



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MISHAWAKA, INDIANA

FISCAL YEAR ENDED DECEMBER 31, 2014

DAVID A. WOOD, MAYOR

FILED

01/15/2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MISHAWAKA, INDIANA

For the Fiscal Year Ended December 31, 2014



CITY CONTROLLER'S OFFICE

INTRODUCTORY SECTION

CITY OF MISHAWAKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

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CITY OF MISHAWAKA
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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Rebecca S. Miller	01-01-14 to 12-31-15
Mayor	David A. Wood	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Gary E. West	01-01-14 to 12-31-15
Members of the Common Council	Matt Mammolenti	01-01-12 to 12-31-15
	Mary C. Willson (Kate Voelker)	01-01-13 to 12-31-15
	Dale E. Emmons	01-01-12 to 12-31-15
	Ronald S. Banicki	01-01-12 to 12-31-15
	John J. Roggeman	01-01-12 to 12-31-15
	S. Michael Compton	01-01-12 to 12-31-15
	Michael A. Bellovich	01-01-12 to 12-31-15
	John Reisdorf	01-01-12 to 12-31-15
	Dan Bilancio	01-01-12 to 12-31-15



CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

OFFICE OF THE MAYOR

August 24, 2015

Members of the Common Council
Mishawaka, Indiana

Dear Council Members:

In accordance with Indiana statute, I hereby transmit to you the annual financial report of the City of Mishawaka as of December 31, 2014.

The city's administration assumes responsibility for this report and believes that the data, as presented, is complete and accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the city as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of Mishawaka's financial affairs have been included.

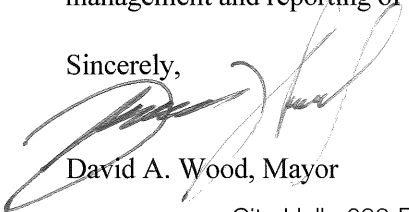
In developing and evaluating the city's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are discussed by the Controller in her accompanying letter of transmittal and, within that framework, I believe that the city's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Indiana law requires that the financial statements of the city be audited by the State Board of Accounts. This requirement has been met and the auditor's opinion is included in the compliance section of this report.

The State Board of Accounts has placed the entire burden of compiling the CAFR report on the City. This is a new practice and takes a great deal of time and effort in the Controller's Office. The preparation of this annual financial report could not have been accomplished without the professional competence and dedication of City Controller, Rebecca Miller and her entire staff. Their efforts over the years to upgrade the accounting and financial reporting systems of the city have substantially improved the quality of information being reported to Mishawaka citizens, the Common Council and Indiana oversight boards. In addition, we utilized the services of H.J. Umbaugh and Associates to assist in the preparation and ensure we are reporting with the most up to date GAAP regulations.

All of us in Mishawaka can take great pride that for the twenty-eighth consecutive year, Mishawaka has earned the Certificate of Achievement for Excellence in Financial Reporting from the Government Financial Officers Association. This is the highest form of recognition in the area of governmental financial reporting. Few municipalities in the State of Indiana ever receive this prestigious award. So it is with great pride and satisfaction that I transmit this financial report and assure you and our citizens that the fiscal management and reporting of our city government meets every recognized standard of excellence.

Sincerely,


David A. Wood, Mayor

City Hall • 600 East Third Street • P.O. Box 363 • Mishawaka, Indiana 46546-0363
Telephone: (574) 258-1601 • Facsimile: (574) 258-1603 • E-Mail: mayor@mishawaka.in.gov



CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

DEPARTMENT OF FINANCE
Rebecca S. Miller, Controller
Misti D. Horvath, Deputy Controller

August 27, 2015

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

The Comprehensive Annual Financial Report of the City of Mishawaka, Indiana for the fiscal year ended December 31, 2014 is hereby submitted.

This report was prepared by the City Controller's Office in conjunction with the H.J. Umbaugh and Associates. Responsibility for the accuracy, completeness, and fairness of the presentation rests with the city. We believe the data as presented is accurate in all material respects and is presented fairly as set forth in the financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the city as of December 31, 2014 and that all disclosures necessary to enable the reader to gain the maximum understanding of the city's financial affairs have been included. The financial statements of the City of Mishawaka for the year-ended December 31, 2014 are fairly presented in conformity with GAAP.

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

The City of Mishawaka's accounting system was last updated in 2011. In 2011 the City of Mishawaka went from an AS400 environment to a web browser environment. Updating an accounting system is often needed to adequately report and record financial data along with being able to stay compliant with laws and regulations. Consideration is also given to the adequacy of internal controls when updating an accounting system. We believe that the City of Mishawaka's internal controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions. Policies and procedures have been put into place at the City of Mishawaka to assure the best possible performance. Key items: A written Cash Handling policy, Capital Asset policy, and periodic inventories overseen by the controller's office. Key controls are tested periodically by the City Controller's Office.

The State Board of Accounts of the State of Indiana has issued an unqualified opinion on the City of Mishawaka's financial statements for the year ended December 31, 2014. The independent auditor's opinion is located at the front of the financial section of this report.

The city is required to undergo an annual single audit in conformity with the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, the provisions of the 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 awards, findings and recommendations, and the auditors' reports on the internal control structure and compliance with laws and regulations, is included in this document.

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

CITY PROFILE

The City of Mishawaka was incorporated as a city in 1899. The City of Mishawaka is located in the north central part of the State of Indiana. Mishawaka is approximately 100 miles east of Chicago and 140 miles north of Indianapolis. The city currently occupies a land area of approximately 17.89 square miles and serves a population of 48,252 (2010 Census). The central government of the city consists of the Mayor (chief executive officer) and a nine-member Common Council, six members of which are elected by districts each serving a four-year term. The City of Mishawaka also elects a City Clerk.

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

The City of Mishawaka does not have any component units. The Mishawaka-Penn Public Library, Mishawaka School City and the Mishawaka Housing Authority have been determined to be separate reporting entities.

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

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ECONOMIC CONDITION

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

The City of Mishawaka has made hard choices in the last six years to position ourselves for the downturn in the economy that occurred in 2009. The City of Mishawaka has continued to grow in a steady and orderly fashion. Long-term investments continue to be made in our infrastructure, and then maintained. Over the past four years circuit breaker property tax caps have reduced the city's revenue. Despite these challenges the City of Mishawaka continues to maintain such services as street sweeping, leaf collections, and public safety to keep our neighborhoods clean, safe, and an attractive place to live.

The City of Mishawaka has access to Interstate 80/90, U.S. Highways 6, 20, 31 and several state highways. The City also has access to an international airport which is the second busiest airport in Indiana and the first in the country that is a tri-modal airport, with air, rail and bus lines.

Mishawaka's 2000 Census population was 46,557, and the population of Mishawaka increased to 48,252 or 3.6% according to the 2010 U.S. Census. Steady job growth and population growth have contributed to the stability of the community. As of December 2014 the South Bend/Mishawaka area unemployment rate was 6.3% compared to 7.3% in 2012. The South Bend/Mishawaka area overall resident employment stands at 129,684 for 2014 compared to 127,505 in 2013.

Locally there are several colleges with over a 20,000 combined student population. These universities and technical schools include Bethel College in Mishawaka, the University of Notre Dame, Indiana University South Bend, Saint Mary's College and Ivy Tech Community College.

The largest employers in Mishawaka are in the Health, Education and Retail fields. The St. Joseph Regional Medical Center employs approximately 2,280 people, the School City of Mishawaka employs an estimate of 922 people and Meijer Retail employs approximately 750 people.

The total estimated value of new construction permits in Mishawaka during 2014 was \$67.8 million. Residential permits totaled \$10.9 million, multi-family permits totaled \$750 thousand, and the commercial permits totaled \$56.1 million.

Highlighting the 2014 completed projects was Costco Wholesale Store, Primrose/Heritage Woods Senior Living, Bell Tower Health and Rehabilitation Center and the Holiday Inn and Conference center.

In 2014, nine new commercial permits, and 136 commercial alterations/additions were issued with a value of \$56.1 million. New single family housing was up in 2014 from 28(2012) to 43 with a \$10.9 million value. Although the City of Mishawaka is benefiting from long-term strategic planning, the housing market is still significantly lower than the numbers from 2007(112). Over the next few years, we anticipate the City will continue a transformation of longstanding retail centers, as well as, scattered new-site construction. Retail sales in Mishawaka totaled \$1.8 billion according to a 2007 survey of market data by the U.S. Census Bureau. The Mishawaka area is northern Indiana's retail hub, and with more planned development in the future it will continue.

The City of Mishawaka annexed 48.64 acres of land in 2014.

In 2014 the City of Mishawaka continues to experience business retention and neighborhood revitalization.

51 tax abatements have been issued by the City of Mishawaka since 1986. 42 of the 51 abatements issued have been in the industrial-manufacturing area and 34 of the 51 were issued to different companies. The City of Mishawaka did not award any tax abatements in 2014 and only 5 tax abatements were outstanding at the end of 2014.

ECONOMIC INDICATORS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Population	48,252	48,252	48,252	48,252	48,252
Assessed Value (in billions)	1.3	1.3	1.4	1.4	1.4
Dollar Value of Building Permits (in millions)	67.8	53.3	51.6	45.	42.
Building Permits - New Housing	43	39	28	22	22
Labor Force (St. Joseph County)	129,684	127,505	124,968	126,963	127,611

Sources: Stats Indiana, nidadaplus.com (benchmark) updated 2014.

MAJOR INITIATIVES/PROGRAMS

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

Maintaining the City's long term financial health is the number one priority for the year 2014 and beyond. Trying to control property taxes and still maintaining the services that are required will be a difficult process in the years to come. In 2007 legislation was passed to cap residential property tax at one percent by the year 2010. This legislation has put a burden on municipalities to spend tax dollars wisely. In 2009 St Joseph County implemented a new Local Option Income Tax, this tax helped to fund Public Safety needs in 2013 and will also help fund any future capital needs for public safety.

In 2004 the City of Mishawaka initiated a comprehensive plan update. The completion of the plan was broken into six elements. The City continues to implement each element of the plan.

The City's neighborhood stabilization plan continues to be implemented in 2014. The Mishawaka Code Enforcement Department continues to assist the Community Development Department in providing them with the locations of vacant properties. This information has been valuable as they progress with the Neighborhood Stabilization Program. Many vacant properties have been demolished and replaced with single family homes. The overall appearance in older neighborhoods has greatly improved and will continue to improve.

The City in cooperation with the Solid Waste District continues a staffed Household Hazardous (HHH) waste collection facility. This facility is staffed full time throughout the year. The site provides residents a place to dispose of waste materials that would otherwise be disposed of in a less than favorable manner.

One of the largest projects completed in 2013 is the Capital Avenue/SR 331 urban expressway. This highway connects two major roadways, the Indiana Toll Road (Interstate 80/90) and US Highway 20. This roadway opens up important economic

development opportunities in the corridor. In 2014 the Fir/Capital Connector was started with a completion date in 2015. This connector will be a gateway into the city from Capital Avenue at the Toll Road Interchange.

Perpendicular to Capital Avenue on the south is the 12th Street/Harrison Road widening. This busy road connects the highly populated eastern city limits to Union Street near downtown Mishawaka.

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

The city amended its TIF areas into one consolidated district to meet long-term infrastructure needs.

The Mishawaka River Walk continues to be expanded. The City of Mishawaka River Walk connects neighborhoods and parks while also taking advantage of the view of the St. Joseph River. The Mishawaka Riverwalk also adds value to existing homes and neighborhoods.

The Park Department is currently analyzing all of its facilities and also evaluating where activities are best located. The Central Park revitalization will be completed in 2015.

In 2008 the City of Mishawaka created its own Local Bond Bank. Over the last few years the bond bank has funded a city wide energy plan, the purchase of a Sewer Vac, the construction of a new fire station, and in 2015 a TIF Bond issue for Park Improvements. The creation of the Bond Bank has saved the City several thousand dollars in interest expense since 2008.

INDEPENDENT AUDIT

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mishawaka for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Mishawaka has received a Certificate of Achievement for the last twenty eight consecutive years (December 31, 1986 – December 31, 2013). We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report was made possible by the dedicated service of the staff of the Controller's Office, including retired City Controller Yvonne Milligan. With her experience and guidance the public and bond holders have once again an accurate, informative resource. Appreciation is also extended to Deputy Controller Misti Horvath. I would like to thank Martha Harper Area Supervisor for the State Board of Accounts and the Area Field Examiner John Pajakowski for their assistance and encouragement. Acknowledgment should also go to Mayor David A. Wood and the members of the Mishawaka Common Council for their interest and support in planning and conducting the financial operations of the City.

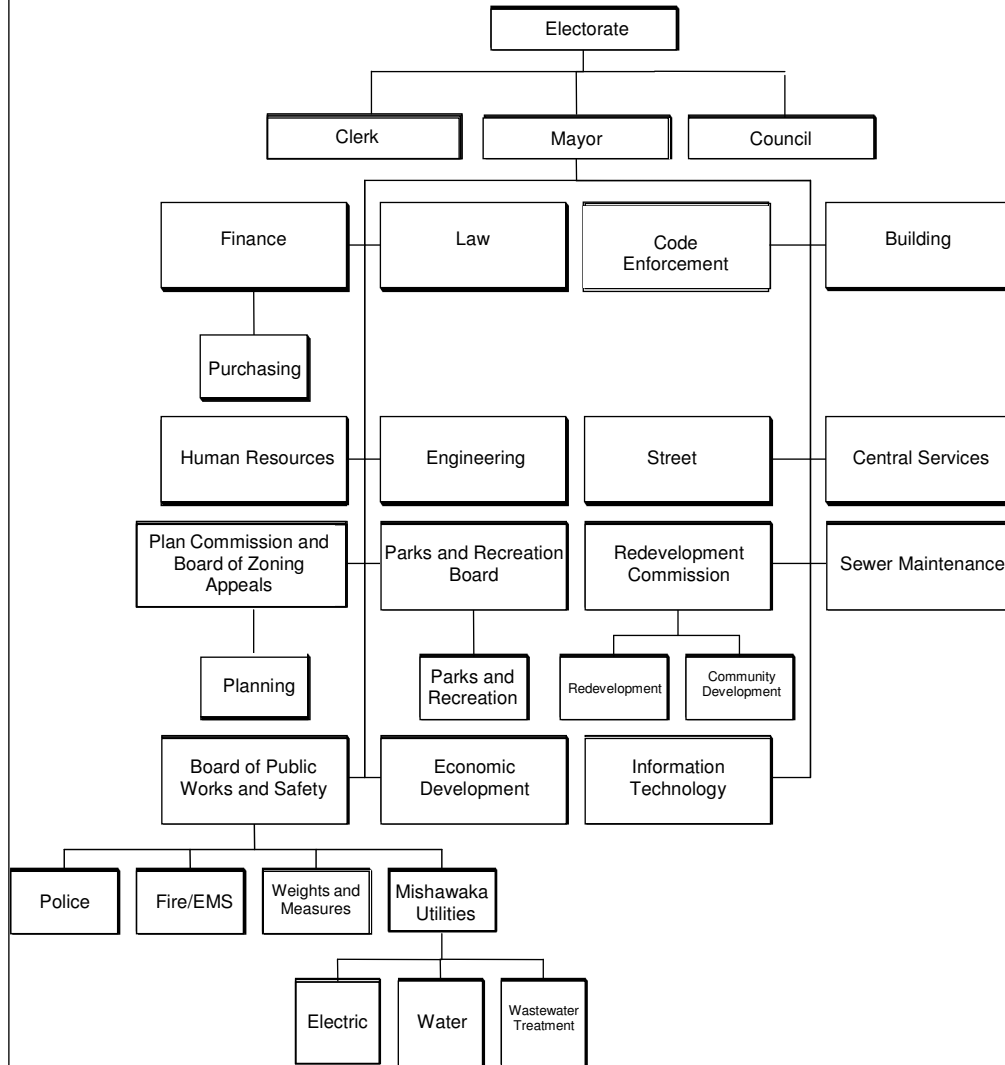
Respectfully submitted,

A handwritten signature in black ink, reading "Rebecca S. Miller". The signature is written in a cursive, flowing style.

Rebecca S. Miller
City Controller

Staff: Misti Horvath, Deputy Controller
 Kim Hill
 Amber Robinett
 Shellie Lentz
 Melanie Wroblewski
 Judy Sawyer
 Kurt Vardaman
 Michael Hartman

Mishawaka City Government





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Mishawaka
Indiana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

FINANCIAL SECTION



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AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mishawaka (City), as of and for the year ended, December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City basic financial statements. The accompanying Introductory Section, combining and individual fund financial statements and schedules, and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

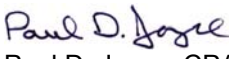
The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.


Paul D. Joyce, CPA
State Examiner

August 13, 2015

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City of Mishawaka, Indiana
Management Discussion and Analysis
For the year ended December 31, 2014

As management of the City of Mishawaka, we offer the readers of the City of Mishawaka's financial statements this narrative overview and analysis of the financial activities of the City of Mishawaka for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our basic financial statements and notes to the financial statements to enhance their understanding of Mishawaka's financial performance.

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

Financial Highlights

- The government's total net position increased by \$21,661,286. Of this amount, governmental activities net position increased by \$11,398,515 and business-type activities increased by \$10,262,771.
- As of the close of fiscal year 2014, the City of Mishawaka's governmental funds reported combined ending fund balances of \$49,730,474, a decrease of \$5,956,722 from the prior year.
- At the end of 2014, the unassigned fund balance for the General Fund was \$1,858,348 (5.4 percent of General Fund Expenditures) compared to \$4,540,640 for 2013 which was about 13.2 percent of total General Fund expenditures for that year.
- The City of Mishawaka's total debt outstanding for General, Revenue and Special Obligation Bonds decreased during the current fiscal year by a net of \$8,247,191.
- In 2014, the City adjusted net position to eliminate the net pension asset (\$340,298), establish the net pension liability based on actuarial estimates (\$34,201,079) and establish deferred outflows related to the pension liability of \$874,087.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are recorded in the period in which the

underlying event takes place, which may differ from the period in which the cash is received or disbursed. The statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and business-type activities net of the related revenues, as well as a separate presentation of revenues available for general purposes.

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

Fund Financial Statements

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

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

General Government Revenues

The following schedule presents a summary of general revenues for the year ended December 31, 2014.

<u>Revenues</u>	<u>2014 Amount</u>	<u>% of Total</u>
Taxes: General Property	\$ 40,984,533	61.17%
Licenses and permits	535,994	0.80%
Intergovernmental	18,812,330	28.08%
Charges for services	5,834,479	8.71%
Fines and forfeits	49,312	0.07%
Interest	82,648	0.12%
Sales and Use of Property	76,755	0.11%
Gifts and Donations	120,652	0.18%
Other	506,751	0.76%
Totals	<u>\$ 67,003,454</u>	<u>100.00%</u>

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

The City of Mishawaka has the ability through the State of Indiana to increase its general property tax levy by a maximum of 5 percent. In 2014, the increase was 2.7 percent. The above property tax revenue includes taxes collected on behalf of the following funds: General Fund, Park and Recreation Fund, Motor Vehicle Highway Fund, Cumulative Capital Development Fund, Cumulative Sewer Fund, Cumulative

Building and Fire Equipment Fund, various capital projects funds for the City of Mishawaka's Redevelopment Tax Incremental Financing (TIF) Funds, and a special levy to cover debt service on general obligation bonds. Approximately 58.2 percent of the General Fund's 2014 total revenue was derived from property taxes, the TIF NW General Fund derived 98.4 percent of its revenue from property tax, and the Other Governmental Fund's property tax percentage was 29.3 percent of total revenue.

EDIT, COIT, and LOIT were established to support the purpose of taking the tax burden away from homeowners. The years of distribution listed are on a cash basis, not accrual. Intergovernmental revenue primarily consists of Economic Development Income Tax (EDIT), County Option Income Tax (COIT), and Public Safety Local Option Income Tax (LOIT). Economic Development Income Tax was enacted July 1, 1995 at one-tenth of a percent (0.1 percent) but was then increased by ordinance beginning in 1998 to two-tenths of a percent (0.2 percent) and in 2009 it was increased to its maximum of (0.4 percent). The City received \$3,278,317, \$2,932,639, and \$3,074,194 of EDIT distributions for the years 2012, 2013, and 2014 respectively. County Option Income Tax was enacted in July of 1997 at two-tenths of a percent (0.2 percent) and increased yearly by one-tenth of a percent (0.1 percent) to a maximum of six-tenths of a percent (0.6 percent). The City received \$2,968,395, \$2,694,937, and \$2,886,126 of COIT distributions for the years 2012, 2013, and 2014 respectively. In October of 2009 a Public Safety Local Option Income Tax was enacted at .25 percent. The City received \$2,387,887, \$2,113,183, and \$2,228,656 of LOIT distributions for the years 2012, 2013, and 2014, respectively. Other intergovernmental revenue includes alcoholic beverage tax, wheel tax, vehicle excise tax, and cigarette tax. User fees are analyzed each year with future increases to be implemented to help shift some of the burden of taxation.

General Government Expenditures

The following schedule presents a summary of general government expenditures for the year ended December 31, 2014.

<u>Expenditures</u>	<u>2014 Amount</u>	<u>% of Total</u>
General Government	\$ 6,582,200	9.00%
Public Safety	30,488,830	41.71%
Highways and Streets	23,051,340	31.53%
Sanitation	2,147,191	2.94%
Culture and Recreation	5,163,830	7.06%
Community Development	1,845,580	2.52%
Debt service	3,819,562	5.24%
Totals	<u>\$ 73,098,533</u>	<u>100.00%</u>

The City of Mishawaka breaks its general government expenditures into six categories: general government, public safety, highways and streets, sanitation, culture and recreation, and community development. Combined in the expenditure totals are also capital outlay which is listed separately on the statement of revenues, expenditures, and changes in fund balances for governmental funds. Debt service is also listed separately in the report. As you can see in the above summary, public safety has the highest total of expenditures at \$30,488,830 or 41.71 percent of the total expenditures while highways and streets and general government are at 31.53 percent and 9.00 percent respectively. Data for each non-major fund is provided in the form of combining statements elsewhere in this report.

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

The City of Mishawaka maintains 37 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, Consolidated TIF and TIF NW General funds all of which are considered to be major funds. Data from the other funds are combined and presented in one column labeled Nonmajor Governmental Funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

The City of Mishawaka's fiduciary duties are accounted for in both trust and agency funds. The primary trust funds are the 1925 Police Pension, 1937 Firefighters' Pension, and Utility Pension funds. The two agency funds are the Redevelopment Revolving and Special Judgment.

Pension Trust Fund Operations

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

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information. The combining statements referred to earlier in connection with non-major governmental funds and fiduciary funds are presented immediately after the required supplementary information. Also, included are budget comparisons for governmental funds other than the General fund, the Consolidated TIF fund and TIF NW General fund which are major funds.

Government-Wide Financial Statement Analysis

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

City of Mishawaka Statement of Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 55,840,927	\$ 61,501,450	\$ 43,178,246	\$ 46,303,464	\$ 99,019,173	\$ 107,804,914
Capital assets	198,138,101	177,686,231	195,283,086	192,499,538	393,421,187	370,185,769
Total assets	253,979,028	239,187,681	238,461,332	238,803,002	492,440,360	477,990,683
Deferred outflows of resources	2,077,634	-	3,617,744	1,994,027	5,695,378	1,994,027
Long-term liabilities	77,621,223	41,349,615	95,865,585	97,362,046	173,486,808	138,711,661
Other liabilities	2,978,130	2,854,102	9,852,053	14,594,196	12,830,183	17,448,298
Total liabilities	80,599,353	44,203,717	105,717,638	111,956,242	186,316,991	156,159,959
Net position:						
Net Investment						
In capital assets	194,804,771	170,374,606	106,696,476	103,839,134	301,501,247	274,213,740
Restricted	-	1,221,499	10,327,308	9,658,225	10,327,308	10,879,724
Unrestricted	(19,347,462)	23,387,859	19,337,654	15,343,428	(9,808)	38,731,287
Total net position	\$ 175,457,309	\$ 194,983,964	\$ 136,361,438	\$ 128,840,787	\$ 311,818,747	\$ 323,824,751

Normal Impacts

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

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

payable, and capital leases. Other liabilities include accounts payable, accrued payroll, customer deposits, and taxes payable.

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

Current Year Impacts

At December 31, 2014, the City of Mishawaka's assets and deferred outflows of resources exceeded liabilities by \$311,818,747 a decrease of \$12.01 million from the previous year (based on restated values). The largest portion of the City of Mishawaka's net position reflects its net investment in capital assets (97 percent), less any related debt used to acquire those assets that are still outstanding.

At the end of 2014, the City of Mishawaka reported positive balances in all categories of net position except for unrestricted governmental activities. The primary reason for the change from 2013 is the restatement to recognize pension liabilities.

At year end the City of Mishawaka's net position was \$311,818,747. This amount is made up of \$301,501,247 net investment in capital assets (e.g. land, buildings, machinery, and equipment), \$10,327,308 assets with external restrictions upon its use, and (\$9,808) of unrestricted assets that are available for future use as directed by management.

Summary of Changes in Net Position

The following table summarizes the changes in net position for the current and previous year.

**City of Mishawaka
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program revenues:						
Charges for services	\$ 7,752,886	\$ 7,392,086	\$ 80,627,644	\$ 68,181,952	\$ 88,380,530	\$ 75,574,038
Operating grants and contributions	1,015,318	3,581,151			1,015,318	3,581,151
Capital grants and contributions	10,046,066	5,977,949			10,046,066	5,977,949
General revenues:						
Property taxes	40,733,627	40,631,587			40,733,627	40,631,587
Other taxes	7,259,125	-			7,259,125	-
Grants and contributions not restricted to specific programs	4,239,318	8,368,776			4,239,318	8,368,776
Unrestricted investment earnings	82,644	88,635	76,156	85,227	158,800	173,862
Other revenue	191,465	198,281			191,465	198,281
Total revenues	71,320,449	66,238,465	80,703,800	68,267,179	152,024,249	134,505,644
EXPENSES						
General government	4,908,617	7,923,349			4,908,617	7,923,349
Public safety	37,994,494	34,037,887			37,994,494	34,037,887
Highways and streets	7,023,549	5,183,288			7,023,549	5,183,288
Sanitation	2,147,191	2,139,429			2,147,191	2,139,429
Community Development	1,156,760	2,557,050			1,156,760	2,557,050
Culture and recreation	4,874,620	7,595,105			4,874,620	7,595,105
Interest on long-term debt	227,457	272,089			227,457	272,089
Water utility			7,127,380	6,739,598	7,127,380	6,739,598
Wastewater utility			12,929,617	12,700,064	12,929,617	12,700,064
Electric utility			51,973,278	51,292,510	51,973,278	51,292,510
Total expenses	58,332,688	59,708,197	72,030,275	70,732,172	130,362,963	130,440,369
Changes in net position before transfers	12,987,761	6,530,268	8,673,525	(2,464,993)	21,661,286	4,065,275
Transfers	(1,589,246)	(1,351,199)	1,589,246	1,351,199	-	-
Change in net position	11,398,515	5,179,069	10,262,771	(1,113,794)	21,661,286	4,065,275
Net Position-Beginning, restated	164,058,794	189,804,895	126,098,667	129,954,581	290,157,461	319,759,476
Net Position-Ending	\$ 175,457,309	\$ 194,983,964	\$ 136,361,438	\$ 128,840,787	\$ 311,818,747	\$ 323,824,751

Normal Impacts

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

Expenses: Within certain expense categories (Police, Fire, Parks and Recreation, etc.), programs added or deleted from year to year may change to meet community needs. Staffing needs may change from year to year to meet the changes in services. Staffing costs (salaries and benefits) represent 74.1 percent of the City's primary government operating cost. Some functions may experience unusual changes due to the specific cost (fuel, chemicals, etc.)

Current Year Impacts

Governmental Activities:

Net position of the governmental activities decreased from 2013 to 2014 by \$19.5 million after the restatement. Net pension liability was added this year contributing to the decrease.

Charges for services revenue increased \$360.8 thousand. Both the building department and ambulance services saw more activity resulting in higher revenue.

Operating grants and contributions decreased \$2.6 million.

Capital grants and contributions increased by \$4.1 million.

Grants and contributions not restricted to specific programs decreased in 2014 by \$4.1 million.

Taxes received for highways and streets and public safety were re-categorized as Other Taxes to more clearly define the revenue. Harrison Road project Phase I funded by federal dollars was complete in 2014. The Community Development department saw a decrease in projects completed in 2014.

Overall property tax revenue increased by \$102 thousand. Although a small increase over last year, revenue was less than budgeted due to delinquencies and circuit breaker losses.

Unrestricted investment earnings decreased by \$6 thousand.

Other revenue in 2014 was lower by \$6.8 thousand.

Governmental expenses decreased by \$1.4 million or 2.3 percent. The net decrease resulted from continued efforts to do more with less and align spending plans with available revenues.

Business-Type Activities:

Business-Type Activities net position increased by \$7.5 million after the restatement.

Overall, utility revenues increased in 2014 by \$12.4 million. This is primarily due to a rate increase in the electric division.

The expenses of the Business-Type activities increased \$1.3 million from 2013 or 1.8%. The relatively small changes are primarily attributable to normal changes in the costs of providing service to customers.

Fund Financial Statement Analysis

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

Governmental Funds:

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

As of the end of the current fiscal year, the City of Mishawaka's governmental funds reported combined ending fund balances of \$49,730,474, a decrease of \$5,956,722 from the prior year. The City's focus is to reverse this trend and to build up cash balances in the coming years.

The General fund had a decrease in fund balance of \$2.5 million, the TIF NW General fund had a decrease of \$28.2 million and the Consolidated TIF fund had an increase of \$ 27.8 million. Due to Circuit Breaker losses, prudent and conservative spending continues to be the main reason the General fund cash balance stays in the black. In 2014, the City consolidated the TIF Northwest General Fund and the TIF Southside General Fund into the Consolidated TIF Fund to reflect amendments to the economic development plan and boundaries of the TIF area. The large change in fund balance is the result of this consolidation.

Several funds had lower fund balances at 2014 year end. Motor Vehicle Highway fund went from \$1.9 million to \$1.5 million due to a loss of property tax revenue. Local Major Moves Construction fund had a decrease of \$392 thousands from 2013. As a construction fund these monies will continue to decrease as projects are completed. A loss of property tax revenue (Circuit Breaker) had an effect on the fund balances as a whole. The 2014 final tax settlement was a net 81.3% percent collection rate with a shortage of \$4.2 million. Overall the City of Mishawaka has very prudent spending philosophies and will continue this in the future. Individual fund data for each of the non-major governmental funds is provided in the form of the combining statements in the Supplemental Information portion.

The General fund is also the chief operating fund of the City of Mishawaka. As of December 31, 2014, the unassigned fund balance was \$1,858,348, and the total fund balance in the General fund was \$2,053,222, a decrease of \$2.5 million from 2013. Each year the City of Mishawaka works hard at staying within our budget and being prudent spenders. Much of the decrease was due to Circuit Breaker losses.

As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 5.39 percent of the total General fund expenditures as does the total fund balance of the same amount as they are almost identical.

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

Proprietary Funds:

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

All of the three utilities of the City of Mishawaka saw an increase in their net position for 2014. Total net position for the City of Mishawaka's enterprise funds increased by \$7.5 million after the effects of the restatements to net pension asset, net pension liability and deferred outflows. Of this, net investment of capital assets increased by \$2.8 million, restricted for debt service increased \$0.7 million, and unrestricted net position increased \$4.0 million. Overall cash and cash equivalents decreased by \$3.3 million. The total liabilities for the enterprise funds had a decrease from 2013 of \$6.7 million.

The Internal Service Fund unrestricted net position was \$679,515.

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

Fiduciary Funds:

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

General Fund Budgetary Highlights

The City of Mishawaka adopts an annual appropriated budget for its General fund. A Budgetary Comparison Schedule has been provided for the General fund to demonstrate compliance with this budget. The final budget was greater than the original budget by \$310,194. An amended original budget can be explained by an encumbrance rollover, a current year budget increase, or a reduction in budget by the state. In 2014, the submitted budget to the state was increased with encumbrances from 2013 by \$194,874. A budget reduction of \$68,000 was necessary as revenue did not cover the necessary expenses after the circuit breaker losses were factored in. Reimbursements make up the rest of the increase. Other funds reimburse the General Fund for items such as telephone and fuel costs. When insurance proceeds for accidents or grant money is received for police overtime, the corresponding lines

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

The actual revenues in 2014 were \$837,815 over budget and expenditures were \$2,281,168 under the final budget amount.

Only one revenue category was under budget in 2014. Property tax revenue was \$1.75 million less than expected. Tax collection due to Circuit Breaker was 81.2 percent. In 2013 it was 84.4 percent. As assessed value for the City goes down, Circuit Breaker losses increase. In 2014, County Option Income Tax came in higher by \$686,126 than the budget.

In 2014, expenditures under budget can be explained by frugal spending on the City's part. The City of Mishawaka continues to do more with less. Not filling all positions budgeted, quoting on all purchases over \$500 and keeping summer help wages at a minimum are just a few of the processes that the City uses to save taxpayer money.

Capital Assets and Long-Term Debt Liability

Capital Assets

The City of Mishawaka's investment in capital assets for its governmental and business-type activities at December 31, 2014, amounts to \$393,421,187 (net of accumulated depreciation), which represents a net increase (additions less retirements and depreciation) of \$23.2 million. This investment in capital assets includes land, construction in progress, buildings, improvements, equipment, vehicles, and roads. A detailed note of these capital assets can be found in the Notes to the Financial Statements (Note III. C.).

City of Mishawaka (Net of depreciation)						
	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 13,426,217	\$ 13,389,180	\$ 1,519,446	\$ 1,519,446	\$ 14,945,663	\$ 14,908,626
Construction in progress	31,138,132	26,701,994	3,913,612	9,138,124	35,051,744	35,840,118
Buildings	17,096,684	17,591,820	36,853,434	37,530,954	53,950,118	55,122,774
Improvement other than buildings	17,317,936	16,397,083	134,869,993	125,421,150	152,187,929	141,818,233
Machinery and equipment	7,494,106	7,182,729	17,028,104	18,234,480	24,522,210	25,417,209
Transportation			1,098,497	655,384	1,098,497	655,384
Infrastructure being depreciated	111,665,026	96,423,425	-	-	111,665,026	96,423,425
Total	\$ 198,138,101	\$ 177,686,231	\$ 195,283,086	\$ 192,499,538	\$ 393,421,187	\$ 370,185,769

Change in Capital Assets			
	Governmental Activities	Business-Type Activities	Totals
Beginning Balance	\$ 177,686,231	\$ 192,499,538	\$ 370,185,769
Additions	40,063,418	27,287,890	67,351,308
Retirements:			
CIP	(13,486,639)	(14,481,255)	(27,967,894)
Other	(673,090)	(3,221,296)	(3,894,386)
Depreciation	(6,056,835)	(7,212,412)	(13,269,247)
Retirements	605,016	410,621	1,015,637
Ending Balance	<u>\$ 198,138,101</u>	<u>\$ 195,283,086</u>	<u>\$ 393,421,187</u>

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

- Church and Union Improvements Phase II - \$5.1 million, 2015 completion
- Bremen Highway South Gateway - \$2.6 million, 2014 completion
- Harrison Road - \$3.7 million, 2014 completion
- Fir and Capital Connector - \$3.5 million, 2014 completion
- Mishawaka Avenue Upgrades Phase I and II - \$6.3 million, 2015 completion
- Central Park Reconstruction - \$4.9 million, 2015 completion
- 2014 Summer Street Paving Program - \$905,970

Debt Outstanding

At December 31, 2014, the City had no debt issues outstanding and the enterprise funds had \$52,490,000 of revenue bonds payable. Under the Indiana Constitution and state statute, the City of Mishawaka's general obligation bonded debt issuances are subject to a legal limitation based upon 2 percent of assessed value of real and personal property.

The City's bonded debt decreased by \$8,045,612 from the prior year.

Outstanding Bonds Debt at Year-end

	<u>2014</u>	<u>2013</u>
Governmental:		
General Obligation	\$ -	\$ 2,815,000
Tax Increment	-	480,000
Sub-total	-	3,295,000
Business-Type:		
Water Utility	13,000,000	14,670,000
Wastewater Utility	39,490,000	42,570,612
Sub-total	52,490,000	57,240,612
Total	<u>\$ 52,490,000</u>	<u>\$ 60,535,612</u>

Principal payments of \$3,295,000 and \$4,850,000 (on bonds) were made in the governmental and business- type activities, respectively.

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

The most recent Sewer Utility Revenue Bond of 2010 was rated A+.

The City's latest rating for its General Obligation Bonds was in 2014 which was A+. This rating stayed the same as in 2012.

The City's latest rating for its TIF Area revenue bonds was an A in 2010 upgraded from a BBB+ in 2007.

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

Economic Factors and Next Year's Budgets and Rates

The City of Mishawaka is located in the north central part of the State of Indiana. The City of Mishawaka is approximately 140 miles north of Indianapolis and 100 miles east of Chicago. 2014 looks to be a continuation of 2013 with continued steady growth. The City of Mishawaka's building permit total dollar amount was \$67.8 million in 2014, an increase of \$14.4 million, or 27 percent. New housing starts increased by four to 43 in 2014. Mishawaka is continuing to grow at a slow and orderly fashion. The City of Mishawaka tends to be an affordable place to live as the median home cost, obtained by City Data.com, is \$91,563. The City of Mishawaka annexed 48.64 acres in 2014. The City of Mishawaka is benefiting from its long-term strategic planning, and over the next few years, we anticipate that the City of Mishawaka will continue to see the transformation of retail centers as well as scattered new construction. In 2014, the City anticipates having discussions with the St. Joseph County Chamber of Commerce, the Regional Cities initiative, which includes South Bend, on how best to pursue regional economic development. The City of Mishawaka's 2000 census number was 46,557 the 2010 census number was 48,252 a 3.6 percent increase in the last ten years. Unemployment in St Joseph County Indiana decreased from 7.3 percent (December 2013) to 6.3 percent (December 2014). Labor force for St. Joseph County increased to 129,684 (December 2014) compared to 127,505 (December 2013).

In 2005, the State of Indiana enacted a phase in of a Circuit Breaker. The Circuit Breaker legislation (amended in 2008) had its greatest reduction of all residential property tax in 2010 (1 percent). In 2014, the City of Mishawaka submitted another balanced budget. The City of Mishawaka has had to make difficult decisions to be able to provide the best services to its citizens at the best cost possible. In 2014, the City only received 81.3 percent of its distribution of property tax. Due to the property tax caps (Circuit Breaker) the City was left short \$4.2 million in funds. With these expected losses each year and with debt in St. Joseph County falling below the levy in 2019 the City is doing long range forecasting and analysis with an outside consultant to prepare for as little disruption as possible to City services and finances.

Continuing in 2015 the City will still have to maintain conservative stance on spending, the health insurance program will be adjusted, and costs of services will be analyzed to best prepare the City for any future legislative changes in the property tax laws. One of the biggest changes in 2014 is the remodeling of EMS Station 5 for the 2015 opening of the Mishawaka Health and Wellness clinic for all City employees on the City's insurance plan. With health insurance being one of the City's highest expenses, the goal is to improve employee health with the added benefit of reduced claims.

The adopted FY2015 Civil City Budget is \$49,964,351 which is 5.98 percent lower than in FY2014. The General fund budget for FY2015 is \$30,614,780 which is 6.6 percent lower than FY2014.

By December 31, 2014 the state required that all counties only have two dispatch centers (PSAP) to receive their E911 funding. St. Joseph County's site is in Mishawaka and all of the dispatchers are now being paid by the county beginning January 1, 2015. This large reduction in payroll accounts for half of the general fund reduction from 2014 to 2015. Other contractual expenses have been shifted to the CEDIT fund to ease the burden caused by circuit breaker losses.

City Highlights:

- The Redevelopment Department's First Time Homebuyer Program continues to be a success in 2014. The Redevelopment department built two new homes using this program in 2014. Since 2004, the Redevelopment Department has built 38 new homes through this program.
- Since 2006, the City of Mishawaka has partnered with local churches to create the program known as Summer of Service. In 2014, the City again joined efforts with faith-based organizations to complete service and repair projects on two homes in Mishawaka.
- For the last eight years, the City of Mishawaka Code Enforcement Department has highlighted 100 structures that they feel need attention, and in 2014 69 percent of those highlighted were brought into code compliance.
- The Code Enforcement Department continues to assist the department of Community Development in providing locations of vacant properties. Through the Neighborhood Stabilization Program many blighted properties have been purchased, demolished, and replaced with new single family homes.
- The City of Mishawaka milled and resurfaced 19,935 linear feet of street in 2014.
- In 2014, the City continues to provide funding for the Park Improvement Plan. The City has 31 parks that will need updating over the next several years. Twin Branch is the next park seeing over \$500,000 in improvements
- In 2012, the City purchased a 144 thousand square foot building to house our Central Services Department. The building is situated on 11.5 acres of property. The City continues in 2013 and 2014 to renovate this building with an estimated move in date of late summer 2015.
- In 2014, the City began discussions with School City Mishawaka and Penn Harris Madison School Corporation exploring the possibilities of using TIF money to support their Project Lead the Way programs.
- In December 2014 the Municipal Bond fund was closed and all general obligation debt was paid. The City has no debt tied to property tax.
- Central Park has been completely reconstructed from the ground up and is the premier destination park in the area. Ribbon cutting set to occur at the end of June 2015.

Requests for Information

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

CITY OF MISHAWAKA
STATEMENT OF NET POSITION
December 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ 40,712,171	\$ 6,837,121	\$ 47,549,292	\$ 2,651,982
Receivables (Net of Allowances for Uncollectibles):				
Interest	10,041	-	10,041	-
Taxes	1,745,068	-	1,745,068	-
Accounts	653,771	4,754,693	5,408,464	-
Other	-	336,656	336,656	-
Intergovernmental	758,302	-	758,302	-
Loans	4,502,369	-	4,502,369	3,649,467
Inventories	-	3,647,519	3,647,519	-
Prepaid expense	515,368	410,315	925,683	-
Restricted assets:				
Cash and cash equivalents	-	27,191,942	27,191,942	-
Assets held for resale	6,943,837	-	6,943,837	-
Capital assets:				
Land and construction in progress	44,564,349	5,433,058	49,997,407	-
Other capital assets, net of depreciation	153,573,752	189,850,028	343,423,780	-
Total assets	253,979,028	238,461,332	492,440,360	6,301,449
Deferred outflows of resources:				
Deferred amount on refunding	-	238,841	238,841	-
Deferred utility ratemaking expenses	-	1,611,488	1,611,488	-
Deferred pension	2,077,634	1,767,415	3,845,049	-
Total deferred outflows of resources	2,077,634	3,617,744	5,695,378	-
Liabilities				
Accounts payable	2,053,698	4,750,159	6,803,857	-
Accrued payroll and withholdings payable	668,186	492,489	1,160,675	-
Estimate for unfilled claims	24,000	-	24,000	-
Contracts payable	201,292	-	201,292	-
Taxes payable	-	259,568	259,568	-
Accrued interest payable	2,888	994,053	996,941	-
Payable from restricted assets:				
Customer deposits	-	3,079,897	3,079,897	-
Contracts payable	-	275,887	275,887	-
Interest payable	28,066	-	28,066	-
Noncurrent liabilities:				
Due within one year:				
Revenue bonds payable	223,326	4,935,000	5,158,326	-
Compensated absences	588,174	57,124	645,298	-
Capital lease obligations	266,668	48,580	315,248	-
Notes and loans payable	-	1,723,927	1,723,927	-
Due in more than one year:				
Revenue bonds payable (net of unamortized premiums)	-	47,568,794	47,568,794	-
Compensated absences	215,078	218,511	433,589	-
Capital lease obligations	3,066,662	-	3,066,662	-
Notes and loans payable	-	37,006,698	37,006,698	-
Net other postemployment benefits obligation	19,294,766	-	19,294,766	-
Net pension liability	53,966,549	4,306,951	58,273,500	-
Total liabilities	80,599,353	105,717,638	186,316,991	-
Net Position				
Net invested in capital assets	194,804,771	106,696,476	301,501,247	-
Restricted for:				
Debt service	-	9,573,308	9,573,308	-
Capital projects	-	754,000	754,000	-
Component unit	-	-	-	6,301,449
Unrestricted	(19,347,462)	19,337,654	(9,808)	-
Total net position	\$ 175,457,309	\$ 136,361,438	\$ 311,818,747	\$ 6,301,449

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

CITY OF MISHAWAKA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expense	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals	Component Unit
					Governmental Activities	Business-Type Activities		
Primary government:								
Governmental activities:								
General government	\$ 4,908,617	\$ 498,152	\$ 85,789	\$ -	\$ (4,324,676)	\$ -	\$ (4,324,676)	\$ -
Public safety	37,994,494	1,900,714	547,306	916,468	(34,630,006)	-	(34,630,006)	-
Highways and streets	7,023,549	1,678,388	-	9,129,598	3,784,437	-	3,784,437	-
Sanitation	2,147,191	2,241,716	-	-	94,525	-	94,525	-
Community development	1,156,760	570,272	382,223	-	(204,265)	-	(204,265)	-
Culture and recreation	4,874,620	863,644	-	-	(4,010,976)	-	(4,010,976)	-
Interest on long-term debt	227,457	-	-	-	(227,457)	-	(227,457)	-
Total governmental activities	58,332,688	7,752,886	1,015,318	10,046,066	(39,518,418)	-	(39,518,418)	-
Business-type activities:								
Water	7,127,380	8,805,927	-	-	-	1,678,547	1,678,547	-
Wastewater	12,929,617	12,705,864	-	-	-	(223,753)	(223,753)	-
Electric	51,973,278	59,115,853	-	-	-	7,142,575	7,142,575	-
Total business-type activities	72,030,275	80,627,644	-	-	-	8,597,369	8,597,369	-
Total primary government	\$ 130,362,963	\$ 88,380,530	\$ 1,015,318	\$ 10,046,066	(39,518,418)	8,597,369	(30,921,049)	-
General revenues:								
Property taxes					40,733,627		40,733,627	-
Other taxes					7,259,125		7,259,125	-
Grants and contributions not restricted to specific programs					4,239,318		4,239,318	-
Unrestricted investment earnings					82,644	76,156	158,800	11,544
Other					191,465		191,465	77,276
Transfers					(1,589,246)	1,589,246	-	-
Total general revenues and transfers					50,916,933	1,665,402	52,582,335	88,820
Change in net position					11,398,515	10,262,771	21,661,286	88,820
Net position - beginning					194,983,964	128,840,787	323,824,751	6,212,629
Net position - adjustment - net pension asset (see Note III.J.)						(340,298)	(340,298)	
Net position - adjustment - net pension obligation (see Note III.J.)					(30,925,170)	(3,275,909)	(34,201,079)	
Net position - adjustment - deferred outflows (see Note III.J.)						874,087	874,087	
Net position - ending					\$ 175,457,309	\$ 136,361,438	\$ 311,818,747	\$ 6,301,449

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

CITY OF MISHAWAKA
BALANCE SHEET -
GOVERNMENTAL FUNDS
December 31, 2014

	General	Consolidated TIF	TIF NW General	Nonmajor Governmental Funds	Totals
<u>Assets</u>					
Cash and Cash Equivalents	\$ 2,076,301	\$ 17,949,168	\$ -	\$ 19,306,650	\$ 39,332,119
Receivables (Net of Allowances for Uncollectibles):					
Interest	4,916	5,125	-	-	10,041
Taxes	963,157	564,400	-	217,511	1,745,068
Accounts	515,615	-	-	138,156	653,771
Intergovernmental	73,257	-	-	685,045	758,302
Loans	-	4,047,003	-	455,366	4,502,369
Assets held for resale	-	6,943,837	-	-	6,943,837
Total assets	<u>\$ 3,633,246</u>	<u>\$ 29,509,533</u>	<u>\$ -</u>	<u>\$ 20,802,728</u>	<u>\$ 53,945,507</u>
<u>Liabilities, Deferred inflows of Resources, and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 40,003	\$ 946,838	\$ -	\$ 390,320	\$ 1,377,161
Accrued payroll and withholdings payable	576,864	-	-	91,322	668,186
Contracts payable	-	201,292	-	-	201,292
Energy improvement revenue bond	-	-	-	223,326	223,326
Total liabilities	<u>616,867</u>	<u>1,148,130</u>	<u>-</u>	<u>704,968</u>	<u>2,469,965</u>
Deferred inflows of resources - property taxes	<u>963,157</u>	<u>564,400</u>	<u>-</u>	<u>217,511</u>	<u>1,745,068</u>
Fund Balances:					
Non-spendable					
Long-term loans receivable	-	3,500,000	-	412,470	3,912,470
Assets held for resale	-	6,943,837	-	-	6,943,837
Restricted	-	-	-	10,702,336	10,702,336
Committed	-	-	-	4,789,619	4,789,619
Assigned	194,874	17,353,166	-	3,975,824	21,523,864
Unassigned	1,858,348	-	-	-	1,858,348
Total fund balances	<u>2,053,222</u>	<u>27,797,003</u>	<u>-</u>	<u>19,880,249</u>	<u>49,730,474</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,633,246</u>	<u>\$ 29,509,533</u>	<u>\$ -</u>	<u>\$ 20,802,728</u>	<u>\$ 53,945,507</u>

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

CITY OF MISHAWAKA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of December 31, 2014

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

Total fund balances		\$ 49,730,474
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds.		
Land and construction in progress	\$ 44,564,349	
Other capital assets, net of depreciation	153,573,752	
Total		198,138,101
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in funds.		
Prepaid expenses		515,368
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.		
		679,515
Deferred outflows related to pension obligations are included in the governmental activities in the statement of net position		
		2,077,634
Short-term liabilities that are not recognized in governmental funds until due		
Accrued interest payable.	(30,954)	
Compensated absences	(588,174)	
Capital lease obligations	(266,668)	
Total		(885,796)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds (shown net of bond discounts and premiums).		
Compensated absences	(215,078)	
Capital lease obligations	(3,066,662)	
Net other postemployment benefits obligation	(19,294,766)	
Net pension liability	(53,966,549)	
Total		(76,543,055)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
		1,745,068
Total		<u>\$ 175,457,309</u>

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

CITY OF MISHAWAKA
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General	Consolidated TIF	TIF NW General	Nonmajor Governmental Funds	Total
Revenues:					
Taxes	\$ 16,594,533	\$ -	\$ 18,666,460	\$ 5,723,540	\$ 40,984,533
Licenses and permits	411,943	-	-	124,051	535,994
Intergovernmental	9,108,785	-	-	9,703,545	18,812,330
Charges for services	2,177,703	-	-	3,656,776	5,834,479
Fines and forfeits	37,448	-	-	11,864	49,312
Interest	40,315	5,126	30,562	6,645	82,648
Sale and use of property	1,965	-	-	74,790	76,755
Gifts and donations	-	-	-	120,652	120,652
Other	120,514	-	280,490	105,752	506,756
Total Revenues	28,493,206	5,126	18,977,512	19,527,615	67,003,459
Expenditures:					
Current:					
General government	5,157,086	-	-	-	5,157,086
Public safety	28,650,926	-	-	1,670,526	30,321,452
Highways and streets	309,713	-	-	4,844,426	5,154,139
Sanitation	12,000	-	-	2,135,191	2,147,191
Culture and recreation	-	-	563,424	3,291,749	3,855,173
Community development	364,909	-	-	786,242	1,151,151
Debt Service:					
Principal	-	-	-	3,561,668	3,561,668
Interest and fiscal charges	-	-	-	257,894	257,894
Capital Outlay:					
General government	-	-	111,730	1,313,384	1,425,114
Public safety	-	-	-	167,378	167,378
Highways and streets	-	864,241	14,524,811	2,508,149	17,897,201
Culture and recreation	-	283,889	843,281	181,487	1,308,657
Community development	-	-	694,429	-	694,429
Total Expenditures	34,494,634	1,148,130	16,737,675	20,718,094	73,098,533
Excess (deficiency) of revenues Over (under) expenditures	(6,001,428)	(1,143,004)	2,239,837	(1,190,479)	(6,095,074)
Other financing sources (uses):					
Transfers in	3,498,352	28,940,007	-	1,695,086	34,133,445
Transfers out	(1,206)	-	(30,418,386)	(3,575,501)	(33,995,093)
Total other financing sources and uses	3,497,146	28,940,007	(30,418,386)	(1,880,415)	138,352
Net change in fund balances	(2,504,282)	27,797,003	(28,178,549)	(3,070,894)	(5,956,722)
Fund Balance - January 1	4,557,504	-	28,178,549	22,951,143	55,687,196
Fund Balances - December 31	\$ 2,053,222	\$ 27,797,003	\$ -	\$ 19,880,249	\$ 49,730,474

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

CITY OF MISHAWAKA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

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

Net change in fund balance - total governmental funds	\$ (5,956,722)
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	\$ 26,576,779	
Less current year depreciation expense	(6,056,836)	
Less net disposal on assets	<u>(68,073)</u>	
Total		20,451,870

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	(250,904)
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The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net position. 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.

Principal paid on debt	3,561,668
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of current year bond discount	\$ (24,332)	
Change in accrued interest	46,582	
Change in prepaid expenses	13,978	
Change in compensated absences	(9,054)	
Change in net other postemployment benefits liability	(2,329,632)	
Change in net pension obligation	(6,768,413)	
Change in deferred outflows	<u>2,077,634</u>	
Total		(6,993,237)

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.

Change in net position of governmental activities (Statement of Activities)	<u>\$ 11,398,515</u>
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CITY OF MISHAWAKA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2014

	Business-Type Activities -Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
<u>Assets</u>					
Current assets:					
Unrestricted:					
Cash and cash equivalents	\$ 3,476,738	\$ 2,199,482	\$ 1,160,901	\$ 6,837,121	\$ 1,380,052
Accounts receivable (net of allowance)	393,316	741,985	3,619,392	4,754,693	-
Accounts receivable - other (net of allowance)	71,996	-	264,660	336,656	-
Inventories	184,988	-	3,462,531	3,647,519	-
Prepaid items	109,108	160,575	140,632	410,315	-
Total unrestricted current assets	4,236,146	3,102,042	8,648,116	15,986,304	1,380,052
Restricted:					
Restricted cash and cash equivalents:					
Construction	-	2,098,848	-	2,098,848	-
Customer deposits	530,590	3,085	2,530,892	3,064,567	-
Revenue bond covenant accounts	1,509,182	8,064,126	-	9,573,308	-
Reserve account	-	-	754,000	754,000	-
Repair account	671,341	11,011,528	18,350	11,701,219	-
Total restricted current assets	2,711,113	21,177,587	3,303,242	27,191,942	-
Total current assets	6,947,259	24,279,629	11,951,358	43,178,246	1,380,052
Noncurrent assets:					
Capital assets:					
Land and construction in progress	694,672	4,430,654	307,732	5,433,058	-
Other capital assets (net of accumulated depreciation)	38,959,604	115,106,472	35,783,952	189,850,028	-
Total capital assets	39,654,276	119,537,126	36,091,684	195,283,086	-
Total noncurrent assets	39,654,276	119,537,126	36,091,684	195,283,086	-
Total assets	46,601,535	143,816,755	48,043,042	238,461,332	1,380,052
Deferred outflows of resources:					
Deferred amount on refunding	238,841	-	-	238,841	-
Deferred utility ratemaking expenses	223,234	664,742	723,512	1,611,488	-
Deferred pension	441,854	441,854	883,707	1,767,415	-
Total deferred outflows of resources	903,929	1,106,596	1,607,219	3,617,744	-

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

CITY OF MISHAWAKA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2014
(Continued)

	Business-Type Activities -Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
<u>Liabilities</u>					
Current liabilities:					
Unrestricted:					
Accounts payable	\$ 251,526	\$ 613,382	\$ 3,885,251	\$ 4,750,159	\$ 676,537
Estimate for unfilled claims	-	-	-	-	24,000
Accrued payroll and withholdings payable	86,002	266,705	139,782	492,489	-
Taxes payable	-	-	259,568	259,568	-
Accrued interest payable	200	993,853	-	994,053	-
Compensated absences	17,019	11,506	28,599	57,124	-
Total unrestricted current liabilities	354,747	1,885,446	4,313,200	6,553,393	700,537
Restricted:					
Customer deposits	545,890	3,115	2,530,892	3,079,897	-
Contract payable	-	275,887	-	275,887	-
Capital lease obligations	-	48,580	-	48,580	-
Notes and loans payable	14,390	1,701,467	8,070	1,723,927	-
Revenue bonds payable	1,710,000	3,225,000	-	4,935,000	-
Total restricted current liabilities	2,270,280	5,254,049	2,538,962	10,063,291	-
Total current liabilities	2,625,027	7,139,495	6,852,162	16,616,684	700,537
Noncurrent liabilities:					
Unrestricted:					
Compensated absences	62,502	65,333	90,676	218,511	-
Total unrestricted noncurrent liabilities	62,502	65,333	90,676	218,511	-
Restricted:					
Notes and loans payable	-	37,006,698	-	37,006,698	-
Revenue bonds payable (net of unamortized premiums)	11,303,794	36,265,000	-	47,568,794	-
Net pension liability	1,076,738	1,076,738	2,153,475	4,306,951	-
Total restricted noncurrent liabilities	12,380,532	74,348,436	2,153,475	88,882,443	-
Total noncurrent liabilities	12,443,034	74,413,769	2,244,151	89,100,954	-
Total liabilities	15,068,061	81,553,264	9,096,313	105,717,638	700,537
<u>Net Position</u>					
Net invested in capital assets	26,877,973	43,734,889	36,083,614	106,696,476	-
Restricted for debt service and other purposes					
Debt service	1,509,182	8,064,126	-	9,573,308	-
Capital projects	-	-	754,000	754,000	-
Unrestricted	4,050,248	11,571,072	3,716,334	19,337,654	679,515
Total net position	\$ 32,437,403	\$ 63,370,087	\$ 40,553,948	\$ 136,361,438	\$ 679,515

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

CITY OF MISHAWAKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
Operating revenues:					
Unmetered water revenue	\$ 3,036	\$ -	\$ -	\$ 3,036	\$ -
Metered revenue					
Residential	3,075,116	-	27,025,774	30,100,890	-
Commercial	3,217,956	-	30,687,448	33,905,404	-
Public street and highway lighting	-	-	386,580	386,580	-
Fire protection revenue	1,664,512	-	-	1,664,512	-
Penalties	42,799	185,689	235,850	464,338	-
Measured revenue:					
Residential	-	5,960,888	-	5,960,888	-
Commercial	-	6,472,928	-	6,472,928	-
Other	686,295	86,359	777,080	1,549,734	10,771,358
Total Revenues	8,689,714	12,705,864	59,112,732	80,508,310	10,771,358
Operating expenses:					
Source of supply and expense - operations and maintenance	1,273,962	1,575,529	-	2,849,491	-
Transmission and distribution	1,690,156	-	3,785,255	5,475,411	-
Treatment and disposal expense - operations and maintenance	1,008,063	769,501	-	1,777,564	-
Customer accounts	350,045	8,437	709,144	1,067,626	-
Administration and general	984,252	2,165,461	3,517,775	6,667,488	-
Insurance claims and premiums	-	-	-	-	10,185,518
Purchase power	-	-	41,624,774	41,624,774	-
Sewer - operation and maintenance	-	1,421,434	-	1,421,434	-
Pretreatment - operation and maintenance	-	106,446	-	106,446	-
Chemicals	-	176,726	-	176,726	-
Depreciation	1,404,530	3,524,984	2,282,898	7,212,412	-
Total operating expenses	6,711,008	9,748,518	51,919,846	68,379,372	10,185,518
Operating income (loss)	1,978,706	2,957,346	7,192,886	12,128,938	585,840
Nonoperating revenues (expenses):					
Interest and investment revenue	11,048	60,214	4,894	76,156	-
Miscellaneous revenue	116,213	-	3,121	119,334	-
Interest expense	(384,398)	(3,139,282)	(401)	(3,524,081)	-
Amortization expense	(24,505)	(27,955)	(27,358)	(79,818)	-
Gain/(Loss) on disposal of assets	(7,469)	(13,862)	(25,673)	(47,004)	-
Total nonoperating revenues (expenses)	(289,111)	(3,120,885)	(45,417)	(3,455,413)	-
Income (loss) before contributions and transfers	1,689,595	(163,539)	7,147,469	8,673,525	585,840
Capital contributions - net	-	1,727,598	-	1,727,598	-
Transfers in	-	3,360,000	-	3,360,000	-
Transfers out	(652,384)	(1,526,447)	(1,319,521)	(3,498,352)	-
Change in net position	1,037,211	3,397,612	5,827,948	10,262,771	585,840
Total net position - beginning	32,085,722	60,658,005	36,097,060	128,840,787	93,675
Total net position - adjustment - net pension asset	(85,075)	(85,075)	(170,148)	(340,298)	-
Total net position - adjustment - net pension obligation	(818,977)	(818,977)	(1,637,955)	(3,275,909)	-
Total net position - adjustment - deferred outflows	218,522	218,522	437,043	874,087	-
Total net position - ending	\$ 32,437,403	\$ 63,370,087	\$ 40,553,948	\$ 136,361,438	\$ 679,515

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

CITY OF MISHAWAKA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the year ended December 31, 2014

	Water Utility	Wastewater Utility	Electric Utility	Totals	Internal Service Fund
Cash flows from operating activities:					
Receipts from customers and users	\$ 8,716,152	\$ 12,740,036	\$ 58,901,059	\$ 80,357,247	
Receipts from interfund services provided					\$ 10,771,358
Payments to suppliers	(2,558,585)	(1,597,854)	(49,602,299)	(53,758,738)	
Payments to employees	(2,673,571)	(3,547,889)	(4,217,202)	(10,438,662)	
Payments for interfund services used					(9,484,981)
Other receipts	116,213	-	3,121	119,334	
Net cash provided (used) by operating activities	3,600,209	7,594,293	5,084,679	16,279,181	1,286,377
Cash flows from noncapital financing activities:					
Transfer from other funds	-	3,360,000	-	3,360,000	-
Transfer to other funds	(652,384)	(1,526,447)	(1,319,521)	(3,498,352)	-
Net cash provided (used) by noncapital financing activities	(652,384)	1,833,553	(1,319,521)	(138,352)	-
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(610,548)	(6,739,160)	(2,893,331)	(10,243,039)	-
Principal paid on bonds	(1,670,000)	(3,180,000)	-	(4,850,000)	-
Principal paid on capital leases	-	(48,660)	-	(48,660)	-
Principal paid on loans	(15,976)	(972,464)	(10,484)	(998,924)	-
Interest paid on bonds	(344,086)	(1,698,023)	-	(2,042,109)	-
Interest paid on capital leases	-	(901)	-	(901)	-
Interest paid on loans	(599)	(1,351,630)	(401)	(1,352,630)	-
Net cash provided (used) by capital and related financing activities	(2,641,209)	(13,990,838)	(2,904,216)	(19,536,263)	-
Cash flows from investing activities:					
Interest received	11,048	63,506	4,894	79,448	-
Net increase (decrease) in cash and cash equivalents	317,664	(4,499,486)	865,836	(3,315,986)	1,286,377
Cash and cash equivalents, January 1 (including \$754,000, \$2,944,391, \$8,904,225, \$11,476,154 and \$7,764,107 for the reserve account, customer deposits, revenue bond covenant account, repair account, and construction respectively, reported in restricted accounts)	5,870,187	27,876,555	3,598,307	37,345,049	93,675
Cash and cash equivalents, December 31 (including \$754,000, \$3,064,567, \$9,573,308, \$11,701,219 and \$2,098,848 for the reserve account, customer deposits, revenue bond covenant account, repair account, and construction respectively, reported in restricted accounts)	\$ 6,187,851	\$ 23,377,069	\$ 4,464,143	\$ 34,029,063	\$ 1,380,052

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

CITY OF MISHAWAKA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the year ended December 31, 2014

	Water Utility	Wastewater Utility	Electric Utility	Totals	Internal Service Fund
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 1,978,706	\$ 2,957,346	\$ 7,192,886	\$ 12,128,938	\$ 585,840
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,404,530	3,524,984	2,282,898	7,212,412	
Nonoperating revenue	116,213	-	3,121	119,334	
(Increase) decrease in assets:					
Accounts receivable	26,438	34,172	(211,673)	(151,063)	-
Interfund services provided or used	-	500,000	-	500,000	
Inventories	35,212	-	(388,089)	(352,877)	
Prepaid items	(13,241)	(18,867)	1,690	(30,418)	
Deferred outflows	(223,332)	(223,332)	(446,666)	(893,330)	
Increase (decrease) in liabilities:					
Customer deposits	46,109	(25)	71,742	117,826	
Accounts payable	5,701	457,087	(3,374,285)	(2,911,497)	676,537
Estimate for unfilled claims	-	-	-	-	24,000
Accrued payroll and withholdings payable	(32,623)	99,609	(64,620)	2,366	
Interfund payables	-	-	(500,000)	(500,000)	
Taxes payables	-	-	9,076	9,076	
Compensated absences payable	(1,265)	5,558	(6,923)	(2,630)	
Net pension obligation payable	257,761	257,761	515,522	1,031,044	
Total adjustments	1,621,503	4,636,947	(2,108,207)	4,150,243	700,537
Net cash provided (used) by operating activities	\$ 3,600,209	\$ 7,594,293	\$ 5,084,679	\$ 16,279,181	\$ 1,286,377
Noncash investing, capital and financing activities:					
Accreted value on capital appreciation bonds		99,388		99,388	
Transfer of work in progress to depreciated capital assets		9,082,476		9,082,476	
Contributed capital assets from government		1,727,598		1,727,598	
Disposal of capital assets	146,434	251,378	169,388	567,200	

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

CITY OF MISHAWAKA
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
December 31, 2014

	Pension Trust Funds	Agency Funds
<u>Assets</u>		
Cash and Cash Equivalents	\$ 1,825,659	\$ -
Receivables:		
Interest and dividends	38,083	-
Accounts	-	3,195
Total receivables	38,083	3,195
Investment at fair value:		
Municipal bonds	1,054,037	-
Mutual funds	16,532,637	-
Total investments	17,586,674	-
Total assets	\$ 19,450,416	\$ 3,195
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	\$ -	\$ 1,558
Accrued payroll and withholdings payable	-	1,637
Total liabilities	-	\$ 3,195
<u>Net Position</u>		
Held in trust for:		
Employees' pension benefits and other purposes	19,450,416	
Total net position	\$ 19,450,416	

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

CITY OF MISHAWAKA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
For the Year Ended December 31, 2014

	Pension Trust Funds
<u>Additions</u>	
Contributions:	
On behalf	\$ 3,868,322
Employer	<u>867,363</u>
Total contributions	<u>4,735,685</u>
Investment income (loss):	
Net change in fair value of investments	(127,477)
Interest	<u>949,618</u>
Total investments income (loss)	822,141
Less investment expense:	
Investment activity expense	<u>(43,219)</u>
Net investment income (loss)	<u>778,922</u>
Total additions	<u>5,514,607</u>
<u>Deductions</u>	
Benefits	4,614,219
Administrative expense	<u>13,344</u>
Total deductions	<u>4,627,563</u>
Change in net position	887,044
Net position - beginning	<u>18,563,372</u>
Net position - ending	<u><u>\$ 19,450,416</u></u>

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Blended Component Unit

The City of Mishawaka Building Corporation, Inc., is a legally separate nonprofit corporation, and is a significant blended component unit of the primary government. The Building Corporation's main purpose is to finance construction and remodeling of City buildings for the City of Mishawaka. Debt of the Building Corporation is repaid through lease payments from the City. Financial statements for the Building Corporation are available at the City Controller's Office, City of Mishawaka, 600 East Third Street, Mishawaka, Indiana, 46544.

Discretely Presented Component Unit

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Related Organizations

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

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the 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 separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The primary government reports the following major governmental funds:

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

The Consolidated TIF fund accounts for expenditures formally made from the TIF NW General fund and TIF SS General fund. Financing is provided by incremental taxes collected on property located in the districts. Amounts needed for bond retirements are transferred annually to the proper debt service funds. This consolidation was complete at December 31, 2014.

The TIF NW General fund accounts for expenditures made for public improvement projects in the Northwest (NW) property tax incremental financing district. Financing is provided by incremental taxes collected on property located in this district. Amounts needed for bond retirement are transferred annually to the proper debt service fund.

The primary government reports the following major enterprise funds:

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

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

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

Additionally, the primary government reports the following fund types:

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

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

Agency funds account for assets held by the primary government as an agent for administrative costs of the Redevelopment Department and a special court judgment.

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

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

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

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

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

Open-end mutual funds are reported at fair value.

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

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

2. Interfund Transactions and Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables" (i.e., the current and non-current portion of interfund loans). All other outstanding balances between funds are reported as "interfund services provided/used." Any residual balances

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the primary government in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. Delinquent property taxes outstanding at year end for governmental, net of allowances for uncollectible accounts, are recorded as a receivable with an offset to unearned revenue since the amounts are not considered available.

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain proceeds of the primary government's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants. None of the restricted net position is restricted due to enabling legislation.

6. Capital Assets

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

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated 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:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

7. Compensated Absences

- a. Flexible Time – primary government employees earn flexible time off at the rate of one-half day per month and may accumulate to a maximum of twenty-five days. The primary government may buy back flexible time off days from any employee up to a maximum of six flexible time off days per year. Flexible time off is paid to employees upon termination.
- b. Vacation Leave – non-union primary government employees earn vacation leave at rates from ten days to twenty-five days per year based upon the number of years of service. Union utility employees earn vacation leave at rates from five to thirty days per year based upon the number of years of service, plus one day for each year of service after thirty years. Vacation leave does not accumulate from year to year.
- c. Compensatory Leave – All employees except utility union employees have accumulated compensatory leave for a variety of reasons.

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

8. Long-Term Obligations

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

9. Encumbrances

Contracts and purchasing commitments are reported as encumbrances when the contract or purchase order is executed. When the terms of the purchase order or contract have been fulfilled and payment to the contracting party is due, the encumbrance is liquidated and the liability and expenditure are recorded. Encumbrances remaining at fiscal year-end are reported within the restricted, committed or assigned fund balances of the governmental funds. The following shows encumbrances at December 31, 2014:

	<u>Amount</u>
General	\$ 194,874
Other Governmental Funds	<u>3,975,823</u>
Total	<u>\$ 4,170,697</u>

10. Fund Balances

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

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

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

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

Assigned fund balances include amounts that are constrained by the City's intent to be used for a specific purpose as expressed by the City Council or management based on the purpose of the fund and per the City's expenditure policy, but are neither restricted nor committed. For the governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed. The City Council has

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

the authority per the annual budget ordinance to make assignments of fund balances for specific purposes except for those restricted by law.

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

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

The detail of the fund balance classifications of the governmental funds for the year ended December 31, 2014 is as follows:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Capital Project Funds		Other	Total
	General Fund	TIF Consolidated	Governmental Funds	Governmental Funds
Non-Spendable				
Long-Term Loans Receivable	\$ -	\$ 3,500,000	\$ 412,470	\$ 3,912,470
Assets Held for Resale	-	6,943,837	-	6,943,837
Total Nonspendable	-	10,443,837	412,470	10,856,307
Restricted				
Other Purposes General Government	-	-	1,376,912	1,376,912
Technology	-	-	152,605	152,605
Law Enforcement Training and Capital	-	-	1,333,914	1,333,914
Firefighting Training and Capital	-	-	1,149,734	1,149,734
Capital Projects	-	-	1,843,238	1,843,238
Sanitation	-	-	712,209	712,209
Capital Highway Projects	-	-	2,047,987	2,047,987
Sidewalk Construction	-	-	15,425	15,425
Families, Parks, and Recreation	-	-	1,680,528	1,680,528
Housing and Community Development	-	-	389,784	389,784
Total Restricted	-	-	10,702,336	10,702,336
Committed				
Capital Projects	-	-	2,852,517	2,852,517
Public Safety Capital	-	-	2,519	2,519
Capital Highway Projects	-	-	1,934,583	1,934,583
Total Committed	-	-	4,789,619	4,789,619
Assigned				
General Government Other Purposes	194,874	-	-	194,874
Public Safety	-	-	637,872	637,872
Capital Highway Projects	-	17,353,166	3,285,392	20,638,558
Sanitation	-	-	12,238	12,238
Families, Parks, and Recreation	-	-	40,322	40,322
Total Assigned	194,874	17,353,166	3,975,824	21,523,864
Unassigned	1,858,348	-	-	1,858,348
Total Fund Balance	\$ 2,053,222	\$ 27,797,003	\$ 19,880,249	\$ 49,730,474

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

Budgetary Information

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

General

Nonmajor governmental funds:

Special revenue funds – Motor Vehicle Highway, Local Road and Street, Park and Recreation, Public Safety, Rainy Day, Rainy Day Public Safety, Law Enforcement Continuing Education, Park Nonreverting Operating

Debt service fund – Municipal Bond No. 1

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

On or before September 30, the City Controller submits to the Common Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and a public hearing is conducted by the Common Council to obtain taxpayer comments. In October of each year, the Common Council through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the City Controller receives approval of the Indiana Department of Local Government Finance.

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

Expenditures did not exceed appropriations for any funds which required legally approved budgets with the exception of the Fire Construction Fund and the Municipal Bond Fund. Both funds were closed out in 2014 as the Fire Station was deemed complete and all of the City's general obligation bonds were paid. Expenditures did not exceed appropriations for any departments within the General Fund.

III. Detailed Notes on All Funds

A. Deposits and Investments

Primary Government

1. Deposits

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The primary government does not have a deposit policy for custodial credit risk. At December 31, 2014, the primary government had deposit balances in the amount of \$80,178,177. Of this amount, the following was exposed to custodial credit risk:

	<u>Amount</u>
Uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent, but not in the depositor-government's name	\$ 44,823
Total	<u>\$ 44,823</u>

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.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Utilities Pension Fund Board of Trustees has established an investment policy for the Utility's Retirement Plan. This investment policy outlines parameters for investment activity for the pension plan. As of December 31, 2014, the City's Utility Pension Fund had the following investments:

Investment Type	Market Value	Investment Maturities (in Years)		
		Less Than 1	1-2	More Than 2
Utility Pension Fund:				
Municipal bonds	\$ 1,054,037	\$ -	\$ 632,007	\$ 422,030
Mutual funds	<u>16,532,637</u>	<u>16,532,637</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 17,586,674</u>	<u>\$ 16,532,637</u>	<u>\$ 632,007</u>	<u>\$ 422,030</u>

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the primary government to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the primary government to invest in securities fully guaranteed and issued by a federal

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than five years.

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

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

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

Investment Custodial Credit Risk

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

At December 31, 2014, the following investments held by the Utility's Pension Plan were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, but not in the government's name:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Type	Not in the Government's Name
Municipal bonds	\$ 1,054,037
Mutual funds	<u>16,532,637</u>
Totals	<u>\$ 17,586,674</u>

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

Credit Risk

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

Standard & Poor's Rating	Moody's Rating	<u>City's Investments</u>	
		Municipal Bonds	Mutual Funds
AAA	Aaa	\$ 390,288	\$ -
AA	Aa	559,732	-
A	A	104,017	-
Unrated	Unrated	<u>-</u>	<u>16,532,636</u>
Totals		<u>\$ 1,054,037</u>	<u>\$ 16,532,636</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Utility Pension Plan does not have a policy in 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.

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Issuer	2014
Russell Investment Grade Bond	\$ 1,747,691
Dodge & Cox Income	846,284
American Beacon Intl Equity Instl	1,008,511
Fidelity Spartan International Index	991,425
FMI Large Cap	679,667
Vanguard Large Cap Index Signal	1,580,464
Vanguard Morgan Growth	1,525,334
Vanguard Windsor II	<u>1,505,443</u>
Total	<u>\$ 9,884,819</u>

Discretely Presented Component Unit

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2014 the discretely presented component unit had deposit balances in the amount of \$2,651,982 all of which were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories. The discretely presented component unit does not have a policy covering deposit custodial credit risk.

B. Loans Receivables

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

<u>Fund</u>	<u>Receivable</u>	<u>Noncurrent</u>
<u>Governmental Funds:</u>		
Major fund:		
TIF NW General	\$ 4,047,003	\$ 3,500,000
Special revenue funds:		
Community Development	<u>455,366</u>	<u>412,470</u>
Total governmental funds	<u>\$ 4,502,369</u>	<u>\$ 3,912,470</u>
<u>Discretely Presented Component Unit</u>		
Mishawaka Bond Bank	<u>\$ 3,649,467</u>	<u>\$ 3,060,969</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2014, was as follows:

Primary government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activity:				
Capital assets, not being depreciated:				
Land	\$ 13,389,180	\$ 37,037	\$ -	\$ 13,426,217
Construction in progress	<u>26,701,994</u>	<u>17,922,777</u>	<u>13,486,639</u>	<u>31,138,132</u>
Total capital assets, not being depreciated	<u>40,091,174</u>	<u>17,959,814</u>	<u>13,486,639</u>	<u>44,564,349</u>
Capital assets, being depreciated:				
Buildings	24,674,833	-	80,771	24,594,062
Improvements other than buildings	24,857,033	1,778,774	-	26,635,807
Machinery and equipment	26,132,692	1,986,412	592,319	27,526,785
Infrastructure being depreciated	<u>110,758,070</u>	<u>18,338,418</u>	<u>-</u>	<u>129,096,488</u>
Totals	<u>186,422,628</u>	<u>22,103,604</u>	<u>673,090</u>	<u>207,853,142</u>
Less accumulated depreciation for:				
Buildings	7,083,013	495,137	80,772	7,497,378
Improvements other than buildings	8,459,950	857,921	-	9,317,871
Machinery and equipment	18,949,963	1,606,961	524,245	20,032,679
Infrastructure being depreciated	<u>14,334,645</u>	<u>3,096,817</u>	<u>-</u>	<u>17,431,462</u>
Totals	<u>48,827,571</u>	<u>6,056,836</u>	<u>605,017</u>	<u>54,279,390</u>
Total capital assets, being depreciated, net	<u>137,595,057</u>	<u>16,046,768</u>	<u>68,073</u>	<u>153,573,752</u>
Total governmental activity capital assets, net	<u>\$ 177,686,231</u>	<u>\$ 34,006,582</u>	<u>\$ 13,554,712</u>	<u>\$ 198,138,101</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Primary government	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activity:				
Capital assets, not being depreciated:				
Land	\$ 1,519,446	\$ -	\$ -	\$ 1,519,446
Construction in progress	<u>9,138,124</u>	<u>9,256,743</u>	<u>14,481,255</u>	<u>3,913,612</u>
Total capital assets, not being depreciated	<u>10,657,570</u>	<u>9,256,743</u>	<u>14,481,255</u>	<u>5,433,058</u>
Capital assets, being depreciated:				
Buildings	52,911,315	431,796	-	53,343,111
Improvements other than buildings	175,215,327	16,655,946	2,965,730	188,905,543
Machinery and equipment	49,198,678	280,593	138,656	49,340,615
Transportation	<u>4,272,697</u>	<u>662,812</u>	<u>116,910</u>	<u>4,818,599</u>
Totals	<u>281,598,017</u>	<u>18,031,147</u>	<u>3,221,296</u>	<u>296,407,868</u>
Less accumulated depreciation for:				
Buildings	15,380,361	1,109,316	-	16,489,677
Improvements other than buildings	49,794,177	4,439,441	198,068	54,035,550
Machinery and equipment	30,964,198	1,451,576	103,263	32,312,511
Transportation	<u>3,617,313</u>	<u>212,079</u>	<u>109,290</u>	<u>3,720,102</u>
Totals - restated	<u>99,756,049</u>	<u>7,212,412</u>	<u>410,621</u>	<u>106,557,840</u>
Total capital assets, being depreciated, net	<u>181,841,968</u>	<u>10,818,735</u>	<u>2,810,675</u>	<u>189,850,028</u>
Total business-type activity capital assets, net	<u>\$ 192,499,538</u>	<u>\$ 20,075,478</u>	<u>\$ 17,291,930</u>	<u>\$ 195,283,086</u>

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

Governmental activities:	
General government	\$ 189,365
Public safety	1,449,211
Highways and streets	3,331,224
Culture and recreation	1,083,482
Community development	<u>3,554</u>
Total depreciation expense - governmental activities	<u>\$ 6,056,836</u>
Business-type activities:	
Water	\$ 1,404,530
Wastewater	3,524,984
Electric	<u>2,282,898</u>
Total depreciation expense - business-type activities	<u>\$ 7,212,412</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Expended to December 31, 2014</u>	<u>Committed</u>
Governmental activities:		
Mishawaka Avenue	\$ 1,187,243	\$ 2,520,926
12th Street Project	4,830,557	64,443
Church/Main Connector	12,548,081	3,331,069
Fir Rd Capital Connector	4,948,371	64,077
Bremen Highway Improvement	2,731,143	1,529
Gumwood Road Widening	992,396	7,709,679
Central Park	1,282,643	4,314,533
Other City Projects	<u>2,617,698</u>	<u>382,302</u>
Totals - governmental activities	<u>\$ 31,138,132</u>	<u>\$ 18,388,558</u>
Business-type activities:		
Wastewater Utility:		
Milburn improvements	\$ 3,185,072	\$ 6,886,504
Wilson Boulevard	287,998	506,600
LTCP project	435,756	566,822
Water Utility:		
Toscana Park apartments	3,445	10,000
Gumwood Retail Center	<u>1,341</u>	<u>47,366</u>
Totals - business-type activities	<u>\$ 3,913,612</u>	<u>\$ 8,017,292</u>

E. Interfund Balances and Activity

1. Interfund Transfers

Interfund transfers at December 31, 2014, were as follows:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Transfer From	Transfer To				
	General Fund	Consolidated TIF	Nonmajor Governmental	Wastewater Utility	Total
Governmental:					
General Fund	\$ -	\$ -	\$ 1,206	\$ -	\$ 1,206
TIF NW General Fund	-	27,058,386	-	3,360,000	30,418,386
Nonmajor Governmental	-	1,881,621	1,693,880	-	3,575,501
Business-type:					
Water Utility	652,384	-	-	-	652,384
Wastewater Utility	1,526,447	-	-	-	1,526,447
Electric Utility	1,319,521	-	-	-	1,319,521
Total	<u>\$ 3,498,352</u>	<u>\$ 28,940,007</u>	<u>\$ 1,695,086</u>	<u>\$ 3,360,000</u>	<u>\$ 37,493,445</u>

The primary government typically uses transfers to fund ongoing operating subsidies. In 2014, the City consolidated the TIF Northwest General Fund and the TIF Southside General Fund into the Consolidated TIF Fund to reflect amendments to the economic development plan and boundaries of the TIF area.

F. Leases

Capital Leases

The primary government has entered into a capital lease for a fire station and a sewer inspection system. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2014, are as follows:

	Governmental Activities	Business-Type Activities
2015	\$ 332,195	\$ 49,620
2016	326,847	-
2017	321,499	-
2018	316,151	-
2019	310,803	-
2020-2024	1,473,795	-
2025-2027	<u>686,748</u>	<u>-</u>
Total minimum lease payments	3,768,038	49,620
Less amount representing interest	<u>434,708</u>	<u>1,040</u>
Present value of net minimum lease payments	<u>\$ 3,333,330</u>	<u>\$ 48,580</u>

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Governmental Activities	Business-Type Activities
Machinery and equipment	\$ 3,815,830	\$ 242,900
Accumulated depreciation	<u>(152,634)</u>	<u>(194,320)</u>
Totals	<u>\$ 3,663,196</u>	<u>\$ 48,580</u>

G. Short-Term Liabilities

Revolving Line of Credit:

The primary government uses a revolving line of credit to finance the first time home buyers program and the Neighborhood Stabilization Program which is a reimbursement grant program.

Short-term debt activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Issued/ Draws	Redeemed Repayments	Ending Balance
Line of credit	<u>\$ 244,835</u>	<u>\$ -</u>	<u>\$ 244,835</u>	<u>\$ -</u>

H. Long-Term Liabilities

1. Energy Improvement Bonds

In 2010, the Mishawaka Bond Bank, a discretely presented component unit, issued revenue bonds to the City and Utilities for an energy improvement project.

The City has pledged future local income tax revenue and the Utilities have pledged revenue to repay the bonds.

Purpose	Interest Rates	Fund Type	Balance December 31	Due Within One Year	Due in More Than One Year
\$1,366,252 2010 energy savings bonds due in annual installments of \$273,250 plus interest through February 1, 2015	2.10%	Governmental funds	\$ 223,326	\$ 223,326	\$ -
		Total	<u>\$ 223,326</u>	<u>\$ 223,326</u>	<u>\$ -</u>

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Governmental Funds	
	Energy Improvement	
	Principal	Interest
2015	<u>\$ 223,326</u>	<u>\$ 2,338</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	Balance at December 31	Due Within One Year	Plus: Unamortized Premium	Due in more Than One Year
\$4,475,000 2007 Water refunding revenue bonds due in installments of \$40,000 to \$220,000 plus interest through July 1, 2020	3.9% to 4.25%	\$ 2,190,000	\$ 360,000	\$ 13,794	\$ 1,843,794
\$12,710,000 2013 Water Refunding revenue bonds due in installments of \$580,000 to \$775,000 plus interest through July 1, 2022	2%	10,810,000	1,350,000		9,460,000
\$1,875,130 1994 Wastewater capital appreciation bonds due in four installments of \$1,380,000 plus interest through March 1, 2015	5.65%	1,380,000	1,380,000	-	-
\$8,450,000 2006 Wastewater revenue bonds, Series A due in installments of \$145,000 to \$290,000 plus interest through September 1, 2026	3.625% to 4.0%	5,715,000	385,000	-	5,330,000
\$350,000 2007 Wastewater revenue bonds, Series A due in installments of \$45,000 to \$305,000 plus interest through March 1, 2027	4.25%	350,000	-	-	350,000
\$37,225,000 2010 Wastewater revenue bonds, Series B, due in installments of \$300,000 to \$1,405,000 plus interest through September 1, 2030	3% to 5%	32,045,000	1,460,000	-	30,585,000
Totals		<u>\$ 52,490,000</u>	<u>\$ 4,935,000</u>	<u>\$ 13,794</u>	<u>\$ 47,568,794</u>

The primary government 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 payments. Water and Wastewater bond ordinances also require monthly deposits of user fee revenues over 60 months to produce a bond reserve to approximate the maximum annual debt service.

During 2014, the water utility paid \$2,014,086 in debt payments or approximately 23 percent of operating revenues. The wastewater utility paid \$4,878,023 in debt payments or approximately 38 percent of operating revenues.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 4,935,000	\$ 1,982,567
2016	3,660,000	1,842,165
2017	3,770,000	1,729,751
2018	3,890,000	1,612,349
2019	4,005,000	1,487,962
2020-2024	16,020,000	5,552,781
2025-2029	13,435,000	2,482,847
2030-2034	<u>2,775,000</u>	<u>104,500</u>
Totals	<u>\$ 52,490,000</u>	<u>\$ 16,794,922</u>

3. Notes and Loans Payable

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

	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,723,927	\$ 1,317,146
2016	2,439,000	1,242,955
2017	2,528,000	1,153,052
2018	2,621,000	1,059,857
2019	2,719,000	963,199
2020-2024	15,176,000	3,232,258
2025-2029	11,443,698	542,091
2030-2032	<u>80,000</u>	<u>1,220</u>
Totals	<u>\$ 38,730,625</u>	<u>\$ 9,511,778</u>

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2014, was as follows:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Primary government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 2,815,000	\$ -	\$ 2,815,000	\$ -	\$ -
TIF	480,000	-	480,000	-	-
Less deferred amount:					
For issuance discounts	24,332	-	24,332	-	-
Total bonds payable	3,270,668	-	3,270,668	-	-
Capital leases	3,599,998	-	266,668	3,333,330	266,668
Energy debt payable	446,651	-	223,325	223,326	223,326
Net other postemployment benefit obligation	16,965,134	2,329,632	-	19,294,766	-
Compensated absences	794,198	602,332	593,278	803,252	588,174
Net pension obligation	16,272,966	-	16,272,966	-	-
Net pension liability	-	53,966,549	-	53,966,549	-
Total governmental activities long-term liabilities	<u>\$ 41,349,615</u>	<u>\$ 56,898,513</u>	<u>\$ 20,626,905</u>	<u>\$ 77,621,223</u>	<u>\$ 1,078,168</u>
Business-type activities:					
Revenue bonds payable:					
Water Utility	\$ 14,670,000	\$ -	\$ 1,670,000	13,000,000	\$ 1,710,000
Wastewater Utility	42,570,612	99,388	3,180,000	39,490,000	3,225,000
Less deferred amount:					
For issuance discounts/premiums	(16,380)	-	(2,586)	(13,794)	-
Total revenue bonds payable	57,256,992	99,388	4,852,586	52,503,794	4,935,000
Capital leases	97,240	-	48,660	48,580	48,580
Notes and loans payable	39,729,549	-	998,924	38,730,625	1,723,927
Compensated absences	278,265	135,030	137,660	275,635	57,124
Net pension liability	-	4,306,951	-	4,306,951	-
Total business-type activities long-term liabilities	<u>\$ 97,362,046</u>	<u>\$ 4,541,369</u>	<u>\$ 6,037,830</u>	<u>\$ 95,865,585</u>	<u>\$ 6,764,631</u>

Compensated absences, net other postemployment benefit obligations and net pension liabilities for governmental activities typically have been liquidated from the general fund and special revenue funds. The net pension liability for business-type activities typically has been liquidated from the water, wastewater and electric utility funds.

5. Early extinguishment of debt

On December 4 2014, the City placed \$1,775,583 into an irrevocable escrow to be used solely for satisfying scheduled current payments of both interest and principal on the 2005 Communication Equipment bonds, 2007 Communication Equipment Bonds and 2005 Tax Increment Refunding Bonds. The scheduled payments to maturity from the escrow are as follows:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Payment Date	Principal	Interest	Total
2/1/2015	\$ 670,000	\$ 34,283	\$ 704,283
8/1/2015	515,000	20,800	535,800
2/1/2016	<u>525,000</u>	<u>10,500</u>	<u>535,500</u>
Totals	<u>\$ 1,710,000</u>	<u>\$ 65,583</u>	<u>\$ 1,775,583</u>

I. Restricted Assets

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

Construction	\$ 2,098,848
Customer deposits	3,064,567
Revenue bond covenant accounts	9,573,308
Reserve account	754,000
Repair accounts	<u>11,701,219</u>
Total restricted assets	<u>\$ 27,191,942</u>

J. Restatements and Reclassifications

For the fiscal year ended December 31, 2014, certain changes have been made to the financial statements to more appropriately reflect financial activity. The prior period adjustment for governmental activities reflect the change to the Indiana Public Employee's Retirement System (PERF), one of the City's benefit plan administrators, changing the pension plan to become a cost-sharing multiple-employer defined benefit pension plan. This change means for 2014, the net pension obligation is removed from the financial statements. In addition, the City has implemented GASB 67 and an early implementation of GASB 68 to recognize the liabilities associated with employee retirement. GASB 68 was early implemented for the 1925, 1937 and the Utility plans but it was not early implemented for PERF and the 1977 plan because information was not available to do so.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Opinion Unit	Balance as Reported December 31, 2013	Prior Period Adjustments	Balance as Restated January 1, 2014
Governmental Activities: net position	\$ 194,983,964		\$ 194,983,964
Change in retirement plan type		\$ 244,305	244,305
Early implementation of GASB 68 - 1925 Police		6,050,567	6,050,567
Pension liability - 1925 Police		(17,781,112)	(17,781,112)
Early implementation of GASB 68 - 1937 Fire		9,978,094	9,978,094
Pension liability - 1937 Firefighters'		(29,417,024)	(29,417,024)
Totals	<u>\$ 194,983,964</u>	<u>\$ (30,925,170)</u>	<u>\$ 164,058,794</u>
Business-Type Activities: net position	\$ 128,840,787		\$ 128,840,787
Early implementation of GASB 68	-	\$ (340,298)	(340,298)
Pension liability	-	(3,275,909)	(3,275,909)
Deferred outflows	-	874,087	874,087
Totals	<u>\$ 128,840,787</u>	<u>\$ (2,742,120)</u>	<u>\$ 126,098,667</u>

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retiree and Dependents

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>2014</u>
Unpaid claims, beginning of fiscal year	\$ -
Incurred claims and changes in estimates	10,862,056
Claim payments	<u>(10,161,519)</u>
Unpaid claims, end of fiscal year	<u>\$ 700,537</u>

B. Other Postemployment Benefits

Plan Description

The City of Mishawaka Retiree Healthcare Plan is a self-funded single-employer defined benefit healthcare plan administered by the City of Mishawaka, Department of Finance, through the City's self-insurance fund. The plan provides for medical insurance benefits to eligible retirees and their spouses. Indiana Code 5-10-8 gives the primary government the authority to establish the plan. A separate financial report is not issued for this plan.

Funding Policy

The contribution requirements of plan members for the City of Mishawaka Retiree Healthcare Plan are established and can be amended by the City's Common Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2014, the primary government contributed \$1,218,970 to the plan for current premiums. For Pre-Medicare retirees, the primary government annually provides \$400 for covered employees with less than 20 years of service and pays the full single premium cost for employees who retire with 20 or more years of service. For Post-Medicare employees, the primary government provides \$400 annually towards the cost of medical coverage regardless of the years of service.

Annual OPEB Cost and Net OPEB Obligation

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Annual required contribution	\$ 3,508,280
Interest on net OPEB obligation	763,431
Adjustment to annual required contribution	<u>(723,109)</u>
Annual OPEB cost	3,548,602
Contributions made	<u>(1,218,970)</u>
Increase in net OPEB obligation	2,329,632
Net OPEB obligation, beginning of year	<u>16,965,134</u>
Net OPEB obligation, end of year	<u><u>\$ 19,294,766</u></u>

The primary government's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-12	\$ 4,941,936	26.3%	\$ 13,702,136
12-31-13	4,692,423	30.5%	16,965,134
12-31-14	3,548,602	34.4%	19,294,766

Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$37,430,328 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$37,430,328. The covered payroll as a percentage of the Actuarial Accrued Liability was (138%). Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF MISHAWAKA
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, 2014 actuarial report, the projected unit credit with linear proration to decrement method was used. The actuarial assumptions included a discount rate of 4.5% unfunded; inflation and salary scale of 3% each and an annual healthcare cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 5% by 2023. The UAAL is being amortized as a level percentage of projected pay based on an open group. The remaining amortization period at December 31, 2014, was 30 years.

C. Pension Plans

1. Cost Sharing Multiple-Employer Deferred Plans

a. Public Employees' Retirement Fund

Plan Administration

The City of Mishawaka contributes to the Indiana Public Employee's Retirement System (PERF), a cost-sharing multiple-employer defined benefit pension plan (cost-sharing plan). PERF 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 Employees Retirement System (INPRS) Board of trustees, 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.

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 may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687
www.inprs.in.gov

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy

Members are required to contribute 3% of their annual covered salary. The primary government is required to contribute at an actuarially determined rate; the current rate for calendar year 2014 is 11.20% percent of annual covered payroll. The rate for 2015 is also 11.20%. The primary government's contributions to the plan for the years ended December 31, 2014, 2013 and 2012 were \$1,015,705, \$952,511 and \$868,355 respectively. The contribution requirements of plan members and the primary government are established and may be amended by the INPRS Board of Trustees. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

b. 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 Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

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

INPRS 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 46204
Ph. (888) 526-1687
www.inprs.in.gov

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 employer may elect to make the contributions on behalf of the plan member. The current rate is 19.7 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 INPRS. The Primary government's contributions to the plan for the years ended December 31, 2014, 2013 and 2012 were \$2,458,162, \$2,091,903 and \$1,961,847 respectively, equal to the required contributions for each year. The contribution requirements of plan members for the 1977 Police Officers' and Firefighters' Pension Plan are established and can be amended by state statute.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Single Employer Defined Benefit Pension Plan

a. 1925 Police Officers' Pension Plan

Plan Administration

The City contributes to the 1925 Police Officers' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The pension board consists of nine members. Three are members by virtue of office: the Mayor, the City Controller, and the Police Chief. Five members are elected representatives of the active membership of the police department, and one additional member, a retired officer, is elected. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established and may be amended by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Plan Membership

Plan membership at December 31, 2014, consisted of the following:

	<u>1925 Police Officers' Pension</u>
Retires and beneficiaries currently receiving benefits	51
Terminated employees entitled to but not yet receiving benefits	-
Current active employees	1

Benefits Provided

The plan provides retirement, disability and death benefits. The benefit provisions of the plan for non-converted members are set forth in Indiana Code 38-8-6. The benefit provisions for the converted members are set forth in Indiana Code 36-8-8. Unless specifically denoted, provisions for converted and non-converted members are the same. All full-time, fully-paid police officers who were hired before May 1, 1977 or rehired between April 30, 1977 and February 1, 1979 are eligible participants. The pension plan is closed to new entrants.

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

Contributions

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

Actuarial valuations are performed annually for the 1925 Police Officers' Pension Plan. The assumptions used in the valuation are selected and approved by the Indiana Public

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Retirement System (INPRS) Board of Trustees. Benefits to members of the plan are funded on a pay-as-you-go basis by certain revenues and appropriations of the State of Indiana to the Pension Relief Fund. On-behalf contributions from the State of Indiana as shown in the financial statements of \$1,409,222 approximate an equal amount paid out for benefits. The primary government has recognized these on-behalf payments as intergovernmental revenue and public safety expenditures in the General Fund. The Pension Relief Fund has been created within the INPRS and is administered by INPRS and is used as a temporary holding account for collecting State revenues and appropriations before funds are distributed to employers. Amounts required to pay benefits are distributed from the fund to the City.

Pension Plan Investments – Policy and Rate of Return

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

Deferred Retirement Option Plan

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

Net Pension Liability

The components of the net pension liability of the 1925 Police Officers' Pension Plan at December 31, 2014, were as follows:

	<u>1925 Police Officers' Pension</u>
Total pension liability	\$ 20,977,077
Plan fiduciary net position	<u>(787,611)</u>
Net pension liability	<u>\$ 20,189,466</u>
Plan fiduciary net position as a percentage of total pension liability	<u>3.75%</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions

The actuarial assumptions used in the valuation were selected and approved by the INPRS Board of Trustees. The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.50% per year, including inflation
Investment rate of return	2.56% net of pension plan investment expense, including inflation
Cost of living increases:	
Non-converted	2.50% per year in retirement
Converted	2.00% per year in retirement

Mortality rates were based on the future mortality improvement scale included in the Social Security Administration's 2014 Trustee Report.

The actuarial assumptions used in the December 31, 2014 valuation are consistent with the results of an experience study completed in April 2015, which reflects the experience period beginning July 1, 2010 and ending June 30, 2014. The actuarial cost method used for computing the total pension liability is the Entry Age Normal - Level Percent of Payroll method.

Discount Rate

The discount rate is set equal to the Barclay's 20-year Municipal Bond Index rate of 2.56% as of December 31, 2014. The discount rate decreased from the 4.31 percent used for the December 31, 2013 calculation of the net pension liability. The projection of cash flows used to determine the discount rate considered the fact that on-behalf contributions made by the State of Indiana are made as benefit payments become due for payment.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 2.56 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond Index as of December 31, 2014. The municipal bond rate was applied to all remaining periods.

The pension plan currently has no investments.

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

The following represents the net pension liability of the City, calculated using the discount rate of 2.56%, as well as what the City's net pension liability would be if it were calculated

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

using a discount rate that is 1-percentage point lower (1.56 percent) or 1-percentage point higher (3.56 percent) than the current rate:

	1.56% <u>1% Decrease</u>	2.56% <u>Current Rate</u>	3.56% <u>1% Increase</u>
Net Pension Liability	\$ 23,360,846	\$ 20,977,077	\$ 18,984,335

Pension Cost

The pension plan does not issue a separate financial report.

Funding Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was 4.08 percent funded. The actuarial accrued liability for benefits was \$19.2 million, and the actuarial value of assets was \$.78 million, resulting in an unfunded actuarial accrued liability of \$18.42 million. The covered payroll (annual payroll to active employees covered by the plan) and the ratio of the unfunded actuarial accrued liability to the covered payroll were not available.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

b. 1937 Firefighters' Pension Plan

Plan Administration

The City of Mishawaka contributes to the 1937 Firefighters' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The pension board consists of seven members, which include the Mayor, the Fire Chief, the Pension Secretary, three trustees elected from active members, and one trustee elected from retired members. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established and can be amended by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Plan Membership

Plan membership at December 31, 2014, consisted of the following:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Retires and beneficiaries currently receiving benefits	83
Terminated employees entitled to but not yet receiving benefits	-
Current active employees	-

Benefits Provided

The plan provides retirement, disability, and death benefits. The benefit provisions of the 1937 Firefighters' Pension Plan for non-converted members are set forth in Indiana Code 36-8-7. The benefit provisions for converted members are set forth in Indiana Code 36-8-8. Unless specifically denoted, provisions for converted and non-converted members are the same. All full-time, fully-paid firefighters who were hired before May 1, 1977 or rehired between April 30, 1977 and February 1, 1979 are eligible participants. The pension plan is closed to new entrants.

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

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

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

\$150,000 is paid from the Pension Relief Fund to a surviving spouse, children, or parent(s) if death occurs in the line of duty.

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

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

Contributions

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

Actuarial valuations are performed annually for the 1937 Firefighters' Pension Plan. Benefits to members of the Plan are funded on a pay-as-you-go basis by certain revenues and appropriations from the State of Indiana to the Pension Relief Fund. On-behalf contributions from the State of Indiana as shown in the financial statements of \$2,459,100 approximate an equal amount paid out for benefits. The primary government has recognized these on-behalf payments as intergovernmental revenue and public safety expenditures in the General Fund. The Pension Relief Fund has been created within the Indiana Public Retirement System (INPRS) and is administered by INPRS and is used as a temporary holding account for collecting State revenues and appropriations before funds are distributed to employers. Amounts required to pay benefits are distributed from the fund to the City.

Pension Plan Investments – Policy and Rate of Return

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

Deferred Retirement Option Plan

The Deferred Retirement Option Plan (DROP) is an optional form of benefit, which allows members who are eligible for an unreduced retirement benefit to continue to work and earn a salary while accumulating a DROP benefit. A member who elects to enter the DROP shall execute an irrevocable election to retire on the DROP retirement date. The member shall select a DROP retirement date not less than 12 months and not more than 36 months after the member's DROP entry date. While in the DROP, the member shall continue to make applicable fund contributions. When a member enters the DROP, a "DROP frozen benefit" will be calculated. Members of the DROP are eligible to receive a lump sum equal to the amount of the DROP frozen benefit multiplied by the number of

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Net Pension Liability

The components of the net pension liability of the 1937 Firefighters' Pension Plan at December 31, 2014, were as follows:

	1937 Firefighters' <u>Pension</u>
Total pension liability	\$ 34,780,160
Plan fiduciary net position	<u>(1,003,077)</u>
Net pension liability	<u>\$ 33,777,083</u>
Plan fiduciary net position as a percentage of total pension liability	<u>2.88%</u>

Actuarial Assumptions

The actuarial assumptions used in the valuation were selected and approved by the INPRS Board of Trustees. The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%	
Salary increases	2.50%	per year, including inflation net of pension plan investment expense, including inflation
Investment rate of return	2.56%	
Cost of living increases:		
Non-converted	2.50%	per year in retirement
Converted	2.00%	per year in retirement

Mortality rates were based on the future mortality improvement scale included in the Social Security Administration's 2014 Trustee Report. The actuarial assumptions used in the December 31, 2014 valuation are consistent with the results of an experience study completed in April 2015, which reflects the experience period beginning July 1, 2010 and

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

ending June 30, 2014. The actuarial cost method used for computing the total pension liability is the Entry Age Normal - Level Percent of Payroll method.

Discount Rate

The discount rate is set equal to the Barclay's 20-year Municipal Bond Index rate of 2.56% as of December 31, 2014. The discount rate decreased from the 4.31 percent used for the December 31, 2013 calculation of the net pension liability. The projection of cash flows used to determine the discount rate considered the fact that on-behalf contributions made by the State of Indiana are made as benefit payments become due for payment.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 2.56 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond Index as of December 31, 2014. The municipal bond rate was applied to all remaining periods.

The pension plan currently has no investments.

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

The following represents the net pension liability of the City, calculated using the discount rate of 2.56%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.56 percent) or 1-percentage point higher (3.56 percent) than the current rate:

	1.56%	2.56%	3.56%
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net Pension Liability	\$ 38,826,492	\$ 34,780,160	\$ 31,399,618

Pension Cost

The pension plan does not issue a separate financial report.

Funding Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was 2.80 percent funded. The actuarial accrued liability for benefits was \$31.75 million, and the actuarial value of assets was \$.89 million, resulting in an unfunded actuarial accrued liability of \$30.86 million. The covered payroll (annual payroll to active employees covered by the plan) and the ratio of the unfunded actuarial accrued liability to the covered payroll were not available.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

c. Utility Pension Plan

Plan Administration

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

Plan Membership

Plan membership at December 31, 2014, consisted of the following:

Retires and beneficiaries currently receiving benefits	66
Terminated employees entitled to but not yet receiving benefits	-
Current active employees	121

Benefits Provided

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

Contributions

The employer intends to contribute to the plan each year such amounts as may be required to operate the plan on a sound actuarial basis. The minimum annual contribution by the employer must be sufficient, as determined by the pension actuaries, to prevent deterioration in the actuarial status of the trust fund during the year. For the year ended December 31, 2014, the mandatory member contribution rate was 0% of annual pay and the actuarially determined employer's contribution rate was 21.8% of annual payroll.

Pension Plan Investments – Policy and Rate of Return

The pension plan investment policy is consistent with the overall policy of the City as described in Note III.A.2. The plan held \$17,586,674 of investments as of December 31, 2014.

Net Pension Liability

The components of the net pension liability of the Utility Pension Plan at December 31, 2014, were as follows:

	<u>Utility Pension</u>
Total pension liability	\$ 21,966,679
Plan fiduciary net position	<u>(17,659,728)</u>
Net pension liability	<u>\$ 4,306,951</u>
Plan fiduciary net position as a percentage of total pension liability	<u>80.39%</u>

Actuarial Assumptions

The actuarial assumptions used in the valuation were selected and approved by the Board of Trustees for the plan. The total pension liability was determined by an actuarial

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

valuation as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on RP-2014 Blue Collar Mortality with Two Dimensional Generational Mortality Improvement Projection Scale MP-2014. The actuarial cost method used for computing the total pension liability is the Entry Age Normal - Level Percent of Payroll method.

Annual Pension Cost

For 2014, the Utilities' annual pension cost and related information for the Utility Pension Plan, as provided by the actuary, is presented in this note.

Discount Rate

The discount rate is set equal to the Barclay's 20-year Municipal Bond Index rate of 6.75% as of December 31, 2014. The discount rate of 6.75 was unchanged from the percent used for the December 31, 2013 calculation of the net pension liability. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed to prevent the deterioration in the actuarial stats of the trust.

Projected Cash Flows

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

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

Best estimates of arithmetic real rates of return as of December 31, 2014 are summarized in the following table:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Cash or cash equivalents	1.00%
Government agency securities	6.75%

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

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

	<u>5.75% 1% Decrease</u>	<u>6.75% Current Rate</u>	<u>7.75% 1% Increase</u>
Net Pension Liability	\$ 6,929,684	\$ 4,306,951	\$ 2,090,023

d. Financial Statements for Defined Benefit Plans

Combining Statements of Fiduciary Net Position – Pension Trust Funds:

	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 787,611	\$ 1,003,077	\$ 34,971
Receivables:			
Interest and dividends	-	-	38,083
Investments at fair value:			
Municipal bonds	-	-	1,054,037
Mutual funds	-	-	16,532,637
Total investments	-	-	17,586,674
Total assets	<u>\$ 787,611</u>	<u>\$ 1,003,077</u>	<u>\$17,659,728</u>
<u>Net Assets</u>			
Held in trust for:			
Employees' pension benefits	<u>\$ 787,611</u>	<u>\$ 1,003,077</u>	<u>\$17,659,728</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

	1925	1937	
	Police	Firefighters'	Utility
	Pension	Pension	Pension
<u>Additions:</u>			
Contributions:			
On behalf contributions	\$ 1,409,222	\$ 2,459,100	\$ -
Employer	-	-	867,363
Total contributions	<u>1,409,222</u>	<u>2,459,100</u>	<u>867,363</u>
Investment income (loss):			
Net loss in fair value of investments	-	-	(127,477)
Interest	-	-	949,618
Total investment income (loss)	-	-	822,141
Less investment expenses:			
Investment activity expense	-	-	43,219
Net investment income (loss)	-	-	778,922
Total additions	<u>1,409,222</u>	<u>2,459,100</u>	<u>1,646,285</u>
<u>Deductions:</u>			
Benefits	1,404,491	2,343,279	866,449
Administrative expense	-	564	12,780
Total deductions	<u>1,404,491</u>	<u>2,343,843</u>	<u>879,229</u>
Changes in net position	4,731	115,257	767,056
Net position - beginning	<u>782,880</u>	<u>887,820</u>	<u>16,892,672</u>
Net position - ending	<u>\$ 787,611</u>	<u>\$ 1,003,077</u>	<u>\$ 17,659,728</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Net Position – Net investment in Capital Assets

As of December 31, 2014, Net Position – Net investment in capital assets is calculated as follows:

	Governmental Activities	Business-type Activities	Total
Net capital assets	\$ 198,138,101	\$ 195,283,086	\$393,421,187
Less:			
Total capital leases payable	(3,333,330)	(48,580)	(3,381,910)
Total notes and loans payable	-	(38,730,625)	(38,730,625)
Total general obligation bonds payable, net	-	-	-
Total revenue bonds payable, net	-	(52,503,794)	(52,503,794)
Total TIF bonds payable, net	-	-	-
Total premium on bonds			-
Add:			
Deferred amount on refunding	-	238,841	238,841
Underwriters discount	-	13,040	13,040
Deferred charges	-	345,660	345,660
Unspent bond/loan proceeds	-	2,098,848	2,098,848
Invested in capital assets, net of related debt	<u>\$ 194,804,771</u>	<u>\$ 106,696,476</u>	<u>\$301,501,247</u>

E. Subsequent Events

The City issued TIF Bonds with the Mishawaka Local Public Improvement Bond Bank in the amount of \$1,000,000 for improvements to the Battell Center. These bonds were sold on May 11, 2015 with the closing on June 15th at a 2% interest rate. The Bonds mature over a period of approximately twenty-four years and four months with a final payment due on February 1, 2040.

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 18,352,000	\$ 18,352,000	\$ 16,594,533	\$ (1,757,467)
Licenses and permits	508,100	508,100	811,267	303,167
Intergovernmental	3,634,956	3,634,956	4,818,412	1,183,456
Charges for services	1,030,000	1,030,000	1,319,935	289,935
Fines and forfeits	25,000	25,000	42,027	17,027
Interest	6,000	6,000	53,984	47,984
Sale and use of property	-	-	1,965	1,965
Reimbursement	420,000	420,000	1,038,506	618,506
Miscellaneous	-	-	133,242	133,242
Total revenues	23,976,056	23,976,056	24,813,871	837,815
Expenditures:				
Current:				
General government:				
Mayor				
Personal services	143,067	143,067	136,768	6,299
Supplies	1,500	1,813	1,197	616
Other services and charges	13,545	14,613	13,627	986
City Clerk				
Personal services	125,306	137,809	133,493	4,316
Supplies	2,500	2,500	1,866	634
Other services and charges	24,857	25,702	13,611	12,091
Central Services				
Personal services	635,355	628,046	599,100	28,946
Supplies	1,206,000	1,292,015	1,081,475	210,540
Other services and charges	69,500	76,759	52,421	24,338
Common Council				
Personal services	98,132	98,132	98,132	-
Supplies	250	250	-	250
Other services and charges	9,135	10,219	6,362	3,857
Controller				
Personal services	2,771,035	2,691,195	1,823,185	868,010
Supplies	15,000	16,236	11,995	4,241
Other services and charges	1,914,000	1,973,688	1,933,229	40,459
Other financing uses	-	-	30,975	(30,975)
Human Resources				
Personal services	98,946	99,623	79,846	19,777
Supplies	1,500	1,524	1,072	452
Other services and charges	108,950	109,065	78,593	30,472
Information Technology				
Personal services	277,529	277,529	273,640	3,889
Supplies	2,000	2,000	2,000	-
Other services and charges	11,000	13,839	10,991	2,848
Cemetery				
Other services and charges	25,000	25,000	25,000	-
Legal				
Personal services	106,210	106,210	81,229	24,981
Supplies	1,000	1,000	405	595
Other services and charges	64,500	85,770	31,764	54,006
Planning				
Personal services	199,553	199,553	177,711	21,842
Supplies	4,900	4,900	1,979	2,921
Other services and charges	69,700	79,727	71,628	8,099
Total general government	7,999,970	8,117,784	6,773,294	1,344,490

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

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
For the Year Ended December 31, 2014
(Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Police				
Personal services	\$ 11,450,752	\$ 11,548,597	\$ 11,194,793	\$ 353,804
Supplies	71,000	75,818	70,283	5,535
Other services and charges	129,800	153,219	119,417	33,802
Fire				
Personal services	11,142,689	11,186,782	10,970,919	215,863
Supplies	287,000	295,751	252,072	43,679
Other services and charges	361,000	367,785	299,996	67,789
Code Enforcement				
Personal services	229,105	229,105	228,054	1,051
Supplies	3,500	3,585	1,698	1,887
Other services and charges	34,500	34,500	17,991	16,509
Building Department				
Personal services	241,257	241,257	202,506	38,751
Supplies	3,000	3,197	2,784	413
Other services and charges	3,750	3,750	2,784	966
Total public safety	23,957,353	24,143,346	23,363,297	780,049
Highways and streets:				
Engineering				
Personal services	303,289	304,402	301,871	2,531
Supplies	4,000	5,142	2,592	2,550
Other services and charges	10,250	14,382	3,749	10,633
Total highways and streets	317,539	323,926	308,212	15,714
Sanitation:				
Recycling				
Supplies	5,000	5,000	-	5,000
Other services and charges	15,000	15,000	15,000	-
Other financing uses	-	-	100	(100)
Total sanitation	20,000	20,000	15,100	4,900
Community development:				
Redevelopment				
Personal services	255,060	255,060	195,740	59,320
Supplies	1,000	1,000	-	1,000
Other services and charges	243,500	243,500	167,805	75,695
Total community development	499,560	499,560	363,545	136,015
Total expenditures	32,794,422	33,104,616	30,823,448	2,281,168
Excess (deficiency) of revenues over (under) expenditures	(8,818,366)	(9,128,560)	(6,009,577)	3,118,983
Other financing sources:				
Transfer in	3,360,000	3,360,000	3,497,146	137,146
Net change in fund balances	(5,458,366)	(5,768,560)	(2,512,431)	3,256,129
Fund balances - beginning	4,394,109	4,394,109	4,394,109	-
Fund balances - ending	\$ (1,064,257)	\$ (1,374,451)	\$ 1,881,678	\$ 3,256,129

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

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET/GAAP RECONCILIATION
GENERAL FUND
For the Year Ended December 31, 2014
(Continued)

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

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

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

	<u>General</u>
Net change in fund balance, budgetary basis	\$ (2,512,431)
To adjust revenues for accruals	(188,985)
To adjust expenditures for accruals	2,260
To adjust expenditures for encumbrances	<u>194,874</u>
Net change in fund balance, GAAP basis	<u><u>\$ (2,504,282)</u></u>

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

CITY OF MISHAWAKA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note I. Budgets and Budgetary Accounting

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

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

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

- F. Formal budgetary integration is required by State statute and is employed as a management control device. An annual budget was legally adopted for the following funds:

Major funds:

General fund

Nonmajor funds:

Special revenue funds:

Motor Vehicle Highway, Local Road and Street, Park and Recreation, Public Safety, Rainy Day, Rainy Day Public Safety, Law Enforcement Continuing Education, and Park Nonreverting Operating

Debt service fund:

Municipal Bond No. 1

Capital projects funds:

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

- G. The City's budgetary process is based upon cash outflows, which is a Non-GAAP basis. Appropriations lapse with the expiration of the budgetary period unless encumbered by a purchase order or contract. Encumbered appropriations are carried over and added to the subsequent year's budget.
- H. Budgeted amounts are as originally adopted, or as amended by the Common Council and approved by the Indiana Department of Local Government Finance in the regular legal manner. The net effect of individual amendments to the budget increased the original appropriations by \$536,000 in 2014.
- I. Expenditures did not exceed appropriations for any funds which required legally approved budgets with the exception of the fire Construction Fund and the Municipal Bond Fund. Both funds were closed out in 2014 as the Fire Station was deemed complete and all of the City's general obligation bonds were paid. Expenditures did not exceed appropriations for any departments within the General Fund.

CITY OF MISHAWAKA, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2014
(Continued)

Note 2. Financial Reporting – Pension Plans

A. Changes of assumptions.

- a) The discount rate for the 1937 Firefighters' and 1925 Police Officers' Pension plans decreased from 6% for the January 1, 2013 valuation to 2.56% for the December 31, 2014 valuation, based on the Barclay's 20-year Municipal Bond Index rate.
- b) For the Utilities Pension plan, in 2014, there was a change from the use of IRS Combined Mortality Tables for Small Plans to the RP-2014 Blue Collar Mortality with Two Dimensional Generational Mortality Improvement Scale MP-2014.

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

The actuarially determined contribution rates in the schedule of the 1937 Firefighters', 1925 Police Officers' and Utility Pension plans contributions are calculated as of December 31, 2014. The following actuarial method and assumptions were used to determine contribution rates reported in their respective schedules:

1937 Firefighters' and 1925 Police Officers' Pension Plans

Actuarial cost method	Entry Age Normal – Level Percent of Payroll
Amortization method	Level percentage of projected payroll, closed
Remaining amortization period	20 years
Inflation	3.0%
Salary increases	2.50%
Cost-of-Living Increases	Non-converted 2.50% per year in retirement
Converted	2.00% per year in retirement
Discount rate	2.56% (Based on Barclay's 20-year Municipal Bond Index rate)
Mortality assumption	Future mortality improvement scale inherent in the mortality projection shown in the Social Security Administration's 2014 Trustee report

Utility Pension Plan

Actuarial cost method	Entry Age Normal – Level Percent of Payroll
Amortization method	Level percentage of projected payroll, open
Remaining amortization period	30 years
Inflation	2.5%
Cost-of-Living Increases	2.00%
Discount rate	6.75%
Mortality assumption	RP-2014 Blue Collar Morality with Two Dimensional Generational Mortality Improvement Projection Scale MP-2014

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

1925 Police Officers' Pension Plan

	2014	2013
Total Pension Liability:		
Total pension liability - beginning of year	\$ 19,201,969	\$ 17,132,599
Service cost	18,826	10,567
Interest cost	797,797	985,820
Experience (gains)/losses	-	(178,099)
Assumption changes	2,379,342	2,676,759
Plan amendments	-	-
Projected benefit payments	(1,420,857)	(1,425,677)
Total pension liability - end of year	<u>\$ 20,977,077</u>	<u>\$ 19,201,969</u>
Plan Fiduciary Net Position:		
Plan fiduciary net position - beginning of year	\$ 782,880	\$ 795,394
Employer contributions	(6,001)	-
Employee contributions	-	-
Non-employer contributing entity contributions	1,409,222	1,413,163
Investment return	-	-
Actual benefit payments	(1,398,490)	(1,425,677)
Administrative and project expenses	-	-
Plan fiduciary net position - end of year	<u>\$ 787,611</u>	<u>\$ 782,880</u>
Net Pension Liability	<u>\$ 20,189,466</u>	<u>\$ 18,419,089</u>

1937 Firefighters' Pension

	2014	2013
Total Pension Liability:		
Total pension liability - beginning of year	\$ 31,755,489	\$ 27,586,310
Service cost	-	-
Interest cost	1,318,268	1,581,245
Experience (gains)/losses	-	526,248
Assumption changes	4,044,868	4,526,150
Plan amendments	-	-
Projected benefit payments	(2,338,465)	(2,464,464)
Total pension liability - end of year	<u>\$ 34,780,160</u>	<u>\$ 31,755,489</u>
Plan Fiduciary Net Position:		
Plan fiduciary net position - beginning of year	\$ 887,820	\$ 1,018,421
Employer contributions	(7,314)	(6,848)
Employee contributions	-	-
Non-employer contributing entity contributions	2,459,100	2,340,711
Investment return	-	-
Actual benefit payments	(2,336,529)	(2,464,464)
Administrative and project expenses	-	-
Plan fiduciary net position - end of year	<u>\$ 1,003,077</u>	<u>\$ 887,820</u>
Net Pension Liability	<u>\$ 33,777,083</u>	<u>\$ 30,867,669</u>

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

<u>Utilities Pension</u>	<u>2014</u>
Total Pension Liability:	
Total pension liability - beginning of year	\$ 20,177,128
Service cost	547,910
Interest cost	1,367,260
Experience (gains)/losses	41,160
Assumption changes	699,670
Plan amendments	(866,449)
Projected benefit payments	-
Total pension liability - end of year	<u><u>\$ 21,966,679</u></u>
Plan Fiduciary Net Position:	
Plan fiduciary net position - beginning of year	\$ 16,901,219
Employer contributions	867,363
Employee contributions	-
Non-employer contributing entity contributions	-
Investment return	813,594
Actual benefit payments	(866,449)
Administrative and project expenses	(55,999)
Plan fiduciary net position - end of year	<u><u>\$ 17,659,728</u></u>
Net Pension Liability	<u><u>\$ 4,306,951</u></u>

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

<u>1925 Police Officers' Pension Plan</u>	2014	2013
Total pension liability	\$ 20,977,077	\$ 19,201,969
Less plan fiduciary net position	(787,611)	(782,880)
Net pension liability	<u>\$ 20,189,466</u>	<u>\$ 18,419,089</u>
Plan fiduciary net position as a percentage of the total pension liability	4%	4%
Covered employee payroll	**	**
Net pension liability as a percentage of covered employee payroll	N/A	N/A
 <u>1937 Firefighters' Pension Plan</u>	 2014	 2013
Total pension liability	\$ 34,780,160	\$ 31,755,489
Less plan fiduciary net position	(1,003,077)	(887,820)
Net pension liability	<u>\$ 33,777,083</u>	<u>\$ 30,867,669</u>
Plan fiduciary net position as a percentage of the total pension liability	2.88%	2.80%
Covered employee payroll	\$ -	\$ -
Net pension liability as a percentage of covered employee payroll	N/A	N/A
 <u>Utilities Pension Plan</u>	 2014	 2013
Total pension liability	\$ 21,966,679	\$ 20,177,128
Less plan fiduciary net position	(17,659,728)	(16,901,219)
Net pension liability	<u>\$ 4,306,951</u>	<u>\$ 3,275,909</u>
Plan fiduciary net position as a percentage of the total pension liability	80.39%	83.76%
Covered employee payroll	\$ 6,119,311	**
Net pension liability as a percentage of covered employee payroll	70.38%	N/A

Notes:

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

** Not available.

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

1925 Police Officers' Pension Plan

	2014	2013
Actuarially determined contribution	\$ 1,398,490	\$ 1,425,677
Less contributions in relation to the actuarially determined contribution	(1,398,490)	(1,425,677)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>

Covered employee payroll ** **

Contributions as a percentage of covered employee payroll N/A N/A

1937 Firefighters' Pension Plan

	2014	2013
Actuarially determined contribution	\$ 2,336,529	\$ 2,464,464
Less contributions in relation to the actuarially determined contribution	(2,336,529)	(2,464,464)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>

Covered employee payroll ** **

Contributions as a percentage of covered employee payroll N/A N/A

Utilities Pension Plan

	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 897,211	\$ 841,896	\$ 674,395	\$ 589,148	\$ 595,072
Less contributions in relation to the actuarially determined contribution	(867,363)	(874,082)	(936,366)	(598,801)	(610,528)
Contribution deficiency (excess)	<u>\$ 29,848</u>	<u>\$ (32,186)</u>	<u>\$ (261,971)</u>	<u>\$ (9,653)</u>	<u>\$ (15,456)</u>

Covered employee payroll \$ 6,361,099 \$ 6,159,487 \$ 5,797,047 \$ 5,685,044 \$ 5,891,118

Contributions as a percentage of covered employee payroll 13.64% 14.19% 16.15% 10.53% 10.36%

Notes:

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

** Not available

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

<u>1925 Police Officers' Pension Plan</u>	<u>2014</u>	<u>2013</u>						
Annual money-weighted rate of return, net of investment expense	N/A **	N/A **						
<u>1937 Firefighters' Pension Plan</u>	<u>2014</u>	<u>2013</u>						
Annual money-weighted rate of return, net of investment expense	N/A **	N/A **						
<u>Utilities Pension Plan</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Annual money-weighted rate of return, net of investment expense	4.50%	13.40%	11.40%	-0.70%	11.00%	21.90%	-25.70%	12.40%

Notes:

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

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Excess of Assets Over (Unfunded) AAL <u>(a-b)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	Unfunded AAL as a Percentage of Covered Payroll <u>((a-b)/c)</u>
Other Post Employment Benefits						
1/1/2011	\$ -	\$ 45,723,694	\$ (45,723,694)	0%	\$ 25,071,329	-182%
1/1/2012	-	51,691,333	(51,691,333)	0%	26,212,073	-197%
1/1/2013	-	49,498,424	(49,498,424)	0%	26,736,315	-185%
1/1/2014	-	37,430,328	(37,430,328)	0%	27,137,360	-138%

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Bicentennial Gift -	To account for donations for the bicentennial celebration. Interest earned on these monies is receipted to this fund.
Community Development -	To account for Housing and Urban Development (HUD) monies used for low or no interest residential rehabilitation loans and for urban redevelopment and housing. Pay back monies from loans are also used for these purposes.
Property Rehabilitation Revolving -	To account for Housing and Urban Development (HUD) monies used for low or no interest residential rehabilitation loans and for the First Time Home Buyers program. Pay back monies from loans are also used for this purpose.
Park Nonreverting Operating -	To account for some operating expenses at the city pools and golf course. Financing is provided by improvement fees charged by the Park Department.
Criminal Assistance Grant -	To account for federal funds received for criminal prevention and intervention programs coordinated by the police department.
NSP (3) Grant -	To account for federal funds received for a neighborhood stabilization program.
State Grant -	To account for state funds received for street improvements to the Capital Avenue corridor.
Levy Excess Fund -	To account for the portion of the property taxes received which exceeds 100 percent of the unit's levy. In subsequent years, the balance in the fund will be used to reduce the amounts raised by taxation.
<u>Debt Service Funds</u>	
Municipal Bond No. 1 -	To account for debt retirement of the City's general obligation bonds. Financing is provided by a specific tax levy.
Mishawaka Building Corporation Debt Service -	To account for debt retirement of the Building Corporation's Mortgage Bonds. Funding is provided by transfers from other City funds.
TIF (Tax Incremental Financing) SS Redemption and Reserve -	To account for debt retirement for the Southside (SS) District bond issue. Financing is provided by transfers from the Tax Incremental Financing SS General Fund.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Capital Projects Funds

Cumulative Building and Fire Fighting Equipment -	To account for financial resources for the purchase of fire equipment. Financing is provided by a specific property tax levy.
Cumulative Capital Improvement -	To account for financial resources related to improvement projects financed by state cigarette tax distributions. Transfers may be made to the General Fund.
Cumulative Sewer -	To account for financial resources for the construction or repairing of storm sewers or sewage disposal plants and sanitary sewers. Financing is provided by a specific property tax levy.
Local Major Moves Construction -	To account for financial resources related to construction of highways, roads and bridges. Financing was provided by a one-time distribution from the proceeds of a seventy-five year lease of the state's toll road.
Cumulative Capital Development -	To account for financial resources related to development projects. Financing is provided by a specific property tax levy.
Fire Station Construction -	To account for expenditures made for construction of Fire Station #4. Financing is provided from the proceeds of a capital lease with the Mishawaka Building Corporation.
County Economic Development Income Tax (CEDIT) -	To account for financial resources related to development projects. Financing is provided by a tax on income.
Tax Incremental Financing (TIF) SS General -	To account for expenditures made for public improvement projects in the Southside (SS) property tax incremental financing district. Financing is provided by incremental taxes collected on property located in this district. Amounts needed for bond retirement are transferred annually to the proper debt service fund.

CITY OF MISHAWAKA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014

	Special Revenue							
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Public Safety	Rainy Day	Rainy Day Public Safety	Police Drug Investigation Assistance
Assets								
Cash and Cash Equivalents	\$ 1,147,602	\$ 212,360	\$ 1,040,136	\$ 74,920	\$ 3,022,038	\$ 917,933	\$ 2,519	\$ 8,102
Receivables (Net of Allowances for Uncollectibles):								
Interest	-	-	-	-	-	-	-	-
Taxes	36,287	-	133,205	-	-	-	-	-
Accounts	-	-	113	-	-	-	-	-
Intergovernmental	440,160	75,695	-	-	1,732	-	-	-
Loans	-	-	-	-	-	-	-	-
Assets held for resale	-	-	-	-	-	-	-	-
Total assets	\$ 1,624,049	\$ 288,055	\$ 1,173,454	\$ 74,920	\$ 3,023,770	\$ 917,933	\$ 2,519	\$ 8,102
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 14,098	\$ 172	\$ 44,655	\$ 120	\$ 61,444	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	50,615	-	40,707	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-	-
Energy improvement revenue bond	-	-	-	-	76,376	-	-	-
Short term loan payable	-	-	-	-	-	-	-	-
Deferred inflows of resources	36,287	-	133,205	-	-	-	-	-
Total liabilities	101,000	172	218,567	120	137,820	-	-	-
Fund Balances:								
Non-spendable	-	-	-	-	-	-	-	-
Long-term loans receivable	-	-	-	-	-	-	-	-
Restricted	1,407,287	287,883	914,565	74,800	2,254,728	-	-	8,102
Committed	-	-	-	-	-	917,933	2,519	-
Assigned	115,762	-	40,322	-	631,222	-	-	-
Total fund balances	1,523,049	287,883	954,887	74,800	2,885,950	917,933	2,519	8,102
Total liabilities and fund balances	\$ 1,624,049	\$ 288,055	\$ 1,173,454	\$ 74,920	\$ 3,023,770	\$ 917,933	\$ 2,519	\$ 8,102

(Continued on next page)

CITY OF MISHAWAKA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014
(Continued)

	Special Revenue						
	Off-Street Parking	Sidewalk and Curb Repair	Industrial Development	Trash Collection	Mishawaka Gift	Law Enforcement Continuing Education	Bicentennial Gift
Assets							
Cash and Cash Equivalents	\$ 8,808	\$ 15,425	\$ 58,158	\$ 751,981	\$ 227,903	\$ 101,419	\$ 1,327
Receivables (Net of Allowances for Uncollectibles):							
Interest	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-
Accounts	-	-	-	138,003	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Assets held for resale	-	-	-	-	-	-	-
Total assets	\$ 8,808	\$ 15,425	\$ 58,158	\$ 889,984	\$ 227,903	\$ 101,419	\$ 1,327
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 154	\$ -	\$ -	\$ 177,775	\$ 1,527	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-
Energy improvement revenue bond	-	-	-	-	-	-	-
Short term loan payable	-	-	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-	-
Total liabilities	154	-	-	177,775	1,527	-	-
Fund Balances:							
Non-spendable	-	-	-	-	-	-	-
Long-term loans receivable	-	-	-	-	-	-	-
Restricted	8,654	15,425	58,158	712,209	226,376	99,768	1,327
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	1,651	-
Total fund balances	8,654	15,425	58,158	712,209	226,376	101,419	1,327
Total liabilities and fund balances	\$ 8,808	\$ 15,425	\$ 58,158	\$ 889,984	\$ 227,903	\$ 101,419	\$ 1,327

(Continued on next page)

CITY OF MISHAWAKA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014
(Continued)

	Special Revenue						
	Community Development	Property Rehabilitation Revolving	Park Nonreverting Operating	Criminal Assistance Grant	NSP (3) Grant	State Grant	Levy Excess
							Totals
Assets							
Cash and Cash Equivalents	\$ 31,335	\$ 188,229	\$ 463,420	\$ 28,533	\$ 52,706	\$ 70,147	\$ 8,426,207
Receivables (Net of Allowances for Uncollectibles):							
Interest	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	169,492
Accounts	-	-	40	-	-	-	138,156
Intergovernmental	16,925	-	-	-	-	-	534,512
Loans	455,366	-	-	-	-	-	455,366
Assets held for resale	-	-	-	-	-	-	-
Total assets	\$ 503,626	\$ 188,229	\$ 463,460	\$ 28,533	\$ 52,706	\$ 70,147	\$ 9,723,733
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,410
Accrued payroll and withholdings payable	-	-	-	-	-	-	91,322
Contracts payable	-	-	-	-	-	-	-
Energy improvement revenue bond	-	-	-	-	-	-	76,376
Short term loan payable	-	-	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-	169,492
Total liabilities	465	-	-	-	-	-	637,600
Fund Balances:							
Non-spendable							
Long-term loans receivable	412,470	-	-	-	-	-	412,470
Restricted	90,691	188,229	463,460	28,533	52,706	70,147	6,964,254
Committed	-	-	-	-	-	-	920,452
Assigned	-	-	-	-	-	-	788,957
Total fund balances	503,161	188,229	463,460	28,533	52,706	70,147	9,086,133
Total liabilities and fund balances	\$ 503,626	\$ 188,229	\$ 463,460	\$ 28,533	\$ 52,706	\$ 70,147	\$ 9,723,733

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CITY OF MISHAWAKA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014
(Continued)

	Debt Service				Totals
	Municipal Bond No. 1	Mishawaka Building Corporation Debt Service	TIF SS Redemption	TIF SS Reserve	
Assets					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables (Net of Allowances for Uncollectibles):					
Interest	-	-	-	-	-
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Assets held for resale	-	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -	\$ -
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-
Contracts payable	-	-	-	-	-
Energy improvement revenue bond	-	-	-	-	-
Short term loan payable	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund Balances:					
Non-spendable					
Long-term loans receivable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	-	-	-	-	-
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -	\$ -

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CITY OF MISHAWAKA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014
(Continued)

	Capital Projects				
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	Local Major Moves Construction	Cumulative Capital Development
<u>Assets</u>					
Cash and Cash Equivalents	\$ 27,369	\$ 1,375,706	\$ 1,856,934	\$ 1,673,072	\$ 300,916
Receivables (Net of Allowances for Uncollectibles):					
Interest	-	-	-	-	-
Taxes	1,600	11,446	19,772	-	15,201
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	150,533	-
Loans	-	-	-	-	-
Assets held for resale	-	-	-	-	-
Total assets	<u>\$ 28,969</u>	<u>\$ 1,387,152</u>	<u>\$ 1,876,706</u>	<u>\$ 1,823,605</u>	<u>\$ 316,117</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 1,458	\$ 54,245	\$ 11,250
Accrued payroll and withholdings payable	-	-	-	-	-
Contracts payable	-	-	-	-	-
Energy improvement revenue bond	-	-	-	-	-
Short term loan payable	-	-	-	-	-
Deferred inflows of resources	1,600	11,446	19,772	-	15,201
Total liabilities	<u>1,600</u>	<u>11,446</u>	<u>21,230</u>	<u>54,245</u>	<u>26,451</u>
Fund Balances:					
Non-spendable	-	-	-	-	-
Long-term loans receivable	-	-	-	-	-
Restricted	22,370	1,375,706	1,843,238	344,163	152,605
Committed	-	-	-	-	-
Assigned	4,999	-	12,238	1,425,197	137,061
Total fund balances	<u>27,369</u>	<u>1,375,706</u>	<u>1,855,476</u>	<u>1,769,360</u>	<u>289,666</u>
Total liabilities and fund balances	<u>\$ 28,969</u>	<u>\$ 1,387,152</u>	<u>\$ 1,876,706</u>	<u>\$ 1,823,605</u>	<u>\$ 316,117</u>

(Continued on next page)

CITY OF MISHAWAKA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014
(Continued)

	Capital Projects				Total Nonmajor Governmental Funds
	Fire Station Construction	CEDIT	TIF SS General	Totals	
Assets					
Cash and Cash Equivalents	\$ -	\$ 5,646,446	\$ -	\$ 10,880,443	\$ 19,306,650
Receivables (Net of Allowances for Uncollectibles):					
Interest	-	-	-	-	-
Taxes	-	-	-	48,019	217,511
Accounts	-	-	-	-	138,156
Intergovernmental	-	-	-	150,533	685,045
Loans	-	-	-	-	455,366
Assets held for resale	-	-	-	-	-
Total assets	\$ -	\$ 5,646,446	\$ -	\$ 11,078,995	\$ 20,802,728
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ 22,957	\$ -	\$ 89,910	\$ 390,320
Accrued payroll and withholdings payable	-	-	-	-	91,322
Contracts payable	-	-	-	-	-
Energy improvement revenue bond	-	146,950	-	146,950	223,326
Short term loan payable	-	-	-	-	-
Deferred inflows of resources	-	-	-	48,019	217,511
Total liabilities	-	169,907	-	284,879	922,479
Fund Balances:					
Non-spendable					
Long-term loans receivable	-	-	-	-	412,470
Restricted	-	-	-	3,738,082	10,702,336
Committed	-	3,869,167	-	3,869,167	4,789,619
Assigned	-	1,607,372	-	3,186,867	3,975,824
Total fund balances	-	5,476,539	-	10,794,116	19,880,249
Total liabilities and fund balances	\$ -	\$ 5,646,446	\$ -	\$ 11,078,995	\$ 20,802,728

CITY OF MISHAWAKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Special Revenue							
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Public Safety	Rainy Day	Rainy Day Public Safety	Police Drug Investigation Assistance
Revenues:								
Taxes:								
Property	\$ 673,044	\$ -	\$ 2,470,653	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	2,618,134	438,557	173,579	-	2,228,656	-	-	21,320
Charges for services	58,375	145,528	622,105	20,692	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Sale and use of property	-	-	74,790	-	-	-	-	-
Gifts and donations	-	-	-	48,399	-	-	-	-
Other	33,240	-	-	-	15,464	-	-	-
Total Revenues	<u>3,382,793</u>	<u>584,085</u>	<u>3,341,127</u>	<u>69,091</u>	<u>2,244,120</u>	<u>-</u>	<u>-</u>	<u>21,320</u>
Expenditures:								
Current:								
Public safety	-	-	-	-	1,263,822	-	-	30,369
Highways and streets	3,849,222	631,267	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Culture and recreation	-	-	3,162,455	50,634	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	2,804	-	-	-
Capital Outlay:								
General government	-	-	-	-	-	146,032	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total Expenditures	<u>3,849,222</u>	<u>631,267</u>	<u>3,162,455</u>	<u>50,634</u>	<u>1,266,626</u>	<u>146,032</u>	<u>-</u>	<u>30,369</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>(466,429)</u>	<u>(47,182)</u>	<u>178,672</u>	<u>18,457</u>	<u>977,494</u>	<u>(146,032)</u>	<u>-</u>	<u>(9,049)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(337,544)	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(337,544)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(466,429)	(47,182)	178,672	18,457	639,950	(146,032)	-	(9,049)
Fund Balance - January 1	<u>1,989,478</u>	<u>335,065</u>	<u>776,215</u>	<u>56,343</u>	<u>2,246,000</u>	<u>1,063,965</u>	<u>2,519</u>	<u>17,151</u>
Fund Balances - December 31	<u>\$ 1,523,049</u>	<u>\$ 287,883</u>	<u>\$ 954,887</u>	<u>\$ 74,800</u>	<u>\$ 2,885,950</u>	<u>\$ 917,933</u>	<u>\$ 2,519</u>	<u>\$ 8,102</u>

(Continued on next page)

CITY OF MISHAWAKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014
(Continued)

	Special Revenue						
	Off-Street Parking	Sidewalk and Curb Repair	Industrial Development	Trash Collection	Mishawaka Gift	Law Enforcement Continuing Education	Bicentennial Gift
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	8,909	-	-	-	-	18,415	-
Intergovernmental	-	-	-	-	-	16,410	-
Charges for services	5,440	-	-	2,241,706	-	28,834	-
Fines and forfeits	-	-	-	-	-	11,864	-
Interest	-	-	-	-	-	-	1
Sale and use of property	-	-	-	-	-	-	-
Gifts and donations	-	-	-	-	62,673	-	-
Other	-	503	1	10	-	-	-
Total Revenues	14,349	503	1	2,241,716	62,673	75,523	1
Expenditures:							
Current:							
Public safety	7,468	-	-	-	-	51,409	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	2,135,191	-	-	-
Culture and recreation	-	-	-	-	44,993	-	-
Community development	-	-	-	-	-	-	-
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital Outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Total Expenditures	7,468	-	-	2,135,191	44,993	51,409	-
Excess (deficiency) of revenues							
Over (under) expenditures	6,881	503	1	106,525	17,680	24,114	1
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-
Net change in fund balances	6,881	503	1	106,525	17,680	24,114	1
Fund Balance - January 1	1,773	14,922	58,157	605,684	208,696	77,305	1,326
Fund Balances - December 31	\$ 8,654	\$ 15,425	\$ 58,158	\$ 712,209	\$ 226,376	\$ 101,419	\$ 1,327

(Continued on next page)

CITY OF MISHAWAKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014
(Continued)

	Special Revenue						
	Community Development	Property Rehabilitation Revolving	Park Nonreverting Operating	Criminal Assistance Grant	NSP (3) Grant	State Grant	Levy Excess
Revenues:							Totals
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,143,697
Licenses and permits	-	-	-	-	-	-	27,324
Intergovernmental	354,089	-	-	159,742	234,212	-	6,244,699
Charges for services	11,050	-	150,475	-	141,602	-	3,425,807
Fines and forfeits	-	-	-	-	-	-	11,864
Interest	-	-	-	-	-	1	2
Sale and use of property	-	-	-	-	-	-	74,790
Gifts and donations	-	9,580	-	-	-	-	120,652
Other	46,767	690	-	-	-	-	96,675
Total Revenues	411,906	10,270	150,475	159,742	375,814	1	13,145,510
Expenditures:							
Current:							
Public safety	-	-	-	195,141	-	-	1,548,209
Highways and streets	-	-	-	-	-	-	4,480,489
Sanitation	-	-	-	-	-	-	2,135,191
Culture and recreation	-	-	33,667	-	-	-	3,291,749
Community development	422,464	10,826	-	-	352,952	-	786,242
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	2,804
Capital Outlay:							
General government	-	-	-	-	-	-	146,032
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	9,875	-	-	-	9,875
Community development	-	-	-	-	-	-	-
Total Expenditures	422,464	10,826	43,542	195,141	352,952	-	12,400,591
Excess (deficiency) of revenues							
Over (under) expenditures	(10,558)	(556)	106,933	(35,399)	22,862	1	744,919
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	1,206
Transfers out	-	-	-	-	-	-	(337,544)
Total other financing sources and uses	-	-	-	-	-	-	(336,338)
Net change in fund balances	(10,558)	(556)	106,933	(35,399)	22,862	1	408,581
Fund Balance - January 1	513,719	188,785	356,527	63,932	29,844	70,146	8,677,552
Fund Balances - December 31	\$ 503,161	\$ 188,229	\$ 463,460	\$ 28,533	\$ 52,706	\$ 70,147	\$ 9,086,133

(Continued on next page)

CITY OF MISHAWAKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014
(Continued)

	Debt Service				
	Municipal Bond No. 1	Mishawaka Building Corporation Debt Service	TIF SS Redemption	TIF SS Reserve	Totals
Revenues:					
Taxes:					
Property	\$ 970,708	\$ -	\$ -	\$ -	\$ 970,708
Licenses and permits	-	-	-	-	-
Intergovernmental	58,828	-	-	-	58,828
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interest	-	-	897	-	897
Sale and use of property	-	-	-	-	-
Gifts and donations	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	1,029,536	-	897	-	1,030,433
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Debt Service:					
Principal	1,207,800	266,668	480,000	-	1,954,468
Interest and fiscal charges	159,186	70,875	19,648	-	249,709
Capital Outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Total Expenditures	1,366,986	337,543	499,648	-	2,204,177
Excess (deficiency) of revenues Over (under) expenditures	(337,450)	(337,543)	(498,751)	-	(1,173,744)
Other financing sources (uses):					
Transfers in	-	337,543	707,677	-	1,045,220
Transfers out	(439,172)	-	(209,488)	(376,552)	(1,025,212)
Total other financing sources and uses	(439,172)	337,543	498,189	(376,552)	20,008
Net change in fund balances	(776,622)	-	(562)	(376,552)	(1,153,736)
Fund Balance - January 1	776,622	-	562	376,552	1,153,736
Fund Balances - December 31	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued on next page)

CITY OF MISHAWAKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014
(Continued)

	Capital Projects				
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	Local Major Moves Construction	Cumulative Capital Development
Revenues:					
Taxes:					
Property	\$ 29,678	\$ -	\$ 366,729	\$ -	\$ 281,936
Licenses and permits	-	-	96,727	-	-
Intergovernmental	2,086	127,634	25,763	150,533	19,808
Charges for services	16,666	-	-	116,661	97,642
Fines and forfeits	-	-	-	-	-
Interest	-	-	-	1,835	-
Sale and use of property	-	-	-	-	-
Gifts and donations	-	-	-	-	-
Other	-	-	7,500	-	350
Total Revenues	48,430	127,634	496,719	269,029	399,736
Expenditures:					
Current:					
Public safety	-	-	122,317	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital Outlay:					
General government	-	-	-	-	291,725
Public safety	52,519	-	43,548	-	-
Highways and streets	-	-	-	661,052	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Total Expenditures	52,519	-	165,865	661,052	291,725
Excess (deficiency) of revenues Over (under) expenditures	(4,089)	127,634	330,854	(392,023)	108,011
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
Net change in fund balances	(4,089)	127,634	330,854	(392,023)	108,011
Fund Balance - January 1	31,458	1,248,072	1,524,622	2,161,383	181,655
Fund Balances - December 31	\$ 27,369	\$ 1,375,706	\$ 1,855,476	\$ 1,769,360	\$ 289,666

(Continued on next page)

CITY OF MISHAWAKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014
(Continued)

	Capital Projects				Total Nonmajor Governmental Funds
	Fire Station Construction	CEDIT	TIF SS General	Totals	
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ 930,792	\$ 1,609,135	\$ 5,723,540
Licenses and permits	-	-	-	96,727	124,051
Intergovernmental	-	3,074,194	-	3,400,018	9,703,545
Charges for services	-	-	-	230,969	3,656,776
Fines and forfeits	-	-	-	-	11,864
Interest	1	-	3,910	5,746	6,645
Sale and use of property	-	-	-	-	74,790
Gifts and donations	-	-	-	-	120,652
Other	-	1,227	-	9,077	105,752
Total Revenues	1	3,075,421	934,702	5,351,672	19,527,615
Expenditures:					
Current:					
Public safety	-	-	-	122,317	1,670,526
Highways and streets	-	363,937	-	363,937	4,844,426
Sanitation	-	-	-	-	2,135,191
Culture and recreation	-	-	-	-	3,291,749
Community development	-	-	-	-	786,242
Debt Service:					
Principal	-	1,607,200	-	1,607,200	3,561,668
Interest and fiscal charges	-	5,381	-	5,381	257,894
Capital Outlay:					
General government	-	875,627	-	1,167,352	1,313,384
Public safety	5,693	65,618	-	167,378	167,378
Highways and streets	-	409,930	1,437,167	2,508,149	2,508,149
Culture and recreation	-	171,612	-	171,612	181,487
Community development	-	-	-	-	-
Total Expenditures	5,693	3,499,305	1,437,167	6,113,326	20,718,094
Excess (deficiency) of revenues					
Over (under) expenditures	(5,692)	(423,884)	(502,465)	(761,654)	(1,190,479)
Other financing sources (uses):					
Transfers in	-	439,172	209,488	648,660	1,695,086
Transfers out	-	-	(2,212,745)	(2,212,745)	(3,575,501)
Total other financing sources and uses	-	439,172	(2,003,257)	(1,564,085)	(1,880,415)
Net change in fund balances	(5,692)	15,288	(2,505,722)	(2,325,739)	(3,070,894)
Fund Balance - January 1	5,692	5,461,251	2,505,722	13,119,855	22,951,143
Fund Balances - December 31	\$ -	\$ 5,476,539	\$ -	\$ 10,794,116	\$ 19,880,249

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - MOTOR VEHICLE HIGHWAY
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 567,637	\$ 567,637	\$ 673,044	\$ 105,407
Intergovernmental	2,387,027	2,387,027	2,502,433	115,406
Charges for services	5,700	5,700	15,960	10,260
Reimbursement	-	-	42,414	42,414
Miscellaneous	-	-	33,240	33,240
Total revenues	2,960,364	2,960,364	3,267,091	306,727
Expenditures:				
Current:				
Highways and streets:				
Personal services	2,551,857	2,561,627	2,360,020	201,607
Supplies	765,500	912,943	730,689	182,254
Other services and charges	609,600	701,897	655,342	46,555
Other financing uses	-	-	374	(374)
Capital outlay	201,000	342,659	341,394	1,265
Total highways and streets	4,127,957	4,519,126	4,087,819	431,307
Total expenditures	4,127,957	4,519,126	4,087,819	431,307
Excess (deficiency) of revenues over (under) expenditures	(1,167,593)	(1,558,762)	(820,728)	738,034
Net change in fund balances	(1,167,593)	(1,558,762)	(820,728)	738,034
Fund balances - beginning	1,852,568	1,852,568	1,852,568	-
Fund balances - ending	\$ 684,975	\$ 293,806	\$ 1,031,840	\$ 738,034
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (820,728)	
To adjust revenues for accruals			115,700	
To adjust expenditures for accruals			122,837	
To adjust expenditures for encumbrances			115,762	
Net change in fund balance, GAAP basis			\$ (466,429)	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LOCAL ROAD AND STREET
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ 428,343	\$ 428,343	\$ 439,467	\$ 11,124
Reimbursement	-	-	145,528	145,528
Total revenues	428,343	428,343	584,995	156,652
Expenditures:				
Current:				
Highways and streets:				
Capital outlay	500,000	631,095	631,095	-
Total highways and streets	500,000	631,095	631,095	-
Total expenditures	500,000	631,095	631,095	-
Excess (deficiency) of revenues over (under) expenditures	(71,657)	(202,752)	(46,100)	156,652
Net change in fund balances	(71,657)	(202,752)	(46,100)	156,652
Fund balances - beginning	286,523	286,523	286,523	-
Fund balances - ending	\$ 214,866	\$ 83,771	\$ 240,423	\$ 156,652
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (46,100)	
To adjust revenues for accruals			(910)	
To adjust expenditures for accruals			(172)	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ (47,182)	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - PARK AND RECREATION
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 2,490,764	\$ 2,490,764	\$ 2,470,653	\$ (20,111)
Intergovernmental	119,304	119,304	173,579	54,275
Charges for services	450,000	450,000	448,916	(1,084)
Sale and use of property	-	-	211,416	211,416
Reimbursement	-	-	10,429	10,429
Miscellaneous	-	-	28,938	28,938
Total revenues	3,060,068	3,060,068	3,343,931	283,863
Expenditures:				
Current:				
Culture and recreation:				
Personal services	2,428,723	2,374,897	2,086,378	288,519
Supplies	399,000	398,398	356,683	41,715
Other services and charges	729,400	897,557	757,228	140,329
Other financing uses	-	-	6,272	(6,272)
Total expenditures	3,557,123	3,670,852	3,206,561	464,291
Excess (deficiency) of revenues over (under) expenditures	(497,055)	(610,784)	137,370	(180,428)
Net change in fund balances	(497,055)	(610,784)	137,370	748,154
Fund balances - beginning	862,441	862,441	862,441	-
Fund balances - ending	\$ 365,386	\$ 251,657	\$ 999,811	\$ 748,154
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 137,370	
To adjust revenues for accruals			(2,805)	
To adjust expenditures for accruals			3,785	
To adjust expenditures for encumbrances			40,322	
Net change in fund balance, GAAP basis			\$ 178,672	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - PUBLIC SAFETY
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ 1,800,000	\$ 1,800,000	\$ 2,226,924	\$ 426,924
Miscellaneous	-	-	15,463	15,463
Total revenues	1,800,000	1,800,000	2,242,387	442,387
Expenditures:				
Current:				
Public safety:				
Other services and charges	921,724	921,724	891,754	29,970
Capital outlay	1,033,000	1,416,657	1,360,484	56,173
Total public safety	1,954,724	2,338,381	2,252,238	86,143
Total expenditures	1,954,724	2,338,381	2,252,238	86,143
Excess (deficiency) of revenues over (under) expenditures	(154,724)	(538,381)	(9,851)	356,244
Net change in fund balances	(154,724)	(538,381)	(9,851)	528,530
Fund balances - beginning	2,477,043	2,477,043	2,477,043	-
Fund balances - ending	\$ 2,322,319	\$ 1,938,662	\$ 2,467,192	\$ 528,530
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (9,851)	
To adjust revenues for accruals			1,732	
To adjust expenditures for accruals			16,847	
To adjust expenditures for encumbrances			631,222	
Net change in fund balance, GAAP basis			\$ 639,950	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - RAINY DAY
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public safety:				
Capital outlay	\$ -	\$ 185,000	\$ 146,032	\$ (38,968)
Total public safety	-	185,000	146,032	(38,968)
Total expenditures	-	185,000	146,032	(38,968)
Excess (deficiency) of revenues over (under) expenditures	-	(185,000)	(146,032)	38,968
Net change in fund balances	-	(185,000)	(146,032)	38,968
Fund balances - beginning	1,063,965	1,063,965	1,063,965	-
Fund balances - ending	<u>\$ 1,063,965</u>	<u>\$ 878,965</u>	<u>\$ 917,933</u>	<u>\$ 38,968</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (146,032)	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			<u>\$ (146,032)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - RAINY DAY PUBLIC SAFETY
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Fund balances - beginning	\$ 2,519	\$ 2,519	\$ 2,519	\$ -
Fund balances - ending	<u>\$ 2,519</u>	<u>\$ 2,519</u>	<u>\$ 2,519</u>	<u>\$ -</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ -	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			<u>\$ -</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LAW ENFORCEMENT CONTINUING EDUCATION
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Licenses and permits	\$ 10,000	\$ 10,000	\$ 18,415	\$ 8,415
Intergovernmental	-	-	16,410	16,410
Charges for services	17,200	17,200	28,714	11,514
Fines and forfeits	5,000	5,000	11,864	6,864
Reimbursement	-	-	120	120
Total revenues	32,200	32,200	75,523	43,323
Expenditures:				
Current:				
Public safety:				
Supplies	20,000	23,620	21,766	1,854
Other services and charges	20,000	20,754	21,289	(535)
Other financing uses	-	-	65	(65)
Capital outlay	10,000	10,000	10,000	-
Total public safety	50,000	54,374	53,120	1,254
Total expenditures	50,000	54,374	53,120	1,254
Excess (deficiency) of revenues over (under) expenditures	(17,800)	(22,174)	22,403	42,069
Net change in fund balances	(17,800)	(22,174)	22,403	44,577
Fund balances - beginning	77,366	77,366	77,366	-
Fund balances - ending	\$ 59,566	\$ 55,192	\$ 99,769	\$ 44,577
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 22,403	
To adjust revenues for accruals			60	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			1,651	
Net change in fund balance, GAAP basis			\$ 24,114	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - PARK NONREVERTING OPERATING
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Charges for services	\$ 91,000	\$ 91,000	\$ 91,733	\$ 733
Sale and use of property	59,000	59,000	59,829	829
Total revenues	150,000	150,000	151,562	1,562
Expenditures:				
Current:				
Culture and recreation:				
Supplies	30,000	30,000	29,859	141
Other financing uses	-	-	1,130	(1,130)
Capital outlay	30,500	64,875	12,553	52,322
Total expenditures	60,500	94,875	43,542	51,333
Excess (deficiency) of revenues over (under) expenditures	89,500	55,125	108,020	(49,771)
Net change in fund balances	89,500	55,125	108,020	52,895
Fund balances - beginning	355,400	355,400	355,400	-
Fund balances - ending	\$ 444,900	\$ 410,525	\$ 463,420	\$ 52,895
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 108,020	
To adjust revenues for accruals			(1,087)	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ 106,933	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS - MUNICIPAL BOND NO. 1
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 1,013,947	\$ 1,013,947	\$ 970,708	\$ (43,239)
Intergovernmental	48,567	48,567	58,828	10,261
Total revenues	1,062,514	1,062,514	1,029,536	(32,978)
Expenditures:				
Current:				
Other services and charges	1,369,087	1,367,486	1,367,486	-
Other financing uses	-	-	439,172	(439,172)
Total expenditures	1,369,087	1,367,486	1,806,658	(439,172)
Excess (deficiency) of revenues over (under) expenditures	(306,573)	(304,972)	(777,122)	406,194
Net change in fund balances	(306,573)	(304,972)	(777,122)	(472,150)
Fund balances - beginning	777,122	777,122	777,122	-
Fund balances - ending	\$ 470,549	\$ 472,150	\$ -	\$ (472,150)
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (777,122)	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			500	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			<u>\$ (776,622)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE BUILDING AND FIRE FIGHTING EQUIPMENT
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 37,457	\$ 37,457	\$ 29,678	\$ (7,779)
Intergovernmental	1,701	1,701	2,086	385
Reimbursement	-	-	16,665	16,665
Total revenues	39,158	39,158	48,429	9,271
Expenditures:				
Capital outlay:				
Public safety:				
Capital outlay	50,000	75,236	63,333	11,903
Total expenditures	50,000	75,236	63,333	11,903
Excess (deficiency) of revenues over (under) expenditures	(10,842)	(36,078)	(14,904)	(2,632)
To adjust expenditures for encumbrances	(10,842)	(36,078)	(14,904)	21,174
Fund balances - beginning	37,274	37,274	37,274	-
Fund balances - ending	\$ 26,432	\$ 1,196	\$ 22,370	\$ 21,174
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (14,904)	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			5,816	
To adjust expenditures for encumbrances			4,999	
Net change in fund balance, GAAP basis			\$ (4,089)	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL IMPROVEMENT
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ 130,280	\$ 130,280	\$ 127,634	\$ (2,646)
Total revenues	130,280	130,280	127,634	(2,646)
Excess (deficiency) of revenues over (under) expenditures	130,280	130,280	127,634	(2,646)
To adjust expenditures for encumbrances	130,280	130,280	127,634	(2,646)
Fund balances - beginning	1,248,072	1,248,072	1,248,072	-
Fund balances - ending	<u>\$ 1,378,352</u>	<u>\$ 1,378,352</u>	<u>\$ 1,375,706</u>	<u>\$ (2,646)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 127,634	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			<u>\$ 127,634</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE SEWER
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 444,851	\$ 444,851	\$ 366,729	\$ (78,122)
Licenses and permits	-	-	96,727	96,727
Intergovernmental	21,026	21,026	25,764	4,738
Reimbursement	-	-	7,500	7,500
Total revenues	465,877	465,877	496,720	30,843
Expenditures:				
Capital outlay:				
Public safety:				
Other services and charges	250,000	353,700	124,664	229,036
Other financing uses	-	-	1,356	(1,356)
Capital outlay	250,000	594,617	112,931	481,686
Total expenditures	500,000	948,317	238,951	709,366
Excess (deficiency) of revenues over (under) expenditures	(34,123)	(482,440)	257,769	(678,523)
To adjust expenditures for encumbrances	(34,123)	(482,440)	257,769	740,209
Fund balances - beginning	1,586,386	1,586,386	1,586,386	-
Fund balances - ending	\$ 1,552,263	\$ 1,103,946	\$ 1,844,155	\$ 740,209
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 257,769	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			60,847	
To adjust expenditures for encumbrances			12,238	
Net change in fund balance, GAAP basis			\$ 330,854	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - LOCAL MAJOR MOVES CONSTRUCTION
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Interest	\$ -	\$ -	\$1,835	\$1,835
Reimbursement	-	-	116,661	116,661
Total revenues	-	-	118,496	118,496
Expenditures:				
Capital outlay:				
Highways and streets:				
Capital outlay	-	2,185,354	2,032,453	152,901
Total expenditures	-	2,185,354	2,032,453	152,901
Excess (deficiency) of revenues over (under) expenditures	-	(2,185,354)	(1,913,957)	(34,405)
To adjust expenditures for encumbrances	-	(2,185,354)	(1,913,957)	271,397
Fund balances - beginning	2,161,833	2,161,833	2,161,833	-
Fund balances - ending	<u>\$ 2,161,833</u>	<u>\$ (23,521)</u>	<u>\$ 247,876</u>	<u>\$ 271,397</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (1,913,957)	
To adjust revenues for accruals			150,533	
To adjust expenditures for accruals			(53,796)	
To adjust expenditures for encumbrances			<u>1,425,197</u>	
Net change in fund balance, GAAP basis			<u>\$ (392,023)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL DEVELOPMENT
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 353,678	\$ 353,678	\$ 281,936	\$ (71,742)
Intergovernmental	16,164	16,164	19,808	3,644
Reimbursement	-	-	97,641	97,641
Miscellaneous	-	-	350	350
Total revenues	369,842	369,842	399,735	29,893
Expenditures:				
Capital outlay:				
General government:				
Capital outlay	425,000	584,691	419,464	165,227
Total expenditures	425,000	584,691	419,464	165,227
Excess (deficiency) of revenues over (under) expenditures	(55,158)	(214,849)	(19,729)	(135,334)
To adjust expenditures for encumbrances	(55,158)	(214,849)	(19,729)	195,120
Fund balances - beginning	183,584	183,584	183,584	-
Fund balances - ending	\$ 128,426	\$ (31,265)	\$ 163,855	\$ 195,120
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (19,729)	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			(9,321)	
To adjust expenditures for encumbrances			137,061	
Net change in fund balance, GAAP basis			\$ 108,011	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - FIRE STATION CONSTRUCTION
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Interest	\$ -	\$ -	\$ 1	\$ 1
Total revenues	-	-	1	1
Expenditures:				
Capital outlay:				
General government:				
Capital outlay	-	-	5,693	(5,693)
Total expenditures	-	-	5,693	(5,693)
Excess (deficiency) of revenues over (under) expenditures	-	-	(5,692)	5,694
To adjust expenditures for encumbrances	-	-	(5,692)	(5,692)
Fund balances - beginning	5,692	5,692	5,692	-
Fund balances - ending	<u>\$ 5,692</u>	<u>\$ 5,692</u>	<u>\$ -</u>	<u>\$ (5,692)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (5,692)	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			<u>\$ (5,692)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CREDIT
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ 2,400,000	\$ 2,400,000	\$ 3,074,195	\$ 674,195
Miscellaneous	-	-	1,155	1,155
Total revenues	2,400,000	2,400,000	3,075,350	675,350
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	1,721,557	2,440,457	2,350,782	89,675
Capital outlay	242,000	628,065	225,663	402,402
Public safety:				
Capital outlay	-	7,000	-	7,000
Highways and streets:				
Capital outlay	1,600,000	2,298,097	2,462,802	(164,705)
Culture and recreation:				
Capital outlay	280,000	638,089	237,230	400,859
Total expenditures	3,843,557	6,011,708	5,276,477	735,231
Excess (deficiency) of revenues over (under) expenditures	(1,443,557)	(3,611,708)	(2,201,127)	(59,881)
Other financing sources:				
Transfer in	-	-	439,172	(439,172)
To adjust expenditures for encumbrances	(1,443,557)	(3,611,708)	(1,761,955)	1,849,753
Fund balances - beginning	5,947,980	5,947,980	5,947,980	-
Fund balances - ending	\$ 4,504,423	\$ 2,336,272	\$ 4,186,025	\$ 1,849,753
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (1,761,955)	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			169,871	
To adjust expenditures for encumbrances			1,607,372	
Net change in fund balance, GAAP basis			\$ 15,288	

FIDUCIARY FUNDS

Pension Trust Funds

1925 Police Pension -	To account for the provision of retirement and disability benefits to police officers hired prior to May 1, 1977. Financing is provided by state pension relief distributions.
1937 Firefighters' Pension -	To account for the provision of retirement and disability benefits to firefighters hired prior to May 1, 1977. Financing is provided by state pension relief distributions.
Utility Pension -	To account for the provision of retirement benefits to utilities' employees. Financing is provided by contributions from each utility.

Agency Funds

Special Judgment -	To account for proceeds ordered by St. Joseph Superior Court to be held by the City until final determination of entitlement by the court.
Redevelopment Revolving -	To account for administrative and operating expenditures of the Redevelopment Department. Financing is provided by transfers from other funds administered by this department.

CITY OF MISHAWAKA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PENSION TRUST FUNDS
December 31, 2014

	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
<u>Assets</u>				
Contributions:				
Cash and cash equivalents	\$ 787,611	\$ 1,003,077	\$ 34,971	\$ 1,825,659
Receivables:				
Interest and dividends	-	-	38,083	38,083
Investments at fair value:				
Municipal bonds	-	-	1,054,037	1,054,037
Mutual funds	-	-	16,532,637	16,532,637
Total investments	-	-	17,586,674	17,586,674
Total assets	<u>\$ 787,611</u>	<u>\$ 1,003,077</u>	<u>\$ 17,659,728</u>	<u>\$ 19,450,416</u>
<u>Net Position</u>				
Held in trust for employees' pension benefits	<u>\$ 787,611</u>	<u>\$ 1,003,077</u>	<u>\$ 17,659,728</u>	<u>\$ 19,450,416</u>

CITY OF MISHAWAKA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PENSION TRUST FUNDS
For the Year Ended December 31, 2014

	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
<u>Additions:</u>				
Contributions:				
On behalf contributions	\$ 1,409,222	\$ 2,459,100	\$ -	\$ 3,868,322
Employer	-	-	867,363	867,363
Total contributions	<u>1,409,222</u>	<u>2,459,100</u>	<u>867,363</u>	<u>4,735,685</u>
Investment income (loss):				
Net loss in fair value of investments	-	-	(127,477)	(127,477)
Interest and dividends	-	-	949,618	949,618
Total investment income (loss)	-	-	822,141	822,141
Less investment expenses:				
Investment activity expense	-	-	(43,219)	(43,219)
Net investment income (loss)	-	-	<u>778,922</u>	<u>778,922</u>
Total additions	<u>1,409,222</u>	<u>2,459,100</u>	<u>1,646,285</u>	<u>5,514,607</u>
<u>Deductions:</u>				
Benefits	1,404,491	2,343,279	866,449	4,614,219
Administrative expense	-	564	12,780	13,344
Total deductions	<u>1,404,491</u>	<u>2,343,843</u>	<u>879,229</u>	<u>4,627,563</u>
Changes in net position	4,731	115,257	767,056	887,044
Net position - beginning	<u>782,880</u>	<u>887,820</u>	<u>16,892,672</u>	<u>18,563,372</u>
Net position - ending	<u>\$ 787,611</u>	<u>\$ 1,003,077</u>	<u>\$ 17,659,728</u>	<u>\$ 19,450,416</u>

CITY OF MISHAWAKA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
 AGENCY FUNDS
 December 31, 2014

	Special Judgement	Redevelopment Revolving	Totals
<u>Assets</u>			
Contributions:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable	-	3,195	3,195
	<u>\$ -</u>	<u>\$ 3,195</u>	<u>\$ 3,195</u>
Total assets	<u>\$ -</u>	<u>\$ 3,195</u>	<u>\$ 3,195</u>
<u>Liabilities</u>			
Accounts payable	-	1,558	1,558
Accrued payroll and withholdings payable	-	1,637	1,637
	<u>\$ -</u>	<u>\$ 3,195</u>	<u>\$ 3,195</u>
Total liabilities	<u>\$ -</u>	<u>\$ 3,195</u>	<u>\$ 3,195</u>

CITY OF MISHAWAKA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
For the Year Ended December 31, 2014

	Special Judgement	Redevelopment Revolving	Totals
<u>Additions:</u>			
Cash and cash equivalents - January 1, 2014	\$ 4	\$ 445	\$ 449
Additions	-	117,476	117,476
Deductions	(4)	(117,921)	(117,925)
Cash and cash equivalents - December 31, 2014	-	-	-
Accounts Receivable - January 1, 2014	-	3,473	3,473
Additions	-	3,195	3,195
Deductions	-	(3,473)	(3,473)
Accounts receivable - December 31, 2014	-	3,195	3,195
Total assets December 31, 2014	<u>\$ -</u>	<u>\$ 3,195</u>	<u>\$ 3,195</u>
<u>Liabilities</u>			
Accounts payable, January 1, 2014	4	2,055	2,059
Additions	-	1,558	1,558
Deletions	(4)	(2,055)	(2,059)
Accounts payable, December 31, 2014	-	1,558	1,558
Accrued payroll and withholdings payable, January 1, 2014	-	1,863	1,863
Additions	-	1,637	1,637
Deletions	-	(1,863)	(1,863)
Accrued payroll and withholdings payable, December 31, 2014	-	1,637	1,637
Total liabilities December 31, 2014	<u>\$ -</u>	<u>\$ 3,195</u>	<u>\$ 3,195</u>

STATISTICAL SECTION

(Not Covered by Auditor's Opinion)

CITY OF MISHAWAKA, INDIANA STATISTICAL SECTION

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

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 194,804,771	\$ 170,374,606	\$ 151,073,920	\$ 134,670,237	\$ 136,795,681	\$ 116,947,337	\$ 97,252,778	\$ 69,230,461	\$ 55,596,506	\$ 43,584,806
Restricted	-	1,221,499	2,790,264	2,839,701	2,692,556				993,490	1,184,297
Unrestricted	(19,347,462)	23,387,859	36,011,745	47,612,406	34,769,529	44,630,003	31,666,692	33,539,008	25,069,658	22,743,513
Total governmental activities net position assets	<u>\$ 175,457,309</u>	<u>\$ 194,983,964</u>	<u>\$ 189,875,929</u>	<u>\$ 185,122,344</u>	<u>\$ 174,257,766</u>	<u>\$ 161,577,340</u>	<u>\$ 128,919,470</u>	<u>\$ 102,769,469</u>	<u>\$ 81,659,654</u>	<u>\$ 67,512,616</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 106,696,476	\$ 103,839,134	\$ 97,739,643	\$ 93,926,064	\$ 66,090,580	\$ 85,021,905	\$ 81,573,161	\$ 76,739,094	\$ 53,687,905	\$ 58,414,662
Restricted	10,327,308	9,658,225	8,641,187	6,957,189	7,378,580	5,340,800	8,301,530	7,785,873	6,886,627	3,321,019
Unrestricted	19,337,654	15,343,428	23,573,751	23,538,726	47,432,882	21,755,544	16,551,499	20,939,948	29,319,393	21,037,256
Total business-type activities net position assets	<u>\$ 136,361,438</u>	<u>\$ 128,840,787</u>	<u>\$ 129,954,581</u>	<u>\$ 124,421,979</u>	<u>\$ 120,902,042</u>	<u>\$ 112,118,249</u>	<u>\$ 106,426,190</u>	<u>\$ 105,464,915</u>	<u>\$ 89,893,925</u>	<u>\$ 82,772,937</u>
Primary government										
Invested in capital assets, net of related debt	\$ 301,501,247	\$ 274,213,740	\$ 248,813,563	\$ 228,596,301	\$ 202,886,261	\$ 201,969,242	\$ 178,825,939	\$ 145,969,555	\$ 109,084,411	\$ 101,999,468
Restricted	10,327,308	10,879,724	11,431,451	9,796,890	10,071,136	5,340,800	8,301,530	7,785,873	7,880,117	4,505,316
Unrestricted	(9,808)	38,731,287	59,585,496	71,151,132	82,202,411	66,385,547	48,218,191	54,478,956	54,389,051	43,780,569
Total primary government net position assets	<u>\$ 311,818,747</u>	<u>\$ 323,824,751</u>	<u>\$ 319,830,510</u>	<u>\$ 309,544,323</u>	<u>\$ 295,159,808</u>	<u>\$ 273,695,589</u>	<u>\$ 235,345,660</u>	<u>\$ 208,234,384</u>	<u>\$ 171,353,579</u>	<u>\$ 150,285,353</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenses										
Governmental activities:										
General government	\$ 4,908,617	\$ 7,923,349	\$ 7,938,056	\$ 7,967,985	\$ 7,509,133	\$ 5,675,449	\$ 5,362,211	\$ 4,008,462	\$ 5,220,058	\$ 5,874,794
Public safety	37,994,494	34,037,887	31,059,510	29,631,615	29,219,741	25,470,868	22,188,373	17,750,725	25,344,096	23,380,191
Highways and streets	7,023,549	5,183,288	10,110,135	6,927,174	1,816,872	5,948,204	3,959,300	7,631,344	4,954,958	4,745,217
Sanitation	2,147,191	2,139,429	1,953,950	1,954,482	1,958,050	1,970,859	4,500	15,000	4,876	20,000
Community development	1,156,760	2,557,050	7,624,016	2,191,347	1,936,054	862,581	2,723,191	2,337,991	997,139	2,657,176
Culture and recreation	4,874,620	7,595,105	5,354,168	6,062,941	4,939,870	4,084,573	4,786,048	3,352,339	3,452,283	3,595,595
Interest on long-term debt	227,457	272,089	476,838	627,328	862,291	1,087,319	1,274,966	873,678	669,642	847,749
Total governmental activities expenses	<u>\$ 58,332,688</u>	<u>\$ 59,708,197</u>	<u>\$ 64,516,673</u>	<u>\$ 55,362,872</u>	<u>\$ 48,242,011</u>	<u>\$ 45,099,853</u>	<u>\$ 40,298,589</u>	<u>\$ 35,969,539</u>	<u>\$ 40,643,052</u>	<u>\$ 41,120,722</u>
Business type activities:										
Water utility	\$ 7,127,380	\$ 6,739,598	\$ 7,037,417	\$ 6,699,816	\$ 6,779,663	\$ 6,933,322	\$ 6,884,829	\$ 6,617,469	\$ 6,794,418	\$ 6,597,036
Wastewater utility	12,929,617	12,700,064	11,979,193	11,541,256	11,507,526	11,566,254	11,954,930	6,377,448	5,547,712	5,849,788
Electric utility	51,973,278	51,292,510	49,374,050	49,813,781	49,900,996	43,830,644	44,275,026	42,999,782	35,934,114	34,530,146
Total business-type activities expenses	<u>72,030,275</u>	<u>70,732,172</u>	<u>68,390,660</u>	<u>68,054,853</u>	<u>68,188,185</u>	<u>62,330,220</u>	<u>63,114,785</u>	<u>55,994,699</u>	<u>48,276,244</u>	<u>46,976,970</u>
Total primary government expenses	<u>\$ 130,362,963</u>	<u>\$ 130,440,369</u>	<u>\$ 132,907,333</u>	<u>\$ 123,417,725</u>	<u>\$ 116,430,196</u>	<u>\$ 107,430,073</u>	<u>\$ 103,413,374</u>	<u>\$ 91,964,238</u>	<u>\$ 88,919,296</u>	<u>\$ 88,097,692</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 498,152	\$ 453,798	\$ 1,034,816	\$ 498,317	\$ 645,300	\$ 714,830	\$ 1,049,593	\$ 973,326	\$ 892,455	\$ 941,009
Public safety	1,900,714	2,017,747	1,577,596	1,702,518	817,492	600,824	643,933	896,332	657,308	344,116
Highways and streets	1,678,388	1,055,235	1,515,476	132,033	118,354	114,428	28,347	44,617	27,462	343,430
Sanitation	2,241,716	2,227,489	2,068,575	2,074,781	2,084,642	2,102,200				
Community development	570,272	672,904	184,775	586,681	150,539	260,098	535,101	794,695	624,524	156,850
Culture and recreation	863,644	964,913	1,059,334	938,755	1,093,526	995,386	1,023,173	1,033,864	915,956	913,704
Interest on long-term debt										
Operating grants and contributions	1,015,318	3,581,151	3,256,325	4,411,769	4,490,139	3,283,506	1,191,352	2,400,968	1,257,136	1,661,515
Capital grants and contributions	10,046,066	5,977,949	5,887,808	5,834,032	6,851,310	4,358,580	4,745,714	4,944,558	10,410,884	4,326,826
Total governmental activities revenue	<u>\$ 18,814,270</u>	<u>\$ 16,951,186</u>	<u>\$ 16,584,705</u>	<u>\$ 16,178,886</u>	<u>\$ 16,251,302</u>	<u>\$ 12,429,852</u>	<u>\$ 9,217,213</u>	<u>\$ 11,088,360</u>	<u>\$ 14,785,725</u>	<u>\$ 8,687,450</u>
Business type activities:										
Charges for services:										
Water utility	\$ 8,805,927	\$ 8,651,326	\$ 8,476,779	\$ 7,721,105	\$ 7,881,467	\$ 7,574,977	\$ 8,037,964	\$ 8,356,853	\$ 7,804,735	\$ 8,074,554
Wastewater utility	12,705,864	12,969,399	12,967,156	13,047,673	11,163,904	9,333,576	9,422,150	9,576,399	8,284,304	7,797,148
Electric utility	59,115,853	46,561,227	51,249,386	50,153,710	50,363,745	46,262,804	43,278,603	47,457,258	37,573,938	37,031,707
Capital grants and contributions			87,495	167,104	6,652,868	5,113,577	3,250,069	3,044,903	1,656,673	1,451,446
Total business-type activities revenue	<u>80,627,644</u>	<u>68,181,952</u>	<u>72,780,816</u>	<u>71,089,592</u>	<u>76,061,984</u>	<u>68,284,934</u>	<u>63,988,786</u>	<u>68,435,413</u>	<u>55,319,650</u>	<u>54,354,855</u>
Total primary government revenue	<u>99,441,914</u>	<u>85,133,138</u>	<u>89,365,521</u>	<u>87,268,478</u>	<u>92,313,286</u>	<u>80,714,786</u>	<u>73,205,999</u>	<u>79,523,773</u>	<u>70,105,375</u>	<u>63,042,305</u>
Net (Expenses) Revenues										
Governmental activities:	(39,518,418)	(42,757,011)	(47,931,968)	(39,183,986)	(31,990,709)	(32,670,001)	(31,081,376)	(24,881,179)	(25,857,327)	(32,433,272)
Business-type activities	8,597,369	(2,550,220)	4,390,156	3,034,739	7,873,799	5,954,714	874,001	12,440,714	7,043,406	7,377,885
Total primary government net expense	<u>\$ (30,921,049)</u>	<u>\$ (45,307,231)</u>	<u>\$ (43,541,812)</u>	<u>\$ (36,149,247)</u>	<u>\$ (24,116,910)</u>	<u>\$ (26,715,287)</u>	<u>\$ (30,207,375)</u>	<u>\$ (12,440,465)</u>	<u>\$ (18,813,921)</u>	<u>\$ (25,055,387)</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General revenues and Other Changes in Net Assets										
Governmental activities:										
Property Taxes	\$ 40,733,627	\$ 40,631,587	\$ 43,780,600	\$ 44,782,236	\$ 49,872,423	\$ 40,092,134	\$ 43,572,448	\$ 40,325,388	\$ 34,552,665	\$ 35,172,645
Grants and Contributions not restricted to specific programs	4,239,318	8,368,776	8,403,833	8,206,595	8,570,832	4,943,387	3,846,190	3,794,657	3,808,209	3,667,444
Unrestricted investment earnings	82,644	88,635	119,285	34,289	42,251	13,542	872,964	2,022,465	1,908,162	981,943
Other	7,450,590	198,281	6,777,151	354,814	115,993	169,346	267,649	2,345	51,568	41,646
Loss on sale of Assets										(243,984)
Special Items: Litigation Settlement							8,154,390			
Transfers	(1,589,246)	(1,351,199)	(292,598)	(3,578,995)	(762,454)	959,856	517,736	46,139	(79,102)	(205,595)
Total governmental activities	<u>50,916,933</u>	<u>47,936,080</u>	<u>58,788,271</u>	<u>49,798,939</u>	<u>57,839,045</u>	<u>46,178,265</u>	<u>57,231,377</u>	<u>46,190,994</u>	<u>40,241,502</u>	<u>\$39,414,099</u>
Business type activities:										
Unrestricted investment earnings	76,156	85,227	122,082	112,130	15,686	24,935	605,010	1,802,870	1,372,025	\$738,382
Other						672,266				
Special Item: Insurance Settlement			727,766							
Transfers	1,589,246	1,351,199	292,598	3,578,995	762,454	(959,856)	(517,736)	(46,139)	79,102	205,595
Total business-type activities	<u>1,665,402</u>	<u>1,436,426</u>	<u>1,142,446</u>	<u>3,691,125</u>	<u>778,140</u>	<u>(262,655)</u>	<u>87,274</u>	<u>1,756,731</u>	<u>1,451,127</u>	<u>943,977</u>
Total primary government expenses	<u>52,582,335</u>	<u>49,372,506</u>	<u>59,930,717</u>	<u>53,490,064</u>	<u>58,617,185</u>	<u>45,915,610</u>	<u>57,318,651</u>	<u>47,947,725</u>	<u>41,692,629</u>	<u>\$40,358,076</u>
Change in Net Position										
Governmental activities:	50,916,933	5,179,069	10,856,303	10,614,953	25,848,336	13,508,264	26,150,001	21,309,815	14,384,175	\$6,980,827
Business-type activities	1,665,402	(1,113,794)	5,532,602	6,725,864	8,651,939	5,692,059	961,275	14,197,445	8,494,533	8,321,862
Total primary government	<u>\$ 52,582,335</u>	<u>\$ 4,065,275</u>	<u>\$ 16,388,905</u>	<u>\$ 17,340,817</u>	<u>\$ 34,500,275</u>	<u>\$ 19,200,323</u>	<u>\$ 27,111,276</u>	<u>\$ 35,507,260</u>	<u>\$ 22,878,708</u>	<u>\$ 15,302,689</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund										
Assigned	\$ 194,874	\$ 16,864	\$ 39,099	\$ 17,917		\$ 77,221	\$ 59,968	\$ 60,901	\$ 407,757	\$ 436,498
Unassigned	1,858,348	4,540,640	7,898,202	6,113,323	\$5,554,114	6,218,193	5,256,482	1,191,764	2,560,240	1,982,889
Total general fund	<u>\$ 2,053,222</u>	<u>\$ 4,557,504</u>	<u>\$ 7,937,301</u>	<u>\$ 6,131,240</u>	<u>\$ 5,554,114</u>	<u>\$ 6,295,414</u>	<u>\$ 5,316,450</u>	<u>\$ 1,252,665</u>	<u>\$ 2,967,997</u>	<u>\$ 2,419,387</u>
All Other Governmental Funds										
Nonspendable	\$ 10,856,307	\$ 11,644,722	\$ 12,274,727	\$ 12,657,121	\$ 21,323,691	\$ 14,182,700	\$ 16,411,776	\$ 16,639,539	\$ 15,647,856	\$ 18,127,410
Restricted	10,702,336	12,557,217	17,258,721	17,555,195						
Committed	4,789,619	6,533,427	6,353,315	6,673,086	36,269,879	35,662,925	40,459,220	51,543,352	35,317,342	29,599,512
Assigned	21,328,990	20,394,326	22,641,653	25,122,449						
Total all other governmental funds	<u>\$ 47,677,252</u>	<u>\$ 51,129,692</u>	<u>\$ 58,528,416</u>	<u>\$ 62,007,851</u>	<u>\$ 57,593,570</u>	<u>\$ 49,845,625</u>	<u>\$ 56,870,996</u>	<u>\$ 68,182,891</u>	<u>\$ 50,965,198</u>	<u>\$ 47,726,922</u>

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

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<u>Revenues</u>										
Taxes	\$ 40,984,533	\$ 40,783,183	\$ 44,710,664	\$ 45,201,867	\$ 46,375,159	\$ 40,092,134	\$ 47,591,213	\$ 38,337,107	\$ 35,575,614	\$ 35,083,567
Licenses and permits	535,994	493,314	961,751	418,629	372,368	349,680	607,371	543,226	456,108	313,195
Intergovernmental	18,812,330	17,927,876	17,547,966	18,452,396	19,912,281	12,585,473	9,932,199	11,083,085	15,239,090	9,626,565
Charges for services	5,834,479	4,737,841	4,031,031	4,191,957	3,536,355	3,412,746	1,565,526	1,712,906	1,645,234	1,795,176
Fines and forfeits	49,312	39,767	71,554	55,098	108,165	47,051	48,797	76,695	59,303	88,543
Interest	82,648	88,635	119,285	34,289	42,251	13,542	872,964	2,022,465	1,908,162	981,943
Sale and use of property	76,755	268,698	431,797	276,241	288,654	243,067	275,255	120,004	348,167	108,537
Gifts and donations	120,652	105,425	120,735	120,587	181,674	192,726	140,278	118,607	109,615	90,933
Other	506,751	1,945,322	2,251,822	1,225,387	538,630	711,842	910,569	1,173,741	790,441	344,371
Total primary government expenses	<u>67,003,454</u>	<u>66,390,061</u>	<u>70,246,605</u>	<u>69,976,451</u>	<u>71,355,537</u>	<u>57,648,261</u>	<u>61,944,172</u>	<u>55,187,836</u>	<u>56,131,734</u>	<u>48,432,830</u>
<u>Expenditures</u>										
General government	5,157,086	6,604,139	5,933,313	5,885,077	4,866,112	4,421,867	4,218,163	3,296,707	4,812,775	5,512,833
Public safety	30,321,452	29,184,282	26,866,758	27,184,126	24,997,945	19,095,252	19,330,286	20,279,335	18,390,523	17,103,962
Highways and streets	5,154,139	4,881,867	4,987,193	3,290,704	3,705,758	3,516,087	4,513,971	4,747,151	3,291,749	4,455,162
Sanitation	2,147,191	2,139,429	1,953,950	1,954,482	1,958,050	1,970,859	4,500	15,000		20,000
Culture and recreation	3,855,173	3,325,104	3,232,917	3,146,304	2,799,182	2,811,787	3,340,629	3,223,074	2,970,164	3,108,446
Community development	1,151,151	2,033,358	991,062	2,204,477	1,575,950	1,017,300	1,202,378	1,828,843	1,204,852	2,126,001
Capital outlay	21,492,779	24,792,933	27,121,314	14,229,063	23,447,858	25,026,579	33,975,819	21,217,470	20,352,125	8,199,714
Debt service										
Principal	3,561,668	3,706,668	5,018,334	4,909,254	5,749,757	5,710,522	4,521,647	3,456,429	2,606,451	3,064,530
Interest	257,894	303,184	446,887	626,002	852,078	1,084,271	1,203,775	607,737	611,817	586,338
Total Expenditures	<u>73,098,533</u>	<u>76,970,964</u>	<u>76,551,728</u>	<u>63,429,489</u>	<u>69,952,690</u>	<u>64,654,524</u>	<u>72,311,168</u>	<u>58,671,746</u>	<u>54,245,332</u>	<u>44,176,986</u>
Excess of revenues over (under) expenditures	(6,095,079)	(10,580,903)	(6,305,123)	6,546,962	1,402,847	(7,006,263)	(10,366,996)	(3,483,910)	1,886,402	4,255,844
Other financing sources(uses):										
Transfers in	34,133,450	6,133,168	7,991,149	6,613,316	7,362,007	6,174,587	7,281,350	3,700,993	3,963,940	5,323,770
Transfers out	(33,995,093)	(6,330,786)	(7,320,692)	(7,052,244)	(8,124,461)	(5,214,731)	(6,763,614)	(3,654,854)	(4,043,042)	(5,529,365)
Bond issuance cost			4,000,000					(87,079)	(28,619)	(123,612)
Start up contribution for Mishawaka Bond Bank							(6,000,000)			
Refunding bonds issued										2,625,000
General obligation bond issuance								17,800,000	1,550,000	5,000,000
Discount on bond issuance								(180,977)	(5,000)	(62,332)
Capital lease Issuance								817,499		
Payment to refunded bond escrow agent										(2,557,799)
Interfund revenue bond issuance					1,366,252					
Loan Issuance- short term							446,760	590,689	499,205	259,050
Total other financing sources and uses	<u>138,357</u>	<u>(197,618)</u>	<u>4,670,457</u>	<u>(438,928)</u>	<u>603,798</u>	<u>959,856</u>	<u>(5,035,504)</u>	<u>18,986,271</u>	<u>1,936,484</u>	<u>4,934,712</u>
Special Item: Proceeds from Litigation settlement							8,154,390			
Net change in fund balances	<u>\$ (5,956,722)</u>	<u>\$ (10,778,521)</u>	<u>\$ (1,634,666)</u>	<u>\$ 6,108,034</u>	<u>\$ 2,006,645</u>	<u>\$ (6,046,407)</u>	<u>\$ (7,248,110)</u>	<u>\$ 15,502,361</u>	<u>\$ 3,822,886</u>	<u>\$ 9,190,556</u>
Debt service as a percentage of non-capital expenditures	<u>7.99%</u>	<u>8.32%</u>	<u>12.43%</u>	<u>12.68%</u>	<u>16.54%</u>	<u>20.69%</u>	<u>17.56%</u>	<u>12.17%</u>	<u>10.49%</u>	<u>11.29%</u>

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

Fiscal Year Ended December 31	Real Property	Personal/ Utility Property	Total Taxable Assessed Value	Total Direct Tax Rate
2005	\$ 1,210,835,883	\$ 360,559,477	\$ 1,571,395,360	\$ 1.3382
2006	1,232,572,354	346,777,992	1,579,350,346	1.3899
2007	1,543,475,510	207,350,000	1,750,825,510	1.3326
2008	1,425,349,832	193,679,400	1,619,029,232	1.5283
2009	1,196,114,072	192,272,950	1,388,387,022	1.6557
2010	1,234,269,393	208,951,270	1,443,220,663	1.6741
2011	1,224,467,208	213,316,380	1,437,783,588	1.7362
2012	1,201,464,113	218,461,822	1,419,925,935	1.8186
2013	1,105,824,915	225,853,784	1,331,678,699	1.9086
2014	1,087,582,926	231,514,888	1,319,097,814	2.0062

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

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

Fiscal Year Ended December 31	City of Mishawaka (Direct)						Overlapping Governments									Total
	General Fund	Special Revenue Funds	Trust and Agency Funds	Debt Service Fund	Cumulative Funds	Total Direct City Rate	Penn Township	Redevelopment District	Library	School District	St. Joseph County	St Joseph Airport	Transportation	State of Indiana	St Joseph County Welfare	
2005	\$0.9793	\$0.2112	\$0.0466	\$0.0348	\$0.0663	\$1.3382	\$0.0171	\$0.0540	\$0.1277	\$1.5691	\$0.7831	\$0.0297	\$0.0831	\$0.0024	\$0.0000	\$4.0044
2006	0.9843	0.2148	0.0782	0.0463	0.0663	1.3899	0.0318	0.0520	0.1325	1.6726	0.5002	0.0301	0.0856	0.0024	0.4897	4.3868
2007	0.9708	0.1569	0.0723	0.0666	0.0660	1.3326	0.0268	0.0000	0.1276	1.6892	0.4581	0.0277	0.0821	0.0024	0.4130	4.1595
2008	1.1576	0.1202	0.0819	0.1026	0.0660	1.5283	0.0279	0.0000	0.0943	1.6448	0.4989	0.0292	0.0821	0.0024	0.2587	4.1666
2009	1.2201	0.2126	0.0460	0.1110	0.0660	1.6557	0.0397	0.0000	0.1437	1.0735	0.5693	0.0353	0.0821	0.0000	0.0000	3.5993
2010	1.1377	0.3576	0.0000	0.1148	0.0640	1.6741	0.0288	0.0000	0.1583	1.3221	0.5866	0.0342	0.0821	0.0000	0.0000	3.8862
2011	1.2861	0.2648	0.0000	0.1213	0.0640	1.7362	0.0287	0.0000	0.1462	1.3381	0.5424	0.0297	0.0934	0.0000	0.0000	3.9147
2012	1.4381	0.2065	0.0000	0.1103	0.0637	1.8186	0.0309	0.0000	0.1553	1.3030	0.6212	0.0309	0.0999	0.0000	0.0000	4.0598
2013	1.4987	0.2226	0.0000	0.1233	0.0640	1.9086	0.0324	0.0000	0.1616	1.2860	0.6731	0.0330	0.1042	0.0000	0.0000	4.1989
2014	1.5666	0.2966	0.0000	0.0790	0.0640	2.0062	0.0338	0.0000	0.1679	1.2298	0.7058	0.0345	0.1125	0.0000	0.0000	4.2905

(A) Source: St. Joseph County Auditor Certificate of Tax rates.

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

2014				2005			
<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Valuation</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Valuation</u>	<u>Percentage of Total Taxable Assessed Value</u>
Edward Rose of Indiana	Real Estate Developer	\$100,156,690	7.59%	Edward Rose of Indiana	Real Estate Developer	\$93,300,400	5.94%
University Park Mall	Retail	34,684,790	2.63%	Bayer Corporation	Manufacturing	58,900,689	3.75%
G and I VII Main Street LLC	Apartments	29,371,200	2.23%	University Park Associates	Retail/Management	33,513,000	2.13%
Harbor LLC/St. Indian Ridge LLC/Wilshire Plaza LP	Shopping Plaza	28,429,570	2.16%	Meijer	Retail	32,933,930	2.10%
University Park Apartments/Village Apartments/ Carriage House	Apartments	23,633,480	1.79%	Nyloncraft	Manufacturing	29,001,400	1.85%
Meijer	Retail	22,110,580	1.68%	Wal-Mart Stores	Retail	26,914,730	1.71%
Cressy & Everett Management Corp.	Real Estate	20,325,930	1.54%	Main Street Village	Real Estate	21,550,400	1.37%
Bayer	Pharmaceutical Preparation	19,695,400	1.49%	Gurley Leep	Automotive Dealership	18,268,690	1.16%
Siemens Healthcare Diagnostics	Laboratory Diagnostics	19,685,930	1.49%	Carriage House	Real Estate	18,189,200	1.16%
WSBT Inc.	News/Communications	19,089,970	1.45%	Amerisource	Wholesale Merchandising	14,865,540	0.95%
Totals		<u>\$317,183,540</u>	<u>24.05%</u>			<u>\$347,437,979</u>	<u>22.12%</u>

Source: St. Joseph County Auditor.

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

<u>Fiscal Year Ended December 31</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Circuit Breaker Tax Credit</u>	<u>Taxes Levied Net of Circuit Breaker</u>	<u>Current Collection</u>	<u>Percentage of Original Levy</u>	<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Percentage of Total Collections</u>
2005	\$20,786,722			\$19,320,780	92.95%	\$466,081	\$19,786,861	95.19%
2006	22,018,614			20,985,000	95.31%	152,869	21,137,869	96.00%
2007	23,331,502			19,626,678	84.12%	765,184	20,391,862	87.40%
2008	24,580,481			23,050,500	93.78%	279,877	23,330,377	94.91%
2009	23,019,485	(\$340,519)	\$22,678,966	20,637,860	89.65%	512,206	21,150,066	93.26%
2010	24,171,640	(1,421,920)	22,749,720	22,546,751	93.28%	299,763	22,846,514	100.43%
2011	24,823,084	(1,656,712)	23,166,372	22,246,157	89.62%	850,723	23,096,880	99.70%
2012	25,375,487	(2,315,975)	23,059,512	22,957,079	90.47%	201,487	23,158,566	100.43%
2013	25,374,431	(3,388,274)	21,986,157	21,150,811	83.35%	439,723	21,590,534	98.20%
2014	26,146,650	(4,204,454)	21,942,196	21,382,573	81.78%		21,382,573	97.45%

Source: St. Joseph County Auditor.

Note: City of Mishawaka Corporation collections only.

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

Fiscal Year	Governmental Activities					Business Type Activities							
	General Obligation Bonds	Tax Increment Revenue Bonds	State Revolving Loan	Capital Leases	Inter-Governmental Loan	Water Revenue Bonds	Wastewater Revenue Bonds	State Revolving Loan	Capital Leases	Inter Governmental Loan	Total Primary Government	Percentage of Personal Income	Per Capita (1)
2005	\$7,640,000	\$7,450,000	\$1,127,082	\$393,775		\$4,530,000	\$9,720,813	\$42,701,253	\$356,427		\$73,919,350	4.99%	\$1,587.72
2006	8,525,000	6,325,000	847,397	247,098		4,330,000	17,330,654	55,361,331	212,419		93,178,899	5.92%	2,001.39
2007	10,745,000	19,945,000	558,753	815,667		4,310,000	16,437,141	56,212,045	51,686		109,075,292	6.72%	2,342.83
2008	9,775,000	17,375,000	263,000	576,533		4,055,000	15,265,945	55,546,339	68,148		102,924,965	6.10%	2,210.73
2009	8,485,000	13,365,000	89,000	340,011		3,785,000	14,088,484	54,637,118	32,224		94,821,837	5.87%	2,036.68
2010	7,145,000	9,210,000		174,254	\$1,366,252	3,495,000	50,053,352	56,575,326			128,019,184	7.91%	2,653.14
2011	5,750,000	5,870,000			1,093,002	3,190,000	48,408,474	55,536,497	194,320		120,042,293	6.81%	2,487.82
2012	4,315,000	2,420,000		3,866,666	819,751	2,875,000	45,536,001	54,071,474	145,740		114,049,632	6.47%	2,363.62
2013	2,815,000	480,000		3,599,998	546,501	14,670,000	42,570,612	39,729,549	48,580		104,460,240	5.93%	2,164.89
2014				3,333,330	223,326	13,000,000	39,490,000	38,680,700	48,580	\$ 49,925	94,825,861	9.36%	2,496.14

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

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

**CITY OF MISHAWAKA, INDIANA
RATIO OF GENERAL BONDED DEBT OUTSTANDING**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2005	\$7,640,000	\$556,263	\$7,083,737	0.50%	\$152.15
2006	8,525,000	448,846	8,076,154	0.50%	173.47
2007	10,745,000	471,651	10,273,349	0.60%	220.66
2008	9,775,000	731,989	9,043,011	0.60%	194.24
2009	8,485,000	595,262	7,889,738	0.60%	169.46
2010	7,145,000	689,228	6,455,772	0.40%	133.79
2011	5,750,000	917,276	4,832,724	0.30%	100.16
2012	4,315,000	859,024	3,455,976	0.20%	71.62
2013	2,815,000	844,385	1,970,615	0.10%	40.84
2014				0.00%	N/A

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

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

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

CITY OF MISHAWAKA, INDIANA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2014

Governmental Units(4)	Outstanding Debt at December 31, 2014 (1)	Estimated Percentage Applicable (3)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
City Direct Debt (Governmental Activities) (2)	\$3,556,656	100.00%	\$0
<u>Overlapping Debt:</u>			
School City of Mishawaka	49,196,436	53.27%	26,206,941
Mishawaka-Penn Library	2,895,000	94.34%	2,731,143
Penn-Harris-Madison School Corporation	52,203,081	41.76%	21,800,007
St. Joseph County	33,385,642	17.33%	5,785,732
St. Joseph County Airport Authority	12,455,000	17.33%	2,158,452
St. Joseph County Public Library	7,615,000	5.66%	431,009
South Bend Community School Corporation	<u>153,333,692</u>	5.66%	<u>8,678,687</u>
Subtotal for Overlapping Debt	<u>311,083,851</u>		<u>67,791,971</u>
Total Direct and Overlapping Debt(5)	<u><u>\$314,640,507</u></u>		<u><u>\$67,791,971</u></u>

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

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

	<u>Fiscal Year 2005</u>	<u>Fiscal Year 2006</u>	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2013</u>	<u>Fiscal Year 2014</u>
Assessed Value	\$523,121,667	\$526,450,115	\$583,608,503	\$536,118,157	\$463,439,117	\$481,073,554	\$476,578,937	\$465,110,284	\$443,159,579	\$434,430,753
Debt Limit Percentage	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>2%</u>	<u>2%</u>
Debt Limit (1)	20,924,867	21,058,005	23,344,340	21,444,726	18,537,565	19,242,942	19,063,157	18,604,411	17,726,383	17,377,230
Bonds Outstanding	<u>7,640,000</u>	<u>8,525,000</u>	<u>10,745,000</u>	<u>9,775,000</u>	<u>8,485,000</u>	<u>7,145,000</u>	<u>5,750,000</u>	<u>4,315,000</u>	<u>2,815,000</u>	
Subtotal	13,284,867	12,533,005	12,599,340	11,669,726	10,052,565	12,097,942	13,313,157	14,289,411	14,911,383	17,377,230
Amount Available for Debt Service	<u>556,263</u>	<u>448,846</u>	<u>471,651</u>	<u>731,989</u>	<u>595,262</u>	<u>689,228</u>	<u>917,276</u>	<u>859,024</u>	<u>844,385</u>	
Legal Debt Margin	<u>\$13,841,130</u>	<u>\$12,981,851</u>	<u>\$13,070,991</u>	<u>\$12,401,715</u>	<u>\$10,647,827</u>	<u>\$12,787,170</u>	<u>\$14,230,433</u>	<u>\$15,148,435</u>	<u>\$15,755,768</u>	<u>\$17,377,230</u>
Total net debt applicable to the limit as a percentage of debt limit	36.51%	40.48%	46.03%	45.58%	45.77%	37.13%	30.16%	23.19%	15.88%	N/A

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

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

Year	General Obligation Bonds		Tax Incremental Financing Bonds		Total Bonded Debt Service	Total General Government Expenditures	Ratio of Debt Service to Total General Government Expenditures
	Principal	Interest	Principal	Interest			
2005	\$610,000	\$72,851	\$1,035,000	\$367,966	\$2,085,817	\$44,300,598	4.7%
2006	665,000	229,644	1,125,000	329,627	2,349,271	54,273,951	4.3%
2007	780,000	281,091	1,180,000	272,642	2,513,733	58,758,825	4.3%
2008	970,000	438,940	2,570,000	709,778	4,688,718	72,311,168	6.5%
2009	1,290,000	357,376	4,010,000	689,471	6,346,847	64,654,524	9.8%
2010	1,340,000	311,150	4,155,000	519,348	6,325,498	69,952,690	9.0%
2011	1,395,000	262,409	3,340,000	352,121	5,349,530	63,429,489	8.4%
2012	1,435,000	211,066	3,450,000	210,709	5,306,775	76,551,728	6.9%
2013	1,500,000	156,399	1,940,000	63,309	3,659,708	76,970,964	4.8%
2014						73,871,648	N/A

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

Year	Gross Revenue (A)	Direct Operating Expenses (B)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	\$51,696,748	\$41,056,799	\$10,639,949	\$1,210,000	\$445,885	\$1,655,885	642.6%
2006	52,336,869	42,827,190	9,509,679	1,245,000	461,096	1,706,096	557.4%
2007	65,462,854	49,998,303	15,464,551	1,655,000	621,380	2,276,380	679.3%
2008	57,798,526	51,847,654	5,950,872	1,710,000	565,949	2,275,949	261.5%
2009	60,925,718	51,057,879	9,867,839	1,785,000	516,422	2,301,422	428.8%
2010	66,378,913	56,937,984	9,440,929	2,220,000	1,529,517	3,749,517	251.8%
2011	68,421,077	57,127,195	11,293,882	3,415,000	1,944,950	5,359,950	210.7%
2012	69,217,905	57,884,047	11,333,858	3,475,000	1,883,724	5,358,724	211.5%
2013	64,375,103	59,799,595	4,575,508	4,850,000	2,042,109	6,892,109	66.4%
2014	77,055,002	61,169,065	15,885,937	4,935,000	1,982,567	6,917,567	229.6%

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

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

Year	Population (A)	St Joseph County Personal Income (A)	St. Joseph County Median Family Income (A)	St Joseph County Per Capita Income (A)	Median Age (A)	K-12 Public School Enrollment (B)	Labor Force (A)	St. Joseph County Unemployment Rate (A)
2004	46,557	8,266,157	39,940	31,246	34.9	5,177	133,412	5.1%
2005	46,557	8,433,861	37,971	31,846	35.0	5,178	133,939	5.2%
2006	46,557	9,289,258	39,046	33,815	35.0	5,242	134,788	5.1%
2007	46,557	9,283,064	44,706	34,857	35.0	5,272	133,337	4.9%
2008	46,557	9,571,597	43,931	36,229	36.0	5,116	133,363	6.5%
2009	46,557	9,148,555	43,544	34,712	35.0	5,043	128,714	11.6%
2010	48,252	8,891,812	42,316	33,322	36.2	5,288	127,611	11.4%
2011	48,252	9,678,196	43,813	36,289	36.3	4,978	126,963	10.1%
2012	48,252	10,161,658	45,248	38,152	36.5	4,908	124,968	9.7%
2013	48,252	10,131,944	(C) 40,978	(D) 37,989	(C) 36.6	(D) 5,035	124,349	8.8%
2014	48,252	(E)	(E)	(E)	(E)	5,179	129,684	6.3%

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

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

**CITY OF MISHAWAKA, INDIANA
LARGEST EMPLOYERS (A)
DECEMBER 31, 2014**

2014				2005			
Company	Type of Business	Number of Employees	Percentage of Total Employment (B)	Company	Type of Business	Number of Employees	Percentage of Total Employment (C)
St. Joseph Regional Medical Center	Acute Healthcare	2,280	1.76%	School City of Mishawaka	Public School	923	0.67%
Schurz Communications	News and Information	1,000	0.77%	Bayer Corporation	Manufacturing	834	0.60%
School City of Mishawaka	Public School	922	0.71%	Liberty Mutual	Insurance	654	0.47%
Meijer, Inc.	Retail	750	0.58%	City of Mishawaka	Government	541	0.39%
Liberty Mutual	Insurance	650	0.50%	Nyloncraft	Manufacturing	370	0.27%
Wal-Mart	Retail	544	0.42%	Family & Childrens Center	Social Service	325	0.24%
Oaklawn	Counseling Service	506	0.39%	Bethel College	College	302	0.22%
City of Mishawaka	Government	501	0.39%	Affinia Group	Automotive Parts	264	0.19%
Nyloncraft	Manufacturing	385	0.30%	RMG Foundry	Manufacturing	230	0.17%
Bayer Corporation	Manufacturing	384	0.30%	L.S. Ayres	Retail	200	0.15%

(A) Source: Individual Companies.

(B) Based on total employment of 129,684 in the City of Mishawaka as of December 31, 2014, per the U.S. Bureau of Labor Statistics.

(C) Based on total employment of 137,900 in the City of Mishawaka as of December 31, 2005, per the U.S. Bureau of Labor Statistics.

Electric Utility Large Users 2014

	<u>Customer</u>	<u>Type of Business</u>	<u>Consumption</u>	<u>Revenue</u>
1	St. Joseph Reg Med Ctr/VNA	Hospital	21,155,645	\$1,722,831.21
2	Nyloncraft	Manufacturing	18,219,472	1,352,352.40
3	Martin's Super Market	Grocery Chain	10,260,760	837,551.74
4	Patrick Metals	Manufacturing	7,272,942	547,643.82
5	Standard Motor Products Inc	Manufacturing	7,164,600	533,516.15
6	Wellpet LLC	Manufacturing	6,835,080	514,908.72
7	Bethel College	Education	6,789,997	578,862.02
8	School City	Education	6,765,033	744,925.84
9	HR of Indiana LLC	Hospital	5,576,800	467,884.44
10	Wastewater Treatment Plant	Utility	5,425,103	487,869.16
		Total	<u>95,465,432</u>	<u>\$7,788,345.50</u>

Water and Sprinkling Utility Large Users 2014

	Customer	Type of Business	Consumption	Revenue
1	Village Green	Mobile Home Park	9,272,630	\$106,911.98
2	Village Green VGM	Mobile Home Park	7,236,130	84,171.17
3	Autumn Lakes Apartments	Apartment Complex	5,857,013	114,414.55
4	Indian Lakes Apts	Apartment Complex	5,115,610	62,559.95
5	Wastewater Treatment Plant/Biosolids	Utility	4,659,829	75,219.58
6	AM General	Manufacturing	4,180,458	71,999.38
7	Park & Recreation Department	City Department	3,975,651	75,140.19
8	School City	Education	3,896,129	78,286.51
9	St. Joseph Regional Med Ctr/VNA	Hospital	3,553,107	49,215.61
10	Hickory Village Apts	Apartment Complex	3,483,150	43,949.91
		Total	51,229,707	\$761,868.83

Wastewater Utility Large Users 2014

	Customer	Type of Business	Consumption	Revenue
1	Village Green	Mobile Home Park	9,272,630	\$129,184.02
2	Village Green VGM	Mobile Home Park	7,236,130	108,836.06
3	Autumn Lakes Apartments	Apartment Complex	4,761,163	146,453.70
4	Indian Lakes Apts	Apartment Complex	4,083,871	109,429.92
5	St. Joseph Regional Med Ctr/VNA	Hospital	3,553,107	157,890.76
6	Hickory Village Apts	Apartment Complex	3,309,225	99,402.40
7	Carriage House	Apartment Complex	3,208,331	89,090.84
8	AM General	Manufacturing	3,000,767	337,211.01
9	Lakeshore Estates MHC LLC	Mobile Home Park	2,159,243	58,812.63
10	Wellpet LLC	Manufacturing	2,101,010	45,749.10
		Total	42,685,477	\$1,282,060.44

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

Full-time Equivalent Employees as December 31

	2014	% of Total Employment	2013	% of Total Employment	2012	% of Total Employment	2011	% of Total Employment	2010	% of Total Employment
Function										
General Government:	61	12%	60	12%	56	11%	55	11%	53	11%
Public Safety										
<u>Public</u>										
Officers	105	21%	105	21%	105	21%	103	21%	103	21%
Civilians	23	5%	23	5%	23	5%	23	5%	23	5%
<u>Fire</u>										
Firefighters	113	22%	113	22%	111	22%	109	22%	107	22%
Civilians	1	0%	1	0%	1	0%	1	0%	1	0%
Total Public Safety	242	48%	242	47%	240	47%	236	47%	234	48%
Highways and Streets	35	7%	35	7%	35	7%	35	7%	32	7%
Culture and Recreation	26	5%	26	5%	26	5%	26	5%	26	5%
Water	38	7%	37	7%	37	7%	36	7%	40	8%
Wastewater/Sewer	47	9%	48	9%	48	9%	47	9%	47	10%
Electric	60	12%	62	12%	64	13%	64	13%	59	12%
Total City Employees	509		510		506		499		491	
	2009	% of Total Employment	2008	% of Total Employment	2007	% of Total Employment	2006	% of Total Employment	2005	% of Total Employment
Function										
General Government:	48	10%	54	10%	57	11%	60	11%	66	12%
Public Safety										
<u>Public</u>										
Officiary	103	21%	103	20%	103	20%	103	19%	103	19%
Civiliaris	23	5%	31	6%	30	6%	30	6%	28	5%
<u>Fire</u>										
Firefighters	107	22%	107	20%	107	20%	107	20%	107	20%
Civiliaris	1	0%	2	0%	2	0%	2	0%	1	0%
Total Public Safety	234	48%	243	46%	242	46%	242	45%	239	44%
Highways and Streets	30	6%	31	6%	34	6%	34	6%	37	7%
Culture and Recreation	26	5%	33	6%	34	6%	34	6%	35	6%
Water	37	8%	47	9%	49	9%	48	9%	47	9%
Wastewater/Sewer	48	10%	46	9%	38	7%	46	9%	46	8%
Electric	62	13%	70	13%	72	14%	69	13%	73	13%
Total City Employees	485		524		526		533		543	

Source: City Payroll System

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

Function	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Arrests	1,686	1,978	1,546	1,541	1,221	2,006	1,633	2,241	2,350	2,059
Parking Violations	1,100	1,216	1,034	1,188	1,218	1,622	2,540	2,510	1,474	2,289
Traffic Violations	2,143	6,182	6,128	5,531	4,080	9,364	7,276	4,125	4,568	4,044
Traffic Accident Calls	6,931	2,078	2,013	2,060	2,037	1,969	2,382	2,424	2,453	2,717
Cases Reviewed		7,570	8,110	8,028	8,135	8,675	8,207	8,093	8,114	7,812
Fire										
Fire Calls	1,413	1,310	1,394	1,207	1,260	1,026	1,066	201	213	253
Medical Calls	4,940	5,115	4,877	4,804	4,467	4,157	4,384	4,352	4,123	4,191
Inspections	1,920	1,720	1,680	1,500	1,423	1,372	1,190	1,603	917	1,100
Streets										
Blocks of Streets Paved	60	72	79	85	65	73	88	123	136	99
Leaf Pickup Cubic Yards	10,200	11,487	13,255	14,500	15,062	18,390	11,075	11,332	16,338	10,132
Blocks of Streets Swept	742	703	900	565	445	637	620	799	833	1,092
Culture & recreation										
Pool Attendance(patrons)	12,808	16,946	21,008	17,131	18,014	16,810	18,860	19,573	18,512	18,176
Community Ctr Attendance	46,973	45,079	32,391	41,165	48,388	43,120	49,645	46,730	53,000	50,355
Facility Rentals	1,727	1,997	1,666	1,447	1,116	1,579	1,135	544	770	696
Plantings	1,128	1,524	4,924	902	166	145	86	129	213	95
Water										
New service lines	53	213	37	54	50	56	42	206	428	419
Average daily consumption MGD	7.27	8.90	8.48	7.55	7.85	6.6	8.21	10.00	9.00	9.00
Wastewater										
Annual Sewage Treatment (billions of gallons)	3.5	3.6	4.4	4.2	4.6	4.6	5.2	4.2	4.5	4.5
Pollutants removed (in mill of lbs.)	5.6	5.5	7.4	7.2	7.0	7.0	6.8	6.5	8.5	8.5
Electric										
Energy consumption (kW) (in thousands)	614,024	621,372	624,569	621,122	597,728	538,572	623,032	642,779	637,903	617,257
Unplanned outages	10	10	9	11	22	11	14	16	7	12

Source: Various city departments

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Function										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	85	89	89	89	89	89	89	89	89	89
Fire										
Stations	4	4	5	5	5	5	5	5	5	5
Streets										
Miles of Streets	177.23	177.10	177.04	177.04	175.40	175.13	174.30	174.30	174.30	174.08
Street Lights	3,873	3,543	3,543	3,538	3,538	3,538	3,737	3,737	3,737	3,731
Traffic Signals	62	60	60	58	58	58	56	55	55	55
Culture & recreation										
Park Acreage	393	318	318	318	318	318	318	318	317	317
Number of Parks	29	29	29	28	28	28	28	28	27	27
Golf Courses	1	1	1	1	1	1	1	1	1	1
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	12	12	12	12	12	12	12	12	12	12
Community Centers	1	1	1	1	1	1	1	1	1	1
Water										
Total connections (taps)	17,294	17,096	16,850	17,109	17,100	17,082	17,082	17,001	15,539	15,852
Fire Hydrants	2,520	2,394	2,361	2,350	2,311	2,276	2,236	2,168	2,093	2,029
Wastewater										
Miles of Sewers	279.54	275.91	272.73	272.02	271.37	257.08	254.41	253.23	246.14	245.06
Electric										
Number of Sub-stations	11	11	11	11	11	11	11	11	11	11
Miles of Service Lines above/below ground	303	303	303	303	303	303	303	303	303	303

Source: Various city departments