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# City of South Bend, IN

Mayor Pete Buttigieg



FILED

09/30/2013

## Comprehensive Annual Financial Report

Fiscal Year ending December 31, 2012



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



# **Comprehensive Annual Finance Report**

City of South Bend, Indiana

For the year ending December 31, 2012

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



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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Pete Buttigieg	01-01-12 to 12-31-15
Controller	Mark Neal	01-01-12 to 12-31-15
City Clerk	John Voorde	01-01-12 to 12-31-15
President of the Board of Public Works	Gary A. Gilot	01-01-12 to 12-31-13
Common Council Members		
1 <sup>st</sup> District	Tim Scott	01-01-12 to 12-31-15
2 <sup>nd</sup> District	Henry Davis, Jr.	01-01-12 to 12-31-15
3 <sup>rd</sup> District	Tom LaFountain	01-01-12 to 12-31-15
3rd District	Valerie Schey	01-01-12 to 12-31-15
4th District	Fred Ferlic	01-01-12 to 12-31-15
5th District	David Varner	01-01-12 to 12-31-15
6th District	Oliver Davis	01-01-12 to 12-31-15
At Large	Karen L. White	01-01-12 to 12-31-15
At Large	Derek D. Dieter	01-01-12 to 12-31-15
At Large	Gavin Ferlic	01-01-12 to 12-31-15



CITY OF SOUTH BEND PETE BUTTIGIEG, MAYOR

## DEPARTMENT OF ADMINISTRATION AND FINANCE

June 28, 2013

The Honorable Pete Buttigieg, Mayor of the City of South Bend  
Members of the City of South Bend Common Council  
Residents of the City of South Bend:

The comprehensive annual financial report of the **City of South Bend, Indiana** (the "City") for the year ended **December 31, 2012** is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities are included.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of South Bend's MD&A can be found immediately following the independent auditors report.

The comprehensive annual financial report is presented in four sections: introductory information, financial information, statistical information and federal compliance information. The **introductory section** includes this transmittal letter, the City's organizational chart, a list of principal City officials and the Certificate of Achievement for Excellence in Financial Reporting awarded to the City of South Bend for the year ending December 31, 2011. The **financial section** begins with the independent auditors' report on the City's financial statements and schedules, the City managements' discussion and analysis report, followed by the City's basic financial statements and accompanying notes. The remaining portion of this section includes the combining and individual fund and other financial statements and schedules. The **statistical section** includes selected financial and demographic information generally presented on a multi-year basis, which has been provided to give the reader a broader understanding of the City. The **federal awards** compliance section, which includes the results of the supplemental audit of the City's federal awards and the internal controls necessary for compliance, is included in a separate report.

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments

and Non-Profit Organizations, the provisions of Indiana Code section 5-11-1-9 and the requirements of the Indiana State Board of Accounts. Information related to the single audit, including the schedule of federal financial assistance, findings and recommendations, and the auditors' reports on the internal control structure and compliance with applicable laws and regulations, is included in a separate report.

The following pages of this transmittal letter begin with a general overview of South Bend and the surrounding area. Also summarized are the key financial, budgetary and property tax controls with which the City is required to comply. The remainder includes a discussion of the prior year's financial challenges and accomplishments, the City's goals and objectives for this year and beyond and other key issues the City is facing along with the impact they may have on current and future budgets.

### **GENERAL INFORMATION**

The City of South Bend is the county seat of St. Joseph County, Indiana, and is the fourth largest city in the state. The City of South Bend's 2010 U.S. Bureau of the Census population was 101,168. Accordingly, South Bend is classified as a "City of the Second Class" under Indiana statutes (cities with a population of 35,000 to 250,000). The City of South Bend operates with a mayor as chief executive and a nine-member City Common Council composed of six members elected from districts and three members elected at-large.

The City provides a full range of traditional general governmental services to its citizens. These services include police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events. In addition to general governmental activities, the City exercises oversight over the South Bend Water Works, the South Bend Wastewater Treatment Facility, the Century Center Convention Center, the Morris Performing Arts Center, the Studebaker National Museum, the City of South Bend Redevelopment Commission and Authority, and several downtown parking facilities.

### **Location**

St. Joseph County lies within the heartland of the manufacturing belt and metropolitan regions of the Upper Midwest and Canada. The City of South Bend is located in the north central part of Indiana, ten miles south of the Michigan state line, and is commonly known to be within the "Michiana" area. The Michiana area is a vibrant and diverse area with a strong economy based on a mix of health care, agricultural, service, manufacturing, education and other commercial and tourism industries. This diverse economic mix creates varied employment opportunities for the area's residents while providing insulation via diversification from future economic downturns.

The city is approximately 90 miles east of Chicago and 140 miles north of Indianapolis. Accessibility to transportation, including Interstate 80/90, a regional airport (which is the second busiest in the State of Indiana) and the South Shore Line has supported economic growth within the community. Proximity to Chicago, the largest rail and intermodal (rail/truck/ocean/inland

waterway) transfer point in the country, is a significant advantage to the City of South Bend as its proximity to the University of Notre Dame with its scenic campus located adjacent to the city limits.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **South Bend History and Amenities**

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

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

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

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

### **Financial, Budgetary and Property Tax Controls**

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

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

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

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

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

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

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

### **Citywide Goals and Objectives for 2013 and Beyond**

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

#### **GOAL ONE: The Community's Economy**

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

#### **GOAL TWO: The Community's Public Safety and Civility**

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

#### **GOAL THREE: The Community's Quality of Life**

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

**GOAL FOUR: Trust in City Government**

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

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

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

**GOAL SIX: The City's Infrastructure**

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

**GOAL SEVEN: The City's Financial Condition**

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

**GOAL EIGHT: The City's Workforce**

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

**City Mission Statement and Department Purpose Statements**

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

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

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

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

**Administration  
and Finance:**

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

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

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

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

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

**Parks and  
Recreation:**

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

**Community  
Investment  
(Econ Dev):**

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

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

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

## **Building**

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

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

## **Building South Bend in 2013 and beyond**

The City Administration's theme for the past several years has been "We're Building South Bend." That theme has had a major influence on the development of the 2013 budget. There are five areas of concentration that became or remained budget priorities for 2013.

- ***We're Building Neighborhoods*** - The City continues with its strong commitment to neighborhoods. The City will make a significant investment to fund or leverage state and federal funding for housing assistance, development and home ownership programs, neighborhood public works and parks, neighborhood development for social services and organizations, and public safety initiatives. Committing these resources will help us maintain, improve and support strong neighborhood development.
- ***We're Building a Safe City*** - Public safety is the foundation of all the City's efforts to build South Bend. Through the targeted and creative use of available resources, the City is working to provide quality police, fire and ambulance services for the community. The crime rate has decreased in several significant categories over the past year. The City's Fire Departments is rated one of the best in the State. A key initiative will focus on community policing, youth violence, and placing more emphasis on training and recruitment for the Police and Fire Departments.
- ***We're Building an Attractive City*** - We are working to enhance the natural and man-made beauty of our city through effective City programs. The City has taken steps through its Department of Code Enforcement and a Mayoral Task force to address the issue of vacant and abandoned properties. The City is funding major programs to renovate the former Studebaker Corridor area and other parts of the City. The City has been recognized as a Bicycle Friendly Community by the League of American Bicyclists and has established over 60 miles of bicycle routes to date.
- ***We're Building Opportunity*** - A key issue for any city is education and opportunity for young people. The City is committed to keeping schools open in our neighborhoods and to maximizing their use by the community. We are building partnerships with the South Bend School Corporation and other key stakeholders that will create new strategies for enhancing

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

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

### **Mayoral Leadership Transition**

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

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

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

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

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

### **Administration Vision**

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

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

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Bend for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the 22nd consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

**Acknowledgments**

The preparation of the comprehensive annual financial report (CAFR) was made possible by the dedicated service of the City's departmental fiscal officers and the staff of the Department of Administration and Finance. Each fiscal officer and member of the Administration and Finance Department has my sincere appreciation for the contributions made in the preparation of this report. I would especially like to acknowledge the efforts of the core CAFR preparation team of Deputy Controller John Murphy, Rahman Johnson, Cecil Eastman and Intern Amy O'Connor. In addition, I would like to thank the Field Examiners of the Indiana State Board of Accounts (led by Doug Wiese, Bruce Snyder and Alex Flores) for their hard work and dedication in this effort.

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

Sincerely,

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

Mark W. Neal, City Controller  
City of South Bend

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Bend  
Indiana

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



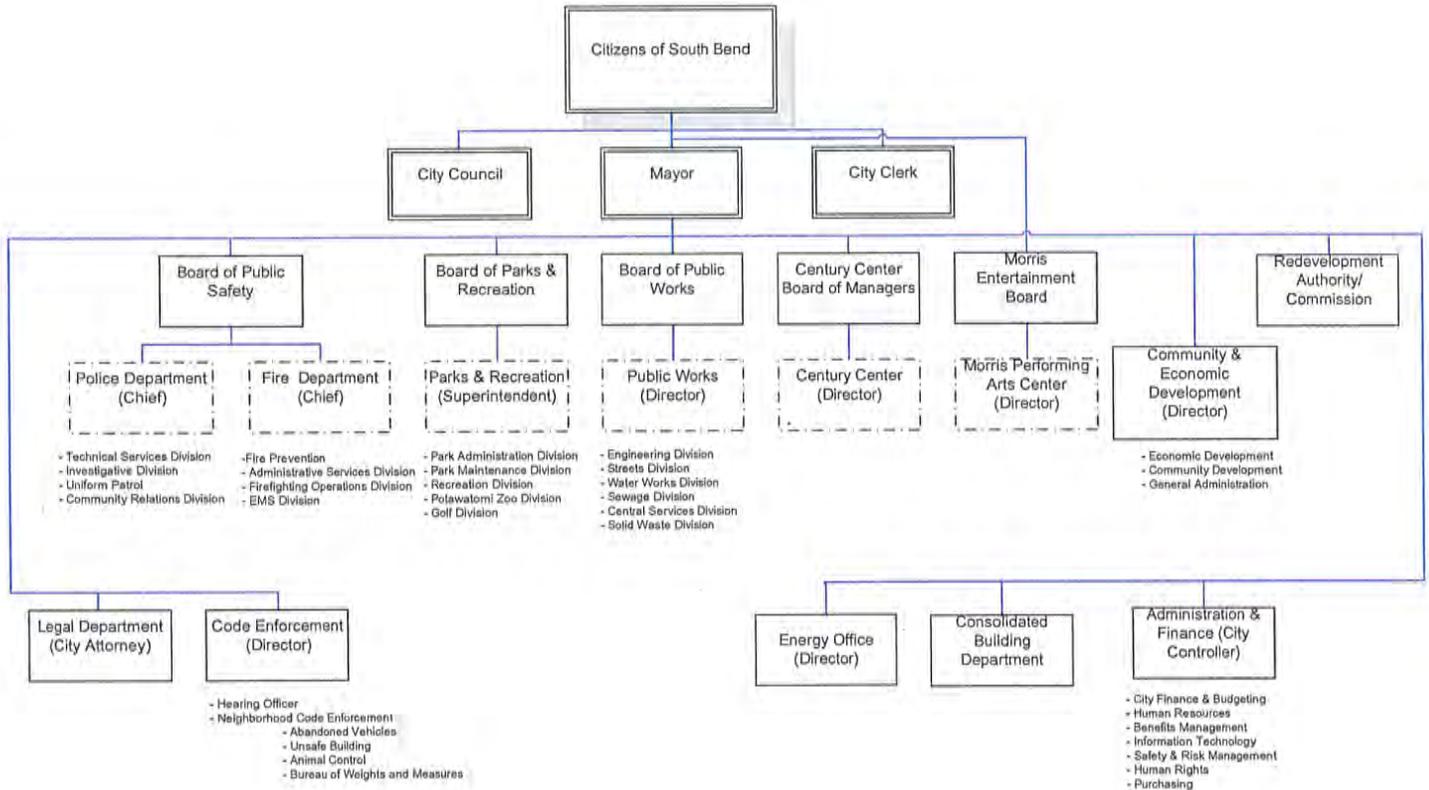
*Christopher P. Moineil*

President

*Jeffrey R. Emer*

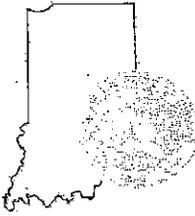
Executive Director

## City of South Bend, Indiana Organizational Chart





## II Financial Section



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of South Bend (City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities, and Budgetary Comparison Schedules (general and major special revenue funds) as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City basic financial statements. The introductory section, combining fund financial statements, other budgetary comparison schedules, and statistical schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements and other budgetary comparison schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated June 10, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Bruce Hartman  
State Examiner

June 10, 2013

## Management Discussion & Analysis

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

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

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

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

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

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

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

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

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

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

## Management Discussion & Analysis

### Financial Highlights

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

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

# Management Discussion & Analysis

## Overview of the Financial Statements

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

## Government wide financial statements

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

- **Statement of net position**

This statement reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City of South Bend as of December 31, 2012. The difference between total assets and deferred outflows of resources less total liabilities and deferred inflows of resources is reported as "net position," and can generally be thought of as the net worth of the City. Increases in net position generally indicate an improvement in financial position while decreases in net position may indicate a deterioration of financial position.

- **Statement of activities**

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

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

## Fund Financial Statements

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

## Governmental Funds

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

## Management Discussion & Analysis

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

### Proprietary funds

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

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

### Fiduciary funds

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

### Pension Trust Fund Operations

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

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

## Management Discussion & Analysis

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

### Notes to the financial statements

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

### Other information

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

### Government wide financial statements

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

### Statement of Net Position

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

## Management Discussion & Analysis

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

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

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

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

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

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

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

### Statement of Changes in Net Position

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

## Management Discussion & Analysis

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

### Governmental Activities

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

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

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

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

## Management Discussion & Analysis

### Business-Type Activities

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

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

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

### Financial Analysis of Government Funds

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

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

	General	Park & Rec	PS LOIT	COIT	EDIT	TIF Airport	Other	Total
Total assets	31,119,888	5,135,657	2,992,510	18,004,313	13,280,102	28,162,505	107,763,359	206,458,334
Total liabilities	2,324,805	421,899	-	220,508	2,908,075	1,547,640	10,952,616	18,375,543
<b>Fund Balances:</b>								
Non-spendable	958,341	56,216	-	2,664,139	449,831	9,695,081	25,992,243	39,815,851
Restricted	-	4,657,542	2,992,510	-	-	16,919,784	53,756,731	78,326,567
Committed	-	-	-	-	-	-	11,142,045	11,142,045
Assigned	165,389	-	-	15,119,666	9,922,196	-	10,138,790	35,346,041
Unassigned	27,671,353	-	-	-	-	-	(4,219,066)	23,452,287
<b>Total fund balance</b>	<b>28,795,083</b>	<b>4,713,758</b>	<b>2,992,510</b>	<b>17,783,805</b>	<b>10,372,027</b>	<b>26,614,865</b>	<b>96,810,743</b>	<b>188,082,791</b>
Liability & fund balance	31,119,888	5,135,657	2,992,510	18,004,313	13,280,102	28,162,505	107,763,359	206,458,334
Revenues	65,631,784	11,550,193	6,065,100	8,267,654	8,517,523	11,885,064	35,461,766	147,379,084
Expenditures	74,038,026	11,794,638	-	6,770,551	3,480,762	15,926,862	50,449,161	162,460,000
Net surplus (deficit)	(8,406,242)	(244,445)	6,065,100	1,497,103	5,036,761	(4,041,798)	(14,987,396)	(15,080,916)
Other sources (uses)	9,270,109	430,849	(5,301,098)	(1,642,136)	(4,502,146)	217,357	11,285,900	9,758,835
<b>Net change in fund balances</b>	<b>863,867</b>	<b>186,404</b>	<b>764,002</b>	<b>(145,033)</b>	<b>534,615</b>	<b>(3,824,441)</b>	<b>(3,701,495)</b>	<b>(5,322,081)</b>
Beginning fund balances - restated	27,931,216	4,527,354	2,228,508	17,928,838	9,837,412	30,439,306	100,512,238	193,404,872
<b>Ending fund balances</b>	<b>28,795,083</b>	<b>4,713,758</b>	<b>2,992,510</b>	<b>17,783,805</b>	<b>10,372,027</b>	<b>26,614,865</b>	<b>96,810,743</b>	<b>188,082,791</b>

## Management Discussion & Analysis

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

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

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

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

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

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

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

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

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

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

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

## Management Discussion & Analysis

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

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

The COIT fund decreased by (\$145,033) during 2012, due to higher expenditures in the areas of public safety, economic development, and general government. The City has operationally sequestered COIT funds for use in major capital and construction funding initiatives, certain subsidies and support to organizations and units that benefit city economic development and cultural venues, information technology costs, city-wide expenditures like telephone costs, and certain debt service payments.

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

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

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

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

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

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

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

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

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

## Management Discussion & Analysis

### Governmental Fund Revenue

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

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

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

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

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

## Management Discussion & Analysis

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

### Governmental Fund Expenditures

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

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

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

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

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

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

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

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

## Management Discussion & Analysis

### Proprietary funds

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

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

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

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

The City maintains five (5) internal service funds. The City of South Bend uses internal service funds to account for its business insurance and self-funded liability insurance program, self-funded employee health benefits program, police take home vehicle program, unemployment compensation claims and central services unit (a department that accounts for expenses related

## Management Discussion & Analysis

to fuel, vehicle repairs, printing and other services provided to City departments on a cost-reimbursement basis). The internal service funds have been combined into a single, aggregated presentation.

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

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

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

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

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

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

### Fiduciary funds

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

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

## Management Discussion & Analysis

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

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

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

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

### General Fund Budgetary Highlights

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

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

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

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

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

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

## Management Discussion & Analysis

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

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

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

### Capital Assets and Debt Administration

#### Statement of Capital Assets

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

## Management Discussion & Analysis

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

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

Under the category of roads and infrastructure, the current cost amount of \$611,230,297 includes estimated costs derived primarily from the City's 2006 implementation of GASB Statement No. 34, which required the retroactive reporting of infrastructure capital assets. All other assets are recorded at historical cost.

### Major Capital Asset Project Spending in 2012

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

### Capital Assets Analysis

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

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

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

### Debt Administration

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

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

## Management Discussion & Analysis

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

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

During 2012 the City entered into capital lease agreements in the amount of \$5,373,816 to purchase certain vehicles, copiers, and equipment. The lease terms are typically for five years with semi-annual debt service paid from the operating budgets of the user departments. The 2012 capital leases were for various city vehicles and related equipment for the police department (\$1,295,000), fire department (\$206,299), parks & recreation (\$344,500), leaf collection (\$117,312), building department (\$33,883) and public works (\$3,376,822). The City solicits competitive financing proposals for lease financing from local and national companies.

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

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

Under the Indiana Constitution and State statute, the City's general obligation bonded debt and certain other debt is subject to a legal limitation based upon 2% of total assessed value of real and personal property. The City had no general obligation bonded debt outstanding at December 31, 2012 and none of the above debt issuance amounts are subject to this debt limitation.

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

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

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

### **Economic Factors and 2013 Budget**

#### **Economic Factors**

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

## Management Discussion & Analysis

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

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

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

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

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

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

City Management believes that the national economic recovery will continue according to the predictions of governmental economists, with low to no inflation over the next fiscal period. In addition, job creation is the primary engine to drive economic recovery.

### **2014 Budget**

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

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

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

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

The City is committed to creating a budget for fiscal 2014 that will remain fiscally responsible to the effective delivery of required services to city citizens and stakeholders within the revenue constraints available. Specific concerns for the 2014 budget include the continuing impact of circuit breaker property tax reform on City revenue, high health and pension costs and other stagnant or declining revenue sources such as gasoline, wheel and auto excise taxes.

## Management Discussion & Analysis

### Current Economic Development Projects

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

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

## Management Discussion & Analysis

- **Workforce Strategy** – The Department of Community Investment is preparing a workforce training initiative to coordinate those who offer workforce training into a single council. This council will focus its training efforts in areas of greatest need and growth, and will include measurable goals and assessment factors.
- **Energy Efficiency and Conservation** – Supported by a \$1.046 million federal stimulus grant, the City has unveiled a new energy efficiency and conservation strategy which included the energy audit of 30 municipal buildings, synchronized timing of traffic signals at the 100 busiest intersections in the City and the production of hydroelectric power from the Saint Joseph River at the Century Center dam. A Municipal Energy Office has been established and a source of funding will be identified to allow for continuing energy projects.
- **Existing Business Expansions** – The City continues to work with private sector business concerns to enable expansion of their business operations in the City, adding new employment opportunities and tax base to the City. Tax abatements in 2012 are expected to result in \$41,411,500 of new investment and add 83 jobs with an annual payroll of \$4,921,000.

### Requests for Information

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

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

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Facsimile 574-235-9928

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City of South Bend  
June 19, 2013

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

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

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

Continued on next page

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

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

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Totals
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 13,788,310	\$ 2,100,103	\$ 163,260	\$ 1,902,519	\$ (9,622,428)	\$ -	\$ (9,622,428)
Public safety	69,977,237	5,079,182	13,819,785	154,543	(50,923,727)	-	(50,923,727)
Highways and streets	14,639,158	291,840	5,784,883	-	(8,562,435)	-	(8,562,435)
Economic development	20,217,987	271,366	4,030,251	398,000	(15,518,370)	-	(15,518,370)
Culture and recreation	21,724,589	5,224,543	1,139,417	13,058	(15,347,571)	-	(15,347,571)
Interest on long-term debt	6,134,406	-	-	-	(6,134,406)	-	(6,134,406)
<b>Total governmental activities</b>	<b>146,481,687</b>	<b>12,967,034</b>	<b>24,937,596</b>	<b>2,468,120</b>	<b>(106,108,937)</b>	<b>-</b>	<b>(106,108,937)</b>
<b>Business-type activities:</b>							
Water	12,228,014	15,409,171	-	21,650	-	3,202,807	3,202,807
Wastewater	23,809,975	30,657,698	-	1,300,000	-	8,147,723	8,147,723
Civic center	2,929,268	2,680,076	-	655,737	-	406,545	406,545
Building department	909,376	1,000,381	-	-	-	91,005	91,005
Parking	1,721,655	921,044	-	-	-	(800,611)	(800,611)
Solid waste	5,118,806	5,081,991	-	32,866	-	(3,949)	(3,949)
Golf course	1,841,998	1,669,372	-	-	-	(172,626)	(172,626)
<b>Total business-type activities</b>	<b>48,559,092</b>	<b>57,419,733</b>	<b>-</b>	<b>2,010,253</b>	<b>-</b>	<b>10,870,894</b>	<b>10,870,894</b>
<b>Total primary government</b>	<b>\$ 195,040,779</b>	<b>\$ 70,386,767</b>	<b>\$ 24,937,596</b>	<b>\$ 4,478,373</b>	<b>(106,108,937)</b>	<b>10,870,894</b>	<b>(95,238,043)</b>
<b>General revenues:</b>							
Property taxes					71,775,415	-	71,775,415
County option income tax					13,748,824	-	13,748,824
Economic development income tax					8,324,878	-	8,324,878
Professional sports development tax					633,904	-	633,904
Community revitalization enhancement district tax					653,185	-	653,185
Grants and contributions not restricted to specific programs					3,891,810	-	3,891,810
Unrestricted investment earnings					1,317,443	285,572	1,603,015
Other					6,623,313	-	6,623,313
Transfers					3,879,721	(3,879,721)	-
<b>Total general revenues and transfers</b>					<b>110,848,493</b>	<b>(3,594,149)</b>	<b>107,254,344</b>
Change in net position					4,739,556	7,276,745	12,016,301
Net position - beginning (restated)					287,891,667	162,134,622	450,026,289
Net position - ending					\$ 292,631,223	\$ 169,411,367	\$ 462,042,590

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

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

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

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

Continued on next page

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

	Totals
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.	300,691,317
Prepaid expenses are not available to pay for current period expenditures and, therefore are deferred in the funds.	254,255
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	10,041,312
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated absences payable	(1,333,766)
Deferred charge on refunding (to be amortized as interest expense)	(659,598)
Bonds payable	(114,293,530)
Less: Issuance discount or (premium) (to be amortized as interest expense)	(2,694,771)
Capital leases payable	(8,322,296)
Notes payable	(4,953,639)
Net other postemployment benefits obligation	(5,384,213)
Net pension obligation	(63,100,018)
Short-term liabilities that are not recognized in governmental funds until due:	
Accrued interest payable	(2,040,470)
Compensated absences payable	(3,656,151)
Net position of governmental activities	\$ 292,631,223

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

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

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

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

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

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) \$ (5,322,081)

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 depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	26,606,647
Depreciation expense	(17,659,941)
Loss on disposal of assets	(68,155)

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Long-term debt incurred during the current period:

Bonds	(1,500,000)
Refunding bonds	(13,595,000)
Premium on bonds	(1,236,364)
Loans	(1,700,000)
Capital leases	(2,460,897)
Principal debt payments:	
Bonds	8,013,391
Loans	1,178,232
Capital leases	1,631,098
Payment to refunded bond escrow agent	14,613,147
Amortization expenses	122,071

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Prepaid expense	70,614
Interest expense	223,217
Compensated absences	(146,673)
Change in net pension asset and net pension obligation	(209,585)

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.

	(3,820,165)
Change in net position of governmental activities (statement of activities)	\$ 4,739,556

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

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

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

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

Continued on next page

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

Liabilities	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Enterprise Funds	Other	
<b>Current liabilities:</b>						
Accounts payable	316,654	28,755	135,788	237,343	718,540	1,364,518
Interfund payables:						
Interfund services provided and used	25,457	89,509	-	55,284	170,250	422
Accrued payroll payable	190,539	210,897	-	77,597	479,033	85,485
Compensated absences payable	186,793	248,560	-	101,946	537,299	126,408
Unearned revenue	8,859	-	24,465	-	33,324	-
Taxes payable	43,209	-	-	-	43,209	-
Performance deposits payable	-	-	-	37,437	37,437	-
Customer deposits	-	-	94,732	-	94,732	-
Capital leases payable	-	-	-	-	-	4,758
Interest payable	-	-	-	-	-	178
Estimate of unfilled claims	-	-	-	-	-	5,684,476
<b>Current liabilities payable from restricted assets:</b>						
Accounts payable	-	2,157,478	-	-	2,157,478	-
Contracts and retainage payable	-	46,520	-	-	46,520	-
Customer deposits	1,408,694	-	-	-	1,408,694	-
Mortgage bonds payable	-	62,115	-	-	62,115	-
Revenue bonds payable	1,070,000	4,375,000	-	617,860	6,062,860	-
Capital leases payable	2,546	147,114	-	319,451	469,111	-
Notes and loans payable	153,452	1,610,425	-	-	1,763,877	-
Accrued interest payable	-	306,907	-	23,740	330,647	-
<b>Total current liabilities</b>	<b>3,406,203</b>	<b>9,283,280</b>	<b>254,985</b>	<b>1,470,658</b>	<b>14,415,126</b>	<b>7,266,245</b>
<b>Noncurrent liabilities:</b>						
Advances from other funds	-	-	-	1,752,694	1,752,694	-
Mortgage bonds payable (net of unamortized discount)	-	549,841	-	-	549,841	-
Revenue bonds payable (net of unamortized discounts, and premiums)	19,771,721	92,214,195	-	-	111,985,916	-
Capital leases payable	-	871,100	-	2,301,151	3,172,251	9,066
Notes and loans payable	1,428,428	10,656,596	-	-	12,085,024	-
<b>Total noncurrent liabilities</b>	<b>21,200,149</b>	<b>104,291,732</b>	<b>-</b>	<b>4,053,845</b>	<b>129,545,726</b>	<b>9,066</b>
<b>Total liabilities</b>	<b>24,606,352</b>	<b>113,575,012</b>	<b>254,985</b>	<b>5,524,503</b>	<b>143,960,852</b>	<b>7,275,311</b>
<b>Deferred inflows of resources:</b>						
Unamortized gain on refunding	26,376	-	-	-	26,376	-
Unamortized gain on sale/leaseback	-	-	-	12,584	12,584	-
<b>Total deferred inflows of resources</b>	<b>26,376</b>	<b>-</b>	<b>-</b>	<b>12,584</b>	<b>38,960</b>	<b>-</b>
<b>Net position</b>						
Investment in capital assets	45,579,124	32,046,775	22,000,586	13,567,444	113,193,929	1,392,349
Restricted for debt service	3,302,782	13,332,530	-	543,914	17,179,226	-
Restricted for capital outlay	4,146,001	6,659,721	1,274,877	108	12,080,707	-
Unrestricted	2,003,631	34,270,749	(5,047,359)	(4,269,516)	26,957,505	8,648,963
<b>Total net position</b>	<b>\$ 55,031,538</b>	<b>\$ 86,309,775</b>	<b>\$ 18,228,104</b>	<b>\$ 9,841,950</b>	<b>\$ 169,411,367</b>	<b>\$ 10,041,312</b>

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

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

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

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

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

For The Year Ended December 31, 2012  
(Continued)

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

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

CITY OF SOUTH BEND  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2012

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Other				Internal Service Fund	
	Water Utility	Wastewater Utility	Century Center	Nonmajor Enterprise Funds		Totals
Cash flows from operating activities:						
Receipts from customers and users	\$ 15,520,831	\$ 31,269,741	\$ 1,170,356	\$ 8,669,162	\$ 56,630,090	\$ 849,556
Payments from interfund services provided	15,360	-	(89,556)	-	(74,196)	18,130,453
Payments to suppliers	(8,913,156)	(7,525,684)	(2,133,020)	(3,898,064)	(22,469,924)	(12,686,891)
Payments to employees	37,882	(5,642,125)	-	(2,959,196)	(8,563,439)	(2,417,150)
Payments for interfund services used	(6,546)	(2,467,665)	-	(1,400,100)	(3,874,311)	(4,007,154)
Net cash provided (used) by operating activities	6,654,371	15,634,267	(1,052,220)	411,802	21,648,220	(301,186)
Cash flows from noncapital financing activities:						
Interfund loan repaid	-	-	-	-	-	(25,000)
Hotel/motel tax	-	-	1,313,436	-	1,313,436	-
Professional sports development tax	-	-	100,000	-	100,000	-
Transfer from other funds	-	-	-	651,500	651,500	-
Transfer to other funds	(1,468,339)	(2,405,289)	-	(657,593)	(4,531,221)	-
Net cash provided (used) by noncapital financing activities	(1,468,339)	(2,405,289)	1,413,436	(6,093)	(2,466,285)	(25,000)
Cash flows from capital and related financing activities:						
Capital contributions	-	1,300,000	-	-	1,300,000	-
Acquisition and construction of capital assets	(2,203,303)	(16,529,391)	(135,624)	(97,648)	(18,965,966)	(170,369)
Proceeds from capital debt issued	12,085,000	25,196,371	-	1,806,612	39,087,983	-
Debt issue costs paid	(277,116)	(489,547)	-	-	(766,663)	-
Principal paid on capital debt	(4,496,712)	(4,838,200)	-	(891,624)	(10,226,536)	(4,428)
Interest paid on capital debt	(943,923)	(3,476,608)	-	(67,719)	(4,488,250)	(3,290)
Payments on advances from other funds	-	-	-	(7,229)	(7,229)	-
Proceeds from sales of capital assets	61,820	15,741	-	-	77,561	-
Net cash provided (used) by capital and related financing activities	4,225,766	1,178,366	(135,624)	742,392	6,010,900	(178,077)
Cash flows from investing activities:						
Investments sold	-	24,056,946	-	588,889	24,645,835	1,409,103
Investments Purchased	(5,459,067)	(23,839,368)	-	(21,840)	(29,320,275)	(272,139)
Interest received	50,485	233,950	593	14,724	299,752	68,455
Net cash provided (used) by investing activities	(5,408,582)	451,528	593	581,773	(4,374,888)	1,205,419
Net increase (decrease) in cash and cash equivalents	4,003,216	14,858,872	226,185	1,729,874	20,818,147	701,156
Cash and cash equivalents, January 1						
(Including \$293,495, \$439,600, \$3,731,486, and \$13,070,525 for the repair fund, customer deposits, revenue bond covenants and capital outlays, respectively, reported in restricted accounts)	\$ 2,227,290	14,651,630	1,951,204	1,517,242	20,347,366	4,700,691
Cash and cash equivalents, December 31						
(Including \$439,073, \$533,295, \$13,012,942, and \$21,107,576 for the repair fund, customer deposits, revenue bond covenants and capital outlays, respectively, reported in restricted accounts)	\$ 6,230,506	\$ 29,510,502	\$ 2,177,389	\$ 3,247,116	\$ 41,165,513	\$ 5,401,847

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

Continued on next page

CITY OF SOUTH BEND  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2012  
(Continued)

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds		Totals	
				Enterprise Funds	Internal Service Fund		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 3,340,897	\$ 12,239,763	\$ (1,732,167)	\$ (268,163)	\$ (3,881,776)	\$ 13,580,330	\$ (3,881,776)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	1,828,072	4,945,992	665,015	639,524	8,078,603	88,884	-
Bad debt expense	93,804	176,155	-	68,479	338,438	-	-
Nonoperating revenues (expenses)	1,218,928	(693,130)	117,275	-	643,073	-	-
Lease proceeds used for non capital purchases	-	-	-	17,323	17,323	-	-
(Increase) decrease in assets:							
Accounts receivable	(104,947)	(354,932)	(38,565)	(80,771)	(579,215)	1,905	-
Accounts receivable - other	95,218	(59,885)	18,000	-	53,333	-	-
Interfund receivables	15,360	-	-	8,666	24,026	28,911	-
Inventories	39,425	(16,992)	-	4,581	27,014	(23,124)	-
Prepaid items	11,445	2,122	(532)	3,184	16,219	-	-
Increase (decrease) in liabilities:							
Customer deposits	27,585	-	7,614	-	35,199	-	-
Accounts payable	88,179	(283,037)	(5,527)	(8,003)	(208,388)	148,269	-
Contracts payable	(19,932)	(360,560)	-	-	(380,492)	-	-
Accrued payroll payable	38,850	15,337	-	(173)	54,014	2,756	-
Interfund payables	(6,546)	3,565	-	(22,157)	(25,138)	(6,004)	-
Compensated absence payable	(968)	19,869	-	12,164	31,065	10,489	-
Taxes payable	(10,999)	-	-	(289)	(11,288)	-	-
Performance deposits payable	-	-	-	37,437	37,437	-	-
Deferred revenue	-	-	(83,333)	-	(83,333)	-	-
Estimated unfilled claims	-	-	-	-	-	3,328,504	-
Total adjustments	3,313,474	3,394,504	679,947	679,965	8,067,890	3,580,590	-
Net cash provided (used) by operating activities	\$ 6,654,371	\$ 15,634,267	\$ (1,052,220)	\$ 411,802	\$ 21,648,220	\$ (301,186)	-
Noncash investing, capital and financing activities:							
Capital assets contributed	\$ 21,650	-	\$ 655,737	\$ 32,866	\$ 710,253	\$ 16,000	\$ (16,000)
Accumulated depreciation on contributed assets	-	-	-	-	-	-	-
Capital assets acquired by capital debt	-	1,095,750	-	27,482	1,123,232	-	-
Capital assets purchased on account	-	1,955,772	-	-	1,955,772	-	-
Capital asset disposals	1,543,649	2,621,086	297,809	-	4,462,544	-	-
Interest payments added to capital assets	-	142,450	-	-	142,450	-	-
Completed project transferred to capital assets	387,845	22,074,879	-	-	22,462,724	-	-

On November 19, 2012 the City of South Bend - Water Utility issued \$3,785,000 in refunding revenue bonds to refund \$3,945,000 of outstanding 2002 serials bonds. The net proceeds of \$3,706,700 (after payment of \$78,300 in issuance costs) and local contributions of \$369,279 were deposited in an irrevocable trust with an escrow agent. The accounting loss of \$26,874 has been recognized on the Statement of Net Position as Deferral of Loss on Refunding and will be amortized using the straight line method and charged to interest expense over the next ten years.

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

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

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

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

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

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

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of South Bend (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, water, sewer, and urban redevelopment and housing.

The accompanying financial statements present the activities of the primary government and its significant component units. The component units discussed below are included in the primary government's reporting entity because of the significance of their operational or financial relationships with the primary government. Blended component units, although legally separate entities, are in substance part of the government's operations and exist solely to provide services for the government; data from these units is combined with data of the primary government.

Blended Component Units

The South Bend Redevelopment Authority, a legally separate entity, is a significant blended component unit of the primary government. The Redevelopment Authority's sole purpose is to finance and construct land, buildings and other improvements for use by the primary government. Financial statements for the Redevelopment Authority are available at the City Controller's Office, City of South Bend, 227 West Jefferson, 1200N County-City Building, South Bend, Indiana, 46601.

The South Bend Building Corporation, Inc., is also a legally separate nonprofit corporation, and is a significant blended component unit of the primary government. The Building Corporation's main purpose is to finance construction and remodeling of City buildings for the City of South Bend. Debt of the Building Corporation is repaid through lease payments from the City. Financial statements for the Building Corporation are available at the City Controller's Office, City of South Bend, 227 West Jefferson, 1200N, County-City Building, South Bend, Indiana, 46601.

Related Organizations

The primary government's officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointments. The Mayor and the Common Council appoint the board members of the South Bend Housing Authority, South Bend Public Transportation Corporation (TRANSPO), Urban Enterprise Association, and the Special Funds Board of Managers.

During 2012, the Special Funds Board of Managers provided \$1,313,436 to the City's Century Center to finance operations and \$489,152 to the City's Professional Sports Development Fund, to finance capital costs of the College Football Hall of Fame.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

separately from business-type activities, which rely to a significant extent on fees and charges for support. 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 direct expenses of a given function or segments are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and pension trust and private purpose trust fund financial statements. Agency funds, however, report only assets and liabilities. Since they do not report equity (or changes in equity), they have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The primary government reports the following major governmental funds:

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

The park and recreation fund is used to account for the operation of the City park system. Financing is provided by a specific annual property tax levy to the extent that user fees and miscellaneous revenues are insufficient to provide such financing.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The public safety local option income tax (LOIT) fund is used to account for the City's share of the public safety local option income tax. Expenditures are restricted to public safety.

The county option income tax (COIT) fund is used to account for the City's share of the county option income tax. Expenditures include any lawful purpose of the City.

The economic development income tax (EDIT) is to account for the City's share of the County Economic Development Tax. Expenditures include any lawful purpose of the City.

The tax incremental financing (TIF) airport fund is used to account for public improvement projects in the airport economic development area. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment.

The primary government reports the following major enterprise funds:

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

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

The Century Center fund accounts for the operation and maintenance of the City's convention center. Financing is received from various user fees for conventions, meetings and other events held at the civic center and a subsidy from the St. Joseph County's Special Funds Board of Managers.

Additionally, the primary government reports the following fund types:

The internal service funds account for various City liability coverage, employee medical coverage, unemployment claims, and central services such as fuel, vehicle repairs and various supplies provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefits cemetery maintenance.

The agency funds account for assets held by the primary government as an agent for employee payroll, pension, and payroll deductions and held for an entertainment center's event deposits.

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

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Proprietary funds distinguish operating revenues 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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

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

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

Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

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

Open-end mutual funds are reported at fair value.

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

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

2. Interfund Transactions and Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables" (i.e., the current and 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."

CITY OF SOUTH BEND  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are usually distributed to the primary government in June and in December. State statutes (IC 6-1.1-17-16) require 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 March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively.

4. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

5. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants.

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	\$ 5,000	Straight-Line	20 to 30 years
Computer and office equipment	1,000	Straight-Line	5 to 10
Other equipment	5,000	Straight-Line	5 to 20
Roads – collectors and residential	5,000	Straight-Line	40 to 50
Utilities' infrastructure (small)	5,000	Straight-Line	30 to 99
Utilities' infrastructure (large)	5,000	Straight-Line	30 to 99

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

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

7. Compensated Absences

- a. Sick Leave – primary government employees earn sick leave at the rate of 4 to 8 days per year, depending upon employee classification and length of service. Policemen, teamsters, 40 hour per week firemen, and all other employees earn 8 sick days per year, regardless of tenure of service. Firemen working 24 hour workdays with tenure greater than 5 years earn 5 days of sick leave per year, and firemen working 24 hour workdays with tenure less than 5 years, earn 4 days of sick leave per year. Sick leave may accumulate to a maximum 90 days for policemen, 100 days for 40 hour per week firemen, 38 days for 24 per day fireman, 75 days for teamsters and 65 days for all other employees. Accumulated sick leave is paid to firemen and policemen upon termination of employment depending upon the number of sick leave hours transacted, at a rate of 50 percent to 100 percent of the base hourly rate of pay for firemen and at a rate of one-half the 1<sup>st</sup> class patrolman rank rate of pay for policemen. Accumulated sick leave is paid to teamster employees, upon retirement, at a rate of \$25 for each accumulated sick leave day transacted. Sick leave buy-back during employment is paid to firemen and policemen annually upon request. Upon request, firemen are paid unused sick days earned in the previous year in excess of 252 hours in the sick day bank at the base hourly rate of pay. Upon request, policemen are paid up to a maximum 8 unused sick days at the 1<sup>st</sup> class patrolman rate of pay.
- b. Vacation Leave – primary government employees earn vacation leave at rates from 0 days to 28 days based upon hire date, years of service, and employee classification. Vacation leave does not accumulate from year to year for policemen, firemen, and teamster employees, except in instances where special cases are approved. Nonbargaining carryover to the following year unused vacation time up to a maximum of 80 hours. Employees earn vacation leave during the year for use in the succeeding year. Unused vacation leave is paid to employees upon termination of employment. Firemen may sell back vacation leave, up to a maximum 3 days per year, during selected times of the year, at the employee's normal hourly rate of pay.
- c. Personal Leave – primary government policemen earn personal leave at the rate of 7 days per year, and have the opportunity to earn an additional 3 days leave with participation in regularly scheduled police practice shooting exercises. Policemen personal leave does not accumulate from year to year. Policemen unused personal leave may be rolled into sick leave. City employees under the teamster contract can use up to 4 days of their sick leave for personal leave.
- d. Compensatory Leave – primary government firemen can elect to receive compensation for overtime hours worked either through wage payment or compensatory time-off work up to a maximum of 240 hours. All other nonexempt employees working overtime hours earn compensatory time off up to a maximum balance of 32 hours, after which they are paid overtime wage. All other exempt employees working overtime hours earn compensatory time up to a maximum balance of 160 hours.

Unused vacation leave for all City employees, and unused sick leave and compensatory leave of firemen, policemen, and teamsters is accrued when incurred and reported as a liability in the Statement of Net Position. Amounts due and payable at year end are included in the proprietary fund statements. No liability is recognized in the governmental fund statements.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Net position restricted for debt service and for capital outlay shown in the business-type activities and in the enterprise funds are restricted pursuant to state statute and/or local ordinance.

9. Fund Equity

Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. A brief description of each category is as follows:

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

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

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

Assigned fund balances include amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For the governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are imposed by informal action of the City Controller.

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

When both restricted and unrestricted amounts are available for use, generally it is the City's policy to use restricted amounts first, with unrestricted resources utilized as needed. In the case of unrestricted resources, it is generally the City's policy to use committed amounts first, followed by assigned amounts, then unassigned amounts as needed.

The fund balance policy includes reserve ranges for funds as follows:

- General: 25% of annual expenditures
- COIT: 50% of annual expenditures
- EDIT: 50% of annual expenditures
- Water operating: 5% of annual expenditures
- Wastewater operating: 5% of annual expenditures
- Other: generally 20% or 25% of annual expenditures

The detail of the fund balance classifications of the governmental funds for the year ended December 31, 2012, is as follows:

	Major Governmental Funds						Other Governmental Funds	Total Governmental Funds
	General Fund	Park and Recreation	Public Safety LOIT	COIT	EDIT	TIF Airport		
<b>Nonspendable:</b>								
Noncurrent loans receivable	\$ -	\$ -	\$ -	\$ 66,667	\$ -	\$ -	\$ 9,110,620	\$ 9,177,287
Inventory	-	56,216	-	-	-	-	-	56,216
Property held for resale	240,432	-	-	569,499	449,831	7,869,562	9,890,872	19,020,196
Advances to other funds	717,909	-	-	2,027,973	-	1,825,519	6,990,751	11,562,152
<b>Total nonspendable</b>	<b>958,341</b>	<b>56,216</b>	<b>-</b>	<b>2,664,139</b>	<b>449,831</b>	<b>9,695,081</b>	<b>25,992,243</b>	<b>39,815,851</b>
<b>Restricted:</b>								
General government	-	-	-	-	-	-	1,490,806	1,490,806
Public safety	-	-	2,992,510	-	-	-	1,789,828	4,782,338
Highways and streets	-	-	-	-	-	-	12,091,055	12,091,055
Economic development	-	-	-	-	-	16,919,784	26,678,877	43,598,661
Culture and recreation	-	4,657,542	-	-	-	-	2,277,312	6,934,854
Debt service	-	-	-	-	-	-	9,428,853	9,428,853
<b>Total restricted</b>	<b>-</b>	<b>4,657,542</b>	<b>2,992,510</b>	<b>-</b>	<b>-</b>	<b>16,919,784</b>	<b>53,756,731</b>	<b>78,326,567</b>
<b>Committed:</b>								
General government	-	-	-	-	-	-	4,345,292	4,345,292
Public safety	-	-	-	-	-	-	5,821,613	5,821,613
Economic development	-	-	-	-	-	-	402,463	402,463
Culture and recreation	-	-	-	-	-	-	572,677	572,677
<b>Total committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,142,045</b>	<b>11,142,045</b>
<b>Assigned:</b>								
General government	6,652	-	-	15,119,666	9,922,196	-	9,492,598	34,541,112
Public safety	20,054	-	-	-	-	-	102,702	122,756
Highways and streets	107,052	-	-	-	-	-	-	107,052
Economic development	-	-	-	-	-	-	543,490	543,490
Culture and recreation	31,631	-	-	-	-	-	-	31,631
<b>Total assigned</b>	<b>165,389</b>	<b>-</b>	<b>-</b>	<b>15,119,666</b>	<b>9,922,196</b>	<b>-</b>	<b>10,138,790</b>	<b>35,346,041</b>
<b>Unassigned</b>	<b>27,671,353</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,219,066)</b>	<b>23,452,287</b>
<b>Total fund balance</b>	<b>\$ 28,795,083</b>	<b>\$ 4,713,758</b>	<b>\$ 2,992,510</b>	<b>\$ 17,783,805</b>	<b>\$ 10,372,027</b>	<b>\$ 26,614,865</b>	<b>\$ 96,810,743</b>	<b>\$ 188,082,791</b>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

General

Major governmental funds:

Special revenue funds - park and recreation, public safety local option income tax (LOIT), county option income tax (COIT), economic development income tax (EDIT)

Capital projects fund – TIF Airport

Nonmajor governmental funds:

Special revenue funds - motor vehicle highway, recreation nonreverting, Studebaker Oliver revitalization grants, economic development State grants, DCI operating, community investment, police state seizure, juvenile positive assistance, law enforcement continuing education, loss recovery, local road and street, excess welfare distribution, human rights federal, east race waterway, Morris and Palais marketing, police block grants, economic development commission, hazmat, Indiana river rescue, COPS block grant II, regional police academy, COPS MORE grant, federal drug enforcement, gift, urban development action grant, leaf collection and removal, police K-9 unit, rainy day

Debt service fund - college football hall of fame debt service, redevelopment bond – central development, redevelopment bond – airport taxable, Coveleski bond debt service reserve, redevelopment – Palais Royale

Capital projects funds - emergency medical services, professional sports development, Coveleski stadium capital, zoo endowment, park nonreverting capital, cumulative capital development, cumulative capital improvement, Morris Performing Arts Center capital, TIF downtown, TIF Leighton Plaza, TIF – West Washington, redevelopment general, community revitalization enhancement district, TIF No. 1 – southside development, TIF No. 2 – southside development, TIF No. 3 – southside development, TIF – central medical service area, football hall of fame capital, major moves, TIF – northeast development, TIF Douglas road, TIF northeast residential, certified technology park, Palais Royale historic preservation, airport urban enterprise zone

On or before August 31, the City Controller submits to the Common Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Common Council to obtain taxpayer comments. Prior to November 1 of each year, the Common Council through the passage of an ordinance approves the

CITY OF SOUTH BEND  
 NOTES TO FINANCIAL STATEMENTS  
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budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the City Controller receives approval of the Indiana Department of Local Government Finance.

The primary government's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Common Council. The 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, within the park and recreation fund, within the public safety LOIT fund, within the COIT fund, within the EDIT fund, or within any other major or nonmajor governmental fund which required legally approved budgets.

B. Deficit Fund Equity

At December 31, 2012, the following funds reported deficits in fund equity, which are violations of State statute:

	Deficit
Nonmajor governmental funds:	
TIF - Douglas road	\$ 550,815
TIF - northeast residential	1,664,902
Internal service fund:	
Liability insurance premium reserve	337,078

Fund equity deficits arose primarily from expenditures or expenses exceeding revenues due to the underestimate of current requirements. It is anticipated that these deficits will be repaid from future revenues.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2012, the bank balances held at Wells Fargo Bank NA, US Bank National Association, 1<sup>st</sup> Source Bank, KeyBank, PNC Bank, and at Suntrust in the amounts of \$2,263,536; \$3,743,844; \$976,910; \$22; \$206,299, and \$1,941; respectively, were collateralized with securities held by the pledging financial institution's trust department or

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
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agent in the depositor-City's name. At December 31, 2012, the bank balances held at Bank of New York Mellon and 1<sup>st</sup> Source Bank, in the amounts of \$9,732,256 and \$5,606,606, respectively, were collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-City's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories. The City has not formally adopted a deposit policy for custodial credit risk.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2012, the City had the following investments:

Investment Type	Primary Government	Investment Maturities (in Years)		
	Fair Value	Less Than 1	1-2	More Than 2
U.S. government agency securities	\$ 85,385,411	\$ 8,551,000	\$ 76,834,411	\$ -

Investment Policies

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 50 percent of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by 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.

CITY OF SOUTH BEND  
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 (Continued)

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

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 City does not have a formal investment policy for custodial credit risk for investments. At December 31, 2012, the City held investments in U.S. government agency securities in the amount of \$85,385,411. These investments were held by the counterparty's trust department or agent but not in the City's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The City does not have a formal investment policy for interest rate risk. The following schedule is a summary of the interest rate risk disclosure as of December 31, 2012:

Primary Government:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. government agency securities	\$ 8,551,000	\$ 76,834,411	\$ -

Credit Risk

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
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Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The City does not have a formal policy in regards to foreign currency risk. The City does not have any foreign currency.

B. Receivables

The following receivable accounts have timing and credit characteristics different from typical accounts receivable. As of December 31, 2012, City funds recognized the following loan receivable balances. The schedule shows the total receivable and the portion that is not due within one year. These loans were for economic development projects:

<u>Fund</u>	<u>Receivable</u>	<u>Noncurrent</u>
Major governmental funds:		
County option income tax	\$ 66,667	\$ 66,667
Nonmajor governmental funds:		
Economic development state grants	579,779	482,025
Community investment	406,841	317,336
Urban development action grant	2,359,702	2,358,852
Industrial revolving	5,934,065	5,253,097
TIF downtown	883,311.00	699,310
Totals	<u>\$ 10,230,365</u>	<u>\$ 9,177,287</u>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Capital Assets

Capital assets as previously reported at December 31, 2011 have been reclassified and restated as follows:

Primary Government	12-31-11 Balance	Reclassifications and Restatements	Restated Beginning Balance
Governmental activities:			
Capital assets, not being depreciated:			
Land	\$ 13,285,449	\$ (1,724,554)	\$ 11,560,895
Construction in progress	<u>13,150,305</u>	<u>-</u>	<u>13,150,305</u>
Total capital assets, not being depreciated	<u>26,435,754</u>	<u>(1,724,554)</u>	<u>24,711,200</u>
Capital assets, being depreciated:			
Buildings	116,244,771	5,872,519	122,117,290
Improvements other than buildings	43,335,206	(29,862,978)	13,472,228
Machinery and equipment	47,218,930	834,057	48,052,987
Roads and other infrastructure	<u>380,500,515</u>	<u>24,225,000</u>	<u>404,725,515</u>
Totals	<u>587,299,422</u>	<u>1,068,598</u>	<u>588,368,020</u>
Less accumulated depreciation for:			
Buildings	33,761,990	(219,150)	33,542,840
Improvements other than buildings	8,163,538	(1,375,176)	6,788,362
Machinery and equipment	31,953,062	730,634	32,683,696
Roads and other infrastructure	<u>246,015,123</u>	<u>899,001</u>	<u>246,914,124</u>
Totals	<u>319,893,713</u>	<u>35,309</u>	<u>319,929,022</u>
Total capital assets, being depreciated, net	<u>267,405,709</u>	<u>1,033,289</u>	<u>268,438,998</u>
Total governmental activities capital assets, net	<u>\$293,841,463</u>	<u>\$ (691,265)</u>	<u>\$ 293,150,198</u>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Primary Government	12-31-11 Balance	Reclassifications and Restatements	Restated Beginning Balance
Business-type activities:			
Capital assets, not being depreciated:			
Land	\$ 3,024,582	\$ -	\$ 3,024,582
Construction in progress	12,217,249	-	12,217,249
 Total capital assets, not being depreciated	 15,241,831	 -	 15,241,831
Capital assets, being depreciated:			
Buildings	88,915,505	(6,280,802)	82,634,703
Improvements other than buildings	160,004,338	(145,877,087)	14,127,251
Machinery and equipment	54,800,866	(23,743,979)	31,056,887
Roads and other infrastructure	-	175,414,463	175,414,463
 Totals	 303,720,709	 (487,405)	 303,233,304
Less accumulated depreciation for:			
Buildings	44,092,151	(14,429,271)	29,662,880
Improvements other than buildings	26,213,770	(21,826,342)	4,387,428
Machinery and equipment	38,527,629	(14,872,929)	23,654,700
Roads and other infrastructure	-	51,101,161	51,101,161
 Totals	 108,833,550	 (27,381)	 108,806,169
 Total capital assets, being depreciated, net	 194,887,159	 (460,024)	 194,427,135
 Total business-type activities capital assets, net	 \$ 210,128,990	 \$ (460,024)	 \$ 209,668,966

Capital asset activity for the year ended December 31, 2012, was as follows:

Primary Government	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,560,895	\$ 4,373,019	\$ 12,528	\$ 15,921,386
Construction in progress	13,150,305	7,502,620	13,150,305	7,502,620
 Total capital assets, not being depreciated	 24,711,200	 11,875,639	 13,162,833	 23,424,006

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Primary Government	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities (continued):				
Capital assets, being depreciated:				
Buildings	122,117,290	5,539,597	-	127,656,887
Improvements other than buildings	13,472,228	2,566,640	-	16,038,868
Machinery and equipment	48,052,987	4,379,416	2,127,864	50,304,539
Roads and other infrastructure	404,725,515	15,566,018	-	420,291,533
Totals	<u>588,368,020</u>	<u>28,051,671</u>	<u>2,127,864</u>	<u>614,291,827</u>
Less accumulated depreciation for:				
Buildings	33,542,840	3,192,417	-	36,735,257
Improvements other than buildings	6,788,362	582,392	-	7,370,754
Machinery and equipment	32,683,696	3,035,549	2,072,238	33,647,007
Roads and other infrastructure	246,914,124	10,938,467	-	257,852,591
Totals	<u>319,929,022</u>	<u>17,748,825</u>	<u>2,072,238</u>	<u>335,605,609</u>
Total capital assets, being depreciated, net	<u>268,438,998</u>	<u>10,302,846</u>	<u>55,626</u>	<u>278,686,218</u>
Total governmental activities capital assets, net	<u>\$ 293,150,198</u>	<u>\$ 22,178,485</u>	<u>\$ 13,218,459</u>	<u>\$ 302,110,224</u>
Primary Government	Restated Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,024,582	\$ -	\$ -	\$ 3,024,582
Construction in progress	12,217,249	16,893,308	22,462,724	6,647,833
Total capital assets, not being depreciated	<u>15,241,831</u>	<u>16,893,308</u>	<u>22,462,724</u>	<u>9,672,415</u>
Capital assets, being depreciated:				
Buildings	82,634,703	116,164	452,887	82,297,980
Improvements other than buildings	14,127,251	10,150,441	289,794	23,987,898
Machinery and equipment	31,056,887	1,844,595	3,665,725	29,235,757
Roads and other infrastructure	175,414,463	15,524,301	-	190,938,764
Totals	<u>303,233,304</u>	<u>27,635,501</u>	<u>4,408,406</u>	<u>326,460,399</u>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Primary Government	Restated Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities (continued):				
Capital assets, being depreciated (continued):				
Less accumulated depreciation for:				
Buildings	29,662,880	2,084,342	399,071	31,348,151
Improvements other than buildings	4,387,428	534,524	262,264	4,659,688
Machinery and equipment	23,654,700	1,091,127	2,582,837	22,162,990
Roads and other infrastructure	51,101,161	4,368,610	-	55,469,771
Totals	<u>108,806,169</u>	<u>8,078,603</u>	<u>3,244,172</u>	<u>113,640,600</u>
Total capital assets, being depreciated, net	<u>194,427,135</u>	<u>19,556,898</u>	<u>1,164,234</u>	<u>212,819,799</u>
Total business-type activities capital assets, net	<u>\$ 209,668,966</u>	<u>\$ 36,450,206</u>	<u>\$ 23,626,958</u>	<u>\$ 222,492,214</u>

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

Governmental activities:	
General government	\$ 557,322
Public safety	2,376,297
Highways and streets, and other general infrastructure assets	11,320,846
Culture and recreation	2,741,033
Economic development	664,443
Internal service funds*	88,884
Total depreciation expense - governmental activities	<u>\$ 17,748,825</u>
Business-type activities:	
Water	\$ 1,828,072
Wastewater	4,945,992
Civic center	665,015
Building permits	14,907
Parking garage	210,974
Solid waste	254,893
Golf course	158,750
Total depreciation expense - business-type activities	<u>\$ 8,078,603</u>

\*Capital assets held by the primary government's internal service funds are charged to the various functions based on their usage of the assets.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2012	Committed	Required Future Funding
<b>Governmental activities:</b>				
2012 Manhole & sewer rehabilitation	\$ 1,860,000	\$ 466,712	\$ 1,393,289	\$ -
County-City Bldg 12th & 14th floor renovations	49,380	3,630	45,750	-
Rushton Bldg rehabilitation	313,182	104,050	209,132	-
Ignition Park lot 4	11,660,337	4,901,808	6,758,530	-
VA clinic improvements (Gates property)	1,828,597	1,487,724	340,873	-
Memorial/Skyway façade improvements	3,027,930	446,465	2,581,465	-
Eddy & Cedar intersection upgrade	100,000	92,232	7,768	-
<b>Total - Governmental activities</b>	<b>\$ 18,839,426</b>	<b>\$ 7,502,620</b>	<b>\$ 11,336,806</b>	<b>\$ -</b>
<b>Business-type activities:</b>				
<b>Water utility:</b>				
Pinhook WTP Efficiency Improvements	\$ 3,444,908	\$ 184,490	3,260,418	-
Ironwood/Auten Main	257,000	22,849	234,151	-
SR 23	260,000	215,598	44,402	-
<b>Wastewater Utility:</b>				
Bowman Creek Control Structure	55,900	51,777	4,123	-
Sewer Overflow Sensory Network	398,808	288,050	110,758	-
Digester Upgrade at WWTP	1,229,000	714,387	514,613	-
Michigan St Lift Station Replacement	594,001	531,937	62,064	-
East Bank Sewer Separation Phase 3	2,809,306	2,721,711	87,595	-
Primary Clarifier upgrades	705,700	370,498	335,202	-
Automate DO Controls for Aeration Blowers	775,051	454,056	320,995	-
Aeration controls	78,400	69,829	8,571	-
Organic Resources Site Improvements	479,795	449,324	30,471	-
East Bank Sewer Separation Phase 4	405,600	353,999	51,601	-
Southwood Sewer Separation	198,483	125,626	72,857	-
Diamond Avenue Sewer Separation Phase 3	84,830	58,642	26,188	-
<b>Century Center:</b>				
Lighting upgrades	143,000	35,060	107,940	-
<b>Totals - Business-type activities</b>	<b>\$ 11,919,781</b>	<b>\$ 6,647,833</b>	<b>\$ 5,271,948</b>	<b>\$ -</b>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

Fund	Interfund	
	Receivable	Payable
General	\$ 24,689	\$ 152,654
Park and recreation	-	30,460
COIT	-	83,197
TIF Airport	700	-
Other nonmajor governmental funds:		
Motor vehicle highway	-	106,385
DCI operating	-	275
Community investment	-	24,639
Leaf collection and removal	-	442
Redevelopment bond - airport taxable	-	533
Redevelopment bond - palais royale	-	890
TIF Downtown	890	-
Totals - other nonmajor governmental funds	<u>890</u>	<u>133,164</u>
Total - governmental funds	<u>26,279</u>	<u>399,475</u>
Water Utility	-	25,457
Wastewater Utility	-	89,509
Other Nonmajor enterprise funds:		
Consolidated building	-	1,453
Solid waste	4,333	53,664
Blackthorn golf course	-	167
Total - other nonmajor enterprise funds	<u>4,333</u>	<u>55,284</u>
Total - enterprise funds	<u>4,333</u>	<u>170,250</u>
Internal service funds:		
Liability insurance premium reserve	-	128
Central services	539,535	294
Total - internal service funds	<u>539,535</u>	<u>422</u>
Total - all funds	<u>\$ 570,147</u>	<u>\$ 570,147</u>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The composition of interfund balances as of December 31, 2012, is as follows: interfund balances resulted from the time lag between the dates that (1) Interfund loans are repaid, (2) Interfund goods and services are provided or reimbursable expenditures occur, (3) transactions are recorded in the accounting system and (4) payments between funds are made.

2. Advances Between Funds

The advances between funds record noncurrent portions of long-term loans from one fund to another. Advances at December 31, 2012, were as follows:

Fund	Advances	
	To Other Funds	From Other Funds
General	\$ 717,909	\$ -
COIT	2,027,973	-
TIF Airport	1,825,519	500,000
Other nonmajor governmental funds:		
Studebaker Oliver revitalization grants	500,000	-
Economic development state grants	-	362,338
Urban development action grant	-	2,027,973
Industrial revolving	362,338	-
Emergency medical services	-	72,825
Football hall of fame	-	717,909
Major moves	6,128,413	-
TIF Douglas road	-	959,191
TIF Northeast residential	-	5,169,222
 Total - other nonmajor governmental funds	 <u>6,990,751</u>	 <u>9,309,458</u>
 Total - governmental funds	 <u>11,562,152</u>	 <u>9,809,458</u>
Other nonmajor enterprise funds:		
Blackthorn golf course	-	1,752,694
 Total - all funds	 <u>\$ 11,562,152</u>	 <u>\$ 11,562,152</u>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Interfund Transfers

Interfund transfers at December 31, 2012, were as follows:

Fund	Transfers	
	From Other Funds	To Other Funds
General	\$ 9,596,758	\$ 332,120
Park and recreation	616,596	185,747
Public safety LOIT	175,436	5,476,534
COIT	-	1,642,136
EDIT	-	4,502,146
TIF Airport	662,607	1,945,250
Other nonmajor governmental funds:		
Motor vehicle highway	2,661,992	-
DCI operating	1,527,146	-
Leaf collection and removal	-	240,000
College football hall of fame debt service	93,040	-
Redevelopment bond - central development	834	825,509
Redevelopment bond - airport taxable	-	5,014
Redevelopment bond - palais royale	-	7,414
Redevelopment authority debt service	4,861,591	81,182
South Bend building corporation debt service	2,319,168	-
TIF Erskine village debt service	149,809	-
Emergency medical services	-	1,000,000
Park nonreverting capital	185,747	-
Cumulative capital development	43,768	-
Cumulative capital improvement	-	402,277
TIF downtown	912,497	674,569
TIF No. 1 - southside development	1,401,397	-
TIF No. 2 - southside development	-	1,401,397
TIF No. 3 - southside development	-	149,809
Football hall of fame capital	156,684	-
TIF - northeast residential	-	307,500
Edy street commons construction	3,343	2,310,088
Total - nonmajor governmental funds	14,317,016	7,404,759
Total - governmental funds	25,368,413	21,488,692
Water Utility	-	1,468,339
Wastewater Utility	-	2,405,289
Other nonmajor enterprise funds:		
Blackthorn golf course	651,500	657,593
Total - enterprise funds	651,500	4,531,221
Total - all funds	\$ 26,019,913	\$ 26,019,913

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

F. Leases

1. Operating Leases

The primary government has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for golf cart global positioning systems, vehicles, copiers, and office space. Rental expenditures for these leases were \$242,036. The following is a schedule by years of future minimum rental payments as of December 31, 2012:

Year Ended December 31	Annual Payment
2013	\$ 263,208
2014	173,631
2015	82,084
2016	82,084
2017	77,074
Total	\$ 678,081

2. Capital Leases

The primary government has entered into various capital leases for various types of equipment, and two parking garages. The parking garage capital leases are being repaid from governmental funds. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2012, are as follows:

	Governmental Activities	Business-Type Activities
2013	\$ 2,033,673	\$ 943,413
2014	1,882,001	861,204
2015	1,862,108	781,586
2016	1,397,136	640,729
2017	654,014	557,687
2018-2022	1,000,000	-
2023-2027	600,000	-
Total minimum lease payments	9,428,932	3,784,619
Less amount representing interest	1,092,812	143,257
Present value of net minimum lease payments	\$ 8,336,120	\$ 3,641,362

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings	\$ -	\$ 4,115,612
Improvements other than buildings	1,458,939	-
Machinery and equipment	<u>7,977,461</u>	<u>2,336,142</u>
Totals	9,436,400	6,451,754
Accumulated depreciation	<u>2,527,482</u>	<u>2,273,563</u>
Totals	<u>\$ 6,908,918</u>	<u>\$ 4,178,191</u>

G. Long-Term Liabilities

1. Mortgage Bonds

Mortgage Bonds outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding 12-31-12</u>
<u>Governmental Activities</u>			
2010 Public Works Service Center Refunding	3.0% to 5.0%	\$ 5,327,775	\$ 4,288,530
- maturity February 1, 2021			
- installments of \$465,000 to \$640,000 plus interest			
2012 New Fire Station/Police Renovations Refunding	2.1% to 5.0%	<u>13,595,000</u>	<u>13,595,000</u>
- maturity February 1, 2023			
- installments of \$545,000 to \$770,000 plus interest			
Total - governmental activities		<u>\$ 18,922,775</u>	<u>\$ 17,883,530</u>
<u>Business-Type Activities</u>			
2010 Public Works Service Center Refunding	3.0% to 5.0%	<u>\$ 747,225</u>	<u>\$ 601,470</u>
- maturity February 1, 2021			
- installments of \$465,000 to \$640,000 plus interest			

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Mortgage bonds at year end include the following amounts of unamortized bond discount (premium) and unamortized loss (gain) on refunding:

Purpose	Balance at December 31	Unamortized Discount (Premium)	Adjusted Balance
<u>Governmental Activities</u>			
2010 Public Works Service Center Refunding	\$ 4,288,530	\$ (112,841)	\$ 4,401,371
2012 New Fire Station/Police Renovations Refunding	13,595,000	(1,236,364)	14,831,364
Total Governmental Activities	<u>\$ 17,883,530</u>	<u>\$ (1,349,205)</u>	<u>\$19,232,735</u>
<u>Business-Type Activities</u>			
2010 Public Works Service Center Refunding	\$ 601,470	\$ 10,486	\$ 611,956

Mortgage debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 1,672,885	\$ 552,343	\$ 62,115	\$ 20,729
2014	1,580,425	573,724	64,575	17,912
2015	1,637,965	517,405	67,035	15,956
2016	1,691,120	464,859	68,880	13,927
2017	1,744,275	409,927	70,725	11,807
2018-2022	8,786,860	1,075,931	268,140	21,159
2023-2027	770,000	9,625	-	-
Totals	<u>\$ 17,883,530</u>	<u>\$ 3,603,814</u>	<u>\$ 601,470</u>	<u>\$ 101,490</u>

2. Revenue Bonds

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

Purpose	Interest Rates	Original Issue	Outstanding 12-31-12
<u>Governmental Activities:</u>			
Tax Incremental Financing Revenue Bonds:			
2002 TJX Special Taxing District	3.0% to 4.75%	\$ 6,620,000	\$ 3,750,000
- maturity January 1, 2022			
- installments of \$295,000 to \$500,000 plus interest			
2003 Amended Airport TIF Refunding	4.0% to 5.20%	14,420,000	9,830,000
- maturity February 1, 2025			
- installments of \$254,036 to \$530,000 plus interest			
2003 Amended Downtown TIF Refunding	4.0% to 5.20%	19,795,000	17,230,000
- maturity February 1, 2025			
- installments of \$260,000 to \$935,000 plus interest			

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Purpose	Interest Rates	Original Issue	Outstanding 12-31-12
Governmental Activities (continued):			
2005 Southside TIF	6.1% to 6.75%	5,485,000	4,660,000
- maturity February 1, 2027			
- installments of \$165,000 to \$465,000 plus interest			
2011 SB Career Academy Project	4.0 %	1,500,000	1,000,000
- maturity November 15, 2014			
- installments of \$500,000 plus interest			
Redevelopment Authority Revenue Bonds:			
2008 Eddy Street Common Improvements	4.0% to 6.0%	36,000,000	34,950,000
- maturity February 15, 2033			
- installments of \$145,000 to \$1,420,000 plus interest			
2008 Century Center Improvements	4.0% to 5.63%	4,655,000	4,165,000
- maturity May 1, 2028			
- installments of \$155,000 to \$375,000 plus interest*			
2009 Morris Performing Arts Center Refinancing	3.0% to 4.0%	7,210,000	4,270,000
- maturity February 1, 2017			
- installments of \$400,000 to \$515,000 plus interest			
2011 Hall of Fame Refinancing	.8% to 3.65%	7,580,000	6,400,000
- maturity February 1, 2018			
- installments of \$550,000 to \$615,000 plus interest			
2011 Century Center Refinancing	2.0% to 3.0%	2,980,000	2,505,000
- maturity February 1, 2018			
- installments of \$215,000 to \$260,000 plus interest			
CEDIT Revenue Bonds:			
2006 CEDIT Refinancing Bonds	3.75% to 4%	7,440,000	3,535,000
- maturity February 1, 2017			
- installments of \$310,000 to \$430,000 plus interest			
Professional Sports/Convention Development Revenue Bonds:			
2010 Taxable	1.75% to 5.2%	<u>4,980,000</u>	<u>4,115,000</u>
- maturity January 5, 2019			
- installments of \$580,000 to \$670,000 plus interest			
 Total Governmental Activities		 <u>\$ 118,665,000</u>	 <u>\$ 96,410,000</u>

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

Business-Type Activities:			
2006 Water Works Improvement	4.25% to 4.50%	4,710,000	3,700,000
- maturity January 1, 2027			
- installments of \$170,000 to \$350,000 plus interest			
2009 Water Works Improvement	3.8% to 5.89%	5,380,000	5,185,000
- maturity January 1, 2030			
- installments of \$195,000 to \$455,000 plus interest			
2012 Water Works Improvement	2.0%	3,785,000	3,785,000
- maturity January 1, 2023			
- installments of \$335,000 to \$425,000 plus interest			
2012B Water Works Improvement	2.0% to 3.7%	8,300,000	8,300,000
- maturity January 1, 2033			
- installments of \$340,000 to \$540,000 plus interest			
2004 Sewage Works Improvement	2.5% to 4.75%	11,425,000	7,980,000
- maturity December 1, 2024			
- installments of \$450,000 to \$860,000 plus interest			
2006 Sewage Works Improvement	3.6% to 4.625%	7,630,000	6,425,000
- maturity December 1, 2026			
- installments of \$295,000 to \$630,000 plus interest			
2007A Sewage Works Improvement	4.0% to 4.5%	16,600,000	13,670,000
- maturity December 1, 2027			
- installments of \$585,000 to \$1,225,000 plus interest			
2007B Sewage Works Improvement	4.0% to 4.5%	16,515,000	13,615,000
- maturity December 1, 2027			
- installments of \$580,000 to \$1,230,000 plus interest			

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Purpose	Interest Rates	Original Issue	Outstanding 12-31-12
Business-Type Activities (continued):			
2010 Sewage Works Revenue	2.0% to 4.5%	9,345,000	8,630,000
- maturity December 1, 2030			
- installments of \$365,000 to \$665,000 plus interest			
2011 Sewage Works Revenue	3% to 4%	21,500,000	20,740,000
- maturity December 1, 2031			
- installments of \$365,000 to \$665,000 plus interest			
2012 Sewage Works Revenue	2% to 2.75%	25,000,000	25,000,000
- maturity December 1, 2032			
- installments of \$1,105,000 to \$1,650,000 plus interest			
1998 Blackthorn Golf Course Refinancing	3.25% to 4.8%	6,135,000	620,000
- maturity March 1, 2013			
- installments of \$540,000 to \$620,000 plus interest			
Total Business-Type Activities		<u>\$ 136,325,000</u>	<u>\$ 117,650,000</u>

The City has pledged future revenues, net of operating expenses to repay water and wastewater utilities' bonds. 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 payment. Water and wastewater bond ordinances also require monthly deposits of user fee revenues over 60 months to produce a bond reserve equal to approximately the maximum annual debt service.

During 2012, the Water Utility paid \$5,440,635 in debt payments or approximately 38 percent of operating revenues. The Wastewater Utility paid \$8,314,808 in debt payments or approximately 27 percent of operating revenues.

The City has pledged tax incremental financing revenues to meet tax incremental financing and Redevelopment Authority, including the Blackthorn Golf Course, debt requirements. The City has pledged county economic development income taxes (CEDIT) to meet the CEDIT revenue bond debt requirements. The City has also pledged taxes in the Professional Sports and Convention Development (PSCD) Area to meet the PSCD revenue bonds.

Revenue bonds at year end include the following amounts of unamortized bond discount (premium) and unamortized loss (gain) on refunding:

Purpose	Balance at December 31	Unamortized Discount (Premium)	Adjusted Balance
Governmental Activities:			
Tax Incremental Financing Revenue Bonds:			
2002 TJX Special Taxing District	\$ 3,750,000	\$ 32,251	\$ 3,717,749
2003 Amended Airport TIF Refunding	9,830,000	-	9,830,000
2003 Amended Downtown TIF Refunding	17,230,000	-	17,230,000
2005 Southside TIF	4,660,000	46,129	4,613,871
2011 SB Career Academy Project	1,000,000	-	1,000,000
Redevelopment Authority Revenue Bonds:			
2008 Eddy Street Common Improvements	34,950,000	(1,407,218)	36,357,218
2008 Century Center Improvements	4,165,000	71,486	4,093,514
2009 Morris Performing Arts Center Refinancing	4,270,000	(45,534)	4,315,534
2011 Hall of Fame Refinancing	6,400,000	-	6,400,000
2011 Century Center Refinancing	2,505,000	(22,742)	2,527,742
CEDIT Revenue Bonds:			
2006 CEDIT Refinancing Bonds	3,535,000	(19,938)	3,554,938
Professional Sports/Convention Development Revenue Bonds:			
2010 Taxable	4,115,000	-	4,115,000
Total Governmental Activities	<u>\$ 96,410,000</u>	<u>\$ (1,345,566)</u>	<u>\$ 97,755,566</u>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Purpose	Balance at December 31	Unamortized Discount (Premium)	Adjusted Balance
<b>Business-Type Activities:</b>			
2006 Water Works Improvement	3,700,000	16,414	3,683,586
2009 Water Works Improvement	5,185,000	-	5,185,000
2012B Water Works Improvement	3,785,000	36,700	3,748,300
2012 Water Works Improvement	8,300,000	75,165	8,224,835
2004 Sewage Works Improvement	7,980,000	(142,414)	8,122,414
2006 Sewage Works Improvement	6,425,000	(33,280)	6,458,280
2007A Sewage Works Improvement	13,670,000	(12,303)	13,682,303
2007B Sewage Works Improvement	13,615,000	(79,865)	13,694,865
2010 Sewage Works Revenue	8,630,000	(171,605)	8,801,605
2011 Sewage Works Revenue	20,740,000	106,643	20,633,357
2012 Sewage Works Revenue	25,000,000	(196,371)	25,196,371
1998 Blackthorn Golf Course Refinancing	620,000	2,140	617,860
<b>Total Business-Type Activities</b>	<b>\$ 117,650,000</b>	<b>\$ (398,776)</b>	<b>\$ 118,048,776</b>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 7,615,000	\$ 4,597,524	\$ 6,065,000	\$ 4,228,142
2014	7,950,000	4,326,765	5,595,000	4,059,402
2015	7,720,000	4,034,845	5,750,000	3,882,080
2016	8,030,000	3,728,416	5,925,000	3,698,067
2017	7,380,000	3,396,357	6,120,000	3,501,917
2018-2022	25,290,000	12,809,615	34,045,000	14,183,201
2023-2027	18,495,000	6,517,120	35,480,000	7,462,922
2028-2032	12,510,000	2,511,806	18,670,000	1,743,203
2033-2037	1,420,000	42,600	-	-
<b>Totals</b>	<b>\$ 96,410,000</b>	<b>\$ 41,965,048</b>	<b>\$ 117,650,000</b>	<b>\$ 42,758,934</b>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Notes and Loans Payable

The primary government has entered into various notes/loans. Annual debt service requirements to maturity for the notes/loans are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 1,653,864	\$ 122,654	\$ 1,763,877	\$ 401,003
2014	1,684,986	80,555	1,849,662	349,365
2015	979,720	36,443	1,885,765	296,303
2016	239,741	19,655	1,940,456	241,661
2017	156,919	10,357	1,995,426	185,435
2018-2022	238,409	13,627	3,048,281	349,838
2023-2027	-	-	1,151,225	132,988
2027-2031	\$ -	\$ -	214,209	7,346
Totals	<u>\$ 4,953,639</u>	<u>\$ 283,291</u>	<u>\$ 13,848,901</u>	<u>\$ 1,963,939</u>

4. Bond Refunding

On September 27, 2012, the City of South Bend issued \$13,595,000 in refunding mortgage bonds with an average interest rate of 3.78 percent to refund \$13,985,000 of outstanding 2003 New Fire Station/Police Renovation mortgage serial bonds with an average interest rate of 4.89 percent. The net proceeds of \$14,576,753 (after payment of \$254,611 in issuance costs and \$1,236,364 bond premium) and local contributions of \$40,760 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2003 series bonds. As a result, the 2003 bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position. The refunding resulted in the accounting loss of \$310,468, which has been recognized on the Statement of Net Position as deferral of loss on refunding. This amount will be amortized using the straight-line method and charged to interest expense over the next 11 years. The City, in effect, reduced its aggregate debt service payment by \$1,514,992 over the next 11 years and realized an economic gain (difference between the present values of the old and new debt service payments) of \$1,326,956.

On November 19, 2012, the City of South Bend issued \$3,785,000 in refunding waterworks revenue bonds with an average interest rate of 2.0 percent to refund \$3,945,000 of outstanding 2002 waterworks revenue serial bonds with an average interest rate of 4.79 percent. The net proceeds of \$3,706,700 (after payment of \$78,300 in issuance costs) and local contributions of \$369,279 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2002 series bonds. As a result, the 2002 bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position. The refunding resulted in the accounting loss of \$26,874, which has been recognized on the Statement of Net Position as deferral of loss on refunding. This amount will be amortized using the straight-line method and charged to interest expense over the next 10 years. The City's Water Utility, in effect, reduced its aggregate debt service payment by \$514,153 over the next 10 years and realized an economic gain (difference between the present values of the old and new debt service payments) of \$444,521.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2012, was as follows:

Primary Government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue	\$ 101,472,431	\$ 1,500,000	\$ 6,562,431	\$ 96,410,000	\$ 7,615,000
Mortgage	19,724,490	13,595,000	15,435,960	17,883,530	1,672,885
Total bonds payable	121,196,921	15,095,000	21,998,391	114,293,530	9,287,885
Notes and loans payable	4,431,871	1,700,000	1,178,232	4,953,639	1,653,864
Capital leases	7,510,749	2,460,897	1,635,526	8,336,120	1,785,051
Compensated absences	4,959,163	3,782,559	3,625,397	5,116,325	3,782,559
Net other postemployment benefits obligation	5,384,213	-	-	5,384,213	-
Net pension obligation	62,890,433	209,585	-	63,100,018	-
Total governmental activities long-term liabilities	<u>\$ 206,373,350</u>	<u>\$ 23,248,041</u>	<u>\$ 28,437,546</u>	<u>\$ 201,183,845</u>	<u>\$ 16,509,359</u>
Primary Government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds payable:					
Water Utility	\$ 13,210,000	\$ 12,085,000	\$ 4,325,000	\$ 20,970,000	\$ 1,070,000
Wastewater Utility	74,235,000	25,000,000	3,175,000	96,060,000	4,375,000
Blackthorn Golf Course	1,210,000	-	590,000	620,000	620,000
Total revenue bonds payable	88,655,000	37,085,000	8,090,000	117,650,000	6,065,000
Mortgage bonds payable	660,510	-	59,040	601,470	62,115
Capital leases payable	1,077,662	2,912,919	349,219	3,641,362	469,111
Notes and loans payable:	15,542,372	34,826	1,728,297	13,848,901	1,763,877
Total business-type activities long-term liabilities	<u>\$ 105,935,544</u>	<u>\$ 40,032,745</u>	<u>\$ 10,226,556</u>	<u>\$ 135,741,733</u>	<u>\$ 8,360,103</u>

Compensated absences for governmental activities typically have been liquidated from the General Fund and special revenue funds. All of the December 31, 2012, business-type activities' compensated absences are due within one year. Net pension obligation will be liquidated from the pension trust funds. Net OPEB obligation will be liquidated from the general fund.

H. Segment Information

The primary government issued revenue bonds to finance Blackthorn Golf Course improvements. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the Blackthorn Golf Course is presented below.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Condensed Statement of Net Position

Assets:	
Current assets	\$ 63,703
Restricted assets	754,268
Capital assets	<u>2,466,915</u>
Total assets	<u>\$ 3,284,886</u>
Deferred outflows of resources:	
Unamortized loss on refunding	<u>\$ 3,528</u>
Liabilities:	
Current liabilities	\$ 1,911
Restricted liabilities	678,295
Noncurrent liabilities	<u>1,858,624</u>
Total liabilities	<u>\$ 2,538,830</u>
Net position:	
Investment in capital assets	\$ 1,693,942
Restricted	543,914
Unrestricted	<u>(1,488,272)</u>
Total net position	<u>\$ 749,584</u>

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

Operating revenues	\$ 1,669,372
Depreciation expense	(158,750)
Other operating expenses	<u>(1,623,754)</u>
Operating loss	<u>(113,132)</u>
Nonoperating revenues (expenses):	
Investment earnings	2,352
Interest expense	(59,494)
Transfers in	651,500
Transfers out	<u>(657,593)</u>
Change in net position	(176,367)
Beginning net position - restated	<u>925,951</u>
Ending net position	<u>\$ 749,584</u>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$ 45,412
Noncapital financing activities	(6,093)
Capital and related financing activities	(687,972)
Investing activities	<u>468,321</u>
Net decrease	(180,332)
Beginning cash and cash equivalents	<u>777,003</u>
Ending cash and cash equivalents	<u>\$ 596,671</u>

I. Restricted Assets

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

Cash, cash equivalents, and investments	
Repair funds	\$ 1,160,097
Customer deposits	1,408,791
Revenue bond covenant accounts	17,696,487
Capital outlay accounts	53,674,064
Cash with fiscal agent	1,936,128
Interest receivable	<u>39,131</u>
Total restricted assets	<u>\$ 75,914,698</u>

J. Restatements and Reclassifications

The following schedule presents a summary of restated beginning balances.

Opinion Unit	Balance as Reported December 31, 2011	Prior Period Adjustments/ Reclassifications	Balance as Restated January 1, 2012
Governmental activities - net position	\$ 293,063,546	\$	\$
Correct overstated property tax receivable		(4,424,204)	
GASB 65 - eliminate deferred charges		(1,651,410)	
Capital asset corrections		903,735	287,891,667
Business-type activities - net position	164,401,329		
GASB 65 - eliminate deferred charges		(1,806,683)	
Capital asset corrections		(460,024)	162,134,622
Governmental funds (nonmajor) fund balance	196,234,076		
Correct overstated property tax receivable		(4,424,204)	
Property held for resale restated		1,595,000	193,404,872

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Opinion Unit	Balance as Reported December 31, 2011	Prior Period Adjustments/ Reclassifications	Balance as Restated January 1, 2012
Water Utility - net position	53,993,785		
GASB 65 - eliminate deferred charges		(755,200)	53,238,585
Wastewater Utility - net position	81,338,392		
GASB 65 - eliminate deferred charges		(1,046,425)	
Capital asset corrections		62,257	80,354,224
Century Center - net position	18,343,247		
Capital asset corrections		(522,281)	17,820,966
Proprietary funds (other nonmajor enterprise) - net position	10,725,905		
GASB 65 - eliminate deferred charges		(5,058)	10,720,847

K. Loss on Sale/Leaseback of Leighton Parking Garage

During 2000, the City completed construction of the Leighton Parking Garage and capitalized the cost of the garage, \$11,439,712, in the Parking Garage Fund, an enterprise fund. On December 1, 2000, the City sold the garage to the South Bend Transportation Company (TRANSPO) for \$3,000,000 as part of a sale/leaseback agreement. The proceeds were receipted into the County Option Income Tax Fund. This fund is also making the future lease payments to TRANSPO.

The present value of the lease, \$1,960,044, was the new basis for the parking garage. As part of this sale/leaseback, the Parking Garage Fund recognized a deferred loss of \$8,439,712, which is being amortized over the 15 year life of the lease.

L. Property Held for Resale

The City's Redevelopment Commission has purchased properties in blighted areas for redevelopment and subsequent resale. At December 31, 2012, the market value of these properties was not known. These properties are recognized as assets in the funds that purchased the property.

IV. Other Information

A. Risk Management

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

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Liability Insurance

The primary government has chosen to establish a risk financing fund for risks associated with job related illnesses or injuries to employees, automobile liability, and comprehensive liability. The risk financing fund is accounted for in the Liability Insurance Premium Reserve Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$350,000 per claim for job related illnesses or injuries to employees (workers' compensation) and \$100,000 per claim for damage to and destruction of assets (property damage). One claim resulting from property damage exceeded commercial insurance coverage in the past three years. The claim occurred during 2012 and the gross claim cost is not complete, but estimated to be \$275,000. A premium is charged to each fund based on a study of paid claims and based on the number of employees and percent of the total budget. Provisions are also made for unexpected and unusual claims.

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

Changes in the balance of claim liabilities during the past two years are as follows:

	2011	2012
Unpaid claims, beginning of fiscal year	\$ 2,103,925	\$ 2,255,972
Incurred claims and changes in estimates	2,070,065	5,155,318
Claim payments	1,918,018	1,826,814
Unpaid claims, end of fiscal year	\$ 2,255,972	\$ 5,584,476

Group Health Insurance

The primary government has chosen to establish a risk financing fund for risks associated with medical benefits of employees and their covered dependents. The risk financing fund is accounted for in the Self-Funded Employee Benefits Fund, an internal service fund, where assets are set aside for benefit costs. An excess policy through commercial insurance covers individual claims in excess of \$300,000 per year. One claim resulting from this risk exceeded commercial insurance coverage in the past three years. The claim occurred during 2011 and the gross claim cost was \$564,932. A premium is charged to each fund based on the number of employees and estimated costs exceeding the employees' contributions. Provisions are also made for unexpected and unusual claims.

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Changes in the balance of claim liabilities during the past two years are as follows:

	2011	2012
Unpaid claims, beginning of fiscal year	\$ 424,689	\$ 789,961
Incurred claims and changes in estimates	11,328,758	12,192,449
Claim payments	10,963,486	12,012,333
Unpaid claims, end of fiscal year	\$ 789,961	\$ 970,077

The December 31, 2012, unpaid claims include \$870,077 reported as current liabilities and expected to be paid within the current year.

During 2005, the City's former employee medical benefits' administrator, Healthcare Resources Group (HRG), failed to pay \$1,111,899 in health care claims for City employees. The City had paid HRG for the claims. HRG was purchased by another business that filed bankruptcy. Asset distribution, which amounted to approximately 19 percent, was made in August 2012, but erroneously paid to St. Joseph County. In May 2013, the County paid the asset distribution to the City.

**B. Subsequent Events**

On February 28, 2012, the City, the United States of America, and the State of Indiana, agreed to a consent decree to resolve claims against the City for alleged violations of the Clean Water Act. The decree includes several provisions, including a long-term control plan that requires the City to complete a construction program by December 31, 2031, at a cost of approximately \$509.5 million in 2007 dollars to comprehensively upgrade and expand the City's sewage collection, storage, conveyance, and treatment system.

At its April 2, 2013 meeting the City's Redevelopment Commission approved an early termination agreement with Robert Bosch LLC (Bosch) in which Bosch agrees to pay the City a lease termination penalty, \$1,327,083 and repayment of improvements funded by the City, \$746,072. The City received these amounts on April 26, 2013, into the TIF Airport fund, a major governmental fund. Also, Bosch will continue to repay, over time, the remaining balance on a loan with a December 31, 2012 balance of \$538,508.13.

On April 25, 2013, the City sold \$14,765,000 2013A Sewage Works refunding bonds to refund the outstanding 1998 State Revolving Fund loan and 2004 sewage works bond issues, which had outstanding December 31, 2012 balances of \$9,445,000 and \$7,980,000, respectively.

On February 28, 2013, the City's Redevelopment Commission approved a confidential settlement with Cooper Industries, LLC, the successor to the Studebaker Corporation related to environmental claims at the former Studebaker industry location. The estimated settlement is approximately \$4.9 million, of which the City will receive two-thirds.

On March 20, 2013, the City's Redevelopment Authority approved issuing revenue bonds not to exceed \$5,100,000 to refund the outstanding 2008 Century Center Improvement revenue bonds which had an outstanding December 31, 2012 balance of \$4,165,000.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

On April 22, 2013, the City's Common Council approved entering into a lease with the South Bend Building Corporation, Inc., a significant blended component unit. The lease agreement requires the City make lease payments in annual amounts not to exceed \$561,000. The Building Corporation will issued mortgage bonds, not to exceed \$6,215,000, to finance a new City fire station #5 and a new City fire safety training center.

C. Conduit Debt Obligation

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

As of December 31, 2012, there were several series of industrial revenue bonds outstanding. The City has been able to determine the aggregate principal amount payable is \$19,642,337 for four outstanding industrial revenue bonds, but was unable to obtain the outstanding principal amount for eight other industrial revenue bonds. During 2012, the City approved no new industrial revenue bonds.

D: Other Postemployment Benefits (OPEB)

Plan Description

The City of South Bend Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the City of South Bend, Department of Administration and Finance, through the City's Self-Insurance Fund. The plan provides for medical insurance benefits to eligible retirees and their spouses. Indiana Code 5-10-8 gives the unit the authority to establish and amend the plan.

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

Funding Policy

The contribution requirements of plan members for the City of South Bend Retiree Healthcare Plan are established and can be amended by the City's Common Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2011, the date of the most recently completed actuarial study, the City contributed \$703,134 to the plan for current premiums. Police and Fire members receiving benefits contributed approximately 30 percent of the total premiums, through their required contribution of \$133 per month for retiree-only coverage and \$395 for retiree and spouse coverage. General employee members receiving benefits contributed approximately 100 percent of the total premiums, through their required contribution of \$346 per month for retiree-only coverage and \$912 for retiree and spouse coverage.

CITY OF SOUTH BEND  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan:

Annual required contribution	\$ 2,016,827
Interest on net OPEB obligation	186,226
Adjustment to annual required contribution	<u>(254,060)</u>
Annual OPEB cost	1,948,993
Contributions made	<u>(703,134)</u>
Increase in net OPEB obligation	1,245,859
Net OPEB obligation – beginning of year	<u>4,138,354</u>
Net OPEB obligation – end of year	<u>\$ 5,384,213</u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-09	\$ 1,851,421	42.7%	\$3,095,203
12-31-10	1,834,037	43.1	4,138,354
12-31-11	1,948,993	36.1	5,384,213

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$18,649,906, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$18,649,906. The covered payroll (annual payroll of active employees covered by the plan) was not available, and the ratio of the UAAL to covered payroll was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Methods and Assumption

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The UAAL is being amortized as a level dollar amount based on an open group. The remaining amortization period at December 31, 2011, was 30 years.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The primary government contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system and give the primary government authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report is available at [www.in.gov/inprs/2341.htm](http://www.in.gov/inprs/2341.htm) or may be obtained by contacting:

Indiana Public Retirement System  
One North Capital, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of INPRS. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the primary government and the Utilities is not available. Therefore, the Net Pension Asset is considered an obligation of the primary government and is presented in the governmental activities of the financial statements and is not presented as an asset of the proprietary funds.

b. 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 plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to 6 percent of the salary of a first class patrolman. The contribution requirements of plan members are established by state statute. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Position. The State of Indiana is required by Statute to reimburse the City for benefits paid and has contributed \$6,731,621 during 2012 on behalf of the City. The City has recognized these on behalf payments as intergovernmental revenue and public safety expenditures in the general fund.

c. 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 plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

CITY OF SOUTH BEND  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Funding Policy

Plan members are required by state statute (IC 36-8-7-8) to contribute an amount equal to 6 percent of the salary of a first class fireman. The contribution requirements of plan members are established by state statute. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Position. The State of Indiana is required by Statute to reimburse the City for benefits paid and has contributed \$5,233,388 during 2012 on behalf of the City. The City has recognized these on behalf payments as intergovernmental revenue and public safety expenditures in the general fund.

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 2,726,030	\$ 6,986,200	\$ 5,787,300
Interest on net pension obligation	138,565	2,110,300	1,544,400
Adjustment to annual required contribution	(159,521)	(2,858,700)	(2,092,000)
Annual pension cost	2,705,074	6,237,800	5,239,700
Contributions made	1,995,636	6,742,242	5,235,111
Increase (decrease) in net pension obligation	709,438	(504,442)	4,589
Net pension obligation, beginning of year	1,979,499	35,171,707	25,739,227
Net pension obligation, end of year	<u>\$ 2,688,937</u>	<u>\$ 34,667,265</u>	<u>\$ 25,743,816</u>

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	7.88%	1,656%	1,583%
Plan members	3%	6%	6%
Actuarial valuation date	06-30-12	01-01-12	01-01-12
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed 30 years	Level percentage of projected payroll, closed 30 years	Level percentage of projected payroll, closed 30 years
Amortization period			
Amortization period (from date)	07-1-97	01-01-05	01-01-05
Asset valuation method	4-year smoothing of gains/losses on market value with a 20% corridor	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

<u>Actuarial Assumptions</u>	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighter' Pension</u>
Investment rate of return	6.75%	6%	6%
Projected future salary increases:			
Total	3.25% to 4.5%	3.25%	3.25%
Cost-of-living adjustments	1%	3.25%	3.25%
Cost-of-living adjustments (converted)	1%	2.25%	2.25%

For financial reporting purposes the projection of benefits for these plans does not explicitly incorporate the potential effects of the legal limit on employer contributions disclosed.

Three Year Trend Information

PERF			
<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06-30-10	\$ 1,907,328	78%	\$ 1,039,079
06-30-11	2,543,982	63%	1,979,499
06-30-12	2,705,074	74%	2,688,937

1925 Police Officers' Pension			
<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12-31-10	\$ 6,040,600	96%	\$ 34,932,097
12-31-11	6,726,600	96%	35,171,707
12-31-12	6,237,800	108%	34,667,265

1937 Firefighters' Pension Plan			
<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12-31-10	\$ 5,353,200	97%	\$ 25,292,196
12-31-11	5,971,600	93%	25,739,227
12-31-12	5,239,700	100%	25,743,816

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2012, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	239	201
Terminated employees entitled to BUT not yet receiving benefits	-	-
Current active employees	3	7

Funded Status and Funding Progress for the Above Plans

The funded status of each plan as of July 1, 2012, the most recent actuarial valuation date (except 1925 Police Officers' and 1937 Firefighters' pension funds which is as of January 1, 2012) is as follows:

Retirement Plan	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
PERF	06-30-12	\$ 19,348,101	\$ 40,445,286	\$ (21,097,185)	47.8%	\$ 25,533,046	(83)%
1925 Police Officers'	01-01-12	2,166,759	84,884,700	(82,717,941)	2.55%	421,800	(19,611)%
1937 Firefighters'	01-01-12	1,718,166	70,308,800	(68,590,634)	2.44%	365,500	(18,766)%

The Schedules of Funding Progress, presented as RSI for the above plans following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

d. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Position

	1925 Police Officers' Pension	1937 Firefighters' Pension
<u>Assets</u>		
Cash and cash equivalents	\$ 873,828	\$ 510,174
Investments	1,434,957	837,783
Receivables:		
Interest	1,825	1,066
Total assets	2,310,610	1,349,023

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	1925 Police Officers' Pension	1937 Firefighters' Pension
<u>Liabilities</u>		
Accounts payable	88	72
Accrued payroll payable	-	620
Total liabilities	88	692

Net Position

Net position held in trust for pension benefit obligations	\$ 2,310,522	\$ 1,348,331
---	--------------	--------------

Statements of Changes in Fiduciary Net Position

	1925 Police Officers' Pension	1937 Firefighters' Pension
<u>Additions</u>		
Contributions:		
On behalf	\$ 6,731,620	\$ 5,233,388
Plan members	2,278	-
Other	10,621	1,723
Total contributions	6,744,519	5,235,111
Investment income:		
Interest	5,906	3,531
Total additions	6,750,425	5,238,642
<u>Deductions</u>		
Benefits and refunds paid to plan members and beneficiaries	6,595,376	5,607,198
Administrative expenses	11,286	1,279
Total deductions	6,606,662	5,608,477
Changes in net position	143,763	(369,835)
Net position - beginning	2,166,759	1,718,166
Net position – ending	\$ 2,310,522	\$ 1,348,331

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The primary government contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8 and IC 36-8-8.5) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46201  
Phone (888) 526-1687

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6 percent of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 19.5 percent of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2012, 2011, and 2010, were \$4,294,453, \$4,187,175, and \$4,344,470, respectively, equal to the required contributions for each year.

CITY OF SOUTH BEND  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-10	\$27,202,254	\$39,699,253	\$ (12,496,999)	69%	\$24,385,338	(51%)
07-01-11	23,111,685	40,495,255	(17,383,570)	57%	25,613,579	(68%)
07-01-12	19,348,101	40,445,286	(21,097,185)	48%	25,533,046	(83%)

1925 Police Officers' Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-07	\$ 1,188,997	\$87,910,800	\$ (86,721,803)	1.35%	\$ 1,386,800	(6253%)
01-01-08	3,522,332	85,203,100	(81,680,768)	4.13%	652,500	(12518%)
01-01-09	2,549,705	80,233,300	(77,683,595)	3.18%	611,000	(12714%)
01-01-10	2,809,527	86,097,800	(83,288,273)	3.26%	569,500	(14625%)
01-01-11	2,367,050	89,947,300	(87,580,250)	2.63%	542,900	(16132%)
01-01-12	2,166,759	84,884,700	(82,717,941)	2.55%	421,800	(19511%)

1937 Firefighters' Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-07	\$ 1,624,421	\$66,072,400	\$ (64,447,979)	2.46%	\$ 1,338,200	(4816%)
01-01-08	2,968,691	58,489,000	(55,520,309)	5.08%	519,400	(10689%)
01-01-09	2,285,165	70,369,900	(68,084,735)	3.25%	474,450	(14350%)
01-01-10	2,162,207	74,950,900	(72,788,693)	2.88%	429,500	(16947%)
01-01-11	1,815,026	79,076,500	(77,261,474)	2.30%	397,100	(19456%)
01-01-12	1,718,166	70,308,800	(68,590,634)	2.44%	365,500	(18766%)

Other Postemployment Benefits						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-09	\$ -	\$17,009,698	\$ (17,009,698)	0.00%	\$42,080,990	(40.4%)
01-01-10	-	17,641,023	(17,641,023)	0.00%	n/a	n/a
01-01-11	-	18,649,906	(18,649,906)	0.00%	n/a	n/a

CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF CONTRIBUTIONS FROM THE  
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan			
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
12-31-07	\$ 6,722,800	71%	
12-31-08	6,421,500	79%	
12-31-09	5,995,700	106%	
12-31-10	6,673,100	87%	
12-31-11	7,317,800	89%	
12-31-12	6,986,200	97%	
1937 Firefighters' Pension Plan			
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
12-31-07	\$ 5,104,800	132%	
12-31-08	4,436,200	106%	
12-31-09	5,258,600	103%	
12-31-10	5,811,400	89%	
12-31-11	6,399,700	86%	
12-31-12	5,787,300	90%	

CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2012

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property	\$ 39,950,000	\$ 39,950,000	\$ 39,368,431	\$ (581,569)
Licenses and permits	839,375	877,375	888,115	10,740
Intergovernmental	8,758,019	8,838,496	8,581,168	(257,328)
Charges for services	3,984,005	3,782,005	3,580,554	(201,451)
Fines and forfeits	25,920	25,920	34,931	9,011
Inter-fund Transfers	6,884,823	6,949,823	6,797,370	(152,453)
Other	3,913,854	3,990,591	4,159,270	168,679
<b>Total revenues</b>	<b>64,355,996</b>	<b>64,414,210</b>	<b>63,409,839</b>	<b>(1,004,371)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
<b>Mayor</b>				
Personnel services	541,392	547,090	538,763	8,327
Supplies	34,359	35,859	28,726	7,133
Other services and charges	61,269	79,672	73,572	6,100
Capital outlay	-	3,000	-	3,000
Other uses	2,448	2,448	2,448	-
<b>City Clerk</b>				
Personnel services	270,743	270,743	256,385	14,358
Supplies	8,700	7,700	4,575	3,125
Other services and charges	58,258	59,258	39,229	20,029
Capital outlay	15,000	15,000	6,835	8,165
Other uses	120	120	120	-
<b>Common Council</b>				
Personnel services	274,330	259,330	173,388	85,942
Supplies	10,996	10,996	5,928	5,068
Other services and charges	196,933	210,591	190,698	19,893
Capital outlay	14,000	14,000	11,848	2,152
Other uses	2,102	3,444	3,444	-
<b>Administration/Finance</b>				
Personnel services	1,746,778	1,606,401	1,341,064	265,337
Supplies	251,313	252,248	31,610	220,638
Other services and charges	214,966	216,251	201,391	14,860
Other uses	6,216	6,216	6,216	-
<b>City Attorney</b>				
Personnel services	851,882	890,935	722,276	168,659
Supplies	10,200	10,200	7,759	2,441
Other services and charges	51,256	49,956	39,618	10,338
Capital outlay	-	6,300	6,016	284
Other uses	3,312	3,312	3,312	-

Continued on next page

CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2012  
 (Continued)

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
General Government (continued):				
Human Rights:				
Personnel services	236,229	236,229	231,914	4,315
Supplies	3,117	5,117	3,523	1,594
Other services and charges	35,682	56,307	38,635	17,672
Other uses	1,104	1,104	1,104	-
Energy Office:				
Other services and charges	-	149,064	149,064	-
Capital outlay	-	323,175	323,175	-
Neighborhood Code Enforcement:				
Personnel services	913,466	905,466	888,809	16,657
Supplies	74,664	91,664	88,034	3,630
Other services and charges	506,619	791,119	770,853	20,266
Other uses	56,764	56,764	56,764	-
Code Hearing Officer:				
Other services and charges	40,000	48,000	46,231	1,769
Total General Government	<u>6,494,218</u>	<u>7,225,079</u>	<u>6,293,327</u>	<u>931,752</u>
Public Safety:				
Police Department:				
Personnel services	20,417,842	20,411,842	20,242,358	169,484
Supplies	1,357,464	1,433,223	1,280,156	153,067
Other services and charges	3,192,678	3,264,800	3,081,094	183,706
Capital outlay	-	124,824	123,220	1,604
Other uses	26,076	26,076	26,076	-
Police - PS LOIT Funded:				
Personnel services	2,964,427	3,145,427	3,062,729	82,698
Communication Center:				
Personnel services	2,024,293	2,024,293	1,932,005	92,288
Supplies	4,029	4,029	2,358	1,671
Other services and charges	23,031	23,031	22,221	810
Other uses	444	444	444	-
Fire Department:				
Personnel services	18,649,984	19,302,077	18,941,605	360,472
Supplies	616,135	598,213	537,341	60,872
Other services and charges	1,579,931	1,484,598	1,423,608	60,990
Other uses	8,064	8,064	8,064	-
Fire - PS LOIT Funded:				
Personnel services	2,329,192	2,289,192	2,238,369	50,823

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CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2012  
 (Continued)

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public Safety (continued):				
Junk Vehicle:				
Personnel services	51,017	51,017	48,974	2,043
Supplies	2,041	2,041	983	1,058
Other services and charges	12,682	12,682	8,943	3,739
Capital outlay	-	2,834	2,834	-
Animal Control:				
Personnel services	379,473	379,473	372,739	6,734
Supplies	67,409	76,409	65,622	10,787
Other services and charges	91,605	106,405	90,958	15,447
Capital outlay	-	7,754	7,310	444
Other uses	1,392	1,392	1,392	-
Total Public Safety	<u>53,799,209</u>	<u>54,780,140</u>	<u>53,521,403</u>	<u>1,258,737</u>
Highways and Streets:				
Engineering:				
Personnel services	1,309,973	1,294,716	1,103,197	191,519
Supplies	17,125	20,578	17,311	3,267
Other services and charges	506,784	593,814	557,990	35,824
Capital outlay	5,000	18,726	8,399	10,327
Other uses	37,152	37,152	35,784	1,368
Street Department:				
Personnel services	116,542	116,542	116,490	52
Supplies	473,304	660,864	585,866	74,998
Other services and charges	94,855	111,658	84,120	27,538
Capital outlay	-	7,816	7,816	-
Other uses	684	684	684	-
Total Highways and Streets	<u>2,561,419</u>	<u>2,862,550</u>	<u>2,517,657</u>	<u>344,893</u>
Culture and Recreation:				
Palais Royale Ballroom:				
Personnel services	198,995	198,995	179,691	19,304
Supplies	12,200	12,991	8,607	4,384
Other services and charges	194,924	210,756	158,700	52,056
Capital outlay	8,250	8,250	5,056	3,194
Other uses	720	720	720	-

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CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2012  
 (Continued)

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Culture and Recreation (continued):				
Morris Performing Arts Center:				
Personnel services	627,852	627,852	616,536	11,316
Supplies	28,550	30,086	22,914	7,172
Other services and charges	323,532	336,001	299,461	36,540
Other uses	3,540	3,540	3,540	-
Total Culture and Recreation	<u>1,398,563</u>	<u>1,429,191</u>	<u>1,295,225</u>	<u>133,966</u>
Economic Development:				
Unsafe Building:				
Other services and charges	102,587	107,684	68,704	38,980
Total Economic Development	<u>102,587</u>	<u>107,684</u>	<u>68,704</u>	<u>38,980</u>
Total expenditures	<u>64,355,996</u>	<u>66,404,644</u>	<u>63,696,316</u>	<u>2,708,328</u>
Net change in fund balances	-	(1,990,434)	(286,477)	1,703,957
Fund balances - beginning	<u>27,954,076</u>	<u>27,954,076</u>	<u>27,954,076</u>	-
Fund balances - ending	<u>\$ 27,954,076</u>	<u>\$ 25,963,642</u>	<u>\$ 27,667,599</u>	<u>\$ 1,703,957</u>

Continued on next page

CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2012  
 (Continued)

	Park and Recreation Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Taxes:				
Property	\$ 7,900,000	\$ 7,900,000	\$ 7,824,056	\$ (75,944)
Intergovernmental	1,216,659	1,188,549	1,192,722	4,173
Charges for services	3,060,000	3,110,000	3,100,651	(9,349)
Fines and forfeits	1,000	1,000	1,555	555
Other	177,988	184,588	156,401	(28,187)
Total revenues	<u>12,355,647</u>	<u>12,384,137</u>	<u>12,275,385</u>	<u>(108,752)</u>
Expenditures:				
Current:				
Culture and recreation:				
Personnel services	7,727,881	7,567,231	7,443,622	123,609
Supplies	1,431,045	1,714,275	1,654,686	59,589
Other services and charges	1,980,962	2,110,473	2,036,760	73,713
Other uses	206,268	206,268	204,408	1,860
Capital outlay	818,991	701,456	607,448	94,008
Total expenditures	<u>12,165,147</u>	<u>12,299,703</u>	<u>11,946,924</u>	<u>352,779</u>
Other financing sources (uses):				
Transfers out	<u>(190,500)</u>	<u>(191,726)</u>	<u>(187,607)</u>	<u>4,119</u>
Net change in fund balances	-	(107,292)	140,854	248,146
Fund balances - beginning	<u>4,623,322</u>	<u>4,623,322</u>	<u>4,623,322</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,623,322</u>	<u>\$ 4,516,030</u>	<u>\$ 4,764,176</u>	<u>\$ 248,146</u>

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CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2012  
 (Continued)

	Public Safety LOIT Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
County option income tax	\$ 5,293,619	\$ 6,605,601	\$ 6,605,601	\$ -
Other	3,000	8,000	8,296	296
Total revenues	<u>5,296,619</u>	<u>6,613,601</u>	<u>6,613,897</u>	<u>296</u>
Other financing sources (uses):				
Transfers in	-	175,436	175,436	-
Transfers out	<u>(5,293,619)</u>	<u>(5,293,619)</u>	<u>(5,476,534)</u>	<u>(182,915)</u>
Total other financing sources (uses)	<u>(5,293,619)</u>	<u>(5,118,183)</u>	<u>(5,301,098)</u>	<u>(182,915)</u>
Net change in fund balances	3,000	1,495,418	1,312,799	(182,619)
Fund balances - beginning	<u>1,677,142</u>	<u>1,677,142</u>	<u>1,677,142</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,680,142</u>	<u>\$ 3,172,560</u>	<u>\$ 2,989,941</u>	<u>\$ (182,619)</u>

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CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2012  
 (Continued)

	COIT Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
Revenues:				
Taxes:				
County option income	\$ 6,458,586	\$ 8,610,429	\$ 8,610,742	\$ 313
Other	966,268	834,817	833,223	(1,594)
Total revenues	<u>7,424,854</u>	<u>9,445,246</u>	<u>9,443,965</u>	<u>(1,281)</u>
Expenditures:				
Current:				
General government:				
Supplies	15,000	21,274	20,793	481
Other services and charges	5,770,565	6,035,178	5,907,532	127,646
Capital outlay	275,000	2,128,017	2,124,075	3,942
Other uses	470,976	470,976	470,976	-
Total expenditures	<u>6,531,541</u>	<u>8,655,445</u>	<u>8,523,376</u>	<u>132,069</u>
Other financing sources (uses):				
Transfers out	<u>(481,992)</u>	<u>(481,992)</u>	<u>(481,992)</u>	<u>-</u>
Net change in fund balances	411,321	307,809	438,597	130,788
Fund balances - beginning	<u>14,207,444</u>	<u>14,207,444</u>	<u>14,207,444</u>	<u>-</u>
Fund balances - ending	<u>\$ 14,618,765</u>	<u>\$ 14,515,253</u>	<u>\$ 14,646,041</u>	<u>\$ 130,788</u>

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CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2012  
 (Continued)

	EDIT Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
Revenues:				
Taxes:				
County economic development income tax	\$ 7,300,866	\$ 9,068,785	\$ 9,068,785	\$ -
Other	170,000	599,160	604,691	5,531
Total revenues	<u>7,470,866</u>	<u>9,667,945</u>	<u>9,673,476</u>	<u>5,531</u>
Expenditures:				
General government:				
Other services and charges	3,203,720	4,848,464	3,551,861	1,296,603
Capital outlay	-	53,061	53,061	-
Total expenditures	<u>3,203,720</u>	<u>4,901,525</u>	<u>3,604,922</u>	<u>1,296,603</u>
Other financing sources (uses):				
Transfers out	(4,767,146)	(4,767,146)	(4,767,146)	-
Net change in fund balances	(500,000)	(726)	1,301,408	1,302,134
Fund balances - beginning	<u>8,380,260</u>	<u>8,380,260</u>	<u>8,380,260</u>	<u>-</u>
Fund balances - ending	<u>\$ 7,880,260</u>	<u>\$ 8,379,534</u>	<u>\$ 9,681,668</u>	<u>\$ 1,302,134</u>

CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGET/GAAP RECONCILIATION  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For the Year Ended December 31, 2012

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. Encumbrances are recorded as expenditures for budgetary purposes when purchase orders are issued.

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

	General	Park and Recreation	Public Safety LOIT	COIT	EDIT
Net change in fund balances (budgetary basis)	\$ (286,477)	\$ 140,854	\$ 1,312,799	\$ 438,597	\$ 1,301,408
Adjustments:					
To adjust revenues for accruals	11,824,174	(108,596)	(548,797)	(1,176,311)	(1,155,953)
To adjust expenditures for accruals	(11,146,294)	32,462	-	(88,312)	86,419
To adjust expenditures for encumbrances	472,464	121,684	-	680,993	302,741
Net change in fund balances (GAAP basis)	\$ 863,867	\$ 186,404	\$ 764,002	\$ (145,033)	\$ 534,615



### III Government Funds

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Motor Vehicle Highway -	To account for street construction and the operations of the street maintenance department. Financing is provided by state motor vehicle highway distributions.
Recreation Nonreverting -	To account for fees and related expenses from park department activities.
Studebaker/Oliver Revitalization Grants -	To account for expenditures related to the Studebaker and Oliver revitalization projects. Financing is provided by federal and state grants and loans from other organizations.
Economic Development State Grants -	To account for expenditures related to projects promoting economic development. Financing is provided by state grants and loan payments. Expenditures include grants and related expenses.
DCI Operating -	To account for the operating expenditures related to the South Bend Department of Community Investment. Financing will be provided by revenues received from charges for services, other revenue sources, and from fund transfers.
Community Investment -	To account for revenues received from the U.S. Department of Housing and Urban Development related to community improvement projects.
Police State Seizure -	To account for law enforcement expenditures financed by the authorized state or local agencies' sale of confiscated property.
Juvenile Positive Assistance -	To account for monies received from penalties paid for curfew violations. Expenditures include Drug Abuse Resistance Education and Juvenile Aid Bureau.
Law Enforcement Continuing Education -	To account for police fees collected to finance police officers' continuing education, training, and supplies and equipment.
Loss Recovery -	To account for compensatory or exemplary damage payments from third parties arising from loss or damage to City tangible or intangible property.
Local Road and Street -	To account for operation and maintenance of local and arterial road and street systems. Financing is provided by state gasoline tax distributions.
Excess Welfare Distribution -	To account for a special distribution from the County that can only be spent on public safety expenditures.

## NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Human Rights - Federal -	To account for expenditures to prevent discrimination and to promote human rights. Financing is provided by federal grants.
East Race Waterway -	To account for donations for the promotion and development of the East Race Waterway.
Morris and Palais Marketing -	To account for marketing and promotion expenditures financed by sponsorship solicitations and donations.
Police Block Grants -	To account for federal grants which provide financing for police activities.
Economic Development Commission -	To account for administrative expenditures of the Economic Development Commission. Financing is provided by fees from businesses applying for Economic Development Revenue Bonds.
Hazmat -	To account for monies generated by the South Bend Fire Department's response to hazardous materials incidents. Funds are used to purchase, repair, or replace haz-mat equipment, or for training and supplies.
Indiana River Rescue -	To account for expenditures related to river rescue training. Financing is provided by registration fees.
COPS Block Grant II -	To account for federal grants which provide financing for police activities.
Regional Police Academy -	To account for revenues (tuition) and expenditures (seminars, travel, lectures, and career days) related to the advancement of present and future police officers.
COPS MORE Grant -	To account for a COPS MORE grant which provides financing for police activities.
Federal Drug Enforcement -	To account for expenditures for drug enforcement. Financing is provided by distributions from the authorized federal agencies' confiscated property sale.
Gift -	To account for donations, gifts, or bequeaths for purposes designated by the donor.
Urban Development Action Grant -	To account for economic development expenditures which are financed by federal grants and loan repayments.
Leaf Collection and Removal -	To account for the expenditures of a program to remove leaves from the City each fall. Financing is provided by a monthly service fee charged to all City residents.

## NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Police K-9 Unit -	To account for donations for development and maintenance of the K-9 unit.
Rainy Day -	To account for unused and unencumbered funds that are transferred from a fund that has a tax levy. Revenues in this fund also include special distributions of county option income tax (COIT) and county economic development income tax (CEDIT).
Industrial Revolving -	To account for the revenue and expenditures of providing special loans to qualifying local firms. Financing was originally provided by a \$5,000,000 Economic Adjustment Assistance Grant from the U.S. Department of Commerce.

### **Debt Service Funds**

College Football Hall of Fame Debt Service -	To accumulate monies for the payment of Redevelopment Authority bonds issued to refinance bonds issued for construction of the College Football Hall of Fame. Financing is to be provided by an annual property tax levy.
Redevelopment Bond - Central Development -	To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the central development project.
Redevelopment Bond – Airport Taxable -	To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the airport taxable project.
Coveleski Bond Debt Service Reserve -	To accumulate monies as a reserve for the payment of the Coveleski Stadium recovery zone economic development bonds. Financing for debt payments is to be provided by professional sports and convention development area taxes (PSCDA) and county option income tax revenues if PSCDA revenues are insufficient.
Redevelopment Bond – Palais Royale	To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the Palais Royale project.

## NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Redevelopment Authority Debt Service -	To accumulate monies for the payment of Redevelopment Authority bonds issued to refinance bonds issued for construction of a parking garage facility, bonds issued for central development area land acquisition and construction of public improvements, bonds issued to purchase the Palais Royale, bonds issued to refinance bonds issued for construction of Century Center improvements, and bonds issued to refinance bonds issued for renovations to the Morris Performing Art Center.
South Bend Building Corporation Debt Service -	To account for debt retirement of the Building Corporation's Mortgage Bonds. Funding is provided by transfers from other City funds.
TIF Erskine Village Debt Service -	To account for Erskine Village project debt retirement of the south side tax incremental financing (TIF) district. Financing is provided by transfers from the TIF south side development fund.

### **Capital Projects Funds**

Emergency Medical Services -	To account for purchases of necessary equipment for the Fire Department and Emergency Medical Services Department. Financing is provided by ambulance fees.
Professional Sports Development -	To account for Hotel/Motel Tax and Professional Sports Development Tax revenues dedicated towards the College Football Hall of Fame. Based on an agreement with the National Football Foundation (NFF), the City pays the NFF to assist with the operation and capital costs.
Coveleski Stadium Capital-	To account for expenditures related to the maintenance and improvement of the baseball stadium. Financing is provided by a rental paid by the semi-pro baseball team.
Zoo Endowment -	To account for construction projects at the City's zoo. Financing is provided by gifts and donations.
Park Nonreverting Capital -	To account for specific revenues used to finance capital improvements at the City parks.
Cumulative Capital Development -	To account for expenditures relating to the purchase or lease of capital improvements in the City. Financing is provided by a specific property tax levy.

## NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Cumulative Capital Improvement -	To account for state cigarette tax distributions used for improvement projects.
Morris Performing Art Center Capital -	To accumulate monies for major repairs and capital improvements to the Morris Civic Auditorium. Financing is provided by a surcharge on ticket sales for events held at the auditorium.
Tax Incremental Financing (TIF) - Downtown -	To account for expenditures for public improvements in the central business tax incremental district. Also, transfers are made to debt service funds to meet debt obligations as they mature. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) – Leighton Plaza -	To account for expenditures for public improvement projects in the Leighton Plaza tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment.
Tax Incremental Financing (TIF) – West Washington -	To account for expenditures for public improvement projects in the West Washington Economic Development Area. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment.
Redevelopment General -	To account for eligible redevelopment activities in the Studebaker Corridor financed by proceeds from land sales or leases.
Community Revitalization Enhancement District -	To account for public improvements in the Studebaker/Oliver Community Revitalization Enhancement District. Financing is provided by income tax and gross retail tax increments in the district.
Tax Incremental Financing (TIF) No. 1 – Southside Development -	To account for expenditures for improvements in the southside development tax incremental district no. 1. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) No. 2 – Southside Development -	To account for expenditures for improvements in the southside development tax incremental district no. 2. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.

## NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Tax Incremental Financing (TIF) No. 3 – Southside Development -	To account for expenditures for improvements in the southside development tax incremental district no. 3. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) - Central Medical Service Area -	To account for expenditures for public improvements in the central business tax incremental district, medical service area. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Football Hall of Fame Capital -	To account for capital expenditures for the College Football Hall of Fame. Financing was provided by a transfer from the City's Professional Sports Development Fund. This fund also accounts for the advance from the General Fund which may be repaid from future operating surpluses.
Major Moves -	To account for state distributions used for road construction and other uses authorized by Indiana statute.
Tax Incremental Financing (TIF) – Northeast Development -	To account for expenditures for improvements in the northeast development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) – Douglas Road -	To account for expenditures for improvements in the Douglas Road development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) – Northeast Residential -	To account for expenditures for improvements in the Northeast Neighborhood Residential development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Certified Technology Park -	To account for expenditures related to acquisition, improvements, construction and maintenance of public facilities, debt service and other permitted uses under I.C. 36-7-32-23 in connection with a certified technology park. Financing is provided by property tax proceeds, state gross retail and uses taxes, and other revenues.

**NONMAJOR GOVERNMENTAL FUNDS**

(Continued)

Palais Royale Historic Preservation -	To account for expenditures financed by a two percent fee charged for all Palais Royale services.
Airport Urban Enterprise Zone -	To account expenditures for improvements in the Zone area, financed by property taxes on qualifying properties in the Zone.
Eddy Street Commons Construction -	To account for construction and related costs of the Eddy Street Commons project public improvements. Financing was provided by a 2008 Redevelopment Authority bond issue.
Equipment Leasing -	To account for proceeds from capital lease-purchase agreements used to finance major equipment needs of the City.

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

	Special Revenue					
	Motor Vehicle Highway	Recreation Nonreverting	Studebaker Oliver Revitalization Grants	Economic Development State Grants	DCI Operating	Community Investment
<b>Assets</b>						
Cash and cash equivalents	\$ 859,863	\$ 254,327	\$ 408,663	\$ 347,640	\$ 221,061	\$ 194,681
Cash with fiscal agent	-	-	-	-	-	-
Investments	1,412,026	417,151	671,087	570,878	363,016	319,696
Receivables (net of allowances for uncollectibles):						
Interest	1,796	531	854	42,688	462	470
Taxes	-	-	-	-	-	-
Accounts	2,830	45,630	-	-	-	353
Intergovernmental	487,155	-	-	-	-	-
Loans	-	-	-	579,779	-	406,841
Interfund receivable:						
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	500,000	-	-	-
Property held for sale	-	-	3,551	-	-	3,720,452
<b>Total assets</b>	<b>\$ 2,763,670</b>	<b>\$ 717,639</b>	<b>\$ 1,584,155</b>	<b>\$ 1,540,985</b>	<b>\$ 584,539</b>	<b>\$ 4,642,493</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 63,922	\$ 20,555	\$ -	\$ -	\$ 8,615	\$ 288,429
Accrued payroll payable	107,486	7,428	-	-	63,628	-
Contracts payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	106,385	-	-	-	275	24,639
Performance deposits payable	-	-	-	-	-	4,761
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	362,338	-	-
<b>Total liabilities</b>	<b>277,793</b>	<b>27,983</b>	<b>-</b>	<b>362,338</b>	<b>72,518</b>	<b>317,829</b>
<b>Fund balances:</b>						
Nonspendable:						
Noncurrent loans receivable	-	-	-	482,025	-	317,336
Property held for resale	-	-	3,551	-	-	3,720,452
Advances to other funds	-	-	500,000	-	-	-
Restricted	2,485,877	689,656	1,080,604	696,622	-	286,876
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	512,021	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>2,485,877</b>	<b>689,656</b>	<b>1,584,155</b>	<b>1,178,647</b>	<b>512,021</b>	<b>4,324,664</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,763,670</b>	<b>\$ 717,639</b>	<b>\$ 1,584,155</b>	<b>\$ 1,540,985</b>	<b>\$ 584,539</b>	<b>\$ 4,642,493</b>

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

	Special Revenue					
	Police State Seizure	Juvenile Positive Assistance	Law Enforcement Continuing Education	Loss Recovery	Local Road and Street	Excess Welfare Distribution
<u>Assets</u>						
Cash and cash equivalents	\$ 54,855	\$ 4,120	\$ 411,514	\$ 1,643,305	\$ 648,871	\$ 434
Cash with fiscal agent	-	-	-	-	-	-
Investments	90,080	6,766	675,768	2,698,555	1,065,545	712
Receivables (net of allowances for uncollectibles):						
Interest	115	9	860	3,432	1,355	1
Taxes	-	-	-	-	-	-
Accounts	5,124	12	16,906	-	-	-
Intergovernmental	-	-	-	-	82,968	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 150,174</b>	<b>\$ 10,907</b>	<b>\$ 1,105,048</b>	<b>\$ 4,345,292</b>	<b>\$ 1,798,739</b>	<b>\$ 1,147</b>
<u>Liabilities and Fund Balances</u>						
<u>Liabilities:</u>						
Accounts payable	\$ -	\$ -	\$ 3,751	\$ -	\$ 9,347	\$ -
Accrued payroll payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>3,751</b>	<b>-</b>	<b>9,347</b>	<b>-</b>
<u>Fund balances:</u>						
<u>Nonspendable:</u>						
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted	150,174	-	1,101,297	-	1,789,392	1,147
Committed	-	10,907	-	4,345,292	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>150,174</b>	<b>10,907</b>	<b>1,101,297</b>	<b>4,345,292</b>	<b>1,789,392</b>	<b>1,147</b>
<b>Total liabilities and fund balances</b>	<b>\$ 150,174</b>	<b>\$ 10,907</b>	<b>\$ 1,105,048</b>	<b>\$ 4,345,292</b>	<b>\$ 1,798,739</b>	<b>\$ 1,147</b>

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

	Special Revenue					
	Human Rights Federal	East Race Waterway	Morris and Palais Marketing	Police Block Grants	Economic Development Commission	Hazmat
<b>Assets</b>						
Cash and cash equivalents	\$ 184,016	\$ 5,421	\$ 10,887	\$ 1,440	\$ 10,233	\$ 1,015
Cash with fiscal agent	-	-	-	-	-	-
Investments	302,182	8,903	17,878	2,365	16,804	1,668
Receivables (net of allowances for uncollectibles):						
Interest	384	11	23	3	21	2
Taxes	-	-	-	-	-	-
Accounts	15	-	8	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 486,597</u>	<u>\$ 14,335</u>	<u>\$ 28,796</u>	<u>\$ 3,808</u>	<u>\$ 27,058</u>	<u>\$ 2,685</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 1,836	\$ -	\$ 2,049	\$ -	\$ -	\$ -
Accrued payroll payable	3,434	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<u>5,270</u>	<u>-</u>	<u>2,049</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted	481,327	-	-	3,808	-	-
Committed	-	14,335	26,747	-	27,058	2,685
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<u>481,327</u>	<u>14,335</u>	<u>26,747</u>	<u>3,808</u>	<u>27,058</u>	<u>2,685</u>
<b>Total liabilities and fund balances</b>	<u>\$ 486,597</u>	<u>\$ 14,335</u>	<u>\$ 28,796</u>	<u>\$ 3,808</u>	<u>\$ 27,058</u>	<u>\$ 2,685</u>

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

	Special Revenue					
	Indiana River Rescue	COPS Block Grant II	Regional Police Academy	COPS MORE Grant	Federal Drug Enforcement	Gift
<u>Assets</u>						
Cash and cash equivalents	\$ 45,202	\$ 37,141	\$ 27,939	\$ 40,609	\$ 335,341	\$ 23,934
Cash with fiscal agent	-	-	-	-	-	-
Investments	74,229	60,991	45,881	66,687	-	39,303
Receivables (net of allowances for uncollectibles):						
Interest	94	69	58	85	104	50
Taxes	-	-	-	-	-	-
Accounts	-	-	-	90	-	50
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 119,525</b>	<b>\$ 98,201</b>	<b>\$ 73,878</b>	<b>\$ 107,471</b>	<b>\$ 335,445</b>	<b>\$ 63,337</b>
<u>Liabilities and Fund Balances</u>						
<u>Liabilities:</u>						
Accounts payable	\$ 18,756	\$ -	\$ 498	\$ 135	\$ 6,433	\$ -
Accrued payroll payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<b>18,756</b>	<b>-</b>	<b>498</b>	<b>135</b>	<b>6,433</b>	<b>-</b>
<u>Fund balances:</u>						
<u>Nonspendable:</u>						
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted	-	98,201	-	107,336	329,012	63,337
Committed	-	-	73,380	-	-	-
Assigned	100,769	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>100,769</b>	<b>98,201</b>	<b>73,380</b>	<b>107,336</b>	<b>329,012</b>	<b>63,337</b>
<b>Total liabilities and fund balances</b>	<b>\$ 119,525</b>	<b>\$ 98,201</b>	<b>\$ 73,878</b>	<b>\$ 107,471</b>	<b>\$ 335,445</b>	<b>\$ 63,337</b>

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

	Special Revenue					
	Urban Development Action Grant	Leaf Collection and Removal	Police K-9 Unit	Rainy Day	Industrial Revolving	Totals
<u>Assets</u>						
Cash and cash equivalents	\$ 8,991	\$ 325,307	\$ 731	\$ 3,250,673	\$ 976,910	\$ 10,335,124
Cash with fiscal agent	-	-	-	-	-	-
Investments	14,764	534,204	1,200	5,338,098	-	14,816,437
Receivables (net of allowances for uncollectibles):						
Interest	19	679	2	6,790	30,905	91,872
Taxes	-	-	-	-	-	-
Accounts	-	38,107	-	-	-	109,125
Intergovernmental	-	-	-	-	-	570,123
Loans	2,359,702	-	-	-	5,934,065	9,280,387
Interfund receivable:						
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	362,338	862,338
Property held for sale	-	-	-	-	83,100	3,807,103
<b>Total assets</b>	<b>\$ 2,383,476</b>	<b>\$ 898,297</b>	<b>\$ 1,933</b>	<b>\$ 8,595,561</b>	<b>\$ 7,387,318</b>	<b>\$ 39,872,509</b>
<u>Liabilities and Fund Balances</u>						
<u>Liabilities:</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 19,503	\$ 443,829
Accrued payroll payable	-	818	-	-	-	182,794
Contracts payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	442	-	-	-	131,741
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	4,761
Advances from other funds	2,027,973	-	-	-	-	2,390,311
<b>Total liabilities</b>	<b>2,027,973</b>	<b>1,260</b>	<b>-</b>	<b>-</b>	<b>19,503</b>	<b>3,153,436</b>
<u>Fund balances:</u>						
Nonspendable:						
Noncurrent loans receivable	2,358,852	-	-	-	5,253,097	8,411,310
Property held for resale	-	-	-	-	83,100	3,807,103
Advances to other funds	-	-	-	-	362,338	862,338
Restricted	-	-	-	-	1,669,280	11,033,946
Committed	-	-	-	-	-	4,500,404
Assigned	-	897,037	1,933	8,595,561	-	10,107,321
Unassigned	(2,003,349)	-	-	-	-	(2,003,349)
<b>Total fund balances</b>	<b>355,503</b>	<b>897,037</b>	<b>1,933</b>	<b>8,595,561</b>	<b>7,367,815</b>	<b>36,719,073</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,383,476</b>	<b>\$ 898,297</b>	<b>\$ 1,933</b>	<b>\$ 8,595,561</b>	<b>\$ 7,387,318</b>	<b>\$ 39,872,509</b>

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

	Debt Service				
	College Football Hall of Fame Debt Service	Redevelopment Bond - Central Development	Redevelopment Bond - Airport Taxable	Coveleski Bond Debt Service Reserve	Redevelopment Bond - Palais Royale
<u>Assets</u>					
Cash and cash equivalents	\$ 220,362	\$ -	\$ 393,231	\$ 189,914	\$ 657,025
Cash with fiscal agent	-	-	-	-	-
Investments	357,050	-	645,745	311,868	1,078,934
Receivables (net of allowances for uncollectibles):					
Interest	406	-	821	397	1,372
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Interfund receivable:					
Interfund services provided and used	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Property held for sale	-	-	-	-	-
<b>Total assets</b>	<b>\$ 577,818</b>	<b>\$ -</b>	<b>\$ 1,039,797</b>	<b>\$ 502,179</b>	<b>\$ 1,737,331</b>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities:</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-
Contracts payable	-	-	-	-	-
Interfund payable:					
Interfund services provided and used	-	-	533	-	890
Performance deposits payable	-	-	-	-	-
Other current payables	-	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>533</b>	<b>-</b>	<b>890</b>
<u>Fund balances:</u>					
<u>Nonspendable:</u>					
Noncurrent loans receivable	-	-	-	-	-
Property held for resale	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted	577,818	-	1,039,264	502,179	1,736,441
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>577,818</b>	<b>-</b>	<b>1,039,264</b>	<b>502,179</b>	<b>1,736,441</b>
<b>Total liabilities and fund balances</b>	<b>\$ 577,818</b>	<b>\$ -</b>	<b>\$ 1,039,797</b>	<b>\$ 502,179</b>	<b>\$ 1,737,331</b>

Continued on next page

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

	Debt Service			Totals
	Redevelopment Authority Debt Service	South Bend Building Corporation Debt Service	TIF Erskine Village Debt Service	
<u>Assets</u>				
Cash and cash equivalents	\$ 4,470,709	\$ 544,399	\$ 561,093	\$ 7,036,733
Cash with fiscal agent	-	-	-	-
Investments	-	-	-	2,393,597
Receivables (net of allowances for uncollectibles):				
Interest	-	-	-	2,996
Taxes	-	-	-	-
Accounts	-	-	-	-
Intergovernmental	-	-	-	-
Loans	-	-	-	-
Interfund receivable:				
Interfund services provided and used	-	-	-	-
Advances to other funds	-	-	-	-
Property held for sale	-	-	-	-
<b>Total assets</b>	<u>\$ 4,470,709</u>	<u>\$ 544,399</u>	<u>\$ 561,093</u>	<u>\$ 9,433,326</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 3,050	\$ -	\$ 3,050
Accrued payroll payable	-	-	-	-
Contracts payable	-	-	-	-
Interfund payable:				
Interfund services provided and used	-	-	-	1,423
Performance deposits payable	-	-	-	-
Other current payables	-	-	-	-
Advances from other funds	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>3,050</u>	<u>-</u>	<u>4,473</u>
<u>Fund balances:</u>				
<u>Nonspendable:</u>				
Noncurrent loans receivable	-	-	-	-
Property held for resale	-	-	-	-
Advances to other funds	-	-	-	-
Restricted	4,470,709	541,349	561,093	9,428,853
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<u>4,470,709</u>	<u>541,349</u>	<u>561,093</u>	<u>9,428,853</u>
<b>Total liabilities and fund balances</b>	<u>\$ 4,470,709</u>	<u>\$ 544,399</u>	<u>\$ 561,093</u>	<u>\$ 9,433,326</u>

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

	Capital Projects							
	Emergency Medical Services	Professional Sports Development	Coveleski Stadium Capital	Zoo Endowment	Park Nonreverting Capital	Cumulative Capital Development	Cumulative Capital Improvement	Morris Performing Arts Center Capital
<b>Assets</b>								
Cash and cash equivalents	\$ 2,090,234	\$ 393,957	\$ 10,128	\$ 18,489	\$ 186,370	\$ 316,343	\$ 36,988	\$ 149,990
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	3,432,481	646,937	16,632	30,361	306,049	519,484	60,739	246,306
Receivables (net of allowances for uncollectibles):								
Interest	4,366	823	21	39	389	661	77	313
Taxes	-	-	-	-	-	8,740	-	-
Accounts	367,411	-	-	-	20	-	-	-
Intergovernmental	-	61,389	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Interfund receivable:								
Interfund services provided and used	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 5,894,492</b>	<b>\$ 1,103,106</b>	<b>\$ 26,781</b>	<b>\$ 48,889</b>	<b>\$ 492,828</b>	<b>\$ 845,228</b>	<b>\$ 97,804</b>	<b>\$ 396,609</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 87,026	\$ -	\$ -	\$ -	\$ 8,278	\$ -	\$ -	\$ 230
Accrued payroll payable	-	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-	-
Interfund payable:								
Interfund services provided and used	-	-	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-	-	-
Advances from other funds	72,825	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>159,851</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,278</b>	<b>-</b>	<b>-</b>	<b>230</b>
<b>Fund balances:</b>								
<b>Nonspendable:</b>								
Noncurrent loans receivable	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Restricted	-	1,103,106	-	-	484,550	845,228	97,804	-
Committed	5,734,641	-	26,781	48,889	-	-	-	396,379
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>5,734,641</b>	<b>1,103,106</b>	<b>26,781</b>	<b>48,889</b>	<b>484,550</b>	<b>845,228</b>	<b>97,804</b>	<b>396,379</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,894,492</b>	<b>\$ 1,103,106</b>	<b>\$ 26,781</b>	<b>\$ 48,889</b>	<b>\$ 492,828</b>	<b>\$ 845,228</b>	<b>\$ 97,804</b>	<b>\$ 396,609</b>

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

	Capital Projects						
	TIF Downtown	TIF Leighton Plaza	TIF - West Washington	Redevelopment General	Community Revitalization Enhancement District	TIF No. 1 - Southside Development	TIF No. 2 - Southside Development
<b>Assets</b>							
Cash and cash equivalents	\$ 1,076,226	\$ 32,322	\$ 170,982	\$ 11,901	\$ 223,587	\$ 2,041,952	\$ -
Cash with fiscal agent	-	18,468	-	-	-	-	-
Investments	1,767,326	53,078	280,778	19,544	-	3,353,195	-
Receivables (net of allowances for uncollectibles):							
Interest	2,248	68	357	24	106	4,265	-
Taxes	-	-	36,819	-	-	12,275	-
Accounts	27	1,100	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Loans	883,311	-	-	-	-	-	-
Interfund receivable:							
Interfund services provided and used	890	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-
Property held for sale	5,542,079	-	436,690	-	105,000	-	-
<b>Total assets</b>	<b>\$ 9,272,107</b>	<b>\$ 105,036</b>	<b>\$ 925,626</b>	<b>\$ 31,469</b>	<b>\$ 328,693</b>	<b>\$ 5,411,687</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 47,544	\$ -	\$ 315	\$ -	\$ -	\$ 129,456	\$ -
Accrued payroll payable	-	-	-	-	-	-	-
Contracts payable	-	-	9,851	-	-	-	-
Interfund payable:							
Interfund services provided and used	-	-	-	-	-	-	-
Performance deposits payable	4,000	-	-	-	-	-	-
Other current payables	1,475	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>53,019</b>	<b>-</b>	<b>10,166</b>	<b>-</b>	<b>-</b>	<b>129,456</b>	<b>-</b>
<b>Fund balances:</b>							
<b>Nonspendable:</b>							
Noncurrent loans receivable	699,310	-	-	-	-	-	-
Property held for resale	5,542,079	-	436,690	-	105,000	-	-
Advances to other funds	-	-	-	-	-	-	-
Restricted	2,977,699	105,036	478,770	-	223,693	5,282,231	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	31,469	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>9,219,088</b>	<b>105,036</b>	<b>915,460</b>	<b>31,469</b>	<b>328,693</b>	<b>5,282,231</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,272,107</b>	<b>\$ 105,036</b>	<b>\$ 925,626</b>	<b>\$ 31,469</b>	<b>\$ 328,693</b>	<b>\$ 5,411,687</b>	<b>\$ -</b>

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

	Capital Projects						
	TIF No. 3 - Southside Development	TIF-Central Medical Service Area	Football Hall of Fame Capital	Major Moves	TIF - Northeast Development	TIF Douglas Road	TIF - Northeast Residential
<b>Assets</b>							
Cash and cash equivalents	\$ 2,107,377	\$ 1,460,691	\$ 272,178	\$ 2,988,943	\$ 840,139	\$ 60,911	\$ 1,325,265
Cash with fiscal agent	-	-	-	-	-	-	-
Investments	3,460,633	2,398,676	446,958	4,908,297	1,379,636	100,026	2,176,287
Receivables (net of allowances for uncollectibles):							
Interest	4,402	3,051	568	6,243	1,755	127	2,768
Taxes	-	-	-	-	250,163	247,312	-
Accounts	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Interfund receivable:							
Interfund services provided and used	-	-	-	-	-	-	-
Advances to other funds	-	-	-	6,128,413	-	-	-
Property held for sale	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 5,572,412</b>	<b>\$ 3,862,418</b>	<b>\$ 719,704</b>	<b>\$ 14,031,896</b>	<b>\$ 2,471,693</b>	<b>\$ 408,376</b>	<b>\$ 3,504,320</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ 233,051	\$ 1,795	\$ 87,697	\$ 8,320	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-	-	-
Contracts payable	-	49,062	-	-	1,161	-	-
Interfund payable:							
Interfund services provided and used	-	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-	-
Advances from other funds	-	-	717,909	-	-	959,191	5,169,222
<b>Total liabilities</b>	<b>-</b>	<b>282,113</b>	<b>719,704</b>	<b>87,697</b>	<b>9,481</b>	<b>959,191</b>	<b>5,169,222</b>
<b>Fund balances:</b>							
Nonspendable:							
Noncurrent loans receivable	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-
Advances to other funds	-	-	-	6,128,413	-	-	-
Restricted	5,572,412	3,580,305	-	7,815,786	2,462,212	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(550,815)	(1,664,902)
<b>Total fund balances</b>	<b>5,572,412</b>	<b>3,580,305</b>	<b>-</b>	<b>13,944,199</b>	<b>2,462,212</b>	<b>(550,815)</b>	<b>(1,664,902)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,572,412</b>	<b>\$ 3,862,418</b>	<b>\$ 719,704</b>	<b>\$ 14,031,896</b>	<b>\$ 2,471,693</b>	<b>\$ 408,376</b>	<b>\$ 3,504,320</b>

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

	Capital Projects					Totals	Total Nonmajor Governmental Funds
	Certified Technology Park	Palais Royale Historic Preservation	Airport Urban Enterprise Zone	Eddy Street Commons Construction	Equipment Leasing		
<u>Assets</u>							
Cash and cash equivalents	\$ 308,997	\$ 22,068	\$ 141,971	\$ -	\$ 208,262	\$ 16,496,271	\$ 33,868,128
Cash with fiscal agent:	-	-	-	-	-	18,468	18,468
Investments	507,421	36,240	233,137	-	-	26,380,221	43,590,255
Receivables (net of allowances for uncollectibles):							
Interest	645	46	297	-	-	33,659	128,527
Taxes	-	-	-	-	-	555,309	555,309
Accounts	-	1,192	-	-	-	369,750	478,875
Intergovernmental	1,446,074	-	-	-	-	1,507,463	2,077,586
Loans	-	-	-	-	-	883,311	10,163,698
Interfund receivable:						890	890
Interfund services provided and used	-	-	-	-	-	6,128,413	6,990,751
Advances to other funds	-	-	-	-	-	6,083,769	9,890,872
Property held for sale	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,263,137</b>	<b>\$ 59,546</b>	<b>\$ 375,405</b>	<b>\$ -</b>	<b>\$ 208,262</b>	<b>\$ 58,457,524</b>	<b>\$ 107,763,359</b>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 206,299	\$ 810,011	\$ 1,256,890
Accrued payroll payable	-	-	-	-	-	-	182,794
Contracts payable	-	-	-	-	-	60,074	60,074
Interfund payable:							133,164
Interfund services provided and used	-	-	-	-	-	-	4,000
Performance deposits payable	-	-	-	-	-	1,475	6,236
Other current payables	-	-	-	-	-	6,919,147	9,309,458
Advances from other funds	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>206,299</b>	<b>7,794,707</b>	<b>10,952,616</b>
Fund balances:							
Nonspendable:						699,310	9,110,620
Noncurrent loans receivable	-	-	-	-	-	6,083,769	9,890,872
Property held for resale	-	-	-	-	-	6,128,413	6,990,751
Advances to other funds	-	-	-	-	-	-	-
Restricted	2,263,137	-	-	-	1,963	33,293,932	53,756,731
Committed	-	59,546	375,405	-	-	6,641,641	11,142,045
Assigned	-	-	-	-	-	31,469	10,138,790
Unassigned	-	-	-	-	-	(2,215,717)	(4,219,066)
<b>Total fund balances</b>	<b>2,263,137</b>	<b>59,546</b>	<b>375,405</b>	<b>-</b>	<b>1,963</b>	<b>50,662,817</b>	<b>96,810,743</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,263,137</b>	<b>\$ 59,546</b>	<b>\$ 375,405</b>	<b>\$ -</b>	<b>\$ 208,262</b>	<b>\$ 58,457,524</b>	<b>\$ 107,763,359</b>

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

	Special Revenue					
	Motor Vehicle Highway	Recreation Nonreverting	Studebaker Oliver Revitalization Grants	Economic Development State Grants	DCI Operating	Community Investment
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	4,768,490	-	-	-	324,599	3,705,652
Charges for services	218,351	993,565	-	-	228,301	-
Fines and forfeits	-	-	-	-	-	-
Interest	7,441	3,073	4,936	105,840	2,848	2,685
Donations	-	-	-	-	-	-
Sale of property	4,575	-	-	-	-	-
Other	133,621	83,122	-	304	5,451	434,870
Total revenues	<u>5,132,478</u>	<u>1,079,760</u>	<u>4,936</u>	<u>106,144</u>	<u>561,199</u>	<u>4,143,207</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	6,686,464	-	-	-	-	-
Economic development	-	-	162,632	1,039,331	2,021,184	-
Culture and recreation	-	969,547	-	-	-	4,648,222
Debt service:						
Principal	49,952	-	-	131,747	-	-
Interest and fiscal charges	2,899	-	-	45,498	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total expenditures	<u>6,739,315</u>	<u>969,547</u>	<u>162,632</u>	<u>1,216,576</u>	<u>2,021,184</u>	<u>4,648,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,606,837)</u>	<u>110,213</u>	<u>(157,696)</u>	<u>(1,110,432)</u>	<u>(1,459,985)</u>	<u>(505,015)</u>
Other financing sources (uses):						
Transfers in	2,661,992	-	-	-	1,527,146	-
Transfers out	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources and uses	<u>2,661,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,527,146</u>	<u>-</u>
Net change in fund balances	1,055,155	110,213	(157,696)	(1,110,432)	67,161	(505,015)
Fund balances - beginning	<u>1,430,722</u>	<u>579,443</u>	<u>1,741,851</u>	<u>2,289,079</u>	<u>444,860</u>	<u>4,829,679</u>
Fund balances - ending	<u>\$ 2,485,877</u>	<u>\$ 689,656</u>	<u>\$ 1,584,155</u>	<u>\$ 1,178,647</u>	<u>\$ 512,021</u>	<u>\$ 4,324,664</u>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2012  
 (Continued)

	Special Revenue					
	Police State Seizure	Juvenile Positive Assistance	Law Enforcement Continuing Education	Loss Recovery	Local Road and Street	Excess Welfare Distribution
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	-	-	48,288	-	1,016,393	-
Charges for services	-	-	104,862	-	-	-
Fines and forfeits	-	430	85,556	-	-	-
Interest	604	47	4,697	19,456	7,093	2,289
Donations	-	-	2,220	-	-	-
Sale of property	-	-	-	-	-	-
Other	28,376	-	11,443	-	-	-
Total revenues	<u>28,980</u>	<u>477</u>	<u>257,066</u>	<u>19,456</u>	<u>1,023,486</u>	<u>2,289</u>
Expenditures:						
Current:						
General government	-	-	-	10,919	-	-
Public safety	10,787	-	207,597	-	-	2,276,693
Highways and streets	-	-	-	-	503,059	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	126,769	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total expenditures	<u>10,787</u>	<u>-</u>	<u>207,597</u>	<u>137,688</u>	<u>503,059</u>	<u>2,276,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,193</u>	<u>477</u>	<u>49,469</u>	<u>(118,232)</u>	<u>520,427</u>	<u>(2,274,404)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	18,193	477	49,469	(118,232)	520,427	(2,274,404)
Fund balances - beginning	<u>131,981</u>	<u>10,430</u>	<u>1,051,828</u>	<u>4,463,524</u>	<u>1,268,965</u>	<u>2,275,551</u>
Fund balances - ending	<u>\$ 150,174</u>	<u>\$ 10,907</u>	<u>\$ 1,101,297</u>	<u>\$ 4,345,292</u>	<u>\$ 1,789,392</u>	<u>\$ 1,147</u>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2012  
 (Continued)

	Special Revenue					
	Human Rights Federal	East Race Waterway	Morris and Palais Marketing	Police Block Grants	Economic Development Commission	Hazmat
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	163,260	-	-	-	-	-
Charges for services	-	-	4,925	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	2,053	81	114	287	119	11
Donations	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Other	19,424	-	-	222	-	-
<b>Total revenues</b>	<b>184,737</b>	<b>81</b>	<b>5,039</b>	<b>509</b>	<b>119</b>	<b>11</b>
Expenditures:						
Current:						
General government	168,167	-	-	-	-	-
Public safety	-	-	-	124,539	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	8,010	2,048	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total expenditures</b>	<b>168,167</b>	<b>8,010</b>	<b>2,048</b>	<b>124,539</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	16,570	(7,929)	2,991	(124,030)	119	11
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	16,570	(7,929)	2,991	(124,030)	119	11
Fund balances - beginning	464,757	22,264	23,756	127,838	26,939	2,674
Fund balances - ending	\$ 481,327	\$ 14,335	\$ 26,747	\$ 3,808	\$ 27,058	\$ 2,685

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2012  
 (Continued)

	Special Revenue					
	Indiana River Rescue	COPS Block Grant II	Regional Police Academy	COPS MORE Grant	Federal Drug Enforcement	Gift
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental		111,796		15,000		
Charges for services	64,500	-	12,170	-	-	-
Fines and forfeits	-	-	-	-	978	277
Interest	412	75	358	439	-	-
Donations	-	-	-	2,640	-	20,525
Sale of property	-	-	-	-	19,877	-
Other	-	-	1,252	22,649	87,503	-
Total revenues	<u>64,912</u>	<u>111,871</u>	<u>13,780</u>	<u>40,728</u>	<u>108,358</u>	<u>20,802</u>
Expenditures:						
Current:						4,259
General government	-	-	-	-	-	-
Public safety	36,493	14,796	16,261	38,359	107,507	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total expenditures	<u>36,493</u>	<u>14,796</u>	<u>16,261</u>	<u>38,359</u>	<u>107,507</u>	<u>4,259</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28,419</u>	<u>97,075</u>	<u>(2,481)</u>	<u>2,369</u>	<u>851</u>	<u>16,543</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	28,419	97,075	(2,481)	2,369	851	16,543
Fund balances - beginning	<u>72,350</u>	<u>1,126</u>	<u>75,861</u>	<u>104,967</u>	<u>328,161</u>	<u>46,794</u>
Fund balances - ending	<u>\$ 100,769</u>	<u>\$ 98,201</u>	<u>\$ 73,380</u>	<u>\$ 107,336</u>	<u>\$ 329,012</u>	<u>\$ 63,337</u>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2012  
 (Continued)

	Special Revenue					
	Urban Development Action Grant	Leaf Collection and Removal	Police K-9 Unit	Rainy Day	Industrial Revolving	Totals
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	10,153,478
Charges for services	-	428,725	-	-	-	2,055,399
Fines and forfeits	-	-	-	-	-	85,986
Interest	643	3,915	10	37,923	247,638	456,342
Donations	-	-	-	-	-	25,385
Sale of property	-	-	-	-	-	24,452
Other	1,053	-	-	-	25,441	854,731
<b>Total revenues</b>	<b>1,696</b>	<b>432,640</b>	<b>10</b>	<b>37,923</b>	<b>273,079</b>	<b>13,655,773</b>
Expenditures:						
Current:						
General government	-	101,331	-	-	-	284,676
Public safety	-	-	355	-	-	2,833,387
Highways and streets	-	-	-	-	-	7,189,523
Economic development	-	-	-	-	258,433	3,481,580
Culture and recreation	-	-	-	-	-	5,754,596
Debt service:						
Principal	-	-	-	-	-	181,699
Interest and fiscal charges	-	-	-	-	-	48,397
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>101,331</b>	<b>355</b>	<b>-</b>	<b>258,433</b>	<b>19,773,858</b>
Excess (deficiency) of revenues over (under) expenditures	1,696	331,309	(345)	37,923	14,646	(6,118,085)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	4,189,138
Transfers out	-	(240,000)	-	-	-	(240,000)
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>(240,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,949,138</b>
<b>Net change in fund balances</b>	<b>1,696</b>	<b>91,309</b>	<b>(345)</b>	<b>37,923</b>	<b>14,646</b>	<b>(2,168,947)</b>
Fund balances - beginning	353,807	805,728	2,278	8,557,638	7,353,169	38,888,020
Fund balances - ending	<u>\$ 355,503</u>	<u>\$ 897,037</u>	<u>\$ 1,933</u>	<u>\$ 8,595,561</u>	<u>\$ 7,367,815</u>	<u>\$ 36,719,073</u>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2012  
 (Continued)

	Debt Service				
	College Football Hall of Fame Debt Service	Redevelopment Bond - Central Development	Redevelopment Bond - Airport Taxable	Coveleski Bond Debt Service Reserve	Redevelopment Bond - Palais Royale
Revenues:					
Taxes:					
Property	\$ 1,133,205	\$ -	\$ -	\$ -	\$ -
Professional sports development	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-
Intergovernmental	74,139	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interest	-	1,879	5,001	2,217	7,392
Donations	-	-	-	-	-
Sale of property	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	<u>1,207,344</u>	<u>1,879</u>	<u>5,001</u>	<u>2,217</u>	<u>7,392</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	1,180,000	-	-	-	-
Interest and fiscal charges	158,228	-	-	-	-
Bond issuance costs	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
<b>Total expenditures</b>	<u>1,338,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(130,884)</u>	<u>1,879</u>	<u>5,001</u>	<u>2,217</u>	<u>7,392</u>
Other financing sources (uses):					
Transfers in	93,040	834	-	-	-
Transfers out	-	(825,509)	(5,014)	-	(7,414)
Debt issuance	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
<b>Total other financing sources and uses</b>	<u>93,040</u>	<u>(824,675)</u>	<u>(5,014)</u>	<u>-</u>	<u>(7,414)</u>
Net change in fund balances	<u>(37,844)</u>	<u>(822,796)</u>	<u>(13)</u>	<u>2,217</u>	<u>(22)</u>
Fund balances - beginning	<u>615,662</u>	<u>822,796</u>	<u>1,039,277</u>	<u>499,962</u>	<u>1,736,463</u>
Fund balances - ending	<u>\$ 577,818</u>	<u>\$ -</u>	<u>\$ 1,039,264</u>	<u>\$ 502,179</u>	<u>\$ 1,736,441</u>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2012  
 (Continued)

	Debt Service			
	Redevelopment Authority Debt Service	South Bend Building Corporation Debt Service	TIF Erskine Village Debt Service	Totals
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ 1,133,205
Professional sports development	-	-	-	-
Community revitalization enhancement district	-	-	-	-
Intergovernmental	-	-	-	74,139
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	5,603	70	39	22,201
Donations	-	-	-	-
Sale of property	-	-	-	-
Other	-	-	-	-
Total revenues	<u>5,603</u>	<u>70</u>	<u>39</u>	<u>1,229,545</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Economic development	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	2,415,000	1,450,960	185,000	5,230,960
Interest and fiscal charges	2,431,269	860,983	305,438	3,755,918
Bond issuance costs	-	254,611	-	254,611
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Economic development	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>4,846,269</u>	<u>2,566,554</u>	<u>490,438</u>	<u>9,241,489</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,840,666)</u>	<u>(2,566,484)</u>	<u>(490,399)</u>	<u>(8,011,944)</u>
Other financing sources (uses):				
Transfers in	4,861,591	2,319,168	149,809	7,424,442
Transfers out	(81,182)	-	-	(919,119)
Debt issuance	-	-	-	-
Premium on debt issuance	-	1,236,364	-	1,236,364
Issuance of refunding bonds	-	13,595,000	-	13,595,000
Payment to refunded bond escrow agent	-	(14,613,147)	-	(14,613,147)
Total other financing sources and uses	<u>4,780,409</u>	<u>2,537,385</u>	<u>149,809</u>	<u>6,723,540</u>
Net change in fund balances	(60,257)	(29,099)	(340,590)	(1,288,404)
Fund balances - beginning	<u>4,530,966</u>	<u>570,448</u>	<u>901,683</u>	<u>10,717,257</u>
Fund balances - ending	<u>\$ 4,470,709</u>	<u>\$ 541,349</u>	<u>\$ 561,093</u>	<u>\$ 9,428,853</u>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2012  
 (Continued)

	Capital Projects							
	Emergency Medical Services	Professional Sports Development	Coveleski Stadium Capital	Zoo Endowment	Park Nonreverting Capital	Cumulative Capital Development	Cumulative Capital Improvement	Morris Performing Arts Center Capital
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 506,330	\$ -	\$ -
Professional sports development	-	633,904	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	38,122	418,323	-
Intergovernmental	154,543	489,152	-	-	3,200	-	-	85,904
Charges for services	2,310,993	-	-	-	-	-	-	-
Fines and forfeits	10,783	-	-	-	-	-	-	-
Interest	27,205	4,405	236	205	1,557	3,408	31	1,677
Donations	-	-	-	13,000	-	-	-	-
Sale of property	6,532	-	-	-	-	-	-	-
Other	18,331	88,023	-	-	13,042	-	25,000	-
<b>Total revenues</b>	<b>2,528,387</b>	<b>1,215,484</b>	<b>236</b>	<b>13,205</b>	<b>17,799</b>	<b>547,860</b>	<b>443,354</b>	<b>87,581</b>
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	56,066	580,000	-	-	-	531,042	-	-
Interest and fiscal charges	-	196,408	-	-	-	38,827	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	20,000	-	-
Public safety	1,227,712	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	589,152	56,163	-	186,559	-	-	168,281
<b>Total expenditures</b>	<b>1,283,778</b>	<b>1,365,560</b>	<b>56,163</b>	<b>-</b>	<b>186,559</b>	<b>589,869</b>	<b>-</b>	<b>168,281</b>
Excess (deficiency) of revenues over (under) expenditures	1,244,609	(150,076)	(55,927)	13,205	(168,760)	(42,009)	443,354	(80,700)
Other financing sources (uses):								
Transfers in	-	-	-	-	185,747	43,768	-	-
Transfers out	(1,000,000)	-	-	-	-	-	(402,277)	-
Debt issuance	-	-	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>(1,000,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>185,747</b>	<b>43,768</b>	<b>(402,277)</b>	<b>-</b>
Net change in fund balances	244,609	(150,076)	(55,927)	13,205	16,987	1,759	41,077	(80,700)
Fund balances - beginning	5,490,032	1,253,182	82,708	35,684	467,563	843,469	56,727	477,079
Fund balances - ending	<u>\$ 5,734,641</u>	<u>\$ 1,103,106</u>	<u>\$ 26,781</u>	<u>\$ 48,889</u>	<u>\$ 484,550</u>	<u>\$ 845,228</u>	<u>\$ 97,804</u>	<u>\$ 396,379</u>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2012  
 (Continued)

	Capital Projects						
	TIF Downtown	TIF Leighton Plaza	TIF - West Washington	Redevelopment General	Community Revitalization Enhancement District	TIF No. 1 - Southside Development	TIF No. 2 - Southside Development
<b>Revenues:</b>							
<b>Taxes:</b>							
Property	\$ 3,638,177	\$ -	\$ 436,354	\$ -	\$ -	\$ 2,035,171	\$ -
Professional sports development	-	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	653,185	-	-
Intergovernmental	398,000	-	-	-	-	-	-
Charges for services	43,065	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interest	44,434	578	3,039	144	1,266	19,454	383
Donations	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-
Other	187,046	132,181	-	-	-	4,200	-
<b>Total revenues</b>	<b>4,310,722</b>	<b>132,759</b>	<b>439,393</b>	<b>144</b>	<b>654,451</b>	<b>2,058,825</b>	<b>383</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
<b>Debt service:</b>							
Principal	128,395	-	-	-	775,000	-	-
Interest and fiscal charges	842,958	-	-	-	103,554	-	-
Bond issuance costs	-	-	-	-	-	-	-
<b>Capital outlay:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	5,439,688	124,532	916,534	3,214	-	2,188,092	-
Culture and recreation	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>6,411,041</b>	<b>124,532</b>	<b>916,534</b>	<b>3,214</b>	<b>878,554</b>	<b>2,188,092</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,100,319)</b>	<b>8,227</b>	<b>(477,141)</b>	<b>(3,070)</b>	<b>(224,103)</b>	<b>(129,267)</b>	<b>383</b>
<b>Other financing sources (uses):</b>							
Transfers in	912,497	-	-	-	-	1,401,397	-
Transfers out	(674,569)	-	-	-	-	-	(1,401,397)
Debt issuance	1,700,000	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>1,937,928</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,401,397</b>	<b>(1,401,397)</b>
<b>Net change in fund balances</b>	<b>(162,391)</b>	<b>8,227</b>	<b>(477,141)</b>	<b>(3,070)</b>	<b>(224,103)</b>	<b>1,272,130</b>	<b>(1,401,014)</b>
<b>Fund balances - beginning</b>	<b>9,381,479</b>	<b>96,809</b>	<b>1,392,601</b>	<b>34,539</b>	<b>552,796</b>	<b>4,010,101</b>	<b>1,401,014</b>
<b>Fund balances - ending</b>	<b>\$ 9,219,088</b>	<b>\$ 105,036</b>	<b>\$ 915,460</b>	<b>\$ 31,469</b>	<b>\$ 328,693</b>	<b>\$ 5,282,231</b>	<b>\$ -</b>

Continued on next page

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2012  
 (Continued)

	Capital Projects						
	TIF No. 3 - Southside Development	TIF-Central Medical Service Area	Football Hall of Fame Capital	Major Moves	TIF - Northeast Development	TIF Douglas Road	TIF - Northeast Residential
Revenues:							
Taxes:							
Property	\$ -	\$ 1,606,914	\$ -	\$ -	\$ 1,516,981	\$ 347,451	\$ 2,514,048
Professional sports development	-	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interest	24,789	15,391	3,323	388,363	5,970	602	10,700
Donations	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-
Other	-	-	115,286	-	-	-	-
Total revenues	<u>24,789</u>	<u>1,622,305</u>	<u>118,609</u>	<u>388,363</u>	<u>1,522,951</u>	<u>348,053</u>	<u>2,524,748</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	178,103	-
Interest and fiscal charges	-	-	-	-	-	78,699	301,388
Bond issuance costs	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	798,812	-	-	-
Economic development	-	1,542,254	-	-	40,536	24,512	1,420,942
Culture and recreation	-	-	275,293	-	-	-	-
Total expenditures	<u>-</u>	<u>1,542,254</u>	<u>275,293</u>	<u>798,812</u>	<u>40,536</u>	<u>281,314</u>	<u>1,722,330</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,789</u>	<u>80,051</u>	<u>(156,684)</u>	<u>(410,449)</u>	<u>1,482,415</u>	<u>66,739</u>	<u>802,418</u>
Other financing sources (uses):							
Transfers in	-	-	156,684	-	-	-	-
Transfers out	(149,809)	-	-	-	-	-	(307,500)
Debt issuance	-	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Total other financing sources and uses	<u>(149,809)</u>	<u>-</u>	<u>156,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(307,500)</u>
Net change in fund balances	<u>(125,020)</u>	<u>80,051</u>	<u>-</u>	<u>(410,449)</u>	<u>1,482,415</u>	<u>66,739</u>	<u>494,918</u>
Fund balances - beginning	<u>5,697,432</u>	<u>3,500,254</u>	<u>-</u>	<u>14,354,648</u>	<u>979,797</u>	<u>(617,554)</u>	<u>(2,159,820)</u>
Fund balances - ending	<u>\$ 5,572,412</u>	<u>\$ 3,580,305</u>	<u>\$ -</u>	<u>\$ 13,944,199</u>	<u>\$ 2,462,212</u>	<u>\$ (550,815)</u>	<u>\$ (1,664,902)</u>

Continued on next page

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2012  
 (Continued)

	Capital Projects					Totals	Total Nonmajor Governmental Funds
	Certified Technology Park	Palais Royale Historic Preservation	Airport Urban Enterprise Zone	Eddy Street Commons Construction	Equipment Leasing		
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ 111,722	\$ -	\$ -	\$ 12,713,148	\$ 13,846,353
Professional sports development	-	-	-	-	-	633,904	633,904
Community revitalization enhancement district	-	-	-	-	-	653,185	653,185
Intergovernmental	1,446,074	13,058	-	-	-	2,957,272	13,184,889
Charges for services	-	-	-	-	-	2,443,162	4,488,561
Fines and forfeits	-	-	-	-	-	10,783	96,769
Interest	3,194	234	1,289	280	196	562,353	1,040,896
Donations	-	-	-	-	-	13,000	38,385
Sale of property	-	-	-	-	-	6,532	30,984
Other	-	-	-	-	-	583,109	1,437,840
<b>Total revenues</b>	<b>1,449,268</b>	<b>13,292</b>	<b>113,011</b>	<b>280</b>	<b>196</b>	<b>20,576,448</b>	<b>35,461,766</b>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	284,676
Public safety	-	-	-	-	-	-	2,833,387
Highways and streets	-	-	-	-	-	-	7,189,523
Economic development	-	-	-	-	-	-	3,481,580
Culture and recreation	-	-	-	-	-	-	5,754,596
Debt service:							
Principal	-	-	-	-	-	2,248,606	7,661,265
Interest and fiscal charges	-	-	-	-	-	1,561,834	5,366,149
Bond issuance costs	-	-	-	-	-	-	254,611
Capital outlay:							
General government	-	-	-	-	145,889	165,889	165,889
Public safety	-	-	-	-	1,486,418	2,714,130	2,714,130
Highways and streets	-	-	-	-	622,822	1,421,634	1,421,634
Economic development	-	-	-	-	-	11,700,304	11,700,304
Culture and recreation	-	1,469	-	-	344,500	1,621,417	1,621,417
<b>Total expenditures</b>	<b>-</b>	<b>1,469</b>	<b>-</b>	<b>-</b>	<b>2,599,629</b>	<b>21,433,814</b>	<b>50,449,161</b>
Excess (deficiency) of revenues over (under) expenditures	1,449,268	11,823	113,011	280	(2,599,433)	(857,366)	(14,987,395)
Other financing sources (uses):							
Transfers in	-	-	-	3,343	-	2,703,436	14,317,016
Transfers out	-	-	-	(2,310,088)	-	(6,245,640)	(7,404,759)
Debt issuance	-	-	-	-	2,455,426	4,155,426	4,155,426
Premium on debt issuance	-	-	-	-	-	-	1,236,364
Issuance of refunding bonds	-	-	-	-	-	-	13,595,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	(14,613,147)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,306,745)</b>	<b>2,455,426</b>	<b>613,222</b>	<b>11,285,900</b>
Net change in fund balances	1,449,268	11,823	113,011	(2,306,465)	(144,007)	(244,144)	(3,701,495)
Fund balances - beginning	813,869	47,723	262,394	2,306,465	145,970	50,906,961	100,512,238
Fund balances - ending	\$ 2,263,137	\$ 59,546	\$ 375,405	\$ -	\$ 1,963	\$ 50,662,817	\$ 96,810,743

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - TIF AIRPORT  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ -	\$ 11,200,000	\$ 11,631,287	\$ 431,287
Other	-	1,172,245	1,036,317	(135,928)
Total revenues	-	12,372,245	12,667,604	295,359
Expenditures:				
Current:				
Economic development:				
Other services and charges	-	12,259,904	8,158,534	4,101,370
Capital outlay	-	16,042,981	11,652,652	4,390,329
Total expenditures	-	28,302,885	19,811,186	8,491,699
Other financing sources (uses):				
Transfers in	-	663,992	663,991	(1)
Net change in fund balances	-	(15,266,648)	(6,479,591)	8,787,057
Fund balances - beginning	22,653,741	22,653,741	22,653,741	-
Fund balances - ending	\$ 22,653,741	\$ 7,387,093	\$ 16,174,150	\$ 8,787,057
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (6,479,591)	
To adjust revenues for accruals			(783,924)	
To adjust expenditures for accruals			(131,518)	
To adjust expenditures for encumbrances			3,570,592	
Net change in fund balance, GAAP basis			\$ (3,824,441)	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - MOTOR VEHICLE HIGHWAY  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 4,832,214	\$ 4,767,214	\$ 4,582,130	\$ (185,084)
Charges for services	87,000	87,000	46,788	(40,212)
Other	299,000	280,500	276,669	(3,831)
<b>Total revenues</b>	<b>5,218,214</b>	<b>5,134,714</b>	<b>4,905,587</b>	<b>(229,127)</b>
<b>Expenditures:</b>				
Current:				
Highways and streets:				
Personnel services	3,332,430	3,339,492	2,854,384	485,108
Supplies	2,895,930	3,203,186	2,633,023	570,163
Other services and charges	1,471,210	1,479,665	1,185,584	294,081
Capital outlay	95,500	195,364	182,842	12,522
Other uses	120,504	120,504	105,900	14,604
<b>Total expenditures</b>	<b>7,915,574</b>	<b>8,338,211</b>	<b>6,961,733</b>	<b>1,376,478</b>
Other financing sources (uses):				
Transfers in	2,700,212	2,700,212	2,700,212	-
<b>Net change in fund balances</b>	<b>2,852</b>	<b>(503,285)</b>	<b>644,066</b>	<b>1,147,351</b>
Fund balances - beginning	1,414,022	1,414,022	1,414,022	-
<b>Fund balances - ending</b>	<b>\$ 1,416,874</b>	<b>\$ 910,737</b>	<b>\$ 2,058,088</b>	<b>\$ 1,147,351</b>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ 644,066	
To adjust revenues for accruals			188,671	
To adjust expenditures for accruals			8,104	
To adjust expenditures for encumbrances			214,314	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ 1,055,155</b>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - RECREATION NONREVERTING  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,645,195	\$ 1,038,000	\$ 992,189	\$ (45,811)
Other	2,500	42,500	47,646	5,146
Total revenues	<u>1,647,695</u>	<u>1,080,500</u>	<u>1,039,835</u>	<u>(40,665)</u>
Expenditures:				
Current:				
Culture and recreation:				
Personnel services	690,266	690,266	485,875	204,391
Supplies	292,008	299,107	185,403	113,704
Other services and charges	398,033	401,593	248,442	153,151
Other uses	26,160	26,160	26,160	-
Capital outlay	<u>119,000</u>	<u>137,280</u>	<u>38,492</u>	<u>98,788</u>
Total expenditures	<u>1,525,467</u>	<u>1,554,406</u>	<u>984,372</u>	<u>570,034</u>
Net change in fund balances	122,228	(473,906)	55,463	529,369
Fund balances - beginning	<u>609,251</u>	<u>609,251</u>	<u>609,251</u>	<u>-</u>
Fund balances - ending	<u>\$ 731,479</u>	<u>\$ 135,345</u>	<u>\$ 664,714</u>	<u>\$ 529,369</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 55,463	
To adjust revenues for accruals			39,925	
To adjust expenditures for accruals			8,106	
To adjust expenditures for encumbrances			<u>6,719</u>	
Net change in fund balance, GAAP basis			<u>\$ 110,213</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - STUDEBAKER OLIVER REVITALIZATION GRANTS  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 3,000	\$ 5,486	\$ 5,485	\$ (1)
Expenditures:				
Current:				
Economic development:				
Other services and charges	<u>161,200</u>	<u>875,776</u>	<u>162,602</u>	<u>713,174</u>
Net change in fund balances	(158,200)	(870,290)	(157,117)	713,173
Fund balances - beginning	<u>1,236,792</u>	<u>1,236,792</u>	<u>1,236,792</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,078,592</u>	<u>\$ 366,502</u>	<u>\$ 1,079,675</u>	<u>\$ 713,173</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (157,117)	
To adjust revenues for accruals			(549)	
To adjust expenditures for accruals			<u>(30)</u>	
Net change in fund balance, GAAP basis			<u>\$ (157,696)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - ECONOMIC DEVELOPMENT STATE GRANTS  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 232,068	\$ 238,478	\$ 220,472	\$ (18,006)
Expenditures:				
Current:				
Economic development:				
Other services and charges	<u>207,067</u>	<u>207,067</u>	<u>207,065</u>	<u>2</u>
Net change in fund balances	25,001	31,411	13,407	(18,004)
Fund balances - beginning	<u>905,048</u>	<u>905,048</u>	<u>905,048</u>	<u>-</u>
Fund balances - ending	<u>\$ 930,049</u>	<u>\$ 936,459</u>	<u>\$ 918,455</u>	<u>\$ (18,004)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 13,407	
To adjust revenues for accruals			(114,328)	
To adjust expenditures for accruals			(1,009,511)	
Net change in fund balance, GAAP basis			<u>\$ (1,110,432)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - DCI OPERATING  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 444,036	\$ 444,036	\$ 324,599	\$ (119,437)
Other	232,500	240,508	241,678	1,170
Total revenues	<u>676,536</u>	<u>684,544</u>	<u>566,277</u>	<u>(118,267)</u>
<b>Expenditures:</b>				
Current:				
Economic development:				
Personnel services	1,789,370	1,770,286	1,638,164	132,122
Supplies	24,801	29,801	23,139	6,662
Other services and charges	146,367	151,684	128,943	22,741
Capital outlay	-	16,100	4,720	11,380
Other uses	243,144	243,144	243,144	-
Total expenditures	<u>2,203,682</u>	<u>2,211,015</u>	<u>2,038,110</u>	<u>172,905</u>
Other financing sources (uses):				
Transfers in	<u>1,527,146</u>	<u>1,527,146</u>	<u>1,527,146</u>	<u>-</u>
Net change in fund balances	-	675	55,313	54,638
Fund balances - beginning	<u>516,213</u>	<u>516,213</u>	<u>516,213</u>	<u>-</u>
Fund balances - ending	<u>\$ 516,213</u>	<u>\$ 516,888</u>	<u>\$ 571,526</u>	<u>\$ 54,638</u>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ 55,313	
To adjust revenues for accruals			(5,078)	
To adjust expenditures for accruals			4,401	
To adjust expenditures for encumbrances			<u>12,525</u>	
Net change in fund balance, GAAP basis			<u>\$ 67,161</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - COMMUNITY INVESTMENT  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 3,184,709	\$ 9,263,577	\$ 3,667,111	\$ (5,596,466)
Other	48,000	501,007	492,704	(8,303)
Total revenues	<u>3,232,709</u>	<u>9,764,584</u>	<u>4,159,815</u>	<u>(5,604,769)</u>
Expenditures:				
Current:				
Economic development:				
Personnel services	-	2,613	2,613	-
Other services and charges	3,232,709	9,311,577	9,281,815	29,762
Total expenditures	<u>3,232,709</u>	<u>9,314,190</u>	<u>9,284,428</u>	<u>29,762</u>
Net change in fund balances	-	450,394	(5,124,613)	(5,575,007)
Fund balances - beginning	<u>299,573</u>	<u>299,573</u>	<u>299,573</u>	<u>-</u>
Fund balances - ending	<u>\$ 299,573</u>	<u>\$ 749,967</u>	<u>\$ (4,825,040)</u>	<u>\$ (5,575,007)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (5,124,613)	
To adjust revenues for accruals			(16,608)	
To adjust expenditures for accruals			(707,967)	
To adjust expenditures for encumbrances			<u>5,344,173</u>	
Net change in fund balance, GAAP basis			<u>\$ (505,015)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - POLICE STATE SEIZURE  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 41,000	\$ 41,000	\$ 29,005	\$ (11,995)
Expenditures:				
Current:				
Public safety:				
Supplies	20,000	20,000	-	20,000
Other services and charges	50,000	50,000	10,787	39,213
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total expenditures	<u>80,000</u>	<u>80,000</u>	<u>20,787</u>	<u>59,213</u>
Net change in fund balances	(39,000)	(39,000)	8,218	47,218
Fund balances - beginning	<u>126,708</u>	<u>126,708</u>	<u>126,708</u>	<u>-</u>
Fund balances - ending	<u>\$ 87,708</u>	<u>\$ 87,708</u>	<u>\$ 134,926</u>	<u>\$ 47,218</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 8,218	
To adjust revenues for accruals			(25)	
To adjust expenditures for encumbrances			<u>10,000</u>	
Net change in fund balance, GAAP basis			<u>\$ 18,193</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - JUVENILE POSITIVE ASSISTANCE  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and fees	\$ 1,000	\$ 1,000	\$ 418	\$ (582)
Other	-	-	52	52
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>470</u>	<u>(530)</u>
Expenditures:				
Current:				
Public safety:				
Supplies	500	500	-	500
Other services and charges	<u>500</u>	<u>500</u>	-	<u>500</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Net change in fund balances	-	-	470	470
Fund balances - beginning	<u>10,415</u>	<u>10,415</u>	<u>10,415</u>	<u>-</u>
Fund balances - ending	<u>\$ 10,415</u>	<u>\$ 10,415</u>	<u>\$ 10,885</u>	<u>\$ 470</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 470	
To adjust revenues for accruals			<u>7</u>	
Net change in fund balance, GAAP basis			<u>\$ 477</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - LAW ENFORCEMENT CONTINUING EDUCATION  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 312,700	\$ 312,700	\$ 74,468	\$ (238,232)
Charges for services	105,000	105,000	102,239	(2,761)
Fines and fees	96,000	96,000	81,343	(14,657)
Other	<u>24,800</u>	<u>24,800</u>	<u>21,808</u>	<u>(2,992)</u>
Total revenues	<u>538,500</u>	<u>538,500</u>	<u>279,858</u>	<u>(258,642)</u>
Expenditures:				
Current:				
Public safety:				
Supplies	101,000	102,475	30,933	71,542
Other services and charges	232,500	232,500	59,102	173,398
Capital outlay	<u>205,000</u>	<u>334,144</u>	<u>274,988</u>	<u>59,156</u>
Total expenditures	<u>538,500</u>	<u>669,119</u>	<u>365,023</u>	<u>304,096</u>
Net change in fund balances	-	(130,619)	(85,165)	45,454
Fund balances - beginning	<u>1,041,239</u>	<u>1,041,239</u>	<u>1,041,239</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,041,239</u>	<u>\$ 910,620</u>	<u>\$ 956,074</u>	<u>\$ 45,454</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (85,165)	
To adjust revenues for accruals			(22,792)	
To adjust expenditures for accruals			26,295	
To adjust expenditures for encumbrances			<u>131,131</u>	
Net change in fund balance, GAAP basis			<u>\$ 49,469</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - LOSS RECOVERY  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 14,000	\$ 20,000	\$ 21,894	\$ 1,894
Expenditures:				
Current:				
General government:				
Other services and charges	50,000	87,533	28,553	58,980
Supplies	208,000	208,000	-	208,000
Capital outlay	-	243,434	163,620	79,814
Total expenditures	<u>258,000</u>	<u>538,967</u>	<u>192,173</u>	<u>346,794</u>
Net change in fund balances	(244,000)	(518,967)	(170,279)	348,688
Fund balances - beginning	<u>4,493,655</u>	<u>4,493,655</u>	<u>4,493,655</u>	-
Fund balances - ending	<u>\$ 4,249,655</u>	<u>\$ 3,974,688</u>	<u>\$ 4,323,376</u>	<u>\$ 348,688</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (170,279)	
To adjust revenues for accruals			(2,438)	
To adjust expenditures for accruals			36,299	
To adjust expenditures for encumbrances			<u>18,186</u>	
Net change in fund balance, GAAP basis			<u>\$ (118,232)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - LOCAL ROAD AND STREET  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary Basis Amounts	With Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 1,065,012	\$ 1,023,012	\$ 1,022,508	\$ (504)
Other	9,000	9,000	7,306	(1,694)
Total revenues	<u>1,074,012</u>	<u>1,032,012</u>	<u>1,029,814</u>	<u>(2,198)</u>
<b>Expenditures:</b>				
Current:				
Highways and streets:				
Other services and charges	115,800	193,300	193,300	-
Capital outlay	<u>958,212</u>	<u>1,058,749</u>	<u>535,646</u>	<u>523,103</u>
Total expenditures	<u>1,074,012</u>	<u>1,252,049</u>	<u>728,946</u>	<u>523,103</u>
Net change in fund balances	-	(220,037)	300,868	520,905
Fund balances - beginning	<u>1,226,005</u>	<u>1,226,005</u>	<u>1,226,005</u>	-
Fund balances - ending	<u>\$ 1,226,005</u>	<u>\$ 1,005,968</u>	<u>\$ 1,526,873</u>	<u>\$ 520,905</u>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ 300,868	
To adjust revenues for accruals			(6,328)	
To adjust expenditures for accruals			38,464	
To adjust expenditures for encumbrances			<u>187,423</u>	
Net change in fund balance, GAAP basis			<u>\$ 520,427</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - EXCESS WELFARE DISTRIBUTION  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ 9,000	\$ 9,000	\$ 5,407	\$ (3,593)
Expenditures:				
Current:				
Public safety:				
Capital outlay	1,774,500	3,313,247	2,276,693	1,036,554
Net change in fund balances	(1,765,500)	(3,304,247)	(2,271,286)	1,032,961
Fund balances - beginning	2,272,432	2,272,432	2,272,432	-
Fund balances - ending	\$ 506,932	\$ (1,031,815)	\$ 1,146	\$ 1,032,961
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (2,271,286)	
To adjust revenues for accruals			(3,118)	
Net change in fund balance, GAAP basis			\$ (2,274,404)	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - HUMAN RIGHTS FEDERAL  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Intergovernmental	\$ 159,000	\$ 159,000	\$ 123,260	\$ (35,740)
Other	<u>38,250</u>	<u>58,250</u>	<u>61,688</u>	<u>3,438</u>
Total revenues	<u>197,250</u>	<u>217,250</u>	<u>184,948</u>	<u>(32,302)</u>
Expenditures:				
Current:				
General government:				
Personnel services	99,279	101,779	99,217	2,562
Supplies	2,800	4,845	2,406	2,439
Other services and charges	82,750	116,770	65,562	51,208
Capital outlay	<u>-</u>	<u>1,730</u>	<u>1,729</u>	<u>1</u>
Total expenditures	<u>184,829</u>	<u>225,124</u>	<u>168,914</u>	<u>56,210</u>
Net change in fund balances	12,421	(7,874)	16,034	23,908
Fund balances - beginning	<u>469,764</u>	<u>469,764</u>	<u>469,764</u>	<u>-</u>
Fund balances - ending	<u>\$ 482,185</u>	<u>\$ 461,890</u>	<u>\$ 485,798</u>	<u>\$ 23,908</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 16,034	
To adjust revenues for accruals			(211)	
To adjust expenditures for accruals			381	
To adjust expenditures for encumbrances			<u>366</u>	
Net change in fund balance, GAAP basis			<u>\$ 16,570</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - EAST RACE WATERWAY  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ 100	\$ 99	\$ (1)
Expenditures:				
Current:				
Culture and recreation:				
Supplies	14,000	14,000	8,355	5,645
Other services and charges	<u>2,000</u>	<u>2,000</u>	-	<u>2,000</u>
Total expenditures	<u>16,000</u>	<u>16,000</u>	<u>8,355</u>	<u>7,645</u>
Net change in fund balances	(16,000)	(15,900)	(8,256)	7,644
Fund balances - beginning	<u>22,233</u>	<u>22,233</u>	<u>22,233</u>	-
Fund balances - ending	<u>\$ 6,233</u>	<u>\$ 6,333</u>	<u>\$ 13,977</u>	<u>\$ 7,644</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (8,256)	
To adjust revenues for accruals			(18)	
To adjust expenditures for accruals			(1)	
To adjust expenditures for encumbrances			<u>346</u>	
Net change in fund balance, GAAP basis			<u>\$ (7,929)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - MORRIS AND PALAIS MARKETING  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 8,100	\$ 8,100	\$ 5,039	\$ (3,061)
Expenditures:				
Current:				
Culture and recreation:				
Other services and charges	<u>8,100</u>	<u>8,100</u>	<u>2,049</u>	<u>6,051</u>
Net change in fund balances	-	-	2,990	2,990
Fund balances - beginning	<u>23,724</u>	<u>23,724</u>	<u>23,724</u>	<u>-</u>
Fund balances - ending	<u>\$ 23,724</u>	<u>\$ 23,724</u>	<u>\$ 26,714</u>	<u>\$ 2,990</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 2,990	
To adjust expenditures for accruals			(2,048)	
To adjust expenditures for encumbrances			<u>2,049</u>	
Net change in fund balance, GAAP basis			<u>\$ 2,991</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - POLICE BLOCK GRANTS  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 298,000	\$ -	\$ (298,000)
Other	2,000	2,000	681	(1,319)
Total revenues	2,000	300,000	681	(299,319)
Expenditures:				
Current:				
Public safety:				
Supplies	50,000	50,000	-	50,000
Capital outlay	250,000	250,000	124,539	125,461
Total expenditures	300,000	300,000	124,539	175,461
Net change in fund balances	(298,000)	-	(123,858)	(123,858)
Fund balances - beginning	127,662	127,662	127,662	-
Fund balances - ending	\$ (170,338)	\$ 127,662	\$ 3,804	\$ (123,858)
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (123,858)	
To adjust revenues for accruals			(172)	
Net change in fund balance, GAAP basis			\$ (124,030)	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - ECONOMIC DEVELOPMENT COMMISSION  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ 100	\$ 133	\$ 33
Net change in fund balances	-	100	133	33
Fund balances - beginning	<u>26,902</u>	<u>26,902</u>	<u>26,902</u>	<u>-</u>
Fund balances - ending	<u>\$ 26,902</u>	<u>\$ 27,002</u>	<u>\$ 27,035</u>	<u>\$ 33</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 133	
To adjust revenues for accruals			<u>(14)</u>	
Net change in fund balance, GAAP basis			<u>\$ 119</u>	

CITY OF SOUTH BEND  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - HAZMAT  
For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 3,000	\$ 3,000	\$ -	\$ (3,000)
Other	<u>-</u>	<u>-</u>	<u>13</u>	<u>13</u>
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>13</u>	<u>(2,987)</u>
Expenditures:				
Current:				
Public safety:				
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>13</u>	<u>13</u>
Fund balances - beginning	<u>2,670</u>	<u>2,670</u>	<u>2,670</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,670</u>	<u>\$ 2,670</u>	<u>\$ 2,683</u>	<u>\$ 13</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 13	
To adjust revenues for accruals			<u>(2)</u>	
Net change in fund balance, GAAP basis			<u>\$ 11</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - INDIANA RIVER RESCUE  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 31,300	\$ 65,300	\$ 65,000	\$ (300)
Other	<u>200</u>	<u>200</u>	<u>408</u>	<u>208</u>
Total revenues	<u>31,500</u>	<u>65,500</u>	<u>65,408</u>	<u>(92)</u>
Expenditures:				
Current:				
Public safety:				
Personnel services	3,500	3,500	-	3,500
Supplies	11,500	32,112	28,263	3,849
Other services and charges	16,500	14,400	7,590	6,810
Capital outlay	<u>-</u>	<u>2,100</u>	<u>2,049</u>	<u>51</u>
Total expenditures	<u>31,500</u>	<u>52,112</u>	<u>37,902</u>	<u>14,210</u>
Net change in fund balances	-	13,388	27,506	14,118
Fund balances - beginning	<u>71,752</u>	<u>71,752</u>	<u>71,752</u>	<u>-</u>
Fund balances - ending	<u>\$ 71,752</u>	<u>\$ 85,140</u>	<u>\$ 99,258</u>	<u>\$ 14,118</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 27,506	
To adjust revenues for accruals			(496)	
To adjust expenditures for accruals			(18,757)	
To adjust expenditures for encumbrances			<u>20,166</u>	
Net change in fund balance, GAAP basis			<u>\$ 28,419</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - COPS BLOCK GRANT II  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 135,000	\$ 135,000	\$ 111,796	\$ (23,204)
Expenditures:				
Current:				
Public safety:				
Other services and charges	10,000	10,000	-	10,000
Capital outlay	<u>125,000</u>	<u>125,000</u>	<u>14,796</u>	<u>110,204</u>
Total expenditures	<u>135,000</u>	<u>135,000</u>	<u>14,796</u>	<u>120,204</u>
Net change in fund balances	-	-	97,000	97,000
Fund balances - beginning	<u>1,125</u>	<u>1,125</u>	<u>1,125</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,125</u>	<u>\$ 1,125</u>	<u>\$ 98,125</u>	<u>\$ 97,000</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 97,000	
To adjust revenues for accruals			<u>75</u>	
Net change in fund balance, GAAP basis			<u>\$ 97,075</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - REGIONAL POLICE ACADEMY  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 26,000	\$ 26,000	\$ 12,170	\$ (13,830)
Charges for services	250	250	-	(250)
Other	<u>750</u>	<u>750</u>	<u>1,652</u>	<u>902</u>
Total revenues	<u>27,000</u>	<u>27,000</u>	<u>13,822</u>	<u>(13,178)</u>
Expenditures:				
Current:				
Public safety:				
Supplies	2,500	2,500	156	2,344
Other services and charges	<u>24,500</u>	<u>24,500</u>	<u>16,213</u>	<u>8,287</u>
Total expenditures	<u>27,000</u>	<u>27,000</u>	<u>16,369</u>	<u>10,631</u>
Net change in fund balances	-	-	(2,547)	(2,547)
Fund balances - beginning	<u>76,363</u>	<u>76,363</u>	<u>76,363</u>	-
Fund balances - ending	<u>\$ 76,363</u>	<u>\$ 76,363</u>	<u>\$ 73,816</u>	<u>\$ (2,547)</u>
<u>Budget/GAAP Reconciliation:</u>				
Net change in fund balance, budget basis			\$ (2,547)	
To adjust revenues for accruals			(42)	
To adjust expenditures for accruals			<u>108</u>	
Net change in fund balance, GAAP basis			<u>\$ (2,481)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - COPS MORE GRANT  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 59,850	\$ 59,850	\$ 40,690	\$ (19,160)
Expenditures:				
Current:				
Public safety:				
Supplies	10,000	10,552	6,899	3,653
Other services and charges	22,350	22,350	12,778	9,572
Capital outlay	27,500	27,500	20,000	7,500
Total expenditures	<u>59,850</u>	<u>60,402</u>	<u>39,677</u>	<u>20,725</u>
Net change in fund balances	-	(552)	1,013	1,565
Fund balances - beginning	<u>105,896</u>	<u>105,896</u>	<u>105,896</u>	<u>-</u>
Fund balances - ending	<u>\$ 105,896</u>	<u>\$ 105,344</u>	<u>\$ 106,909</u>	<u>\$ 1,565</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 1,013	
To adjust revenues for accruals			38	
To adjust expenditures for accruals			938	
To adjust expenditures for encumbrances			<u>380</u>	
Net change in fund balance, GAAP basis			<u>\$ 2,369</u>	

CITY OF SOUTH BEND  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - FEDERAL DRUG ENFORCEMENT  
For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 63,434	\$ 3,434
Other	2,000	2,000	21,138	19,138
Total revenues	<u>62,000</u>	<u>62,000</u>	<u>84,572</u>	<u>22,572</u>
Expenditures:				
Current:				
Public safety:				
Supplies	37,000	77,205	36,288	40,917
Other services and charges	50,000	56,000	24,481	31,519
Capital outlay	40,000	131,000	86,295	44,705
Total expenditures	<u>127,000</u>	<u>264,205</u>	<u>147,064</u>	<u>117,141</u>
Net change in fund balances	(65,000)	(202,205)	(62,492)	139,713
Fund balances - beginning	<u>311,260</u>	<u>311,260</u>	<u>311,260</u>	<u>-</u>
Fund balances - ending	<u>\$ 246,260</u>	<u>\$ 109,055</u>	<u>\$ 248,768</u>	<u>\$ 139,713</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (62,492)	
To adjust revenues for accruals			23,786	
To adjust expenditures for accruals			(47,016)	
To adjust expenditures for encumbrances			<u>86,573</u>	
Net change in fund balance, GAAP basis			<u>\$ 851</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - GIFT  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ 7,150	\$ 19,850	\$ 20,863	\$ 1,013
Expenditures:				
Supplies	\$ -	\$ 5,200	\$ 4,259	\$ 941
Net change in fund balances	7,150	14,650	16,604	1,954
Fund balances - beginning	46,630	46,630	46,630	-
Fund balances - ending	<u>\$ 53,780</u>	<u>\$ 61,280</u>	<u>\$ 63,234</u>	<u>\$ 1,954</u>
<u>Budget/GAAP Reconciliation.</u>				
Net change in fund balance, budget basis			\$ 16,604	
To adjust revenues for accruals			(61)	
Net change in fund balance, GAAP basis			<u>\$ 16,543</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - URBAN DEVELOPMENT ACTION GRANT  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 434,971	\$ 435,359	\$ 7,670	\$ (427,689)
Expenditures:				
Current:				
Economic development:				
Other services and charges	<u>400,902</u>	<u>400,902</u>	<u>200,451</u>	<u>200,451</u>
Net change in fund balances	34,069	34,457	(192,781)	(227,238)
Fund balances - beginning	<u>216,535</u>	<u>216,535</u>	<u>216,535</u>	<u>-</u>
Fund balances - ending	<u>\$ 250,604</u>	<u>\$ 250,992</u>	<u>\$ 23,754</u>	<u>\$ (227,238)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (192,781)	
To adjust revenues for accruals			(5,974)	
To adjust expenditures for accruals			<u>200,451</u>	
Net change in fund balance, GAAP basis			<u>\$ 1,696</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - LEAF COLLECTION AND REMOVAL  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 429,000	\$ 429,000	\$ 428,726	\$ (274)
Other	2,700	4,100	4,230	130
<b>Total revenues</b>	<b>431,700</b>	<b>433,100</b>	<b>432,956</b>	<b>(144)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government:				
Personnel services	64,081	64,081	47,417	16,664
Supplies	7,067	7,067	7,053	14
Other services and charges	102,324	102,324	32,830	69,494
Other uses	254,616	254,616	253,717	899
<b>Total expenditures</b>	<b>428,088</b>	<b>428,088</b>	<b>341,017</b>	<b>87,071</b>
<b>Net change in fund balances</b>	<b>3,612</b>	<b>5,012</b>	<b>91,939</b>	<b>86,927</b>
<b>Fund balances - beginning</b>	<b>767,517</b>	<b>767,517</b>	<b>767,517</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ 771,129</b>	<b>\$ 772,529</b>	<b>\$ 859,456</b>	<b>\$ 86,927</b>
<b><u>Budget/GAAP Reconciliation</u></b>				
Net change in fund balance, budget basis			\$ 91,939	
To adjust revenues for accruals			(316)	
To adjust expenditures for accruals			(679)	
To adjust expenditures for encumbrances			365	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ 91,309</b>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - POLICE K-9 UNIT  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ 3,000	\$ 3,000	\$ 10	\$ (2,990)
Expenditures:				
Current:				
Public safety:				
Other services and charges	<u>3,000</u>	<u>3,000</u>	<u>355</u>	<u>2,645</u>
Net change in fund balances	-	-	(345)	(345)
Fund balances - beginning	<u>2,275</u>	<u>2,275</u>	<u>2,275</u>	-
Fund balances - ending	<u>\$ 2,275</u>	<u>\$ 2,275</u>	<u>\$ 1,930</u>	<u>\$ (345)</u>

Budget/GAAP Reconciliation

No reconciliation necessary since budgetary basis equals GAAP basis

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - RAINY DAY  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 28,000	\$ 38,000	\$ 42,239	\$ 4,239
Net change in fund balances	28,000	38,000	42,239	4,239
Fund balances - beginning	<u>8,520,942</u>	<u>8,520,942</u>	<u>8,520,942</u>	<u>-</u>
Fund balances - ending	<u>\$ 8,548,942</u>	<u>\$ 8,558,942</u>	<u>\$ 8,563,181</u>	<u>\$ 4,239</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 42,239	
To adjust revenues for accruals			<u>(4,316)</u>	
Net change in fund balance, GAAP basis			<u>\$ 37,923</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 DEBT SERVICE FUNDS - COLLEGE FOOTBALL HALL OF FAME DEBT SERVICE  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 1,200,000	\$ 1,000,000	\$ 1,133,205	\$ 133,205
Intergovernmental	173,360	170,700	167,179	(3,521)
Other	-	5,900	5,900	-
Total revenues	<u>1,373,360</u>	<u>1,176,600</u>	<u>1,306,284</u>	<u>129,684</u>
Expenditures:				
Debt service:				
Principal	1,337,145	1,329,716	1,329,715	1
Interest and fiscal agent fees	4,500	2,499	750	1,749
Total expenditures	<u>1,341,645</u>	<u>1,332,215</u>	<u>1,330,465</u>	<u>1,750</u>
Net change in fund balances	31,715	(155,615)	(24,181)	131,434
Fund balances - beginning	<u>598,620</u>	<u>598,620</u>	<u>598,620</u>	<u>-</u>
Fund balances - ending	<u>\$ 630,335</u>	<u>\$ 443,005</u>	<u>\$ 574,439</u>	<u>\$ 131,434</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (24,181)	
To adjust revenues for accruals			(5,900)	
To adjust expenditures for accruals			(7,763)	
Net change in fund balance, GAAP basis			<u>\$ (37,844)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 DEBT SERVICE FUNDS - REDEVELOPMENT BOND - CENTRAL DEVELOPMENT  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ 3,000	\$ 3,009	\$ 9
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>(822,500)</u>	<u>(825,509)</u>	<u>(3,009)</u>
Net change in fund balances	-	(819,500)	(822,500)	(3,000)
Fund balances - beginning	<u>822,500</u>	<u>822,500</u>	<u>822,500</u>	<u>-</u>
Fund balances - ending	<u>\$ 822,500</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ (3,000)</u>
 <u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (822,500)	
To adjust revenues for accruals			<u>(296)</u>	
Net change in fund balance, GAAP basis			<u>\$ (822,796)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 DEBT SERVICE FUNDS - REDEVELOPMENT BOND - AIRPORT TAXABLE  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ 6,000	\$ 5,571	\$ (429)
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(5,571)</u>	<u>(5,571)</u>
Net change in fund balances	-	6,000	-	(6,000)
Fund balances - beginning	<u>1,038,904</u>	<u>1,038,904</u>	<u>1,038,904</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,038,904</u>	<u>\$ 1,044,904</u>	<u>\$ 1,038,904</u>	<u>\$ (6,000)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ -	
To adjust revenues for accruals			(571)	
To adjust expenditures for accruals			<u>558</u>	
Net change in fund balance, GAAP basis			<u>\$ (13)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 DEBT SERVICE FUNDS - COVELESKI BOND DEBT SERVICE RESERVE  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ 3,000	\$ 2,470	\$ (530)
Net change in fund balances	-	3,000	2,470	(530)
Fund balances - beginning	<u>499,277</u>	<u>499,277</u>	<u>499,277</u>	<u>-</u>
Fund balances - ending	<u>\$ 499,277</u>	<u>\$ 502,277</u>	<u>\$ 501,747</u>	<u>\$ (530)</u>
 <u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 2,470	
To adjust revenues for accruals			<u>(253)</u>	
Net change in fund balance, GAAP basis			<u>\$ 2,217</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 DEBT SERVICE FUNDS - REDEVELOPMENT BOND - PALAIS ROYALE  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ -	\$ 4,000	\$ 8,258	\$ 4,258
Other financing sources (uses):				
Transfers out	-	-	(8,258)	(8,258)
Net change in fund balances	-	4,000	-	(4,000)
Fund balances - beginning	1,735,840	1,735,840	1,735,840	-
Fund balances - ending	<u>\$ 1,735,840</u>	<u>\$ 1,739,840</u>	<u>\$ 1,735,840</u>	<u>\$ (4,000)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ -	
To adjust revenues for accruals			(865)	
To adjust expenditures for accruals			843	
Net change in fund balance, GAAP basis			<u>\$ (22)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - EMERGENCY MEDICAL SERVICES  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 23,416	\$ 23,416
Charges for services	2,304,000	2,304,000	2,205,707	(98,293)
Other	66,000	66,000	59,438	(6,562)
Total revenues	<u>2,370,000</u>	<u>2,370,000</u>	<u>2,288,561</u>	<u>(81,439)</u>
Expenditures:				
Public safety:				
Supplies	90,000	107,329	66,291	41,038
Other services and charges	1,454,526	489,415	140,427	348,988
Capital outlay	330,000	2,091,331	1,835,425	255,906
Total expenditures	<u>1,874,526</u>	<u>2,688,075</u>	<u>2,042,143</u>	<u>645,932</u>
Other financing sources (uses):				
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Net change in fund balances	(504,526)	(1,318,075)	(753,582)	564,493
Fund balances - beginning	<u>5,528,725</u>	<u>5,528,725</u>	<u>5,528,725</u>	<u>-</u>
Fund balances - ending	<u>\$ 5,024,199</u>	<u>\$ 4,210,650</u>	<u>\$ 4,775,143</u>	<u>\$ 564,493</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (753,582)	
To adjust revenues for accruals			239,826	
To adjust expenditures for accruals			(5,306)	
To adjust expenditures for encumbrances			763,671	
Net change in fund balance, GAAP basis			<u>\$ 244,609</u>	

CITY OF SOUTH BEND  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - PROFESSIONAL SPORTS DEVELOPMENT  
For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes:				
Professional sports development	\$ 489,152	\$ 489,152	\$ 489,152	\$ -
Intergovernmental	600,000	721,797	721,763	(34)
Other	<u>98,024</u>	<u>98,024</u>	<u>93,048</u>	<u>(4,976)</u>
Total revenues	<u>1,187,176</u>	<u>1,308,973</u>	<u>1,303,963</u>	<u>(5,010)</u>
<b>Expenditures:</b>				
Culture and recreation:				
Other services and charges	776,608	776,608	776,408	200
Other uses	<u>589,152</u>	<u>589,152</u>	<u>589,152</u>	<u>-</u>
Total expenditures	1,365,760	1,365,760	1,365,560	200
Net change in fund balances	(178,584)	(56,787)	(61,597)	(4,810)
Fund balances - beginning	<u>1,102,419</u>	<u>1,102,419</u>	<u>1,102,419</u>	<u>-</u>
Fund balances - ending	<u>\$ 923,835</u>	<u>\$ 1,045,632</u>	<u>\$ 1,040,822</u>	<u>\$ (4,810)</u>
<b><u>Budget/GAAP Reconciliation</u></b>				
Net change in fund balance, budget basis			\$ (61,597)	
To adjust revenues for accruals			<u>(88,479)</u>	
Net change in fund balance, GAAP basis			<u>\$ (150,076)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECT FUNDS - COVELESKI STADIUM CAPITAL  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 300	\$ 300	\$ 327	\$ 27
Expenditures:				
Culture and recreation:				
Supplies	-	7,003	6,987	16
Other services and charges	73,000	49,999	35,000	14,999
Capital outlay	-	18,000	17,715	285
Total expenditures	<u>73,000</u>	<u>75,002</u>	<u>59,702</u>	<u>15,300</u>
Net change in fund balances	(72,700)	(74,702)	(59,375)	15,327
Fund balances - beginning	<u>82,594</u>	<u>82,594</u>	<u>82,594</u>	<u>-</u>
Fund balances - ending	<u>\$ 9,894</u>	<u>\$ 7,892</u>	<u>\$ 23,219</u>	<u>\$ 15,327</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (59,375)	
To adjust revenues for accruals			(91)	
To adjust expenditures for accruals			(1)	
To adjust expenditures for encumbrances			<u>3,540</u>	
Net change in fund balance, GAAP basis			<u>\$ (55,927)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECT FUNDS - ZOO ENDOWMENT  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 2,800	\$ 13,300	\$ 13,211	\$ (89)
Net change in fund balances	2,800	13,300	13,211	(89)
Fund balances - beginning	<u>35,635</u>	<u>35,635</u>	<u>35,635</u>	<u>-</u>
Fund balances - ending	<u>\$ 38,435</u>	<u>\$ 48,935</u>	<u>\$ 48,846</u>	<u>\$ (89)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 13,211	
To adjust revenues for accruals			<u>(6)</u>	
Net change in fund balance, GAAP basis			<u>\$ 13,205</u>	

CITY OF SOUTH BEND  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - PARK NONREVERTING CAPITAL  
For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 3,000	\$ 3,000	\$ 3,180	\$ 180
Other	1,200	1,200	14,815	13,615
Total revenues	<u>4,200</u>	<u>4,200</u>	<u>17,995</u>	<u>13,795</u>
Expenditures:				
Culture and recreation:				
Supplies	-	67,066	61,906	5,160
Other services and charges	25,400	28,000	14,505	13,495
Capital outlay	241,700	186,558	115,792	70,766
Total expenditures	<u>267,100</u>	<u>281,624</u>	<u>192,203</u>	<u>89,421</u>
Other financing sources (uses):				
Transfers in	<u>187,500</u>	<u>187,500</u>	<u>185,747</u>	<u>(1,753)</u>
Net change in fund balances	(75,400)	(89,924)	11,539	101,463
Fund balances - beginning	<u>467,030</u>	<u>467,030</u>	<u>467,030</u>	<u>-</u>
Fund balances - ending	<u>\$ 391,630</u>	<u>\$ 377,106</u>	<u>\$ 478,569</u>	<u>\$ 101,463</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 11,539	
To adjust revenues for accruals			(196)	
To adjust expenditures for accruals			(8,172)	
To adjust expenditures for encumbrances			<u>13,816</u>	
Net change in fund balance, GAAP basis			<u>\$ 16,987</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL DEVELOPMENT  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 550,000	\$ 550,000	\$ 517,710	\$ (32,290)
Intergovernmental	85,682	81,403	81,890	487
Other	<u>2,000</u>	<u>3,500</u>	<u>3,808</u>	<u>308</u>
Total revenues	<u>637,682</u>	<u>634,903</u>	<u>603,408</u>	<u>(31,495)</u>
Expenditures:				
General government:				
Other services and charges	582,845	583,481	570,505	12,976
Capital outlay	20,000	19,364	19,364	-
Other uses	<u>636</u>	<u>636</u>	<u>-</u>	<u>636</u>
Total expenditures	<u>603,481</u>	<u>603,481</u>	<u>589,869</u>	<u>13,612</u>
Net change in fund balances	34,201	31,422	13,539	(17,883)
Fund balances - beginning	<u>822,230</u>	<u>822,230</u>	<u>822,230</u>	<u>-</u>
Fund balances - ending	<u>\$ 856,431</u>	<u>\$ 853,652</u>	<u>\$ 835,769</u>	<u>\$ (17,883)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 13,539	
To adjust revenues for accruals			<u>(11,780)</u>	
Net change in fund balance, GAAP basis			<u>\$ 1,759</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL IMPROVEMENT  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 424,165	\$ 402,830	\$ 418,323	\$ 15,493
Other	25,100	31,000	30,915	(85)
Total revenues	<u>449,265</u>	<u>433,830</u>	<u>449,238</u>	<u>15,408</u>
Expenditures				
General government:				
Other services and charges	<u>402,277</u>	<u>402,277</u>	<u>402,277</u>	<u>-</u>
Net change in fund balances	46,988	31,553	46,961	15,408
Fund balances - beginning	<u>50,759</u>	<u>50,759</u>	<u>50,759</u>	<u>-</u>
Fund balances - ending	<u>\$ 97,747</u>	<u>\$ 82,312</u>	<u>\$ 97,720</u>	<u>\$ 15,408</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 46,961	
To adjust revenues for accruals			<u>(5,884)</u>	
Net change in fund balance, GAAP basis			<u>\$ 41,077</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECT FUNDS - MORRIS PERFORMING ARTS CENTER CAPITAL  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 100,000	\$ 100,000	\$ 85,904	\$ (14,096)
Other	1,500	1,500	1,997	497
Total revenues	<u>101,500</u>	<u>101,500</u>	<u>87,901</u>	<u>(13,599)</u>
Expenditures:				
Culture and recreation:				
Supplies	-	6,274	6,274	-
Other services and charges	35,000	33,688	23,837	9,851
Capital outlay	66,500	224,894	174,472	50,422
Total expenditures	<u>101,500</u>	<u>264,856</u>	<u>204,583</u>	<u>60,273</u>
Net change in fund balances	-	(163,356)	(116,682)	46,674
Fund balances - beginning	<u>515,676</u>	<u>515,676</u>	<u>515,676</u>	<u>-</u>
Fund balances - ending	<u>\$ 515,676</u>	<u>\$ 352,320</u>	<u>\$ 398,994</u>	<u>\$ 46,674</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (116,682)	
To adjust revenues for accruals			(320)	
To adjust expenditures for accruals			4,136	
To adjust expenditures for encumbrances			<u>32,166</u>	
Net change in fund balance, GAAP basis			<u>\$ (80,700)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - TIF DOWNTOWN  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ 3,650,000	\$ 3,671,478	\$ 21,478
Intergovernmental	-	398,000	398,000	-
Charges for services	-	42,485	43,072	587
Other	-	721,965	549,526	(172,439)
Total revenues	-	4,812,450	4,662,076	(150,374)
Expenditures:				
Economic development:				
Other services and charges	-	3,228,560	3,138,906	89,654
Capital outlay	-	5,031,848	4,210,359	821,489
Total expenditures	-	8,260,408	7,349,265	911,143
Other financing sources (uses):				
Transfers in	-	833,768	833,768	-
Net change in fund balances	-	(2,614,190)	(1,853,421)	760,769
Fund balances - beginning	3,968,559	3,968,559	3,968,559	-
Fund balances - ending	\$ 3,968,559	\$ 1,354,369	\$ 2,115,138	\$ 760,769
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (1,853,421)	
To adjust revenues for accruals			(272,625)	
To adjust expenditures for accruals			1,761,553	
To adjust expenditures for encumbrances			202,102	
Net change in fund balance, GAAP basis			\$ (162,391)	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - TIF LEIGHTON PLAZA  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Charges for services	\$ -	\$ 102,179	\$ 93,293	\$ (8,886)
Other	-	46,940	38,506	(8,434)
Total revenues	-	149,119	131,799	(17,320)
Expenditures:				
Economic development:				
Supplies	-	11,432	7,366	4,066
Other services and charges	-	129,845	114,517	15,328
Capital outlay	-	14,000	14,000	-
Total expenditures	-	155,277	135,883	19,394
Net change in fund balances	-	(6,158)	(4,084)	2,074
Fund balances - beginning	99,477	99,477	99,477	-
Fund balances - ending	<u>\$ 99,477</u>	<u>\$ 93,319</u>	<u>\$ 95,393</u>	<u>\$ 2,074</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (4,084)	
To adjust revenues for accruals			960	
To adjust expenditures for accruals			<u>11,351</u>	
Net change in fund balance, GAAP basis			<u>\$ 8,227</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - TIF - WEST WASHINGTON  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ 440,000	\$ 422,715	\$ (17,285)
Other	-	4,000	3,920	(80)
Total revenues	-	444,000	426,635	(17,365)
Expenditures:				
Economic development:				
Other services and charges	-	10,526	7,264	3,262
Capital outlay	-	1,120,508	1,118,300	2,208
Total expenditures	-	1,131,034	1,125,564	5,470
Net change in fund balances	-	(687,034)	(698,929)	(11,895)
Fund balances - beginning	931,843	931,843	931,843	-
Fund balances - ending	<u>\$ 931,843</u>	<u>\$ 244,809</u>	<u>\$ 232,914</u>	<u>\$ (11,895)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (698,929)	
To adjust revenues for accruals			12,758	
To adjust expenditures for accruals			(9,785)	
To adjust expenditures for encumbrances			218,815	
Net change in fund balance, GAAP basis			<u>\$ (477,141)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - REDEVELOPMENT GENERAL  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ 165	\$ 164	\$ (1)
Expenditures:				
Economic development:				
Other services and charges	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net change in fund balances	-	(9,835)	(9,836)	(1)
Fund balances - beginning	<u>34,492</u>	<u>34,492</u>	<u>34,492</u>	<u>-</u>
Fund balances - ending	<u>\$ 34,492</u>	<u>\$ 24,657</u>	<u>\$ 24,656</u>	<u>\$ (1)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (9,836)	
To adjust revenues for accruals			(20)	
To adjust expenditures for encumbrances			<u>6,786</u>	
Net change in fund balance, GAAP basis			<u>\$ (3,070)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECT FUNDS - COMMUNITY REVITALIZATION ENHANCEMENT DISTRICT  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,000,000	\$ 740,000	\$ 653,185	\$ (86,815)
Other	2,000	2,000	1,259	(741)
Total revenues	<u>1,002,000</u>	<u>742,000</u>	<u>654,444</u>	<u>(87,556)</u>
Expenditures:				
Economic development:				
Other services and charges	<u>878,554</u>	<u>878,554</u>	<u>878,554</u>	<u>-</u>
Net change in fund balances	123,446	(136,554)	(224,110)	(87,556)
Fund balances - beginning	<u>447,697</u>	<u>447,697</u>	<u>447,697</u>	<u>-</u>
Fund balances - ending	<u>\$ 571,143</u>	<u>\$ 311,143</u>	<u>\$ 223,587</u>	<u>\$ (87,556)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (224,110)	
To adjust revenues for accruals			<u>7</u>	
Net change in fund balance, GAAP basis			<u>\$ (224,103)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - TIF No. 1 - SOUTHSIDE DEVELOPMENT  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ 1,820,000	\$ 2,466,203	\$ 646,203
Inter-fund transfers	-	1,401,397	1,401,397	-
Other	-	24,140	24,139	(1)
Total revenues	-	3,245,537	3,891,739	646,202
Expenditures:				
Economic development:				
Other services and charges	-	1,239,960	1,195,695	44,265
Capital outlay	-	4,830,645	1,475,003	3,355,642
Total expenditures	-	6,070,605	2,670,698	3,399,907
Net change in fund balances	-	(2,825,068)	1,221,041	4,046,109
Fund balances - beginning	3,750,851	3,750,851	3,750,851	-
Fund balances - ending	\$ 3,750,851	\$ 925,783	\$ 4,971,892	\$ 4,046,109
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 1,221,041	
To adjust revenues for accruals			(431,517)	
To adjust expenditures for accruals			59,722	
To adjust expenditures for encumbrances			422,884	
Net change in fund balance, GAAP basis			\$ 1,272,130	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - TIF No. 2 - SOUTHSIDE DEVELOPMENT  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ 2,330	\$ 2,329	\$ (1)
Expenditures:				
Economic development:				
Interfund transfers out	<u>-</u>	<u>1,400,000</u>	<u>1,401,397</u>	<u>(1,397)</u>
Net change in fund balances	-	(1,397,670)	(1,399,068)	(1,398)
Fund balances - beginning	<u>1,399,068</u>	<u>1,399,068</u>	<u>1,399,068</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,399,068</u>	<u>\$ 1,398</u>	<u>\$ (0)</u>	<u>\$ (1,398)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (1,399,068)	
To adjust revenues for accruals			<u>(1,946)</u>	
Net change in fund balance, GAAP basis			<u>\$ (1,401,014)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - TIF No. 3 - SOUTHSIDE DEVELOPMENT  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ 27,802	\$ 27,801	\$ (1)
Expenditures:				
Economic development:				
Other services and charges	-	500,000	151,077	348,923
Net change in fund balances	-	(472,198)	(123,276)	348,922
Fund balances - beginning	<u>5,689,634</u>	<u>5,689,634</u>	<u>5,689,634</u>	<u>-</u>
Fund balances - ending	<u>\$ 5,689,634</u>	<u>\$ 5,217,436</u>	<u>\$ 5,566,358</u>	<u>\$ 348,922</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (123,276)	
To adjust revenues for accruals			(3,012)	
To adjust expenditures for encumbrances			<u>1,268</u>	
Net change in fund balance, GAAP basis			<u>\$ (125,020)</u>	

CITY OF SOUTH BEND  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - TIF - CENTRAL MEDICAL SERVICE AREA  
For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ 1,720,000	\$ 1,606,915	\$ (113,085)
Other	-	16,841	16,841	-
Total revenues	-	1,736,841	1,623,756	(113,085)
Expenditures:				
Economic development:				
Other services and charges	-	422,274	422,109	165
Capital outlay	-	3,938,117	2,010,815	1,927,302
Total expenditures	-	4,360,391	2,432,924	1,927,467
Net change in fund balances	-	(2,623,550)	(809,168)	1,814,382
Fund balances - beginning	3,497,725	3,497,725	3,497,725	-
Fund balances - ending	\$ 3,497,725	\$ 874,175	\$ 2,688,557	\$ 1,814,382
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (809,168)	
To adjust revenues for accruals			(1,451)	
To adjust expenditures for accruals			(279,875)	
To adjust expenditures for encumbrances			1,170,545	
Net change in fund balance, GAAP basis			\$ 80,051	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECT FUNDS - FOOTBALL HALL OF FAME CAPITAL  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ 4,500	\$ 119,786	\$ 119,192	\$ (594)
Expenditures:				
Culture and recreation:				
Supplies	14,500	14,500	1,416	13,084
Other services and charges	97,236	359,776	274,937	84,839
Total expenditures	111,736	374,276	276,353	97,923
Net change in fund balances	(107,236)	(254,490)	(157,161)	97,329
Fund balances - beginning	874,452	874,452	874,452	-
Fund balances - ending	\$ 767,216	\$ 619,962	\$ 717,291	\$ 97,329
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (157,161)	
To adjust revenues for accruals			156,101	
To adjust expenditures for accruals			(735)	
To adjust expenditures for encumbrances			1,795	
Net change in fund balance, GAAP basis			\$ -	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - MAJOR MOVES  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis	Variance With Final Budget Positive
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
Revenues:				
Other	\$ 509,660	\$ 705,548	\$ 715,263	\$ 9,715
Expenditures:				
Highways and streets:				
Capital outlay	-	3,258,836	3,258,767	69
Net change in fund balances	509,660	(2,553,288)	(2,543,504)	9,784
Fund balances - beginning	<u>9,324,355</u>	<u>9,324,355</u>	<u>9,324,355</u>	<u>-</u>
Fund balances - ending	<u>\$ 9,834,015</u>	<u>\$ 6,771,067</u>	<u>\$ 6,780,851</u>	<u>\$ 9,784</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (2,543,504)	
To adjust revenues for accruals			(326,900)	
To adjust expenditures for accruals			1,344,108	
To adjust expenditures for encumbrances			<u>1,115,847</u>	
Net change in fund balance, GAAP basis			<u>\$ (410,449)</u>	

CITY OF SOUTH BEND  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - TIF - NORTHEAST DEVELOPMENT  
For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ -	\$ 820,000	\$ 1,351,048	\$ 531,048
Other	-	5,287	5,286	(1)
Total revenues	<u>-</u>	<u>825,287</u>	<u>1,356,334</u>	<u>531,047</u>
Expenditures:				
Economic development:				
Other services and charges	-	79,839	77,783	2,056
Capital outlay	-	1,221,687	-	1,221,687
Total expenditures	<u>-</u>	<u>1,301,526</u>	<u>77,783</u>	<u>1,223,743</u>
Net change in fund balances	-	(476,239)	1,278,551	1,754,790
Fund balances - beginning	<u>902,076</u>	<u>902,076</u>	<u>902,076</u>	<u>-</u>
Fund balances - ending	<u>\$ 902,076</u>	<u>\$ 425,837</u>	<u>\$ 2,180,627</u>	<u>\$ 1,754,790</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 1,278,551	
To adjust revenues for accruals			166,617	
To adjust expenditures for accruals			(1,748)	
To adjust expenditures for encumbrances			<u>38,995</u>	
Net change in fund balance, GAAP basis			<u>\$ 1,482,415</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - TIF - DOUGLAS ROAD  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ 320,000	\$ 285,713	\$ (34,287)
Other	-	723	723	-
Total revenues	-	320,723	286,436	(34,287)
Expenditures:				
Economic development:				
Other services and charges	-	314,465	314,465	-
Capital outlay	-	33,680	8,500	25,180
Total expenditures	-	348,145	322,965	25,180
Net change in fund balances	-	(27,422)	(36,529)	(9,107)
Fund balances - beginning	192,672	192,672	192,672	-
Fund balances - ending	\$ 192,672	\$ 165,250	\$ 156,143	\$ (9,107)
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (36,529)	
To adjust revenues for accruals			61,617	
To adjust expenditures for accruals			36,869	
To adjust expenditures for encumbrances			4,782	
Net change in fund balance, GAAP basis			\$ 66,739	

CITY OF SOUTH BEND  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - TIF - NORTHEAST RESIDENTIAL.  
For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ 2,450,000	\$ 2,514,048	\$ 64,048
Other	-	10,212	10,211	(1)
Total revenues	-	2,460,212	2,524,259	64,047
Expenditures:				
Economic development:				
Other services and charges	-	901,327	898,708	2,619
Net change in fund balances	-	1,558,885	1,625,551	66,666
Fund balances - beginning	1,874,303	1,874,303	1,874,303	-
Fund balances - ending	<u>\$ 1,874,303</u>	<u>\$ 3,433,188</u>	<u>\$ 3,499,854</u>	<u>\$ 66,666</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 1,625,551	
To adjust revenues for accruals			489	
To adjust expenditures for accruals			(1,132,579)	
To adjust expenditures for encumbrances			1,457	
Net change in fund balance, GAAP basis			<u>\$ 494,918</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - CERTIFIED TECHNOLOGY PARK  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ -	\$ 3,571	\$ 3,571	\$ -
Expenditures:				
Economic development: Capital outlay	-	813,000	-	813,000
Net change in fund balances	-	(809,429)	3,571	813,000
Fund balances - beginning	812,791	812,791	812,791	-
Fund balances - ending	<u>\$ 812,791</u>	<u>\$ 3,362</u>	<u>\$ 816,362</u>	<u>\$ 813,000</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 3,571	
To adjust revenues for accruals			<u>1,445,697</u>	
Net change in fund balance, GAAP basis			<u>\$ 1,449,268</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECT FUNDS - PALAIS ROYALE HISTORICAL PRESERVATION  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 16,125	\$ 16,125	\$ 12,113	\$ (4,012)
Expenditures:				
Culture and recreation:				
Other services and charges	8,000	8,000	-	8,000
Capital outlay	8,125	8,125	-	8,125
Total expenditures	<u>16,125</u>	<u>16,125</u>	-	<u>16,125</u>
Net change in fund balances	-	-	12,113	12,113
Fund balances - beginning	<u>46,191</u>	<u>46,191</u>	<u>46,191</u>	<u>-</u>
Fund balances - ending	<u>\$ 46,191</u>	<u>\$ 46,191</u>	<u>\$ 58,304</u>	<u>\$ 12,113</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 12,113	
To adjust revenues for accruals			1,179	
To adjust expenditures for accruals			<u>(1,469)</u>	
Net change in fund balance, GAAP basis			<u>\$ 11,823</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - AIRPORT URBAN ENTERPRISE ZONE  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ -	\$ 111,721	\$ 111,721	\$ -
Other	-	1,324	1,323	(1)
Total revenues	-	113,045	113,044	(1)
Expenditures:				
Economic development:				
Other services and charges	-	-	-	-
Net change in fund balances	-	113,045	113,044	(1)
Fund balances - beginning	262,038	262,038	262,038	-
Fund balances - ending	<u>\$ 262,038</u>	<u>\$ 375,083</u>	<u>\$ 375,082</u>	<u>\$ (1)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 113,044	
To adjust revenues for accruals			(33)	
Net change in fund balance, GAAP basis			<u>\$ 113,011</u>	



## IV Non Major Enterprise Funds

**NONMAJOR ENTERPRISE FUNDS**

- Consolidated Building - To account for the operation of the consolidated St. Joseph County/South Bend Building Department.
- Parking Garage - To account for the operation and maintenance of the City's parking garages.
- Solid Waste - To account for the provision of solid waste services.
- Blackthorn Golf Course - To account for the operation and maintenance of the City's Blackthorn Golf Course.

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS  
 December 31, 2012

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 77,158	\$ 323,790	\$ 442,844	\$ 45,033	\$ 888,825
Investments	126,705	531,713	727,216	338	1,385,972
Interest receivable	161	676	1,375	259	2,471
Accounts receivable (net of allowance)	559	1,266	442,607	-	444,432
Interfund receivables:					
Interfund services provided and used	-	-	4,333	-	4,333
Inventories	-	-	-	18,073	18,073
Restricted assets:					
Cash and cash equivalents:					
Revenue bond covenant accounts	-	-	-	551,638	551,638
Capital outlay accounts	-	-	41	-	41
Cash with fiscal agent	-	-	1,806,612	-	1,806,612
Investments:					
Revenue bond covenant accounts	-	-	-	202,630	202,630
Capital outlay accounts	-	-	67	-	67
<b>Total current assets</b>	<b>204,583</b>	<b>857,445</b>	<b>3,425,095</b>	<b>817,971</b>	<b>5,305,094</b>
Noncurrent Assets:					
Capital assets:					
Land and construction in progress	-	1,132,020	-	448,469	1,580,489
Other capital assets (net of accumulated depreciation)	88,064	3,731,330	964,138	2,018,446	6,801,978
<b>Total noncurrent assets</b>	<b>88,064</b>	<b>4,863,350</b>	<b>964,138</b>	<b>2,466,915</b>	<b>8,382,467</b>
<b>Total assets</b>	<b>292,647</b>	<b>5,720,795</b>	<b>4,389,233</b>	<b>3,284,886</b>	<b>13,687,561</b>
Deferred outflows of resources:					
Unamortized loss on refunding	-	-	-	3,528	3,528
Unamortized loss on sale/leaseback	-	1,687,948	-	-	1,687,948
<b>Total deferred outflow of resources</b>	<b>-</b>	<b>1,687,948</b>	<b>-</b>	<b>3,528</b>	<b>1,691,476</b>

(Continued on next page)

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS  
 December 31, 2012  
 (Continued)

<u>Liabilities</u>	<u>Consolidated Building</u>	<u>Parking Garage</u>	<u>Solid Waste</u>	<u>Blackthorn Golf Course</u>	<u>Totals</u>
Current liabilities:					
Accounts payable	1,510	92,073	142,016	1,744	237,343
Interfund payables:					
Interfund services provided and used	1,453	-	53,664	167	55,284
Accrued payroll payable	26,211	-	51,386	-	77,597
Compensated absences payable	46,402	-	55,544	-	101,946
Performance deposits payable	37,437	-	-	-	37,437
Current liabilities payable from restricted assets:					
Revenue bonds payable	-	-	-	617,860	617,860
Capital leases payable	13,680	-	256,588	49,183	319,451
Accrued interest payable	166	-	12,322	11,252	23,740
Total current liabilities	<u>126,859</u>	<u>92,073</u>	<u>571,520</u>	<u>680,206</u>	<u>1,470,658</u>
Noncurrent liabilities:					
Advances from other funds	-	-	-	1,752,694	1,752,694
Capital leases payable	43,751	-	2,151,470	105,930	2,301,151
Total noncurrent liabilities	<u>43,751</u>	<u>-</u>	<u>2,151,470</u>	<u>1,858,624</u>	<u>4,053,845</u>
Total liabilities	<u>170,610</u>	<u>92,073</u>	<u>2,722,990</u>	<u>2,538,830</u>	<u>5,524,503</u>
Deferred inflows or resources:					
Unamortized gain on sale/leaseback	-	12,584	-	-	12,584
<u>Net Position</u>					
Net investment in capital assets	30,633	4,863,350	362,692	1,693,942	6,950,617
Restricted for debt service	-	-	-	543,914	543,914
Restricted for capital asset outlays	-	-	108	-	108
Unrestricted	91,404	2,440,736	1,303,443	(1,488,272)	2,347,311
Total net position	<u>\$ 122,037</u>	<u>\$ 7,304,086</u>	<u>\$ 1,666,243</u>	<u>\$ 749,584</u>	<u>\$ 9,841,950</u>

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 For the Year Ended December 31, 2012

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
Operating revenues:					
Licenses and permits	\$ 988,858	\$ -	\$ -	\$ -	\$ 988,858
Parking fees	-	920,449	-	-	920,449
Solid waste fees	-	-	4,742,894	-	4,742,894
Golf course fees	-	-	-	1,669,372	1,669,372
Other	11,523	595	339,097	-	351,215
	<u>1,000,381</u>	<u>921,044</u>	<u>5,081,991</u>	<u>1,669,372</u>	<u>8,672,788</u>
Total operating revenues					
Operating expenses:					
Operating and maintenance	874,506	-	4,497,254	1,462,485	6,834,245
Administrative and general expense	19,344	950,341	336,228	161,269	1,467,182
Depreciation	14,907	210,974	254,893	158,750	639,524
	<u>908,757</u>	<u>1,161,315</u>	<u>5,088,375</u>	<u>1,782,504</u>	<u>8,940,951</u>
Total operating expenses					
Operating income (loss)	<u>91,624</u>	<u>(240,271)</u>	<u>(6,384)</u>	<u>(113,132)</u>	<u>(268,163)</u>
Nonoperating revenues (expenses):					
Interest and investment revenue	460	4,138	6,427	2,352	13,377
Interest expense	(619)	-	(30,431)	(59,494)	(90,544)
Amortization expense	-	(560,340)	-	-	(560,340)
	<u>(159)</u>	<u>(556,202)</u>	<u>(24,004)</u>	<u>(57,142)</u>	<u>(637,507)</u>
Total nonoperating revenue (expenses)					
Income (loss) before contributions and transfers	91,465	(796,473)	(30,388)	(170,274)	(905,670)
Contributed capital	-	-	32,866	-	32,866
Transfers in	-	-	-	651,500	651,500
Transfers out	-	-	-	(657,593)	(657,593)
	<u>91,465</u>	<u>(796,473)</u>	<u>2,478</u>	<u>(176,367)</u>	<u>(878,897)</u>
Change in net position					
Total net position - beginning	<u>30,572</u>	<u>8,100,559</u>	<u>1,663,765</u>	<u>925,951</u>	<u>10,720,847</u>
Total net position - ending	<u>\$ 122,037</u>	<u>\$ 7,304,086</u>	<u>\$ 1,666,243</u>	<u>\$ 749,584</u>	<u>\$ 9,841,950</u>

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS  
 For the Year Ended December 31, 2012

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
Cash flows from operating activities:					
Receipts from customers and users	\$ 1,009,688	\$ 919,842	\$ 5,070,260	\$ 1,669,372	\$ 8,669,162
Payments to suppliers	(18,168)	(890,060)	(1,390,703)	(1,599,133)	(3,898,064)
Payments to employees	(773,684)	-	(2,185,512)	-	(2,959,196)
Payments for interfund services used	(58,926)	(20,760)	(1,295,587)	(24,827)	(1,400,100)
Net cash provided (used) by operating activities	<u>158,910</u>	<u>9,022</u>	<u>198,458</u>	<u>45,412</u>	<u>411,802</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	-	651,500	651,500
Transfers to other funds	-	-	-	(657,593)	(657,593)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,093)</u>	<u>(6,093)</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(18,121)	(73,127)	(6,400)	-	(97,648)
Proceeds from capital debt issued	-	-	1,806,612	-	1,806,612
Principal paid on capital debt	(6,351)	-	(248,451)	(636,822)	(891,624)
Interest paid on capital debt	(485)	-	(23,313)	(43,921)	(67,719)
Payments on advances from other funds	-	-	-	(7,229)	(7,229)
Net cash provided (used) by capital and related financing activities	<u>(24,957)</u>	<u>(73,127)</u>	<u>1,528,448</u>	<u>(687,972)</u>	<u>742,392</u>
Cash flows from investing activities:					
Investments sold	(79,311)	-	-	668,200	588,889
Investments purchased	-	92,032	89,096	(202,968)	(21,840)
Interest received	369	4,389	6,877	3,089	14,724
Net cash provided (used) by investing activities	<u>(78,942)</u>	<u>96,421</u>	<u>95,973</u>	<u>468,321</u>	<u>581,773</u>
Net decrease in cash and cash equivalents	55,011	32,316	1,822,879	(180,332)	1,729,874
Cash and cash equivalents, January 1 (Including \$723,753 and \$5,041 for the revenue bond covenants and capital outlays, respectively, reported in restricted accounts)					
	<u>22,147</u>	<u>291,474</u>	<u>426,618</u>	<u>777,003</u>	<u>1,517,242</u>
Cash and cash equivalents, December 31 (Including \$551,638 and \$41 for the revenue bond covenants and capital outlays, respectively, reported in restricted accounts)					
	<u>\$ 77,158</u>	<u>\$ 323,790</u>	<u>\$ 2,249,497</u>	<u>\$ 596,671</u>	<u>\$ 3,247,116</u>

(Continued on next page)

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS  
 For the Year Ended December 31, 2012  
 (Continued)

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 91,624	\$ (240,271)	\$ (6,384)	\$ (113,132)	\$ (268,163)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	14,907	210,974	254,893	-158,750	639,524
Bad debt expense	-	-	68,479	-	68,479
Lease proceeds used for non capital purchases	-	-	17,323	-	17,323
(Increase) decrease in assets:					
Accounts receivable	641	(1,202)	(80,210)	-	(80,771)
Interfund receivable	8,666	-	-	-	8,666
Inventories	-	-	-	4,581	4,581
Prepaid items	-	-	-	3,184	3,184
Increase (decrease) in liabilities:					
Accounts payable	1,257	39,521	(41,926)	(6,855)	(8,003)
Interfund payable	(693)	-	(20,637)	(827)	(22,157)
Accrued payroll payable	1,366	-	(1,539)	-	(173)
Compensated absence payable	3,705	-	8,459	-	12,164
Taxes payable	-	-	-	(289)	(289)
Performance bonds payable	37,437	-	-	-	37,437
Total adjustments	<u>67,286</u>	<u>249,293</u>	<u>204,842</u>	<u>158,544</u>	<u>679,965</u>
Net cash provided (used) by operating activities	<u>\$ 158,910</u>	<u>\$ 9,022</u>	<u>\$ 198,458</u>	<u>\$ 45,412</u>	<u>\$ 411,802</u>
Noncash investing, capital and financing activities:					
Capital assets contributed	\$ -	\$ -	\$ 32,866	\$ -	\$ 32,866
Capital assets acquired by capital debt	27,482	-	-	-	27,482



## **V Internal Service Funds**

## INTERNAL SERVICE FUNDS

Liability Insurance Premium Reserve -	To account for expenses related to maintaining the City's self-funded liability insurance including administrative costs, claims, and premiums. Funding is provided by assessments to certain other City funds.
Self-Funded Employee Benefits -	To account for employer and employees' contributions for a medical insurance plan.
Central Services -	To account for expenses related to fuel, vehicle repairs, and various supplies provided to the City departments on a cost-reimbursement basis.
Police Take-Home Vehicle -	To account for expenses associated with claims arising from use of program vehicles occurring while officers are not on duty. Funding is provided by officers participating in the program.
Unemployment Compensation Insurance -	To account for payment of unemployment claims to the Indiana Department of Workforce Development. Financing is provided by allocating costs to user departments to cover the estimated costs of claims.

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS  
 December 31, 2012

	Liability Insurance Premium Reserve	Self- Funded Employee Benefits	Central Services	Police Take Home Vehicle	Unemployment Compensation Insurance	Totals
<u>Assets</u>						
Current assets:						
Cash and cash equivalents	\$ 1,985,417	\$ 2,827,844	\$ 412,819	\$ 148,300	\$ 27,467	\$ 5,401,847
Investments	3,260,356	4,600,856	677,912	243,532	45,104	8,827,760
Interest receivable	4,147	5,854	862	310	57	11,230
Accounts receivable	161	282,213	32,430	-	-	314,804
Interfund receivables:						
Interfund services provided and used	-	-	539,535	-	-	539,535
Inventories	-	-	802,540	-	-	802,540
Total current assets	<u>5,250,081</u>	<u>7,716,767</u>	<u>2,466,098</u>	<u>392,142</u>	<u>72,628</u>	<u>15,897,716</u>
Capital assets:						
Other capital assets (net of accumulated depreciation)	<u>26,558</u>	<u>-</u>	<u>1,392,349</u>	<u>-</u>	<u>-</u>	<u>1,418,907</u>
Total assets	<u>5,276,639</u>	<u>7,716,767</u>	<u>3,858,447</u>	<u>392,142</u>	<u>72,628</u>	<u>17,316,623</u>
<u>Liabilities</u>						
Current liabilities:						
Accounts payable	13,646	893,943	442,493	-	14,436	1,364,518
Interfund payables:						
Interfund services provided and used	128	-	294	-	-	422
Accrued payroll payable	5,517	-	79,968	-	-	85,485
Compensated absences	9,950	-	116,458	-	-	126,408
Capital leases payable	-	-	4,758	-	-	4,758
Interest payable	-	-	178	-	-	178
Estimate of unfiled claims	<u>5,584,476</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,684,476</u>
Total current liabilities	<u>5,613,717</u>	<u>993,943</u>	<u>644,149</u>	<u>-</u>	<u>14,436</u>	<u>7,266,245</u>
Noncurrent liabilities:						
Capital leases payable	-	-	9,066	-	-	9,066
Total liabilities	<u>5,613,717</u>	<u>993,943</u>	<u>653,215</u>	<u>-</u>	<u>14,436</u>	<u>7,275,311</u>
<u>Net Position</u>						
Investment in capital assets	-	-	1,392,349	-	-	1,392,349
Unrestricted	<u>(337,078)</u>	<u>6,722,824</u>	<u>1,812,883</u>	<u>392,142</u>	<u>58,192</u>	<u>8,648,963</u>
Total net position	<u>\$ (337,078)</u>	<u>\$ 6,722,824</u>	<u>\$ 3,205,232</u>	<u>\$ 392,142</u>	<u>\$ 58,192</u>	<u>\$ 10,041,312</u>

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 INTERNAL SERVICE FUNDS  
 For the Year Ended December 31, 2012

	Liability Insurance Premium Reserve	Self- Funded Employee Benefits	Central Services	Police Take Home Vehicle	Unemployment Compensation Insurance	Totals
Operating revenues:						
Employee/employer contributions	\$ 2,922,356	\$ 11,034,878	\$ -	\$ 126,373	\$ 274,939	\$ 14,358,546
Charges for sales and services	-	-	6,753,115	-	-	6,753,115
Other	21,917	-	-	-	-	21,917
<b>Total operating revenues</b>	<b>2,944,273</b>	<b>11,034,878</b>	<b>6,753,115</b>	<b>126,373</b>	<b>274,939</b>	<b>21,133,578</b>
Operating expenses:						
Operation and maintenance	-	-	6,307,079	-	-	6,307,079
Administration	359,873	452,924	192,857	65,000	-	1,070,654
Insurance claims and premiums	5,155,318	12,192,449	-	7,769	193,201	17,548,737
Depreciation	5,388	-	83,496	-	-	88,884
<b>Total operating expenses</b>	<b>5,520,579</b>	<b>12,645,373</b>	<b>6,583,432</b>	<b>72,769</b>	<b>193,201</b>	<b>25,015,354</b>
<b>Operating income (loss)</b>	<b>(2,576,306)</b>	<b>(1,610,495)</b>	<b>169,683</b>	<b>53,604</b>	<b>81,738</b>	<b>(3,881,776)</b>
Nonoperating revenues (expenses):						
Interest and investment revenue	21,772	36,981	4,253	1,699	141	64,846
Interest expense	-	-	(3,235)	-	-	(3,235)
<b>Total nonoperating revenue (expenses)</b>	<b>21,772</b>	<b>36,981</b>	<b>1,018</b>	<b>1,699</b>	<b>141</b>	<b>61,611</b>
<b>Change in net position</b>	<b>(2,554,534)</b>	<b>(1,573,514)</b>	<b>170,701</b>	<b>55,303</b>	<b>81,879</b>	<b>(3,820,165)</b>
<b>Total net position - beginning</b>	<b>2,217,456</b>	<b>8,296,338</b>	<b>3,034,531</b>	<b>336,839</b>	<b>(23,687)</b>	<b>13,861,477</b>
<b>Total net position - ending</b>	<b>\$ (337,078)</b>	<b>\$ 6,722,824</b>	<b>\$ 3,205,232</b>	<b>\$ 392,142</b>	<b>\$ 58,192</b>	<b>\$ 10,041,312</b>

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS  
 For the Year Ended December 31, 2012

	Liability Insurance Premium Reserve	Self- Funded Employee Benefits	Central Services	Police Take Home Vehicle	Unemployment Compensation Insurance	Totals
Cash flows from operating activities:						
Receipts from customers and users	\$ 21,795	\$ 631,395	\$ 69,993	\$ 126,373	\$ -	\$ 849,556
Receipts from interfund services provided	735,669	10,403,483	6,716,362	-	274,939	18,130,453
Payments to suppliers	7,957	(12,321,684)	(350,098)	-	(193,066)	(12,856,891)
Payments to employees	5,260	-	(2,422,410)	-	-	(2,417,150)
Payments for interfund services used	-	(181,352)	(3,749,960)	(75,842)	-	(4,007,154)
Net cash provided (used) by operating activities	770,681	(1,468,158)	263,887	50,531	81,873	(301,186)
Cash flows from noncapital financing activities:						
Interfund loan payments	-	-	-	-	(25,000)	(25,000)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	-	-	(170,359)	-	-	(170,359)
Principal paid on capital debt	-	-	(4,428)	-	-	(4,428)
Interest paid on capital debt	-	-	(3,290)	-	-	(3,290)
Net cash provided (used) by capital and related financing activities	-	-	(178,077)	-	-	(178,077)
Cash flows from investing activities:						
Sale of investments	-	1,405,138	3,965	-	-	1,409,103
Purchased of Investments	(225,557)	-	-	(12,108)	(34,474)	(272,139)
Interest received	22,139	40,077	4,405	1,733	101	68,455
Net cash provided (used) by investing activities	(203,418)	1,445,215	8,370	(10,375)	(34,373)	1,205,419
Net increase (decrease) in cash and cash equivalents	567,263	(22,943)	94,180	40,156	22,500	701,156
Cash and cash equivalents, January 1	1,418,154	2,850,787	318,639	108,144	4,967	4,700,691
Cash and cash equivalents, December 31	\$ 1,985,417	\$ 2,827,844	\$ 412,819	\$ 148,300	\$ 27,467	\$ 5,401,847

(Continued on next page)

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS  
 For the Year Ended December 31, 2012  
 (Continued)

	Liability Insurance Premium Reserve	Self- Funded Employee Benefits	Central Services	Police Take Home Vehicle	Unemployment Compensation Insurance	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (2,576,306)	\$ (1,610,495)	\$ 169,683	\$ 53,604	\$ 81,738	\$ (3,881,776)
Adjustments, to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	5,388	-	83,496	-	-	88,884
(Increase) decrease in assets:						
Accounts receivable	(122)	(2,302)	4,329	-	-	1,905
Interfund receivables	-	-	28,911	-	-	28,911
Inventories	-	-	(23,124)	-	-	(23,124)
Increase (decrease) in liabilities:						
Accounts payable	8,087	145,235	(5,188)	-	135	148,269
Interfund payables	(130)	(596)	(2,205)	(3,073)	-	(6,004)
Accrued payroll payable	876	-	1,880	-	-	2,756
Compensated absences payable	4,384	-	6,105	-	-	10,489
Estimated unfilled claims	3,328,504	-	-	-	-	3,328,504
Total adjustments	<u>3,346,987</u>	<u>142,337</u>	<u>94,204</u>	<u>(3,073)</u>	<u>135</u>	<u>3,580,590</u>
Net cash provided (used) by operating activities	<u>\$ 770,681</u>	<u>\$ (1,468,158)</u>	<u>\$ 263,887</u>	<u>\$ 50,531</u>	<u>\$ 81,873</u>	<u>\$ (301,186)</u>
Noncash investing, capital and financing activities:						
Capital assets contributed	\$ -	\$ -	\$ 16,000	\$ -	\$ -	\$ 16,000
Accumulated depreciation on contributed assets	-	-	(16,000)	-	-	(16,000)



## VI Fiduciary Funds

## FIDUCIARY FUNDS

### PENSION TRUST FUNDS

1925 Police Pension -

To account for the provision of retirement and disability benefits to police officers hired prior to May 1, 1977. Financing is provided by mandatory contributions by active members and state pension relief distributions

### AGENCY FUNDS

Payroll -

To account for the payroll of City employees and pension benefits of the Police and Firefighters' Pension Funds, Gross payroll and pension benefits are treated as expenditures in other City funds and transferred into this fund, which serves as a clearing account.

Morris Palais Royale  
Box Office -

To account for Morris Entertainment Center and Palais Royale event advance deposits and related expenses.

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUNDS  
 December 31, 2012

	1925 Police Pension	1937 Firefighters' Pension	Total Pension Trust Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 873,828	\$ 510,174	\$ 1,384,002
Investments	1,434,957	837,783	2,272,740
Receivables:			
Interest	1,825	1,066	2,891
Total assets	2,310,610	1,349,023	3,659,633
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	88	72	160
Accrued payroll payable	-	620	620
Total liabilities	88	692	780
<u>Net Position</u>			
Net position held in trust for:			
Employees' pension benefits	\$ 2,310,522	\$ 1,348,331	\$ 3,658,853

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
 PENSION TRUST FUNDS  
 For the Year Ended December 31, 2012

	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Total Pension Trust Funds</u>
<u>Additions</u>			
Contributions:			
On behalf	\$ 6,731,620	\$ 5,233,388	\$ 11,965,008
Plan members	2,278	-	2,278
Other	10,621	1,723	12,344
Total contributions	<u>6,744,519</u>	<u>5,235,111</u>	<u>11,979,630</u>
Net investment income:			
Interest	5,906	3,531	9,437
Total additions	<u>6,750,425</u>	<u>5,238,642</u>	<u>11,989,067</u>
<u>Deductions</u>			
Benefits	6,595,376	5,607,198	12,202,574
Administrative expense	11,286	1,279	12,565
Total deductions	<u>6,606,662</u>	<u>5,608,477</u>	<u>12,215,139</u>
Change in net position	143,763	(369,835)	(226,072)
Net position - beginning	<u>2,166,759</u>	<u>1,718,166</u>	<u>3,884,925</u>
Net position - ending	<u>\$ 2,310,522</u>	<u>\$ 1,348,331</u>	<u>\$ 3,658,853</u>

CITY OF SOUTH BEND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS  
For the Year Ended December 31, 2012

	Payroll	Morris Palais Royale Box Office	Total Agency Funds
<b>Assets:</b>			
Cash and cash equivalents, January 1	\$ 402,250	\$ 889,973	\$ 1,292,223
Additions	96,698,016	1,428,843	98,126,859
Deductions	(96,045,901)	(935,510)	(96,981,411)
Cash and cash equivalents, December 31	1,054,365	1,383,306	2,437,671
Investments, January 1	860,343	-	860,343
Additions	-	-	-
Deductions	(860,343)	-	(860,343)
Investments, December 31	-	-	-
<b>Total assets, December 31</b>	<b>\$ 1,054,365</b>	<b>\$ 1,383,306</b>	<b>\$ 2,437,671</b>
<b>Liabilities</b>			
Accrued payroll and withholdings payable, January 1	\$ 1,262,593	\$ -	\$ 1,262,593
Additions	96,698,016	-	96,698,016
Deductions	(96,906,244)	-	(96,906,244)
Accrued payroll and withholdings payable, December 31	1,054,365	-	1,054,365
Customer deposits, January 1	-	889,973	889,973
Additions	-	1,428,843	1,428,843
Deductions	-	(935,510)	(935,510)
Customer deposits, December 31	-	1,383,306	1,383,306
<b>Total liabilities, December 31</b>	<b>\$ 1,054,365</b>	<b>\$ 1,383,306</b>	<b>\$ 2,437,671</b>



## VII Statistical Section

## **FINANCIAL TRENDS**

These schedules contain trend information to help the reader understand how the City of South Bend's financial position and performance have changed over time.

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

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

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

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

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

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

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

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

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

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

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

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

Excludes prior period adjustments

Source : City of South Bend Comprehensive Annual Financial Reports

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

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

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

Source: City of South Bend Comprehensive Annual Financial Reports

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

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

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

## **REVENUE CAPACITY**

These schedules contain information to help the reader assess the factors affecting the City of South Bend's ability to generate and maintain revenue.

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

Tax Year/ Collection Year	Per DLGF Current Tax Levy	Estimated Circuit Breaker Levy Reduction	Adjusted Current Tax Levy (County Abstract)	Current Tax Collections as a Percent of Adjusted Tax Levy	Delinquent Tax Collections	Total Tax Collections Adjusted Tax Levy	Total Tax Collections as a Percent of Adjusted Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Adjusted Tax Levy
2002/2003	58,326,066	0	58,326,066	92.11%	2,928,994	56,655,522	97.14%	6,203,521	10.64%
2003/2004	59,875,358	0	59,875,358	93.58%	2,914,419	58,945,868	98.45%	6,189,942	10.34%
2004/2005	60,833,109	0	60,833,109	92.24%	2,335,278	58,450,143	96.08%	8,093,237	13.30%
2005/2006	62,058,519	0	62,058,519	94.83%	3,847,872	62,697,209	101.03%	5,495,442	8.86%
2006/2007	62,723,113	0	62,723,113	92.44%	2,289,138	60,268,325	96.09%	7,411,505	11.82%
2007/2008	65,534,282	0	65,534,282	90.93%	4,113,095	63,702,632	97.21%	2,831,650	4.32%
2008/2009	64,546,050	7,863,846	56,682,204	83.80%	3,355,161	50,852,858	89.72%	5,810,503	10.25%
2009/2010	66,929,179	14,346,110	52,583,069	79.52%	6,380,600	48,194,042	91.65%	10,026,236	19.07%
2010/2011	68,662,101	17,692,787	50,969,314	80.20%	5,791,920	46,668,764	91.56%	8,165,775	16.02%
2011/2012	70,756,844	19,667,841	51,089,003	83.38%	5,111,380	47,710,197	93.39%	9,550,891	18.69%

**Source - St. Joseph County Auditor's Settlement Worksheets and Abstract. City of South Bend budget forms approved by the Department of Local Government Finance (DLGF).**

Data provided for General Fund, Parks & Recreation, Cumulative Capital Development, Fire Pension and Police Pension funds. Excludes College Football Hall of Fame and Tax Increment Financing Funds.

Delinquent tax collections are not broken out by individual taxing unit. A calculation of South Bend's share of delinquent taxes has been made based on proportionate tax rates.

Total collections may exceed 100% of adjusted tax levy as prior year collections are not broken out separately by the St. Joseph County Auditor. A calculation of current and delinquent property taxes is made by the City of South Bend.

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

**City Direct Rates** **Overlapping Rates**

Tax Year/ Collection Year	City Direct Rates							Overlapping Rates							Grand Total
	General Fund	Parks/ Recreation	Firefighters' Pension	Police Pension	Cumulative Capital Development	Total Direct	St. Joseph County	Schools Districts	Township	Library	Other (1)	Total Overlapping			
2002/2003	1.5668	0.2647	0.0493	0.0442	0.0356	1.9606	0.7366	1.4792	0.1122	0.1686	0.2240	2.7206	4.6812		
2003/2004	1.6871	0.2859	0.0532	0.0477	0.0376	2.1115	0.7652	1.6201	0.0923	0.1830	0.2209	2.8815	4.9930		
2004/2005	1.6845	0.2902	0.0540	0.0485	0.0376	2.1148	0.7831	1.5969	0.0276	0.1854	0.1828	2.7758	4.8906		
2005/2006	1.7386	0.2981	0.0554	0.0498	0.0376	2.1795	0.9899	1.6033	0.0269	0.2027	0.1501	2.9729	5.1524		
2006/2007	1.6838	0.2858	0.0531	0.0477	0.0342	2.1046	0.8711	1.5419	0.0285	0.1957	0.1737	2.8109	4.9155		
2007/2008	1.7924	0.2979	0.0579	0.0572	0.0342	2.2396	0.7576	1.5417	0.0482	0.2216	0.1944	2.7635	5.0031		
2008/2009	1.9777	0.3656	0.0117	0.0189	0.0342	2.4081	0.5693	1.0297	0.0537	0.2257	0.1733	2.0517	4.4598		
2009/2010	2.2536	0.4401	0.0000	0.0000	0.0342	2.7279	0.5866	1.0728	0.0406	0.2657	0.1835	2.1492	4.8771		
2010/2011	2.4381	0.4818	0.0000	0.0000	0.0342	2.9541	0.5424	1.2211	0.0438	0.3027	0.1958	2.3058	5.2599		
2011/2012	2.4954	0.4957	0.0000	0.0000	0.0328	3.0239	0.6212	1.1931	0.0464	0.2941	0.1817	2.3365	5.3604		

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

(1) Includes State of Indiana, Redevelopment Commission (Hall of Fame), South Bend Transportation and South Bend Regional Airport.

(2) Firefighters' Pension and Police Pension no longer tax burden for the City of South Bend as the State of Indiana has assumed responsibility for funding these programs.

(3) Information provided for Portage Township in the City of South Bend. Property tax rates applied to net assessed valuation. Property tax billings are also subject to "circuit breaker" property tax caps on grossed assessed valuation of 1% (homestead residential property), 2% (other residential/rental property), and 3% (nonresidential real and personal property). Therefore, an increase in stated property tax rates will not result in higher property taxes paid for many taxpayers who have reached their cap.

**CITY OF SOUTH BEND, INDIANA**  
**DETAIL OF NET ASSESSED VALUATION**  
 (Assessment For the Year 2011 Payable in 2012)

	South Bend Centre Twp	South Bend Clay Twp	South Bend German Twp	South Bend Penn Twp	South Bend Warren Twp	South Bend Portage Twp	Totals	Percent
Value of land	\$120,281,000	\$17,008,300	\$53,969,300	\$17,255,800	\$875,900	\$390,896,400	\$600,286,700	
Value of improvements	561,872,600	143,523,600	421,475,900	92,600,000	20,719,500	2,414,760,600	3,654,952,200	
<b>Total value of real estate</b>	<b>682,153,600</b>	<b>160,531,900</b>	<b>475,445,200</b>	<b>109,855,800</b>	<b>21,595,400</b>	<b>2,805,657,000</b>	<b>4,255,238,900</b>	
Less: Mortgage, veterans, blind, age 65 & other exemptions	(237,883,112)	(36,025,893)	(85,228,599)	(28,144,057)	0	(941,093,967)	(1,328,375,628)	
Tax-exempt property	(43,122,580)	(9,204,950)	(16,070,670)	(9,774,900)	0	(236,701,295)	(314,874,395)	
Investment Deduction	0	0	0	0	0	(2,692,980)	(2,692,980)	
Tax increment financing	(62,722,740)	(14,659,203)	(240,630,528)	0	(20,224,556)	(351,457,600)	(689,694,627)	
Tax abatements	(9,920,329)	(363,975)	(17,802,871)	(4,121,095)	(1,370,845)	(27,185,567)	(60,764,682)	
<b>Net value of real estate</b>	<b>328,504,839</b>	<b>100,277,879</b>	<b>115,712,532</b>	<b>67,815,748</b>	<b>(1)</b>	<b>1,246,525,591</b>	<b>1,858,836,588</b>	<b>78.07%</b>
Gross personal property assessments	26,262,630	8,251,920	153,136,750	2,132,330	6,376,410	364,171,620	560,331,660	
Less: Tax abatements	0	0	(7,759,890)	0	0	(9,636,950)	(17,396,840)	
Tax-exempt property	(1,822,060)	(171,620)	(2,818,640)	(912,650)	0	(97,307,860)	(103,032,830)	
Investment deduction	0	0	0	0	0	0	0	
Tax increment financing	0	0	0	0	0	(13,029,620)	(13,029,620)	
<b>Net value of personal property</b>	<b>24,440,570</b>	<b>8,080,300</b>	<b>142,558,220</b>	<b>1,219,680</b>	<b>6,376,410</b>	<b>244,197,190</b>	<b>426,872,370</b>	<b>17.93%</b>
<b>Net value of utilities</b>	<b>8,061,690</b>	<b>3,681,930</b>	<b>11,158,470</b>	<b>990,980</b>	<b>204,080</b>	<b>71,068,500</b>	<b>95,165,650</b>	<b>4.00%</b>
<b>Total net assessed valuation</b>	<b>361,007,099</b>	<b>112,040,109</b>	<b>269,429,222</b>	<b>70,026,408</b>	<b>6,580,489</b>	<b>1,561,791,281</b>	<b>2,380,874,608</b>	<b>100.00%</b>
<b>Percentage of Total</b>	<b>15.16%</b>	<b>4.71%</b>	<b>11.32%</b>	<b>2.94%</b>	<b>0.28%</b>	<b>65.60%</b>	<b>100.00%</b>	

**Summary**

	Real Property	Personal Property/ Utilities	Total	Percent
Total value	4,255,238,900	655,497,310	4,910,736,210	100.00%
Deductions & exemptions	(1,331,068,608)	0	(1,331,068,608)	-27.11%
Tax exempt property	(314,874,395)	(103,032,830)	(417,907,225)	-8.51%
Tax increment financing	(689,694,627)	(13,029,620)	(702,724,247)	-14.31%
Tax abatements	(60,764,682)	(17,396,840)	(78,161,522)	-1.59%
<b>Total net assessed valuation</b>	<b>1,858,836,588</b>	<b>522,038,020</b>	<b>2,380,874,608</b>	<b>48.48%</b>
<b>Percent</b>	<b>78.07%</b>	<b>21.93%</b>	<b>100.00%</b>	

Source: St. Joseph County Auditor's Office - Information from the County Abstract prepared by the Indiana Department of Local Government Finance.

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

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

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

Source: St. Joseph County Auditor's Office

**CITY OF SOUTH BEND, INDIANA**  
**NET ASSESSED VALUE OF TAXABLE PROPERTY**  
**LAST TEN YEARS**

<b>Tax Year/ Collection Year</b>	<b>Real</b>		<b>Personal</b>		<b>Utilities</b>		<b>Total</b>		<b>Percent Change</b>
	<b>Net Assessed Value</b>								
<b>2002/2003</b>	2,320,892,057	573,145,357	74,065,200	2,968,102,614	51.52%				
<b>2003/2004</b>	2,215,693,906	489,027,130	103,129,310	2,807,850,346	-5.40%				
<b>2004/2005</b>	2,179,070,901	534,229,647	105,604,270	2,818,904,818	0.39%				
<b>2005/2006</b>	2,200,118,689	536,981,781	98,165,420	2,835,265,890	0.58%				
<b>2006/2007</b>	2,520,098,365	411,815,002	90,443,780	3,022,357,147	6.60%				
<b>2007/2008</b>	2,493,481,003	389,863,705	92,736,090	2,976,080,798	-1.53%				
<b>2008/2009</b>	2,137,129,242	435,866,407	95,891,770	2,668,887,419	-10.32%				
<b>2009/2010</b>	1,911,818,036	443,253,787	98,433,750	2,453,505,573	-8.07%				
<b>2010/2011</b>	1,809,523,734	413,918,368	101,009,760	2,324,451,862	-5.26%				
<b>2011/2012</b>	1,858,836,588	426,872,370	95,165,650	2,380,874,608	2.43%				

Source: St. Joseph County Auditor's office

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

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

**Source - City Accounting System**

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

**City of South Bend, Indiana**  
**Principal Property Taxpayers - Current and Nine Years Ago**  
**December 31, 2012 (\$'s whole)**

Taxpayer	Type of Business	2012			2003		
		Net Assessed Value	Rank	Percent of Total	Net Assessed Value	Rank	Percent of Total
Memorial Hospital	Healthcare	86,784,850	1	3.65%			
Honeywell	Airplane & Auto Parts	39,884,910	2	1.68%	18,692,700	3	0.63%
Edward Rose of Indiana	Apartments and Real Estate	39,426,100	3	1.66%	50,006,000	2	1.68%
Indiana Michigan Power Company	Utility	39,134,140	4	1.64%			
Ksk Scottsdale Mall LP	Commerical Real Estate	33,871,100	5	1.42%			
Park Jefferson Realty LLC	Real Estate	23,801,100	6	1.00%			
Federal-Mogul Powertrain Systems	Automotive Parts	22,906,280	7	0.96%			
WalMart Business Trust	Department Store	20,318,320	8	0.85%	9,189,400	9	0.31%
Comcast IP Phone LLC	Communications	19,253,810	9	0.81%			
Indiana Bell	Utility	19,117,270	10	0.80%			
Home Properties Maple Lane II LLC	Apartments and Real Estate			-	57,087,800	1	1.92%
Dwellco II Limited Partnership	Apartments and Real Estate			-	12,784,600	4	0.43%
Massachusetts Mutual Life Ins Co	Insurance			-	13,100,900	5	0.44%
Ameritech	Communications			-	10,563,700	6	0.36%
1st Source Corporation	Banking			-	9,498,800	7	0.32%
Meijer Stores Limited Partnership	Department Store			-	9,329,300	8	0.31%
Lerrmn Nathas	Apartments and Real Estate			-	8,824,500	10	0.30%

**Total Net Assessed Value - Ten Largest Taxpayers** \$344,497,880 **14.47%** 199,077,700 **6.71%**

**Total Net Assessed Value** \$2,380,874,608 **100.00%** \$2,968,102,614 **100.00%**

**Source: St. Joseph County Auditor's Office, 2012 Budget Order, 2003 Comprehensive Annual Financial Report**

**CITY OF SOUTH BEND, INDIANA  
LOCAL OPTION INCOME TAX REVENUE  
LAST TEN YEARS**

**COUNTY ECONOMIC DEVELOPMENT INCOME TAX (CEDIT) REVENUE**

<u>Distribution Year</u>	<u>EDIT (1) Tax Rate</u>	<u>Total Est County EDIT Collections</u>	<u>Rate of Growth</u>	<u>South Bend EDIT Distribution</u>	<u>Rate of Growth</u>	<u>South Bend as a Percent of Total</u>	<u>Actual City Collections During Year</u>
2003	0.20%	9,378,695	-36.14%	3,689,202	-32.47%	39.34%	3,689,202
2004	0.20%	9,106,517	-2.90%	3,448,688	-6.52%	37.87%	3,448,688
2005	0.20%	8,984,150	-1.34%	3,464,152	0.45%	38.56%	3,464,152
2006	0.20%	10,610,460	18.10%	4,013,475	15.86%	37.83%	4,013,475
2007	0.20%	10,558,004	-0.49%	3,702,467	-7.75%	35.07%	3,702,467
2008	0.20%	11,136,493	5.48%	3,997,997	7.98%	35.90%	3,997,997
2009	0.20%	11,938,605	7.20%	4,612,694	15.38%	38.64%	3,843,912
2010 (2)	0.40%	22,789,919	90.89%	8,321,633	80.41%	36.51%	9,090,415
2011	0.40%	18,826,685	-17.39%	7,300,866	-12.27%	38.78%	7,300,866
2012 (3)	0.40%	20,611,415	9.48%	8,324,626	14.02%	40.39%	9,068,785
<b>Total</b>		<b>\$133,940,943</b>		<b>\$50,875,800</b>		<b>37.98%</b>	<b>\$51,619,959</b>

(1) This tax was first enacted as of July 1, 1995 at the rate of 0.1% of City residents' adjusted gross income. The rate was increased to 0.2% effective July 1, 1997.

(2) The CEDIT tax rate for 2010 and subsequent years was increased by City of South Bend Common Council and the Saint Joseph County Common Council.

(3) 2012 actual CEDIT payments includes \$744,159 underpaid in 2011 due to a State of Indiana accounting error

**Source - State of Department of Local Government Finance CEDIT Distribution Reports  
Actual City Collections During Year per City Accounting System**

**CITY OF SOUTH BEND, INDIANA  
LOCAL OPTION INCOME TAX REVENUE  
LAST TEN YEARS (continued)**

**COUNTY OPTION INCOME TAX (COIT) REVENUE**

<u>Distribution Year</u>	<u>COIT Tax Rate (1)</u>	<u>Total County COIT Distributions</u>	<u>South Bend COIT Distribution</u>	<u>Rate of Growth</u>	<u>South Bend as a Percent of Total</u>	<u>Actual City Collections During Year</u>
2003	0.60%	19,386,147	6,576,985	-30.47%	33.93%	8,015,302
2004	0.60%	21,977,497	7,089,689	7.80%	32.26%	7,001,198
2005	0.60%	16,628,131	5,490,218	-24.34%	33.02%	5,695,618
2006	0.60%	21,276,623	6,950,396	27.96%	32.67%	6,410,405
2007	0.60%	16,993,346	5,160,903	-20.13%	30.37%	5,816,766
2008	0.60%	20,689,958	6,382,478	21.75%	30.85%	6,192,452
2009	0.60%	26,973,887	8,952,424	30.37%	33.19%	8,302,694
2010	0.60%	25,147,806	7,855,776	-6.77%	31.24%	7,648,824
2011	0.60%	19,907,430	6,458,586	-20.84%	32.44%	7,097,462
2012 (2)	0.60%	22,536,457	7,696,766	13.21%	34.15%	8,610,742
<b>Total</b>		<b>\$211,517,282</b>	<b>\$68,614,221</b>		<b>32.44%</b>	<b>\$70,791,463</b>

(1) This tax was first enacted as of July 1, 1997 at the rate of 0.2% of City residents' adjusted gross income. The COIT rate increased 0.1% each year until it reached 0.6% as of July 1, 2001. The above collections/distribution amounts are net of the additional homestead credits that accompanied the passage of this income tax.

(2) 2012 actual COIT collections includes \$918,751 underpaid in 2011 due to a State of Indiana accounting error.

**Source - State of Indiana Department of Local Government Finance COIT Distribution Reports  
Actual City Collections During Year per City Accounting System**

**CITY OF SOUTH BEND, INDIANA  
LOCAL OPTION INCOME TAX REVENUE  
LAST TEN YEARS (continued)**

**PUBLIC SAFETY LOCAL OPTION INCOME TAX REVENUE**

<u>Distribution Year</u>	<u>PS LOIT Tax Rate</u>	<u>Total County LOIT Distributions</u>	<u>Rate of Growth</u>	<u>South Bend LOIT Distribution</u>	<u>Rate of Growth</u>	<u>South Bend as a Percent of Total</u>	<u>Actual City Collections During Year</u>
2010 (1)	0.25%	13,846,267	100.00%	6,078,454	100.00%	43.90%	6,078,454
2011	0.25%	11,371,882	-17.87%	5,293,619	-12.91%	46.55%	5,293,619
2012	0.25%	12,457,864	9.55%	6,056,334	14.41%	48.61%	6,605,601
<b>Total</b>		<b>\$37,676,013</b>		<b>\$17,428,407</b>		<b>46.26%</b>	<b>\$17,977,674</b>

(1) This tax was effective in October 2009 at the rate of 0.25% of City residents' adjusted gross income. The measure is being used to support the Public Safety operations consisting of the Police Department and the Fire Department, to keep the staffing levels at their full complement.

(2) 2012 actual Public Safety LOIT collections includes \$549,267 underpaid in 2011 due to a State of Indiana accounting error.

**Source - State of Indiana Department of Local Government Finance LOIT Public Safety Distribution Reports  
Actual City Collections During Year per City Accounting System**

**CITY OF SOUTH BEND, INDIANA**  
**TOTAL COUNTY OPTION INCOME TAX DISTRIBUTIONS BY TAXING UNIT**  
**LAST TEN YEARS**  
**2003-2012**

Unit of Government	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total County Certified Distribution	28,136,084	26,536,784	26,484,316	31,044,322	30,859,812	32,574,042	34,801,729	33,231,041	27,292,516	29,898,874
Less: Homestead Credit (1)	(8,749,937)	(4,559,287)	(9,856,185)	(9,767,699)	(13,866,466)	(11,884,084)	(7,827,842)	(8,083,235)	(7,385,086)	(7,362,417)
<b>Total Distributive Shares</b>	<b>19,386,147</b>	<b>21,977,497</b>	<b>16,628,131</b>	<b>21,276,623</b>	<b>16,993,346</b>	<b>20,689,958</b>	<b>26,973,887</b>	<b>25,147,806</b>	<b>19,907,430</b>	<b>22,536,457</b>
<b>Distributive Shares/Total County Distribution</b>	<b>68.90%</b>	<b>82.82%</b>	<b>62.78%</b>	<b>68.54%</b>	<b>55.07%</b>	<b>63.52%</b>	<b>77.51%</b>	<b>75.68%</b>	<b>72.94%</b>	<b>75.38%</b>
<b>Amount</b>										
St. Joseph County	7,245,150	8,578,046	6,427,640	8,440,988	7,376,623	8,825,206	10,358,300	9,819,576	7,383,180	7,986,750
Townships	783,227	1,002,449	759,080	834,727	648,364	820,241	1,180,913	1,168,352	1,054,827	1,244,481
City of South Bend - Civil City	6,342,861	6,849,450	5,306,680	6,733,129	5,077,450	6,266,381	8,748,506	7,677,730	6,304,224	7,511,976
City of South Bend - Redevelopment	234,124	240,239	183,538	217,267	83,453	116,097	203,918	178,046	154,363	184,790
Other Cities & Towns	2,536,818	2,658,984	2,028,358	2,616,698	1,982,192	2,367,929	3,592,330	3,462,786	2,667,400	3,077,335
Libraries	1,555,407	1,699,459	1,319,023	1,706,495	1,285,029	1,646,819	2,007,809	2,042,942	1,762,365	1,879,376
Special Districts	688,560	948,870	603,842	727,319	540,235	647,285	882,111	798,374	581,071	651,749
<b>Total</b>	<b>19,386,147</b>	<b>21,977,497</b>	<b>16,628,131</b>	<b>21,276,623</b>	<b>16,993,346</b>	<b>20,689,958</b>	<b>26,973,887</b>	<b>25,147,806</b>	<b>19,907,430</b>	<b>22,536,457</b>
<b>Percentage of Distribution</b>										
St. Joseph County	37.37%	39.03%	38.66%	39.67%	43.41%	42.65%	38.40%	39.05%	37.09%	35.44%
Townships	4.04%	4.56%	4.56%	3.92%	3.82%	3.96%	4.38%	4.65%	5.30%	5.52%
City of South Bend - Civil City	32.72%	31.17%	31.91%	31.65%	29.88%	30.29%	32.43%	30.53%	31.67%	33.33%
City of South Bend - Redevelopment	1.21%	1.09%	1.10%	1.02%	0.49%	0.56%	0.76%	0.71%	0.78%	0.82%
Other Cities & Towns	13.09%	12.10%	12.20%	12.30%	11.66%	11.44%	13.32%	13.77%	13.40%	13.65%
Libraries	8.02%	7.73%	7.93%	8.02%	7.56%	7.96%	7.44%	8.12%	8.85%	8.34%
Special Districts	3.55%	4.32%	3.63%	3.42%	3.18%	3.13%	3.27%	3.17%	2.92%	2.89%
<b>Total</b>	<b>100.00%</b>									

(1) A portion of the county option income tax is used for property tax relief through homestead credits for residential property owners.

Source - State of Indiana Department of Local Government Finance COIT Distribution Reports

**CITY OF SOUTH BEND, INDIANA  
TEN LARGEST WATER CUSTOMERS  
DECEMBER 31, 2012**

Name	2012 Revenue	Percentage of		Usage CCF*
		Total Water	Operating Revenue	
Memorial Health System	\$ 108,091	0.76%		103,086
Allied Signal Aerospace Co	93,054	0.66%		96,469
South Bend Community Schools	147,090	1.04%		81,198
Irish Hills Apartments	81,148	0.57%		66,633
Park Jefferson LLC	37,490	0.26%		47,734
Castle Point Realty LLC	41,653	0.29%		43,769
Amarak Uniform Services, Inc.	31,063	0.22%		38,566
Steel Warehouse Co LLC	27,981	0.20%		28,197
Countryside Association	19,734	0.14%		22,405
BOC Gases	<u>18,621</u>	0.13%		21,262
<b>Total of Ten Largest Water Customers</b>	<b>\$ <u>605,925</u></b>	<b>4.27%</b>		
<b>Total for Operating Revenue for Water Works</b>	<b>\$ <u>14,190,243</u></b>	<b>100.00%</b>		

\*Hundreds of Cubic Feet

**CITY OF SOUTH BEND, INDIANA  
TEN LARGEST SEWAGE WORKS CUSTOMERS  
DECEMBER 31, 2012**

<b>Name</b>	<b>2012 Revenue</b>	<b>Percentage of Total Water Sewer Revenue</b>	<b>Usage CCF*</b>
I/N TEK Plant	\$ 1,717,781	5.55%	761,047
University of Notre Dame	1,056,763	3.41%	526,904
New Energy Company of Indiana	667,258	2.15%	275,025
Memorial Health System	353,843	1.14%	103,086
Allied Signal Aerospace Co	325,648	1.05%	88,778
South Bend Community School Corp.	482,325	1.56%	80,108
Town of New Carlisle	110,960	0.36%	40,207
Aramark Uniform Services, Inc.	108,631	0.35%	38,583
Unifrax Corporation	27,947	0.09%	10,108
Sisters of the Holy Cross	35,288	0.11%	5,798
<b>Total of Ten Largest Sewer Customers</b>	<b>\$ 4,886,444</b>	<b>15.78%</b>	
<b>Total Operating Revenue for Wastewater</b>	<b>\$ 30,963,483</b>	<b>100.00%</b>	

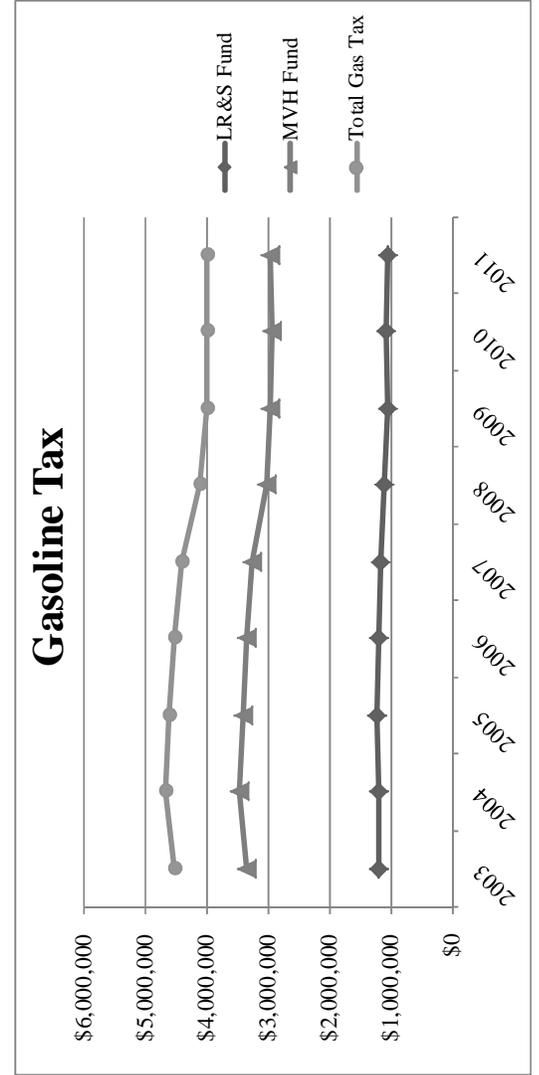
\*Hundreds of Cubic Feet

**City of South Bend, Indiana**  
**Gasoline Tax Collections - Cash Basis**  
**Last Ten Fiscal Years**

<b>Year</b>	<b>LR&amp;S Fund</b>	<b>MVH Fund</b>	<b>Total Gas Tax</b>	<b>% Change</b>
<b>2003</b>	1,186,193	3,334,298	4,520,491	7.39%
<b>2004</b>	1,192,574	3,461,563	4,654,137	2.96%
<b>2005</b>	1,212,413	3,397,433	4,609,846	-0.95%
<b>2006</b>	1,201,538	3,327,314	4,528,852	-1.76%
<b>2007</b>	1,171,732	3,243,818	4,415,549	-2.50%
<b>2008</b>	1,104,260	3,016,198	4,120,458	-6.68%
<b>2009</b>	1,045,477	2,954,086	3,999,562	-2.93%
<b>2010</b>	1,064,149	2,922,165	3,986,314	-0.33%
<b>2011</b>	1,030,958	2,951,072	3,982,030	-0.11%
<b>2012</b>	1,022,508	2,786,592	3,809,100	-4.34%

Distributions of gas tax revenue are made monthly by the Indiana Department of Revenue to the Local Road and Street (LR&S) and Motor Vehicle Highway (MVH) funds for use in construction and maintenance of streets and highways. Distributions are based on a complex formula developed by the state which takes into account population, road and street mileage and other factors. Gas tax revenue has been declining in recent years due to the economy and more fuel efficient vehicles.

**Source: City Accounting Records**



**City of South Bend, Indiana**  
**Wheel and Excise Surtax Collections - Cash Basis**  
**Last Ten Years**

<b>Year</b>	<b>LR&amp;S Fund</b>	<b>MVH Fund</b>	<b>Total Wheel Tax</b>	<b>% Change</b>
2003	0	0	0	0.00%
2004	1,953,079	0	1,953,079	100.00%
2005	1,914,530	0	1,914,530	-1.97%
2006	1,849,924	0	1,849,924	-3.37%
2007	1,966,003	0	1,966,003	6.27%
2008	0	2,040,751	2,040,751	3.80%
2009	0	1,893,982	1,893,982	-7.19%
2010	0	1,975,397	1,975,397	4.30%
2011	0	1,863,283	1,863,283	-5.68%
2012	0	1,795,538	1,795,538	-3.64%

Effective January 1 2004, St. Joseph County enacted a wheel tax and annual license excise surtax as allowed by State law to provide additional funding for road maintenance and repair. State law allows an annual wheel tax of \$5-40 per vehicle and an annual license excise surtax of 2-10%. St. Joseph County has enacted a \$25 County Excise surtax. The tax applies to all passenger cars, trucks less than 11,000 pounds, buses, tractors and motorcycles registered in the County. (Other rates apply to recreational vehicles, semitrailers and trucks exceeding 11,000 pounds.) The tax is collected by the Indiana Bureau of Motor Vehicles, remitted to the County and distributed monthly to the local units based on population and road miles.

During 2004-2007, the City of South Bend deposited the wheel tax and excise surtax in its Local Road and Street (LR&S) fund. During 2008 and thereafter, the City will deposit the taxes in its Motor Vehicle Highway (MVH) fund, as required by the Indiana State Board of Accounts.

**Source: City Accounting Records**

**City of South Bend, Indiana**  
**Hotel/Motel Tax Revenue - Cash Basis - City Distributions**  
**Last Ten Fiscal Years**

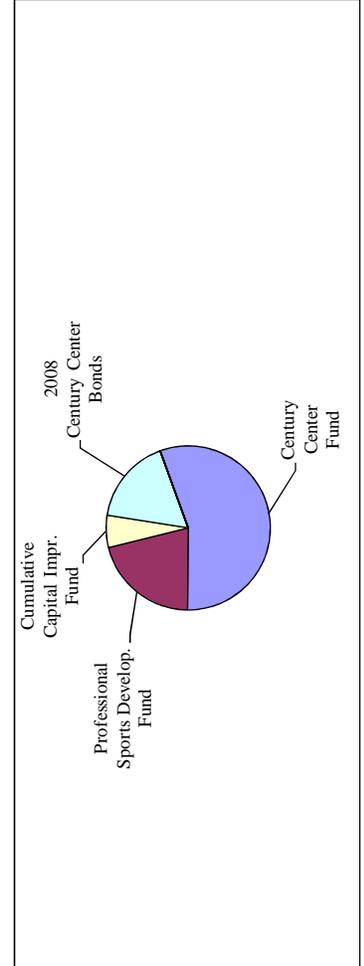
Year	-----Paid to City of South Bend-----				-----Direct Payments-----				Total Hotel/ Motel Tax	% Change
	Century Center Fund	Professional Sports Develop. Fund	Cumulative Capital Impr. Fund	Subtotal: Paid to City of South Bend	2008 Century Center Bonds	1992 Century Center Bonds	2008 Century Center Bonds	Other South Bend Projects		
2003	1,130,575	460,991	150,000	1,741,566	0	366,622	0	42,933	2,151,121	5.27%
2004	1,164,493	461,423	150,000	1,775,916	0	365,892	0	46,466	2,188,274	1.73%
2005	1,235,849	465,177	150,000	1,851,026	0	360,087	0	46,931	2,258,044	3.19%
2006	1,247,928	473,258	150,000	1,871,186	0	357,135	0	364,150	2,592,471	14.81%
2007	1,361,263	507,585	150,000	2,018,848	0	354,916	0	136,330	2,510,094	-3.18%
2008	1,497,390	589,620	150,000	2,237,010	0	356,918	0	694,135	3,288,063	30.99%
2009	1,347,651	530,137	150,000	2,027,788	399,000	0	198,500	265,258	2,491,546	-24.22%
2010	1,313,152	521,800	150,000	2,383,952	400,000	0	0	97,000	2,480,952	-0.43%
2011	1,313,436	494,325	150,000	2,357,761	398,000	0	0	0	2,357,761	-4.97%
2012	1,313,436	489,152	150,000	2,350,588	398,000	0	0	0	2,350,588	-0.30%

The hotel/motel tax was enacted in 1973 and the current tax rate is 6%. The tax is accounted for in a fund of the Saint Joseph County government and is administered by the 11 member Saint Joseph County Board of Managers for Hotel-Motel Tax. Appointments to the Board of Managers are made by the mayors of South Bend and Mishawaka and the Saint Joseph County Commissioners.

Proceeds from the hotel/motel tax fund are budgeted and distributed annually to important economic development and tourism projects in the County. South Bend receives distributions for the operations, maintenance and debt service of Century Center (convention center), Professional Sports Development Fund (used primarily for operations of the College Football Hall of Fame), the Cumulative Capital Development Fund (used for repayment of 1994 Century Center Bonds), repayment of a 1992 Century Center bond directly from the fund, repayment of a 2008 Century Center Bond and other capital projects.

The hotel/motel tax fund also supports other activities not included in the City of South Bend's financial statements such as the South Bend/Mishawaka Convention and Visitors Bureau. The total distribution of hotel/motel tax during 2012 to all organizations was \$ 3,150,929. The cash balance in the County Hotel/Motel Tax Fund was \$1,939,498 at December 31, 2012.

**Source: City Accounting Records and Saint Joseph County Auditor's Office**



**City of South Bend, Indiana**  
**Professional Sports Development (PSDA) Tax - Cash Basis**  
**Last Ten Fiscal Years**

Year	Total PSDA Tax	% Change
2003	337,571	-0.44%
2004	370,013	9.61%
2005	384,906	4.02%
2006	370,556	-3.73%
2007	387,813	4.66%
2008	396,873	2.34%
2009	617,304	55.54%
2010	640,760	3.80%
2011	409,020	-36.17%
2012	721,763	76.46%

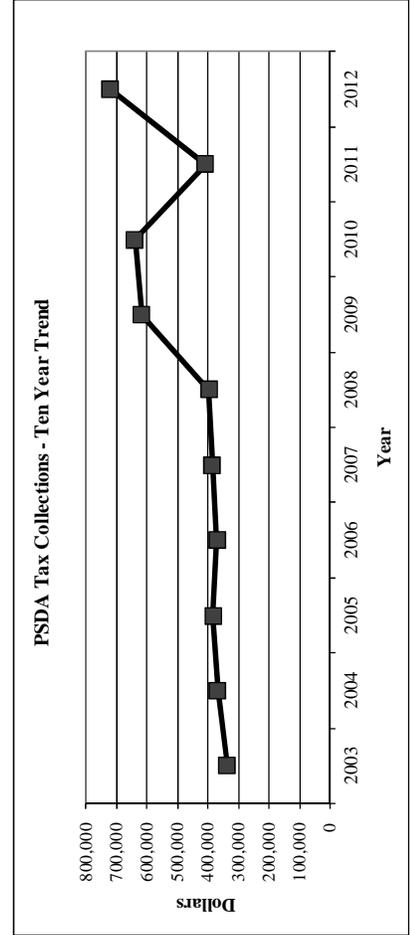
The Professional Sports Development Area (PSDA) tax is a combination of state income tax withholding, local income tax withholding and sales tax withholding from businesses and employees in South Bend's designated PSDA area, which includes the College Football Hall of Fame, Century Center, Coveleski Stadium, Morris Performing Arts Center, Palais Royale Ballroom and Studebaker National Museum. South Bend's PSDA area was formed on November 3, 1997 and expires on December 31, 2027. PSDA capture of state sales and income taxes ends in 2018.

The PSDA taxes are collected by the Indiana Department of Revenue and are remitted on a monthly basis to Saint Joseph County which issues a check to the City of South Bend. There are currently four professional sports development areas in the State--South Bend, Indianapolis/Marion County, Evansville and Ft. Wayne.

PSDA tax revenue increased in 2009 primarily due to the increase in the State of Indiana sales tax rate from 6% to 7% and the increase in local option income taxes from .8% to 1.75% as a consequence of property tax reform. PSDA tax revenue decreased in 2011 due to delays in payments in amounts owed by the State until 2012.

In prior years, PSDA tax revenue has been used to fund the College Football Hall of Fame Capital Fund and the Century Center Capital Account. Beginning in 2011, PSDA tax revenue will continue to fund the Century Center Capital Account and has also been pledged to pay debt service on 2010 Coveleski Stadium Taxable Revenue bonds in the amount of \$4,980,000 issued on December 23, 2010. The bond proceeds were used to make certain capital improvements to the City-owned facility. The operations of the minor-league baseball team (South Bend Silverhawks) in the stadium accounts for the majority of PSDA tax revenue earned each year.

**Source: City Accounting Records**



**City of South Bend, Indiana**  
**Cable Television Franchise Fee Collections - Cash Basis**  
**Last Ten Years**

Year	Comcast	AT&T	Total		% Change
			Franchise Fees		
2003	595,388	0	595,388		-9.00%
2004	629,681	0	629,681		5.76%
2005	636,416	0	636,416		1.07%
2006	790,111	0	790,111		24.15%
2007	692,548	0	692,548		-12.35%
2008	694,387	0	694,387		0.27%
2009	702,048	41,043	743,091		7.01%
2010	817,023	131,263	948,286		27.61%
2011	677,949	176,586	854,535		-9.89%
2012	691,586	192,621	884,207		3.47%

Pursuant to State law, the City of South Bend receives video franchise fees in the amount of 5% of gross revenue for cable operations in the City. The payments are made to the City on a quarterly basis. The franchise agreement with Comcast was effective October 19, 1998 and the franchise agreement with AT&T was effective January 1, 2009.

The video franchise fee revenue is deposited in the General Fund and is used for general operating costs. A portion of the proceeds (2012 - \$65,000) are spent on support of the local public access channel.

Under State law, the City is required to submit an Annual Franchise Fee Report (State Form 55122) summarizing franchise fee revenue received during the year and the purpose for which the revenue was expended. The report must be file with the Indiana Utility Regulatory Commission by March 1st of the following year.

**Source: City Accounting Records**

## **DEBT CAPACITY**

These schedules present information to help the reader to assess the affordability of the City of South Bend's current level of outstanding debt and the ability of the City of South Bend to issue additional debt in the future.

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

**Civil City**

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

**Redevelopment District**

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

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

**City of South Bend, Indiana**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years (\$'s whole)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Civil City</b>										
Debt Limit (1)	\$19,787,351	\$18,719,002	\$18,792,699	\$18,901,773	\$20,149,048	\$19,840,538	\$17,792,583	\$16,356,704	\$15,495,323	\$15,875,672
Total Net Debt Applicable To Limit	9,412,500	8,937,500	8,395,000	7,367,825	6,685,000	6,105,000	5,500,000	9,850,000	8,910,000	7,650,000
Legal Debt Margin	10,374,851	9,781,502	10,397,699	11,533,948	13,464,048	13,735,538	12,292,583	6,506,704	6,585,323	8,225,672
<b>Percentage of Debt Limit</b>	<b>47.57%</b>	<b>47.75%</b>	<b>44.67%</b>	<b>38.98%</b>	<b>33.18%</b>	<b>30.77%</b>	<b>30.91%</b>	<b>60.22%</b>	<b>57.50%</b>	<b>48.19%</b>
<b>Redevelopment District</b>										
Debt Limit (1)	\$19,787,351	\$18,719,002	\$18,792,699	\$18,901,773	\$20,149,048	\$19,840,538	\$17,792,583	\$16,356,704	\$15,495,323	\$15,875,672
Total Net Debt Applicable To Limit	7,855,000	6,998,000	6,115,000	5,850,000	5,580,000	5,300,000	5,010,000	4,715,000	4,085,000	4,085,000
Legal Debt Margin	11,932,351	11,721,002	12,677,699	13,051,773	14,569,048	14,540,538	12,782,583	11,641,704	11,410,323	11,790,672
<b>Percentage of Debt Limit</b>	<b>39.70%</b>	<b>37.38%</b>	<b>32.54%</b>	<b>30.95%</b>	<b>27.69%</b>	<b>26.71%</b>	<b>28.16%</b>	<b>28.83%</b>	<b>26.36%</b>	<b>25.73%</b>

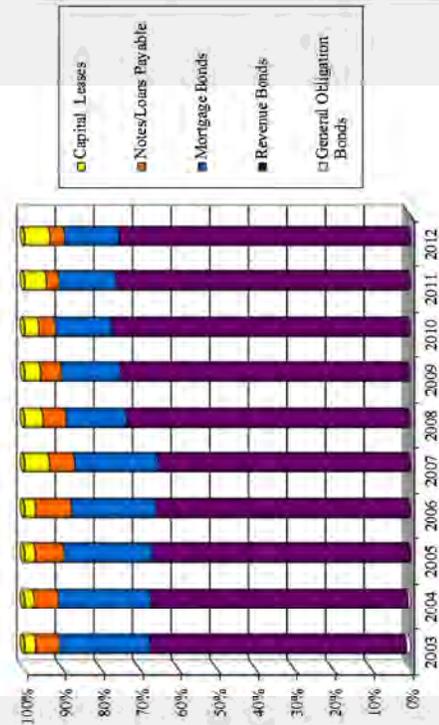
(1) A 2% of net assessed value debt limit has been established by the Constitution of the State of Indiana for certain type of debt including general obligation bonds, Economic Development Income Tax bonds and tax revenue notes. This limitation does not apply to revenue bonds payable from governmental or proprietary funds.

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

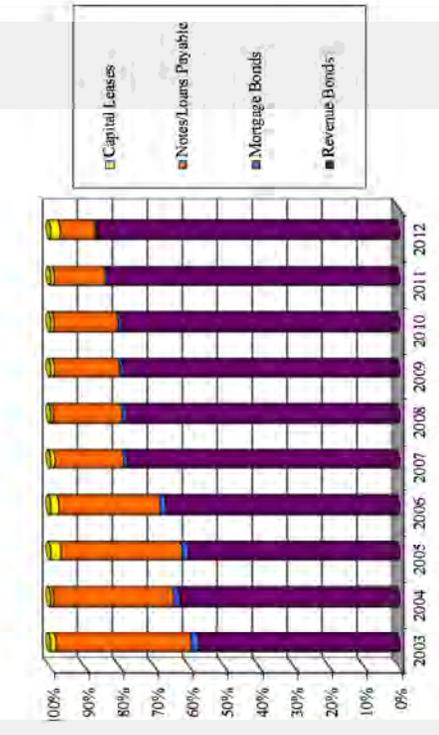
Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Estimated Population	Debt Per Capita	South Bend Estimated Personal Income	South Bend Debt Percent of Income
	General Obligation Bonds	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases						
2003	1,525,000	85,070,000	30,112,808	8,131,984	3,659,322	31,625,000	1,099,005	21,338,647	794,885	183,356,651	105,540	1,737	3,143,825,520	5.83%	
2004	935,000	82,135,000	29,525,289	7,948,868	2,971,007	39,815,000	1,658,415	21,730,271	520,389	186,639,239	105,206	1,774	3,297,156,040	5.66%	
2005	320,000	84,225,000	28,994,057	9,539,771	3,454,627	35,990,000	1,013,980	20,659,864	1,710,033	185,909,332	105,743	1,758	3,418,459,704	5.44%	
2006	0	82,445,000	27,337,124	11,758,552	3,533,187	44,345,000	972,315	19,238,433	1,523,594	191,173,205	104,457	1,830	3,450,632,538	5.54%	
2007	0	78,570,000	25,957,839	7,900,658	7,695,487	73,145,000	926,805	18,380,491	1,127,394	213,703,674	104,069	2,053	3,511,183,991	6.09%	
2008	0	115,240,000	24,534,464	9,543,790	7,388,443	67,535,000	878,835	17,031,649	628,427	242,780,608	104,905	2,314	3,709,126,085	6.55%	
2009	0	113,975,000	23,061,148	8,470,308	6,214,206	68,225,000	829,020	16,145,358	893,233	237,813,273	106,192	2,239	3,679,658,992	6.46%	
2010	0	111,510,000	21,117,295	6,323,199	5,299,341	72,655,000	717,705	16,755,369	799,402	235,177,311	101,168	2,325	3,505,572,368	6.71%	
2011	0	101,472,431	19,724,490	4,431,871	7,510,749	88,655,000	660,510	15,542,372	1,077,642	239,075,065	101,168	2,363	3,371,120,096	7.09%	
2012	0	96,410,000	17,883,530	4,933,639	8,336,120	117,650,000	601,470	13,848,901	3,641,362	263,325,022	101,168	2,603	3,371,120,096	7.81%	
<b>Percent of Total Debt</b>	<b>0.00%</b>	<b>36.61%</b>	<b>6.79%</b>	<b>1.88%</b>	<b>3.17%</b>	<b>44.68%</b>	<b>0.23%</b>	<b>5.26%</b>	<b>1.38%</b>	<b>100.00%</b>					

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

**Governmental Activities Debt**



**Business-Type Activities Debt**



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

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

**Ratio Factors**

Net Assessed Valuation (2011 payable 2012)	2,380,874,608
Population - 2010 US Census Bureau	101,168 (1)
South Bend Metropolitan Area Per Capita Income	33,322 (2)
Estimated South Bend Total Personal Income (1 x 2)	3,371,120,096

- (1) Population statistics obtained from the U.S. Census Bureau (<http://factfinder.census.gov/servlet>).
- (2) South Bend-Mishawaka, IN Metropolitan area Profile ([www.stats.indiana.edu](http://www.stats.indiana.edu)).
- (3) Overlapping debt information and schedule preparation by Crowe Horwath LLP, Indianapolis, Indiana.
- (4) Overlapping debt percentages are based on the net assessed value of South Bend properties in proportion to the total net assessed value.

**CITY OF SOUTH BEND, INDIANA**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT**  
**TO TOTAL GOVERNMENTAL FUND EXPENDITURES**  
**LAST TEN YEARS**

Fiscal Year	Principal		Interest		Total Debt Service		Total Governmental Fund Expenditures		Ratio of Debt Service To Governmental Fund Expenditures
2003	560,000		96,260		656,260		124,125,088		0.53%
2004	590,000		66,260		656,260		133,062,773		0.49%
2005	615,000		39,445		654,445		130,713,640		0.50%
2006	320,000		8,160		328,160		129,527,536		0.25%
2007	0		0		0		128,209,220		0.00%
2008	0		0		0		138,022,795		0.00%
2009	0		0		0		142,962,710		0.00%
2010	0		0		0		150,758,014		0.00%
2011	0		0		0		172,397,679		0.00%
2012	0		0		0		162,460,000		0.00%

The City of South Bend has no General Obligation Bonds outstanding. The 1977 Studebaker Corridor bonds were paid off during 2006.

**Source - City of South Bend Comprehensive Annual Financial Reports**

**CITY OF SOUTH BEND, INDIANA**  
**RATIO OF NET GENERAL BONDED DEBT TO NET ASSESSED VALUATION AND NET BONDED DEBT PER CAPITA**  
**LAST TEN YEARS**

Tax Year/ Collection Year	Population (1)	Net Assessed Value	Gross Bonded Debt	Debt Service		Net Bonded Debt	Percent of Net Bonded Debt		Net Bonded Debt Per Capita
				Monies Available	Available		To Net Assessed Value	To Net Assessed Value	
2002/2003	105,540	2,968,102,614	1,525,000	290,000	1,235,000	0.04%		11.70	
2003/2004	105,206	2,807,850,346	935,000	305,000	630,000	0.02%		5.99	
2004/2005	105,743	2,818,940,818	320,000	320,000	0	0.00%		0.00	
2005/2006	104,457	2,835,265,890	0	0	0	0.00%		0.00	
2006/2007	104,069	3,022,157,147	0	0	0	0.00%		0.00	
2007/2008	104,905	2,976,080,798	0	0	0	0.00%		0.00	
2008/2009	106,192	2,668,887,419	0	0	0	0.00%		0.00	
2009/2010	101,168	2,453,505,573	0	0	0	0.00%		0.00	
2010/2011	101,168	2,324,451,862	0	0	0	0.00%		0.00	
2011/2012	101,168	2,380,874,608	0	0	0	0.00%		0.00	

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

**CITY OF SOUTH BEND, INDIANA**  
**SCHEDULE OF REVENUE BOND COVERAGE**  
**WATER UTILITY BONDS**  
**LAST TEN YEARS (\$'s whole)**

Year	Gross Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage
				Principal	Interest	Total	
2003	11,745,196	6,637,856	5,107,340	1,845,000	878,570	2,723,570	188%
2004	11,323,882	7,256,695	4,067,187	1,935,000	795,540	2,730,540	149%
2005	11,926,479	7,770,464	4,156,015	2,040,000	708,030	2,748,030	151%
2006	13,166,166	7,369,035	5,797,131	2,485,622	1,042,309	3,527,931	164%
2007	13,748,213	8,296,075	5,452,138	2,764,265	1,015,524	3,779,789	144%
2008	13,343,210	8,528,933	4,814,277	2,908,014	888,199	3,796,213	127%
2009	13,471,890	8,838,405	4,633,485	2,481,871	754,108	3,235,979	143%
2010	13,513,995	8,560,390	4,953,605	2,605,840	937,293	3,543,133	140%
2011	14,032,074	9,301,552	4,730,522	2,729,925	823,265	3,553,190	133%
2012	14,190,243	9,021,274	5,168,969	821,847	823,944	1,645,791	314%

(1) Operating expenses exclude depreciation and payment in lieu of taxes.

Operating revenue used to make debt service payments is obtained primarily through monthly user charges to water customers.

Source - City of South Bend Comprehensive Annual Financial Report and Gateway Annual Financial Report.

**CITY OF SOUTH BEND, INDIANA**  
**SCHEDULE OF REVENUE BOND COVERAGE**  
**WASTEWATER UTILITY BONDS**  
**LAST TEN YEARS**

<b>Year</b>	<b>Gross Operating Revenue</b>	<b>Operating Expenses (1)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Debt Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2002	12,096,411	7,618,883	4,477,528	655,000	238,963	893,963	501%
2003	12,415,376	8,175,595	4,239,781	680,000	185,175	865,175	490%
2004	14,124,695	9,337,324	4,787,371	705,000	266,586	971,586	493%
2005	14,639,963	11,200,692	3,439,271	1,180,000	577,943	1,757,943	196%
2006	18,058,615	9,650,301	8,408,314	2,481,626	1,273,423	3,755,049	224%
2007	20,685,490	10,389,691	10,295,799	2,863,218	1,364,272	4,227,490	244%
2008	22,941,734	14,079,734	8,862,000	3,701,524	2,647,324	6,348,848	140%
2009	24,313,147	17,504,825	6,808,322	3,130,000	2,557,940	5,687,940	120%
2010	25,444,404	12,193,363	13,251,041	3,385,205	2,314,275	5,699,480	232%
2011	29,023,547	14,869,660	14,153,887	3,867,584	2,737,027	6,604,611	214%
2012	30,963,483	13,777,728	17,185,755	4,736,450	3,489,057	8,225,507	209%

(1) Operating expenses exclude depreciation and payment in lieu of taxes.

(2) Two large Sewage Works revenue bonds were issued during 2007 with principal and interests payments beginning in 2008. These bonds are part of the City of South Bend's long term combined sewer overflow (CSO) control plan.

Operating revenue used to make debt service payments is obtained primarily through monthly user charges to sewer customers.

Source - City of South Bend Comprehensive Annual Financial Report and Annual Report (CTAR-2)  
 2012 debt service requirements provided by Crowe Horwath LLP.

**City of South Bend, Indiana**  
**SOUTH BEND MUNICIPAL SEWAGE WORKS**

**Annual Wastewater Flow Data**

	2006	2007	2008	2009	2010	2011	2012
Capacity (MGD)	48	48	48	48	48	48	48
Average Daily Flow	31.67	32.45	37.80	38.42	30.86	35.8	31.77
Peak Flow	50.7	60.3	75.0	68.8	62.0	72.5	63.7
Annual Flow (MG)	11,559	11,845	13,835	14,024	11,264	13,068	11,596

**Number of Customers - South Bend Municipal Sewage Works**

Total Number Of Customers	Year
39,124	2006
37,018	2007
38,282	2008
36,664	2009
38,455	2010
39,027	2011
39,068	2012

**Source: City of South Bend Environmental Services Department**

**SOUTH BEND MUNICIPAL SEWAGE WORKS**

South Bend, Indiana (\$'s whole)

**Statement of City-Owned Utility Debt**

<u>South Bend Municipal Sewage Works</u>	
Sewage Works Revenue Bonds of 1998	\$ 9,445,000
State Revolving Fund (SRF) Loan	
Public Works Building Corporation	
Sewage Works Portion of Bonds	722,010
Sewage Works Revenue Bonds of 2004	7,980,000
Sewage Works Revenue Bonds of 2006	6,425,000
Sewage Works Revenue Bonds of 2007	13,670,000
Sewage Works Revenue Bonds of 2007 B	13,615,000
Sewage Works Revenue Bonds of 2009	2,887,761
Sewage Works Revenue Bonds of 2010	8,630,000
Sewage Works Revenue Bonds of 2011	20,740,000
Sewage Works Revenue Bonds of 2012	25,000,000
Total Sewage Utility Debt	<u>\$ 109,114,771</u>

<u>South Bend Municipal Waterworks</u>	
Waterworks Revenue Bonds of 2000	\$ 1,321,395
State Revolving Fund (SRF) Loan	3,885,000
Waterworks Revenue Bonds of 2006	
Waterworks Revenue Bonds of 2009, Series A	429,000
State Revolving Fund (SRF) Loan	
Waterworks Revenue Bonds of 2009, Series B	
Indiana Bond Bank	5,380,000
Waterworks Revenue Bonds of 2012	8,300,000
Waterworks Revenue Refunding Bonds of 2012, Series B	3,785,000
Total Water Utility Debt	<u>\$ 23,100,395</u>
Total Utility Debt	<u>\$ 132,215,166</u>

**Source: City of South Bend Finance Administration and Crowe Horwath LLP**

**SOUTH BEND MUNICIPAL SEWAGE WORKS**  
City of South Bend, Indiana

**Estimated Debt Service Coverage Calculation**

Operating Revenues	\$ 31,176,600
Less: Operation and Maintenance Expenses (Net of Depreciation and PILOT)	<u>(14,730,132)</u>
Net Revenues Available for Debt Service	<u>16,446,468</u>
Estimated Combined Annual Debt Service	<u>8,225,507</u>
Coverage - \$	<u>\$ 8,220,961</u>
Coverage - %	<u>200%</u>

## **SOUTH BEND MUNICIPAL WATER UTILITY**

South Bend, Indiana (\$'s whole)

### **Estimated Debt Service Coverage Calculation**

Operating Revenues	\$ 15,349,800
Less: Operation and Maintenance Expenses (Net of Depreciation and PILOT)	<u>(9,023,274)</u>
Net Revenues Available for Debt Service	6,326,526
Estimated Combined Maximum Annual Debt Service	<u>1,645,791</u>
Coverage - \$	<u><u>\$ 4,680,735</u></u>
Coverage - %	<u><u>384%</u></u>

**CITY OF SOUTH BEND BUILDING CORPORATION**

**Projected City of South Bend COIT Revenues (\$'s whole)  
0.6% COIT Tax Rate  
Levy is used to Distribute COIT**

Year of Collection	St. Joseph County		Projected		Projected	
	Projected Distribution	COIT Ratio	COIT Ratio	COIT Amount Available For Debt Service		
2012	\$ 18,185,523	33.33%	\$ 6,061,699			
2013	\$ 22,923,958 (1)	33.64%	\$ 7,711,609 (1)			
2014	\$ 22,923,958	33.64%	\$ 7,711,609			
2015	\$ 22,923,958	33.64%	\$ 7,711,609			
2016	\$ 22,923,958	33.64%	\$ 7,711,609			
2017	\$ 22,923,958	33.64%	\$ 7,711,609			
2018	\$ 22,923,958	33.64%	\$ 7,711,609			
2019	\$ 22,923,958	33.64%	\$ 7,711,609			
2020	\$ 22,923,958	33.64%	\$ 7,711,609			
2021	\$ 22,923,958	33.64%	\$ 7,711,609			
2022	\$ 22,923,958	33.64%	\$ 7,711,609			
Total			\$ 83,177,789			

(1) Kept constant based on 2013.

Source: Crowe Horwath LLP and Department of Local Government Finance (DLGF)

**CITY OF SOUTH BEND BUILDING CORPORATION**

**Statement of Estimated Cash Flow and Debt Service Coverage**

Year	Projected City of South Bend COIT Revenues	South Bend Redevelopment District Taxable Revenue Bonds, Series 2010	COIT Lease Revenue Bonds of 2010 Debt Service	First Mortgage Revenue Bonds, Series 2003 Debt Service	Estimated Excess Funds	Estimated Coverage
2012	6,304,223	773,720	679,000	1,718,210	3,133,293	1.99
2013	7,711,609	770,995	674,000	1,714,172	4,552,442	2.44
2014	7,711,609	762,645	676,000	1,720,253	4,552,711	2.44
2015	7,711,609	746,317	680,000	1,718,103	4,567,189	2.45
2016	7,711,609	732,603	673,000	1,719,005	4,587,001	2.47
2017	7,711,609	720,905	675,000	1,719,250	4,596,454	2.48
2018	7,711,609	706,650	675,000	1,713,750	4,616,209	2.49
2019	7,711,609	-	673,000	1,715,125	5,323,484	3.23
2020	7,711,609	-	678,000	1,718,000	5,315,609	3.22
2021	7,711,609	-	-	1,717,000	5,994,609	4.49
2022	7,711,609	-	-	1,717,375	5,994,234	4.49
Total	\$ 83,420,313	\$ 5,213,835	\$ 6,083,000	\$ 18,890,243	\$ 53,233,235	2.76

Source: Crowe Horwath LLP

# CITY OF SOUTH BEND, INDIANA

## Erskine Village Project

### Estimated Tax Increment Revenue

Tax Year / Collection Year	Estimated Tax Increment (1)	11/12 Net Tax Rate (2)	Estimated Tax Increment Revenue
2011/2012	-	3.6726	-

(1) The City passed back incremental assessed value for payable year 2012  
The City will make a yearly decision on the passback of incremental assessed value.

(2) Circuit Breaker rate of \$3.00 and exempt rate of .6726

Source: Crowe Horwath LLP

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

These schedules present various demographic and economic indicators to help the reader understand the environment within the City of South Bend that affects the City's financial activities.

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

Year	City of South Bend		South Bend Metropolitan Area		South Bend Metro Area		South Bend Metro Area		City of South Bend		City of South Bend	
	Population (1)	Percent Increase/ (Decrease)	Median Family Income (4)	Percent Increase/ (Decrease)	Total Personal Income (3)	Percent Increase/ (Decrease)	Per Capita Income (3)	Percent Increase/ (Decrease)	Median Age (4)	Enrollment (2)	Percent Increase/ (Decrease)	Percent Increase/ (Decrease)
2003	105,540	-1.0%	37,140	-9.0%	7,887	2.8%	29,788	3.0%	32.7	21,981	4.4%	4.4%
2004	105,206	-0.3%	39,940	7.5%	8,295	5.2%	31,340	5.2%	32.7	22,140	0.7%	0.7%
2005	105,743	0.5%	37,971	-4.9%	8,565	3.3%	32,328	3.2%	34.5	22,100	-0.2%	-0.2%
2006	104,457	-1.2%	39,046	2.8%	8,958	4.6%	33,034	2.2%	34.6	21,926	-0.8%	-0.8%
2007	104,069	-0.4%	44,400	13.7%	8,978	0.2%	33,739	2.1%	34.6	21,715	-1.0%	-1.0%
2008	104,905	0.8%	40,684	-8.4%	9,396	4.7%	35,357	4.8%	34.6	20,800	-0.6%	-0.6%
2009	106,192	1.2%	43,403	6.7%	9,466	0.7%	34,651	-2.0%	32.3	20,451	-1.5%	-1.5%
2010	101,168	-4.7%	40,789	-6.0%	9,289	-1.9%	34,286	-1.1%	33.4	20,066	-1.9%	-1.9%
2011	101,168	0.0%	40,873	0.2%	9,768	5.2%	33,322	-2.8%	33.3	19,467	-3.0%	-3.0%
2012	101,168	0.0%	40,873	0.0%	9,768	0.0%	33,322	0.0%	33.3	18,982	-2.5%	-2.5%

**Sources:**

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

Population statistics are obtained from the U.S. Census Bureau population estimate table. Effective Buying Income statistics come from "Survey of Buying Power", Sales and Marketing Management, Annual editions, 1992-2003. School enrollment statistics (public and private schools) are obtained from South Bend/Mishawaka area Chamber of Commerce. Unemployment and labor force statistics are estimated figures obtained from the Work force Development Services. These are based on South Bend being a Metropolitan Statistical Area. This is defined as a county or group of contiguous counties with a total population of at least 100,000. The area must also contain at least one city with a population of 50,000 or more.

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

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

**Source:**

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

**CITY OF SOUTH BEND, INDIANA**  
**COMPARISON OF GROWTH RATES IN PERSONAL INCOME FOR ST. JOSEPH COUNTY,**  
**THE STATE OF INDIANA AND U.S. PERSONAL INCOME**  
**LAST TEN YEARS**

<u>Calendar Year</u>	<u>Amount in Millions</u>		<u>Amount in Billions</u>		<u>Annual Percentage Increase</u>	
	<u>St. Joseph Co. Personal Income</u>	<u>Indiana Personal Income</u>	<u>U.S. Personal Income</u>	<u>St. Joseph Co. Personal Income</u>	<u>Indiana Personal Income</u>	<u>U.S. Personal Income</u>
2003	7,887	178,675	9,150	2.82%	3.60%	3.12%
2004	8,295	186,210	9,711	5.17%	4.22%	6.13%
2005	8,565	193,348	10,284	3.25%	3.83%	5.90%
2006	8,958	203,502	10,968	4.59%	5.25%	6.65%
2007	8,978	204,877	11,074	0.22%	0.68%	0.97%
2008	9,396	210,447	11,634	4.66%	2.72%	5.06%
2009	9,466	220,670	12,225	0.74%	4.86%	5.08%
2010	9,289	218,527	12,168	-1.87%	-0.97%	-0.47%
2011	9,678	232,586	12,949	4.19%	6.43%	6.42%
2012	9,678	232,586	12,949	0.00%	0.00%	0.00%

**Average Annual Growth - Most Recent 5 Years**      **1.54%**

**Average Annual Growth - Most Recent 10 Years**      **2.38%**

**3.22%**

**3.89%**

**Source**

STATS Indiana, a website sponsored by the Indiana Business Research Center at Indiana University's Kelley School of Business. Website address: [www.stats.indiana.edu](http://www.stats.indiana.edu). Accessed May 6, 2013. No 2012 information available.

**City of South Bend, Indiana**  
**Principal Employers - Current and Nine Years Ago**  
**December 31, 2012 (\$'s whole)**

Employer	Type of Business	2012			2003		
		Number of Employees	Percent of Total	Rank	Number of Employees	Percent of Total	Rank
University of Notre Dame	College/University	4,707	3.77%	1	4,900	3.72%	1
Memorial Health System	Health Care	3,545	2.84%	2	3,300	2.50%	4
South Bend Community School Corporation	Public Schools	3,212	2.57%	3	3,500	2.66%	2
AM General	Manufacturing/Assembly	2,400	1.92%	4	2,151	1.63%	6
Saint Joseph Regional Medical Center, Inc.	Health Care	2,123	1.70%	5	3,391	2.57%	3
City of South Bend	Government	1,361	1.09%	6	1,400	1.06%	9
1st Source Bank	Banks/Financial Institutions	1,257	1.01%	7	-	0.00%	
St. Joseph County	Government	1,211	0.97%	8	-	0.00%	
The Diocese of Fort Wayne-South Bend	Parochial Schools	1,094	0.88%	9	1,556	1.18%	8
Martin's Super Markets	Grocery/Retail	1,062	0.85%	10	2,800	2.13%	5
Meijer, Inc.	Grocery/Retail	-	-	-	1,665	1.26%	7
Indiana university South Bend	College/University	-	-	-	1,400	1.06%	10
<b>Total Number of Employees</b>		<b>21,972</b>	<b>17.58%</b>		<b>22,672</b>	<b>17.21%</b>	

**Total Employees - South Bend Metropolitan Area Labor Force**      **124,968**      **100.00%**      **131,756**      **100.00%**

**Sources:**

St. Joseph County Chamber of Commerce 2012 Economic Profile  
Indiana Department of Workforce Development Research and Analysis for 2012 and 2003

## **OPERATING AND OTHER INFORMATION**

These schedules contain information about the City of South Bend's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. Included in this section is other non-required information that the City has determined is relevant and useful to the reader of the financial statements.

**City of South Bend, Indiana**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/program</u>	<u>Fiscal Year</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police										
Physical arrests	5,003	5,041	5,056	5,932	4,589	4,091	3,785	3,077	3,626	3,174
Parking violations	655	688	722	515	1,820	1,672	1,479	979	904	1,051
Traffic violations	13,873	14,052	13,411	16,583	1,626	5,901	11,746	14,163	4,236	7,561
Fire										
Emergency responses	13,228	12,907	13,444	14,297	14,822	15,123	14,341	15,578	15,408	15,720
Fires extinguished	210	182	220	227	279	264	264	225	251	214
Inspections	5,385	4,820	5,585	4,875	4,302	4,467	4,205	4,233	3,553	3,325
Refuse collection										
Refuse collected (tons per day) (1)	284	266	238	269	267	137	70	120	123	128
Other public works										
Street resurfacing (miles)	27.50	30.20	29.30	15.00	16.50	14.70	14.50	20.30	18.10	17
Potholes repaired (tonnage)	341.87	560.41	372.06	239.88	923.00	898.00	629.22	380.00	332.32	117.21
Parks and recreation										
Athletic field permits issued	700	700	750	700	1,000	738	700	381	227	133
Fitness Center Admissions	33,361	35,426	37,247	61,452	63,088	70,193	74,438	60,118	67,408	61,002
Water										
New billable housing starts	439	427	445	471	321	299	194	179	144	160
Water mains breaks	90	78	80	54	105	72	87	76	60	66
Average daily consumption (thousands of gallons)	20,269	19,461	20,071	17,704	19,042	18,280	16,100	15,955	15,600	16,600
Wastewater										
Average daily sewage treatment (thousands of gallons)	38,200	31,800	31,800	32,800	35,970	37,800	41,200	30,861	35,800	31,770

**Sources: Various city departments**

N/A - information not available

(1) 2007 and prior years were in cubic yards

**City of South Bend, Indiana**  
**Capital Asset and Infrastructure Statistics by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/program</u>	<u>Fiscal Year</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	25	25	25	25	25	25	25	19	19
Fire										
Stations	11	11	11	11	11	11	11	11	11	11
Rescue units	31	31	31	31	32	32	33	33	33	33
Refuse collection										
Collection trucks	24	21	23	22	22	22	21	23	23	19
Other public works										
Streets (miles)	496	498	498	500	500	500	532	532	499	525
Streetlights	950	963	966	1,060	1,170	1,242	2,500	2,500	2,500	2,700
Traffic signals	162	163	164	167	160	160	162	162	164	165
Parks and recreation										
Acreage	1,292	1,292	1,292	1,292	1,292	1,292	1,292	1,292	1,292	1,292
Playgrounds	47	47	47	47	47	47	47	47	47	47
Baseball/softball diamonds	26	26	26	26	27	27	27	27	27	27
Soccer/football fields	17	17	17	17	17	17	17	17	17	19
Swimming pools	2	2	2	2	2	2	2	2	2	2
Community center	5	5	5	5	5	5	5	5	5	5
Water										
Water mains (miles)	529	538	547	553	558	560	560	580	582	583
Fire hydrants	4,669	4,819	4,914	5,013	4,000	5,081	5,317	5,345	5,377	5,401
Storage capacity (thousands of gallons)	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300
Wastewater										
Sanitary sewers ( miles)	540	540	540	540	540	540	534	534	534	528
Storm sewers (miles)	200	200	200	200	200	200	200	127	127	133
Treatment capacity (thousands of gallons)	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000

**Sources: Various city departments**

**CITY OF SOUTH BEND, INDIANA**  
**NEW CONSTRUCTION - NUMBER OF PERMITS AND PROPERTY VALUES**  
 Last Ten Fiscal Years  
 (Dollar Amounts in 000's)

Year	Residential			Commercial			Public Utility			Manufacturing			Commercial, Public Utility and Manufacturing		Total Value Increase/ (Decrease)
	Number of Permits	Residential Value (in 000's)	Residential Value Increase/ (Decrease)	Commercial Number of Permits	Commercial Value (in 000's)	Commercial Utility Number of Permits	Public Utility Value (in 000's)	Manufacturing Number of Permits	Manufacturing Value (in 000's)	Commercial, Public Utility and Manufacturing Total Value (in 000's)	Manufacturing Value (in 000's)	Commercial, Public Utility and Manufacturing Total Value (in 000's)	Total Value Increase/ (Decrease)		
2003	140	19,573	67.2%	28	13,280	1,822	42,435	2	375	56,090	375	56,090	-34.8%		
2004	147	20,203	3.2%	20	24,340	2,823	50,910	3	847	76,097	847	76,097	35.7%		
2005	166	25,123	24.4%	17	28,578	2,611	39,435	1	6,000	74,013	6,000	74,013	-2.7%		
2006	102	17,241	-31.4%	21	36,749	2,282	34,836	2	7,927	79,512	7,927	79,512	7.4%		
2007	103	18,314	6.2%	28	27,082	1,907	28,720	5	6,612	62,414	6,612	62,414	-21.5%		
2008	55	10,052	-45.2%	15	44,678	1,662	29,685	1	2,416	76,779	2,416	76,779	23.0%		
2009	48	8,467	-15.6%	10	29,451	1,627	28,785	0	0	58,236	0	58,236	-24.2%		
2010	35	7,450	-12.0%	5	28,283	1,221	25,998	0	0	54,281	0	54,281	-6.8%		
2011	33	6,300	-15.4%	14	10,737	880	20,265	1	2,023	33,025	2,023	33,025	-39.2%		
2012	45	9,827	56.0%	11	21,247			2	2,291		2,291		-100.0%		

Source - Consolidated City/County Building Department and City Engineering Department.

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

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

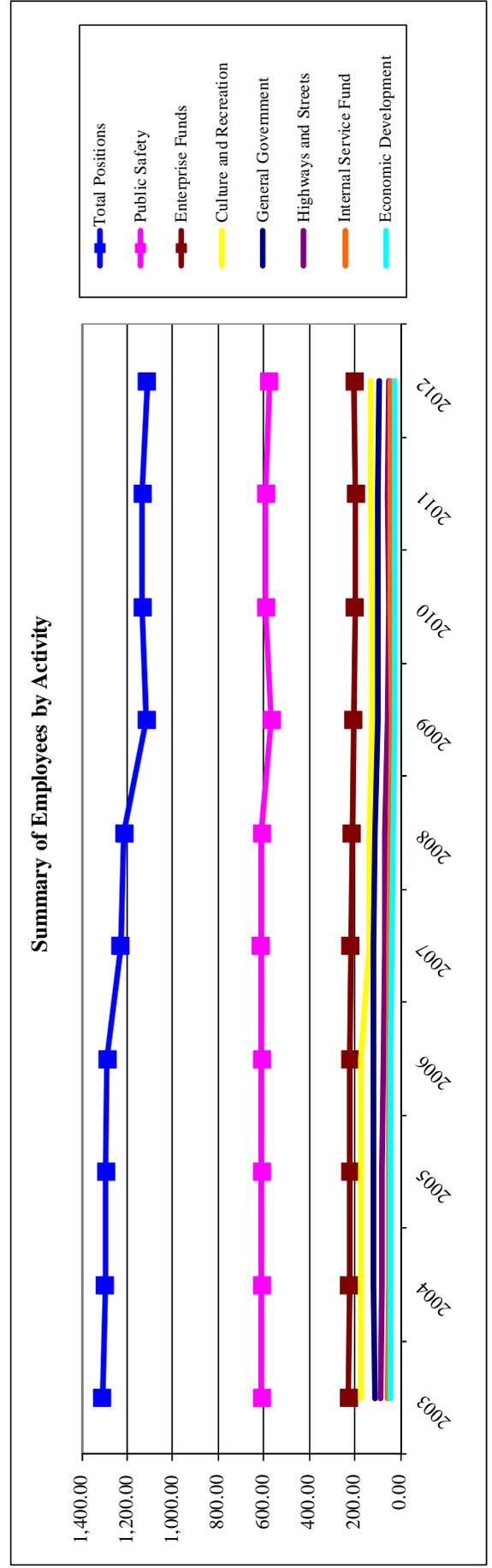
**City of South Bend, Indiana**  
**Full-Time Equivalent City Government Employees by Department**  
**Last Ten Fiscal Years**

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

Excludes seasonal, part-time and temporary positions

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

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



**City of South Bend, Indiana  
Salary Rate Comparison  
1990 - 2012**

<u>Year</u>	<u>Percent</u>	<u>Base Salary</u>	<u>Percent</u>	<u>Base Salary</u>	<u>Non-bargaining</u>	<u>Teamsters</u>
1990	3.62%	20,071	4.74%	19,869	3.00-4.00%	.25 per hour
1991	0.92%	20,256	2.52%	20,369	3.00%	.25 per hour
1992	4.69%	21,206	2.45%	20,869	3.00%	.30 per hour
1993	0.44%	21,300	5.00%	21,912	4.24%	0.00%
1994	2.35%	21,800	0.00%	21,912	1.50% + \$300 bonus	.15 per hour
1995	4.82%	22,850	3.00%	22,569	1.50% + \$300 bonus	.30 per hour
1996	4.38%	23,850	5.00%	23,697	3.00%	.27 per hour
1997	4.19%	24,850	4.87%	24,850	3.00%	.33 per hour
1998	4.63%	26,000	0.60%	25,000	3.00%	.37 per hour
1999	3.85%	27,000	2.60%	25,650	3.25%	3.50%
2000	5.56%	28,500	9.34%	28,045	3.50%	3.50%
2001	9.74%	31,275	11.52%	31,275	3.50%	4.00%
2002	4.50%	32,682	4.03%	32,534	4.00%	4.00%
2003	5.57%	34,504	4.04%	33,850	4.00%	4.00%
2004	6.01%	36,578	5.17%	35,600	4.00%	4.00%
2005	9.36%	40,000	12.36%	40,000	4.00%	4.00%
2006	2.50%	41,000	2.00%	40,800	2.00%	4.25%
2007	2.50%	42,025	2.50%	41,820	\$750/0%	.38 per hour
2008	3.50%	43,496	3.50%	43,285	3.00%	3.00%
2009	2.20%	44,453	2.00%	44,150	2.00%	2.00%
2010	0.00%	44,453	6.80%	47,150	2.00%	2.00%
2011	11.50%	49,563	4.06%	49,066	2.00%	0.00%
2012	2.00%	50,554	2.00%	50,047	2.00%	2.00%

Source - City of South Bend personnel records

**CITY OF SOUTH BEND, INDIANA  
INSURANCE COVERAGE  
2012**

<u>Type of Coverage</u>	<u>Limits of Liability</u>	<u>Estimated Annual Premium</u>
<u>LIABILITY</u>		
Comprehensive General Liability	Statutory	Self-Insured
Police Professional Liability	Statutory	Self-Insured
Ambulance Malpractice Liability	Statutory	Self-Insured
Premises Liability (Clay Utilities, Century Center, Parking Garages)	Statutory	Self-Insured
CGL - Stadium	Statutory	Self-Insured
Liquor Liability	4/26/12 - 13 \$1,000,000	\$1,716 Premium
<u>CRIME</u>		
Public Employee Dishonesty	12/31/12 - 13 \$1,000,000	\$9,128 Premium
<u>PROPERTY</u>		
All risk blanket building & contents	7/1/12 - 13 \$550,000,000	\$306,956 Premium
Business Income	Included in above	Included in above
Machinery Breakdown	Included in above	Included in above
Fine Arts	Included in above	Included in above
Valuable Papers & Records	Included in above	Included in above
Contractors Equipment	Included in above	Included in above
Flood Insurance - Pump station & contents	1/15/12 - 13 \$622,200	\$5,364 Premium
Eddy Street Commons Parking Garage Building & Infrastructure	3/2/12 - 13 \$36,000,000	\$23,665 Premium
Business Income & Rental Value	\$15,000,000	Included in above
Flood	\$25,000,000	Included in above
Earthquake	\$25,000,000	Included in above
<u>OTHER</u>		
Workers Compensation	1/1/12 - 13	Self-Insured
Third Party Fee	Statutory	\$65,000 Fee
Excess Over Self-insured	Statutory	\$100,620 Premium/Fee
\$350,000 Retention Each Accident	Statutory	

**Source: City of South Bend Administration & Finance Department  
Gibson Insurance Company**



**City of South Bend, Indiana  
Miscellaneous Statistics  
December 31, 2012**

**South Bend Regional Airport**

<u>Year</u>	<u>Passenger Volume</u>
2002	812,080
2003	802,191
2004	780,033
2005	693,675
2006	729,619
2007	779,356
2008	704,418
2009	625,077
2010	626,597
2011	599,127
2012	589,030

The South Bend Regional Airport had 33,495 take-offs and landings during 2010. Approximately 28 commercial airline flights per day fly to 10 hub airports.

Commercial airlines with operations at South Bend Regional Airport (market share):

	<b>2011</b>	<b>2012</b>
Allegiant Air	20.61%	26.14%
Continental Connection	4.58%	0.00%
Delta Connection	49.40%	45.06%
United Express	25.41%	26.33%
Frontier	0.00%	1.80%
Charters	0.00%	0.67%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

(Continental merged with United)

Bus Passengers (to O'Hare/Midway)	31,933	33,668
Train Passengers (South Shore)	257,800	272,364

**Transpo**

	<b>2011</b>	<b>2012</b>
South Bend Public Transportation Corporation		
Motor Bus (Fixed Route)		
Route Miles	301.6	264.8
Ridership	2,204,247	2,250,083
Miles of Service	1,673,423	1,445,521
Revenue Miles	1,591,432	1,344,053
Demand Response (ACCESS)		
Ridership	51,682	54,808
Total Miles	303,340	314,083
Revenue Miles	259,065	279,216

**Convention Facilities**

Century Center	75,000 square feet of exhibit space 2,590 available seating 750 seat theater
Morris Performing Arts Center	2,500 available seating
Motels	30 motels/hotels 6 Bed and Breakfasts Over 4,700 available rooms
Major hotels and meeting rooms:	
Magnuson Grand Hotel	facilities to seat 200
Double Tree	facilities to seat 300

**Other Transportation**

- 43 Trucking Lines, 33 Terminals
- 2 Interstate Bus Lines
- 4 Major Rail Systems (freight and passenger)

**Health Care**

The City of South Bend has excellent health care access

at costs below the national average and the lowest in the midwest region. The City has one major hospital

Memorial Health Systems 526 beds

**Other**

- Incorporated in 1865
- County Seat of St. Joseph County
- South Bend officially began under the name South Bend but the name was changed by the Post Office in 1830 to avoid confusion with other communities that used that name. The name South Bend was used because the City is located at the southernmost point of the St. Joseph River.
- Average High Temperature:
  - January 27.8 degrees Fahrenheit
  - July 87.4 degrees Fahrenheit

**Colleges and Universities**

<u>Universities and Colleges</u>	<u>Enrollment 2011</u>	<u>2012</u>
The University of Notre Dame	12,004	12,100
Indiana University at South Bend	8,386	8,490
Bethel College	2,076	1,963
St. Mary's College	1,510	1,380
Holy Cross College	451	450
Trine University - South Bend	84	100
Brown Mackie College - South Bend	855	674

**Technical Colleges**

	<u>Enrollment 2011</u>	<u>2012</u>
IVY Tech Community College	5,800	6,000

**Communications**

**Access to:**

- 4 Major Television Networks (WNDU, WSIV, WSBT, WBND)
- 1 Public Broadcasting Television Station (WNIT)
- 2 Local Television Stations (WHME, WMWB)
- 1 Major Newspaper (The South Bend Tribune)
- 25 Radio Stations

**Famous Residents**

South Bend has been the home to the many distinguished individuals including the following persons:

- Schuyler Colfax, 17th U.S. Vice President
- John Fogerty, singer
- Michael Warren, actor
- Chad Everett, actor
- Sidney Pollack, actor/director
- Knutte Rockne, football coach
- John Wooden, basketball coach
- Joe Kerran, former South Bend Mayor and Indiana Governor
- Ryan Newman, racecar driver
- Skylar Diggins, woman's basketball player



**All-America City Award 2011**

National Civic League, 2011

**West Washington Neighborhood: 2012 Best Places to Live list**

This Old House Magazine, 2012

**Coveleski Stadium: Renovation of the Year Award**

Ballpark Digest, 2012

**National League of Cities Gold Award for Municipal Excellence**

Northeast Neighborhood Revitalization, 2011



**Bicycle Friendly Community (bronze designation)**

League of American Bicyclist, 2012

**Tree City USA Community**

Dept. of Natural Resources, 16 Years Running

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

Golf Week Magazine, 2013

**Morris Performing Arts Center: Top 100 Venues Worldwide**

Pollstar Magazine, 2012



**Palais Royale: “Best of Weddings” Award**

TheKnot.com, 2013

**City of South Bend Website—Honorable Mention**

2012 MARCOM Awards



[www.SouthbendIN.gov](http://www.SouthbendIN.gov)





***City of South Bend***

***Contact Information:***

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574 235 9261***

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South Bend, IN 46601***

**[www.southbendin.gov](http://www.southbendin.gov)**

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS  
CITY OF SOUTH BEND  
ST. JOSEPH COUNTY, INDIANA  
January 1, 2012 to December 31, 2012



**FILED**  
09/30/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Pete Buttigieg	01-01-12 to 12-31-15
Controller	Mark Neal	01-01-12 to 12-31-15
President of the Board of Public Works	Gary A. Gilot	01-01-12 to 12-31-13
President of the Common Council	Derek D. Deiter	01-01-12 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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*

TO: THE OFFICIALS OF THE CITY OF SOUTH BEND, ST. JOSEPH COUNTY, 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 South Bend (City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 10, 2013.

***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) to determine the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 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. We consider the deficiencies described in items 2012-1 and 2012-2 of the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

A significant deficiency is a deficiency, or 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.

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*  
(Continued)

***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 determination of financial statement amounts. 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*.

***City of South Bend's Response to Findings***

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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.



Bruce Hartman  
State Examiner

June 10, 2013

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE; AND REPORT ON SCHEDULE ON EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133

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

***Report on Compliance for Each Major Federal Program***

We have audited the City of South Bend's (City) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal programs. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

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, 2012.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE; AND REPORT OF SCHEDULE ON EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133  
(Continued)

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2012-3. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit are described in the accompanying Official's Response and Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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 combination of deficiencies, in internal control over compliance, such that there is 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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, we identified certain deficiencies in internal control over compliance as described in item 2012-3 in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit are described in the accompanying Official Response and Corrective Action Plan. The City's response was not subjected to the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE; AND REPORT OF SCHEDULE ON EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133  
(Continued)

***Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

We have audited the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated June 10, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion 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 OMB Circular A-133 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 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 Expenditure of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Bruce Hartman  
State Examiner

June 10, 2013

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Commerce</u>				
Economic Development Cluster Economic Adjustment Assistance Industrial Revolving Fund	Direct grant	11.307	06-19-01251	\$ <u>7,586,963</u>
<u>Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants Block Grant 2009	Direct grant	14.218	B11-MC-180-011	<u>1,858,930</u>
Community Development Block Grants/Entitlement Grants Block Grant 2010	Direct grant	14.218	B-10-MC-180-011	<u>636,166</u>
Community Development Block Grants/Entitlement Grants NSP-1	Direct grant	14.218	B08-MN-18-0011	<u>711,276</u>
Total - Community Development Block Grants/Entitlement Grants				<u>3,206,372</u>
ARRA - Community Development Block Grants/Entitlement Grants NSP-3	Direct grant	14.218	B-11-MN-18-0011	<u>19,017</u>
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R)	Direct grant	14.253	B-09-MY-18-0011	<u>12,909</u>
Total - CDBG - Entitlement Grants Cluster				<u>3,238,298</u>
Emergency Solutions Grant Program	Direct grant			
Emergency Shelter Grant		14.231	E-11-MC-180-011	31,088
Emergency Shelter Grant		14.231	E-12-MC-180-011	<u>115,228</u>
Total - Emergency Solutions Grant Program				<u>146,316</u>
Shelter Plus Care	Direct grant			
Shelter Plus Care		14.238	IN0009C5H0001003	198,396
Shelter Plus Care		14.238	IN0009C5H0001104	<u>37,266</u>
Total - Shelter Plus Care				<u>235,662</u>
Community Development Block Grants/Brownfields Economic Development Initiative	Direct grant	14.246	B00-BD-180-030	<u>160,764</u>
ARRA - Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded) HPRP	Direct grant	14.257	S0-09-MY-18-0011	<u>194,237</u>
Fair Housing Assistance Program - State and Local	Direct grant			
Fair Housing		14.401	FF205K105014	67,391
Fair Housing		14.401	FF050018072	<u>10,519</u>
Total - Fair Housing Assistance Program - State and Local				<u>77,910</u>
Total - Department of Housing and Urban Development				<u>4,053,187</u>

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Justice</u>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program	Direct grant			
Justice Assistance Grant #6		16.738	09DJBX0855	131,030
Justice Assistance Grant #7		16.738	11DJBX3458	21,760
Total - Edward Byrne Memorial Justice Assistance Grant Program				<u>152,790</u>
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government Byrne Justice Assistance Grant	Direct grant			
		16.804	09SBB91280	124,538
Total - JAG Program Cluster				<u>277,328</u>
Community Capacity Development Office Weed & Seed	Direct grant			
		16.595	2010-WSQ-0059	110,913
ARRA - Public Safety Partnership and Community Policing Grants COPS Hiring Recovery Prgrm	Direct grant			
		16.710	09RKWX0352	817,765
Equitable Sharing Program	Direct grant			
		16.922		111,572
Total - Department of Justice				<u>1,317,578</u>
<u>Department of Labor</u>				
WIA Pilots, Demonstrations, and Research Projects ETA Grant	Direct grant			
		17.261	EA-20279-10-60-A-18	15,278
<u>Equal Employment Opportunity Commission</u>				
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts Fair Employment Practices Grant	Direct grant			
		30.002	EECCN100092	90,756
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds Wastewater State Revolving Loan Fund	Indiana Finance Authority			
		66.458	SRF Ln# WW09547102	20,546
<u>Department of Energy</u>				
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) Energy Office	Direct grant			
		81.128	DE-SC0002273	526,494
<u>Department of Homeland Security</u>				
Assistance to Firefighters Grant Vehicle Acquisition Vehicle Acquisition Vehicle Acquisition	Direct grant			
		97.044	EMW-2010-FH-00923	174,657
		97.044	EMW-2010-FP-00395	55,840
		97.044	EMW-2011-FO-08653	75,938
Total - Department of Homeland Security				<u>306,435</u>
Total federal awards expended				<u>\$ 13,917,237</u>

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

CITY OF SOUTH BEND  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of South Bend (primary government) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2012:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	\$ 2,281,965
ARRA – Community Development Block Grant		
Entitlement Grants (CDGB-R)	14.253	5,409
Emergency Shelter Grants Program	14.231	141,376
Shelter Plus Care	14.238	235,662
ARRA – Homelessness Prevention and Rapid Re-Housing		
Program (Recovery Act Funded)	14.257	177,435
WIA Pilots, Demonstrations, and Research Projects	17.261	15,278

**Note 3. Economic Adjustment Assistance, CFDA 11.307**

The OMB Circular A-133 Compliance Supplement requires that the Economic Adjustment Assistance program, CFDA 11.307, federal awards expended be reported on the Schedule of Expenditures of Federal Awards as shown below:

\$ 6,306,403	12-31-12 Revolving loan fund loans outstanding balance
960,245	12-31-12 Revolving loan fund cash and investment balance
83,100	12-31-12 Revolving loan fund land held for resale balance
216,738	2012 Revolving loan fund administrative expenditures
<u>20,477</u>	Unpaid principal of all loans written off during 2012
<u>\$ 7,586,963</u>	Total (100% Federal funding)

CITY OF SOUTH BEND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	no
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
16.710	Economic Development Cluster ARRA - Public Safety Partnership and Community Policing Grants
81.128	ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)

Dollar threshold used to distinguish between Type A and Type B programs: \$417,517

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

**FINDING 2012-1 - INTERNAL CONTROL OVER PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The Schedule of Expenditures of Federal Awards (SEFA) is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, and Local Governments, and Non-Profit Organizations for entities receiving federal funds in excess of \$500,000 in order to summarize the use of federal monies received. The City does not have proper procedures in place to ensure that the SEFA prepared was materially correct.

CITY OF SOUTH BEND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

During the audit of the SEFA, we noted the following significant errors: CFDA 11.307 reported with \$3,031,608 expenditures, should be \$7,586,963; CFDA 97.044, project EMW-2009-FV-03783, reported with \$600,000 expenditures, should be zero; CFDA 16.738, project 09DJBX0855 reported with zero expenditures, should be \$131,030; CFDA 14.218, project B08-MN-18-0011 reported as ARRA funding, is not ARRA funding.

Effective internal control over preparation of the SEFA involves the identification and analysis of the risks of material misstatement to the City's audited SEFA and then determining how those identified risks should be managed. The City has not identified risks to the preparation of a reliable SEFA and as a result has failed to design effective controls over the preparation of the SEFA to prevent or detect and correct material misstatements, including notes to the SEFA.

Circular A-133 Subpart C section .300 states in part:

"The auditee shall:

- a. Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- b. Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with Circular A-133, subpart .310."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We recommended that the City implement procedures and controls to ensure that required information is properly recorded and available for preparation of the SEFA.

***FINDING 2012-2 - INTERNAL CONTROLS OVER FINANCIAL REPORTING***

We noted several deficiencies in the internal control system of the implementation of new Governmental Accounting Standards Board (GASB) pronouncements 62 and 63 related to financial reporting. We believe the following deficiencies constitute material weaknesses:

Effective with the 2012 report, GASB 62 recodified reporting guidance contained in pre-November 30, 1989 pronouncement. The recodification deleted the requirements for the inclusion of a paragraph concerning FASB statements issued prior to November 30, 1989 but the City continued to include this statement in the notes to the financial statements.

CITY OF SOUTH BEND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Effective with the 2012 report, GASB 63 changed some of the terminology on the financial statements. Specifically, the GASB requires the names of financial statements to be changed from net assets to net positions for the Government-wide and Proprietary and Fiduciary financial statements. The City did not make these changes to the titles.

Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the City's audited financial statements and then determining how those identified risks should be managed. The City has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***Section III – Federal Award Findings and Questioned Costs***

***FINDING 2012-3 - INTERNAL CONTROLS OVER THE DAVIS BACON ACT REQUIREMENT***

Federal Agency: U.S. Department of Energy  
Federal Program: Energy Efficiency and Conservation Block Grant  
CFDA Number: 81.128  
Federal Award Number and Year (or Other Identifying Number): SC0002273

Management of the City of South Bend has not established an effective internal control system, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirement: Davis-Bacon Act. Certified payrolls were not submitted weekly by the contractor. Payrolls for the five weekly pay dates ending August 12, 2012 through September 9, 2012, were submitted September 13, 2012. Payrolls for the seven weekly pay dates ending September 16, 2012 through October 28, 2012, were submitted November 14, 2012. The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

CITY OF SOUTH BEND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the City of South Bend.

CFR 29 § 5.5(a)(3) states in part:

"(ii)(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the U.S. Department of Energy if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the (write in name of agency). The payrolls submitted shall set out accurately and completely all of the information required to be maintained under § 5.5(a)(3)(i) of Regulations, 29 CFR part 5. This information may be submitted in any form desired. Optional Form WH-347 is available for this purpose and may be purchased from the Superintendent of Documents (Federal Stock Number 029-005-00014-1), U.S. Government Printing Office, Washington, DC 20402. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors.

(B) Each payroll submitted shall be accompanied by a 'Statement of Compliance', signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following: . . .

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the (write the name of the agency) or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12."

***Recommendation***

We recommended that City officials establish controls to ensure that approval of certified payrolls are done in a timely manner to be in compliance with the Davis-Bacon Act.

1200N COUNTY-CITY BUILDING  
227 W. JEFFERSON BLVD.  
SOUTH BEND, INDIANA 46601-1830



PHONE 574.235.9216  
FAX 574.235.9928

CITY OF SOUTH BEND PETE BUTTIGIEG, MAYOR

## DEPARTMENT OF ADMINISTRATION AND FINANCE

### City of South Bend, Indiana

### **Finding 2012-1 Internal Control Over Completion of the Schedule of Federal Awards (SEFA) – Corrective Action Plan June 11, 2013**

The City of South Bend has been made aware of five errors in reporting individual expenditures for various federal grants on in Schedule of Federal Awards (SEFA) for the year ended December 31, 2012. The errors were detected by the State Board of Accounts during its audit and included corrections to grant information provided by the Police Department, Sewage Works Utility, Fire Department and Department of Community Investment. The SEFA grant schedule was prepared by the Department of Administration and Finance.

The City of South Bend will take the steps necessary to identify and report properly all federal awards received and expended and the federal programs under which they were received. Federal program and award identification will include, as applicable, the CFDA title and number, award number and year, name of the federal agency and the name of the pass-through agency. Furthermore, the City will prepare the appropriate financial statements including the schedule of expenditures of federal awards in accordance with Circular A-133.

The City of South Bend will take the steps necessary to provide adequate internal control over the preparation of the Schedule of Federal Awards (SEFA). For instance, in 2013, the City of South Bend will be proactive and arrange for training of departmental fiscal officers and Administration & Finance staff involved in federal grant reporting to ensure proper federal grant reporting. In addition, the City of South Bend will closely review SEFA data submitted by departments to make sure it is consistent with the underlying grant documents, internal accounting records, and SEFA reports submitted in prior years.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark W. Neal", is written over a horizontal line.

Mark W. Neal  
City Controller

1200N COUNTY-CITY BUILDING  
227 W. JEFFERSON BLVD.  
SOUTH BEND, INDIANA 46601-1830



PHONE 574.235.9216  
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CITY OF SOUTH BEND PETE BUTTIGIEG, MAYOR

## DEPARTMENT OF ADMINISTRATION AND FINANCE

### City of South Bend, Indiana

### Finding 2012-2 Internal Control Over Financial Reporting – Corrective Action Plan

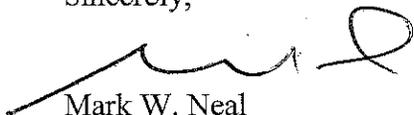
June 11, 2013

The City of South Bend has been made aware of Governmental Accounting Standards Board (GASB) pronouncements number 62 and 63 related to financial reporting. These pronouncements were not implemented in the initial draft of the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending December 31, 2012. GASB statement number 62 recodified reporting guidance contained in a pre-November 30, 1989 pronouncement. The recodification deleted the requirements for the inclusion of a paragraph concerning Financial Accounting Standards Board (FASB) statements issued prior to November 30, 1989.

Similarly, GASB statement number 63 changed some of the terminology on the financial statements. Specifically, GASB 63 requires certain titles on the financial statements to be changed from net assets to net positions for the Government-wide, proprietary and fiduciary financial statements. The City did not make these changes to the titles.

The City of South Bend will take the steps necessary to provide adequate internal control over financial reporting. The City finance staff will attend educational and training sessions with respect to new developments in financial reporting such as those provided by the Government Finance Officers Association (GFOA) and other similar organizations. The City finance staff will also subscribe to technical governmental accounting periodicals such as the *GAAFR Review* and *Government Finance Review* that are prepared by the GFOA. The City will engage independent accounting firms as necessary to implement these new financial reporting requirements.

Sincerely,



Mark W. Neal  
City Controller



CITY OF SOUTH BEND     PETE BUTTIGIEG, MAYOR  
DEPARTMENT OF PUBLIC WORKS

**City of South Bend, Indiana**

**Finding 2012-3 – Davis Bacon Act Requirement Corrective Action Plan**

**June 11, 2013**

On December 12, 2012 The City of South Bend Engineering Division sponsored a training session for all Public Works Department personnel involved in construction inspection and construction management. The purpose of the training was to emphasize the importance of submitting weekly wage reports and performing employee interviews. In this training session the City Engineer emphasized the importance of wage rates to insure that each employee is paid fairly. The Construction Manager reviewed the wage rate forms to insure they were filled out properly. He also reviewed procedures for interviewing the employees.

The City has put the following procedures in place to insure wage rates are submitted weekly and on time.

1. An internal audit system has been put in place. The Board of Public Works will conduct audits of at least two projects each year to insure compliance with federal state and local laws.
2. In the past too many managers have been responsible for wage rates and wage rate forms. It is the policy of the City that the Construction Manager is responsible and is the point person to manage all wage rates. The Construction Manager is knowledgeable and has extensive experience in checking wage rates and understands the regulations and policies for both State of Indiana wage rates and Davis Bacon wages rates. In addition a policy has been instituted that monthly payments will not be made to the contractor unless he/she submit the wage rate forms.

Since the December 12, 2012, training on wage rates City management has noticed better performance in processing wage rates. It is the intent of the City Engineer and the Construction Manager to conduct training sessions on wages rates in the spring prior to the beginning of construction season.

Sincerely,

  
Michael Mecham

City Engineer

CITY OF SOUTH BEND  
EXIT CONFERENCE

The contents of this report were discussed on June 5, 2013, with Mark Neal, Controller, and with Pete Buttigieg, Mayor; and also on June 10, 2013, with Derek D. Dieter, President of the Common Council.