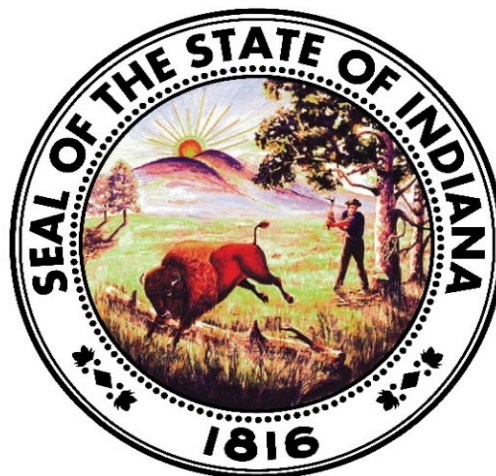


STATE BOARD OF ACCOUNTS
302 West Washington Street
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INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT AND
FEDERAL COMPLIANCE AUDIT REPORT
OF

CITY OF MISHAWAKA
SAINT JOSEPH COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
11/20/2024



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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November 20, 2024

To: The Officials of the City of Mishawaka
City of Mishawaka
Saint Joseph County, Indiana

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the City of Mishawaka. We have reviewed the audit report opined upon by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report*, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We call your attention to the findings in the report. The findings appear on pages 10 and 11 of the Single Audit Report, which is included after the Financial Report. Please refer to the Schedule of Findings and Questioned Costs for further detail related to the findings. Management's Corrective Action Plan appears on pages 12 and 13 of the Single Audit Report.

In our opinion, Katz, Sapper & Miller, LLP prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a supplemental report for the City of Mishawaka was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA
Deputy State Examiner

City of Mishawaka, Indiana

Annual Financial Report

December 31, 2023

City of Mishawaka, Indiana

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Independent Auditor's Report

The Officials of the City of Mishawaka, Indiana

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mishawaka, Indiana (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; budgetary comparison schedule (non-GAAP budgetary basis) - general fund, budget/GAAP reconciliation - general fund, schedule of the City's proportionate share of the net pension liability - Public Employees' Retirement Fund, schedule of City contributions - Public Employees' Retirement Fund, schedule of the City's proportionate share of the net pension liability - Police Officers' 1977 Fund, schedule of City contributions - Police Officers' 1977 Fund, schedule of the City's proportionate share of the net pension liability - Firefighters' 1977 Fund, schedule of City contributions - Firefighters' 1977 Fund, schedule of changes in net pension liability and related ratios, schedule of changes in the City's net pension liability and related ratios, schedule of contributions, schedule of investment returns, schedule of changes in net OPEB liability, schedule of net OPEB liability, and schedule of employer contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
September 26, 2024

City of Mishawaka

Schedule of Officials

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Rebecca S. Maguire	01-01-23 to 12-31-23
Mayor	David A. Wood	01-01-20 to 12-31-23
City Clerk	Deborah S. Block	01-01-20 to 12-31-23
President of the Board of Public Works and Safety	Kenneth B. Prince	01-01-23 to 12-31-23
President of the Common Council	Gregg Hixenbaugh	01-01-20 to 12-31-23

City of Mishawaka, Indiana

Management's Discussion and Analysis
Year Ended December 31, 2023

As management of the City of Mishawaka, Indiana, (the City), we offer this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023.

Financial Highlights

- The assets, \$524,806,272, and deferred outflows of resources, \$19,860,760, of the City's governmental activities exceeded its liabilities and deferred inflows of resources of, \$175,174,433 and \$44,265,035, respectively at the close of the most recent fiscal year by \$325,227,564 (net position).
- The City's governmental activities total net position increased by \$34,830,226 during the current fiscal year.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$98,729,265, an increase of \$12,551,351 during the current fiscal year. Approximately 20.26% of the total amount in the combined ending fund balances, \$19,998,729 is available for spending at the governments discretion (unassigned fund balance).
- At the end of the current fiscal year, the fund balance for the general fund was \$20,374,846 which represented 55.11% of total general fund expenditures (\$36,968,274), excluding transfers out.
- The City's total amount of bonds for the governmental activities increased by \$30,992,709 during the current fiscal year. The net change was the result of a new bond issue of \$35,465,000, \$3,250,000 of principal payments, on existing debt, and \$1,222,291 of amortization expense on bond premiums/discounts.
- The business-type activities assets and deferred outflows of resources of \$429,525,747 and \$3,582,650, respectively of the City exceeded its liabilities and deferred inflows of resources of \$200,206,316 and \$3,331,798, respectively at the close of the most recent fiscal year by \$229,570,283 (net position).
- The City's business-type activities total net position increased by \$14,764,219 during the current fiscal year.
- During 2023, the City adopted GASB Statement No. 96, (*Subscription-Based Information Technology Arrangements*), effective January 1, 2023. Balances within the management's discussion and analysis presented here related to 2022 were not restated for the adoption of the standard.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources 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 is improving or deteriorating.

City of Mishawaka, Indiana

Management's Discussion and Analysis
Year Ended December 31, 2023

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City 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 include general government, public safety, highways and streets, community development, health and welfare, culture and recreation, and sanitation.

Component units, which are other governmental units over which the City may exercise influence and/or be obligated to provide financial subsidy, are presented as individual activities in the fund financial statements or have been blended with the activities of the City.

The government-wide financial statements can be found on pages 1-3 of this report.

Fund Financial Statements

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

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, 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.

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 government'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 maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Redevelopment TIF Allocation and Fieldhouse Construction which are considered to be a major funds. Data for the remaining City governmental funds are combined into a single, aggregated presentation. Individual fund data for nonmajor governmental funds is provided in the form of combining statements elsewhere in the report. The City adopts an annual appropriated budget for its general fund, certain special revenue funds, and certain capital projects funds. A budgetary comparison schedule has been provided for the general fund in the required supplementary information.

The governmental fund financial statements can be found on pages 4-7 of this report.

City of Mishawaka, Indiana

Management's Discussion and Analysis
Year Ended December 31, 2023

Proprietary Funds - The City maintains two 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 uses enterprise funds to account for its water utility operations, wastewater utility operations, and electric utility operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses the internal service fund to account for health insurance/flexible spending. Because these services benefit the governmental-type functions, they have been included within the governmental activities on the Statement of Net Position and in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 8-12 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City reports its pension trust funds in one column on the financial statements, which accounts for activity of the 1925 Police Officers' Pension Plan, 1937 Firefighters' Pension Plan, and the Utility Retirement Plan which all provide defined benefit retirement, disability, and death benefits to plan members and beneficiaries.

The basic fiduciary fund financial statements can be found on pages 13-14 of this report.

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. The notes to the financial statements can be found on pages 15-75 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget for its General Fund as well as a reconciliation between the budget schedule and fund financial statements. Supplementary information on the General Fund budget by department is on pages 76-77. In addition, the City's funding progress for its obligation to provide pension and other postemployment benefits to certain employees is included as supplementary information. Required supplementary information can be found on pages 76-98 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budgets. Combining and individual fund statements and schedules can be found on pages 99-113 of this report.

New Accounting Pronouncements

The City adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The standard establishes a single model for SBITA accounting based on the foundational principle that SBITAs are financings of the right-to-use an underlying intangible subscription asset. Under the Statement, a government is required to recognize a subscription liability and an intangible right-to-use subscription asset, which enhances the relevance and consistency of information about the City's subscription activities. This standard was implemented January 1, 2023, so amounts shown below for 2022 were not updated for this standard.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City, assets, and deferred outflows of resources, exceeded liabilities and deferred inflows of resources by \$554,797,847 at the close of the most recent fiscal year.

City of Mishawaka, Indiana

Management's Discussion and Analysis
Year Ended December 31, 2023

The largest portion, \$476,101,398 (85.82%), of the City's net position reflects the investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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.

The following table reflects the condensed statement of net position:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 147,978,929	\$ 137,009,415	\$ 123,134,723	\$ 104,133,857	\$ 271,113,652	\$ 241,143,272
Capital and lease assets	<u>376,827,343</u>	<u>322,363,205</u>	<u>306,391,024</u>	<u>286,986,322</u>	<u>683,218,367</u>	<u>609,349,527</u>
Total assets	524,806,272	459,372,620	429,525,747	391,120,179	954,332,019	850,492,799
Deferred outflow of resources	<u>19,860,760</u>	<u>15,597,177</u>	<u>3,582,650</u>	<u>5,922,010</u>	<u>23,443,410</u>	<u>21,519,187</u>
Long-term liabilities	162,789,124	122,405,319	185,805,648	164,921,473	348,594,772	287,326,792
Other liabilities	<u>12,385,309</u>	<u>15,055,841</u>	<u>14,400,668</u>	<u>13,466,209</u>	<u>26,785,977</u>	<u>28,522,050</u>
Total liabilities	<u>175,174,433</u>	<u>137,461,160</u>	<u>200,206,316</u>	<u>178,387,682</u>	<u>375,380,749</u>	<u>315,848,842</u>
Deferred inflow of resources	<u>44,265,035</u>	<u>47,111,299</u>	<u>3,331,798</u>	<u>3,848,443</u>	<u>47,596,833</u>	<u>50,959,742</u>
Net investment in capital assets	309,581,651	295,045,527	166,519,747	157,065,195	476,101,398	452,110,722
Restricted net position	68,181,455	47,900,024	61,640,400	49,049,683	129,821,855	96,949,707
Unrestricted net position (deficit)	<u>(52,535,542)</u>	<u>(52,548,213)</u>	<u>1,410,136</u>	<u>8,691,186</u>	<u>(51,125,406)</u>	<u>(43,857,027)</u>
Total net position	<u>\$325,227,564</u>	<u>\$290,397,338</u>	<u>\$229,570,283</u>	<u>\$214,806,064</u>	<u>\$554,797,847</u>	<u>\$505,203,402</u>

An additional portion of the City's net position, \$129,821,855 (23.40%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported a positive balance in net position for net investment in capital assets, and restricted net position. During 2023, government-wide net position increased by \$49,594,445 primarily due to investments in capital assets and growth of cash reserves due to issuing new bonds during 2023. This increase was offset by an increase in the unrestricted deficit, which was caused by an increase in pension and OPEB related liabilities. The City's deferred outflow of resources increased due to a change in actuarial valuation of the City's OPEB plan. The City's long-term liabilities increased during 2023 due to the issuance of two bonds for capital projects and an increase in the net pension liability and total OPEB liability due to a change in actuarial valuation. This increase was offset by a decrease in long-term liabilities for the payments made on bonds during the year. Other liabilities decreased primarily due to the City using grant funds from the Coronavirus State and Local Fiscal Recovery Funds grant program initially recorded in unearned revenue and a decrease in accounts payable due to timing of payments near year end.

City of Mishawaka, Indiana

Management's Discussion and Analysis
Year Ended December 31, 2023

Summary Changes in Net Position

The following table provides a comparative summary of changes in net position.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 9,488,595	\$ 8,759,603	\$ 93,291,004	\$ 98,680,271	\$ 102,779,599	\$ 107,439,874
Operating grants and contributions	5,775,537	4,884,603	-	-	5,775,537	4,884,603
Capital grants and contributions	11,502,645	1,204,614	4,565,506	1,625,766	16,068,151	2,830,380
General revenues:						
Property taxes	48,462,504	45,373,296	-	-	48,462,504	45,373,296
Income taxes	16,318,163	13,932,283	-	-	16,318,163	13,932,283
Other	14,553,880	9,271,706	3,894,803	981,717	18,448,683	10,253,423
Total revenues	<u>106,101,324</u>	<u>83,426,105</u>	<u>101,751,313</u>	<u>101,287,754</u>	<u>207,852,637</u>	<u>184,713,859</u>
Expenses						
General government	10,742,641	14,332,855	-	-	10,742,641	14,332,855
Public safety	34,940,428	15,742,877	-	-	34,940,428	15,742,877
Highways and streets	13,415,152	13,300,851	-	-	13,415,152	13,300,851
Water	-	-	9,257,817	9,555,702	9,257,817	9,555,702
Wastewater	-	-	24,708,193	16,548,038	24,708,193	16,548,038
Electric	-	-	52,146,121	62,216,265	52,146,121	62,216,265
Health and welfare	187,509	8,003	-	-	187,509	8,003
Economic development	696,513	1,108,917	-	-	696,513	1,108,917
Culture and recreation	7,057,620	6,429,253	-	-	7,057,620	6,429,253
Sanitation	2,764,334	2,632,308	-	-	2,764,334	2,632,308
Interest on long term debt	2,341,864	587,681	-	-	2,341,864	587,681
Total expenses	<u>72,146,061</u>	<u>54,142,745</u>	<u>86,112,131</u>	<u>88,320,005</u>	<u>146,236,041</u>	<u>142,462,750</u>
Change in net position before transfers	33,955,263	29,283,360	15,639,182	12,967,749	49,594,445	42,251,109
Transfers	874,963	1,179,037	(874,963)	(1,179,037)	-	-
Change in net position	34,830,226	30,462,397	14,764,219	11,788,712	49,594,445	42,251,109
Net Position, Beginning	<u>290,397,338</u>	<u>259,934,941</u>	<u>214,806,064</u>	<u>203,017,352</u>	<u>505,203,402</u>	<u>462,952,293</u>
Net Position, Ending	<u>\$325,227,564</u>	<u>\$290,397,338</u>	<u>\$229,570,283</u>	<u>\$214,806,064</u>	<u>\$554,797,847</u>	<u>\$505,203,402</u>

City of Mishawaka, Indiana

Management's Discussion and Analysis
Year Ended December 31, 2023

The City's net position from governmental activities, including the statement of net position increased by \$34,830,226 or 11.99% in 2023, over the net position of 2022. Notable changes in governmental activities revenues and expenses in 2023 compared to 2022 include the following:

- Property tax revenues increased in 2023 by \$3,089,208 due to the increase in statewide property tax rate.
- The City's property tax rate for 2023 increased slightly to \$2.0047 from \$1.8575 for 2022, per \$100 of assessed value.
- Income taxes increased by \$2,385,880 due to an increase in amounts distributed by the state.
- Capital grants and contributions increased by \$10,298,031 due to a grant received for Mill Phase II project.
- General government expenses decreased by \$3,590,214 due primarily to a change in actuarial valuation of the pension and OPEB plans.
- Public safety expenses increased by \$19,197,551 in 2023 due primarily to change in actuarial valuation of the pension and OPEB plans.
- Interest expense in 2023 increased by \$1,754,183 due to more debt outstanding during 2023 as compared to 2022.

The City's overall unrestricted cash and cash equivalents of \$135,631,884 remained very strong in the current economic environment.

The City's net position from business-type activities, including the statement of net position increased by \$14,764,219 or 6.87% in 2023, over the net position of 2022. Total revenues were \$101,751,313 in 2023, which is consistent with \$101,287,754 in 2022. Total expenses decreased by \$2,207,874 due to decrease in purchased power.

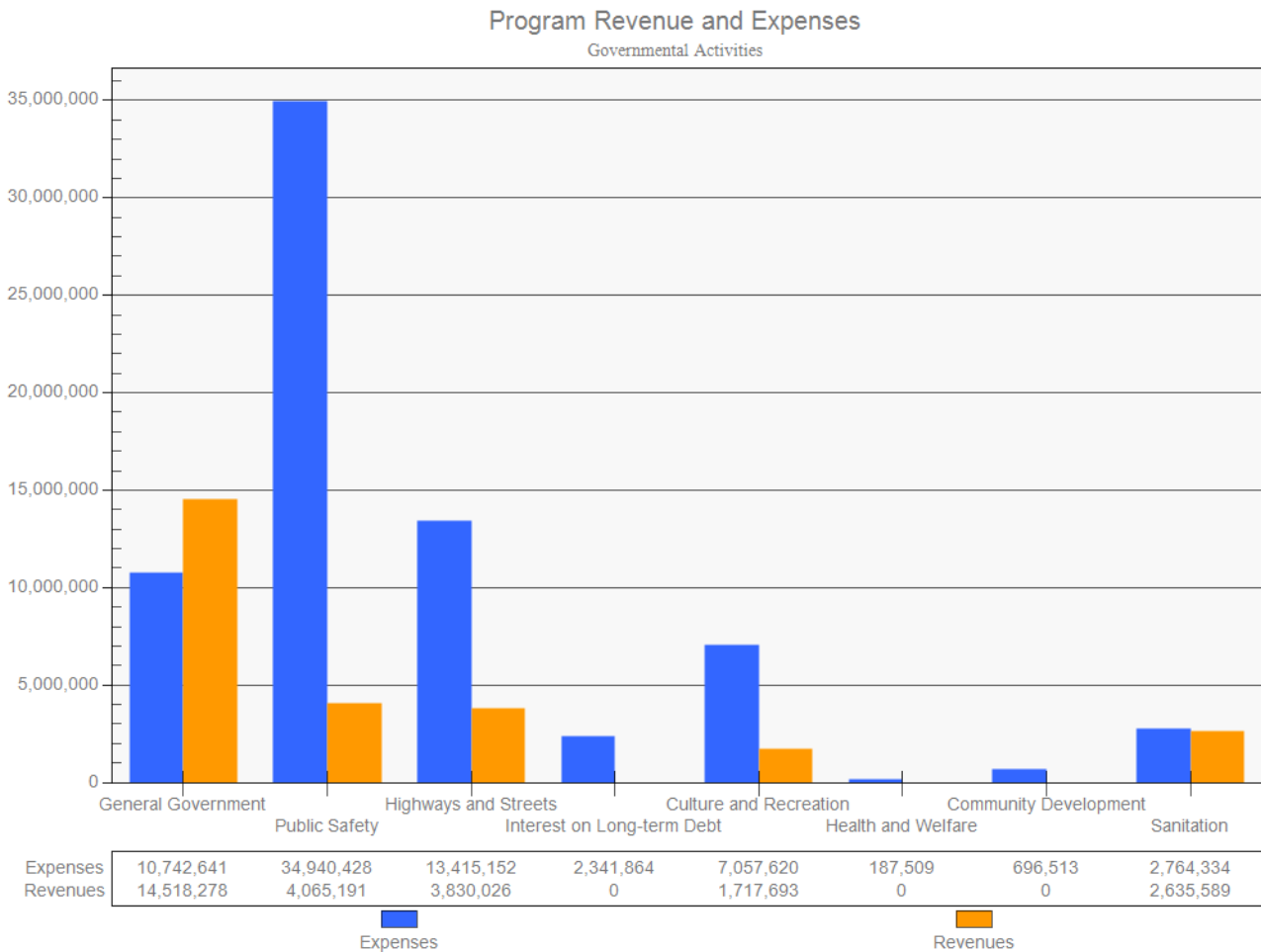
City of Mishawaka, Indiana

Management's Discussion and Analysis
 Year Ended December 31, 2023

Program Revenue and Expenses - Governmental Activities

Taxes, as in prior years, were the City's major source of revenue supporting its activities, primarily in the area of public safety, health and welfare and general government. Other sources of revenue consisted primarily of unrestricted investment earnings, local shared revenue, and miscellaneous revenue. The following table displays program revenues as compared to program expenses. Deficits in programs are made up by general revenues.

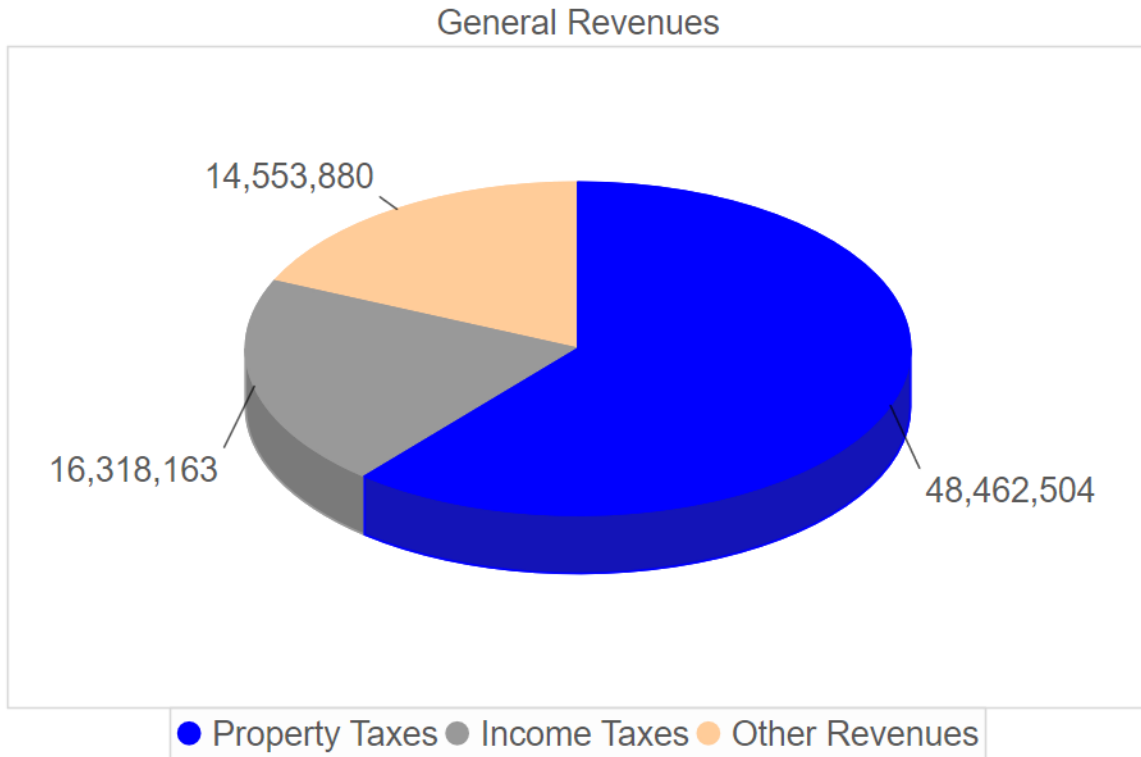
The following displays the expenses and program revenues of the City' governmental activities.



City of Mishawaka, Indiana

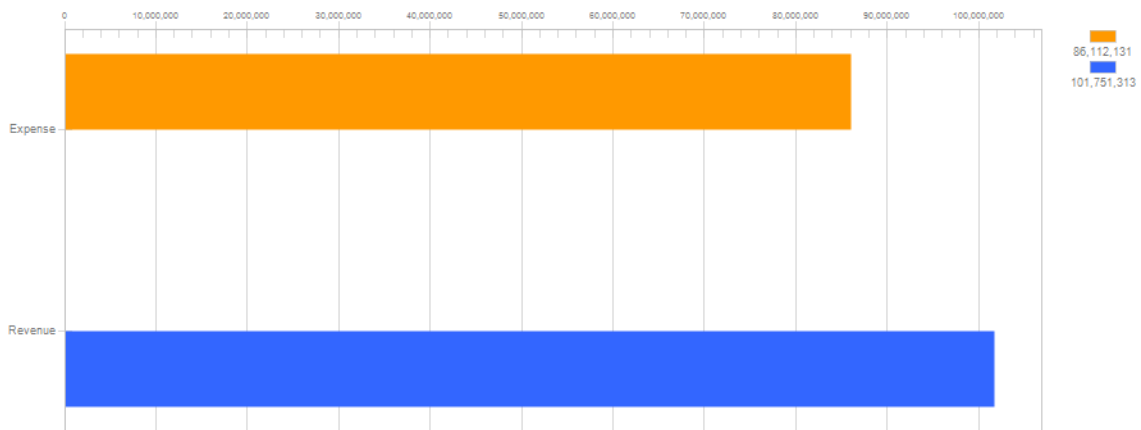
Management's Discussion and Analysis
Year Ended December 31, 2023

The following displays the General Revenues by source for the City's governmental activities. General revenues are used to help offset funding shortfalls related to governmental functions detailed in the preceding graph:



Business-Type Activities

Business-type activities resulted in an increase in net position of \$14,764,219 in 2023 compared to a increase of \$11,788,712 in 2022. The primary reason was the decrease to expenses.



City of Mishawaka, Indiana

Management's Discussion and Analysis
Year Ended December 31, 2023

Financial Analysis of the City's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful to assess the City's financial requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Fund balances are the differences between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in a governmental fund. The nonspendable fund balance includes amounts that are not in spendable form or amounts that are required to be maintained intact. Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external providers, such as grant providers or bondholders, as well as amounts that are restricted constitutionally or through legislation. Committed fund balance includes amounts that can be used only for the specific purposes that are determined by a formal action of the government's highest level of decision-making authority. Assigned fund balance applies to amounts that are intended for specific purposes as expressed by governing body or authorized official and applies to remaining resources in any governmental fund other than the general fund. Unassigned fund balances include all amounts not contained in other classifications for the general fund and deficit fund balances in any other governmental fund.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$98,729,265 an increase of \$12,551,351 in comparison with the prior year. The fund balance has restricted fund balance of \$78,354,419, assigned fund balance of \$376,117, and unassigned fund balance of \$19,998,729. (See page 4).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$19,998,729 while the total fund balance totaled \$20,374,846. 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 expenditures of \$36,968,274 excluding transfers. Unassigned fund balance represents 54.10% of total general fund expenditures, while total fund balance represents 55.11% of that same amount.

The fund balance of the City's general fund had an increase of \$4,911,668 during the current fiscal year. Key factors in this increase are as follows:

- The City sold assets totaling \$534,719.
- The majority of the revenue changes resulted from transfers from other funds of \$4,234,963 for payments in lieu of taxes.

The Redevelopment TIF fund is a major fund. It accounts for revenues and expenditures related to the City's TIF area. At the end of the current fiscal year, the restricted fund balance of the Redevelopment TIF fund was \$8,593,482. The fund had a net decrease in fund balance of \$3,815,109 which was comprised of excess property tax revenues received of \$5,030,139 over expenditures, offset by transfers out of \$8,503,550 to cover debt payments.

The Fieldhouse Construction fund is a major fund that accounts for the bond proceeds and expenditures related to construction of the new fieldhouse. At the end of the current fiscal year, the restricted fund balance of the Fieldhouse Construction fund was \$11,123,624. The fund had a net increase in fund balance of \$11,123,624 which was comprised of a deficiency of revenues over expenditures of \$18,881,376 due to construction costs of the fieldhouse exceeding investment earnings, offset by bond proceeds of \$30,005,000.

City of Mishawaka, Indiana

Management's Discussion and Analysis
Year Ended December 31, 2023

General Fund Budgetary Highlights

Elected officials and department heads submit budgets to allow for the effective operation of the City. Several revenue assumptions are used at the time of budget development, but when the actual revenue information becomes available, the City adjusts the budget accordingly.

Differences between the original budget and the final budget included a \$755,594 decrease in appropriations that are briefly summarized below:

The final budget for the general fund increased \$755,594 from the original budget passed by the City council. General government decreased \$173,711 for personal services, increased \$673 for supplies, other services and charges decreased \$141,290, and capital outlay increased \$96,493. Public safety decreased \$173,711 for personal services, \$96,697 for supplies, and other service and charges decreased by \$200,980.

During the year on a budgetary basis, revenues exceeded expenditures, excluding other financing sources (uses) for the general fund in the amount of \$11,788,095.

Capital Asset and Debt Administration

Major capital asset events during the current fiscal year included the following:

- Construction in progress expenditures totaling \$116,854,309 and \$89,091,104 during 2023 related to projects for the City's governmental activities and the business-type activities, respectively.
- Major capital asset projects completed and added during the current calendar year include the following:
 - Jefferson Blvd/Byrkit Ave Project - \$2.1 million
 - Niles Avenue Reconstruction Project - \$1.3 million

The following table displays the City's capital and lease assets.

	Capital and Lease Assets					
	Governmental Funds		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 13,304,950	\$ 13,381,950	\$ 3,329,154	\$ 3,329,154	\$ 16,634,104	\$ 16,711,104
Construction in progress	116,854,309	65,874,546	89,091,104	69,629,069	205,945,413	135,503,615
Buildings	37,885,336	42,942,544	56,274,030	56,702,925	94,159,366	99,645,469
Improvements	46,369,571	44,922,933	272,896,942	265,517,395	319,266,513	310,440,328
Infrastructure	243,181,374	232,854,880	7,636,373	6,497,601	250,817,747	239,352,481
Leased assets	22,150	-	-	-	22,150	-
SBITA assets	342,639	-	325,241	-	667,880	-
Machinery and equipment	45,386,351	42,696,097	46,765,507	46,971,048	92,151,858	89,667,145
Total capital and lease assets	503,346,680	442,672,950	476,318,351	448,647,192	979,665,031	891,320,142
Accumulated depreciation and amortization	(126,519,337)	(120,309,745)	(169,927,327)	(161,660,870)	(296,446,664)	(281,970,615)
Net capital and lease assets	\$ 376,827,343	\$ 322,363,205	\$ 306,391,024	\$ 286,986,322	\$ 683,218,367	\$ 609,349,527

Additional information on the City's capital assets can be found on pages 32 and 33 in the Notes to the Financial Statements of this report.

City of Mishawaka, Indiana

Management's Discussion and Analysis
Year Ended December 31, 2023

Long-Term Obligations

At the end of the current fiscal year, the City had outstanding total long-term debt related liabilities (net of unamortized premiums and discounts and current portion) of \$153,940,424 related to governmental activities and \$174,953,978 related to business-type activities. Of this amount, \$79,988,176 comprises of TIF bonds for governmental activities, and \$178,890,913 relates to revenue bond debt for the business-type activities.

The remainder of the City's long-term obligations consist of \$18,039 and \$0 related to a leases for the governmental activities and business-type activities respectively, \$33,817,756 and \$3,824,195 of other postemployment benefits for governmental activities and business-type activities respectively; \$47,471,532 and \$1,704,202 of net pension liability for governmental activities and business-type activities respectively; \$125,496 and \$113,811 related to subscription based IT arrangements for governmental activities and business-type activities, respectively; \$1,073,439 and \$325,527 related to compensated absences for governmental activities and business-type activities, respectively; \$947,000 related to notes and loans payable for business-type activities; and finance purchase agreements of \$294,686 for the governmental activities. The following table reflects the City's long-term obligations:

	Governmental Activities		Business-Type Activities		Total	
Revenue bonds	\$ -	\$ -	\$ 178,890,913	\$ 155,825,563	\$ 178,890,913	\$ 155,825,563
TIF Bonds Payables	<u>79,988,176</u>	<u>48,995,467</u>	<u>-</u>	<u>-</u>	<u>79,988,176</u>	<u>48,995,467</u>
Subtotal	<u>79,988,176</u>	<u>48,995,467</u>	<u>178,890,913</u>	<u>155,825,563</u>	<u>258,879,089</u>	<u>204,821,030</u>
Leases payable	18,039	-	-	-	18,039	-
Finance purchase agreements	294,686	486,768	-	-	294,686	486,768
SBITA	125,496	-	113,811	-	239,307	-
Other post employment benefits	33,817,756	29,177,440	3,824,195	3,225,073	37,641,951	32,402,513
Compensated Absences	1,073,439	1,003,267	325,527	312,430	1,398,966	1,315,697
Notes and Loans Payable	-	-	947,000	1,076,000	947,000	1,076,000
Net pension liability	<u>47,471,532</u>	<u>42,742,377</u>	<u>1,704,202</u>	<u>4,482,407</u>	<u>49,175,734</u>	<u>47,224,784</u>
Subtotal	<u>162,789,124</u>	<u>122,405,319</u>	<u>185,805,648</u>	<u>164,921,473</u>	<u>348,594,772</u>	<u>287,326,792</u>
Less current portion	<u>(8,848,700)</u>	<u>(4,113,700)</u>	<u>(10,851,670)</u>	<u>(9,378,609)</u>	<u>(19,700,370)</u>	<u>(13,492,309)</u>
Total long-term obligations	<u>\$ 153,940,424</u>	<u>\$ 118,291,619</u>	<u>\$ 174,953,978</u>	<u>\$ 155,542,864</u>	<u>\$ 328,894,402</u>	<u>\$ 273,834,483</u>

The City's total long-term obligations (net of the current portion) increased by \$55,059,919 during the current fiscal year.

- Debt increased by \$54,058,059 during the year due to the issuance of new debt totaling \$69,240,000 reduced by the principal paid on outstanding debt totaling \$13,152,000 and amortization of bond discounts and premiums of \$2,029,942.
- Other postemployment benefits increased by \$5,239,438 as a result of updated actuarial studies performed for the City.
- Net pension liability for pensions increased by \$1,950,950 as a result of updated actuarial studies performed for the City.

City of Mishawaka, Indiana

Management's Discussion and Analysis
Year Ended December 31, 2023

The City maintains long-term ratings of "AAA" on its outstanding general obligation bonds and redevelopment district and redevelopment authority bonds (which are rated as general obligation security pledges), a long-term rating of "AA+" on its outstanding COIT/local income tax revenue bonds, a long-term rating of "AA" on its outstanding sewage works revenue bonds, and a long-term rating of "BBB+" on outstanding bonds which are secured by tax increment revenues assigned by S&P Global Ratings.

Additional information of the City's long-term debt can be found on pages 35-41 in the Notes to the Financial Statements of this report.

Economic Factors and Next Year's Budget and Rates

- The 2023 tax rates for the City of Mishawaka increased from \$1.8575 in 2022 to a rate of \$2.0047 per \$100 in assessed value. Overall, the City's assessed value decreased by approximately 3.56% from 2022 to 2023.
- The City is continuing to see an increase in new building and development activity, an indicator that the current economic climate is good. As a result, prior estimates of growth in tax base and related property tax revenues are showing improvement.
- Property tax is the City's largest source of revenue. Local Income Tax (LIT) formerly known as City option income tax (COIT) is the second largest source of the City's current governmental revenues. These funds can be used for capital projects as well as ongoing operating expenses. The recent improvement in employment has had a positive impact on LIT paid by City residents.
- State-wide property tax caps (based upon a percent of gross AV by property class) became effective in 2009, yet they had a minimal impact on the City's revenues received. For the 2023 budget year, the expected loss to the City due to the caps is \$8,886,163. Expenditure restraints have been used to offset this loss.

All the above factors were considered in preparing the City's budget for the 2024 calendar year.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, 100 Lincolnway West, Mishawaka, IN 46544 or by email at rmaguire@mishawaka.in.gov.

BASIC FINANCIAL STATEMENTS

City of Mishawaka, IndianaStatement of Net Position
December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and cash equivalents	\$ 91,789,903	\$ 43,841,981	\$ 135,631,884
Receivables (net of allowances for uncollectibles):			
Accounts	471,543	5,194,839	5,666,382
Interest	213,209	-	213,209
Taxes	35,546,273	-	35,546,273
Intergovernmental	3,322,582	-	3,322,582
Leases	754,650	319,164	1,073,814
Inventories	-	6,507,621	6,507,621
Prepays	858,757	473,948	1,332,705
Restricted assets:			
Revenue bond and interest cash	-	5,613,188	5,613,188
Debt service reserve cash	-	10,951,279	10,951,279
Construction fund cash	-	41,808,674	41,808,674
Consumer meter deposit cash	-	5,156,770	5,156,770
Repair cash	-	3,267,259	3,267,259
Cash and cash equivalents	15,022,012	-	15,022,012
Capital assets:			
Land and construction in progress	130,159,259	92,420,258	222,579,517
Other capital assets, net of depreciation/amortization	246,668,084	213,970,766	460,638,850
Total assets	524,806,272	429,525,747	954,332,019
Deferred Outflows of Resources			
Deferred amount on refunding of debt	-	229,366	229,366
Pension related	15,700,971	2,378,236	18,079,207
OPEB related	4,159,789	470,402	4,630,191
Utility rate making expenses	-	504,646	504,646
Total deferred outflows of resources	19,860,760	3,582,650	23,443,410

See notes to financial statements

City of Mishawaka, Indiana

 Statement of Net Position
 December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities, Deferred Inflows of Resources and Net Position			
Current Liabilities			
Accounts payable	\$ 2,542,399	\$ 5,594,913	\$ 8,137,312
Accrued payroll and withholdings payable	216,461	262,738	479,199
Taxes payable	-	304,916	304,916
Accrued interest payable	1,362,554	1,847,724	3,210,278
Claims payable	925,789	-	925,789
Retainage payable	969,257	1,199,946	2,169,203
Unearned revenue	6,368,849	-	6,368,849
Hydrant use deposit payable	-	33,661	33,661
Customer deposits payable	-	5,156,770	5,156,770
Noncurrent Liabilities			
Due within one year:			
Leases payable	4,256	-	4,256
Financed purchases	195,572	-	195,572
Subscription payable	119,459	113,811	233,270
Compensated absences	716,162	157,000	873,162
Notes and loans payable	-	133,000	133,000
Revenue bonds payable	-	10,298,000	10,298,000
TIF bonds payable	3,425,000	-	3,425,000
Lease rental bonds	-	-	-
Net pension liability	3,063,032	-	3,063,032
Total OPEB liability	1,325,219	149,859	1,475,078
Due in more than one year:			
Leases payable	13,783	-	13,783
Financed purchases	99,114	-	99,114
Subscription payable	6,037	-	6,037
Revenue bonds payable (net of unamortized premiums)	-	168,592,913	168,592,913
Notes and loans payable	-	814,000	814,000
TIF bonds payable (net of amortized discounts)	76,563,176	-	76,563,176
Compensated absences	357,277	168,527	525,804
Other long-term payables:			
Net pension liability	44,408,500	1,704,202	46,112,702
Total OPEB liability	32,492,537	3,674,336	36,166,873
Total liabilities	<u>175,174,433</u>	<u>200,206,316</u>	<u>375,380,749</u>
Deferred Inflows of Resources			
Leases	754,650	319,164	1,073,814
Pension related	330,294	1,448,610	1,778,904
OPEB related	13,830,836	1,564,024	15,394,860
Unavailable revenue	29,349,255	-	29,349,255
Total deferred inflows of resources	<u>44,265,035</u>	<u>3,331,798</u>	<u>47,596,833</u>
Net Position			
Net investment in capital assets	309,581,651	166,519,747	476,101,398
Net position, restricted for:			
Public safety	5,892,183	-	5,892,183
Highways and streets	4,443,798	-	4,443,798
Health and welfare	370,977	-	370,977
Culture and recreation	4,797,550	-	4,797,550
Capital projects	37,987,512	45,075,933	83,063,445
Debt service	13,701,513	16,564,467	30,265,980
Sanitation	987,922	-	987,922
Net position, unrestricted (deficit)	<u>(52,535,542)</u>	<u>1,410,136</u>	<u>(51,125,406)</u>
Total net position	<u>\$ 325,227,564</u>	<u>\$ 229,570,283</u>	<u>\$ 554,797,847</u>

See notes to financial statements

City of Mishawaka, Indiana

Statement of Activities

Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental activities:							
General government	\$ 10,742,641	\$ 1,137,846	\$ 3,429,510	\$ 9,950,922	\$ 3,775,637	\$ -	\$ 3,775,637
Public safety	34,940,428	3,849,915	120,177	95,099	(30,875,237)	-	(30,875,237)
Highways and streets	13,415,152	147,552	2,225,850	1,456,624	(9,585,126)	-	(9,585,126)
Community development	696,513	-	-	-	(696,513)	-	(696,513)
Health and welfare	187,509	-	-	-	(187,509)	-	(187,509)
Culture and recreation	7,057,620	1,717,693	-	-	(5,339,927)	-	(5,339,927)
Sanitation	2,764,334	2,635,589	-	-	(128,745)	-	(128,745)
Interest on long-term debt	2,341,864	-	-	-	(2,341,864)	-	(2,341,864)
Total governmental activities	<u>72,146,061</u>	<u>9,488,595</u>	<u>5,775,537</u>	<u>11,502,645</u>	<u>(45,379,284)</u>	<u>-</u>	<u>(45,379,284)</u>
Business-type activities:							
Water	9,257,817	15,318,199	-	1,154,541	-	7,214,923	7,214,923
Wastewater	24,708,193	21,064,000	-	3,410,965	-	(233,228)	(233,228)
Electric	52,146,121	56,908,805	-	-	-	4,762,684	4,762,684
Total business-type activities	<u>86,112,131</u>	<u>93,291,004</u>	<u>-</u>	<u>4,565,506</u>	<u>-</u>	<u>11,744,379</u>	<u>11,744,379</u>
Total primary government	<u>\$ 158,258,192</u>	<u>\$ 102,779,599</u>	<u>\$ 5,775,537</u>	<u>\$ 16,068,151</u>	<u>(45,379,284)</u>	<u>11,744,379</u>	<u>(33,634,905)</u>
General revenues:							
Property taxes					48,462,504	-	48,462,504
Income taxes					16,318,163	-	16,318,163
Local shared revenue					4,451,045	-	4,451,045
Unrestricted investment earnings					5,502,496	4,243,388	9,745,884
Donations					473,465	-	473,465
Gain (loss) on sale and disposal					562,489	(348,585)	213,904
Miscellaneous					3,564,385	-	3,564,385
Transfers					874,963	(874,963)	-
Total general revenues and transfers					<u>80,209,510</u>	<u>3,019,840</u>	<u>83,229,350</u>
Change in net position					34,830,226	14,764,219	49,594,445
Net Position, Beginning					<u>290,397,338</u>	<u>214,806,064</u>	<u>505,203,402</u>
Net Position, Ending					<u>\$ 325,227,564</u>	<u>\$ 229,570,283</u>	<u>\$ 554,797,847</u>

See notes to financial statements

City of Mishawaka, Indiana

Balance Sheet -
Governmental Funds
December 31, 2023

	General	Redevelopment TIF Allocation	Fieldhouse Construction	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 20,280,668	\$ 9,088,598	\$ 11,051,556	\$ 50,963,059	\$ 91,383,881
Receivables:					
Taxes	27,821,728	-	-	7,724,545	35,546,273
Interest	5,389	6,823	72,068	128,929	213,209
Accounts	206,561	332	-	264,650	471,543
Intergovernmental	1,027,060	-	-	2,295,522	3,322,582
Leases	-	-	-	754,650	754,650
Restricted:					
Cash and cash equivalents	-	-	-	15,022,012	15,022,012
Total assets	\$ 49,341,406	\$ 9,095,753	\$ 11,123,624	\$ 77,153,367	\$ 146,714,150
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 117,854	\$ 502,271	\$ -	\$ 1,886,033	\$ 2,506,158
Accrued payroll and withholdings payable	108,169	-	-	108,292	216,461
Unearned revenue	-	-	-	6,368,849	6,368,849
Total liabilities	226,023	502,271	-	8,363,174	9,091,468
Deferred Inflows of Resources					
Leases	-	-	-	754,650	754,650
Unavailable revenue	28,740,537	-	-	9,398,230	38,138,767
Total deferred inflows of resources	28,740,537	-	-	10,152,880	38,893,417
Fund Balances					
Restricted	-	8,593,482	11,123,624	58,637,313	78,354,419
Assigned	376,117	-	-	-	376,117
Unassigned	19,998,729	-	-	-	19,998,729
Total fund balances	20,374,846	8,593,482	11,123,624	58,637,313	98,729,265
Total liabilities, deferred inflows of resources and fund balances	\$ 49,341,406	\$ 9,095,753	\$ 11,123,624	\$ 77,153,367	\$ 146,714,150

See notes to financial statements

City of Mishawaka, Indiana

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2023

Fund Balances, Governmental Funds		\$ 98,729,265
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Land and construction in progress	\$ 130,159,259	
Capital assets, net of depreciation/amortization	<u>246,668,084</u>	376,827,343
Prepays are not current financial resources and, therefore, are not reported in the funds.		858,757
Pension liability, pension assets, and OPEB liabilities, are not paid from or used for current financial resources and therefore are not shown in the funds.		
OPEB liability	(33,817,756)	
Net pension liability	<u>(47,471,532)</u>	(81,289,288)
Deferred outflows of resources on pension related items are not recognized in the governmental funds, but are recorded in the statement of net position.		15,700,971
Deferred outflows of resources on OPEB related items are not recognized in the governmental funds, but are recorded in the statement of net position.		4,159,789
Deferred inflows of resources on pension related items are not recognized in the governmental funds, but are recorded in the statement of net position.		(330,294)
Deferred inflows of resources on OPEB related items are not recognized in the governmental funds, but are recorded in the statement of net position.		(13,830,836)
Unavailable revenues are not available to pay current liabilities and, therefore, are not reported as liabilities in the statement of net position.		8,789,512
Internal service funds are used by management to charge the costs of insurance to General and Highway Funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.		(556,008)
Retainage payables are not due and payable in the current period and, therefore, are not reported in the funds.		(969,257)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(1,073,439)
Accrued interest on bonds payable is not due and payable in the current period and, therefore, is not reported in the funds.		(1,362,554)
Long-term liabilities, including financed purchases, are not due and payable in the current period and, therefore, are not reported in the funds:		(294,686)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Subscription payable		(125,496)
Lease payable		(18,039)
Tax increment financing bonds		<u>(79,988,176)</u>
Net Position of Governmental Activities		<u>\$ 325,227,564</u>

See notes to financial statements

City of Mishawaka, Indiana

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2023

	General	Redevelopment TIF Allocation	Fieldhouse Construction	Nonmajor Governmental Funds	Total
Revenues					
Taxes:					
Property	\$ 23,121,845	\$ 21,807,649	\$ -	\$ 3,954,708	\$ 48,884,202
Income	4,838,615	-	-	10,226,882	15,065,497
Licenses and permits	716,823	-	-	197,978	914,801
Intergovernmental	2,562,920	-	-	18,490,238	21,053,158
Charges for services	3,399,277	4,113	-	5,102,432	8,505,822
Fines and forfeits	66,513	-	-	1,459	67,972
Investment earnings	2,352,604	655,331	1,033,449	1,461,112	5,502,496
Other:					
Donation	-	-	-	473,465	473,465
Miscellaneous	29,513	32,804	-	3,433,031	3,495,348
Total revenues	37,088,110	22,499,897	1,033,449	43,341,305	103,962,761
Expenditures					
Current:					
General government	6,182,020	-	-	4,773,499	10,955,519
Public safety	29,551,311	-	-	917,272	30,468,583
Highways and streets	462,916	-	-	3,936,788	4,399,704
Health and welfare	-	-	-	191,542	191,542
Culture and recreation	-	-	-	5,033,454	5,033,454
Sanitation	-	-	-	2,764,334	2,764,334
Community development	205,331	442,617	-	44,909	692,857
Debt service:					
Principal	4,111	-	-	3,553,759	3,557,870
Interest	725	-	-	2,882,204	2,882,929
Bond issuance costs	-	-	-	780,988	780,988
Capital outlay:					
General government	561,860	-	-	443,135	1,004,995
Public safety	-	-	-	6,537,634	6,537,634
Highways and streets	-	17,257,841	-	11,752,471	29,010,312
Health and welfare	-	-	-	1,627,836	1,627,836
Community development	-	-	19,914,825	8,069,016	27,983,841
Culture and recreation	-	110,998	-	350,014	461,012
Total expenditures	36,968,274	17,811,456	19,914,825	53,658,855	128,353,410
Excess (deficiency) of revenues over (under) expenditures	119,836	4,688,441	(18,881,376)	(10,317,550)	(24,390,649)
Other Financing Sources (Uses)					
Bond proceeds	-	-	30,005,000	5,460,000	35,465,000
Lease proceeds	22,150	-	-	-	22,150
Subscription proceeds	-	-	-	17,398	17,398
Sale of assets	534,719	-	-	27,770	562,489
Transfers in	4,234,963	-	-	7,294,377	11,529,340
Transfers out	-	(8,503,550)	-	(2,150,827)	(10,654,377)
Total other financing sources (uses)	4,791,832	(8,503,550)	30,005,000	10,648,718	36,942,000
Net change in fund balances	4,911,668	(3,815,109)	11,123,624	331,168	12,551,351
Fund Balances, Beginning	15,463,178	12,408,591	-	58,306,145	86,177,914
Fund Balances, Ending	\$ 20,374,846	\$ 8,593,482	\$ 11,123,624	\$ 58,637,313	\$ 98,729,265

See notes to financial statements

City of Mishawaka, Indiana

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2023

Net Change in Fund Balances, Total Governmental Funds

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

Net change in fund balances, total governmental funds (statement of revenues, expenditures and changes in fund balances). \$ 12,551,351

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as in the current period:

Capital outlays	67,594,887
Loss on disposal of assets	(2,189,989)
Depreciation expense	(11,160,535)

The issuance of long-term debt (e.g., bonds, leases) provides 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 net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal payments	\$ 3,557,870	
Amortization of bond discount/premium and loss on refunding	1,222,291	
Par amount of bonds issued	(35,465,000)	
New subscription payable	(17,398)	
New lease payable	(22,150)	(30,724,387)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Deferred inflows, pensions	718,662
Deferred inflows, OPEB	4,926,714
Unavailable revenue	5,616,787
Local income taxes	(4,109,750)

Expenses in the Statement of Activities that do not provide current financial resources are not reported as expenditures in the funds:

Deferred outflows of resources, pensions	1,898,899
Deferred outflows of resources, OPEB	2,364,684

Compensated absences reported in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds.

(70,172)

Retainage payables reported in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds.

(969,257)

Prepays amortized in the Statement of Activities require the use of current financial resources and, therefore, are reported as expenditures in governmental funds when paid.

273,097

Accrued interest reported in the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(681,226)

Pension obligations are considered expenses of the general government and, therefore, are not reported as current expenditures in the funds.

(4,729,155)

OPEB liability reported in the Statement of Activities does not require the use of current resources and, therefore, are not reported as expenditures in governmental funds.

(4,640,316)

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.

(1,840,068)

Change in Net Position of Governmental Activities (Statement of Activities)

\$ 34,830,226

See notes to financial statements

City of Mishawaka, Indiana

Statement of Net Position -
 Proprietary Funds
 December 31, 2023

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
Assets					
Current assets:					
Cash and cash equivalents	\$ 12,498,267	\$ 14,203,029	\$ 17,140,685	\$ 43,841,981	\$ 406,022
Receivables					
Accounts (net of allowance)	752,575	1,191,139	3,251,125	5,194,839	-
Lease	319,164	-	-	319,164	-
Inventory	826,114	-	5,681,507	6,507,621	-
Prepays	112,649	149,723	211,576	473,948	-
Restricted assets:					
Bond and interest cash	2,098,216	3,329,394	185,578	5,613,188	-
Debt service reserve cash	3,545,150	5,437,735	1,968,394	10,951,279	-
Construction fund cash	7,177,826	33,549,720	1,081,128	41,808,674	-
Consumer meter deposit cash	1,024,739	6,745	4,125,286	5,156,770	-
Repair cash	-	3,126,400	140,859	3,267,259	-
Capital assets:					
Land and construction in progress	68,812,551	15,298,712	8,308,995	92,420,258	-
Other capital assets, net of depreciation/amortization	39,166,663	132,762,708	42,041,395	213,970,766	-
Total assets	136,333,914	209,055,305	84,136,528	429,525,747	406,022
Deferred Outflows of Resources					
Unamortized deferral on bond refunding	-	229,366	-	229,366	-
Pension related	533,606	777,124	1,067,506	2,378,236	-
OPEB related	138,707	103,831	227,864	470,402	-
Utility rate making expenses	-	-	504,646	504,646	-
Total deferred outflows of resources	672,313	1,110,321	1,800,016	3,582,650	-

See notes to financial statements

City of Mishawaka, Indiana

Statement of Net Position -

Proprietary Funds

December 31, 2023

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
Liabilities					
Current liabilities:					
Accounts payable	\$ 860,708	\$ 742,244	\$ 3,991,961	\$ 5,594,913	\$ 36,241
Retainage payable	686,391	338,964	174,591	1,199,946	-
Accrued payroll and withholdings payable	66,453	82,211	114,074	262,738	-
Taxes payable	54,531	-	250,385	304,916	-
Accrued interest payable	768,121	1,079,603	-	1,847,724	-
Claims payable	-	-	-	-	925,789
Hydrant use deposit payable	33,661	-	-	33,661	-
Customer deposits payable	1,024,739	6,745	4,125,286	5,156,770	-
Total current liabilities	3,494,604	2,249,767	8,656,297	14,400,668	962,030
Noncurrent Liabilities					
Due within one year:					
Subscription payable	28,453	28,453	56,905	113,811	-
Compensated absences	48,209	37,781	71,010	157,000	-
Notes and loans payable	-	133,000	-	133,000	-
Revenue bonds, current	2,508,000	6,115,000	1,675,000	10,298,000	-
Total OPEB liability	44,189	33,078	72,592	149,859	-
Due in more than one year:					
Revenue bonds payable (net of unamortized premium)	60,748,125	80,694,566	27,150,222	168,592,913	-
Notes and loans payable	-	814,000	-	814,000	-
Compensated absences	49,964	54,955	63,608	168,527	-
Net pension liability	279,648	864,345	560,209	1,704,202	-
Total OPEB liability	1,083,453	811,035	1,779,848	3,674,336	-
Total noncurrent liabilities	64,790,041	89,586,213	31,429,394	185,805,648	-
Total liabilities	68,284,645	91,835,980	40,085,691	200,206,316	962,030
Deferred Inflows of Resources					
Lease	319,164	-	-	319,164	-
Pension related	359,299	370,695	718,616	1,448,610	-
OPEB related	461,185	345,226	757,613	1,564,024	-
Total deferred inflows of resources	1,139,648	715,921	1,476,229	3,331,798	-
Net Position					
Net investment in capital assets	50,535,038	93,162,643	22,822,066	166,519,747	-
Restricted:					
Debt service	5,643,366	8,767,129	2,153,972	16,564,467	-
Capital projects	7,177,826	36,676,120	1,221,987	45,075,933	-
Unrestricted	4,225,704	(20,992,167)	18,176,599	1,410,136	(556,008)
Total net position	\$ 67,581,934	\$ 117,613,725	\$ 44,374,624	\$ 229,570,283	\$ (556,008)

See notes to financial statements

City of Mishawaka, Indiana

 Statement of Revenues, Expenses and Changes in Fund Net Position -
 Proprietary Funds
 Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
Operating Revenues					
Unmetered revenue	\$ 4,730	\$ -	\$ -	\$ 4,730	\$ -
Metered revenue:					
Residential	5,767,469	-	28,189,424	33,956,893	-
Commercial	5,874,063	-	27,036,291	32,910,354	-
Public street and highway lighting	-	-	692,688	692,688	-
Measured revenue:					
Residential	-	9,730,613	-	9,730,613	-
Commercial	-	10,185,440	-	10,185,440	-
Fire protection	3,265,421	-	-	3,265,421	-
Penalties	63,571	280,115	211,994	555,680	-
Insurance reimbursements and refunds	-	-	-	-	12,744,603
Miscellaneous	342,945	867,832	778,408	1,989,185	69,037
Total operating revenues	15,318,199	21,064,000	56,908,805	93,291,004	12,813,640
Operating Expenses					
Source of supply and expense, operation and maintenance	3,810,576	3,325,915	111,032	7,247,523	-
Transmission and distribution	1,269,365	-	6,799,781	8,069,146	-
Customer accounts (recovery)	15,007	35,368	(178,601)	(128,226)	-
Administrative and general	-	806,775	1,842,678	2,649,453	734,831
Insurance claims and expenses	-	573,069	-	573,069	13,918,877
Purchased power	658,558	524,442	40,166,442	41,349,442	-
Sewer, operation and maintenance	-	2,945,146	-	2,945,146	-
Pretreatment, operation and maintenance	-	552,042	-	552,042	-
Chemicals	-	222,146	-	222,146	-
Depreciation	1,661,004	4,433,682	3,108,817	9,203,503	-
Other	16,010	68,983	-	84,993	-
Total operating expenses	7,430,520	13,487,568	51,850,149	72,768,237	14,653,708
Operating income (loss)	7,887,679	7,576,432	5,058,656	20,522,767	(1,840,068)
Nonoperating Revenues (Expenses)					
Interest and investment revenue	1,497,360	1,860,404	885,624	4,243,388	-
Bond issuance costs	-	(179,486)	-	(179,486)	-
Amortization expense	(272,977)	(52,544)	(27,358)	(352,879)	-
Loss on disposal of assets	(50,700)	(53,543)	(244,342)	(348,585)	-
Interest expense	(1,554,320)	(3,229,862)	(268,614)	(5,052,796)	-
Capital contributions	1,154,541	3,410,965	-	4,565,506	-
Contribution expense	-	(7,758,733)	-	(7,758,733)	-
Transfers in	-	3,360,000	1,189,156	4,549,156	-
Transfers out	(1,215,918)	(2,590,828)	(1,617,373)	(5,424,119)	-
Total nonoperating revenues (expenses)	(442,014)	(5,233,627)	(82,907)	(5,758,548)	-
Change in net position	7,445,665	2,342,805	4,975,749	14,764,219	(1,840,068)
Total Net Position, Beginning	60,136,269	115,270,920	39,398,875	214,806,064	1,284,060
Total Net Position, Ending	\$ 67,581,934	\$ 117,613,725	\$ 44,374,624	\$ 229,570,283	\$ (556,008)

See notes to financial statements

City of Mishawaka, Indiana

Statement of Cash Flows -
Proprietary Funds
Year Ended December 31, 2023

	Water Utility	Wastewater Utility	Electric Utility	Total	Internal Service Fund
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 17,607,001	\$ 21,033,342	\$ 60,359,076	\$ 98,999,419	\$ -
Receipts from interfund services provided	-	-	-	-	12,815,190
Payments to suppliers	(6,062,690)	(6,643,094)	(49,478,063)	(62,183,847)	-
Payments to employees	(1,714,459)	(2,246,046)	(2,995,198)	(6,955,703)	-
Payments for interfund services used	-	(33,134)	(685,958)	(719,092)	(14,368,370)
Net cash provided (used) by operating activities	<u>9,829,852</u>	<u>12,111,068</u>	<u>7,199,857</u>	<u>29,140,776</u>	<u>(1,553,180)</u>
Cash Flows From Noncapital Financing Activities					
Transfer from/(to) other funds	<u>(1,215,918)</u>	<u>769,172</u>	<u>(428,217)</u>	<u>(874,963)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and construction of capital assets	(17,371,525)	(7,969,884)	(6,915,304)	(32,256,713)	-
Issuance of debt	-	33,146,400	-	33,146,400	-
Premium on issuance of debt	-	69,388	-	69,388	-
Bond issuance costs	-	(179,486)	-	(179,486)	-
Principal paid on debt	(2,422,000)	(5,875,000)	(1,605,000)	(9,902,000)	-
Principal paid on SBITA	(26,491)	(26,491)	(52,982)	(105,964)	-
Principal paid on loans	-	(129,000)	-	(129,000)	-
Interest paid	(1,590,119)	(2,421,491)	(879,694)	(4,891,304)	-
Net cash (used) by capital and related financing activities	<u>(21,410,135)</u>	<u>16,614,436</u>	<u>(9,452,980)</u>	<u>(14,248,679)</u>	<u>-</u>
Cash Flows From Investing Activities					
Interest received	<u>1,497,360</u>	<u>1,860,404</u>	<u>885,624</u>	<u>4,243,388</u>	<u>-</u>
Net cash provided by investing activities	<u>1,497,360</u>	<u>1,860,404</u>	<u>885,624</u>	<u>4,243,388</u>	<u>-</u>
Net decrease in cash and cash equivalents	(11,298,841)	31,355,080	(1,795,716)	18,260,523	(1,553,180)
Cash and Cash Equivalents, Beginning	<u>37,643,039</u>	<u>28,297,943</u>	<u>26,437,646</u>	<u>92,378,628</u>	<u>1,959,202</u>
Cash and Cash Equivalents, Ending	<u>\$ 26,344,198</u>	<u>\$ 59,653,023</u>	<u>\$ 24,641,930</u>	<u>\$ 110,639,151</u>	<u>\$ 406,022</u>

See notes to financial statements

City of Mishawaka, Indiana

 Statement of Cash Flows -
 Proprietary Funds
 Year Ended December 31, 2023

	Water Utility	Wastewater Utility	Electric Utility	Total	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash					
Provided (Used) by Operating Activities					
Operating income (loss)	\$ 7,887,679	\$ 7,576,432	\$ 5,058,656	\$ 20,522,767	\$ (1,840,068)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:					
Depreciation expense	1,661,004	4,433,682	3,108,817	9,203,503	-
(Increase) decrease in assets:					
Accounts receivable	(72,267)	99,008	(257,761)	(231,020)	1,550
Inventories	(28,370)	-	(470,207)	(498,577)	-
Prepaid items	(3,411)	(131)	(12,424)	(15,966)	-
Lease	5,220	-	-	5,220	-
Increase (decrease) in liabilities:					
Accounts payable	3,875	67,579	(237,517)	(166,063)	(3,334)
Accrued payroll and withholdings payable	2,649	(1,323)	7,884	9,210	-
Customer deposits	114,231	(130)	178,891	292,992	-
Hydrant deposits	13,486	-	-	13,486	-
Compensated absences payable	357	975	11,765	13,097	-
Claims payable	-	-	-	-	288,672
Net pension liability	(713,232)	(639,252)	(1,425,721)	(2,778,205)	-
OPEB	164,355	133,946	300,821	599,122	-
(Increase) decrease in deferred outflows:					
Deferred outflows, pensions	651,645	622,706	1,303,046	2,577,397	-
Deferred outflows, OPEB	(79,442)	(60,139)	(132,401)	(271,982)	-
Increase (decrease) in deferred inflows:					
Lease	(5,220)	-	-	(5,220)	-
Deferred inflows, pension	385,385	(10,960)	5,898	380,323	-
Deferred inflows, OPEB	(158,092)	(111,325)	(239,890)	(509,307)	-
Total adjustments	1,942,173	4,534,636	2,141,201	8,618,010	286,888
Net cash provided (used) by operating activities	<u>\$ 9,829,852</u>	<u>\$ 12,111,068</u>	<u>\$ 7,199,857</u>	<u>\$ 29,140,777</u>	<u>\$ (1,553,180)</u>
Noncash Investing, Capital and Financing Activities					
Work in progress moved to capital assets	<u>\$ 556,515</u>	<u>\$ 7,958,720</u>	<u>\$ 1,448,617</u>	<u>\$ 9,963,852</u>	
Disposal of capital assets	<u>\$ 191,172</u>	<u>\$ 120,172</u>	<u>\$ 731,164</u>	<u>\$ 1,042,508</u>	

See notes to financial statements

City of Mishawaka, Indiana

Statement of Fiduciary Net Position -
Pension Trust Funds
December 31, 2023

	Pension Trust Funds
Assets	
Cash and cash equivalents	\$ 2,208,561
Investments at fair value:	
Mutual funds	27,257,345
Municipal bonds	175,000
Total investments	<u>27,432,345</u>
Total assets	<u>29,640,906</u>
Net position:	
Restricted for pensions	<u>\$ 29,640,906</u>

See notes to financial statements

City of Mishawaka, Indiana

Statement of Changes in Fiduciary Net Position -

Pension Trust Funds

Year Ended December 31, 2023

	Pension Trust Funds
Additions	
Contributions:	
On behalf contributions	\$ 4,377,582
Total contributions	<u>4,377,582</u>
Investment income (loss):	
Interest	32
Net increase in fair value of investments	<u>3,678,549</u>
Total investment income (loss)	<u>3,678,581</u>
Total additions	<u>8,056,163</u>
Deductions	
Benefit payments (including refunds of employee contributions)	4,426,791
Administrative expense	<u>1,200</u>
Total deductions	<u>4,427,991</u>
Change in fiduciary net position	3,628,172
Net Position, Beginning	<u>26,012,734</u>
Net Position, Ending	<u><u>\$ 29,640,906</u></u>

See notes to financial statements

City of Mishawaka, Indiana

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December 31, 2023

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City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies

The City of Mishawaka, Indiana (City or 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, sanitation, electric, water, wastewater, and urban redevelopment and housing.

The accounting policies of the City of Mishawaka, Indiana conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity

This report includes all of the funds of the City. The reporting entity for the City consists of the Primary Government and its component units. Component units are legally separate organizations for which the Primary Government is financially accountable or other organizations for which the nature and significance of their relationship with the Primary Government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Primary Government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Primary Government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Primary Government. Certain legally separate, tax-exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the Primary Government, its component units, or its constituents; (2) the Primary Government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the Primary Government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the Primary Government.

Component units are reported using one of three methods, discrete presentation, blended, or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the Primary Government using the blending method if it meets any one of the following criteria: (1) the Primary Government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the Primary Government and the component unit have substantively the same governing body and management of the Primary Government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the Primary Government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the Primary Government.

Blended Component Units

The Building Corporation (Building Corporation) is a blended component unit of the City. 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, 100 Lincolnway West, Mishawaka, Indiana, 46544.

The Mishawaka Local Public Improvement Bond Bank (Bond Bank) is a blended 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 the (5) members. The primary government appoints all members of the board in accordance with Indiana Code 5-1.4-2-2. The City created the Bond Bank to issue revenue bonds and other obligations to finance projects and purchase equipment. The City directs the actions of the Bond Bank. The financial statements of the component unit may be obtained from the Controller, City of Mishawaka at 100 Lincolnway West, Mishawaka, Indiana, 46544.

Related Organizations

The City's officials are responsible for appointing the board members of the Mishawaka Housing Authority, but the City's accountability for this organization does not extend beyond making the appointments. The Primary Government, acting through the Mayor, appoints the board of the Mishawaka Housing Authority.

Government-Wide and Fund Financial Statements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement establishes accounting and financial reporting requirements related to subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This standard was implemented January 1, 2023. No cumulative effect adjustment to net position or fund balance was required upon adoption of this Statement.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the Primary Government is reported separately from certain legally separate component units for which the Primary Government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that 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 included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

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.

The City reports the following major governmental funds:

General Fund

General Fund accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Fieldhouse Construction - Capital Projects Fund

Fieldhouse Construction - Capital Projects Fund is used to account for receipts and disbursements related to construction of the Fieldhouse.

Redevelopment TIF Allocation - Capital Projects Fund

Redevelopment TIF Allocation - Capital Projects 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 City reports the following major enterprise funds

Water Utility Fund

Water Utility Fund accounts for the operations of the City's water system. The fund's operations are financed by water utility fees charged to residential and commercial customers.

Wastewater Utility Fund

Wastewater Utility Fund accounts for the operations of the City's wastewater system. The fund's operations are financed by utility fees charged to residential and commercial customers.

Electric Utility Fund

Electric Utility Fund accounts for the operations of the City's electric system. The fund's operations are financed by electric utility fees charged mostly to residential and commercial customers.

The City reports the following nonmajor governmental funds:

Special Revenue Funds

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Debt Service Funds

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

In addition, the City reports the following fund types:

Internal Service Funds

Internal Service Funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

Pension Trust Funds

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's 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.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

The proprietary funds distinguish operating revenues and expenses from nonoperating 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 Water Utility, Wastewater Utility and Electric Utility are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary 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 nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

The City'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.

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.

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

Indiana Code 5-13-9 authorizes the City 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 unit 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 two 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 fifty percent (50%) of the funds held by the City and available for investment.

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

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 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 City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the City'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 fair value.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 3.

No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note 3. for further information.

Receivables

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Primary Government prior to December 31 of the year collected. Delinquent property taxes outstanding at year end for governmental funds are recorded as a receivable with an offset to deferred inflows of resources - unavailable revenue since the amounts are not considered available.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. 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.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, including right to use lease assets, and right to use subscription assets, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$100,000 for buildings and improvements, \$3,000,000 for roads, and \$5,000 for all other general capital assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	\$100,000	Straight-line	20-50 Years
Equipment	5,000	Straight-line	3-15 Years
Water collection system	5,000	Straight-line	5-50 Years
Wastewater distribution and collection systems	5,000	Straight-line	5-50 Years
Electric distribution systems	5,000	Straight-line	5-50 Years

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.

Leased assets and subscription assets are amortized over the term of the related contract.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time. The City is reporting deferred outflows for pension and OPEB related items, utility rate making expenses, and a deferred amount on refunding of debt.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

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 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** - Nonunion 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.

Under terms of employment, employees are granted vacation leave in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2023, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line or effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

Leases

The City is a lessor because it leases capital assets to other entities. As a lessor, the City reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements.

Unearned Revenue

The City is reporting unearned revenue for funds received but not yet obligated for a particular purpose.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. The City is reporting deferred inflows related to pension and OPEB related items, leases, and unavailable revenue related to the approved tax levy at year end.

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- b. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- c. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Council may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- d. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note 3. for further information.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City OPEB Plan and additions to/deductions from the City OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the City OPEB plan. For this purpose, the City OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Basis for Existing Rates

Utility Rates and Charges

Current water rates were approved by the Common Council on December 20, 2020.

Current sewer rates were approved by the Common Council on March 7, 2017.

Current electric rates were approved by the Common Council on December 22, 2020.

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 noncurrent 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".

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.

Pensions

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions expense, information about the fiduciary net position of the 1977 Police Officers' and Firefighters' Pension and Disability Fund, the 1925 Police Officers' Pension Plan, the 1937 Firefighters' Pension Plan, Utility Pension Plan and the Indiana Public Employees' Retirement Fund (the Plans), and additions to and deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with benefit terms. Pension investments are reported at fair value.

Utility Ratemaking Expenses

The utilities amortize ratemaking expenses to transparently communicate the formal regulatory process of setting utility rates and charges. Ratemaking, typically carried out before the Indiana Utility Regulatory Commission, required utilities to account and report for this cost through annual financial statement. Although GASB no longer requires such reporting, the unit continues this practice to better facilitate the local regulatory processes.

2. Stewardship, Compliance and Accountability

Budgetary Information

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

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Annual budgets are adopted for the following governmental funds:

General Funds	Nonmajor Governmental Funds	
	Special Revenue Funds	Capital Projects Funds
General Fund	Motor vehicle highway (restricted & unrestricted)	Cumulative capital improvement
	Local road and street	Cumulative sewer
	Public safety	Cumulative capital development
	Park and recreation	CEDIT
	Law enforcement continuing education	
	Park nonreverting operating	

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 or any departments within the General Fund, which required legally-approved budgets.

3. Detailed Notes on All Funds

Deposits and Investments

The City's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances
Deposits	\$ 215,674,970	\$ 221,544,849
Mutual funds, bond funds	27,257,345	27,257,345
State and local bonds	175,000	175,000
Money market funds	3,977,607	3,977,607
Petty cash	7,050	-
Total deposits and investments	<u>\$ 247,091,972</u>	<u>\$ 252,954,801</u>
Reconciliation to financial statements		
Per statement of net position:		
Unrestricted cash and investments	\$ 135,631,884	
Restricted cash and investments	81,819,182	
Per statement of net position, fiduciary funds:		
Pension trust funds cash	2,208,561	
Pension trust investments	<u>27,432,345</u>	
Total deposits and investments	<u>\$ 247,091,972</u>	

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Indiana Code Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts. All other deposit accounts at December 31, 2023 were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

Level 1 - Equities, mutual funds and municipal bonds are valued based on quoted prices

Investment Type	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Mutual funds, bond funds	\$ 27,257,345	\$ -	\$ -	\$ 27,257,345
State and local bonds	175,000	-	-	175,000
Total	<u>\$ 27,432,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,432,345</u>

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

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, 2023, the Primary Government had deposit balances in the amount of \$221,544,849. Of this amount, the following was exposed to custodial credit risk.

Uninsured and collateral held by the pledging financial institution's trust department or agent not in the City's name	\$ 3,977,607
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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.

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

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.

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.

At December 31, 2023, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio	Amounts
Russell Inv Investment Grade Bond S	Mutual fund	6.94 %	\$ 1,904,191
Vanguard Developed Markets Index Admiral	Mutual fund	5.97	1,636,470
Vanguard Large Cap Index Admiral	Mutual fund	21.13	5,795,355
Vanguard Ultra Short Term Bond Admiral	Mutual fund	5.14	1,410,219
Vanguard Windsor II Adm	Mutual fund	5.55	1,521,948
Vanguard Total Bond Market Index Adm	Mutual fund	5.16	1,415,981
Vanguard U.S. Growth Fund Admiral	Mutual fund	5.87	1,609,424

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the 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.

As of December 31, 2023, the City's investments were as follows:

Pension Fund

Investment Type	Fair Value	Maturity (in Years)		
		Less Than 1	1 to 5	More Than 2
Municipal bonds	\$ 175,000	\$ 175,000	\$ -	\$ -
Mutual funds	27,257,345	27,257,345	-	-
Total	<u>\$ 27,432,345</u>	<u>\$ 27,432,345</u>	<u>\$ -</u>	<u>\$ -</u>

See Note 1. for further information on deposit and investment policies.

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Receivables

Revenues of the water utility, wastewater utility and electric utility are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to Water Utility	\$	18,098
Uncollectibles related to Wastewater Utility		21,883
Uncollectibles related to Electric Utility		<u>69,369</u>
Total uncollectibles of the current fiscal year	\$	<u>109,350</u>

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ -	\$ 29,349,254
Delinquent property taxes receivable	-	834,603
Local income taxes	-	5,362,417
Other taxes	-	1,045,905
Opioid receivable	-	1,546,588
ARPA funds received, not yet obligated	<u>6,368,849</u>	<u>-</u>
Total unearned and unavailable revenue for governmental funds	<u>\$ 6,368,849</u>	<u>\$ 38,138,767</u>

Restricted Assets

Following is a list of restricted assets at December 31, 2023:

	<u>Restricted Assets</u>
Customer deposits	\$ 5,156,770
Revenue bond covenant accounts	5,613,188
Debt service reserve account	10,951,279
Construction account	41,808,674
City debt service accounts	15,022,012
Repair account	<u>3,267,259</u>
Total	<u>\$ 81,819,182</u>

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Adjustment</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets not being depreciated/amortized:					
Land	\$ 13,381,950	\$ -	\$ -	\$ 77,000	\$ 13,304,950
Construction in progress	<u>65,874,546</u>	<u>-</u>	<u>57,914,215</u>	<u>6,934,452</u>	<u>116,854,309</u>
Total capital assets not being Depreciated/amortized	<u>79,256,496</u>	<u>-</u>	<u>57,914,215</u>	<u>7,011,452</u>	<u>130,159,259</u>
Capital assets being depreciated/amortized:					
Buildings	42,942,544	-	-	5,057,208	37,885,336
Improvements other than buildings	44,922,933	-	1,884,536	437,898	46,369,571
Machinery, equipment, and vehicles	42,696,097	-	4,252,194	1,561,940	45,386,351
Infrastructure	232,854,880	-	10,438,846	112,352	243,181,374
Lease assets	-	-	22,150	-	22,150
Subscription assets	<u>-</u>	<u>325,241</u>	<u>17,398</u>	<u>-</u>	<u>342,639</u>
Total capital assets being Depreciated/amortized/amortized	<u>363,416,454</u>	<u>325,241</u>	<u>16,615,124</u>	<u>7,169,398</u>	<u>373,187,421</u>
Total capital assets, gross	<u>442,672,950</u>	<u>325,241</u>	<u>74,529,339</u>	<u>14,180,850</u>	<u>503,346,680</u>
Less accumulated depreciation/amortization for:					
Buildings	13,719,880	-	775,644	3,203,291	11,292,233
Lease assets	20,442,426	-	1,654,728	322,652	21,774,502
Machinery, equipment, and vehicles	30,522,228	-	2,391,146	1,530,466	31,382,908
Infrastructure	55,625,211	-	6,223,229	-	61,848,440
Lease assets	-	-	4,111	-	4,111
Subscription assets	<u>-</u>	<u>105,466</u>	<u>111,677</u>	<u>-</u>	<u>217,143</u>
Total accumulated Depreciation/amortization	<u>120,309,745</u>	<u>105,466</u>	<u>11,160,535</u>	<u>5,056,409</u>	<u>126,519,337</u>
Net capital assets being depreciated/amortized	<u>243,106,709</u>	<u>219,775</u>	<u>5,454,589</u>	<u>2,112,989</u>	<u>246,668,084</u>
Total governmental activities capital assets, net of accumulated depreciation/amortization	<u>\$ 322,363,205</u>	<u>\$ 219,775</u>	<u>\$ 63,368,804</u>	<u>\$ 9,124,441</u>	<u>\$ 376,827,343</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 367,826
Public safety	1,732,625
Highways and streets	6,940,407
Community development	2,231
Culture and recreation	<u>2,117,446</u>
Total governmental activities depreciation expense	<u>\$ 11,160,535</u>

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

	<u>Beginning Balance</u>	<u>Adjustments*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities					
Capital assets not being depreciated:					
Land	\$ 3,329,154	\$ -	\$ -	\$ -	\$ 3,329,154
Construction in progress	<u>69,629,069</u>	<u>-</u>	<u>29,425,886</u>	<u>9,963,851</u>	<u>89,091,104</u>
Total capital assets not being depreciated/amortized	<u>72,958,223</u>	<u>-</u>	<u>29,425,886</u>	<u>9,963,851</u>	<u>92,420,258</u>
Capital assets being depreciated/amortized:					
Buildings	56,702,925	-	-	428,895	56,274,030
Improvements other than buildings	265,517,395	-	10,572,480	3,192,933	272,896,942
Machinery, equipment and vehicles	46,971,048	-	111,096	316,637	46,765,507
Transportation	6,497,601	-	1,229,897	91,125	7,636,373
Subscription assets	<u>-</u>	<u>325,241</u>	<u>-</u>	<u>-</u>	<u>325,241</u>
Total capital assets being depreciated/amortized	<u>375,688,969</u>	<u>325,241</u>	<u>11,913,473</u>	<u>4,029,590</u>	<u>383,898,093</u>
Total capital assets	<u>448,647,192</u>	<u>325,241</u>	<u>41,339,359</u>	<u>13,993,441</u>	<u>476,318,351</u>
Less accumulated depreciation/amortization for:					
Buildings	25,159,452	-	1,385,190	428,889	26,115,753
Improvements other than buildings	94,247,390	-	6,094,873	270,024	100,072,239
Machinery, equipment and vehicles	36,773,453	-	1,079,429	301,873	37,551,009
Transportation	5,480,575	-	538,046	41,725	5,976,896
Subscription assets	<u>-</u>	<u>105,465</u>	<u>105,965</u>	<u>-</u>	<u>211,430</u>
Total accumulated depreciation/amortization	<u>161,660,870</u>	<u>105,465</u>	<u>9,203,503</u>	<u>1,042,511</u>	<u>169,927,327</u>
Net capital assets being depreciated/amortized	<u>214,028,099</u>	<u>430,706</u>	<u>2,709,970</u>	<u>2,987,079</u>	<u>213,970,766</u>
Business-type capital assets, net of accumulated depreciation/amortization	<u>\$ 286,986,322</u>	<u>\$ 430,706</u>	<u>\$ 32,135,856</u>	<u>\$ 12,950,930</u>	<u>\$ 306,391,024</u>

An adjustment was necessary to update assets for implementation of GASB 96 for arrangements entered into in prior years.

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 1,661,004
Wastewater	4,433,682
Electric	<u>3,108,817</u>
Total business-type activities depreciation expense	<u><u>\$ 9,203,503</u></u>

Interfund Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Wastewater Utility	\$ 1,996,250	PILOT
General Fund	Water Utility	621,340	PILOT
General Fund	Electric Utility	1,617,373	PILOT, transfer from reserve
Wastewater Utility	Redevelopment TIF Allocation	3,360,000	Debt payments
Nonmajor funds	Redevelopment TIF Allocation	5,143,550	Debt payments
Electric Utility	Water Utility	594,578	Business office expenses
Electric Utility	Wastewater Utility	594,578	Business office expenses
Nonmajor funds	Nonmajor funds	<u>2,150,827</u>	LRS, MVH, and bond bank transfers
Total, fund financial statements		16,078,496	
Less fund eliminations		<u>(15,203,533)</u>	
Total transfer, government-wide statement of activities		<u><u>\$ 874,963</u></u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Adjustment*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities						
Bonds, notes, and other payables:						
Tax increment financing bonds	\$ 42,475,000	\$ -	\$35,465,000	\$ 3,250,000	\$ 74,690,000	\$ 3,425,000
Notes and loans payable and financed purchases	486,768	-	-	192,082	294,686	195,572
Subscription based information technology agreements	-	219,775	17,398	111,677	125,496	119,459
(Discounts)/premiums	<u>6,520,467</u>	<u>-</u>	<u>-</u>	<u>1,222,291</u>	<u>5,298,176</u>	<u>-</u>
Subtotal	<u>49,482,235</u>	<u>219,775</u>	<u>35,482,398</u>	<u>4,776,050</u>	<u>80,408,358</u>	<u>3,740,031</u>
Other liabilities:						
Compensated absences	1,003,267	-	744,246	674,074	1,073,439	716,162
Leases payable	-	-	22,150	4,111	18,039	4,256
Total other postemployment benefits	29,177,440	-	5,965,004	1,324,688	33,817,756	1,325,219
Net pension liability	<u>42,742,377</u>	<u>-</u>	<u>8,670,190</u>	<u>3,941,035</u>	<u>47,471,532</u>	<u>3,063,032</u>
Total other liabilities	<u>72,923,084</u>	<u>-</u>	<u>15,401,590</u>	<u>5,943,908</u>	<u>82,380,766</u>	<u>5,108,669</u>
Total governmental activities long-term liabilities	<u>\$122,405,319</u>	<u>\$ 219,775</u>	<u>\$50,883,988</u>	<u>\$10,719,958</u>	<u>\$162,789,124</u>	<u>\$ 8,848,700</u>

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

	<u>Beginning Balance</u>	<u>Adjustment*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities						
Bonds, notes, and other payables:						
Water utility	\$ 63,735,000	\$ -	\$ -	\$ 2,422,000	\$ 61,313,000	\$ 2,508,000
Wastewater utility	57,410,000	-	33,775,000	5,875,000	85,310,000	6,115,000
Electric utility	28,555,000	-	-	1,605,000	26,950,000	1,675,000
Notes and loans payable	1,076,000	-	-	129,000	947,000	133,000
Subscription based information technology agreements	-	219,775	-	105,964	113,811	113,811
(Discounts)/premiums	<u>6,125,563</u>	<u>-</u>	<u>69,388</u>	<u>877,038</u>	<u>5,317,913</u>	<u>-</u>
Subtotal	<u>156,901,563</u>	<u>219,775</u>	<u>33,844,388</u>	<u>11,014,002</u>	<u>179,951,724</u>	<u>10,544,811</u>
Other liabilities:						
Compensated absences	\$ 312,430	\$ -	\$ 170,706	\$ 157,609	\$ 325,527	\$ 157,000
Total other postemployment benefits	3,225,073	-	2,107,681	1,508,559	3,824,195	149,859
Net pension liability	<u>4,482,407</u>	<u>-</u>	<u>880,712</u>	<u>3,658,917</u>	<u>1,704,202</u>	<u>-</u>
Total other liabilities	<u>8,019,910</u>	<u>-</u>	<u>3,159,099</u>	<u>5,325,085</u>	<u>5,853,924</u>	<u>306,859</u>
Total business-type activities long-term liabilities	<u>\$164,921,473</u>	<u>\$ 219,775</u>	<u>\$37,003,487</u>	<u>\$16,339,087</u>	<u>\$185,805,648</u>	<u>\$10,851,670</u>

Note: The General Fund, Motor Vehicle Highway Fund, Park Fund, Water, Wastewater and Electric funds have historically been used to liquidate the liability for total other-postemployment benefits, compensated absences and net pension liability.

*An adjustment was necessary for implementation of GASB 96 which relate to arrangements entered into in prior years.

Revenue Debt

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.

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

During 2023, the water utility paid \$2,422,000 in debt payments or approximately 15.81% of operating revenues. The wastewater utility paid \$5,875,000 in debt payments or approximately 27.89% of operating revenues. The electric utility paid \$1,605,000 in debt payments or approximately 2.82%. Bond coverage for the water utility at December 31, 2023 was 306%. Bond coverage for the wastewater utility at December 31, 2023 was 129%. Bond coverage for the electric utility was 315%. Bond coverage is based on the operating income (loss) reported on the City's financial statements.

Revenue debt payable at December 31, 2023, consists of the following:

Business-Type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2023</u>
<u>Water Utility</u>					
Waterworks Refunding Revenue Bonds of 2018	10/29/18	07/01/39	2.82%	\$ 13,000,000	\$ 11,803,000
Waterworks Revenue Bonds of 2021	05/19/21	01/01/42	2-4	51,600,000	<u>49,510,000</u>
				Total Water Utility	<u>61,313,000</u>
<u>Wastewater Utility</u>					
2015 Wastewater refunding revenue bonds	08/20/15	01/01/27	2.25-5	34,755,000	12,440,000
2017 Sewage Works Revenue Bonds, Series A	12/08/17	03/01/34	4	16,315,000	10,295,000
2017 Sewage Works Revenue Bonds, Series B	12/08/17	09/01/34	2.85	24,210,000	17,800,000
2018 Sewage Works Revenue Bonds	10/16/18	09/01/39	2-6	12,550,000	11,000,000
2023 Sewage Works Revenue Bonds	05/10/23	03/01/43	4-5	33,775,000	<u>33,775,000</u>
				Total Wastewater Utility	<u>85,310,000</u>
<u>Electric Utility</u>					
Electric Utility Revenue Bonds of 2021	06/03/21	01/01/42	2-4	30,855,000	<u>26,950,000</u>
Total business-type activities, revenue debt					<u><u>\$ 173,573,000</u></u>

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-Type Activities Revenue Debt	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 8,560,000	\$ 4,291,523
2025	9,190,000	4,244,953
2026	9,825,000	3,853,903
2027	7,140,000	3,463,703
2028	5,530,000	3,201,765
2029-2033	34,000,000	12,725,444
2034-2038	35,860,000	5,240,724
2039-2043	33,865,000	2,356,991
Total	<u>\$ 143,970,000</u>	<u>\$ 39,379,006</u>

<u>Years</u>	Business-Type Activities Revenue Debt - Direct Placement	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,738,000	\$ 835,886
2025	1,772,000	786,437
2026	1,813,000	736,009
2027	3,049,000	667,460
2028	3,127,000	580,205
2029-2033	11,630,000	1,808,131
2034-2038	5,589,000	491,365
2039-2043	885,000	18,753
Total	<u>\$ 29,603,000</u>	<u>\$ 5,924,246</u>

Tax Increment Financing Bonds

Tax increment financing bonds are payable from incremental taxes derived from a separately created tax increment financing district.

The City has pledged future TIF revenues, net of specified operating expenses, to repay revenue bonds issued in 2021. Proceeds from the bonds provided financing for the certain local public improvements through the City. The bonds are payable solely from TIF revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require 17.84% of net revenues. The total principal and interest remaining to be paid on the bonds is \$47,462,250. Principal and interest paid for the current year and total customer net revenues were \$3,890,875 and \$21,807,649, respectively.

The City has pledged future TIF revenues, net of specified operating expenses, to repay revenue bonds issued in 2023. Proceeds from the bonds provided financing for the certain local public improvements through the City. The bonds are payable solely from TIF revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require 4.85% of net revenues. The total principal and interest remaining to be paid on the bonds is \$64,118,828. Principal and interest paid for the current year and total customer net revenues were \$1,056,623 and \$21,807,649, respectively.

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Tax Increment Financing Bonds at December 31, 2023, consists of the following:

Governmental Activities					Balance
Tax Increment Financing Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	December 31, 2023
Lease Rental Revenue Bonds of 2021	06/28/21	02/15/33	3%-5%	\$ 42,190,000	\$ 39,225,000
Lease Rental Revenue Bonds of 2023	01/10/23	08/15/46	4.7-5.7	35,465,000	<u>35,465,000</u>
Total governmental activities tax Increment financing bonds					<u>\$ 74,690,000</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities Tax Increment Financing Bonds	
	Principal	Interest
2024	\$ 3,425,000	\$ 3,571,479
2025	3,590,000	3,398,104
2026	4,725,000	3,205,247
2027	4,910,000	2,969,410
2028	5,110,000	2,724,148
2029-2033	26,695,000	9,932,591
2034-2038	7,970,000	6,389,032
2039-2043	10,450,000	3,903,495
2044-2048	<u>7,815,000</u>	<u>797,573</u>
Total	<u>\$ 74,690,000</u>	<u>\$ 36,891,079</u>

Remedies for Failure to Comply with Bond Agreements

The bond agreements have Continuing Disclosure Undertaking Certificates. The sole remedy against the City for any failure to carry out any provision of the Certificate shall be for specific performance of the City's disclosure obligations, as defined, and not for money damages of any kind or in any amount or for any other remedy. The City's failure to honor its covenants, as defined, shall not constitute a breach or default of the bonds, the ordinance or any other agreement to which the City is a party and shall not give rise to any other rights or remedies.

Notes and Loans Payable and Financed Purchases

The City has the following financed purchase agreements as of December 31, 2023:

Governmental Activities					Balance
Notes and Loans Payable and Financed Purchases	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	December 31, 2023
U.S. Bancorp Police Cars	05/01/20	08/01/25	1.8%	\$ 956,400	<u>\$ 294,686</u>
Total governmental activities notes and loans payable and financed purchases					<u>\$ 294,686</u>

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Business-Type Activities

Notes and Loans Payable and Financed Purchases	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2023
2010A Sewage Works revenue bonds	01/28/10	03/01/30	3.050%	\$ 2,398,000	\$ <u>947,000</u>
Total business-type activities notes and loans payable and financed purchases					\$ <u><u>947,000</u></u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities Notes and Loans Payable and Financed Purchases		Business-Type Activities Notes and Loans Payable and Financed Purchases	
	Principal	Interest	Principal	Interest
	2024	\$ 195,572	\$ 4,448	\$ 133,000
2025	99,114	896	137,000	23,790
2026	-	-	143,000	19,566
2027	-	-	147,000	15,174
2028	-	-	151,000	10,660
2029-2033	-	-	236,000	7,244
Total	\$ <u>294,686</u>	\$ <u>5,344</u>	\$ <u>947,000</u>	\$ <u>104,311</u>

Subscription Based Information Technology Agreements (SBITA)

SBITAs consisted of the following as of December 31st, 2023:

Governmental Activities SBITAs	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2023
CDWG Microsoft	04/18/22	04/18/25	4.00%	\$ 325,241	\$ 113,810
Lucidia IT Elenovo	06/02/23	06/02/26	4.00	18,420	<u>11,686</u>
Total governmental activities SBITAs					\$ <u><u>125,496</u></u>
Business-Type Activities SBITAs	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2023
CDWG Microsoft	04/18/22	04/18/25	4.00%	\$ 325,241	\$ <u>113,811</u>
Total business-type activities SBITAs					\$ <u><u>113,811</u></u>

City of Mishawaka, Indiana

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Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities SBITAs</u>		<u>Business-Type Activities SBITAs</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 119,459	\$ 1,860	\$ 113,811	\$ 1,370
2025	6,037	103	-	-
Total	<u>\$ 125,496</u>	<u>\$ 1,963</u>	<u>\$ 113,811</u>	<u>\$ 1,370</u>

Lessor - Lease Receivables

Business-Type Activities

<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Receivable Balance December 31, 2023</u>
Juday Creek Golf Course Lease	07/10/17	07/10/47	3.00%	\$ 319,164
Total business-tyt activities lease receivables				<u>\$ 319,164</u>

The City recognized \$5,220 of lease revenue during the fiscal year for this lease.
The City recognized \$15,710 of interest revenue during the fiscal year for this lease.

<u>Governmental Activities</u>				<u>Receivable Balance December 31, 2023</u>
<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	
Ironworks Building	01/17/23	01/17/33	5.00%	\$ 754,650
Total governmental activities lease receivables				<u>\$ 754,650</u>

The City recognized \$74,025 of lease revenue during the fiscal year for this lease.
The City recognized \$51,975 of interest revenue during the fiscal year for this lease.

Net Position/Fund Balances

Net position reported on the government wide statement of net position at December 31, 2023, includes the following:

Governmental Activities

Net investment in capital assets:		
Land and construction in progress		\$ 130,159,259
Other capital assets, net of accumulated depreciation		246,668,084
Less long-term debt outstanding		(80,426,397)
Plus unspent capital related debt proceeds		15,794,362
Less retainage and accounts payable associated with capital assets		<u>(2,613,657)</u>
Total net investment in capital assets		<u>\$ 309,581,651</u>

City of Mishawaka, Indiana

Notes to Financial Statements
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Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2023, include the following:

	<u>General Fund</u>	<u>Redevelopment TIF Allocation</u>	<u>Fieldhouse Construction</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Balances					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ 5,892,183	\$ 5,892,183
Highways and streets	-	-	-	4,443,798	4,443,798
Economic development	-	8,593,482	-	216,928	8,810,410
Culture and recreation	-	-	-	4,797,550	4,797,550
Debt service	-	-	-	15,064,067	15,064,067
Capital projects	-	-	11,123,624	26,863,888	37,987,512
Sanitation	-	-	-	987,922	987,922
Health and welfare	-	-	-	370,977	370,977
Subtotal	<u>-</u>	<u>8,593,482</u>	<u>11,123,624</u>	<u>58,637,313</u>	<u>78,354,419</u>
Assigned to:					
General government	<u>376,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,117</u>
Subtotal	<u>376,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,117</u>
Unassigned:	<u>19,998,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,998,729</u>
Total fund balances	<u>\$ 20,374,846</u>	<u>\$ 8,593,482</u>	<u>\$ 11,123,624</u>	<u>\$ 58,637,313</u>	<u>\$ 98,729,265</u>

Business-Type Activities

Net investment in capital assets:

Land and construction in progress	\$ 92,397,269
Other capital assets, net of accumulated depreciation	213,993,755
Less long-term debt outstanding	(179,951,724)
Plus unspent capital related debt proceeds	41,808,674
Plus deferred amount on refunding	229,366
Plus deferred utility ratemaking expenses	504,646
Less retainage payable and accounts payable associated with capital assets	<u>(2,462,239)</u>

Total net investment in capital assets 166,519,747

Restricted:

Debt service	16,564,467
Capital projects	<u>45,075,933</u>

Total restricted 61,640,400

Unrestricted 1,410,136

Total business-type activities net position \$ 229,570,283

City of Mishawaka, Indiana

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4. Other Information

Employees' Retirement System

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PERF	\$ 4,575,076	\$ 1,950,448	\$ 89,180
1977 Police	6,165,230	6,614,228	117,509
1977 Fire	6,913,884	7,387,255	135,340
1925 Police	11,026,565	-	-
1937 Fire	19,392,856	-	-
Utility	1,102,123	2,127,276	1,436,875
Total	<u>\$ 49,175,734</u>	<u>\$ 18,079,207</u>	<u>\$ 1,778,904</u>

Public Employees' Retirement Fund

Plan Description

The City participates in the Public Employees' Retirement Fund, a cost-sharing multiple-employer defined benefit plan effective July 1, 2013 based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. Political subdivisions mean a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. There are two (2) tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the My Choice Retirement Savings Plan for Public Employees (My Choice). Details of the PERF Hybrid Plan are described below.

PERF Hybrid Plan Description

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3, and IC 5-10.5. There are two (2) aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the Public Employees' Hybrid Members Defined Contribution Account (DC Account), formerly known as the Annuity Savings Account (ASA), which that supplements the defined benefit at retirement.

Contributions

Members are required to contribute 3% of their annual covered salary to their defined contribution account. The Primary Government is required to contribute at an actuarially determined rate. The current rate is 11.20% of annual covered payroll. The contribution requirements of plan members and the Primary Government are established and may be amended by the INPRS Board of Trustees. 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 \$908,385 for the calendar year ended December 31, 2023.

Retirement Benefits

The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's DC Account. Pension benefits vest after ten (10) years of creditable service. The vesting period is eight (8) years for certain elected officials. Members are immediately vested in their annuity savings account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their DC account and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the DC Account. A nonvested member who terminates employment prior to retirement may withdraw his/her DC Account after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1% times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) different groups. For PERF members who serve as an elected official, the highest one (1) year (total of four (4) consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100% of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89%. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84%) to age 50 being 44%.

The monthly pension benefits for members in pay status may be increased periodically as cost-of-living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

Disability and Survivor Benefits

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five (5) years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent.

If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired at the later of age 50 or the age the day before the member's death. If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment.

Retirement Benefits - My Choice

Members are required to participate in My Choice. The My Choice DC Account consists of the member's contributions, set by statute at 3% of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member's account. The employer may elect to make the contributions on behalf of the member. The City has elected to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10% of their compensation into their DC Account. A member's contributions and interest credits belong to the member and do not belong to the State or political subdivision.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the fiscal year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for Public Employee's Retirement Fund was 3.7%.

Net Pension Liability

At December 31, 2023, the City reported a liability of \$4,575,076 for its proportionate share of the net pension Liability. The City allocates the pension liability to Governmental Activities and Business-Type Activities based on their respective contributions to INPRS. As of December 31, 2023, the allocation was \$3,972,997 and \$602,079 respectively. The City's proportion of the total was measured on the ratio of the wages reported by employers relative to the collective wages of the plan. This basis of allocation measures the proportionate relationship of an employer to all employers and is consistent with the manner in which contributions to the pension plan are determined. The plan does not have a special funding situation, as there is not a nonemployer contributing entity legally responsible for making contributions that are used to provide pension benefits to members of the pension plan. At December 31, 2023 and 2022, the City's proportion was allocated as follows using the June 30, 2023 and 2022 measurement dates, respectively:

	Total	Governmental Activities	Business-Type Activities
2022	0.0013349	0.0011777	0.0001672
2023	0.0012963	0.0011257	0.0001706

City of Mishawaka, Indiana

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The net pension liability for fiscal year 2023 is calculated as set forth in the following table:

	Governmental Activities	Business-Type Activities
Net pension liability, beginning December 31, 2022	\$ 3,714,314	\$ 527,275
Total pension expense	788,707	155,124
Difference between expected and actual experience	15,867	2,405
Net difference between projected and actual investments	456,053	69,111
Change in assumptions	(124,654)	(18,890)
Change in proportionate share of contributions	(92,988)	(14,091)
Defined benefit plan employer contributions	<u>(784,302)</u>	<u>(118,855)</u>
Net pension liability, December 31, 2023	<u>\$ 3,972,997</u>	<u>\$ 602,079</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities		
Differences between expected and actual experience	\$ 81,287	\$ -
Changes in assumptions	216,655	-
Net differences between projected and actual earnings on pension plan investments	910,622	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	88,152	77,445
Employer contributions subsequent to the measurement date	<u>402,772</u>	<u>-</u>
Total	<u>\$ 1,699,488</u>	<u>\$ 77,445</u>
Business-Type Activities		
Differences between expected and actual experience	\$ 12,318	\$ -
Changes in assumptions	32,834	-
Net differences between projected and actual earnings on pension plan investments	137,998	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,358	11,735
Employer contributions subsequent to the measurement date	<u>54,452</u>	<u>-</u>
Total	<u>\$ 250,960</u>	<u>\$ 11,735</u>

City of Mishawaka, Indiana

Notes to Financial Statements
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\$402,772 and \$54,452 reported as deferred outflows related to pension resulting from the Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years Ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)	
	Governmental Activities	Business-Type Activities
2024	\$ 437,438	\$ 66,290
2025	75,751	11,480
2026	528,049	88,206
2027	124,033	18,797

Pension Expense

The City recognized pension expense for the following proportionate share of pension expense:

Pension Expense	Governmental Activities	Business-Type Activities
Proportionate share of plan pension expense	\$ 806,529	\$ 122,225
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	13,097	1,985
Internal change in proportionate share	<u>(30,919)</u>	<u>30,914</u>
Total	<u>\$ 788,707</u>	<u>\$ 155,124</u>

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Key Methods and Assumptions. Key methods and assumptions used to calculate the total pension liability in the latest actuarial valuations are presented below:

Valuation Date:

Assets:	June 30, 2023
Liabilities:	June 30, 2022 - Member census data as of June 30, 2022 as used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2022 and June 30, 2023. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2022 to the June 30, 2023 measurement date.
Actuarial Cost Method:	Entry Age Normal (level percent of payroll)
Experience Study Date:	Period of 5 years ended June 30, 2019
Investment Rate of Return:	6.25%, net of investment expense, including inflation
Cost of Living Increases:	Beginning January 1, 2026 - 0.40% Beginning January 1, 2034 - 0.50% Beginning January 1, 2039 - 0.60%
Salary Increases, including inflation:	2.65%-8.65%
Inflation:	2.00%
Mortality:	
Healthy:	Pub-2010 Public Retirement Plans Mortality Tables with a fully generational projection of mortality improvements using SOA Scale MP-2019.
Disability:	Pub-2010 Public Retirement Plans Mortality Tables with a fully generational projection of mortality improvements using SOA Scale MP-2019.
Funding policy location:	www.in.gov/inprs/files/INPRS_Funding_Policy.pdf

Change in Assumptions. There were no changes in assumptions during the fiscal year.

Changes in Actuarial Methods. There were no changes to the actuarial methods during the fiscal year.

Plan Amendments. In 2023, the full retirement benefit eligibility condition of age 70 and 20 years of credible service while still active in covered position was changed to age 65 and 20 years of credible service while still active in covered position. This change was deemed immaterial and has no impact on the actuarial liability.

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Long-Term Return Expectation. The long-term return expectation has been determined by using a building-block approach and assumes a time horizon, as defined by INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established and the long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

Global Asset Class	Long-Term Expected Rate of Return (Geometric Basis)	Target Asset Allocation
Public Equity	3.7%	20.0%
Private Markets	6.4	15.0
Fixed Income - Ex Inflation-Linked	2.2	20.0
Fixed Income - Inflation-Linked	0.5	15.0
Commodities	1.1	10.0
Real Estate	3.4	10.0
Absolute Return	1.6	5.0
Risk Parity	5.9	20.0
Cash and Cash Overlay	-	NA

Discount rate. The discount rate used to measure the total pension liability was 6.25% as of the June 30, 2023 measurement date and is equal to the long-term expected return on plan investments.

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

The following presents the City's proportionate share of the net pension Liability calculated using the discount rate of 6.25%, 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 (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease to Discount Rate (5.25%)	Current Discount Rate (6.25%)	1% Increase to Discount Rate (7.25%)
Governmental activity's proportionate share of the net pension liability	\$ 6,474,721	\$ 3,972,997	\$ 1,887,050
Business-type activity's proportionate share of the net pension liability	981,199	602,079	285,970

The pension plan's fiduciary net position has been determined on the same basis of accounting used by the pension plan. Detailed information about the pension plan's fiduciary net position is available in the separately issued INPRS Annual Comprehensive Financial Report and Actuarial Valuations. These reports can be found at:

https://www.in.gov/inprs/files/INPRSAnnualReportBook_FY23.pdf
https://www.in.gov/inprs/files/2023ActuarialValuation_PERF.pdf

Utility Pension Plan

Plan Description

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 Public 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.

At December 31, 2023, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	76
Terminated employees entitled to but not yet receiving benefits	4
Current active employees	<u>124</u>
Total	<u>204</u>

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 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 (5) 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 fifty-five (55), 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 (1/4%) 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 (10) 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.

City of Mishawaka, Indiana

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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, 2023, the mandatory member contribution rate was 0% of annual pay and the actuarially determined Employer's contribution rate was 12.74% 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, 2023, the City recognized pension expense of \$880,713 for the utility fund.

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Water Utility	Wastewater Utility	Electric Utility
Changes in assumptions	\$ 241,044	\$ 241,044	\$ 482,088
Net differences between projected and actual earnings on pension plan investments	<u>290,775</u>	<u>290,775</u>	<u>581,550</u>
Total	<u>\$ 531,819</u>	<u>\$ 531,819</u>	<u>\$ 1,063,638</u>

	Deferred Inflows of Resources		
	Water Utility	Wastewater Utility	Electric Utility
Differences between expected and actual experience	\$ 350,419	\$ 350,419	\$ 700,837
Changes in assumptions	<u>8,800</u>	<u>8,800</u>	<u>17,600</u>
Total	<u>\$ 359,219</u>	<u>\$ 359,219</u>	<u>\$ 718,437</u>

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As shown in Note 4, the wastewater also participates in the INPRS pension program. As such, the reported totals for deferred inflows and deferred outflows reflect the totals from Note 4 and the above table.

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

<u>Years Ending December 31:</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Electric Utility</u>
2024	\$ 47,275	\$ 47,275	\$ 94,551
2025	121,210	121,210	242,419
2026	192,771	192,771	385,543
2027	(144,455)	(144,455)	(288,909)
2028	(24,619)	(24,619)	(49,238)
Thereafter	<u>(19,582)</u>	<u>(19,582)</u>	<u>(39,165)</u>
Total	<u>\$ 172,600</u>	<u>\$ 172,600</u>	<u>\$ 345,201</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 1. The plan held \$27,257,345 of investments as of December 31, 2023. See Note 3. Deposits and Investments for more detail on these investments and their risks.

Net Pension Liability

The components of the net pension asset of the Utility Pension Plan at December 31, 2023 were as follows:

	<u>Utility Pension</u>	<u>Allocated to:</u>		
		<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Electric Utility</u>
Actuarial net pension liability	\$ 29,113,443	\$ 7,278,361	\$ 7,278,361	\$ 14,556,721
Plan fiduciary net position	<u>(28,011,320)</u>	<u>(7,002,830)</u>	<u>(7,002,830)</u>	<u>(14,005,660)</u>
Net pension liability	<u>\$ 1,102,123</u>	<u>\$ 275,531</u>	<u>\$ 275,531</u>	<u>\$ 551,061</u>
Plan fiduciary net position as a percentage of total pension liability	<u>96.21 %</u>	<u>96.21 %</u>	<u>96.21 %</u>	<u>96.21 %</u>

City of Mishawaka, Indiana

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December 31, 2023

Change in net pension assets 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, 2022	\$ 28,262,126	\$ (24,306,994)	\$ 3,955,132
Service cost	860,551	-	860,551
Interest cost	1,777,117	-	1,777,117
Differences between expected and actual experience (gain)/loss	(514,703)	-	(514,703)
Employer contributions	-	(1,114,550)	(1,114,550)
Net investment income	-	(3,949,950)	(3,949,950)
Administrative expense	-	88,526	88,526
Benefit payments, including refunds	<u>(1,271,648)</u>	<u>1,271,648</u>	<u>-</u>
Total	<u>\$ 29,113,443</u>	<u>\$ (28,011,320)</u>	<u>\$ 1,102,123</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, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	December 31, 2023
Valuation Date	December 31, 2023
Inflation	2.50% per annum
Salary Increases	3.50% per annum, (2.50% for inflation and 1.00% for merit/seniority)
Investment Rate of Return	6.25%, net of pension plan investment expenses, including inflation
Cost of Living Increases for Certain Retirees	2.00% per annum

Mortality rates were based on Pub-2010 General Amount-Weighted Mortality Projected Generationally with Mortality Improvement Scale MP-2021 (separate employee, retiree, contingent survivor and disabled retiree tables and separate male & female tables).

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Discount Rate

The discount rate used to measure the total pension liability was 6.25% as of December 31, 2023, and is equal to the long-term expected return on plan investments. The projection 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 status of the trust. The future contribution assumption was based upon the review of recent Employer contribution history compared to the corresponding actuarially determined contributions. Based on this assumption, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Amortization Periods

The changes in total pension liability due to liability experience losses/(gains) and changes in assumptions for the most current year have been amortized over 7.077 years, the average remaining service of all members with any liability in the plan as of January 1, 2023. The change in net pension liability due to investment losses/(gains) has been amortized over 5.000 years as prescribed.

Assumption Changes

There were no assumption changes for 2023.

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 6.25% 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 6.25%.

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

The following presents the net pension liability of the plan, calculated using the discount rate of 6.25%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	Net Pension Liability (Asset)		
	1% Decrease to Discount Rate (5.25%)	Current Discount Rate (6.25%)	1% Increase to Discount Rate (7.25%)
Water Utility	\$ 1,139,576	\$ 275,531	\$ (455,608)
Wastewater Utility	1,139,576	275,531	(455,608)
Electric Utility	2,279,151	551,061	(911,215)

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 of 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.

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

At December 31, 2023, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	31
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Benefits Provided

The plan provides retirement, disability and death benefits. The benefit provisions of the plan for nonconverted 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 nonconverted members are the same. 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 follows. Nonconverted 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.

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Nonconverted 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 nonconverted 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 nonconverted plan members and depending upon whether 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.

Nonconverted 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 nonconverted 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.

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.

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

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 of \$1,106,531 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 1. 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, 2023 were as follows:

	1925 Police Officers' Pension
Actuarial net pension liability	\$ 11,836,094
Plan fiduciary net position	<u>(809,529)</u>
Net pension liability	<u>\$ 11,026,565</u>
Plan fiduciary net position as a percentage of total pension liability	<u>6.84 %</u>

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

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

Changes in Net Pension Liability	1925 Police Officers' Pension		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2022	\$ 11,615,491	\$ (785,891)	\$ 10,829,600
Interest cost	475,407	-	475,407
Differences between expected and actual experience (gain)/loss	486,028	-	486,028
Changes in assumptions (gain)/loss	384,177	-	384,177
Nonemployer contributing entity contributions	-	(1,124,738)	(1,124,738)
Employer contributions	-	(8,431)	(8,431)
Administrative expense	-	3,000	3,000
Benefit payments, including refunds	(1,125,009)	1,106,531	(18,478)
Balance at December 31, 2023	<u>\$ 11,836,094</u>	<u>\$ (809,529)</u>	<u>\$ 11,026,565</u>

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

For the year ended December 31, 2023, the City recognized pension expense of \$1,345,612. At December 31, 2023, the City reported no deferred outflows of resources and 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, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	December 31, 2023
Valuation Date	January 1, 2023
Inflation	2.00% per annum
Salary increases	2.65% per annum
Cost of Living Increases for Certain Retirees	
Nonconverted	2.65% per year in retirement
Converted	3.00% on July 1, 2023; 1.95% thereafter

Mortality rates were based on Pub-2010 Public Retirement Plans mortality tables (amount-weighted), with a fully generational projection of mortality improvements using SOA MP-2019.

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 June 2020, which covered the period beginning July 1, 2015 and ending June 30, 2019, along with the results of the INPRS asset liability study adopted by the INPRS Board in May 2021.

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Discount Rate

The discount rate is set equal to the Barclay's 20-year Municipal Bond Index rate of 3.71% as of December 31, 2023. The discount rate decreased from the 4.12% used for the December 31, 2022 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 3.71%. The source of that bond rate was the Barclay's 20-year Municipal Bond Index as of December 31, 2023. The municipal bond rate was applied to all remaining periods.

The pension plan currently has no investments.

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

The following presents the net pension liability of the plan, calculated using the discount rate of 3.71%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease to Discount Rate (2.71%)	Current Discount Rate (3.71%)	1% Increase to Discount Rate (4.71%)
Net pension liability	\$ 12,071,676	\$ 11,026,565	\$ 10,128,958

Funding Status and Funding Progress

As of the January 1, 2023 actuarial valuation date, the plan was not funded and is on a pay as you go basis. The actuarial accrued liability for benefits was \$11,836,094, and the actuarial value of assets was \$809,529, resulting in an unfunded actuarial accrued liability of \$11,026,565. 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 of 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 reported 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.

1937 Firefighters' Pension Plan

Plan Description

The City 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

At December 31, 2023, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	56
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Benefits Provided

The plan provides retirement, disability, and death benefits. The benefit provisions of the 1937 Firefighters' Pension Plan for nonconverted 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 nonconverted 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. Nonconverted 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.

Nonconverted 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 nonconverted plan members and depending upon whether 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.

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.

Nonconverted 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 nonconverted 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 of \$2,047,293 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 1. 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 1937 Firefighters' Pension Plan at December 31, 2023 were as follows:

	1937 Firefighters' Pension
Actuarial net pension liability	\$ 20,234,994
Plan fiduciary net position	<u>(842,138)</u>
Net pension liability	<u>\$ 19,392,856</u>
Plan fiduciary net position as a percentage of total pension liability	<u>4.16 %</u>

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

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

Changes in Net Pension Liability	1937 Firefighters' Pension		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2022	\$ 20,385,408	\$ 957,887	\$ 19,427,521
Interest cost	815,027	-	815,027
Differences between expected and actual experience (gain)/loss	371,529	-	371,529
Changes in assumptions (gain)/loss	612,468	-	612,468
Nonemployer contributing entity contributions	-	1,938,294	(1,938,294)
Administrative expense	-	(6,750)	6,750
Benefit payments, including refunds	(1,949,438)	(2,047,293)	97,855
Balance at December 31, 2023	<u>\$ 20,234,994</u>	<u>\$ 842,138</u>	<u>\$ 19,392,856</u>

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

For the year ended December 31, 2023, the City recognized pension expense of \$1,799,024. At December 31, 2023, the City reported no deferred outflows of resources and 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, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	December 31, 2023
Valuation Date	January 1, 2023
Inflation	2.00% per annum
Salary Increases	2.65% per annum
Cost of Living Increases:	
Nonconverted	2.65% each July 1st
Converted	3.00% on July 1, 2023; 1.95% thereafter

Mortality rates were based on Pub-2010 Public Retirement Plans mortality tables (amount-weighted), with a fully generational projection of mortality improvements using SOA MP-2019.

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 June 2021, which covered the period beginning July 1, 2015 and ending June 30, 2019, along with the results of the INPRS asset liability study adopted by the INPRS Board in May 2021.

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Discount Rate

The discount rate is set equal to the Barclay's 20-year Municipal Bond Index rate of 3.71% as of December 31, 2023. The discount rate decreased from the 4.12% used for the December 31, 2022 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 3.71%. The source of that bond rate was the Barclay's 20-year Municipal Bond Index as of December 31, 2023. The municipal bond rate was applied to all remaining periods.

The pension plan currently has no investments.

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

The following presents the net pension liability of the plan, calculated using the discount rate of 3.71%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease to Discount Rate (2.71%)	Current Discount Rate (3.71%)	1% Increase to Discount Rate (4.71%)
Net pension liability	\$ 21,039,273	\$ 19,392,856	\$ 17,955,661

Funding Status and Funding Progress

As of the January 1, 2023 actuarial valuation date, the plan was not funded and is on a pay as you go basis. The actuarial accrued liability for benefits was \$20,234,994, and the actuarial value of assets was \$842,138, resulting in an unfunded actuarial accrued liability of \$19,392,856. 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 of 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.

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>.

For purposes of employer allocations, the Police Officers and Firefighters are considered separate submission units and their respective pension items are reported herein.

Retirement Benefits

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% 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% increase.

Retirement Benefits - Disability and Survivor Benefits

The 1977 Fund also provides disability and survivor benefits. An active member may file an application for disability benefits. A determination is then made by the local pension board, and reviewed by the INPRS Board of Trustees, as to whether the member has a covered impairment and whether the impairment was incurred in the line of duty or not.

The calculation for disability benefits is based on when the member was first hired, the type of impairment and other factors. In addition, the heirs or estate of a fund member may be entitled to receive \$12,000 upon the member's death.

If a member dies while receiving retirement or disability benefits, there are provisions for the surviving spouse and child(ren) to receive a portion of the benefits. The member's surviving spouse is entitled to a monthly benefit equal to 60% of the member's monthly benefit during the spouse's lifetime. Each of the member's surviving child(ren) is entitled to a monthly benefit equal to 20% of the member's monthly benefit until the age of 18, or age 23, if a full-time student. If there is no eligible surviving spouse or child(ren), a dependent parent(s) may receive 50% of the member's monthly benefit during their lifetime.

Retirement Benefits - Deferred Retirement Option Plan

The Deferred Retirement Option Plan (DROP) for the 1977 Fund was established by the Indiana Legislature in 2002 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 36-8-8.5. Members of the 1977 Fund that are eligible to retire may elect to accumulate a DROP benefit while continuing to work. At the time of their election, the member executes an irrevocable election to retire on a DROP retirement date and remains in active service contributing to the fund until that date. The DROP retirement date must be not less than twelve (12) months and not more than thirty-six (36) months after their DROP entry date, and not after the date they reach any mandatory retirement age that may apply.

The member may make an election to enter the DROP only once in their lifetime. The DROP and future retirement monthly benefit is calculated as of the member's DROP entry date. At the time of retirement, the member must choose among the available options for distribution of the accumulated benefit under the DROP. As of June 30, 2023 the amount held by the plan pursuant to the DROP is \$98.6 million

Contributions

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. The employer contribution rate is actuarially determined. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 36-8-8-6. As the 1977 Fund is a cost-sharing system, all risks and costs, including benefit costs, are shared proportionally by the participating employers. During calendar year 2023, all participating employers were required to contribute 18% of the salary of a first-class officer or firefighter. City contributions for the year ended December 31, 2023 were \$1,192,994 and \$1,363,462 for the Police Officers and Firefighters Funds, respectively.

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Indiana Public Retirement System (INPRS) and additions to/deductions from INPRS's fiduciary net position have been determined on the same basis as they are reported by INPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of December 31, 2023, the City reported a net pension liability of \$6,165,230 for the Police and \$6,913,884 for the Firefighter proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's reported wages as a proportion of total collective reported wages for all employers. At June 30, 2023, the City's proportion of the Police Officers' fund was 0.60182%, which is a decrease of 0.05713% from its proportion measured as of June 30, 2022. At June 30, 2023, the City's proportion of the Firefighters' fund was 0.67490%, which was an increase of 0.0200% from its proportion measured as of June 30, 2022.

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

For the year ended December 31, 2023, the City recognized pension expense of \$2,133,901 for the Police Officers and \$2,383,134 for the Firefighters' fund. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Police	Fire	Total
Differences between expected and actual experience	\$ 2,025,339	\$ 2,271,279	\$ 4,296,618
Changes in assumptions	1,387,967	1,556,510	2,944,477
Net differences between projected and actual earnings on pension plan investments	2,527,226	2,834,111	5,361,337
Changes in proportion and differences between employer contributions and proportionate share of contributions	84,319	26,447	110,766
Employer contributions subsequent to the measurement date	589,377	698,908	1,288,285
Total	<u>\$ 6,614,228</u>	<u>\$ 7,387,255</u>	<u>\$ 14,001,483</u>

	Deferred Inflows of Resources		
	Police	Fire	Total
Differences between expected and actual experience	\$ 12,353	\$ 13,853	\$ 26,206
Changes in assumptions	91,267	102,349	193,616
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,889	19,138	33,027
Total	<u>\$ 117,509</u>	<u>\$ 135,340</u>	<u>\$ 252,849</u>

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

\$589,377 reported for the Police Officers' and \$698,908 reported for the Firefighters' funds as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31:	Police	Fire	Total
2024	\$ 1,083,031	\$ 1,202,396	\$ 2,285,427
2025	809,650	896,753	1,706,403
2026	2,249,816	2,511,753	4,761,569
2027	916,044	1,016,282	1,932,326
2028	556,274	611,443	1,167,717
Thereafter	<u>292,527</u>	<u>314,380</u>	<u>606,907</u>
Total	<u>\$ 5,907,342</u>	<u>\$ 6,553,007</u>	<u>\$ 12,460,349</u>

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%
Salary increases	2.65%
Mortality rates	Mortality rates were based on Pub-2010 Public Retirement Plans mortality tables (amount-weighted), with a fully generational projection of mortality improvements using SOA MP-2019.
Investment rate of return	6.25% net of investment expense, including inflation
(COLA) or "Ad Hoc"	1.95%, compounded annually, beginning July 1, 2024. Actual COLA increases at July 1, 2022 (3.00%) and July 1, 2023 (3.00%) are reflected in valuation.

The actuarial assumptions used in the June 30, 2023 valuation of the 1977 Police Officers' and Firefighters' Retirement were adopted by the INPRS Board in May 2023. The majority of the actuarial and methods are based June 2020, which covered the period beginning July 1, 2014 through June 30, 2019 and were first used in the June 30, 2020 valuation. The INPRS Board adopted a funding policy in April 2014, and the policy was last updated in June 2022. The funding policy is available online at:

www.in.gov/inprs/files/INPRS_Funding_Policy.pdf

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

The target allocation and best estimates of arithmetic real rates of return as of June 30, 2023 for each major asset class are summarized in the following table:

Global Asset Class	Long-Term Expected Rate of Return (Geometric Basis)	Target Asset Allocation
Public Equity	3.7%	20.0%
Private Markets	6.4	15.0
Fixed Income - Ex Inflation-Linked	2.2	20.0
Fixed Income - Inflation-Linked	0.5	15.0
Commodities	1.1	10.0
Real Estate	3.4	10.0
Absolute Return	1.6	5.0
Risk Parity	5.9	20.0
Cash and Cash Overlay	-	NA

Discount Rate

The discount rate used to measure the total pension liability was 6.25%. 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 (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.25%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease to Discount Rate (5.25%)	Current Discount Rate (6.25%)	1% Increase to Discount Rate (7.25%)
City's proportionate share of the net pension liability (asset), Police Officers'	\$ 14,365,680	\$ 6,165,230	\$ (455,634)
City's proportionate share of the net pension liability (asset), Firefighters'	16,110,128	6,913,884	(510,963)

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

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 and Actuarial Valuations. These reports can be found at:

https://www.in.gov/inprs/files/INPRSAnnualReportBook_FY23.pdf
https://www.in.gov/inprs/files/2023ActuarialValuation_77Fund.pdf

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City purchases commercial insurance to provide coverage for losses from (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees). However, other risks, such as (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees) are accounted for and financed by the City in the general fund.

Self Insurance

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims, beginning of year	\$ 453,932	\$ 637,117
Current year claims and changes in estimates	11,932,699	13,281,760
Claim payments	<u>(11,749,514)</u>	<u>(12,993,088)</u>
Unpaid claims, end of year	<u>\$ 637,117</u>	<u>\$ 925,789</u>

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

Consent Decree

On May 23, 2014, the City, the United States Department of Justice, 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 \$480 million in 2021 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 \$292 million and has achieved a 99.5% CSO volume reduction. To achieve an additional 0.5% volume reduction, it would cost an additional \$188 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.

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

A new LTCP has been developed that would result in 4 CSOs in the typical year and result in a 99.9% volume reduction. The cost for this revised plan would be an additional \$29 million for a total cost of \$321 million. The plan will meet the same environmental goals and will shorten the implementation schedule by four years. Mishawaka has submitted its revised LTCP to the agencies for their review. Consent Decree modification negotiations are underway.

As of May of 2023, Mishawaka has continued to negotiate a revised Long Term Control Plan since the request to modify in January of 2018. During this time, Mishawaka has continued to work towards the reduction of combined sewer overflows. In May of 2023, Mishawaka sold \$33 million in revenue bonds for the continued construction and upgrade of the City's sewage collection system.

The City has active construction projects as of December 31, 2023. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2023</u>	<u>Remaining Commitments</u>
Governmental Activities			
2023 Community Crossing	\$ 1,473,752	\$ 1,435,355	\$ 38,397
City Hall Building Project	33,289,196	33,279,221	9,975
Crawford Park Improvements Phase I	1,982,218	1,682,220	299,998
Fire Station #2	9,823,573	-	9,823,573
Front, Main, Church Intersection Improvements	3,763,517	3,725,770	37,747
Ironworks Phase II - Ice, Cafe' & Event Center	18,407,715	18,403,480	4,235
Liberty School Access Road	894,943	868,815	26,128
Riverwalk Restoration	1,418,170	325,193	1,092,977
Veterans Parkway Lift Station	766,835	537,761	229,074
Veterans Parkway Ph II	4,228,937	3,573,312	655,625
West Street Ph III B	<u>3,716,456</u>	<u>1,023,318</u>	<u>2,693,138</u>
Total governmental activities	<u>\$ 79,765,312</u>	<u>\$ 64,854,445</u>	<u>\$ 14,910,867</u>

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Project	Total Project Authorized	Expended to December 31, 2023	Remaining Commitments
Business-Type Activities			
Electric:			
Union Street Substation	\$ 6,586,704	\$ 6,519,795	\$ 66,909
Juday Creek Well Field	483,990	152,260	331,730
Water:			
Gunwood Water Tower	7,782,462	7,414,099	368,363
Virgil Water Treatment Plant	10,019,154	3,783,668	6,235,486
Wastewater:			
Linden Area LTCP Div. A1	2,035,180	1,973,277	61,903
West St Project	940,948	931,674	9,274
3rd Street Sewer Improvement	3,224,243	3,134,939	89,304
3rd Street Sewer Improvement (Phase II)	4,750,029	-	4,750,029
LTCP - CSO	3,441,219	191,841	3,249,378
Miscellaneous Projects	5,369,723	5,318,004	51,719
	<u>\$ 44,633,652</u>	<u>\$ 29,419,557</u>	<u>\$ 15,214,095</u>

The City has the following encumbrances outstanding at year end expected to be honored upon performance by the vendor:

General	\$ 376,117
Nonmajor funds	<u>6,241,286</u>
Total	<u>\$ 6,617,403</u>

Other Postemployment Benefits

General Information About the OPEB Plan

Plan Description

The City's 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.

The City administers the plan and issues a report that includes financial information and required supplementary information for the plan as a whole. The report may be obtained by contacting the Controller at 600 E. 3rd Street, Mishawaka, IN 46544 or by calling (574) 258-1622.

Funding Policy and Benefits Provided

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

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, 2023, the Primary Government contributed \$1,475,078 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.

Employees Covered by Benefit Terms

At December 31, 2023, the following employees were covered by the benefit terms:

Retirement participants	86
Active plan members	477
	<hr/>
	563
	<hr/> <hr/>

Total OPEB Liability

The City's total OPEB liability of \$37,641,951 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	December 31, 2023
Actuarial Valuation Date	January 1, 2023, liabilities are projected to December 31, 2023 on a rolled forward basis with adjustments for actual premium and discount rate changes from 2023 to 2024
Discount Rate	4.00% as of December 31, 2023 and 4.31% as of December 31, 2022
Inflation	2.00%
Salary Increases	2.65% plus merit raises
Healthcare Cost Trend Rates	Actual for 2023 and 8.00% for 2024 trending down to 4.50% as of 2032

The discount rate was based on a range of indices: Bond Buyer 20-Year GO Index, S&P Municipal Bond 20-Year High Grade Rate Index and Fidelity 20-Year GO Municipal Bond Index.

Mortality rates were based on:

General: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021

Public Safety: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality
Table fully generational using Scale MP-2021

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2022	\$ 32,402,513
Changes for the year:	
Service cost	1,511,505
Interest	1,430,242
Differences between expected and actual experience	1,054,671
Changes in assumptions or other inputs	2,718,098
Benefit payments	<u>(1,475,078)</u>
Net changes	<u>5,239,438</u>
Balances at December 31, 2023	<u>\$ 37,641,951</u>

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00%) or 1-percentage-point higher (4.00%) than the current discount rate:

	<u>1% Decrease (3.00%)</u>	<u>Discount Rate (4.00%)</u>	<u>1% Increase (5.00%)</u>
Net OPEB liability	\$ 40,907,323	\$ 37,641,951	\$ 34,658,858

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0% decreasing to 3.5%) or 1-percentage-point higher (9.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	<u>1% Decrease (7.0% Decreasing to 3.5%)</u>	<u>Healthcare Cost Trend Rates (8.0% Decreasing to 4.5%)</u>	<u>1% Increase (9.0% Decreasing to 5.5%)</u>
Net OPEB liability	\$ 33,548,409	\$ 37,641,951	\$ 42,475,202

City of Mishawaka, Indiana

Notes to Financial Statements
December 31, 2023

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

For the year ended December 31, 2023, the City recognized OPEB expense of \$(1,358,169). At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 922,837	\$ 10,517,408
Changes of assumptions or other inputs	<u>3,707,354</u>	<u>4,877,452</u>
Total	<u>\$ 4,630,191</u>	<u>\$ 15,394,860</u>

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

<u>Years Ending December 31:</u>	<u>Balance</u>
2024	\$ (4,299,918)
2025	(2,580,691)
2026	(3,168,059)
2027	(1,203,447)
2028	(455,749)
Thereafter	943,195

Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following statements:

- *Statement No. 100, Accounting Changes and Error Corrections*
- *Statement No 101, Compensated Absences*
- *Statement No 102, Certain Risk Disclosures*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Mishawaka, Indiana

Required Supplementary Information

Budgetary Comparison Schedule (Non-GAAP Budgetary Basis) -

General Fund

December 31, 2023

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 21,456,208	\$ 21,456,208	\$ 23,121,845	\$ 1,665,637
Income	3,450,000	3,450,000	4,838,615	1,388,615
Licenses and permits	890,650	890,650	976,602	85,952
Intergovernmental	1,991,644	1,991,644	2,152,364	160,720
Fines and forfeits	14,000	14,000	89,787	75,787
Charges for services	1,540,600	1,540,600	2,331,430	790,830
Sale and use of property	-	-	534,719	534,719
Reimbursements	385,000	385,000	1,397,092	1,012,092
Interest	400,000	400,000	2,353,693	1,953,693
Miscellaneous	-	-	4,718	4,718
Total revenues	30,128,102	30,128,102	37,800,865	7,672,763
Expenditures:				
Current:				
General Government:				
Mayor:				
Personal services	184,380	184,380	178,336	6,044
Supplies	1,000	1,787	1,339	448
Other services and charges	18,500	19,995	16,297	3,698
City Clerk:				
Personal services	181,057	181,411	159,578	21,833
Supplies	4,000	4,182	3,724	458
Other services and charges	23,350	26,259	19,550	6,709
Central Services:				
Personal services	782,917	804,592	766,471	38,121
Supplies	1,117,750	1,113,856	923,274	190,582
Other services and charges	83,500	188,262	160,053	28,209
Common Council:				
Personal services	147,456	147,456	144,196	3,260
Supplies	1,500	1,527	263	1,264
Other services and charges	16,500	16,770	12,731	4,039
Controller:				
Personal services	2,763,684	2,763,684	2,466,540	297,144
Supplies	15,000	17,149	14,695	2,454
Other services and charges	2,147,500	2,177,030	1,917,334	259,696
Capital outlay	750,000	846,493	541,470	305,023
Other financing uses	-	-	25,748	(25,748)
Human Resources:				
Personal services	72,523	93,177	69,045	24,132
Supplies	1,000	1,000	742	258
Other services and charges	102,000	102,000	95,613	6,387
Information Technology:				
Personal services	418,326	418,326	335,392	82,934
Supplies	20,000	20,076	6,645	13,431
Other services and charges	50,000	50,000	22,104	27,896
Cemetery:				
Other services and charges	30,000	30,000	30,000	-
Legal:				
Personal services	132,228	132,228	129,710	2,518
Supplies	1,000	1,000	78	922
Other services and charges	57,500	59,824	20,420	39,404
Planning:				
Personal services	329,618	329,618	319,918	9,700
Supplies	5,000	5,000	2,054	2,946
Other services and charges	12,000	12,000	7,633	4,367
Total general government	9,469,289	9,749,082	8,390,953	1,358,129

City of Mishawaka, Indiana

Required Supplementary Information

Budgetary Comparison Schedule (Non-GAAP Budgetary Basis) -

General Fund

December 31, 2023

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Safety:				
Police:				
Personal services	\$ 13,386,174	\$ 13,468,189	12,292,164	\$ 1,176,025
Supplies	161,000	179,042	77,892	101,150
Other services and charges	666,600	740,845	625,303	115,542
Fire:				
Personal services	14,575,728	14,667,424	13,761,294	906,130
Supplies	417,000	495,655	398,376	97,279
Other services and charges	561,800	688,535	559,871	128,664
Building Department:				
Personal services	248,549	248,549	244,708	3,841
Supplies	2,000	2,000	1,258	742
Other services and charges	5,900	5,900	2,761	3,139
Code Enforcement:				
Personal services	382,869	382,869	375,575	7,294
Supplies	3,500	3,500	3,431	69
Other services and charges	45,200	45,200	29,053	16,147
Total public safety	<u>30,456,320</u>	<u>30,927,708</u>	<u>28,371,686</u>	<u>2,556,022</u>
Highways and Streets:				
Engineering:				
Personal services	461,163	461,163	444,449	16,714
Supplies	8,000	8,413	5,357	3,056
Other services and charges	19,250	23,250	17,348	5,902
Total highways and streets	<u>488,413</u>	<u>492,826</u>	<u>467,154</u>	<u>25,672</u>
Community Development:				
Redevelopment:				
Personal services	244,639	244,639	168,529	76,110
Supplies	1,000	1,000	-	1,000
Other services and charges	135,200	135,200	36,801	98,399
Total community development	<u>380,839</u>	<u>380,839</u>	<u>205,330</u>	<u>175,509</u>
Total expenditures	<u>40,794,861</u>	<u>41,550,455</u>	<u>37,435,123</u>	<u>4,115,332</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,666,759)</u>	<u>(11,422,353)</u>	<u>365,742</u>	<u>11,788,095</u>
Other Financing Sources (Uses):				
Transfers in	<u>4,320,040</u>	<u>4,320,040</u>	<u>4,234,963</u>	<u>(85,077)</u>
Total other financing sources (uses)	<u>4,320,040</u>	<u>4,320,040</u>	<u>4,234,963</u>	<u>(85,077)</u>
Net changes in fund balances	(6,346,719)	(7,102,313)	4,600,705	11,703,018
Fund Balance, Beginning	<u>16,495,388</u>	<u>14,931,797</u>	<u>10,887,219</u>	<u>(3,452,299)</u>
Fund Balance, Ending	<u>\$ 10,148,669</u>	<u>\$ 7,829,484</u>	<u>\$ 15,487,924</u>	<u>\$ 8,250,719</u>

City of Mishawaka, Indiana

Required Supplementary Information

Budget/GAAP Reconciliation -

General Fund

Year Ended December 31, 2023

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:

	<u>General</u>
Net changes in fund balances (budgetary basis)	\$ 4,600,705
Adjustments:	
To adjust revenues for accruals	(173,552)
To adjust expenditures for accruals	108,398
To adjust expenditures for encumbrances	<u>376,117</u>
Net change in fund balances (GAAP basis)	<u>\$ 4,911,668</u>

City of Mishawaka, Indiana

Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability -
Public Employees' Retirement Fund
Available Data: Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.0012963	0.0013449	0.0012841	0.0012836	0.0012883	0.0012780	0.0013270	0.0013284	0.0014061	0.0014579
City's proportionate share of the net pension liability	\$ 4,575,076	\$ 4,241,589	\$ 1,689,681	\$ 3,876,978	\$ 4,257,914	\$ 4,341,424	\$ 5,920,468	\$ 6,028,870	\$ 5,726,908	\$ 3,924,033
City's covered payroll	\$ 8,149,593	\$ 7,740,030	\$ 7,079,921	\$ 6,929,442	\$ 6,712,240	\$ 6,521,331	\$ 6,583,570	\$ 6,366,358	\$ 6,734,743	\$ 7,290,367
City's proportionate share of the net pension liability as a percentage of its covered payroll	56.14%	54.80%	23.87%	55.95%	63.44%	66.57%	89.93%	94.70%	85.04%	53.82%
Plan fiduciary net position as a percentage of total pension liability	80.80%	82.50%	92.50%	81.40%	80.10%	78.90%	72.70%	71.20%	73.30%	81.10%

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

See notes to required supplementary information

City of Mishawaka, Indiana

Required Supplementary Information
Schedule of City Contributions -
Public Employees' Retirement Fund
Available Data: Last 10 Calendar Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 908,385	\$ 868,010	\$ 825,946	\$ 769,773	\$ 745,596	\$ 722,847	\$ 731,175	\$ 707,253	\$ 748,561	\$ 767,937
Contributions in relation to the contractually required contribution	<u>(908,385)</u>	<u>(868,010)</u>	<u>(825,946)</u>	<u>(769,773)</u>	<u>(745,596)</u>	<u>(722,847)</u>	<u>(731,175)</u>	<u>(707,253)</u>	<u>(748,561)</u>	<u>(767,937)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 8,110,578	\$ 7,750,088	\$ 7,374,517	\$ 6,615,318	\$ 6,612,204	\$ 6,597,594	\$ 6,263,435	\$ 6,376,627	\$ 6,515,060	\$ 7,208,652
Contributions as a percentage of covered payroll	11.20%	11.20%	11.20%	11.64%	11.28%	10.96%	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.

See notes to required supplementary information

City of Mishawaka, Indiana

Required Supplementary Information

Schedule of the City's Proportionate Share of the Net Pension Liability -

Police Officers' 1977 Fund

Available Data: Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset)	0.0060182	0.0065895	0.0067410	0.0065912	0.0067964	0.0068926	0.0072750	0.0071511	0.0071297	0.0074439
Proportionate share of the net pension liability (asset)	\$ 6,165,230	\$ 4,269,020	\$ (3,984,033)	\$ 1,600,395	\$ 62,635	\$ (605,936)	\$ (112,220)	\$ 635,282	\$ (1,053,200)	\$ (379,492)
Covered payroll	\$ 6,538,742	\$ 6,660,891	\$ 6,400,009	\$ 6,111,923	\$ 6,007,566	\$ 5,804,845	\$ 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 payroll	94.29%	64.09%	-62.25%	26.18%	1.04%	-10.44%	-1.90%	11.49%	-19.81%	-7.18%
Plan fiduciary net position as a percentage of total pension liability	88.40%	92.20%	107.80%	96.40%	99.90%	101.50%	100.30%	98.20%	103.20%	101.10%

See notes to required supplementary information

City of Mishawaka, Indiana

Required Supplementary Information
Schedule of City Contributions -
Police Officers' 1977 Fund
Available Data: Last 10 Calendar Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,192,994	\$ 1,148,407	\$ 1,142,332	\$ 1,069,574	\$ 1,051,317	\$ 1,015,850	\$ 1,099,360	\$ 1,088,820	\$ 1,047,375	\$ 1,037,474
Contributions in relation to the contractually required contribution	<u>(1,192,994)</u>	<u>(1,148,407)</u>	<u>(1,142,332)</u>	<u>(1,069,574)</u>	<u>(1,051,317)</u>	<u>(1,015,850)</u>	<u>(1,099,360)</u>	<u>(1,088,820)</u>	<u>(1,047,375)</u>	<u>(1,037,474)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 6,627,742	\$ 6,562,323	\$ 6,527,611	\$ 7,461,211	\$ 7,152,682	\$ 5,302,532	\$ 5,663,477	\$ 5,434,709	\$ 5,243,094	\$ 5,235,103
Contributions as a percentage of covered payroll	18.00%	17.50%	17.50%	14.34%	14.70%	19.16%	19.41%	20.03%	19.98%	19.82%

See notes to required supplementary information

City of Mishawaka, Indiana

Required Supplementary Information

Schedule of the City's Proportionate Share of the Net Pension Liability -

Firefighters' 1977 Fund

Available Data: Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.0067490	0.0069490	0.0068542	0.0069072	0.0069997	0.0073905	0.0073905	0.0071635	0.0073620	0.0076191
City's proportionate share of the net pension liability (asset)	\$ 6,913,884	\$ 4,501,922	\$ (4,050,937)	\$ 1,677,122	\$ 64,509	\$ (615,220)	\$ (114,001)	\$ 636,383	\$ (1,087,515)	\$ (388,424)
City's covered payroll	\$ 7,332,678	\$ 7,024,193	\$ 6,507,511	\$ 6,405,018	\$ 6,187,260	\$ 5,893,797	\$ 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 payroll	94.29%	64.09%	-62.25%	26.18%	1.04%	-10.44%	-1.90%	11.49%	-19.81%	-7.18%
Plan fiduciary net position as a percentage of total pension liability	88.40%	92.20%	107.80%	96.40%	99.90%	101.50%	100.30%	98.20%	103.20%	101.10%

See notes to required supplementary information

City of Mishawaka, Indiana

Required Supplementary Information

Schedule of City Contributions -

Firefighters' 1977 Fund

Available Data: Last 10 Calendar Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,363,462	\$ 1,263,924	\$ 1,190,537	\$ 1,120,884	\$ 1,131,606	\$ 1,031,420	\$ 1,116,201	\$ 1,090,710	\$ 1,081,481	\$ 1,065,499
Contributions in relation to the contractually required contribution	<u>(1,363,462)</u>	<u>(1,263,924)</u>	<u>(1,190,537)</u>	<u>(1,120,884)</u>	<u>(1,082,771)</u>	<u>(1,031,420)</u>	<u>(1,116,201)</u>	<u>(1,090,710)</u>	<u>(1,081,481)</u>	<u>(1,065,499)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 7,574,787	\$ 7,222,421	\$ 6,803,069	\$ 7,733,297	\$ 7,596,554	\$ 5,354,904	\$ 5,767,526	\$ 5,670,591	\$ 5,603,416	\$ 5,498,850
Contributions as a percentage of covered payroll	18.00%	17.50%	17.50%	14.49%	14.25%	19.26%	19.35%	19.23%	19.30%	19.38%

See notes to required supplementary information

City of Mishawaka, Indiana

Required Supplementary Information
 Schedule of Changes in Net Pension Liability and Related Ratios
 Available Data: Last 10 Calendar Years

1925 Police Officers' Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Total pension liability, beginning of year	\$ 11,615,491	\$ 15,774,656	\$ 16,968,702	\$ 17,725,332	\$ 16,936,338	\$ 18,095,597	\$ 17,519,874	\$ 20,074,686	\$ 20,977,077	\$ 19,201,969
Service cost	-	-	-	-	-	29,111	25,219	30,691	29,939	18,826
Interest cost	475,407	211,105	241,017	367,782	503,407	486,154	562,636	489,297	513,029	797,797
Experience (gains)/losses	-	-	-	201,289	(29,018)	227,404	547,357	(606,418)	1,711	-
Assumption changes	486,028	(32,636)	(179,109)	(6,023)	1,541,162	(554,336)	795,978	(1,111,822)	(60,691)	2,379,342
Plan amendments	384,177	(3,228,393)	(28,075)	-	110,206	-	-	-	-	-
Projected benefit payments	(1,125,009)	(1,109,241)	(1,227,879)	(1,319,678)	(1,336,763)	(1,347,592)	(1,355,467)	(1,356,560)	(1,386,379)	(1,420,857)
Total pension liability, end of year	<u>\$ 11,836,094</u>	<u>\$ 11,615,491</u>	<u>\$ 15,774,656</u>	<u>\$ 16,968,702</u>	<u>\$ 17,725,332</u>	<u>\$ 16,936,338</u>	<u>\$ 18,095,597</u>	<u>\$ 17,519,874</u>	<u>\$ 20,074,686</u>	<u>\$ 20,977,077</u>
Plan fiduciary net position:										
Plan fiduciary net position, beginning of year	\$ 785,891	\$ 851,864	\$ 795,240	\$ 803,828	\$ 585,213	\$ 763,592	\$ 756,901	\$ 741,320	\$ 787,611	\$ 782,880
Employer contributions	8,431	-	-	-	-	-	-	-	-	-
Administrative	(3,000)	(3,000)	(2,999)	(3,000)	(1,500)	(3,000)	-	(35)	(4,450)	(6,001)
Nonemployer contributing entity contributions	1,124,738	1,045,997	1,224,258	1,306,969	1,504,630	1,340,080	1,359,986	1,379,034	1,364,012	1,409,222
Actual benefit payments	(1,106,531)	(1,108,970)	(1,164,635)	(1,312,557)	(1,284,515)	(1,515,459)	(1,353,295)	(1,363,418)	(1,405,853)	(1,398,490)
Plan fiduciary net position, end of year	<u>\$ 809,529</u>	<u>\$ 785,891</u>	<u>\$ 851,864</u>	<u>\$ 795,240</u>	<u>\$ 803,828</u>	<u>\$ 585,213</u>	<u>\$ 763,592</u>	<u>\$ 756,901</u>	<u>\$ 741,320</u>	<u>\$ 787,611</u>
Net pension liability	<u>\$ 11,026,565</u>	<u>\$ 10,829,600</u>	<u>\$ 14,922,792</u>	<u>\$ 16,173,462</u>	<u>\$ 16,921,504</u>	<u>\$ 16,351,125</u>	<u>\$ 17,332,005</u>	<u>\$ 16,762,973</u>	<u>\$ 19,333,366</u>	<u>\$ 20,189,466</u>
1937 Firefighters' Pension	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Total pension liability, beginning of year	\$ 20,385,408	\$ 25,736,272	\$ 26,749,822	\$ 27,865,364	\$ 26,271,884	\$ 27,182,688	\$ 27,573,516	\$ 31,563,080	\$ 34,780,160	\$ 31,755,489
Service cost	-	-	-	-	-	-	-	-	-	-
Interest cost	815,027	363,654	392,697	580,210	791,672	753,705	843,915	783,385	830,569	1,318,268
Experience (gains)/losses	371,529	1,411,603	565,477	353,573	252,684	1,245,739	(433,951)	(825,334)	(1,706,681)	-
Assumption changes	612,468	(5,154,649)	(52,174)	(91,288)	2,414,108	(868,298)	1,223,513	(1,791,378)	(97,894)	4,044,868
Plan amendments	-	-	-	-	108,564	-	-	-	-	-
Projected benefit payments	(1,949,438)	(1,971,472)	(1,919,550)	(1,958,037)	(1,973,548)	(2,041,950)	(2,024,305)	(2,156,237)	(2,243,074)	(2,338,465)
Total pension liability, end of year	<u>\$ 20,234,994</u>	<u>\$ 20,385,408</u>	<u>\$ 25,736,272</u>	<u>\$ 26,749,822</u>	<u>\$ 27,865,364</u>	<u>\$ 26,271,884</u>	<u>\$ 27,182,688</u>	<u>\$ 27,573,516</u>	<u>\$ 31,563,080</u>	<u>\$ 34,780,160</u>
Plan fiduciary net position:										
Plan fiduciary net position, beginning of year	\$ 957,887	\$ 935,553	\$ 960,391	\$ 946,597	\$ 1,015,084	\$ 955,915	\$ 953,399	\$ 980,987	\$ 1,003,077	\$ 887,820
Administration	(6,750)	(6,000)	(7,650)	(6,750)	(6,751)	(7,914)	-	(100)	(7,875)	(7,314)
Nonemployer contributing entity contributions	1,938,294	1,988,662	1,919,552	1,975,083	1,928,858	2,064,343	2,059,663	2,171,516	2,241,138	2,459,100
Actual benefit payments	(2,047,293)	(1,960,328)	(1,936,740)	(1,954,539)	(1,990,594)	(1,997,260)	(2,057,147)	(2,199,004)	(2,255,353)	(2,336,529)
Plan fiduciary net position, end of year	<u>\$ 842,138</u>	<u>\$ 957,887</u>	<u>\$ 935,553</u>	<u>\$ 960,391</u>	<u>\$ 946,597</u>	<u>\$ 1,015,084</u>	<u>\$ 955,915</u>	<u>\$ 953,399</u>	<u>\$ 980,987</u>	<u>\$ 1,003,077</u>
Net pension liability	<u>\$ 19,392,856</u>	<u>\$ 19,427,521</u>	<u>\$ 24,800,719</u>	<u>\$ 25,789,431</u>	<u>\$ 26,918,767</u>	<u>\$ 25,256,800</u>	<u>\$ 26,226,773</u>	<u>\$ 26,620,117</u>	<u>\$ 30,582,093</u>	<u>\$ 33,777,083</u>

(Continued)

See notes to required supplementary information

City of Mishawaka, Indiana

Required Supplementary Information
 Schedule of Changes in Net Pension Liability and Related Ratios
 Available Data: Last 10 Calendar Years

<u>Utilities Pension</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:										
Total pension liability, beginning of year	\$ 28,262,126	\$ 27,262,177	\$ 25,872,578	\$ 25,200,949	\$ 23,690,327	\$ 23,001,227	\$ 22,338,927	\$ 22,565,043	\$ 21,966,679	\$ 20,177,128
Service cost	860,551	801,903	656,666	599,489	581,919	578,732	572,487	531,666	551,697	547,910
Interest cost	1,777,117	1,709,672	1,744,869	1,696,384	1,588,963	1,551,071	1,508,344	1,520,132	1,482,659	1,367,260
Experience (gains)/losses	(514,703)	(202,110)	(1,204,137)	(291,266)	(419,816)	(257,443)	(237,501)	(931,461)	(135,067)	41,160
Assumption changes	-	-	1,446,368	(98,218)	1,111,060	(73,486)	(136,901)	(282,632)	(279,902)	699,670
Plan amendments	(1,271,648)	(1,309,516)	(1,254,167)	(1,234,760)	(1,351,504)	(1,109,774)	(1,044,129)	(1,063,821)	(1,021,023)	(866,449)
Total pension liability, end of year	<u>\$ 29,113,443</u>	<u>\$ 28,262,126</u>	<u>\$ 27,262,177</u>	<u>\$ 25,872,578</u>	<u>\$ 25,200,949</u>	<u>\$ 23,690,327</u>	<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	\$ 24,306,994	\$ 29,452,259	\$ 26,561,211	\$ 23,318,947	\$ 20,014,789	\$ 21,292,912	\$ 18,510,885	\$ 17,431,518	\$ 17,659,728	\$ 16,901,219
Employer contributions	1,114,550	1,037,151	1,215,067	1,175,200	1,041,600	1,057,700	1,094,354	1,047,200	1,025,201	867,363
Investment return	3,949,950	(4,784,801)	3,018,367	3,377,094	3,685,334	(1,148,432)	2,789,417	1,153,814	(173,954)	813,594
Actual benefit payments	(1,271,648)	(1,309,516)	(1,254,167)	(1,234,760)	(1,351,504)	(1,109,774)	(1,044,129)	(1,063,821)	(1,021,023)	(866,449)
Administrative and project expenses	(88,526)	(88,099)	(88,219)	(75,270)	(71,272)	(77,617)	(57,615)	(57,826)	(58,434)	(55,999)
Plan fiduciary net position, end of year	<u>\$ 28,011,320</u>	<u>\$ 24,306,994</u>	<u>\$ 29,452,259</u>	<u>\$ 26,561,211</u>	<u>\$ 23,318,947</u>	<u>\$ 20,014,789</u>	<u>\$ 21,292,912</u>	<u>\$ 18,510,885</u>	<u>\$ 17,431,518</u>	<u>\$ 17,659,728</u>
Net pension liability (asset)	<u>\$ 1,102,123</u>	<u>\$ 3,955,132</u>	<u>\$ (2,190,082)</u>	<u>\$ (688,633)</u>	<u>\$ 1,882,002</u>	<u>\$ 3,675,538</u>	<u>\$ 1,708,315</u>	<u>\$ 3,828,042</u>	<u>\$ 5,133,525</u>	<u>\$ 4,306,951</u>

See notes to required supplementary information

City of Mishawaka, Indiana

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Available Data: Last 10 Calendar Years

1925 Police Officers' Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	\$ 11,836,094	\$ 11,615,491	\$ 15,774,656	\$ 16,968,702	\$ 17,725,332	\$ 16,936,338	\$ 18,095,597	\$ 17,519,874	\$ 20,074,686	\$ 20,977,077
Less plan fiduciary net position	(809,529)	(785,891)	(851,864)	(795,240)	(803,828)	(585,213)	(763,592)	(756,901)	(741,320)	(787,611)
Net pension liability	<u>\$ 11,026,565</u>	<u>\$ 10,829,600</u>	<u>\$ 14,922,792</u>	<u>\$ 16,173,462</u>	<u>\$ 16,921,504</u>	<u>\$ 16,351,125</u>	<u>\$ 17,332,005</u>	<u>\$ 16,762,973</u>	<u>\$ 19,333,366</u>	<u>\$ 20,189,466</u>
Plan fiduciary net position as a percentage of the total pension liability	6.84%	6.77%	5.40%	4.69%	4.53%	3.46%	4.22%	4.32%	3.69%	3.75%
Covered payroll	**	**	**	**	**	**	**	**	**	**
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1937 Firefighters' Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	\$ 20,234,994	\$ 20,385,408	\$ 25,736,272	\$ 26,749,822	\$ 27,865,364	\$ 26,271,884	\$ 27,182,688	\$ 27,573,516	\$ 31,563,080	\$ 34,780,160
Less plan fiduciary net position	(842,138)	(957,887)	(935,553)	(960,391)	(946,597)	(1,015,084)	(955,915)	(953,399)	(980,987)	(1,003,077)
Net pension liability	<u>\$ 19,392,856</u>	<u>\$ 19,427,521</u>	<u>\$ 24,800,719</u>	<u>\$ 25,789,431</u>	<u>\$ 26,918,767</u>	<u>\$ 25,256,800</u>	<u>\$ 26,226,773</u>	<u>\$ 26,620,117</u>	<u>\$ 30,582,093</u>	<u>\$ 33,777,083</u>
Plan fiduciary net position as a percentage of the total pension liability	4.16%	4.70%	3.64%	3.59%	3.40%	3.86%	3.52%	3.46%	3.11%	2.88%
Covered payroll	**	**	**	**	**	**	**	**	**	**
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Utilities Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability (asset)	\$ 29,113,443	\$ 28,262,126	\$ 27,262,177	\$ 25,872,578	\$ 25,200,949	\$ 23,690,327	\$ 23,001,227	\$ 22,338,927	\$ 22,565,043	\$ 21,966,679
Less plan fiduciary net position	(28,011,320)	(24,306,994)	(29,452,259)	(26,561,211)	(23,318,947)	(20,014,789)	(21,292,912)	(18,510,885)	(17,431,516)	(17,659,728)
Net pension liability (asset)	<u>\$ 1,102,123</u>	<u>\$ 3,955,132</u>	<u>\$ (2,190,082)</u>	<u>\$ (688,633)</u>	<u>\$ 1,882,002</u>	<u>\$ 3,675,538</u>	<u>\$ 1,708,315</u>	<u>\$ 3,828,042</u>	<u>\$ 5,133,527</u>	<u>\$ 4,306,951</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.21%	86.01%	108.03%	102.66%	92.53%	84.49%	92.57%	82.86%	77.25%	80.39%
Covered payroll	\$ 8,171,855	\$ 8,062,830	\$ 7,492,147	\$ 7,010,376	\$ 6,279,655	\$ 6,396,977	\$ 6,211,193	\$ 6,012,037	\$ 6,119,311	\$ 6,361,099
Net pension liability (asset) as a percentage of covered payroll	13.49%	49.05%	-29.23%	-9.82%	29.97%	57.46%	27.50%	63.67%	83.89%	67.71%

See notes to required supplementary information

City of Mishawaka, Indiana

Required Supplementary Information
 Schedule of Contributions
 Available Data: Last 10 Calendar Years

1925 Police Officers' Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,106,531	\$ 1,108,970	\$ 1,164,635	\$ 1,312,557	\$ 1,284,515	\$ 1,515,459	\$ 1,347,955	\$ 1,358,078	\$ 1,405,853	\$ 1,398,490
Less contributions in relation to the actuarially determined contribution	<u>(1,106,531)</u>	<u>(1,108,970)</u>	<u>(1,164,635)</u>	<u>(1,312,557)</u>	<u>(1,284,515)</u>	<u>(1,515,459)</u>	<u>(1,347,955)</u>	<u>(1,358,078)</u>	<u>(1,405,853)</u>	<u>(1,398,490)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	**	**	**	**	**	**	**	**	**	**
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1937 Firefighters' Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 2,047,293	\$ 1,960,328	\$ 1,936,740	\$ 1,954,539	\$ 1,990,594	\$ 1,997,260	\$ 2,046,698	\$ 2,188,594	\$ 2,255,353	\$ 2,336,529
Less contributions in relation to the actuarially determined contribution	<u>(2,047,293)</u>	<u>(1,960,328)</u>	<u>(1,936,740)</u>	<u>(1,954,539)</u>	<u>(1,990,594)</u>	<u>(1,997,260)</u>	<u>(2,046,698)</u>	<u>(2,188,594)</u>	<u>(2,255,353)</u>	<u>(2,336,529)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	**	**	**	**	**	**	**	**	**	**
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Utilities Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,007,941	\$ 954,718	\$ 881,611	\$ 959,444	\$ 905,591	\$ 882,692	\$ 910,977	\$ 956,702	\$ 1,012,206	\$ 897,211
Less contributions in relation to the actuarially determined contribution	<u>(1,114,550)</u>	<u>(1,037,151)</u>	<u>(1,215,067)</u>	<u>(1,175,200)</u>	<u>(1,041,600)</u>	<u>(1,057,700)</u>	<u>(1,094,354)</u>	<u>(1,047,200)</u>	<u>(1,025,201)</u>	<u>(867,363)</u>
Contribution deficiency (excess)	<u>\$ (106,609)</u>	<u>\$ (82,433)</u>	<u>\$ (333,456)</u>	<u>\$ (215,756)</u>	<u>\$ (136,009)</u>	<u>\$ (175,008)</u>	<u>\$ (183,377)</u>	<u>\$ (90,498)</u>	<u>\$ (12,995)</u>	<u>\$ 29,848</u>
Covered employee payroll	\$ 7,899,013	\$ 8,062,830	\$ 7,492,147	\$ 7,010,376	\$ 6,279,655	\$ 6,396,977	\$ 6,211,193	\$ 6,012,037	\$ 6,119,311	\$ 6,361,099
Contributions as a percentage of covered employee payroll	14.11%	12.86%	16.22%	16.76%	16.59%	16.53%	17.62%	17.42%	16.75%	13.64%

Notes to Statement:
 ** Not available.

See notes to required supplementary information

City of Mishawaka, Indiana

Required Supplementary Information
Schedule of Investment Returns
Available Data: Last 10 Calendar Years

1925 Police Officers' Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **
1937 Firefighters' Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **
Utilities Pension Plan	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	16.34%	-16.53%	11.36%	14.52%	18.63%	-5.41%	15.07%	6.64%	-1.30%	4.50%

Notes to Statement:

** The City pension funds do not have investments and, therefore, no returns on investment to report.

City of Mishawaka, Indiana

Required Supplementary Information
Schedule of Changes in Net OPEB Liability
Available Data: Last 6 Calendar Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net OPEB Liability						
Total OPEB Liability						
Service cost	\$ 1,511,505	\$ 2,124,608	\$ 2,340,926	\$ 2,447,315	\$ 1,975,381	\$ 2,763,976
Interest	1,430,242	883,650	914,698	1,782,982	1,979,760	2,000,815
Change in plan provisions	-	(419,464)	-	-	-	-
Differences between expected and actual experience	2,718,098	(4,945,394)	(395,998)	(995,205)	(539,974)	(7,188,975)
Changes in assumptions	1,054,671	(1,546,039)	(4,837,879)	(12,757,077)	4,651,552	(4,845,588)
Benefit payments	<u>(1,475,078)</u>	<u>(1,677,877)</u>	<u>(1,679,029)</u>	<u>(2,148,940)</u>	<u>(1,879,944)</u>	<u>(1,993,055)</u>
Net change in total OPEB liability	5,239,438	(5,580,516)	(3,657,282)	(11,670,925)	6,186,775	(9,262,827)
Total OPEB liability, beginning of year	<u>32,402,513</u>	<u>37,983,029</u>	<u>41,640,311</u>	<u>53,311,236</u>	<u>47,124,461</u>	<u>56,387,288</u>
Total OPEB liability, end of year (1)	<u>\$ 37,641,951</u>	<u>\$ 32,402,513</u>	<u>\$ 37,983,029</u>	<u>\$ 41,640,311</u>	<u>\$ 53,311,236</u>	<u>\$ 47,124,461</u>
Plan Fiduciary Net Position						
Contributions	\$ 1,475,078	\$ 1,677,877	\$ 1,679,029	\$ 2,148,940	\$ 1,879,944	\$ 1,993,055
Net investment income	-	-	-	-	-	-
Benefit payments	<u>(1,475,078)</u>	<u>(1,677,877)</u>	<u>(1,679,029)</u>	<u>(2,148,940)</u>	<u>(1,879,944)</u>	<u>(1,993,055)</u>
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan Fiduciary Net Position, Beginning (1)	-	-	-	-	-	-
Plan Fiduciary Net Position, Ending (2)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total OPEB liability, end of year (1) - (2)	<u>\$ 37,641,951</u>	<u>\$ 32,402,513</u>	<u>\$ 37,983,029</u>	<u>\$ 41,640,311</u>	<u>\$ 53,311,236</u>	<u>\$ 47,124,461</u>

Notes to Statement:

Information presented for the years information is available.

See notes to required supplementary information

City of Mishawaka, Indiana

Required Supplementary Information
Schedule of Net OPEB Liability
Available Data: Last 7 Calendar Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
1. Total OPEB Liability	\$ 37,641,951	\$ 32,402,513	\$ 37,983,029	\$ 41,640,311	\$ 53,311,236	\$ 47,124,461	\$ 84,306,691
2. Plan Fiduciary Net Position	-	-	-	-	-	-	-
3. Total OPEB Liability	<u>\$ 37,641,951</u>	<u>\$ 32,402,513</u>	<u>\$ 37,983,029</u>	<u>\$ 41,640,311</u>	<u>\$ 53,311,236</u>	<u>\$ 47,124,461</u>	<u>\$ 84,306,691</u>
4. Plan Fiduciary Net Position as a Percentage of Total OPEB Liability = (2) / (1)	0%	0%	0%	0%	0%	0%	0%
5. Covered Payroll	\$ 34,732,755	\$ 30,294,787	\$ 29,618,045	\$ 28,825,348	N/A	N/A	\$ 28,924,333
6. Total OPEB Liability as a Percentage of Covered-Employee Payroll = (3) / (5)	108.4%	107.0%	128.2%	144.5%	N/A	N/A	291.5%

Notes to Statement:

Information presented for the years information is available.

See notes to required supplementary information

City of Mishawaka, Indiana

Required Supplementary Information
Schedule of Employer Contributions
Available Data: Last 6 Calendar Years

OPEB Contributions	2023	2022	2021	2020	2019	2018
Actuarially determined contribution**	\$ 1,475,078	\$ 1,677,877	\$ 1,679,029	\$ 2,148,940	\$ 1,879,944	\$ 1,993,055
Actual employer contributions	<u>1,475,078</u>	<u>1,677,877</u>	<u>1,679,029</u>	<u>2,148,940</u>	<u>1,879,944</u>	<u>1,993,055</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered - employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

**This is a pay as you go plan, assumed to be the same as the contributions.

Notes to Statement:

Information presented for the years information is available.

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

Major funds (1):

General fund

Nonmajor funds:

Special revenue funds (7):

Motor Vehicle Highway (including MVH - Restricted), Local Road and Street, Park and Recreation, Public Safety, Law Enforcement Continuing Education and Park Nonreverting Operating

Capital projects funds (4):

Cumulative Capital Improvement, Cumulative Sewer, Cumulative Capital Development, and CEDIT

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

2. Financial Reporting, Pension Plans

- A. Plan Amendments (PERF Plan): The full benefit eligibility condition of age 70 and 20 years of credible service while still active in covered position was changed to age 65 and 20 years of credible service while still active in a covered position. This change was deemed immaterial and has no impact on the actuarial liability.
- B. Assumptions: There were no changes in actuarial methods during the fiscal year.

PERF Plan:

- a) The actuarial assumptions and methods used in the June 30, 2023 valuation of the Public Employees' Defined Benefit Account were adopted by the INPRS Board in May 2023. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2014 through June 30, 2019, and were first used in the June 30, 2020 valuation. The INPRS Board adopted a funding policy in April 2014, and the policy was last updated in June 2022.

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

- b) The actuarial assumptions and methods used in the June 30, 2023 valuation of the 1977 Police Officers' and Firefighters' Retirement Fund were adopted by the INPRS board in May 2023. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2014 through June 30, 2019, and were first used in the June 30, 2020 valuation. The INPRS Board adopted a funding policy in April 2014, and the policy was last updated in June 2022.

City of Mishawaka, Indiana

Notes to Required Supplementary Information
December 31, 2023

1925 and 1937 Plans:

- c) The discount rate used for the December 31, 2023 valuation was 3.71% based on the Barclay's 20-year Municipal Bond Index. This is a decrease from 4.12% used for the December 31, 2022 valuation.

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, 2023. 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	2.00%
Salary increases	2.65%
Cost-of-Living increases	Nonconverted 2.65% per year in retirement Converted 3.00% on July 1, 2023; 1.95% thereafter
Discount rate	3.71% (Based on Barclay's 20-year Municipal Bond Index rate)
Mortality assumption	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA MP-2019

Utility Pension Plan

Actuarial cost method	Entry Age Normal - Level Percent of Payroll
Amortization method	Level percentage of projected payroll, open
Remaining amortization period	20 years
Inflation	2.50%
Cost-of-Living increases	3.50%
Discount rate	6.25%
Mortality assumption	Pub-2010 General Amount-Weighted Mortality Projected Generationally with Mortality Improvement Project Scale MP-2021

City of Mishawaka, Indiana

Notes to Required Supplementary Information

December 31, 2023

3. Financial Reporting, OPEB

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

Cost method	Entry Age Normal Level % of Salary
Amortization method	Not Applicable
Discount rate	4.00% per annum
Discount rate basis	S & P municipal bond 20-year high grade rate index
Inflation rate	2.00% per annum
Investment rate of return	Not applicable since the plan is not currently prefunded
Disability	None
Mortality:	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021, SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021, and SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021
Coverage rate:	Active employees with current coverage with less than 20 years of service at retirement 40%, Pre-Medicare with at least 20 years of service 100%, and post-Medicare with at least 20 years of service 40%; Inactive employees with current coverage that are currently under age 65 100% (decreases to 40% upon reaching age 65), currently over age 65 100%, and inactive employees with no coverage 0% medical benefit & 100% for life insurance benefit

Retirement rates:

Age	General				Public Safety	
	<10 YOS	10 YOS	20 YOS	30+ YOS	Age	All YOS
55	0	0	5	14	55	15 %
60	0	0	12	12	60	25
65	0	30	30	30	65	50
75+	0	100	100	100		

City of Mishawaka, Indiana

Notes to Required Supplementary Information
December 31, 2023

Turnover:

Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health coverage. The rates represent the probability of termination in the next 12 months. The termination rates for general employees are based on the most recent Indiana Public Retirement System Public Employees' Retirement Fund actuarial valuation as of June 30, 2023. The termination rates for public safety employees are based on the most recent Indiana Retirement System 1977 Police Officers' and Firefighters' Retirement Fund actuarial valuation as of June 30, 2023. The assumptions from these state-wide valuations provide reasonable estimates of experience for municipal employers such as the City of Mishawaka.

Sample annual turnover rates are shown below:

<u>YOS</u>	<u>General</u>	<u>Public Safety</u>
0	18.00 %	10.00 %
5	8.00	2.50
10	6.50	1.50
15	5.25	1.00
20	4.00	2.00
25+	3.00	2.00

Per capita costs:

Annual per capita costs were calculated based on 2023 premium equivalent rates by plan actuarially increased using health index factors and current enrollment. The costs are assumed to increase with health care trend rates.

Annual per capita costs are as shown below:

<u>Age</u>	<u>Male</u>	<u>Female</u>
<50	\$ 8,400	\$ 11,600
50-54	\$ 11,800	\$ 13,500
55-59	\$ 15,900	\$ 15,400
60-64	\$ 20,900	\$ 18,900
65-69	\$ 7,400	\$ 7,400
70-74	\$ 9,200	\$ 9,200
75+	\$ 10,500	\$ 10,500

City of Mishawaka, Indiana

Notes to Required Supplementary Information
December 31, 2023

Health care trend rates:

<u>FYE</u>	<u>Medical/Rx Pre-65</u>	<u>Medical/Rx Post-65</u>
2024	8.00	6.50
2025	7.50	6.25
2026	6.50	6.00
2027	6.00	5.75
2028	5.50	5.50
2029	5.00	5.25
2030	4.50	4.75
2031	4.50	4.50
2032+	4.50	4.50

SUPPLEMENTARY INFORMATION

City of Mishawaka, Indiana

Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2023

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 22,633,623	\$ -	\$ 28,329,436	\$ 50,963,059
Receivables:				
Taxes	4,955,966	-	2,768,579	7,724,545
Interest	-	42,055	86,874	128,929
Accounts	264,650	-	-	264,650
Intergovernmental	2,273,011	-	22,511	2,295,522
Leases	754,650	-	-	754,650
Restricted:				
Cash and cash equivalents	-	15,022,012	-	15,022,012
Total assets	<u>\$ 30,881,900</u>	<u>\$ 15,064,067</u>	<u>\$ 31,207,400</u>	<u>\$ 77,153,367</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 333,611	\$ -	\$ 1,552,422	\$ 1,886,033
Accrued payroll and withholdings payable	108,292	-	-	108,292
Unearned revenue	6,368,849	-	-	6,368,849
Total liabilities	<u>6,810,752</u>	<u>-</u>	<u>1,552,422</u>	<u>8,363,174</u>
Deferred Inflows of Resources				
Leases	754,650	-	-	754,650
Unavailable revenue	6,607,140	-	2,791,090	9,398,230
Total deferred inflows of resources	<u>7,361,790</u>	<u>-</u>	<u>2,791,090</u>	<u>10,152,880</u>
Fund Balances				
Restricted	<u>16,709,358</u>	<u>15,064,067</u>	<u>26,863,888</u>	<u>58,637,313</u>
Total fund balances	<u>16,709,358</u>	<u>15,064,067</u>	<u>26,863,888</u>	<u>58,637,313</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 30,881,900</u>	<u>\$ 15,064,067</u>	<u>\$ 31,207,400</u>	<u>\$ 77,153,367</u>

City of Mishawaka, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -

Nonmajor Governmental Funds

Year Ended December 31, 2023

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Taxes:				
Property	\$ 3,298,748	\$ -	\$ 655,960	\$ 3,954,708
Income	4,276,141	-	5,950,741	10,226,882
Licenses and permits	51,361	-	146,617	197,978
Intergovernmental	8,401,722	-	10,088,516	18,490,238
Charges for services	4,973,653	-	128,779	5,102,432
Fines and forfeits	1,459	-	-	1,459
Investment earnings	52,026	488,959	920,127	1,461,112
Other:				
Donation	473,465	-	-	473,465
Miscellaneous	260,717	3,164,164	8,150	3,433,031
	<u>21,789,292</u>	<u>3,653,123</u>	<u>17,898,890</u>	<u>43,341,305</u>
Total revenues				
Expenditures				
Current:				
General government	1,476,735	1,538,521	1,758,243	4,773,499
Public safety	208,579	-	708,693	917,272
Highways and streets	2,629,133	-	1,307,655	3,936,788
Health and welfare	106,017	-	85,525	191,542
Culture and recreation	5,033,454	-	-	5,033,454
Sanitation	2,764,334	-	-	2,764,334
Community development	25,836	-	19,073	44,909
Debt service:				
Principal	192,082	3,250,000	111,677	3,553,759
Interest	7,937	1,808,002	1,066,265	2,882,204
Bond issuance costs	-	780,988	-	780,988
Capital outlay:				
General government	-	-	443,135	443,135
Public safety	2,196,177	-	4,341,457	6,537,634
Highways and streets	3,179,053	-	8,573,418	11,752,471
Health and welfare	1,501,546	-	126,290	1,627,836
Community development	-	-	8,069,016	8,069,016
Culture and recreation	-	-	350,014	350,014
	<u>19,320,883</u>	<u>7,377,511</u>	<u>26,960,461</u>	<u>53,658,855</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>2,468,409</u>	<u>(3,724,388)</u>	<u>(9,061,571)</u>	<u>(10,317,550)</u>
Other Financing Sources (Uses)				
Bond proceeds	-	810,832	4,649,168	5,460,000
Subscription proceeds	-	-	17,398	17,398
Sale of assets	27,770	-	-	27,770
Transfers in	1,174,649	6,119,728	-	7,294,377
Transfers out	(1,986,048)	(54,550)	(110,229)	(2,150,827)
	<u>(783,629)</u>	<u>6,876,010</u>	<u>4,556,337</u>	<u>10,648,718</u>
Total other financing sources (uses)				
Net change in fund balances	<u>1,684,780</u>	<u>3,151,622</u>	<u>(4,505,234)</u>	<u>331,168</u>
Fund Balances, Beginning	<u>15,024,578</u>	<u>11,912,445</u>	<u>31,369,122</u>	<u>58,306,145</u>
Fund Balances, Ending	<u>\$ 16,709,358</u>	<u>\$ 15,064,067</u>	<u>\$ 26,863,888</u>	<u>\$ 58,637,313</u>

City of Mishawaka, Indiana

Combining Balance Sheet -
 Nonmajor Special Revenue Funds
 December 31, 2023

	<u>Motor Vehicle Highway</u>	<u>Local Road and Street</u>	<u>MVH Restricted</u>	<u>Park and Recreation - Operating</u>	<u>Donations - Park</u>	<u>LIT - Public Safety</u>	<u>ARP Corona Local Fiscal Grant</u>
Assets							
Cash and cash equivalents	\$ 1,777,235	\$ 1,067,705	\$ 394,840	\$ 2,676,724	\$ 483,742	\$ 4,152,965	\$ 6,368,849
Receivables:							
Taxes	144,111	-	-	3,358,493	-	1,453,362	-
Accounts	-	-	-	28,346	82,410	-	-
Intergovernmental	292,861	156,962	175,488	100,624	-	-	-
Leases	-	-	-	-	-	-	-
Total assets	<u>\$ 2,214,207</u>	<u>\$ 1,224,667</u>	<u>\$ 570,328</u>	<u>\$ 6,164,187</u>	<u>\$ 566,152</u>	<u>\$ 5,606,327</u>	<u>\$ 6,368,849</u>
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 201	\$ -	\$ -	\$ 68,152	\$ 3,000	\$ 21,050	\$ -
Accrued payroll and withholdings payable	60,854	-	-	47,438	-	-	-
Unearned revenue	-	-	-	-	-	-	6,368,849
Total liabilities	<u>61,055</u>	<u>-</u>	<u>-</u>	<u>115,590</u>	<u>3,000</u>	<u>21,050</u>	<u>6,368,849</u>
Deferred Inflows of Resources							
Leases	-	-	-	-	-	-	-
Unavailable revenue	148,073	-	-	3,459,117	-	1,453,362	-
Total deferred inflows of resources	<u>148,073</u>	<u>-</u>	<u>-</u>	<u>3,459,117</u>	<u>-</u>	<u>1,453,362</u>	<u>-</u>
Fund Balances							
Restricted	2,005,079	1,224,667	570,328	2,589,480	563,152	4,131,915	-
Total fund balances	<u>2,005,079</u>	<u>1,224,667</u>	<u>570,328</u>	<u>2,589,480</u>	<u>563,152</u>	<u>4,131,915</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,214,207</u>	<u>\$ 1,224,667</u>	<u>\$ 570,328</u>	<u>\$ 6,164,187</u>	<u>\$ 566,152</u>	<u>\$ 5,606,327</u>	<u>\$ 6,368,849</u>

City of Mishawaka, Indiana

Combining Balance Sheet -
 Nonmajor Special Revenue Funds
 December 31, 2023

	<u>COVID-19 CDBG</u>	<u>CEDIT Revolving Fund</u>	<u>Police Arson/Drug Invest</u>	<u>Parking</u>	<u>Flexible Spending Account</u>	<u>Emergency Medical Services</u>	<u>Industrial Development</u>
Assets							
Cash and cash equivalents	\$ -	\$ 510,513	\$ 128,114	\$ 19,269	\$ -	\$ 1,371,833	\$ 58,158
Receivables:							
Taxes	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 510,513</u>	<u>\$ 128,114</u>	<u>\$ 19,269</u>	<u>\$ -</u>	<u>\$ 1,371,833</u>	<u>\$ 58,158</u>
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources							
Leases	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted	-	510,513	128,114	19,269	-	1,371,833	58,158
Total fund balances	<u>-</u>	<u>510,513</u>	<u>128,114</u>	<u>19,269</u>	<u>-</u>	<u>1,371,833</u>	<u>58,158</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 510,513</u>	<u>\$ 128,114</u>	<u>\$ 19,269</u>	<u>\$ -</u>	<u>\$ 1,371,833</u>	<u>\$ 58,158</u>

City of Mishawaka, Indiana

Combining Balance Sheet -
 Nonmajor Special Revenue Funds
 December 31, 2023

	<u>Trash & Garbage Pickup</u>	<u>Donations</u>	<u>LOIT Special Distribution</u>	<u>Local Law Enforcement Continuing Education</u>	<u>Donations - Bicentennial</u>	<u>Community Development</u>	<u>Property Rehab Revolving</u>
Assets							
Cash and cash equivalents	\$ 1,074,017	\$ 447,275	\$ -	\$ 182,410	\$ 1,462	\$ -	\$ 158,770
Receivables:							
Taxes	-	-	-	-	-	-	-
Accounts	137,363	13,816	-	10	-	-	-
Intergovernmental	-	-	-	488	-	-	-
Leases	-	-	-	-	-	-	-
Total assets	<u>\$ 1,211,380</u>	<u>\$ 461,091</u>	<u>\$ -</u>	<u>\$ 182,908</u>	<u>\$ 1,462</u>	<u>\$ -</u>	<u>\$ 158,770</u>
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 223,458	\$ 9,281	\$ -	\$ 5,170	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>223,458</u>	<u>9,281</u>	<u>-</u>	<u>5,170</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources							
Leases	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted	987,922	451,810	-	177,738	1,462	-	158,770
Total fund balances	<u>987,922</u>	<u>451,810</u>	<u>-</u>	<u>177,738</u>	<u>1,462</u>	<u>-</u>	<u>158,770</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,211,380</u>	<u>\$ 461,091</u>	<u>\$ -</u>	<u>\$ 182,908</u>	<u>\$ 1,462</u>	<u>\$ -</u>	<u>\$ 158,770</u>

City of Mishawaka, Indiana

Combining Balance Sheet -
 Nonmajor Special Revenue Funds
 December 31, 2023

	<u>Park Non Reverting Operating</u>	<u>Criminal Assistance Grant</u>	<u>Local Road & Bridge Matching Grant</u>	<u>Opioid Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets					
Cash and cash equivalents	\$ 1,192,240	\$ 82,583	\$ 113,942	\$ 370,977	\$ 22,633,623
Receivables:					
Taxes	-	-	-	-	4,955,966
Accounts	2,705	-	-	-	264,650
Intergovernmental	-	-	-	1,546,588	2,273,011
Leases	754,650	-	-	-	754,650
	<u>754,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>754,650</u>
Total assets	<u>\$ 1,949,595</u>	<u>\$ 82,583</u>	<u>\$ 113,942</u>	<u>\$ 1,917,565</u>	<u>\$ 30,881,900</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 3,299	\$ -	\$ -	\$ -	\$ 333,611
Accrued payroll and withholdings payable	-	-	-	-	108,292
Unearned revenue	-	-	-	-	6,368,849
	<u>3,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,810,752</u>
Total liabilities					
	<u>3,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,810,752</u>
Deferred Inflows of Resources					
Leases	754,650	-	-	-	754,650
Unavailable revenue	-	-	-	1,546,588	6,607,140
	<u>754,650</u>	<u>-</u>	<u>-</u>	<u>1,546,588</u>	<u>7,361,790</u>
Total deferred inflows of resources					
	<u>754,650</u>	<u>-</u>	<u>-</u>	<u>1,546,588</u>	<u>7,361,790</u>
Fund Balances					
Restricted	1,191,646	82,583	113,942	370,977	16,709,358
	<u>1,191,646</u>	<u>82,583</u>	<u>113,942</u>	<u>370,977</u>	<u>16,709,358</u>
Total fund balances					
	<u>1,191,646</u>	<u>82,583</u>	<u>113,942</u>	<u>370,977</u>	<u>16,709,358</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,949,595</u>	<u>\$ 82,583</u>	<u>\$ 113,942</u>	<u>\$ 1,917,565</u>	<u>\$ 30,881,900</u>

City of Mishawaka, Indiana

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Special Revenue Funds
 Year Ended December 31, 2023

	Motor Vehicle Highway	Local Road and Street	MVH Restricted	Park and Recreation - Operating	Donations - Park	LIT - Public Safety	ARP Corona Local Fiscal Grant	COVID-19 CDBG	CEDIT Revolving Fund	Police Arson/Drug Invest
Revenues										
Taxes:										
Property	\$ 495,614	\$ -	\$ -	\$ 2,803,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income	-	-	-	-	-	4,276,141	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	1,908,442	950,801	1,275,049	191,898	-	-	2,523,862	131,000	-	-
Charges for services	8,235	-	-	1,344,314	-	-	-	-	-	94,503
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-	-	-
Donation	-	-	-	-	395,668	-	-	-	-	-
Miscellaneous	3,738	-	-	-	17,569	80,563	-	-	341	-
Total revenues	2,416,029	950,801	1,275,049	4,339,346	413,237	4,356,704	2,523,862	131,000	341	94,503
Expenditures										
Current:										
General government	-	-	-	-	-	-	1,145,966	-	-	9,305
Public safety	-	-	-	-	-	-	-	-	-	-
Highways and streets	2,615,620	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	99,827	-	-
Culture and recreation	-	-	-	4,409,354	68,573	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	192,082	-	-	-	-
Interest	-	-	-	-	-	7,937	-	-	-	-
Capital outlay:										
Public safety	-	-	-	-	-	2,183,493	-	-	-	-
Highways and streets	-	695,346	720,000	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	1,377,896	-	-	-
Total expenditures	2,615,620	695,346	720,000	4,409,354	68,573	2,383,512	2,523,862	99,827	-	9,305
Excess (deficiency) of revenues over (under) expenditures	(199,591)	255,455	555,049	(70,008)	344,664	1,973,192	-	31,173	341	85,198
Other Financing Sources (Uses)										
Sale of assets	18,493	-	-	9,277	-	-	-	-	-	-
Transfers in	-	-	400,000	-	-	-	-	-	-	-
Transfers out	(400,000)	-	(774,649)	-	-	(811,399)	-	-	-	-
Total other financing sources (uses)	(381,507)	-	(374,649)	9,277	-	(811,399)	-	-	-	-
Net change in fund balances	(581,098)	255,455	180,400	(60,731)	344,664	1,161,793	-	31,173	341	85,198
Fund Balances (Deficit), Beginning	2,586,177	969,212	389,928	2,650,211	218,488	2,970,122	-	(31,173)	510,172	42,916
Fund Balances (Deficit), Ending	\$ 2,005,079	\$ 1,224,667	\$ 570,328	\$ 2,589,480	\$ 563,152	\$ 4,131,915	\$ -	\$ -	\$ 510,513	\$ 128,114

City of Mishawaka, Indiana

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Special Revenue Funds
 Year Ended December 31, 2023

	<u>Parking</u>	<u>Flexible Spending Account</u>	<u>Emergency Medical Services</u>	<u>Trash & Garbage Pickup</u>	<u>Donations</u>	<u>LOIT Special Distribution</u>	<u>Local Law Enforcement Continuing Education</u>	<u>Donations - Bicentennial</u>	<u>Community Development</u>	<u>Property Rehab Revolving</u>
Revenues										
Taxes:										
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income	-	-	-	-	-	-	-	-	-	-
Licenses and permits	7,631	-	-	-	-	-	43,730	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	452,201	-
Charges for services	-	-	480,442	2,635,589	-	-	37,191	-	-	-
Fines and forfeits	-	-	-	-	-	-	1,459	-	-	-
Investment earnings	-	-	-	-	-	-	-	51	-	-
Donation	-	-	-	-	77,797	-	-	-	-	-
Miscellaneous	-	62,164	-	2,283	-	-	-	-	-	20,034
Total revenues	7,631	62,164	480,442	2,637,872	77,797	-	82,380	51	452,201	20,034
Expenditures										
Current:										
General government	-	62,164	-	-	-	-	-	-	259,300	-
Public safety	-	-	-	-	-	-	88,402	-	-	-
Highways and streets	13,513	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	6,190	-
Culture and recreation	-	-	-	-	64,020	-	-	-	274,331	-
Sanitation	-	-	-	2,764,334	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	25,836	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Capital outlay:										
Public safety	-	-	-	-	-	-	12,684	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	123,650	-	-	-	-	-	-	-
Total expenditures	13,513	62,164	123,650	2,764,334	64,020	-	101,086	-	565,657	-
Excess (deficiency) of revenues over (under) expenditures	(5,882)	-	356,792	(126,462)	13,777	-	(18,706)	51	(113,456)	20,034
Other Financing Sources (Uses)										
Sale of assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	(5,882)	-	356,792	(126,462)	13,777	-	(18,706)	51	(113,456)	20,034
Fund Balances (Deficit), Beginning	25,151	-	1,015,041	1,114,384	438,033	-	196,444	1,411	113,456	138,736
Fund Balances (Deficit), Ending	\$ 19,269	\$ -	\$ 1,371,833	\$ 987,922	\$ 451,810	\$ -	\$ 177,738	\$ 1,462	\$ -	\$ 158,770

City of Mishawaka, Indiana

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Special Revenue Funds
 Year Ended December 31, 2023

	<u>Park Non Reverting Operating</u>	<u>Criminal Assistance Grant</u>	<u>Local Road & Bridge Matching Grant</u>	<u>Opioid Fund</u>	<u>CARES Provider Relief Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,298,748
Income	-	-	-	-	-	4,276,141
Licenses and permits	-	-	-	-	-	51,361
Intergovernmental	-	120,177	774,648	73,644	-	8,401,722
Charges for services	373,379	-	-	-	-	4,973,653
Fines and forfeits	-	-	-	-	-	1,459
Investment earnings	51,975	-	-	-	-	52,026
Donation	-	-	-	-	-	473,465
Miscellaneous	74,025	-	-	-	-	260,717
Total revenues	<u>499,379</u>	<u>120,177</u>	<u>774,648</u>	<u>73,644</u>	<u>-</u>	<u>21,789,292</u>
Expenditures						
Current:						
General government	-	-	-	-	-	1,476,735
Public safety	-	120,177	-	-	-	208,579
Highways and streets	-	-	-	-	-	2,629,133
Health and welfare	-	-	-	-	-	106,017
Culture and recreation	217,176	-	-	-	-	5,033,454
Sanitation	-	-	-	-	-	2,764,334
Community Development	-	-	-	-	-	25,836
Debt service:						
Principal	-	-	-	-	-	192,082
Interest	-	-	-	-	-	7,937
Capital outlay:						
Public safety	-	-	-	-	-	2,196,177
Highways and streets	-	-	1,763,707	-	-	3,179,053
Health and welfare	-	-	-	-	-	1,501,546
Total expenditures	<u>217,176</u>	<u>120,177</u>	<u>1,763,707</u>	<u>-</u>	<u>-</u>	<u>19,320,883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>282,203</u>	<u>-</u>	<u>(989,059)</u>	<u>73,644</u>	<u>-</u>	<u>2,468,409</u>
Other Financing Sources (Uses)						
Sale of assets	-	-	-	-	-	27,770
Transfers in	-	-	774,649	-	-	1,174,649
Transfers out	-	-	-	-	-	(1,986,048)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>774,649</u>	<u>-</u>	<u>-</u>	<u>(783,629)</u>
Net change in fund balances	<u>282,203</u>	<u>-</u>	<u>(214,410)</u>	<u>73,644</u>	<u>-</u>	<u>1,684,780</u>
Fund Balances (Deficit), Beginning	<u>909,443</u>	<u>82,583</u>	<u>328,352</u>	<u>297,333</u>	<u>-</u>	<u>15,024,578</u>
Fund Balances (Deficit), Ending	<u>\$ 1,191,646</u>	<u>\$ 82,583</u>	<u>\$ 113,942</u>	<u>\$ 370,977</u>	<u>\$ -</u>	<u>\$ 16,709,358</u>

City of Mishawaka, Indiana

Combining Balance Sheet -
 Nonmajor Debt Service Funds
 December 31, 2023

	<u>Mill at Ironworks Debt Reserve</u>	<u>Redevelopment Stimulus Debt Reserve</u>	<u>Fieldhouse Debt Reserve</u>	<u>Mill at Ironworks Cost of Issuance</u>	<u>Mishawaka Building Corporation</u>	<u>Redevelopment Bond Sinking</u>	<u>City of Mishawaka Bond Bank</u>	<u>Total Nonmajor Debt Service Funds</u>
Assets								
Receivables:								
Interest	\$ 24,641	\$ 16,814	\$ -	\$ 107	\$ -	\$ 493	\$ -	\$ 42,055
Restricted:								
Cash and cash equivalents	<u>1,181,355</u>	<u>5,114,918</u>	<u>2,874,753</u>	<u>30,786</u>	<u>-</u>	<u>2,685,677</u>	<u>3,134,523</u>	<u>15,022,012</u>
Total assets	<u>\$ 1,205,996</u>	<u>\$ 5,131,732</u>	<u>\$ 2,874,753</u>	<u>\$ 30,893</u>	<u>\$ -</u>	<u>\$ 2,686,170</u>	<u>\$ 3,134,523</u>	<u>\$ 15,064,067</u>
Fund Balances								
Restricted	<u>\$ 1,205,996</u>	<u>\$ 5,131,732</u>	<u>\$ 2,874,753</u>	<u>\$ 30,893</u>	<u>\$ -</u>	<u>\$ 2,686,170</u>	<u>\$ 3,134,523</u>	<u>\$ 15,064,067</u>
Total fund balances	<u>1,205,996</u>	<u>5,131,732</u>	<u>2,874,753</u>	<u>30,893</u>	<u>-</u>	<u>2,686,170</u>	<u>3,134,523</u>	<u>15,064,067</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,205,996</u>	<u>\$ 5,131,732</u>	<u>\$ 2,874,753</u>	<u>\$ 30,893</u>	<u>\$ -</u>	<u>\$ 2,686,170</u>	<u>\$ 3,134,523</u>	<u>\$ 15,064,067</u>

City of Mishawaka, Indiana

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Debt Service Funds
 Year Ended December 31, 2023

	Mill at Ironworks Debt Reserve	Redevelopment Stimulus Debt Reserve	Fieldhouse Debt Reserve	Mill at Ironworks Cost of Issuance	Mishawaka Building Corporation	Redevelopment Bond Sinking	City of Mishawaka Bond Bank	Total Nonmajor Debt Service Funds
Revenues								
Investment earnings	\$ 53,393	\$ 43,689	\$ -	\$ 1,049	\$ -	\$ 134,578	\$ 256,250	\$ 488,959
Miscellaneous	-	-	2,874,753	-	289,411	-	-	3,164,164
Total revenues	53,393	43,689	2,874,753	1,049	289,411	134,578	256,250	3,653,123
Expenditures								
Current:								
General government	-	-	-	-	289,411	5,125	1,243,985	1,538,521
Principal	-	-	-	-	-	3,250,000	-	3,250,000
Interest	-	-	-	-	-	1,808,002	-	1,808,002
Debt service:	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	780,988	-	-	-	780,988
Total expenditures	-	-	-	780,988	289,411	5,063,127	1,243,985	7,377,511
Excess (deficiency) of revenues over (under) expenditures	53,393	43,689	2,874,753	(779,939)	-	(4,928,549)	(987,735)	(3,724,388)
Other Financing Sources (Uses)								
Bond proceeds	-	-	-	810,832	-	-	-	810,832
Transfers in	-	-	-	-	-	5,143,550	976,178	6,119,728
Transfers out	-	-	-	-	-	(54,550)	-	(54,550)
Total other financing sources (uses)	-	-	-	810,832	-	5,089,000	976,178	6,876,010
Net change in fund balances	53,393	43,689	2,874,753	30,893	-	160,451	(11,557)	3,151,622
Fund Balances, Beginning	1,152,603	5,088,043	-	-	-	2,525,719	3,146,080	11,912,445
Fund Balances, Ending	\$ 1,205,996	\$ 5,131,732	\$ 2,874,753	\$ 30,893	\$ -	\$ 2,686,170	\$ 3,134,523	\$ 15,064,067

City of Mishawaka, Indiana

Combining Balance Sheet -
 Nonmajor Capital Project Funds
 December 31, 2023

	<u>Cumulative Capital Improvement</u>	<u>Cumulative Sewer</u>	<u>Cumulative Capital Development</u>	<u>TIF Fieldhouse</u>	<u>Economic Development Income Tax</u>	<u>Mill at Ironworks Construction</u>	<u>Redevelopment Bond</u>	<u>Total Nonmajor Capital Project Funds</u>
Assets								
Cash and cash equivalents	\$ 1,843,997	\$ 268,247	\$ 617,239	\$ 3,487,334	\$ 7,672,096	\$ 2,133,495	\$ 12,307,028	\$ 28,329,436
Receivables:								
Taxes	-	-	752,230	-	2,016,349	-	-	2,768,579
Interest	-	-	-	12,094	-	19,334	55,446	86,874
Intergovernmental	-	-	22,511	-	-	-	-	22,511
Total assets	<u>\$ 1,843,997</u>	<u>\$ 268,247</u>	<u>\$ 1,391,980</u>	<u>\$ 3,499,428</u>	<u>\$ 9,688,445</u>	<u>\$ 2,152,829</u>	<u>\$ 12,362,474</u>	<u>\$ 31,207,400</u>
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ -	\$ 24,969	\$ -	\$ 224,751	\$ -	\$ 1,302,702	\$ 1,552,422
Total liabilities	<u>-</u>	<u>-</u>	<u>24,969</u>	<u>-</u>	<u>224,751</u>	<u>-</u>	<u>1,302,702</u>	<u>1,552,422</u>
Deferred Inflows of Resources								
Unavailable revenue	-	-	774,741	-	2,016,349	-	-	2,791,090
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>774,741</u>	<u>-</u>	<u>2,016,349</u>	<u>-</u>	<u>-</u>	<u>2,791,090</u>
Fund Balances								
Restricted	1,843,997	268,247	592,270	3,499,428	7,447,345	2,152,829	11,059,772	26,863,888
Total fund balances	<u>1,843,997</u>	<u>268,247</u>	<u>592,270</u>	<u>3,499,428</u>	<u>7,447,345</u>	<u>2,152,829</u>	<u>11,059,772</u>	<u>26,863,888</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,843,997</u>	<u>\$ 268,247</u>	<u>\$ 1,391,980</u>	<u>\$ 3,499,428</u>	<u>\$ 9,688,445</u>	<u>\$ 2,152,829</u>	<u>\$ 12,362,474</u>	<u>\$ 31,207,400</u>

City of Mishawaka, Indiana

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Capital Projects Funds
 Year Ended December 31, 2023

	Cumulative Capital Improvement	Cumulative Sewer	Cumulative Capital Development	TIF Fieldhouse	County Economic Development Income Tax	Mill at Ironworks Construction	Redevelopment Bond	Total Nonmajor Capital Project Funds
Revenues								
Taxes:								
Property	\$ -	\$ -	\$ 655,960	\$ -	\$ -	\$ -	\$ -	\$ 655,960
Income	-	-	-	-	5,950,741	-	-	5,950,741
Licenses and permits	-	146,617	-	-	-	-	-	146,617
Intergovernmental	92,689	-	44,905	-	-	9,950,922	-	10,088,516
Charges for services	-	-	-	-	128,779	-	-	128,779
Investment earnings	-	-	-	153,970	-	23,836	742,321	920,127
Miscellaneous	-	-	-	-	-	-	8,150	8,150
Total revenues	92,689	146,617	700,865	153,970	6,079,520	9,974,758	750,471	17,898,890
Expenditures								
Current:								
General government	-	-	346,846	-	1,411,397	-	-	1,758,243
Public safety	-	-	-	-	708,693	-	-	708,693
Highways and streets	-	-	-	-	1,307,655	-	-	1,307,655
Health and welfare	-	-	-	-	85,525	-	-	85,525
Community development	-	-	-	-	-	-	19,073	19,073
Debt service:								
Principal	-	-	5,712	-	105,965	-	-	111,677
Interest	-	-	428	1,056,623	9,214	-	-	1,066,265
Capital outlay:								
General government	-	-	218,335	-	224,800	-	-	443,135
Public safety	-	-	-	-	561,432	-	3,780,025	4,341,457
Highways and streets	-	-	-	-	517,260	-	8,056,158	8,573,418
Health and welfare	-	126,290	-	-	-	-	-	126,290
Community development	-	-	-	-	-	8,069,016	-	8,069,016
Culture and recreation	-	-	-	-	350,014	-	-	350,014
Total expenditures	-	126,290	571,321	1,056,623	5,281,955	8,069,016	11,855,256	26,960,461
Excess (deficiency) of revenues over (under) expenditures	92,689	20,327	129,544	(902,653)	797,565	1,905,742	(11,104,785)	(9,061,571)
Other Financing Sources (Uses)								
Bond proceeds	-	-	-	4,402,081	-	247,087	-	4,649,168
Subscription proceeds	-	-	17,398	-	-	-	-	17,398
Transfers out	(110,229)	-	-	-	-	-	-	(110,229)
Total other financing sources (uses)	(110,229)	-	17,398	4,402,081	-	247,087	-	4,556,337
Net change in fund balances	(17,540)	20,327	146,942	3,499,428	797,565	2,152,829	(11,104,785)	(4,505,234)
Fund Balances, Beginning	1,861,537	247,920	445,328	-	6,649,780	-	22,164,557	31,369,122
Fund Balances, Ending	\$ 1,843,997	\$ 268,247	\$ 592,270	\$ 3,499,428	\$ 7,447,345	\$ 2,152,829	\$ 11,059,772	\$ 26,863,888

City of Mishawaka, Indiana

Combining Statement of Fiduciary Net Position -
Pension Trust Funds
December 31, 2023

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Utility Pension</u>	<u>Total Pension Trust Funds</u>
Assets				
Cash and cash equivalents	\$ 809,529	\$ 842,138	\$ 556,894	\$ 2,208,561
Investments at fair value:				
Mutual funds	-	-	27,257,345	27,257,345
Municipal bonds	-	-	175,000	175,000
Total investments	-	-	27,432,345	27,432,345
Other assets				
Total assets	809,529	842,138	27,989,239	29,640,906
Net position:				
Restricted for net position	\$ 809,529	\$ 842,138	\$ 27,989,239	\$ 29,640,906

City of Mishawaka, Indiana

Combining Statement of Changes in Fiduciary Net Position -
Pension Trust Funds
Year Ended December 31, 2023

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Utility Pension</u>	<u>Total</u>
Additions				
Contributions:				
On behalf contributions	\$ 1,124,738	\$ 1,938,294	\$ 1,314,550	\$ 4,377,582
Total contributions and transfers	<u>1,124,738</u>	<u>1,938,294</u>	<u>1,314,550</u>	<u>4,377,582</u>
Investment income (loss):				
Interest	-	-	32	32
Net increase in fair value of investments	<u>-</u>	<u>-</u>	<u>3,678,549</u>	<u>3,678,549</u>
Total investment income (loss)	<u>-</u>	<u>-</u>	<u>3,678,581</u>	<u>3,678,581</u>
Total additions	<u>1,124,738</u>	<u>1,938,294</u>	<u>4,993,131</u>	<u>8,056,163</u>
Deductions				
Benefit payments (including refunds of employee contributions)	1,101,100	2,054,043	1,271,648	4,426,791
Administrative expense	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>1,200</u>
Total deductions	<u>1,101,100</u>	<u>2,054,043</u>	<u>1,272,848</u>	<u>4,427,991</u>
Change in fiduciary net position	23,638	(115,749)	3,720,283	3,628,172
Net Position, Beginning	<u>785,891</u>	<u>957,887</u>	<u>24,268,956</u>	<u>26,012,734</u>
Net Position, Ending	<u>\$ 809,529</u>	<u>\$ 842,138</u>	<u>\$ 27,989,239</u>	<u>\$ 29,640,906</u>

CITY OF MISHAWAKA, INDIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND INDEPENDENT AUDITOR'S REPORTS

December 31, 2023



CITY OF MISHAWAKA, INDIANA

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*Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards*

The Officials of the City of Mishawaka, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mishawaka, Indiana (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
September 26, 2024

*Independent Auditor’s Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance*

The Officials of the City of Mishawaka, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Mishawaka, Indiana’s (the City’s) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended December 31, 2023. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and the provisions of contracts or grant agreements applicable to the City’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control findings over compliance identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated September 26, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
September 26, 2024

CITY OF MISHAWAKA, INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
U.S DEPARTMENT OF THE TREASURY				
Direct Award:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>\$ 3,273,862</u>	
U.S DEPARTMENT OF TRANSPORTATION				
Passed through Indiana Criminal Justice Institute:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	Contract #68898	87,480	\$ 11,756
National Priority Safety Programs	20.616	Contract #73322	<u>6,118</u>	<u>6,118</u>
Total Highway Safety Cluster			<u>93,598</u>	<u>17,874</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	Contract #68898	<u>26,579</u>	<u>7,712</u>
			<u>120,177</u>	<u>25,586</u>
U.S DEPARTMENT OF JUSTICE				
Direct Award:				
Bulletproof Vest Partnership Program	16.607		<u>5,653</u>	
U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Awards:				
CDBG - Entitlement Grants Cluster:				
COVID-19 - Community Development Block Grants/Entitlement Grants/Special Purpose Grants/Insular Areas	14.225		131,000	131,000
Community Development Block Grants/Entitlement Grants	14.218		<u>452,201</u>	<u>78,654</u>
			<u>583,201</u>	<u>209,654</u>
			<u>\$ 3,982,893</u>	<u>\$ 235,240</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF MISHAWAKA, INDIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Mishawaka, Indiana (City). The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position/fund balance, or cash flows of the City. In addition, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or federal award guidance, when such cost principles are not applicable to the specific federal award. Under the cost principles contained in the Uniform Guidance and federal award guidance, certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Amount Provided to Subrecipients represents the actual expenditures incurred by subrecipients.

NOTE 2 - INDIRECT COST RATE

The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF MISHAWAKA, INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ✓ yes no
- Significant deficiency(ies) identified? yes ✓ none reported

Noncompliance material to financial statements noted? yes ✓ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes ✓ no
- Significant deficiency(ies) identified? ✓ yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ✓ yes no

Identification of major programs:

Federal Assistance Listing Number	Agency	Title
21.027	U.S Department of Treasury	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes ✓ no

CITY OF MISHAWAKA, INDIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) Year Ended December 31, 2023

Financial Statement Findings

2023-001 Material Weakness – Financial Reporting

Criteria: Internal controls over financial reporting should be in place that provide reasonable assurance that the financial statements are free of material misstatement. Internal controls over financial reporting should be designed to either prevent or detect and correct misstatements on a timely basis and maintained to ensure they are operating as designed.

Condition and Context: During the financial statement preparation process, management reviewed payables and capital asset activity. The financial statement preparation process did not appropriately identify all entries needed to correct these accounts. Controls to correct the issues noted in the 2020, 2021, and 2022 year-end financial statement preparation process were not properly implemented in 2023 and misstatements still existed as of and for the year ended December 31, 2023.

This finding is a repeat finding of 2020-001, 2021-001, and 2022-001.

Cause and Effect: The deficiency noted above resulted in undetected material misstatements to payables, capital assets and the related income and expenditure accounts as of and for the year ended December 31, 2023. Similar misstatements could occur and materially impact the City's presentation of financial position, results from operations, and cash flows.

Recommendations: We recommend the City review the year-end financial statement preparation process and determine what appropriate procedures and review processes are necessary to prevent or detect misstatements. The City should give specific attention to receivables, payables, and capital assets as these balances are generally material to the financial statements and can be significantly impacted in preparing financial statement in conformity with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the recommendation and will continue to work closely with the firm used to assist with the year-end financial statement preparation process to reduce misstatements. The corrective action plan will be implemented by December 31, 2024, with the creation of the next annual financial report.

Federal Award Findings and Questioned Costs

Subject: 2023-002 Coronavirus State and Local Fiscal Recovery Funds – Reporting

Federal Agency: Department of the Treasury

Federal Program: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Compliance Requirement: Reporting

Audit Finding: Significant Deficiency and Noncompliance

Federal Award Findings and Questioned Costs (Continued)

Criteria: 2 CFR 200.303 includes requirements related to internal controls for federal award programs, including that the Agency must, among other things, “establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.” These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition and Context: We noted the City submitted a report required under the Coronavirus State and Local Fiscal Recovery Funds which did not have adequate review of the report for accuracy of the information or inclusion of the appropriate key line items.

This finding is a repeat finding of 2021-003 and 2022-002.

Cause and Effect: We noted lack of internal controls surrounding the reporting process resulted in key line items to be misstated and the errors were identified subsequent to the initial submission. There were no questioned costs related to this issue.

Recommendation: We recommend the City implement procedures to ensure reports are being reviewed by an individual or third-party familiar with the program prior to submission.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with the recommendation and plans to implement the recommendation during 2024.



CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

DEPARTMENT OF FINANCE
Rebecca S. Maguire, Controller
Kayla Yoder, Deputy Controller

CORRECTIVE ACTION PLAN Year Ended December 31, 2023

Indiana State Board of Accounts
302 W Washington Street, Room E 418
Indianapolis, IN 45204-2765

The City of Mishawaka, Indiana respectively submits the following corrective action plan for the year ended December 31, 2023.

Name and address of independent public accounting firm:

Katz, Sapper & Miller, LLP
800 East 96th Street, Suite 500
Indianapolis, IN 46240

Audit period: Year ended December 31, 2023

The finding from the schedule of findings and questioned costs for the year ended December 31, 2023, is discussed below. The finding is numbered consistently with the number assigned in the Schedule.

FINANCIAL STATEMENT FINDING

2023-001 Material Weakness – Financial Reporting

Recommendations: The auditor recommended the City review the year-end financial statement preparation process and determine what appropriate procedures and review processes are necessary to prevent or detect misstatements.

Planned Corrective Actions: The City agrees with the recommendation and will continue to work closely with the firm used to assist with the year-end financial statement preparation process to reduce misstatements. The corrective action plan will be implemented with the creation of the next Annual Financial Report for the year ended December 31, 2024.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Subject: 2023-002 Coronavirus State and Local Fiscal Recovery Funds – Reporting

Federal Agency: Department of the Treasury

Federal Program: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Compliance Requirement: Reporting

Audit Finding: Significant Deficiency

Recommendation: The Auditor recommends the City implement procedures to ensure reports are being reviewed by an individual or third-party familiar with the grant prior to their submission, including reconciliation of the report to the general ledger system.

Planned Corrective Actions: The City made corrections during calendar year 2023 for a corresponding 2022 finding. This current finding is a result of not being able to make edits in the ARPA reporting portal. A 2022 expenditure was overstated, and this 2023 expenditure was understated by the same amount.

If the Indiana State Board of Accounts has questions regarding this plan, please call Rebecca Maguire, City Controller at 574-258-1622.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Rebecca Maguire". The signature is written in a cursive style with a large, looping "M" and "G".

Rebecca Maguire
City Controller
City of Mishawaka, Indiana



CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

DEPARTMENT OF FINANCE
Rebecca S. Maguire, Controller
Kayla Yoder, Deputy Controller

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended December 31, 2023

FINANCIAL STATEMENT FINDINGS

2022-001 (Repeat Finding of 2020-001 and 2021-001) Material Weakness – Financial Reporting

Condition: This finding was a material weakness over financial reporting stating that internal controls over financial reporting were not appropriately designed to either prevent or detect and correct misstatements on a timely basis to provide reasonable assurance that financial statements are free of material misstatement.

Recommendations: The auditor recommended the City review the year-end financial statement preparation process and determine what appropriate procedures and review processes are necessary to prevent or detect misstatements.

Status: We continue to work through processes to make sure that the exchange of information is complete and confirmed.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Subject: 2022-002 (repeat finding of 2021-003) Coronavirus State and Local Fiscal Recovery Funds – Reporting

Federal Agency: Department of the Treasury

Federal Program: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Compliance Requirement: Reporting

Audit Finding: Significant Deficiency

Condition: This finding was a significant deficiency over compliance stating that internal controls over the reporting compliance requirement were not appropriately designed and implemented to ensure the accuracy of key line items on reporting submitted related to this federal award because there was no review of the report performed.

Recommendation: The auditor recommend the City implement procedures to ensure reports are being reviewed by an individual or third-party familiar with the program prior to submission.

Status: Additional review was implemented immediately, and additional documentation provided to reconcile to the ledger is required.