
Culture and recreation	-	-	-	122,041	-	-	-	2,694,662
Community development	-	249,159	8,451	-	-	-	-	257,610
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital Outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	1,462,342	1,493,295
Culture and recreation	-	-	-	106,864	-	-	-	106,864
Community development	-	-	-	-	-	-	-	-
Total Expenditures	-	249,159	8,451	228,905	144,139	-	1,462,342	13,171,146
Excess (deficiency) of revenues								
Over (under) expenditures	8	188,751	(12)	(44,737)	71,436	-	(694,842)	793,457
Other financing sources (uses):								
Issuance of debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	767,500	767,500
Transfers out	-	-	-	-	-	-	-	(1,173,961)
Bond issuance costs	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	767,500	(406,461)
Net change in fund balances	8	188,751	(12)	(44,737)	71,436	-	72,658	386,996
Fund Balance - January 1	1,332	167,059	139,968	564,648	11,147	52,706	-	8,422,050
Fund Balances - December 31	\$ 1,340	\$ 355,810	\$ 139,956	\$ 519,911	\$ 82,583	\$ 52,706	\$ 72,658	\$ 8,809,046

(Continued on next page)

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2017
 (Continued)

	Debt Service				Totals
	Mill at Iron Works Debt Service Reserve	Mill at Iron Works Bond and Interest	Mishawaka Building Corporation Debt Service	Consolidated TIF Bond and Interest	
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interest	1,368	32	-	-	1,400
Sale and use of property	-	-	-	-	-
Gifts and donations	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>1,368</u>	<u>32</u>	<u>-</u>	<u>-</u>	<u>1,400</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	13,565	-	-	13,565
Debt Service:					
Principal	-	-	349,353	30,000	379,353
Interest and fiscal charges	-	-	57,108	18,750	75,858
Capital Outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>13,565</u>	<u>406,461</u>	<u>48,750</u>	<u>468,776</u>
Excess (deficiency) of revenues					
Over (under) expenditures	<u>1,368</u>	<u>(13,533)</u>	<u>(406,461)</u>	<u>(48,750)</u>	<u>(467,376)</u>
Other financing sources (uses):					
Issuance of debt	1,098,500	371,500	-	-	1,470,000
Transfers in	-	-	406,461	115,005	521,466
Transfers out	-	-	-	-	-
Bond issuance costs	-	(332,390)	-	-	(332,390)
Total other financing sources and uses	<u>1,098,500</u>	<u>39,110</u>	<u>406,461</u>	<u>115,005</u>	<u>1,659,076</u>
Net change in fund balances	1,099,868	25,577	-	66,255	1,191,700
Fund Balance - January 1	-	-	-	-	-
Fund Balances - December 31	<u>\$ 1,099,868</u>	<u>\$ 25,577</u>	<u>\$ -</u>	<u>\$ 66,255</u>	<u>\$ 1,191,700</u>

(Continued on next page)

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2017
 (Continued)

	Capital Projects				
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	Local Major Moves Construction	Cumulative Capital Development
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ 392,140	\$ -	\$ 548,543
Licenses and permits	-	-	148,219	-	-
Intergovernmental	-	117,344	28,648	-	26,636
Charges for services	-	-	-	25,324	633
Fines and forfeits	-	-	-	-	-
Interest	-	-	-	5,104	-
Sale and use of property	-	-	-	-	-
Gifts and donations	-	-	-	-	-
Other	-	-	11,495	-	-
Total Revenues	<u>-</u>	<u>117,344</u>	<u>580,502</u>	<u>30,428</u>	<u>575,812</u>
Expenditures:					
Current:					
General government	-	-	-	-	405,012
Public safety	-	-	90,707	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital Outlay:					
General government	-	-	-	-	148,946
Public safety	45,442	-	217,697	-	-
Highways and streets	-	-	-	113,774	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Total Expenditures	<u>45,442</u>	<u>-</u>	<u>308,404</u>	<u>113,774</u>	<u>553,958</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>(45,442)</u>	<u>117,344</u>	<u>272,098</u>	<u>(83,346)</u>	<u>21,854</u>
Other financing sources (uses):					
Issuance of debt	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(45,442)	117,344	272,098	(83,346)	21,854
Fund Balance - January 1	<u>45,442</u>	<u>1,619,884</u>	<u>2,246,117</u>	<u>892,439</u>	<u>260,989</u>
Fund Balances - December 31	<u>\$ -</u>	<u>\$ 1,737,228</u>	<u>\$ 2,518,215</u>	<u>\$ 809,093</u>	<u>\$ 282,843</u>

(Continued on next page)

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2017
 (Continued)

	Capital Projects		Total Nonmajor Governmental Funds
	CEDIT	Totals	
Revenues:			
Taxes:			
Property	\$ -	\$ 940,683	\$ 3,880,600
Licenses and permits	-	148,219	177,688
Intergovernmental	3,619,204	3,791,832	10,491,365
Charges for services	26,223	52,180	4,037,069
Fines and forfeits	-	-	4,315
Interest	-	5,104	6,512
Sale and use of property	-	-	68,562
Gifts and donations	-	-	123,144
Other	-	11,495	126,261
Total Revenues	3,645,427	4,949,513	18,915,516
Expenditures:			
Current:			
General government	305,351	710,363	1,020,759
Public safety	-	90,707	2,163,927
Highways and streets	2,287,451	2,287,451	6,174,563
Sanitation	-	-	2,347,987
Culture and recreation	375,138	375,138	3,069,800
Community development	-	-	271,175
Debt Service:			
Principal	77,163	77,163	456,516
Interest and fiscal charges	42,367	42,367	118,225
Capital Outlay:			
General government	14,000	162,946	162,946
Public safety	54,310	317,449	317,449
Highways and streets	240,579	354,353	1,847,648
Culture and recreation	496,575	496,575	603,439
Community development	-	-	-
Total Expenditures	3,892,934	4,914,512	18,554,434
Excess (deficiency) of revenues			
Over (under) expenditures	(247,507)	35,001	361,082
Other financing sources (uses):			
Issuance of debt	-	-	1,470,000
Transfers in	-	-	1,288,966
Transfers out	-	-	(1,173,961)
Bond issuance costs	-	-	(332,390)
Total other financing sources and uses	-	-	1,252,615
Net change in fund balances	(247,507)	35,001	1,613,697
Fund Balance - January 1	4,247,476	9,312,347	17,734,397
Fund Balances - December 31	\$ 3,999,969	\$ 9,347,348	\$ 19,348,094

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - MOTOR VEHICLE HIGHWAY
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 429,307	\$ 429,307	\$ 343,406	\$ (85,901)
Intergovernmental	2,508,150	2,508,150	2,810,074	301,924
Charges for services	6,840	6,840	-	(6,840)
Reimbursement	5,946	5,946	8,796	2,850
Miscellaneous	-	-	2,666	2,666
	<u>2,950,243</u>	<u>2,950,243</u>	<u>3,164,942</u>	<u>214,699</u>
Total revenues				
Expenditures:				
Current:				
Highways and streets:				
Personal services	2,432,660	2,457,306	2,340,717	116,589
Supplies	316,500	361,598	308,559	53,039
Other services and charges	614,000	643,520	542,100	101,420
	<u>3,363,160</u>	<u>3,462,424</u>	<u>3,191,376</u>	<u>271,048</u>
Total highways and streets				
Total expenditures	<u>3,363,160</u>	<u>3,462,424</u>	<u>3,191,376</u>	<u>271,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(412,917)</u>	<u>(512,181)</u>	<u>(26,434)</u>	<u>485,747</u>
Net change in fund balances	(412,917)	(512,181)	(26,434)	485,747
Fund balances - beginning	<u>1,043,388</u>	<u>1,043,388</u>	<u>1,043,388</u>	<u>-</u>
Fund balances - ending	<u>\$ 630,471</u>	<u>\$ 531,207</u>	<u>\$ 1,016,954</u>	<u>\$ 485,747</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (26,434)	
To adjust revenues for accruals			10,292	
To adjust expenditures for accruals			(33,547)	
To adjust expenditures for encumbrances			<u>88,516</u>	
Net change in fund balance, GAAP basis			<u>\$ 38,827</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LOCAL ROAD AND STREET
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ 455,527	\$ 455,527	\$ 577,744	\$ 122,217
Total revenues	455,527	455,527	577,744	122,217
Expenditures:				
Current:				
Highways and streets:				
Capital outlay	500,000	500,000	500,000	-
Total highways and streets	500,000	500,000	500,000	-
Total expenditures	500,000	500,000	500,000	-
Excess (deficiency) of revenues over (under) expenditures	(44,473)	(44,473)	77,744	122,217
Net change in fund balances	(44,473)	(44,473)	77,744	122,217
Fund balances - beginning	145,974	145,974	145,974	-
Fund balances - ending	\$ 101,501	\$ 101,501	\$ 223,718	\$ 122,217
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 77,744	
To adjust revenues for accruals			59,058	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			76,424	
Net change in fund balance, GAAP basis			\$ 213,226	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - PUBLIC SAFETY
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ 2,549,000	\$ 2,549,000	\$ 2,568,321	\$ 19,321
Miscellaneous	-	-	5,800	5,800
Total revenues	<u>2,549,000</u>	<u>2,549,000</u>	<u>2,574,121</u>	<u>25,121</u>
Expenditures:				
Current:				
Public safety:				
Supplies	75,000	75,000	73,525	1,475
Other services and charges	2,092,099	2,115,633	1,911,177	204,456
Capital outlay	583,000	617,276	602,538	14,738
Total public safety	<u>2,750,099</u>	<u>2,807,909</u>	<u>2,587,240</u>	<u>220,669</u>
Total expenditures	<u>2,750,099</u>	<u>2,807,909</u>	<u>2,587,240</u>	<u>220,669</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(201,099)</u>	<u>(258,909)</u>	<u>(13,119)</u>	<u>245,790</u>
Net change in fund balances	(201,099)	(258,909)	(13,119)	245,790
Fund balances - beginning	<u>1,458,301</u>	<u>1,458,301</u>	<u>1,458,301</u>	-
Fund balances - ending	<u>\$ 1,257,202</u>	<u>\$ 1,199,392</u>	<u>\$ 1,445,182</u>	<u>\$ 245,790</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (13,119)	
To adjust revenues for accruals			(5,468)	
To adjust expenditures for accruals			(17,156)	
To adjust expenditures for encumbrances			<u>333,632</u>	
Net change in fund balance, GAAP basis			<u>\$ 297,889</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - PARK AND RECREATION
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 3,182,346	\$ 3,182,346	\$ 2,596,511	\$ (585,835)
Intergovernmental	120,451	120,451	189,692	69,241
Charges for services	655,000	655,000	350,134	(304,866)
Sale and use of property	-	-	154,348	154,348
Reimbursement	-	-	193	193
Miscellaneous	-	-	3,485	3,485
Total revenues	<u>3,957,797</u>	<u>3,957,797</u>	<u>3,294,363</u>	<u>(663,434)</u>
Expenditures:				
Current:				
Culture and recreation:				
Personal services	2,227,342	2,227,801	1,912,264	315,537
Supplies	338,000	368,484	250,630	117,854
Other services and charges	818,900	499,773	397,444	102,329
Other financing uses	-	-	5,657	(5,657)
Total expenditures	<u>3,384,242</u>	<u>3,096,058</u>	<u>2,565,995</u>	<u>530,063</u>
Excess (deficiency) of revenues over (under) expenditures	<u>573,555</u>	<u>861,739</u>	<u>728,368</u>	<u>(133,371)</u>
Net change in fund balances	573,555	861,739	728,368	(133,371)
Fund balances - beginning	<u>575,049</u>	<u>575,049</u>	<u>575,049</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,148,604</u>	<u>\$ 1,436,788</u>	<u>\$ 1,303,417</u>	<u>\$ (133,371)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 728,368	
To adjust revenues for accruals			92,177	
To adjust expenditures for accruals			(120,972)	
To adjust expenditures for encumbrances			81,037	
Net change in fund balance, GAAP basis			<u>\$ 780,610</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LOCAL ROAD AND BRIDGE MATCHING GRANT FUND
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ -	\$ -	\$ 767,500	\$ 767,500
Transfer in	-	-	767,500	(767,500)
Total revenues	-	-	1,535,000	-
Expenditures:				
Highways and streets:				
Other services and charges	-	1,535,000	1,535,000	-
Total highways and streets	-	1,535,000	1,535,000	-
Total expenditures	-	1,535,000	1,535,000	-
Excess (deficiency) of revenues over (under) expenditures	-	(1,535,000)	-	-
Net change in fund balances	-	(1,535,000)	-	1,535,000
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ (1,535,000)	\$ -	\$ 1,535,000
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ -	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			72,658	
Net change in fund balance, GAAP basis			\$ 72,658	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - RAINY DAY
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public safety:				
Other services and charges	\$ -	\$ 350,000	\$ 310,396	\$ 39,604
Total public safety	-	350,000	310,396	39,604
Total expenditures	-	350,000	310,396	39,604
Excess (deficiency) of revenues over (under) expenditures	-	(350,000)	(310,396)	(39,604)
Net change in fund balances	-	(350,000)	(310,396)	39,604
Fund balances - beginning	896,736	896,736	896,736	-
Fund balances - ending	\$ 896,736	\$ 546,736	\$ 586,340	\$ 39,604
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (310,396)	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ (310,396)	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LAW ENFORCEMENT CONTINUING EDUCATION
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Licenses and permits	\$ 17,500	\$ 17,500	\$ 21,380	\$ 3,880
Charges for services	23,000	23,000	35,862	12,862
Fines and forfeits	4,000	4,000	4,315	315
Reimbursement	-	-	6,109	6,109
Total revenues	<u>44,500</u>	<u>44,500</u>	<u>67,666</u>	<u>23,166</u>
Expenditures:				
Current:				
Public safety:				
Supplies	25,000	25,000	17,097	7,903
Other services and charges	21,000	21,112	11,925	9,187
Capital outlay	<u>19,000</u>	<u>22,116</u>	<u>23,079</u>	<u>(963)</u>
Total public safety	<u>65,000</u>	<u>68,228</u>	<u>52,101</u>	<u>16,127</u>
Total expenditures	<u>65,000</u>	<u>68,228</u>	<u>52,101</u>	<u>16,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,500)</u>	<u>(23,728)</u>	<u>15,565</u>	<u>39,293</u>
Net change in fund balances	(20,500)	(23,728)	15,565	39,293
Fund balances - beginning	<u>107,413</u>	<u>107,413</u>	<u>107,413</u>	<u>-</u>
Fund balances - ending	<u>\$ 86,913</u>	<u>\$ 83,685</u>	<u>\$ 122,978</u>	<u>\$ 39,293</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 15,565	
To adjust revenues for accruals			423	
To adjust expenditures for accruals			(9,204)	
To adjust expenditures for encumbrances			<u>4,967</u>	
Net change in fund balance, GAAP basis			<u>\$ 11,751</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - PARK NONREVERTING OPERATING
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Charges for services	\$ 88,000	\$ 88,000	\$ 115,347	\$ 27,347
Sale and use of property	37,000	37,000	66,821	29,821
Miscellaneous	-	-	2,000	(2,000)
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>184,168</u>	<u>55,168</u>
Expenditures:				
Current:				
Culture and recreation:				
Personal services	10,000	10,000	10,000	-
Other services and charges	130,000	130,000	38,684	91,316
Supplies	85,500	85,500	50,636	34,864
Capital outlay	137,500	161,442	127,511	33,931
Other services and charges	-	-	1,814	(1,814)
Total expenditures	<u>363,000</u>	<u>386,942</u>	<u>228,645</u>	<u>158,297</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(238,000)</u>	<u>(261,942)</u>	<u>(44,477)</u>	<u>213,465</u>
Net change in fund balances	(238,000)	(261,942)	(44,477)	217,465
Fund balances - beginning	<u>564,648</u>	<u>564,648</u>	<u>564,648</u>	<u>-</u>
Fund balances - ending	<u>\$ 326,648</u>	<u>\$ 302,706</u>	<u>\$ 520,171</u>	<u>\$ 217,465</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (44,477)	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			(260)	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			<u>\$ (44,737)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LOIT SPECIAL DISTRIBUTION
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Culture and recreation:				
Other services and charges	\$ -	\$ 218,047	\$ 218,047	\$ -
Capital outlay	140,000	325,000	228,023	96,977
Transfers	-	767,500	767,500	-
Total expenditures	140,000	1,310,547	1,213,570	96,977
Excess (deficiency) of revenues over (under) expenditures	(140,000)	(1,310,547)	(1,213,570)	96,977
Net change in fund balances	(140,000)	(1,310,547)	(1,213,570)	96,977
Fund balances - beginning	1,399,547	1,399,547	1,399,547	-
Fund balances - ending	<u>\$ 1,259,547</u>	<u>\$ 89,000</u>	<u>\$ 185,977</u>	<u>\$ 96,977</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (1,213,570)	
To adjust revenues for accruals			9,583	
To adjust expenditures for accruals			(40,536)	
To adjust expenditures for encumbrances			114,773	
Net change in fund balance, GAAP basis			<u>\$ (1,129,750)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE BUILDING AND FIRE FIGHTING EQUIPMENT
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Public safety:				
Capital outlay	\$ 45,443	\$ 45,443	\$ 45,442	\$ 1
Total expenditures	45,443	45,443	45,442	1
Excess (deficiency) of revenues over (under) expenditures	(45,443)	(45,443)	(45,442)	1
To adjust expenditures for encumbrances	(45,443)	(45,443)	(45,442)	1
Fund balances - beginning	49,543	49,543	49,543	-
Fund balances - ending	<u>\$ 4,100</u>	<u>\$ 4,100</u>	<u>\$ 4,101</u>	<u>\$ 1</u>
<u>Budget/GAAP Reconciliation:</u>				
Net change in fund balance, budget basis			\$ (45,442)	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			<u>\$ (45,442)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL IMPROVEMENT
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ -	\$ -	\$ 117,344	\$ 117,344
Total revenues	-	-	117,344	117,344
Excess (deficiency) of revenues over (under) expenditures	-	-	117,344	117,344
To adjust expenditures for encumbrances	-	-	117,344	117,344
Fund balances - beginning	1,619,884	1,619,884	1,619,884	-
Fund balances - ending	<u>\$ 1,619,884</u>	<u>\$ 1,619,884</u>	<u>\$ 1,737,228</u>	<u>\$ 117,344</u>
<u>Budget/GAAP Reconciliation:</u>				
Net change in fund balance, budget basis			\$ 117,344	
To adjust revenues for accruals			(558)	
To adjust expenditures for accruals			558	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			<u>\$ 117,344</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE SEWER
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 481,000	\$ 481,000	\$ 392,140	\$ (88,860)
Licenses and permits	-	-	148,219	148,219
Intergovernmental	23,063	23,063	28,648	5,585
Reimbursement	-	-	11,496	11,496
Total revenues	<u>504,063</u>	<u>504,063</u>	<u>580,503</u>	<u>76,440</u>
Expenditures:				
Capital outlay:				
Public safety:				
Other services and charges	250,000	320,785	184,105	136,680
Capital outlay	250,000	368,223	368,223	-
Total expenditures	<u>500,000</u>	<u>689,008</u>	<u>552,328</u>	<u>136,680</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,063</u>	<u>(184,945)</u>	<u>28,175</u>	<u>213,120</u>
To adjust expenditures for encumbrances	4,063	(184,945)	28,175	213,120
Fund balances - beginning	<u>2,422,498</u>	<u>2,422,498</u>	<u>2,422,498</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,426,561</u>	<u>\$ 2,237,553</u>	<u>\$ 2,450,673</u>	<u>\$ 213,120</u>
<u>Budget/GAAP Reconciliation:</u>				
Net change in fund balance, budget basis			\$ 28,175	
To adjust revenues for accruals			3,987	
To adjust expenditures for accruals			128,983	
To adjust expenditures for encumbrances			<u>110,953</u>	
Net change in fund balance, GAAP basis			<u>\$ 272,098</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL DEVELOPMENT
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 695,000	\$ 695,000	\$ 548,543	\$ (146,457)
Intergovernmental	33,329	33,329	40,075	6,746
Reimbursement	-	-	633	633
Total revenues	<u>728,329</u>	<u>728,329</u>	<u>589,251</u>	<u>(139,078)</u>
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	350,000	352,925	352,925	-
Capital outlay	150,000	152,843	152,843	-
Total expenditures	<u>500,000</u>	<u>505,768</u>	<u>505,768</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>228,329</u>	<u>222,561</u>	<u>83,483</u>	<u>(139,078)</u>
To adjust expenditures for encumbrances	228,329	222,561	83,483	(139,078)
Fund balances - beginning	<u>206,368</u>	<u>206,368</u>	<u>206,368</u>	<u>-</u>
Fund balances - ending	<u>\$ 434,697</u>	<u>\$ 428,929</u>	<u>\$ 289,851</u>	<u>\$ (139,078)</u>
<u>Budget/GAAP Reconciliation:</u>				
Net change in fund balance, budget basis			\$ 83,483	
To adjust revenues for accruals			(8,404)	
To adjust expenditures for accruals			(72,431)	
To adjust expenditures for encumbrances			<u>19,206</u>	
Net change in fund balance, GAAP basis			<u>\$ 21,854</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CREDIT
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ 3,619,000	\$ 3,619,000	\$ 3,499,674	\$ (119,326)
Reimbursement	-	-	26,223	26,223
Total revenues	<u>3,619,000</u>	<u>3,619,000</u>	<u>3,525,897</u>	<u>(93,103)</u>
Expenditures:				
Capital outlay:				
General government:				
Supplies	460,000	549,424	486,620	62,804
Other services and charges	1,505,131	3,141,292	2,732,538	408,754
Capital outlay	-	14,000	665,063	(651,063)
Highways and streets:				
Capital outlay	713,000	1,715,550	1,102,350	613,200
Culture and recreation:				
Capital outlay	<u>1,000,000</u>	<u>543,288</u>	<u>474,843</u>	<u>68,445</u>
Total expenditures	<u>3,678,131</u>	<u>5,963,554</u>	<u>5,461,414</u>	<u>502,140</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(59,131)</u>	<u>(2,344,554)</u>	<u>(1,935,517)</u>	<u>409,037</u>
To adjust expenditures for encumbrances	(59,131)	(2,344,554)	(1,935,517)	409,037
Fund balances - beginning	<u>3,696,267</u>	<u>3,696,267</u>	<u>3,696,267</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,637,136</u>	<u>\$ 1,351,713</u>	<u>\$ 1,760,750</u>	<u>\$ 409,037</u>
Budget/GAAP Reconciliation:				
Net change in fund balance, budget basis			\$ (1,935,517)	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			(13,577)	
To adjust expenditures for encumbrances			<u>1,701,587</u>	
Net change in fund balance, GAAP basis			<u>\$ (247,507)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - LOCAL MAJOR MOVES CONSTRUCTION
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Interest	\$ -	\$ -	\$ 5,104	\$ (5,104)
Reimbursement	-	-	25,325	25,325
Total revenues	-	-	30,429	20,221
Expenditures:				
Capital outlay:				
Highways and streets:				
Capital outlay	-	574,538	198,037	376,501
Total expenditures	-	574,538	198,037	376,501
Excess (deficiency) of revenues over (under) expenditures	-	(574,538)	(167,608)	396,722
To adjust expenditures for encumbrances	-	(574,538)	(167,608)	406,930
Fund balances - beginning	973,543	973,543	973,543	-
Fund balances - ending	<u>\$ 973,543</u>	<u>\$ 399,005</u>	<u>\$ 805,935</u>	<u>\$ 406,930</u>
<u>Budget/GAAP Reconciliation:</u>				
Net change in fund balance, budget basis			\$ (167,608)	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			84,262	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			<u>\$ (83,346)</u>	

FIDUCIARY FUNDS

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 state pension relief distributions.
- 1937 Firefighters' Pension - To account for the provision of retirement and disability benefits to fire-fighters hired prior to May 1, 1977. Financing is provided by state pension relief distributions.
- Utility Pension - To account for the provision of retirement benefits to utilities' employees. Financing is provided by contributions from each utility.

Agency Funds

The City does not have agency funds.

CITY OF MISHAWAKA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION -
 FIDUCIARY FUNDS
 December 31, 2017

	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
<u>Assets</u>				
Contributions:				
Cash and cash equivalents	\$ 763,592	\$ 955,915	\$ 123,178	\$ 1,842,685
Receivables:				
Interest and dividends	-	-	46,654	46,654
Investments at fair value:				
Municipal bonds	-	-	952,374	952,374
Mutual funds	-	-	20,177,154	20,177,154
Total investments	-	-	21,129,528	21,129,528
Total assets	<u>\$ 763,592</u>	<u>\$ 955,915</u>	<u>\$ 21,299,360</u>	<u>\$ 23,018,867</u>
<u>Liabilities</u>				
Net benefits due and unpaid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,447</u>	<u>\$ 6,447</u>
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,447</u>	<u>\$ 6,447</u>
<u>Net Position Restricted for Pensions</u>				
Net position restricted for pensions	<u>\$ 763,592</u>	<u>\$ 955,915</u>	<u>\$ 21,292,913</u>	<u>\$ 23,012,420</u>

CITY OF MISHAWAKA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
 FIDUCIARY FUNDS
 For the Year Ended December 31, 2017

	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
<u>Additions:</u>				
Contributions:				
On behalf contributions Employer	\$ 1,359,985 -	\$ 2,059,662 -	\$ - 1,094,354	\$ 3,419,647 1,094,354
Total contributions	<u>1,359,985</u>	<u>2,059,662</u>	<u>1,094,354</u>	<u>4,514,001</u>
Investment income (loss):				
Net change in fair value of investments	-	-	1,895,924	1,895,924
Interest and dividends	-	-	893,494	893,494
Total investment income (loss)	-	-	2,789,418	2,789,418
Less investment expenses:				
Investment activity expense	-	-	(42,877)	(42,877)
Net investment income (loss)	-	-	2,746,541	2,746,541
Total additions	<u>1,359,985</u>	<u>2,059,662</u>	<u>3,840,895</u>	<u>7,260,542</u>
<u>Deductions:</u>				
Benefits	1,353,294	2,057,146	1,044,129	4,454,569
Administrative expense	-	-	14,739	14,739
Total deductions	<u>1,353,294</u>	<u>2,057,146</u>	<u>1,058,868</u>	<u>4,469,308</u>
Changes in net position	6,691	2,516	2,782,027	2,791,234
Net position - beginning	<u>756,901</u>	<u>953,399</u>	<u>18,510,886</u>	<u>20,221,186</u>
Net position - ending	<u>\$ 763,592</u>	<u>\$ 955,915</u>	<u>\$ 21,292,913</u>	<u>\$ 23,012,420</u>

STATISTICAL SECTION

(Not Covered by Auditor's Opinion)

**CITY OF MISHAWAKA, INDIANA
STATISTICAL SECTION**

This part of the City of Mishawaka's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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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.

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Revenue Capacity

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**CITY OF MISHAWAKA, INDIANA
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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

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**CITY OF MISHAWAKA, INDIANA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	<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>	<u>2008</u>
Governmental activities										
Net investment in capital assets	\$ 214,262,965	\$ 218,989,656	\$ 214,446,601	\$ 194,804,771	\$ 170,374,606	\$ 151,073,920	\$ 134,670,237	\$ 136,795,681	\$ 116,947,337	\$ 97,252,778
Restricted	15,126,462			-	1,221,499	2,790,264	2,839,701	2,692,556		
Unrestricted	<u>(24,261,187)</u>	<u>(23,097,701)</u>	<u>(35,890,062)</u>	<u>(19,347,462)</u>	<u>23,387,859</u>	<u>36,011,745</u>	<u>47,612,406</u>	<u>34,769,529</u>	<u>44,630,003</u>	<u>31,666,692</u>
Total governmental activities net position assets	<u>\$ 205,128,240</u>	<u>\$ 195,891,955</u>	<u>\$ 178,556,539</u>	<u>\$ 175,457,309</u>	<u>\$ 194,983,964</u>	<u>\$ 189,875,929</u>	<u>\$ 185,122,344</u>	<u>\$ 174,257,766</u>	<u>\$ 161,577,340</u>	<u>\$ 128,919,470</u>
Business-type activities										
Net investment in capital assets	\$ 130,478,700	\$ 126,947,050	\$ 118,062,724	\$ 106,696,476	\$ 103,839,134	\$ 97,739,643	\$ 93,926,064	\$ 66,090,580	\$ 85,021,905	\$ 81,573,161
Restricted	23,876,193	10,524,235	9,445,036	10,327,308	9,658,225	8,641,187	6,957,189	7,378,580	5,340,800	8,301,530
Unrestricted	<u>7,815,248</u>	<u>10,578,874</u>	<u>16,897,851</u>	<u>19,337,654</u>	<u>15,343,428</u>	<u>23,573,751</u>	<u>23,538,726</u>	<u>47,432,882</u>	<u>21,755,544</u>	<u>16,551,499</u>
Total business-type activities net position assets	<u>\$ 162,170,141</u>	<u>\$ 148,050,159</u>	<u>\$ 144,405,611</u>	<u>\$ 136,361,438</u>	<u>\$ 128,840,787</u>	<u>\$ 129,954,581</u>	<u>\$ 124,421,979</u>	<u>\$ 120,902,042</u>	<u>\$ 112,118,249</u>	<u>\$ 106,426,190</u>
Primary government										
Net investment in capital assets	\$ 344,741,665	\$ 345,936,706	\$ 332,509,325	\$ 301,501,247	\$ 274,213,740	\$ 248,813,563	\$ 228,596,301	\$ 202,886,261	\$ 201,969,242	\$ 178,825,939
Restricted	39,002,655	10,524,235	9,445,036	10,327,308	10,879,724	11,431,451	9,796,890	10,071,136	5,340,800	8,301,530
Unrestricted	<u>(16,445,939)</u>	<u>(12,518,827)</u>	<u>(18,992,211)</u>	<u>(9,808)</u>	<u>38,731,287</u>	<u>59,585,496</u>	<u>71,151,132</u>	<u>82,202,411</u>	<u>66,385,547</u>	<u>48,218,191</u>
Total primary government net position assets	<u>\$ 367,298,381</u>	<u>\$ 343,942,114</u>	<u>\$ 322,962,150</u>	<u>\$ 311,818,747</u>	<u>\$ 323,824,751</u>	<u>\$ 319,830,510</u>	<u>\$ 309,544,323</u>	<u>\$ 295,159,808</u>	<u>\$ 273,695,589</u>	<u>\$ 235,345,660</u>

**CITY OF MISHAWAKA, INDIANA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
General government	\$ 7,475,939	\$ 6,984,185	\$ 7,740,465	\$ 4,908,617	\$ 7,923,349	\$ 7,938,056	\$ 7,967,985	\$ 7,509,133	\$ 5,675,449	\$ 5,362,211
Public safety	31,631,819	24,360,149	28,561,331	37,994,494	34,037,887	31,059,510	29,631,615	29,219,741	25,470,868	22,188,373
Highways and streets	11,945,887	10,888,630	7,522,968	7,023,549	5,183,288	10,110,135	6,927,174	1,816,872	5,948,204	3,959,300
Sanitation	2,347,987	1,898,990	2,152,972	2,147,191	2,139,429	1,953,950	1,954,482	1,958,050	1,970,859	4,500
Community development	2,601,936	2,435,052	1,692,140	1,156,760	2,557,050	7,624,016	2,191,347	1,936,054	862,581	2,723,191
Culture and recreation	4,359,038	4,440,140	6,862,161	4,874,620	7,595,105	5,354,168	6,062,941	4,939,870	4,084,573	4,786,048
Interest on long-term debt	266,106	104,744	47,206	227,457	272,089	476,838	627,328	862,291	1,087,319	1,274,966
Total governmental activities expenses	<u>\$ 60,628,712</u>	<u>\$ 51,111,890</u>	<u>\$ 54,579,243</u>	<u>\$ 58,332,688</u>	<u>\$ 59,708,197</u>	<u>\$ 64,516,673</u>	<u>\$ 55,362,872</u>	<u>\$ 48,242,011</u>	<u>\$ 45,099,853</u>	<u>\$ 40,298,589</u>
Business type activities:										
Water utility	\$ 7,107,941	\$ 7,347,111	\$ 6,899,397	\$ 7,127,380	\$ 6,739,598	\$ 7,037,417	\$ 6,699,816	\$ 6,779,663	\$ 6,933,322	\$ 6,884,829
Wastwater utility	12,595,663	13,064,822	14,450,623	12,929,617	12,700,064	11,979,193	11,541,256	11,507,526	11,566,254	11,954,930
Electric utility	56,293,605	59,451,069	54,766,652	51,973,278	51,292,510	49,374,050	49,813,781	49,900,996	43,830,644	44,275,026
Total business-type activities expenses	<u>75,997,209</u>	<u>79,863,002</u>	<u>76,116,672</u>	<u>72,030,275</u>	<u>70,732,172</u>	<u>68,390,660</u>	<u>68,054,853</u>	<u>68,188,185</u>	<u>62,330,220</u>	<u>63,114,785</u>
Total primary government expenses	<u>\$ 136,625,921</u>	<u>\$ 130,974,892</u>	<u>\$ 130,695,915</u>	<u>\$ 130,362,963</u>	<u>\$ 130,440,369</u>	<u>\$ 132,907,333</u>	<u>\$ 123,417,725</u>	<u>\$ 116,430,196</u>	<u>\$ 107,430,073</u>	<u>\$ 103,413,374</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 590,927	\$ 683,102	\$ 600,500	\$ 498,152	\$ 453,798	\$ 1,034,816	\$ 498,317	\$ 645,300	\$ 714,830	\$ 1,049,593
Public safety	2,421,326	3,229,147	2,166,516	1,900,714	2,017,747	1,577,596	1,702,518	817,492	600,824	643,933
Highways and streets	1,677,847	771,257	1,912,715	1,678,388	1,055,235	1,515,476	132,033	118,354	114,428	28,347
Sanitation	2,455,718	1,868,353	2,118,402	2,227,489	2,227,489	2,068,575	2,074,781	2,084,642	2,102,200	2,102,200
Community development	511,849	463,804	462,944	-	672,904	184,775	586,681	150,539	260,098	535,101
Culture and recreation	698,919	797,374	837,169	863,644	964,913	1,059,334	938,755	1,093,526	995,386	1,023,173
Operating grants and contributions	1,321,851	3,038,523	1,134,528	1,015,318	3,581,151	3,256,325	4,411,769	4,490,139	3,283,506	1,191,352
Capital grants and contributions	5,738,877	5,382,141	5,370,541	10,046,066	5,977,949	5,887,808	5,834,032	6,851,310	4,358,580	4,745,714
Total governmental activities revenue	<u>\$ 15,417,314</u>	<u>\$ 16,233,701</u>	<u>\$ 14,603,315</u>	<u>\$ 16,002,282</u>	<u>\$ 16,951,186</u>	<u>\$ 16,584,705</u>	<u>\$ 16,178,886</u>	<u>\$ 16,251,302</u>	<u>\$ 12,429,852</u>	<u>\$ 9,217,213</u>
Business type activities:										
Charges for services:										
Water utility	\$ 8,965,963	\$ 9,989,708	\$ 8,700,570	\$ 8,805,927	\$ 8,651,326	\$ 8,476,779	\$ 7,721,105	\$ 7,881,467	\$ 7,574,977	\$ 8,037,964
Wastwater utility	19,225,278	12,802,189	12,583,375	12,705,864	12,969,399	12,967,156	13,047,673	11,163,904	9,333,576	9,422,150
Electric utility	62,364,565	61,274,490	57,128,645	59,115,853	46,561,227	51,249,386	50,153,710	50,363,745	46,262,804	43,278,603
Capital grants and contributions	-	-	-	-	-	87,495	167,104	6,652,868	5,113,577	3,250,069
Total business-type activities revenue	<u>90,555,806</u>	<u>84,066,387</u>	<u>78,412,590</u>	<u>80,627,644</u>	<u>68,181,952</u>	<u>72,780,816</u>	<u>71,089,592</u>	<u>76,061,984</u>	<u>68,284,934</u>	<u>63,988,786</u>
Total primary government revenue	<u>105,973,120</u>	<u>100,300,088</u>	<u>93,015,905</u>	<u>96,629,926</u>	<u>85,133,138</u>	<u>89,365,521</u>	<u>87,268,478</u>	<u>92,313,286</u>	<u>80,714,786</u>	<u>73,205,999</u>
Net (Expenses) Revenues										
Governmental activities:										
Business-type activities	(45,211,398)	(34,878,189)	(39,975,928)	(39,518,418)	(42,757,011)	(47,931,968)	(39,183,986)	(31,990,709)	(32,670,001)	(31,081,376)
Total primary government net expense	<u>\$ (30,652,801)</u>	<u>\$ (30,674,804)</u>	<u>\$ (37,680,010)</u>	<u>\$ (30,921,049)</u>	<u>\$ (45,307,231)</u>	<u>\$ (43,541,812)</u>	<u>\$ (36,149,247)</u>	<u>\$ (24,116,910)</u>	<u>\$ (26,715,287)</u>	<u>\$ (30,207,375)</u>

**CITY OF MISHAWAKA, INDIANA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	<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>	<u>2008</u>
<u>General revenues and Other Changes in Net Assets</u>										
Governmental activities:										
Property Taxes	\$ 40,963,002	\$ 41,045,625	\$ 39,581,788	\$ 40,733,627	\$ 40,631,587	\$ 43,780,600	\$ 44,782,236	\$ 49,872,423	\$ 40,092,134	\$ 43,572,448
Grants and Contributions not restricted to specific programs	7,664,745	3,964,503	3,840,427	4,239,318	8,368,776	8,403,833	8,206,595	8,570,832	4,943,387	3,846,190
Unrestricted investment earnings	474,959	244,416	170,391	82,644	88,635	119,285	34,289	42,251	13,542	872,964
Other	4,568,230	4,782,385	7,969,990	7,450,590	198,281	6,777,151	354,814	115,993	169,346	267,649
Special Items: Litigation Settlement	-	-	-	-	-	-	-	-	-	8,154,390
Transfers	776,747	(4,877,358)	(3,236,872)	(1,589,246)	(1,351,199)	(292,598)	(3,578,995)	(762,454)	959,856	517,736
Total governmental activities	<u>54,447,683</u>	<u>45,159,571</u>	<u>48,325,724</u>	<u>50,916,933</u>	<u>47,936,080</u>	<u>58,788,271</u>	<u>49,798,939</u>	<u>57,839,045</u>	<u>46,178,265</u>	<u>57,231,377</u>
Business type activities:										
Unrestricted investment earnings	338,132	233,708	113,383	76,156	85,227	122,082	112,130	15,686	24,935	605,010
Other	-	-	-	-	-	-	-	-	672,266	-
Special Item: Insurance Settlement	-	-	-	-	-	727,766	-	-	-	-
Transfers	(776,747)	4,877,358	3,236,872	1,589,246	1,351,199	292,598	3,578,995	762,454	(959,856)	(517,736)
Total business-type activities	<u>(438,615)</u>	<u>5,111,066</u>	<u>3,350,255</u>	<u>1,665,402</u>	<u>1,436,426</u>	<u>1,142,446</u>	<u>3,691,125</u>	<u>778,140</u>	<u>(262,655)</u>	<u>87,274</u>
Total primary government expenses	<u>54,009,068</u>	<u>50,270,637</u>	<u>6,587,127</u>	<u>52,582,335</u>	<u>49,372,506</u>	<u>59,930,717</u>	<u>53,490,064</u>	<u>58,617,185</u>	<u>45,915,610</u>	<u>57,318,651</u>
<u>Change in Net Position (a)</u>										
Governmental activities	9,236,285	10,281,382	8,349,796	11,398,515	5,179,069	10,856,303	10,614,953	25,848,336	13,508,264	26,150,001
Business-type activities	14,119,982	9,314,451	5,646,173	10,262,771	(1,113,794)	5,532,602	6,725,864	8,651,939	5,692,059	961,275
Total primary government	<u>\$ 23,356,267</u>	<u>\$ 19,595,833</u>	<u>\$ 13,995,969</u>	<u>\$ 21,661,286</u>	<u>\$ 4,065,275</u>	<u>\$ 16,388,905</u>	<u>\$ 17,340,817</u>	<u>\$ 34,500,275</u>	<u>\$ 19,200,323</u>	<u>\$ 27,111,276</u>

(a) Excludes adjustments to net position.

**CITY OF MISHAWAKA, INDIANA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	<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>	<u>2008</u>
General Fund										
Assigned	\$ 332,718	\$ 570,666	\$ 229,605	\$ 194,874	\$ 16,864	\$ 39,099	\$ 17,917		\$ 77,221	\$ 59,968
Unassigned	5,984,251	4,717,765	3,538,777	1,858,348	4,540,640	7,898,202	6,113,323	\$5,554,114	6,218,193	5,256,482
Total general fund	<u>\$ 6,316,969</u>	<u>\$ 5,288,431</u>	<u>\$ 3,768,382</u>	<u>\$ 2,053,222</u>	<u>\$ 4,557,504</u>	<u>\$ 7,937,301</u>	<u>\$ 6,131,240</u>	<u>\$ 5,554,114</u>	<u>\$ 6,295,414</u>	<u>\$ 5,316,450</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ 9,778,898	10,318,142	\$ 10,856,307	\$ 11,644,722	\$ 12,274,727	\$ 12,657,121	\$ 21,323,691	\$ 14,182,700	\$ 16,411,776
Restricted	46,481,681	20,777,574	19,838,399	10,702,336	12,557,217	17,258,721	17,555,195			
Committed	1,969,723	1,965,780	3,529,089	4,789,619	6,533,427	6,353,315	6,673,086	36,269,879	35,662,925	40,459,220
Assigned	3,243,567	4,269,203	4,050,156	21,328,990	20,394,326	22,641,653	25,122,449			
Total all other governmental funds	<u>\$ 51,694,971</u>	<u>\$ 36,791,455</u>	<u>\$ 37,735,786</u>	<u>\$ 47,677,252</u>	<u>\$ 51,129,692</u>	<u>\$ 58,528,416</u>	<u>\$ 62,007,851</u>	<u>\$ 57,593,570</u>	<u>\$ 49,845,625</u>	<u>\$ 56,870,996</u>

Note: Changes made to report due to GASB Statement No.54

**CITY OF MISHAWAKA, INDIANA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	<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>	<u>2008</u>
Revenues										
Taxes	\$ 40,809,464	\$ 41,398,205	\$ 39,736,954	\$ 40,984,533	\$ 40,783,183	\$ 44,710,664	\$ 45,201,867	\$ 46,375,159	\$ 40,092,134	\$ 47,591,213
Licenses and permits	663,407	667,499	604,233	535,994	493,314	961,751	418,629	372,368	349,680	607,371
Intergovernmental	19,560,487	15,667,094	19,023,079	18,812,330	17,927,876	17,547,966	18,452,396	19,912,281	12,585,473	9,932,199
Charges for services	6,957,876	6,584,510	5,916,673	5,834,479	4,737,841	4,031,031	4,191,957	3,536,355	3,412,746	1,565,526
Fines and forfeits	25,743	28,782	32,898	49,312	39,767	71,554	55,098	108,165	47,051	48,797
Interest	474,960	244,417	170,391	82,648	88,635	119,285	34,289	42,251	13,542	872,964
Sale and use of property	69,063	93,795	68,857	76,755	268,698	431,797	276,241	288,654	243,067	275,255
Gifts and donations	123,144	144,005	182,223	120,652	105,425	120,735	120,587	181,674	192,726	140,278
Other	250,566	461,448	585,769	506,751	1,945,322	2,251,822	1,225,387	538,630	711,842	910,569
Total primary government expenses	<u>68,934,710</u>	<u>65,289,755</u>	<u>66,321,077</u>	<u>67,003,454</u>	<u>66,390,061</u>	<u>70,246,605</u>	<u>69,976,451</u>	<u>71,355,537</u>	<u>57,648,261</u>	<u>61,944,172</u>
Expenditures										
General government	\$ 7,232,106	\$ 6,517,775	5,560,390	5,157,086	6,604,139	5,933,313	5,885,077	4,866,112	4,421,867	4,218,163
Public safety	29,521,844	27,354,913	28,847,700	30,321,452	29,184,282	26,866,758	27,184,126	24,997,945	19,095,252	19,330,286
Highways and streets	6,453,719	5,710,686	5,556,498	5,154,139	4,881,867	4,987,193	3,290,704	3,705,758	3,516,087	4,513,971
Sanitation	2,347,987	1,898,991	2,152,972	2,147,191	2,139,429	1,953,950	1,954,482	1,958,050	1,970,859	4,500
Culture and recreation	3,069,800	2,918,799	3,271,943	3,855,173	3,325,104	3,232,917	3,146,304	2,799,182	2,811,787	3,340,629
Community development	1,584,594	1,758,506	1,602,786	1,151,151	2,033,358	991,062	2,204,477	1,575,950	1,017,300	1,202,378
Capital outlay	12,985,781	20,237,674	29,469,056	21,492,779	24,792,933	27,121,314	14,229,063	23,447,858	25,026,579	33,975,819
Debt service										
Principal	456,516	372,097	365,363	3,561,668	3,706,668	5,018,334	4,909,254	5,749,757	5,710,522	4,521,647
Interest	118,225	123,413	113,775	257,894	303,184	446,887	626,002	852,078	1,084,271	1,203,775
Total Expenditures	<u>63,770,572</u>	<u>66,892,854</u>	<u>76,940,483</u>	<u>73,098,533</u>	<u>76,970,964</u>	<u>76,551,728</u>	<u>63,429,489</u>	<u>69,952,690</u>	<u>64,654,524</u>	<u>72,311,168</u>
Excess of revenues over (under) expenditures	5,164,138	(1,603,099)	(10,619,406)	(6,095,079)	(10,580,903)	(6,305,123)	6,546,962	1,402,847	(7,006,263)	(10,366,996)
Other financing sources(uses):										
Transfers in	5,425,713	4,472,652	4,177,079	34,133,450	6,133,168	7,991,149	6,613,316	7,362,007	6,174,587	7,281,350
Transfers out	(4,648,966)	(3,737,403)	(4,297,761)	(33,995,093)	(6,330,786)	(7,320,692)	(7,052,244)	(8,124,461)	(5,214,731)	(6,763,614)
Bond issuance cost	(332,390)	-	-	-	-	4,000,000	-	-	-	-
General obligation bond issuance	10,985,000	1,443,568	-	-	-	-	-	-	-	-
Miscellaneous	(661,441)	-	-	-	-	-	-	-	-	-
Interfund revenue bond issuance	-	-	2,513,782	-	-	-	-	1,366,252	-	-
Loan Issuance- short term	-	-	-	-	-	-	-	-	-	446,760
Total other financing sources and uses	<u>10,767,916</u>	<u>2,178,817</u>	<u>2,393,100</u>	<u>138,357</u>	<u>(197,618)</u>	<u>4,670,457</u>	<u>(438,928)</u>	<u>603,798</u>	<u>959,856</u>	<u>964,496</u>
Special Item: Proceeds from Litigation settlement	-	-	-	-	-	-	-	-	-	8,154,390
Net change in fund balances	<u>\$ 15,932,054</u>	<u>\$ 575,718</u>	<u>\$ (8,226,306)</u>	<u>\$ (5,956,722)</u>	<u>\$ (10,778,521)</u>	<u>\$ (1,634,666)</u>	<u>\$ 6,108,034</u>	<u>\$ 2,006,645</u>	<u>\$ (6,046,407)</u>	<u>\$ (1,248,110)</u>
Debt service as a percentage of non-capital expenditures	<u>1.15%</u>	<u>0.94%</u>	<u>0.97%</u>	<u>8.21%</u>	<u>7.45%</u>	<u>10.53%</u>	<u>9.89%</u>	<u>7.06%</u>	<u>16.04%</u>	<u>14.37%</u>

CITY OF MISHAWAKA, INDIANA
TOTAL TAXABLE ASSESSED VALUE AND TOTAL DIRECT TAX RATE

Fiscal Year Ended December 31	Real Property	Personal/ Utility Property	Total Taxable Assessed Value	Total Direct Tax Rate
2017	\$ 1,180,325,780	\$ 111,955,860	\$ 1,292,281,640	\$ 1.9991
2016	1,161,751,550	110,706,740	1,272,458,290	1.9977
2015	1,106,333,427	234,241,826	1,340,575,253	1.8795
2014	1,087,582,926	231,514,888	1,319,097,814	2.0062
2013	1,105,824,915	225,853,784	1,331,678,699	1.9086
2012	1,201,464,113	218,461,822	1,419,925,935	1.8186
2011	1,224,467,208	213,316,380	1,437,783,588	1.7362
2010	1,234,269,393	208,951,270	1,443,220,663	1.6741
2009	1,196,114,072	192,272,950	1,388,387,022	1.6557
2008	1,425,349,832	193,679,400	1,619,029,232	1.5283

Note: Beginning in 2008 the shift from personal to real property was realized after the deleting of the inventory tax in Indiana.

CITY OF MISHAWAKA, INDIANA
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 (PER \$100 OF ASSESSED VALUE) (A)

Fiscal Year Ended December 31	City of Mishawaka (Direct)					Total Direct City Rate	Overlapping Governments										Total
	General Fund	Special Revenue Funds	Trust and Agency Funds	Debt Service Fund	Cumulative Funds		Penn Township	Redevelopment District	Library	School District	St. Joseph County	St Joseph Airport	Transportation	State of Indiana	St Joseph County Welfare		
2017	\$ 1.6567	\$ 0.2594	\$ -	\$ -	\$ 0.0830	\$ 1.9991	\$ 0.0331	\$ -	\$ 0.1551	\$ 1.5022	\$ 0.6950	\$ 0.0285	\$ 0.1161	\$ -	\$ -	\$ 4.5291	
2016	1.7041	0.2090	0.0000	0.0000	0.0846	1.9977	0.0331	0.0000	0.1610	1.3875	0.6974	0.0423	0.1153 a	0.0000	0.0000	4.4343	
2015	1.6216	0.1952	0.0000	0.0000	0.0627	1.8795	0.0311	0.0000	0.1614	1.2472	0.6866	0.0338	0.1100	0.0000	0.0000	4.1496	
2014	1.5666	0.2966	0.0000	0.0790	0.0640	2.0062	0.0338	0.0000	0.1679	1.2298	0.7058	0.0345	0.1125	0.0000	0.0000	4.2905	
2013	1.4987	0.2226	0.0000	0.1233	0.0640	1.9086	0.0324	0.0000	0.1616	1.2860	0.6731	0.0330	0.1042	0.0000	0.0000	4.1989	
2012	1.4381	0.2065	0.0000	0.1103	0.0637	1.8186	0.0309	0.0000	0.1553	1.3030	0.6212	0.0309	0.0999	0.0000	0.0000	4.0598	
2011	1.2861	0.2648	0.0000	0.1213	0.0640	1.7362	0.0287	0.0000	0.1462	1.3381	0.5424	0.0297	0.0934	0.0000	0.0000	3.9147	
2010	1.1377	0.3576	0.0000	0.1148	0.0640	1.6741	0.0288	0.0000	0.1583	1.3221	0.5866	0.0342	0.0821	0.0000	0.0000	3.8862	
2009	1.2201	0.2126	0.0460	0.1110	0.0660	1.6557	0.0397	0.0000	0.1437	1.0735	0.5693	0.0353	0.0821	0.0000	0.0000	3.5993	
2008	1.1576	0.1202	0.0819	0.1026	0.0660	1.5283	0.0279	0.0000	0.0943	1.6448	0.4989	0.0292	0.0821	0.0024	0.0259	3.9338	

(A) Source: St. Joseph County Auditor Certificate of Tax rates.
 a Original amount was 0.1106 before amendment by DLGF

**CITY OF MISHAWAKA, INDIANA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

2017				2008			
Taxpayer	Type of Business	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Value	Taxpayer	Type of Business	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Value
Edward Rose of Indiana	Real Estate Developer	\$101,007,920	6.24%	Edward Rose of Indiana	Real Estate Developer	\$82,537,700	6.39%
University Park Mall LLC	Retail	32,482,550	2.01%	Meijer	Retail	32,323,500	2.50%
G and I VII Main Street LLC	Apartments	29,645,990	1.83%	University Park Associates	Retail/Management	32,418,800	2.51%
Toscana Realty, LLC	Real Estate	28,611,720	1.77%	Wal-Mart Stores	Retail	31,019,700	2.40%
Gene B. Glick Company, Inc.	Apartments	24,950,900	1.54%	Chase Properties	Commercial Real Estate	23,365,200	1.81%
Meijer Stores LP	Retail	24,257,790	1.50%	Main Street Village	Rental Multi-Housing	21,047,900	1.63%
Ascensia Diabetes Care US, Inc. (Formerly Bayer Healthcare LLC)	Health Products Manufacturing	19,157,000	1.18%	Candlewood Apts.	Rental Multi-Housing	17,222,700	1.33%
Heritage Square Ventures LLC	Shopping plaza	19,118,100	1.18%	Carriage House Apts.	Rental Multi-Housing	15,980,000	1.24%
Wilshire Plaza LP / St. Indiana Ridge LLC	Shopping plaza	18,443,800	1.14%	University Commons	Rental Multi-Housing	15,754,900	1.22%
Inland Real Estate University Commons	Shopping plaza	18,420,400	1.14%	Target	Retail	14,908,100	1.15%
Totals		<u>\$316,096,170</u>	<u>19.53%</u>			<u>\$286,578,500</u>	<u>22.18%</u>

Source: St. Joseph County Auditor.

**CITY OF MISHAWAKA, INDIANA
PROPERTY TAXES LEVIED AND COLLECTED
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended December 31</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Circuit Breaker Tax Credit</u>	<u>Taxes Levied Net of Circuit Breaker</u>	<u>Current Collection</u>	<u>Percentage of Original Levy</u>	<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Percentage of Taxes Levied Net of Circuit Breaker</u>
2017	\$ 27,808,194	\$ (4,729,491)	\$ 23,078,703	\$ 24,312,087	87.43%	*	\$ 24,312,087	105.34%
2016	26,803,537	(4,934,350)	21,869,187	23,383,887	87.24%	*	23,383,887	106.93%
2015	25,788,626	(4,204,454)	21,584,172	20,479,578	79.41%	*	20,479,578	94.88%
2014	26,146,650	(3,388,274)	22,758,376	21,382,573	81.78%	*	21,382,573	93.95%
2013	25,374,431	(2,315,975)	23,058,456	21,150,811	83.35%	439,723	21,590,534	93.63%
2012	25,375,487	(1,656,712)	23,718,775	22,957,079	90.47%	201,487	23,158,566	97.64%
2011	24,823,084	(1,421,920)	23,401,164	22,246,157	89.62%	850,723	23,096,880	98.70%
2010	24,171,640	(340,519)	23,831,121	22,546,751	93.28%	299,763	22,846,514	95.87%
2009	23,019,485		23,019,485	20,637,860	89.65%	512,206	21,150,066	91.88%
2008	24,580,481		24,580,481	23,050,500	93.78%	279,877	23,330,377	94.91%

Source: St. Joseph County Auditor.

Note: City of Mishawaka Corporation collections only.

* Information not available.

**CITY OF MISHAWAKA, INDIANA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					Business Type Activities							Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Tax Increment Revenue Bonds	State Revolving Loan	Capital Leases	Inter-Governmental Loan	Water Revenue Bonds	Wastewater Revenue Bonds	State Revolving Loan	Capital Leases	Inter Governmental Loan	Total Primary Government			
2017		\$ 11,887,071		\$ 4,721,060	\$ 1,361,190	\$ 7,741,036	\$ 73,904,497	\$ 1,667,000	\$ 389,100		\$ 101,670,954	(2)	(2)	
2016		945,000		2,799,994	1,438,353	10,415,000	63,239,000	1,774,000	389,100		81,000,447	8.85%	2,333.50	
2015		975,000		3,066,662	1,513,782	11,301,208	68,867,232	1,879,000			87,602,884	9.85%	2,628.98	
2014				3,333,330	223,326	13,013,794	39,490,000	38,680,700	48,580	\$ 49,925	94,839,655	9.80%	2,613.45	
2013	\$ 2,795,815	474,853		3,599,998	446,651	14,686,380	42,570,612	39,729,549	97,240		104,401,098	5.93%	2,164.89	
2012	4,285,836	2,397,969		3,866,666	669,976	2,679,405	45,149,623	54,071,474	145,740		113,266,689	6.47%	2,363.62	
2011	5,707,283	5,817,632				2,968,089	47,998,233	55,336,797			117,828,034	6.81%	2,487.82	
2010	7,094,367	9,121,967		174,254		3,246,460	49,617,902	56,575,326			125,830,276	7.91%	2,653.14	
2009	8,426,451	13,235,972	\$ 89,000	340,011		3,509,832	13,968,980	54,637,118	32,224		94,239,588	5.87%	2,036.68	
2008	9,708,534	17,204,457	263,000	576,533		3,753,201	15,091,997	55,546,339	68,148		102,212,209	6.10%	2,210.73	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1): See Demographic and Economic Statistics for personal income and population data.

(2): Information not available

CITY OF MISHAWAKA, INDIANA
RATIO OF GENERAL BONDED DEBT OUTSTANDING

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2017	\$ -	\$ -	\$ -	0.00%	N/A
2016	-	-	-	0.00%	N/A
2015	-	-	-	0.00%	N/A
2014	-	-	-	0.00%	N/A
2013	2,815,000	844,385	1,970,615	0.10%	40.84
2012	4,315,000	859,024	3,455,976	0.20%	71.62
2011	5,750,000	917,276	4,832,724	0.30%	100.16
2010	7,145,000	689,228	6,455,772	0.40%	133.79
2009	8,485,000	595,262	7,889,738	0.60%	169.46
2008	9,775,000	731,989	9,043,011	0.60%	194.24

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property.

(2) See Demographic and Economic Statistics for personal income and population data.

CITY OF MISHAWAKA, INDIANA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2017

<u>Governmental Units(4)</u>	<u>Outstanding Debt at December 31, 2017 (2)</u>	<u>Estimated Percentage Applicable (3)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
City Direct Debt (Governmental Activities) (2)	\$17,969,321	100.00%	\$ 17,969,321
Subtotal for Direct Debt	<u>17,969,321</u>		<u>17,969,321</u>
<u>Overlapping Debt:</u>			
School City of Mishawaka	40,430,011	98.58%	39,855,905
Mishawaka-Penn-Harris Public Library	2,005,000	42.12%	844,506
Penn-Harris-Madison School Corporation	39,909,918	24.16%	9,642,236
St. Joseph County	26,285,000	16.96%	4,457,936
St. Joseph County Airport Authority	11,445,000	16.96%	1,941,072
St. Joseph County Public Library	3,250,000	1.66%	53,950
South Bend Community School Corporation	<u>103,520,138</u>	1.80%	<u>1,863,362</u>
Subtotal for Overlapping Debt	<u>226,845,067</u>		<u>58,658,967</u>
Total Direct and Overlapping Debt(5)	<u><u>\$244,814,388</u></u>		<u><u>\$76,628,288</u></u>

- Notes: (1) Includes General Obligation Bonded Debt.
(2) Includes capital leases and energy savings loan.
(3) Source: St. Joseph County Auditor.
(4) Source: Debt Outstanding provided by each governmental unit.
(5) Overlapping debt is calculated on the overlapping units assessed value divided by the City's assessed value.

**CITY OF MISHAWAKA, INDIANA
LEGAL DEBT MARGIN INFORMATION**

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Assessed Value	\$469,667,668	\$447,239,934	\$457,366,770	\$434,430,753	\$443,159,579	\$465,110,284	\$476,578,937	\$481,073,554	\$463,439,117	\$536,118,157
Debt Limit Percentage	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Debt Limit (1)	9,393,353	8,944,799	9,147,335	8,688,615	8,863,192	9,302,206	9,531,579	9,621,471	9,268,782	10,722,363
Bonds Outstanding	11,900,000	945,000	975,000	-	2,815,000	4,315,000	5,750,000	7,145,000	8,485,000	9,775,000
Subtotal	(2,506,647)	7,999,799	8,172,335	8,688,615	6,048,192	4,987,206	3,781,579	2,476,471	783,782	947,363
Annual Debt Service	1,264,813	68,700	30,112	-	844,385	859,024	917,276.00	689,228	595,262	731,989
Legal Debt Margin	<u>(\$1,241,834)</u>	<u>\$8,068,499</u>	<u>\$8,202,447</u>	<u>\$8,688,615</u>	<u>\$6,892,577</u>	<u>\$5,846,230</u>	<u>\$4,698,855</u>	<u>\$3,165,699</u>	<u>\$1,379,044</u>	<u>\$1,679,352</u>
Total net debt applicable to the limit as a percentage of debt limit	126.69%	10.56%	10.66%	N/A	31.76%	46.39%	60.33%	74.26%	91.54%	91.16%

(1) Legal debt limit should not exceed 2% of 1/3 of the assessed valuation in each district.
The City has a park district and a civil city district.

CITY OF MISHAWAKA, INDIANA
GENERAL OBLIGATION AND TAX INCREMENTAL FINANCING BONDS COVERAGE

<u>Year</u>	<u>General Obligation Bonds</u>		<u>Tax Incremental Financing Bonds</u>		<u>Total Bonded Debt Service</u>	<u>Total General Government Expenditures</u>	<u>Ratio of Debt Service to Total General Government Expenditures</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>			
2017	\$ -	\$ -	\$ 11,900,000	\$ 863,087	\$ 12,763,087	\$ 63,770,572	20.0%
2016	-	-	945,000	244,400	1,189,400	66,892,854	1.8%
2015	-	-	975,000	263,750	1,238,750	76,940,483	1.6%
2014	-	-	-	-	-	73,871,648	0.0%
2013	1,500,000	156,399	1,940,000	63,309	3,659,708	76,970,964	4.8%
2012	1,435,000	211,066	3,450,000	210,709	5,306,775	76,551,728	6.9%
2011	1,395,000	262,409	3,340,000	352,121	5,349,530	63,429,489	8.4%
2010	1,340,000	311,150	4,155,000	519,348	6,325,498	69,952,690	9.0%
2009	1,290,000	357,376	4,010,000	689,471	6,346,847	64,654,524	9.8%
2008	970,000	438,940	2,570,000	70,778	4,688,718	72,311,168	6.5%

**CITY OF MISHAWAKA, INDIANA
REVENUE BOND COVERAGE**

<u>Year</u>	<u>Gross Revenue (A)</u>	<u>Direct Operating Expenses (B)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2017	\$ 86,688,600	\$ 76,640,868	\$ 10,047,732	\$ 4,392,000	\$ 1,714,597	\$ 6,106,597	164.5%
2016	84,274,379	69,110,038	15,164,341	5,715,000	3,206,419	8,921,419	170.0%
2015	78,694,118	64,201,867	14,492,251	3,251,000	1,790,422	5,041,422	287.5%
2014	77,055,002	61,166,960	15,888,042	4,935,000	1,982,567	6,917,567	229.7%
2013	64,375,103	59,799,595	4,575,508	4,850,000	2,042,109	6,892,109	66.4%
2012	69,217,905	57,884,047	11,333,858	3,475,000	1,883,724	5,358,724	211.5%
2011	68,421,077	57,127,195	11,293,882	3,415,000	1,944,950	5,359,950	210.7%
2010	66,378,913	56,937,984	9,440,929	2,220,000	1,529,517	3,749,517	251.8%
2009	60,925,718	51,057,879	9,867,839	1,785,000	516,422	2,301,422	428.8%
2008	57,798,526	51,847,654	5,950,872	1,710,000	565,949	2,275,949	261.5%

Notes: (A) Includes operating and nonoperating revenue.
(B) Includes total operating expenses less depreciation expenses.

**CITY OF MISHAWAKA, INDIANA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Population (A)</u>	<u>St Joseph County Personal Income (A)</u>	<u>St. Joseph County Median Family Income (A)</u>	<u>St Joseph County Per Capita Income (A)</u>	<u>Median Age (A)</u>	<u>K-12 Public School Enrollment (B)</u>	<u>Labor Force (A)</u>	<u>St. Joseph County Unemployment Rate (A)</u>
2017	(E)	(E)	(E)	(E)	(E)	(E)	\$133,266 (D)	3.6%
2016	\$ 48,679	\$ 11,995,028 (C)	\$ 48,960 (D)	\$ 44,568 (D)	37.6	\$ 5,124	130,912	4.6%
2015	48,252	11,553,733	46,881	43,040	36.5	4,985	134,570	6.5%
2014	48,252	10,820,586 (C)	37,542 (D)	40,433 (C)	36.9 (D)	5,179	129,684	6.3%
2013	48,252	10,131,944	40,978	37,989	36.6	5,035	124,349	8.8%
2012	48,252	10,161,658	45,248	38,152	36.5	4,908	124,968	9.7%
2011	48,252	9,678,196	43,813	36,289	36.3	4,978	126,963	10.1%
2010	48,252	8,891,812	42,316	33,322	36.2	5,288	127,611	11.4%
2009	46,557	9,148,555	43,544	34,712	35.0	5,043	128,714	11.6%
2008	46,557	9,571,597	43,931	36,229	36.0	5,116	133,363	6.5%

Notes: Personal Income is for St. Joseph County, Indiana.
 Median Family Income is for St. Joseph County, Indiana.
 Per Capita Income is for St. Joseph County, Indiana.
 Labor Force is for St. Joseph County, Indiana.
 Unemployment Rate is for St. Joseph County, Indiana.

- (A) Source: Bureau of Labor Statistics.
- (B) Source: School City of Mishawaka.
- (C) Source: Bureau of Economic Analysis
- (D) Source: STATS Indiana.
- (E) Information not available at this time.

**CITY OF MISHAWAKA, INDIANA
LARGEST EMPLOYERS (A)
DECEMBER 31, 2017**

2017				2008			
Company	Type of Business	Number of Employees	Percentage of Total Employment (B)	Company	Type of Business	Number of Employees	Percentage of Total Employment (C)
St. Joseph Regional Medical Center	Acute Healthcare	2,900	2.27%	School City of Mishawaka	Public School	978	0.77%
Penn-Harris-Madison School Corporation	Public Education	1,469	1.15%	St. Joseph Regional Medical Center	Acute Healthcare	779	0.62%
A.M. General	Mfg. Military Vehicles	1,200	0.94%	Liberty Mutual	Insurance	616	0.49%
Meijer	Retail Stores	750	0.59%	Meijer, Inc.	Retail	604	0.48%
City of Mishawaka	Government	700	0.55%	Bayer Corporation	Manufacturing	596	0.47%
School City of Mishawaka	Public Education	684	0.54%	City of Mishawaka	Government	550	0.44%
Liberty Mutual Insurance Company	Insurance Company	650	0.51%	Walmart	Retail	400	0.32%
Wal-Mart / Sam's Club	Retail	500	0.39%	Family & Childrens Center	Social Service	385	0.30%
Oaklawn	Counseling Services	495	0.39%	Nyloncraft	Manufacturing	335	0.27%
Nyloncraft, Inc.	Mfg. Molded Plastic Parts	400	0.31%	Bethel College	College	302	0.24%

(A) Source: Individual Companies.

(B) Based on total employment of 127,748 in the City of Mishawaka as of December 31, 2016, per the U.S. Bureau of Labor Statistics.

(C) Based on total employment of 126,293 in the City of Mishawaka as of December 31, 2007, per the U.S. Bureau of Labor Statistics.

**CITY OF MISHAWAKA, INDIANA
LARGEST ELECTRIC UTILITY USERS
JANUARY - DECEMBER 2017**

	<u>Customer</u>	<u>Type of Business</u>	<u>Consumption</u>	<u>Revenue</u>
1	St. Joseph Regional Medical Center	Hospital	21,330,222	\$ 1,929,768
2	Nyloncraft	Manufacturing - Plastics	17,055,213	1,401,145
3	Patrick Metals	Manufacturing - Metals	10,276,554	871,653
4	Martin's Super Market	Grocery Chain	10,080,240	910,882
5	Standard Motor Products Inc	Manufacturing - Car Parts	7,709,400	635,539
6	School City of Mishawaka	Education	7,253,141	858,614
7	Wellpet LLC	Manufacturing - Pet Food	7,216,920	596,040
8	Bethel College	Education	6,122,442	580,102
9	Wastewater Treatment Plant	Utility	5,715,363	565,270
10	Meijer Store #0121A	Retail Store	5,111,100	458,045
		Total	<u>97,870,595</u>	<u>\$ 8,807,058</u>

Source: City of Mishawaka Controller's Office

**CITY OF MISHAWAKA, INDIANA
LARGEST WATER AND SPRINKLING UTILITY USERS
JANUARY - DECEMBER 2017**

	<u>Customer</u>	<u>Type of Business</u>	<u>Consumption</u>	<u>Revenue</u>
1	Village Green VGM	Mobile Home Community	7,831,900	\$ 92,173
2	Indian Lakes Apartments	Apartment Complex	6,380,170	76,976
3	Autumn Lakes Apartments	Apartment Complex	5,465,212	119,845
4	A.M. General	Manufacturing - Military Vehicles	4,980,768	79,037
5	Wastewater Treatment Plant/Biosolids	Utility	4,715,359	70,647
6	Hickory Village Apartments	Apartment Complex	4,421,000	54,641
7	Mishawaka Parks & Recreation	City Department	4,252,304	79,419
8	St. Joseph Regional Medical Center	Hospital	3,675,691	46,960
9	School City of Mishawaka	Education	3,658,970	74,492
10	Bethel College	Education	2,871,986	57,082
		Total	<u>48,253,360</u>	<u>\$ 751,272</u>

Source: City of Mishawaka Controller's Office

**CITY OF MISHAWAKA, INDIANA
LARGEST WASTEWATER UTILITY USERS
JANUARY - DECEMBER 2017**

	<u>Customer</u>	<u>Type of Business</u>	<u>Consumption</u>	<u>Revenue</u>
1	Village Green VGM	Mobile Home Community	7,831,900	\$ 146,281
2	Indian Lakes Apartments	Apartment Complex	4,625,052	133,314
3	Autumn Lakes Apartments	Apartment Complex	4,169,438	162,833
4	Hickory Village Apartments	Apartment Complex	4,129,183	125,989
5	A.M. General	Manufacturing - Military Vehicles	3,574,274	327,275
6	St. Joseph Regional Medical Center	Hospital	3,362,789	153,161
7	Carriage House	Apartment Complex	2,793,000	98,070
8	Remote Controls Inc.	Manufacturing - Metals	2,417,404	45,312
9	Wellpet LLC	Manufacturing - Pet Food	2,104,090	53,000
10	Patrick Metals	Manufacturing - Metals	2,055,319	47,308
		Total	<u>37,062,449</u>	<u>\$ 1,292,543</u>

Source: City of Mishawaka Controller's Office

**CITY OF MISHAWAKA, INDIANA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION
LAST TEN FISCAL YEARS**

Full-time Equivalent Employees as December 31

	2017	% of Total Employment	2016	% of Total Employment	2015	% of Total Employment	2014	% of Total Employment	2013	% of Total Employment
Function										
General Government:	67	14%	60	12%	60	12%	61	12%	60	12%
Public Safety										
Officers	105	22%	105	22%	105	21%	105	21%	105	21%
Civilians	7	1%	7	1%	7	1%	23	5%	23	5%
<i>Fire</i>										
Firefighters	113	23%	113	23%	113	23%	113	22%	113	22%
Civilians	1	0%	1	0%	1	0%	1	0%	1	0%
Total Public Safety	226	47%	226	46%	226	46%	242	48%	242	47%
Highways and Streets	30	6%	33	7%	33	7%	35	7%	35	7%
Culture and Recreation	22	5%	25	5%	26	5%	26	5%	26	5%
Water	35	7%	37	8%	37	8%	38	7%	37	7%
Wastewater/Sewer	47	10%	44	9%	46	9%	47	9%	48	9%
Electric	59	12%	62	13%	64	13%	60	12%	62	12%
Total City Employees	486		487		492		509		510	
	2012	% of Total Employment	2011	% of Total Employment	2010	% of Total Employment	2009	% of Total Employment	2008	% of Total Employment
Function										
General Government:	56	11%	55	11%	53	11%	48	10%	54	10%
Public Safety										
<i>Public</i>										
Officers	105	21%	103	21%	103	21%	103	21%	103	20%
Civilians	23	5%	23	5%	23	5%	23	5%	31	6%
<i>Fire</i>										
Firefighters	111	22%	109	22%	107	22%	107	22%	107	20%
Civilians	1	0%	1	0%	1	0%	1	0%	2	0%
Total Public Safety	240	48%	236	47%	234	48%	234	48%	243	46%
Highways and Streets	35	7%	35	7%	32	7%	30	6%	31	6%
Culture and Recreation	26	5%	26	5%	26	5%	26	5%	33	6%
Water	37	7%	36	7%	40	8%	37	8%	47	9%
Wastewater/Sewer	48	10%	47	9%	47	10%	48	10%	46	9%
Electric	59	12%	64	13%	59	12%	62	13%	70	13%
Total City Employees	501		499		491		485		524	

Source: City Payroll System

**CITY OF MISHAWAKA, INDIANA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police										
Arrests	1,664	1,625	1,640	1,686	1,978	1,546	1,541	1,221	2,006	1,633
Parking Violations	710	951	949	1,100	1,216	1,034	1,188	1,218	1,622	2,540
Traffic Violations	2,987	3,203	3,198	3,177	3,083	3,714	5,531	4,080	9,364	7,276
Traffic Accident Calls	3,068	2,414	2,409	2,143	2,078	2,013	2,060	2,037	1,969	2,382
Cases Reviewed	8,043	7,477	7,269	6,931	7,570	8,110	8,028	8,135	8,675	8,207
Fire										
Fire only Calls	149	205	177	123	133	200	179	209	205	234
Medical Calls	5,731	5,625	5,191	4,940	5,115	4,877	4,804	4,467	4,157	4,384
Inspections	1,552	1,371	1,665	1,920	1,720	1,680	1,500	1,423	1,372	1,190
Streets										
Blocks of Streets Paved	165	88	100	60	72	79	85	65	73	88
Leaf Pickup Cubic Yards	12,088	9,300	12,775	10,200	11,487	13,255	14,500	15,062	18,390	11,075
Blocks of Streets Swept	942	1,752	868	742	703	900	565	445	637	620
Culture & recreation										
Pool Attendance(patrons)	11,444	17,445	16,145	12,808	16,946	21,008	17,131	18,014	16,810	18,860
Community Ctr Attendance	45,018	7,864 1	26,213	46,973	45,079	32,391	41,165	48,388	43,120	49,645
Facility Rentals	2,469	488 1	1,627	1,727	1,997	1,666	1,447	1,116	1,579	1,135
Plantings	1,470	931 1	1,500	1,128	1,524	4,924	902	166	145	86
Water										
New service lines	37	103	104	53	213	37	54	50	56	42
Average daily consumption MGD	6.32	6.41	6.18	7.27	8.90	8.48	7.55	7.85	6.60	8.21
Wastewater										
Annual Sewage Treatment (billions of gallons)	3.7	3.9	3.4	3.5	3.6	4.4	4.2	4.6	4.6	5.2
Pollutants removed (in mill of lbs.)	6.5	6.1	6.1	5.6	5.5	7.4	7.2	7.0	7.0	6.8
Electric										
Energy consumption (kW) (in thousands)	604,889	618,966	608,730	614,024	621,372	624,569	621,122	597,728	538,572	623,032
Unplanned outages	9	11	7	10	10	9	11	22	11	14

Source: Various city departments

1 - Battell Center was closed for much of the year for renovations.

**CITY OF MISHAWAKA, INDIANA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	85	85	85	85	89	89	89	89	89	89
Fire										
Stations	4	4	4	4	4	5	5	5	5	5
Streets										
Miles of Streets	178.28	177.98	177.98	177.23	177.10	177.04	177.04	175.40	175.13	174.30
Street Lights	3,998	3,931	3,909	3,873	3,543	3,543	3,538	3,538	3,538	3,737
Traffic Signals	63	63	62	62	60	60	58	58	58	56
Culture & recreation										
Park Acreage	393	393	393	393	318	318	318	318	318	318
Number of Parks	26	29	29	29	29	29	28	28	28	28
Golf Courses	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	2	2	2	2	2	2	2	2	2
Splash Pads	5	5	5	4	4	4	4	4	4	4
Tennis Courts	7	7	7	12	12	12	12	12	12	12
Community Centers	1	1	1	1	1	1	1	1	1	1
Water										
Total connections (taps)	17,538	17,501	17,398	17,294	17,096	16,850	17,109	17,100	17,082	17,082
Fire Hydrants	2,623	2,590	2,554	2,520	2,394	2,361	2,350	2,311	2,276	2,236
Wastewater										
Miles of Sewers	288.00	285.70	285.47	279.54	275.91	272.73	272.02	271.37	257.08	254.41
Electric										
Number of Sub-stations	11	11	11	11	11	11	11	11	11	11
Miles of Service Lines above/below ground	303	303	303	303	303	303	303	303	303	303

Source: Various city departments