



**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

CITY OF MISHAWAKA, INDIANA

FISCAL YEAR ENDED DECEMBER 31, 2015

DAVID A. WOOD, MAYOR

FILED

09/23/2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MISHAWAKA, INDIANA

For the Fiscal Year Ended December 31, 2015



CITY CONTROLLER'S OFFICE

INTRODUCTORY SECTION

CITY OF MISHAWAKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2015

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|---|-------------|
| I. INTRODUCTORY SECTION | |
| Table of Contents | i–ii |
| City Officials | iii |
| Mayor’s Letter of Transmittal | iv |
| Controller’s Letter of Transmittal | v–viii |
| Organization Chart..... | ix |
| Certificate of Achievement..... | x |
| II. FINANCIAL SECTION | |
| Independent Auditor’s Report..... | 1–4 |
| Management’s Discussion and Analysis | 5-17 |
| Basic Financial Statements: | |
| Government – Wide Financial Statements: | |
| Statement of Net Position | 18 |
| Statement of Activities..... | 19 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 20 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 21 |
| Statement of Revenues, Expenditures, and Other Changes in Fund Balances – Governmental Funds | 22 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 23 |
| Statement of Net Position – Proprietary Funds..... | 24–25 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds | 26 |
| Statement of Cash Flows – Proprietary Funds | 27–28 |
| Statement of Fiduciary Net Assets – Fiduciary Funds | 29 |
| Statement of Changes in Fiduciary Net Position – Fiduciary Funds..... | 30 |
| Notes to Financial Statements | 31–79 |
| Required Supplementary Information: | |
| Budgetary Comparison Schedule – General Fund | 80–81 |
| Budget/GAAP Reconciliation – General Fund..... | 82 |
| Notes to Required Supplementary Information..... | 83–86 |
| Schedule of the City’s Proportionate Share of the Net Pension Liability | 87–91 |
| Schedule of City Contributions..... | 92 |
| Schedule of Changes in Net Pension Liability and Related Ratios | 93-94 |
| Schedule of Contributions | 95 |
| Schedule of Investment Returns | 96 |
| Schedule of Funding Progress..... | 97 |
| Combining and Individual Fund Statements and Schedules: | |
| Description – Nonmajor Governmental Funds | 98–100 |
| Combining Balance Sheet – Nonmajor Governmental Funds | 101–106 |
| Combining Statement of Revenues, Expenditures, and Other Changes in Fund Balances – Nonmajor Governmental Funds..... | 107–112 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - Nonmajor Governmental Funds..... | 113–125 |

CITY OF MISHAWAKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2015

TABLE OF CONTENTS
 (Continued)

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| | |
| II. FINANCIAL SECTION (continued) | |
| Combining and individual Fund Statements and Schedules (continued): | |
| Description – Fiduciary Funds | 126 |
| Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds | 127 |
| Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds | 128 |
| Combining Statement of Fiduciary Net Assets – Agency Fund | 129 |
| Combining Statement of Changes in Assets and Liabilities – Agency Fund | 130 |
| | |
| III. STATISTICAL SECTION: | |
| Table of Contents Statistical Section..... | 131–132 |
| Net Position by Component..... | 133 |
| Changes in Net Position | 134-135 |
| Fund Balances, Governmental Funds..... | 136 |
| Changes in Fund Balances, Governmental Funds | 137 |
| Assessed and Estimated Actual Value of Taxable Property | 138 |
| Direct and Overlapping Property Tax Rates..... | 139 |
| Principal Property Taxpayers | 140 |
| Property Taxes Levied and Collected | 141 |
| Ratio of Outstanding Debt by Type | 142 |
| Ratio of General Bonded Debt Outstanding..... | 143 |
| Direct and Overlapping Governmental Activities Debt | 144 |
| Legal Debt Margin Information | 145 |
| General Obligation and Tax Incremental Financing Bonds Coverage..... | 146 |
| Revenue Bond Coverage | 147 |
| Demographic and Economic Statistics..... | 148 |
| Largest Employers..... | 149 |
| Electric Utility Large Users | 150 |
| Water Utility Large Users..... | 151 |
| Wastewater Utility Large Users | 152 |
| Full-time Equivalent City Government Employees | 153 |
| Operating Indicators by Function..... | 154 |
| Capital Asset Statistics by Function | 155 |

CITY OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--|--------------------------------|----------------------|
| Controller | Rebecca S. Miller | 01-01-15 to 12-31-16 |
| Mayor | David A. Wood | 01-01-12 to 12-31-19 |
| President of the Board of Public Works and Safety | Gary E. West | 01-01-15 to 12-31-16 |
| Members of the Common Council | Matt Mammolenti | 01-01-12 to 12-31-19 |
| | Mary C. Willson (Kate Voelker) | 01-01-13 to 12-31-19 |
| | Dale E. Emmons | 01-01-12 to 12-31-19 |
| | Ronald S. Banicki | 01-01-12 to 12-31-19 |
| | John J. Roggeman | 01-01-12 to 01-24-16 |
| | S. Michael Compton | 01-01-12 to 12-31-19 |
| | Michael A. Bellovich | 01-01-12 to 12-31-19 |
| | John Reisdorf | 01-01-12 to 12-31-15 |
| | Dan Bilancio | 01-01-12 to 12-31-15 |
| | Ross Deal | 01-01-16 to 12-31-19 |
| | Joe Canarecci | 01-01-16 to 12-31-19 |
| | Bryan Tanner | 02-11-16 to 12-31-19 |



City of Mishawaka

Office of the Mayor

David A. Wood, Mayor

June 6, 2016

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, 2015.

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.

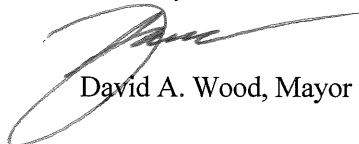
In developing and evaluating the city's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are discussed by the Controller in her accompanying letter of transmittal and, within that framework, I believe that the city's internal accounting 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-ninth 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

Working together to build the "Best Hometown in America," By delivering exceptional services, promoting safe and clean neighborhoods, elevating the quality of life, and inspiring pride in our community.

City Hall, 600 East Third Street, Mishawaka, IN 46544

Telephone: (574) 258-1601; Facsimile: (574) 258-1603; Website: www.mishawaka.in.gov



CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

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

June 6, 2016

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, 2015 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, 2015 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, 2015 are fairly presented in conformity with GAAP.

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

The City of Mishawaka's accounting system is specifically designed for governmental entities and is equipped to adequately report and record financial data accurately while keeping the City compliant with laws and regulations. We believe that the City of Mishawaka's internal controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions. Policies and procedures have been put into place at the City of Mishawaka to assure the best possible performance. Key items: A written Cash Handling policy, Capital Asset policy, Computer usage policy, and periodic inventories overseen by the Controller's Office. In addition to these policies, we are in the process of producing an Internal Control ordinance along with citywide training for those employees who handle money and key assets.

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, 2015. 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 component units are composed of the Mishawaka Building Corporation and the Local Public Improvement Bond Bank. The Mishawaka-Penn Public Library, Mishawaka School City and the Mishawaka Housing Authority have been determined to be separate reporting entities.

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

| | |
|------------------------------|----------|
| | Starting |
| | Page |
| Governmental Major Funds | 80 |
| Governmental Non-Major Funds | 113 |

ECONOMIC CONDITION

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

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

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

Mishawaka's 2000 Census population was 46,557, and the population of Mishawaka increased to 48,252 or 3.6% according to the 2010 U.S. Census. Steady job growth and population growth have contributed to the stability of the community. As of December 2015 the South Bend/Mishawaka area unemployment rate was 4.8% compared to 6.3% in 2014. The South Bend/Mishawaka area overall resident employment remains flat at 129,511 for 2015 compared to 129,684 in 2014.

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 2015 was \$85.2 million. Residential permits totaled \$14.8 million, commercial permits totaled \$57.0 million, and multi-family permits exploded to \$13.4 million from \$750 thousand in 2014. Numerous developments near the Riverwalk and the Gumwood Road corridor are the reason for the increase. Highlighting the 2015 building season was the \$13.4 million permit for the Beacon Health System's Health and Wellness facility being constructed on the southwest corner of Capital Avenue and Beacon Parkway.

In 2015, 12 new commercial permits, and 133 commercial alterations/additions were issued and new single family housing increased modestly to 47 from 43 in 2014. Although the City of Mishawaka is benefiting from long-term strategic planning, the housing market is still significantly lower than the prerecession year of 2007 where there were 112 permits pulled for single family homes. Over the next few years, the City anticipates the continued transformation of longstanding retail centers, as well as, scattered new-site construction. Retail sales in Mishawaka totaled \$1.8 billion according to a 2007 survey of market data by the U.S. Census Bureau. The Mishawaka area is northern Indiana's retail hub bringing in new national retailers every year like Whole Foods, Costco, and Fresh Thyme Market, and the trend is expected to continue.

The City of Mishawaka annexed 29.85 acres of land in 2015.

In 2015 the City of Mishawaka continues to experience business retention and neighborhood revitalization.

55 tax abatements have been issued by the City of Mishawaka since 1986 for 37 different companies. Only seven tax abatements were outstanding at the end of 2015.

ECONOMIC INDICATORS

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Population | 48,252 | 48,252 | 48,252 | 48,252 | 48,252 |
| Assessed Value (billions) | \$1.3 | \$1.3 | \$1.3 | \$1.4 | \$1.4 |
| Dollar Value of Building Permits (millions) | \$85.2 | \$67.8 | \$53.3 | \$51.6 | \$45.0 |
| Building Permits – New Housing | 47 | 43 | 39 | 28 | 22 |
| Labor Force (St. Joseph County) | 129,511 | 129,684 | 127,505 | 124,968 | 126,693 |

Sources: Bureau of Labor Statistics, US Census Bureau.

MAJOR INITIATIVES/PROGRAMS

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

Maintaining the City's long term financial health is the number one priority for the year 2015 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 beginning in 2013 and will also help fund any future capital needs for public safety.

The City's neighborhood stabilization plan continues to be implemented in 2015. The Mishawaka Code Enforcement Department assists 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 was the Capital Avenue/SR 331 urban expressway. This highway connected two major roadways, the Indiana Toll Road (Interstate 80/90) and US Highway 20. This roadway opened 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. Blackberry to Capital is complete, and the next design phase began in 2015.

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. This consolidation has been very beneficial as it provides funding to projects that otherwise would not have a funding source.

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

The Park Department is currently analyzing all of its facilities and also evaluating where activities are best located. Central Park had its grand rededication in July where over a thousand citizens attended the ceremony for a front row view of the \$5 million renovation.

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 improvements at the Battell Center. The creation of the Bond Bank has saved the City several thousand dollars in interest expense since its inception.

INDEPENDENT AUDIT

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mishawaka for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. 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 29 consecutive years (December 31, 1986 – December 31, 2014). We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report was made possible by the dedicated staff of the Controller's Office, most notably Accountant Kurt Vardaman. 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.

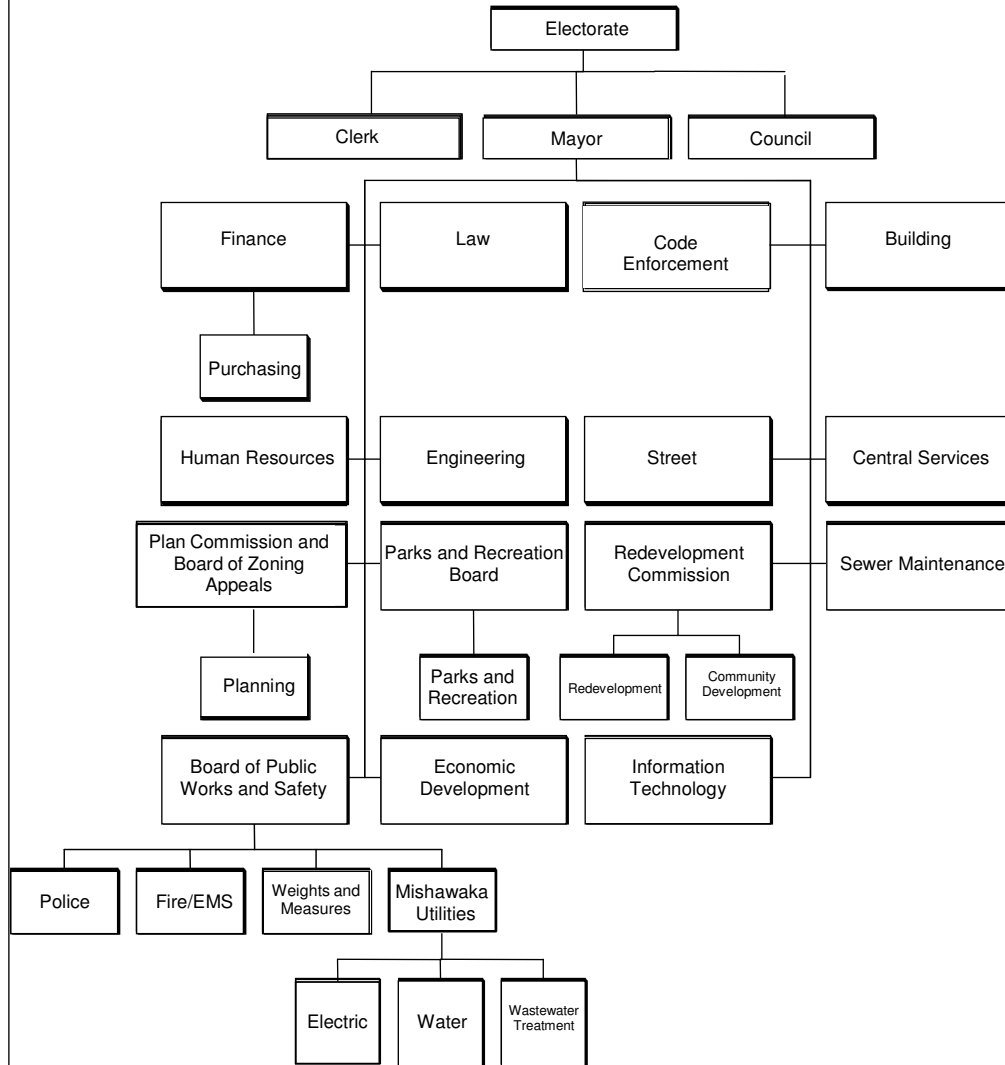
Respectfully submitted,



Rebecca S. Miller
City Controller

Staff: Misti Horvath
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, 2014

Executive Director/CEO

FINANCIAL SECTION



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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, 2015, 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 also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note III.I. to the financial statements, the City adopted new accounting guidance, GASB Statement 68 *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2016, 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

June 14, 2016

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City of Mishawaka, Indiana
Management Discussion and Analysis
For the year ended December 31, 2015

As management of the City of Mishawaka, we offer the readers of the City of Mishawaka's financial statements this narrative overview and analysis of the financial activities of the City of Mishawaka for the calendar year ended December 31, 2015. 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 \$13,995,969. Of this amount, governmental activities net position increased by \$8,349,796 and business-type activities increased by \$5,646,173.
- As of the close of calendar year 2015, the City of Mishawaka's governmental funds reported combined ending fund balances of \$41,504,168, a decrease of \$8,226,306 from the prior year.
- At the end of 2015, the unassigned fund balance for the General Fund was \$3,538,777 (10.9 percent of General Fund Expenditures) compared to \$1,858,348 for 2014 which was about 5.4 percent of total General Fund expenditures for that year.
- The City of Mishawaka's issued \$1,000,000 of Bonds for the Battell Center and entered into a debt agreement with the county resulting in the allocation of \$1,513,782 of bonds for the Public Safety Access Point.
- In 2015, the City adjusted net position by \$5,250,566 to reflect the incorporation of GASB 68 for pension liabilities. The Wastewater Utility was adjusted by \$2,398,000 to reflect the forgiveness of a bond anticipation note from the Indiana State Revolving Fund.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of the City of Mishawaka's assets, deferred outflows of resources, liabilities, and 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 of Mishawaka may exercise influence and/or be obligated to provide financial subsidy, are presented as a separate column in the government-wide statements and as individual activities in the fund financial statements.

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

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

Fund Financial Statements

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

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

General Government Revenues

The following schedule presents a summary of general revenues for the year ended December 31, 2015.

| <u>Revenues</u> | <u>2015 Amount</u> | <u>% of Total</u> |
|---------------------------|----------------------|-------------------|
| Taxes: General Property | \$ 39,736,954 | 59.92% |
| Licenses and permits | 604,233 | 0.91% |
| Intergovernmental | 19,023,079 | 28.69% |
| Charges for services | 5,916,673 | 8.92% |
| Fines and forfeits | 32,898 | 0.05% |
| Interest | 170,391 | 0.26% |
| Sales and Use of Property | 68,857 | 0.10% |
| Gifts and Donations | 182,223 | 0.27% |
| Other | 585,769 | 0.88% |
| Totals | <u>\$ 66,321,077</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 2015, the increase was 2.6 percent. The above property tax revenue

includes taxes collected on behalf of the following funds: General Fund, Consolidated TIF, Park and Recreation Fund, Motor Vehicle Highway Fund, Cumulative Capital Development Fund, Cumulative Sewer Fund, 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 58.3 percent of the General Fund's 2015 total revenue was derived from property taxes, the Consolidated TIF Fund derived 99.5 percent of its revenue from property tax, and the Other Governmental Fund's property tax percentage was 16.9 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 \$2,932,639, \$3,074,496 and \$3,364,145 of EDIT distributions for the years 2013, 2014, and 2015 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 \$2,694,937, \$2,886,126 and \$2,986,013 of COIT distributions for the years 2013, 2014, and 2015 respectively. In October of 2009 a Public Safety Local Option Income Tax was enacted at .25 percent. The City received \$2,113,183, \$2,228,924 and \$2,285,289 of LOIT distributions for the years 2013, 2014, and 2015, 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. In 2017, income taxes will be consolidated into one local income tax. Additional information on this change can be found in the notes to the financial statements under subsequent events.

General Government Expenditures

The following schedule presents a summary of general government expenditures for the year ended December 31, 2015.

| <u>Expenditures</u> | <u>2015 Amount</u> | <u>% of Total</u> |
|------------------------|----------------------|-------------------|
| General Government | \$ 11,442,110 | 14.87% |
| Public Safety | 30,549,975 | 39.72% |
| Highways and Streets | 12,772,433 | 16.60% |
| Infrastructure | 7,284,824 | 9.47% |
| Sanitation | 2,152,972 | 2.80% |
| Culture and Recreation | 10,483,979 | 13.63% |
| Community Development | 1,775,052 | 2.31% |
| Debt service | 479,138 | 0.62% |
| Totals | <u>\$ 76,940,483</u> | <u>100.02%</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 \$30,549,975 or 39.72 percent of the total expenditures while highways and streets and general government are at 16.60 percent and 14.87 percent respectively. Data for each nonmajor 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 33 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 and Consolidated TIF both 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 one agency fund is the Redevelopment Revolving.

Pension Trust Fund Operations

Most City of Mishawaka employees are covered by the Public Employees Retirement Fund (PERF) and the 1977 Police Officers' and Firefighters' Pension Fund, both administered by the State of Indiana. Certain police officers and firefighters hired before May 1, 1977, who did not opt into the 1977 Fund, continue to be members of the 1925 Police Pension and the 1937 Firefighters' Pension Plans. These two plans are administered by the Local Pension Board. This group of police officers and firefighters are continuing to decline, both as a total member and as a percentage of total payrolls of both the police and fire departments and of the City as a whole. In 2009, the State of Indiana took over the funding of the 1925 Police and 1937 Fire Pension Plans. This funding will be paid directly to the City of Mishawaka through the State of Indiana Pension Relief Fund.

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information. The combining statements referred to earlier in connection with nonmajor 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 and the Consolidated TIF fund which is a major fund.

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 | | Business-Type | | Totals | |
| | Activities | | Activities | | | |
| | 2015 | 2014* | 2015 | 2014* | 2015 | 2014* |
| Current and other assets | \$ 47,849,668 | \$ 55,840,927 | \$ 37,681,897 | \$ 43,178,246 | \$ 85,531,565 | \$ 99,019,173 |
| Capital assets | 219,174,311 | 198,138,101 | 199,367,940 | 195,283,086 | 418,542,251 | 393,421,187 |
| Total assets | <u>267,023,979</u> | <u>253,979,028</u> | <u>237,049,837</u> | <u>238,461,332</u> | <u>504,073,816</u> | <u>492,440,360</u> |
| Deferred outflow s of resources | 5,960,641 | 2,077,634 | 4,232,354 | 3,617,744 | 10,192,995 | 5,695,378 |
| Long-term liabilities | 84,024,682 | 77,621,223 | 87,447,086 | 95,865,585 | 171,471,768 | 173,486,808 |
| Other liabilities | 2,202,145 | 2,978,130 | 9,264,445 | 9,852,053 | 11,466,590 | 12,830,183 |
| Total liabilities | <u>86,226,827</u> | <u>80,599,353</u> | <u>96,711,531</u> | <u>105,717,638</u> | <u>182,938,358</u> | <u>186,316,991</u> |
| Deferred inflow s of resources | 8,201,254 | - | 165,049 | - | 8,366,303 | - |
| Net position: | | | | | | |
| Net Investment | | | | | | |
| In capital assets | 214,446,601 | 194,804,771 | 118,062,724 | 106,696,476 | 332,509,325 | 301,501,247 |
| Restricted | | - | 9,445,036 | 10,327,308 | 9,445,036 | 10,327,308 |
| Unrestricted | (35,890,062) | (19,347,462) | 16,897,851 | 19,337,654 | (18,992,211) | (9,808) |
| Total net position | <u>\$ 178,556,539</u> | <u>\$ 175,457,309</u> | <u>\$ 144,405,611</u> | <u>\$ 136,361,438</u> | <u>\$ 322,962,150</u> | <u>\$ 311,818,747</u> |

* For this presentation, the 2014 column balances were not restated for prior period adjustments due to lack of information and management desire to maintain comparability with prior reports.

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, 2015, the City of Mishawaka's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$322,962,150 an increase of \$11,143,403 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 of \$332,509,325.

At year end the City of Mishawaka's net position was \$322,962,150. This amount is made up of \$332,509,325 net investment in capital assets (e.g. land, buildings, machinery, and equipment), \$9,445,036 assets with external restrictions upon its use, and (\$18,992,211) of unrestricted assets for future use as directed by management.

Summary of Changes in Net Position

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

| City of Mishawaka Changes in Net Position | | | | | | |
|--|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-Type Activities | | Totals | |
| | 2015 | 2014* | 2015 | 2014* | 2015 | 2014* |
| REVENUES | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 8,098,246 | \$ 7,752,886 | \$ 78,412,590 | \$ 80,627,644 | \$ 86,510,836 | \$ 88,380,530 |
| Operating grants and contributions | 1,134,528 | 1,015,318 | - | - | 1,134,528 | 1,015,318 |
| Capital grants and contributions | 5,370,541 | 10,046,066 | - | - | 5,370,541 | 10,046,066 |
| General revenues: | | | | | | |
| Property taxes | 39,581,788 | 40,733,627 | - | - | 39,581,788 | 40,733,627 |
| Other taxes | 7,420,415 | 7,259,125 | - | - | 7,420,415 | 7,259,125 |
| Grants and contributions not restricted to specific programs | 3,840,427 | 4,239,318 | - | - | 3,840,427 | 4,239,318 |
| Unrestricted investment earnings | 170,391 | 82,644 | 113,383 | 76,156 | 283,774 | 158,800 |
| Other revenue | 549,575 | 191,465 | - | - | 549,575 | 191,465 |
| Total revenues | 66,165,911 | 71,320,449 | 78,525,973 | 80,703,800 | 144,691,884 | 152,024,249 |
| EXPENSES | | | | | | |
| General government | 7,740,465 | 4,908,617 | - | - | 7,740,465 | 4,908,617 |
| Public safety | 28,561,331 | 37,994,494 | - | - | 28,561,331 | 37,994,494 |
| Highways and streets | 7,522,968 | 7,023,549 | - | - | 7,522,968 | 7,023,549 |
| Sanitation | 2,152,972 | 2,147,191 | - | - | 2,152,972 | 2,147,191 |
| Community Development | 1,692,140 | 1,156,760 | - | - | 1,692,140 | 1,156,760 |
| Culture and recreation | 6,862,161 | 4,874,620 | - | - | 6,862,161 | 4,874,620 |
| Interest on long-term debt | 47,206 | 227,457 | - | - | 47,206 | 227,457 |
| Water utility | - | - | 6,899,397 | 7,127,380 | 6,899,397 | 7,127,380 |
| Wastewater utility | - | - | 14,450,623 | 12,929,617 | 14,450,623 | 12,929,617 |
| Electric utility | - | - | 54,766,652 | 51,973,278 | 54,766,652 | 51,973,278 |
| Total expenses | 54,579,243 | 58,332,688 | 76,116,672 | 72,030,275 | 130,695,915 | 130,362,963 |
| Changes in net position before transfers | 11,586,668 | 12,987,761 | 2,409,301 | 8,673,525 | 13,995,969 | 21,661,286 |
| Transfers | (3,236,872) | (1,589,246) | 3,236,872 | 1,589,246 | - | - |
| Change in net position | 8,349,796 | 11,398,515 | 5,646,173 | 10,262,771 | 13,995,969 | 21,661,286 |
| Net Position-Beginning, restated | 170,206,743 | 164,058,794 | 138,759,438 | 126,098,667 | 308,966,181 | 290,157,461 |
| Net Position-Ending | \$ 178,556,539 | \$ 175,457,309 | \$ 144,405,611 | \$ 136,361,438 | \$ 322,962,150 | \$ 311,818,747 |

* For this presentation, the 2014 column balances were not restated for prior period adjustments due to lack of information and management desire to maintain comparability with prior reports.

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 74.8 percent of the City's primary government operating cost. Some functions may experience unusual changes due to the specific cost (fuel, chemicals, etc.)

Current Year Impacts

Governmental Activities:

Net position of the governmental activities increased from 2014 to 2015 by \$3.1 million after the restatement.

Charges for services revenue increased \$345,360. Both the building department and ambulance services saw more activity resulting in higher revenue.

Operating grants and contributions increased \$119,210.

Capital grants and contributions decreased by \$4.7 million.

Grants and contributions not restricted to specific programs decreased in 2015 by \$398,891.

Overall property tax revenue decreased by \$1,151,839. Revenue was less than budgeted due to delinquencies and circuit breaker losses.

Unrestricted investment earnings increased by \$87,747.

Other revenue increased by \$358,110.

Governmental expenses decreased by \$3,753,445 or 6.4 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 \$5,646,173.

Overall, utility revenues decreased in 2015 by \$2,177,827. This is primarily due to a reduction in metered revenue in the electric utility.

The expenses of the Business-Type activities increased \$4,086,397 from 2014 or 5.7 percent. The changes are primarily attributable to normal changes in the costs of providing service to customers.

Fund Financial Statement Analysis

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

Governmental Funds:

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

As of the end of the current calendar year, the City of Mishawaka's governmental funds reported combined ending fund balances of \$41,504,168, a decrease of \$8,226,306 from the prior year. The City of Mishawaka's focus is to reverse this trend and to build up cash balances in the future.

The General fund had an increase in fund balance of \$1.72 million, and the Consolidated TIF fund had a decrease of \$8.8 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.

Several funds had lower fund balances at 2015 year end. Park and Recreation fund decreased \$449.5 thousand. Local Major Moves Construction fund had a decrease of \$300.5 thousand from 2014. 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 2015 final tax settlement was a net 79.41% percent collection rate with a shortage of \$5.9 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 nonmajor 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, 2015, the unassigned fund balance was \$3,538,777, and the total fund balance in the General fund was \$3,768,382, an increase of \$1.72 million from 2014. Each year the City of Mishawaka works hard to stay within budget estimates and demonstrate prudent spending.

As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.9 percent of the total General fund expenditures. The total grows to 11.6 percent when total fund balance is compared to General fund expenditures.

Individual fund data for each nonmajor 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 2015. Total net position for the City of Mishawaka's enterprise funds increased by \$8.04 million after the effects of the forgiveness of the ARRA Ban. Of this, net investment of capital assets increased by \$11.4 million, restricted for debt service decreased \$882.3 thousand million and unrestricted net position decreased \$2.4 million. Overall cash and cash equivalents decreased by \$4.9 million. The total liabilities for the enterprise funds had a decrease from 2014 of \$9.0 million.

The Internal Service Fund unrestricted net position was \$(75,562).

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 less than the original budget by \$302,277. 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 2015, the submitted budget to the state was increased with encumbrances from 2014 by \$229,605. A budget adjustment of \$302,277 was necessary to cover the necessary expenses of the City and to account for the following infrequent items. When insurance proceeds for accidents or grant money is received for police overtime, the corresponding lines are reimbursed. The General fund budget is reviewed throughout the year and amended from time to time with the approval of the City Council.

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

The actual revenues in 2015 were \$1,320,260 under and expenditures were \$1,386,995 under the final budget amount.

Only one revenue category was under budget in 2015. Property tax revenue was \$4.03 million less than expected. Tax collection due to Circuit Breaker was 79.41 percent. In 2014 it was 81.78 percent. As assessed value for the City goes down, Circuit Breaker losses increase. In 2015, Intergovernmental revenue came in higher than budget by \$1,194,168.

In 2015, expenditures under budget can be explained by frugal spending by the City. The City of Mishawaka continues to do more with less. This has been accomplished by not filling all budgeted positions, quoting on all purchases over \$500 and keeping summer help wages at a minimum.

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, 2015, amounts to \$418,542,251 (net of accumulated depreciation), which represents a net increase (additions less retirements and depreciation) of \$25.1 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 | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land | \$ 13,581,917 | \$ 13,426,217 | \$ 1,520,946 | \$ 1,519,446 | \$ 15,102,863 | \$ 14,945,663 |
| Construction in progress | 24,595,183 | 31,138,132 | 3,223,806 | 3,913,612 | 27,818,989 | 35,051,744 |
| Buildings | 26,994,433 | 17,096,684 | 35,875,715 | 36,853,434 | 62,870,148 | 53,950,118 |
| Improvement other than buildings | 22,755,935 | 17,317,936 | 141,658,827 | 134,869,993 | 164,414,762 | 152,187,929 |
| Machinery and equipment | 8,216,848 | 7,494,106 | 15,955,558 | 17,028,104 | 24,172,406 | 24,522,210 |
| Transportation | | | 1,133,088 | 1,098,497 | 1,133,088 | 1,098,497 |
| Infrastructure being depreciated | 123,029,995 | 111,665,026 | | - | 123,029,995 | 111,665,026 |
| Total | \$ 219,174,311 | \$ 198,138,101 | \$ 199,367,940 | \$ 195,283,086 | \$ 418,542,251 | \$ 393,421,187 |

Change in Capital Assets

| | Governmental Activities | Business-Type Activities | Totals |
|--------------------|----------------------------|-----------------------------|----------------|
| Beginning Balance | \$ 198,138,101 | \$ 195,283,086 | \$ 393,421,187 |
| Additions | 44,134,742 | 15,717,741 | 59,852,483 |
| Retirements: | | | |
| Land | (38,976) | - | (38,976) |
| CIP | (16,134,931) | (4,157,825) | (20,292,756) |
| Other | (434,990) | (396,512) | (831,502) |
| Depreciation (Net) | (6,489,635) | (7,078,550) | (13,568,185) |
| Ending Balance | \$ 219,174,311 | \$ 199,367,940 | \$ 418,542,251 |

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

- Church and Union Improvements Phase II - \$5.1 million, 2015 completion
- Mishawaka Avenue Upgrades Phase I and II - \$6.3 million, 2015 completion
- Central Park Reconstruction - \$ 5.0 million, 2015 completion
- Beacon Parkway(Fir-Capital Connector) - \$3.6 million, 2015 completion
- 2015 Summer Street Paving Program - \$1.0 million

Debt Outstanding

At December 31, 2015, the City had \$975,000 and the enterprise funds had \$76,630,000 of revenue bonds payable. Under the Indiana Constitution and state statute, the City of Mishawaka's general obligation bonded debt issuances are subject to a legal limitation based upon 2 percent of assessed value of real and personal property.

The overall bonded debt increased by \$27,545,015 from the prior year primarily due to the issuance of a \$34,755,000 refunding bond that, in part, refunded a loan for the wastewater utility.

Outstanding Bonds Debt at Year-end

| | <u>2015</u> | <u>2014</u> |
|-----------------------|----------------------|----------------------|
| Governmental: | | |
| General Obligation | \$ - | \$ - |
| Tax Increment | 975,000 | - |
| Sub-total | <u>975,000</u> | - |
| Business-Type: | | |
| Water Utility | 11,290,000 | 13,000,000 |
| Wastewater Utility | 65,340,000 | 39,490,000 |
| Sub-total | <u>76,630,000</u> | <u>52,490,000</u> |
| Total | <u>\$ 77,605,000</u> | <u>\$ 52,490,000</u> |

Net principal bond payments of \$25,000 and \$3,360,000 were made in the governmental and business-type activities, respectively after considering the effects of the bond refunding.

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

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

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

The City does not have any open market debt which would be rated.

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

Economic Factors and 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. 2016 looks to be a continuation of 2013, 2014 and 2015 with continued steady growth. The City of Mishawaka's building permits and new housing starts continue to increase. 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 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 2015, the City had 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 has been 8.8%, 6.3% and 6.5% in December 2013, December 2014 and December 2015 respectively. Labor force for St. Joseph County increased to 134,570 (December 2015) compared to 129,684 (December 2014).

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 2015, 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 2015, the City only received 79.41 percent of its distribution of property tax. Due to the property tax caps (Circuit Breaker) the City was left short \$4.5 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.

The City will continue to maintain a 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. The Mishawaka Health and Wellness clinic opened in August, 2015 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 FY2016 Civil City Budget is \$45,681,878 which is 8.6 percent lower than in FY2015. The General fund budget for FY2015 is \$33,492,284 which is 9.4 percent higher than FY2015.

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. Finalizing the new communication equipment is in its final phase with plans for moving in to be late 2016.

City Highlights:

- The Redevelopment Department's First Time Homebuyer Program administered by the South Bend Housing consortium continues to be a success in 2015. Five new homes were built, and since 2004, the Redevelopment Department has built 43 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 2015, the City again joined efforts with faith-based organizations to complete service and repair projects on one home and two garages in Mishawaka.
- For the last nine years, the City of Mishawaka Code Enforcement Department has highlighted 100 structures that they feel need attention, and in 2015 73 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 32,150 linear feet of street in 2015.
- In 2015, the City continues to provide funding for the Park Improvement Plan. The City has 31 parks that will need updating over the next several years. Twin Branch received a new parking lot and will see another \$500,000 in improvements 2016.
- In 2012, the City purchased a 144,000 square foot building to house our Central Services, Street, and Sewer Departments situated on 11.5 acres of property, the City has renovated this building for three years and had the official ribbon cutting in December of 2015. Central Park has completed its \$5.0 million reconstruction from the ground up and is now the premier destination park in the area. Ribbon cutting for an audience of over 1,000 citizens occurred on July 3rd.

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, 2015

| | Primary Government | | | Component Unit |
|---|----------------------------|-----------------------------|-----------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 31,151,628 | \$ 6,754,337 | \$ 37,905,965 | \$ 2,348,876 |
| Receivables (Net of Allowances for Uncollectibles): | | | | |
| Interest | 11,838 | - | 11,838 | - |
| Taxes | 1,589,902 | - | 1,589,902 | - |
| Accounts | 898,844 | 4,233,121 | 5,131,965 | - |
| Other | - | 179,304 | 179,304 | - |
| Intergovernmental | 700,253 | - | 700,253 | - |
| Loans | 3,914,274 | - | 3,914,274 | 4,035,969 |
| Inventories | - | 3,728,558 | 3,728,558 | - |
| Prepaid expense | 498,377 | 419,895 | 918,272 | - |
| Restricted assets: | | | | |
| Cash and cash equivalents | - | 22,366,682 | 22,366,682 | - |
| Assets held for resale | 6,943,837 | - | 6,943,837 | - |
| Capital assets: | | | | |
| Land and construction in progress | 38,177,100 | 4,744,752 | 42,921,852 | - |
| Other capital assets, net of depreciation | 180,997,211 | 194,623,188 | 375,620,399 | - |
| Net pension asset | 2,140,715 | - | 2,140,715 | - |
| Total assets | 267,023,979 | 237,049,837 | 504,073,816 | 6,384,845 |
| Deferred outflows of resources | | | | |
| Deferred amount on refunding | - | 404,940 | 404,940 | - |
| Deferred utility ratemaking expenses | - | 1,383,418 | 1,383,418 | - |
| Deferred pension | 5,960,641 | 2,443,996 | 8,404,637 | - |
| Total deferred outflows of resources | 5,960,641 | 4,232,354 | 10,192,995 | - |
| Liabilities | | | | |
| Accounts payable | 1,974,337 | 4,059,972 | 6,034,309 | - |
| Accrued payroll and withholdings payable | 94,840 | 268,591 | 363,431 | - |
| Contracts payable | 122,891 | - | 122,891 | - |
| Taxes payable | - | 236,548 | 236,548 | - |
| Accrued interest payable | 1,925 | 999,938 | 1,001,863 | - |
| Payable from restricted assets: | | | | |
| Customer deposits | - | 3,258,438 | 3,258,438 | - |
| Contracts payable | - | 440,958 | 440,958 | - |
| Interest payable | 8,152 | - | 8,152 | - |
| Noncurrent liabilities: | | | | |
| Due within one year: | | | | |
| Revenue bonds payable | - | 5,630,000 | 5,630,000 | - |
| TIF bonds payable | 30,000 | - | 30,000 | - |
| Compensated absences | 608,682 | 54,971 | 663,653 | - |
| Capital lease obligations | 266,668 | - | 266,668 | - |
| Notes and loans payable | 75,429 | 105,000 | 180,429 | - |
| Due in more than one year: | | | | |
| Revenue bonds payable (net of unamortized premiums) | - | 74,538,440 | 74,538,440 | - |
| TIF bonds payable (net of unamortized discounts) | 945,000 | - | 945,000 | - |
| Compensated absences | 230,620 | 211,152 | 441,772 | - |
| Capital lease obligations | 2,799,994 | - | 2,799,994 | - |
| Notes and loans payable | 1,438,353 | 1,774,000 | 3,212,353 | - |
| Net other postemployment benefits obligation | 21,987,569 | - | 21,987,569 | - |
| Net pension liability | 55,642,367 | 5,133,523 | 60,775,890 | - |
| Total liabilities | 86,226,827 | 96,711,531 | 182,938,358 | - |
| Deferred inflows of resources | | | | |
| Deferred pension | 8,201,254 | 165,049 | 8,366,303 | - |
| Total deferred inflows of resources | 8,201,254 | 165,049 | 8,366,303 | - |
| Net Position | | | | |
| Net invested in capital assets | 214,446,601 | 118,062,724 | 332,509,325 | - |
| Restricted for: | | | | |
| Debt service | - | 8,691,036 | 8,691,036 | - |
| Capital projects | - | 754,000 | 754,000 | 6,384,845 |
| Unrestricted | (35,890,062) | 16,897,851 | (18,992,211) | - |
| Total net position | \$ 178,556,539 | \$ 144,405,611 | \$ 322,962,150 | \$ 6,384,845 |

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, 2015

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | | Component Unit |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|---------------------|
| | Expense | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Totals | |
| | | | | | Governmental Activities | Business-Type Activities | | |
| Primary government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 7,740,465 | \$ 600,500 | \$ - | \$ - | \$ (7,139,965) | \$ - | \$ (7,139,965) | \$ - |
| Public safety | 28,561,331 | 2,166,516 | 246,583 | 154,959 | (25,993,273) | - | (25,993,273) | - |
| Highways and streets | 7,522,968 | 1,912,715 | - | 5,215,582 | (394,671) | - | (394,671) | - |
| Sanitation | 2,152,972 | 2,118,402 | - | - | (34,570) | - | (34,570) | - |
| Community development | 1,692,140 | 462,944 | 887,945 | - | (341,251) | - | (341,251) | - |
| Culture and recreation | 6,862,161 | 837,169 | - | - | (6,024,992) | - | (6,024,992) | - |
| Interest on long-term debt | 47,206 | - | - | - | (47,206) | - | (47,206) | - |
| Total governmental activities | 54,579,243 | 8,098,246 | 1,134,528 | 5,370,541 | (39,975,928) | - | (39,975,928) | - |
| Business-type activities: | | | | | | | | |
| Water | 6,899,397 | 8,700,570 | - | - | - | 1,801,173 | 1,801,173 | - |
| Wastewater | 14,450,623 | 12,583,375 | - | - | - | (1,867,248) | (1,867,248) | - |
| Electric | 54,766,652 | 57,128,645 | - | - | - | 2,361,993 | 2,361,993 | - |
| Total business-type activities | 76,116,672 | 78,412,590 | - | - | - | 2,295,918 | 2,295,918 | - |
| Total primary government | \$ 130,695,915 | \$ 86,510,836 | \$ 1,134,528 | \$ 5,370,541 | (39,975,928) | 2,295,918 | (37,680,010) | - |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 39,581,788 | - | 39,581,788 | - |
| Other taxes | | | | | 7,420,415 | - | 7,420,415 | - |
| Grants and contributions not restricted to specific programs | | | | | 3,840,427 | - | 3,840,427 | - |
| Unrestricted investment earnings | | | | | 170,391 | 113,383 | 283,774 | 11,413 |
| Other | | | | | 549,575 | - | 549,575 | 71,983 |
| Transfers | | | | | (3,236,872) | 3,236,872 | - | - |
| Total general revenues and transfers | | | | | 48,325,724 | 3,350,255 | 51,675,979 | 83,396 |
| Change in net position | | | | | | | | |
| Net position - beginning | | | | | 8,349,796 | 5,646,173 | 13,995,969 | 83,396 |
| Net position - adjustment - GASB 68 Pension Liability | | | | | 175,457,309 | 136,361,438 | 311,818,747 | 6,301,449 |
| Net position - adjustment - Debt Forgiveness | | | | | (5,250,566) | - | (5,250,566) | - |
| | | | | | - | 2,398,000 | 2,398,000 | - |
| Net position - ending | | | | | \$ 178,556,539 | \$ 144,405,611 | \$ 322,962,150 | \$ 6,384,845 |

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

CITY OF MISHAWAKA
BALANCE SHEET -
GOVERNMENTAL FUNDS
December 31, 2015

| | General | Consolidated TIF | Nonmajor Governmental Funds | Totals |
|--|---------------------|----------------------|-----------------------------------|----------------------|
| <u>Assets</u> | | | | |
| Cash and Cash Equivalents | \$ 2,878,713 | \$ 8,620,101 | \$ 18,756,498 | \$ 30,255,312 |
| Receivables (Net of Allowances for Uncollectibles): | | | | |
| Interest | 5,885 | 5,953 | - | 11,838 |
| Taxes | 897,261 | 538,126 | 154,515 | 1,589,902 |
| Accounts | 887,919 | 475 | 10,450 | 898,844 |
| Intergovernmental | 128,926 | - | 571,327 | 700,253 |
| Loans | - | 3,500,000 | 414,274 | 3,914,274 |
| Assets held for resale | - | 6,943,837 | - | 6,943,837 |
| Total assets | \$ 4,798,704 | \$ 19,608,492 | \$ 19,907,064 | \$ 44,314,260 |
| <u>Liabilities, Deferred inflows of Resources, and Fund Balances</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 108,975 | \$ - | \$ 893,484 | \$ 1,002,459 |
| Accrued payroll and withholdings payable | 24,086 | - | 70,754 | 94,840 |
| Contracts payable | - | 122,891 | - | 122,891 |
| Total liabilities | 133,061 | 122,891 | 964,238 | 1,220,190 |
| Deferred inflows of resources - property taxes | 897,261 | 538,126 | 154,515 | 1,589,902 |
| Fund Balances: | | | | |
| Non-spendable | | | | |
| Long-term loans receivable | - | 3,000,000 | 374,305 | 3,374,305 |
| Assets held for resale | - | 6,943,837 | - | 6,943,837 |
| Restricted | - | 8,175,904 | 11,662,495 | 19,838,399 |
| Committed | - | - | 3,529,089 | 3,529,089 |
| Assigned | 229,605 | 827,734 | 3,222,422 | 4,279,761 |
| Unassigned | 3,538,777 | - | - | 3,538,777 |
| Total fund balances | 3,768,382 | 18,947,475 | 18,788,311 | 41,504,168 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 4,798,704 | \$ 19,608,492 | \$ 19,907,064 | \$ 44,314,260 |

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, 2015

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

| | | |
|---|---------------------|-----------------------|
| Total fund balances | | \$ 41,504,168 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds. | | |
| Land and construction in progress | \$ 38,177,100 | |
| Other capital assets, net of depreciation | <u>180,997,211</u> | |
| Total | | 219,174,311 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in funds. | | |
| Net pension asset | | 2,140,715 |
| Prepaid expenses | | 498,377 |
| 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. | | |
| | | (75,562) |
| Deferred outflows and inflows related to pension obligations are included in the governmental activities in the statement of net position | | |
| | | (2,240,613) |
| Short-term liabilities that are not recognized in governmental funds until due | | |
| Accrued interest payable. | (10,077) | |
| Current portion of long-term debt | (30,000) | |
| Notes and loans payable | (75,429) | |
| Compensated absences | (608,682) | |
| Capital lease obligations | <u>(266,668)</u> | |
| Total | | (990,856) |
| 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). | | |
| General obligation bonds | (945,000) | |
| Compensated absences | (230,620) | |
| Notes and loans payable | (1,438,353) | |
| Capital lease obligations | (2,799,994) | |
| Net other postemployment benefits obligation | (21,987,569) | |
| Net pension liability | <u>(55,642,367)</u> | |
| Total | | (83,043,903) |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | | |
| | | <u>1,589,902</u> |
| Total | | <u>\$ 178,556,539</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, 2015

| | General | Consolidated TIF | Nonmajor Governmental Funds | Total |
|---|---------------------|----------------------|-----------------------------------|----------------------|
| Revenues: | | | | |
| Taxes | \$ 17,671,736 | \$ 19,253,584 | \$ 2,811,634 | \$ 39,736,954 |
| Licenses and permits | 475,389 | - | 128,844 | 604,233 |
| Intergovernmental | 8,780,187 | - | 10,242,892 | 19,023,079 |
| Charges for services | 2,854,813 | 11,580 | 3,050,280 | 5,916,673 |
| Fines and forfeits | 25,378 | - | 7,520 | 32,898 |
| Interest | 86,087 | 81,897 | 2,407 | 170,391 |
| Sale and use of property | 760 | - | 68,097 | 68,857 |
| Gifts and donations | - | - | 182,223 | 182,223 |
| Other | 431,282 | - | 154,487 | 585,769 |
| Total Revenues | 30,325,632 | 19,347,061 | 16,648,384 | 66,321,077 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 5,526,082 | - | 34,308 | 5,560,390 |
| Public safety | 26,324,817 | - | 2,522,883 | 28,847,700 |
| Highways and streets | 300,428 | - | 5,256,070 | 5,556,498 |
| Sanitation | 17,850 | - | 2,135,122 | 2,152,972 |
| Culture and recreation | - | - | 3,271,943 | 3,271,943 |
| Community development | 258,623 | 463,960 | 880,203 | 1,602,786 |
| Debt Service: | | | | |
| Principal | - | - | 365,363 | 365,363 |
| Interest and fiscal charges | - | - | 113,775 | 113,775 |
| Capital Outlay: | | | | |
| General government | - | 3,863,030 | 2,018,690 | 5,881,720 |
| Public safety | - | - | 1,702,275 | 1,702,275 |
| Highways and streets | - | 6,271,140 | 944,795 | 7,215,935 |
| Infrastructure | - | 7,284,824 | - | 7,284,824 |
| Culture and recreation | - | 6,348,069 | 863,967 | 7,212,036 |
| Community development | - | - | 172,266 | 172,266 |
| Total Expenditures | 32,427,800 | 24,231,023 | 20,281,660 | 76,940,483 |
| Excess (deficiency) of revenues | | | | |
| Over (under) expenditures | (2,102,168) | (4,883,962) | (3,633,276) | (10,619,406) |
| Other financing sources (uses): | | | | |
| Bond proceeds | - | - | 2,513,782 | 2,513,782 |
| Transfers in | 3,817,328 | - | 359,751 | 4,177,079 |
| Transfers out | - | (3,965,566) | (332,195) | (4,297,761) |
| Total other financing sources and uses | 3,817,328 | (3,965,566) | 2,541,338 | 2,393,100 |
| Net change in fund balances | 1,715,160 | (8,849,528) | (1,091,938) | (8,226,306) |
| Fund Balance - January 1 | 2,053,222 | 27,797,003 | 19,880,249 | 49,730,474 |
| Fund Balances - December 31 | \$ 3,768,382 | \$ 18,947,475 | \$ 18,788,311 | \$ 41,504,168 |

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, 2015

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

| | | |
|---|--|----------------|
| Net change in fund balance - total governmental funds | | \$ (8,226,306) |
|---|--|----------------|

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 | \$ 27,525,844 | |
| Less current year depreciation expense | (6,887,893) | |
| Less adjustment for depreciation on disposed assets | <u>398,258</u> | |
| Total | | 21,036,209 |

| | | |
|---|--|-----------|
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds | | (155,166) |
|---|--|-----------|

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net position.

| | | |
|------------------------|--|-------------|
| Principal paid on debt | | 291,668 |
| Bond proceeds | | (2,513,782) |

| | | |
|--|--|-------------|
| Expenses related to other post employment benefits obligations are reported in the government wide statement of activities | | (2,692,803) |
|--|--|-------------|

| | | |
|--|--|-----------|
| Expense related to pension obligations are reported in the government wide statement of activities | | 1,397,216 |
|--|--|-----------|

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

| | | |
|--------------------------------|-----------------|----------|
| Change in accrued interest | \$ 20,878 | |
| Change in prepaid expenses | (16,991) | |
| Change in compensated absences | <u>(36,050)</u> | |
| Total | | (32,163) |

| | | |
|--|--|------------------|
| Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. | | <u>(755,077)</u> |
|--|--|------------------|

| | | |
|---|--|---------------------|
| Change in net position of governmental activities (Statement of Activities) | | <u>\$ 8,349,796</u> |
|---|--|---------------------|

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

CITY OF MISHAWAKA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2015

| | Business-Type Activities -Enterprise Funds | | | Total | Internal Service Fund |
|--|--|-----------------------|---------------------|--------------------|--------------------------|
| | Water Utility | Wastewater Utility | Electric Utility | | |
| Assets | | | | | |
| Current assets: | | | | | |
| Unrestricted: | | | | | |
| Cash and cash equivalents | \$ 2,961,472 | \$ 2,436,368 | \$ 1,356,497 | \$ 6,754,337 | \$ 896,316 |
| Interest receivable | - | - | - | - | - |
| Accounts receivable (net of allowance) | 391,012 | 718,946 | 3,123,163 | 4,233,121 | - |
| Accounts receivable - other (net of allowance) | 4,153 | - | 175,151 | 179,304 | - |
| Interfund receivable: | | | | | |
| Interfund services provided and used | - | - | - | - | - |
| Inventories | 230,696 | - | 3,497,862 | 3,728,558 | - |
| Prepaid items | 107,082 | 162,315 | 150,498 | 419,895 | - |
| Total unrestricted current assets | 3,694,415 | 3,317,629 | 8,303,171 | 15,315,215 | 896,316 |
| Restricted: | | | | | |
| Restricted cash and cash equivalents: | | | | | |
| Construction | - | - | - | - | - |
| Customer deposits | 569,616 | 3,185 | 2,662,264 | 3,235,065 | - |
| Revenue bond covenant accounts | 2,604,949 | 6,086,087 | - | 8,691,036 | - |
| Reserve account | - | - | 754,000 | 754,000 | - |
| Repair account | 250,804 | 9,417,427 | 18,350 | 9,686,581 | - |
| Total restricted current assets | 3,425,369 | 15,506,699 | 3,434,614 | 22,366,682 | - |
| Total current assets | 7,119,784 | 18,824,328 | 11,737,785 | 37,681,897 | 896,316 |
| Capital assets: | | | | | |
| Land and construction in progress | 783,438 | 3,653,582 | 307,732 | 4,744,752 | - |
| Other capital assets (net of accumulated depreciation) | 39,739,550 | 117,386,023 | 37,497,615 | 194,623,188 | - |
| Total capital assets | 40,522,988 | 121,039,605 | 37,805,347 | 199,367,940 | - |
| Total noncurrent assets | 40,522,988 | 121,039,605 | 37,805,347 | 199,367,940 | - |
| Total assets | 47,642,772 | 139,863,933 | 49,543,132 | 237,049,837 | 896,316 |
| Deferred outflows of resources: | | | | | |
| Deferred amount on refunding | 199,482 | 205,458 | - | 404,940 | - |
| Deferred utility ratemaking expenses | 195,392 | 491,873 | 696,153 | 1,383,418 | - |
| Deferred pension | 636,821 | 745,351 | 1,061,824 | 2,443,996 | - |
| Total deferred outflows of resources | 1,031,695 | 1,442,682 | 1,757,977 | 4,232,354 | - |

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

CITY OF MISHAWAKA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2015
(Continued)

| | Business-Type Activities -Enterprise Funds | | | | Internal Service Fund |
|---|--|-----------------------|----------------------|-----------------------|--------------------------|
| | Water Utility | Wastewater Utility | Electric Utility | Total | |
| <u>Liabilities</u> | | | | | |
| Current liabilities: | | | | | |
| Unrestricted: | | | | | |
| Accounts payable | \$ 199,783 | \$ 178,136 | \$ 3,682,053 | \$ 4,059,972 | \$ 971,878 |
| Estimate for unfiled claims | - | - | - | - | - |
| Accrued payroll and withholdings payable | 16,509 | 189,811 | 62,271 | 268,591 | - |
| Interfund payables: | | | | | |
| Interfund services provided and used | - | - | - | - | - |
| Taxes payable | - | - | 236,548 | 236,548 | - |
| Accrued interest payable | 200 | 999,738 | - | 999,938 | - |
| Compensated absences | 13,282 | 8,343 | 33,346 | 54,971 | - |
| Total unrestricted current liabilities | 229,774 | 1,376,028 | 4,014,218 | 5,620,020 | 971,878 |
| Restricted: | | | | | |
| Customer deposits | 593,559 | 3,215 | 2,661,664 | 3,258,438 | - |
| Contract payable | - | 440,958 | - | 440,958 | - |
| Capital lease obligations | - | - | - | - | - |
| Notes and loans payable | - | 105,000 | - | 105,000 | - |
| Revenue bonds payable | 1,755,000 | 3,875,000 | - | 5,630,000 | - |
| Total restricted current liabilities | 2,348,559 | 4,424,173 | 2,661,664 | 9,434,396 | - |
| Total current liabilities | 2,578,333 | 5,800,201 | 6,675,882 | 15,054,416 | 971,878 |
| Noncurrent liabilities: | | | | | |
| Unrestricted: | | | | | |
| Compensated absences | 61,538 | 51,389 | 98,225 | 211,152 | - |
| Capital lease obligations | - | - | - | - | - |
| Total unrestricted noncurrent liabilities | 61,538 | 51,389 | 98,225 | 211,152 | - |
| Restricted: | | | | | |
| Notes and loans payable | - | 1,774,000 | - | 1,774,000 | - |
| Revenue bonds payable (net of unamortized premiums) | 9,546,208 | 64,992,232 | - | 74,538,440 | - |
| Net pension liability | 1,283,381 | 1,283,381 | 2,566,761 | 5,133,523 | - |
| Total restricted noncurrent liabilities | 10,829,589 | 68,049,613 | 2,566,761 | 81,445,963 | - |
| Total noncurrent liabilities | 10,891,127 | 68,101,002 | 2,664,986 | 81,657,115 | - |
| Total liabilities | 13,469,460 | 73,901,203 | 9,340,868 | 96,711,531 | 971,878 |
| Deferred inflows of resources: | | | | | |
| Deferred pension | 519 | 163,494 | 1,036 | 165,049 | - |
| Total deferred inflows of resources | 519 | 163,494 | 1,036 | 165,049 | - |
| <u>Net Position</u> | | | | | |
| Net invested in capital assets | 29,431,713 | 50,825,664 | 37,805,347 | 118,062,724 | - |
| Restricted for debt service and other purposes | - | - | - | - | - |
| Debt service | 2,604,949 | 6,086,087 | - | 8,691,036 | - |
| Capital projects | - | - | 754,000 | 754,000 | - |
| Unrestricted | 3,167,826 | 10,330,167 | 3,399,858 | 16,897,851 | (75,562) |
| Total net position | \$ 35,204,488 | \$ 67,241,918 | \$ 41,959,205 | \$ 144,405,611 | \$ (75,562) |

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, 2015

| | Enterprise Funds | | | | Internal Service Fund |
|---|----------------------|-----------------------|----------------------|-----------------------|--------------------------|
| | Water Utility | Wastewater Utility | Electric Utility | Total | |
| Operating revenues: | | | | | |
| Unmetered water revenue | \$ 4,920 | \$ - | \$ - | \$ 4,920 | \$ - |
| Metered revenue | | | | | |
| Residential | 2,978,622 | - | 26,083,426 | 29,062,048 | - |
| Commercial | 3,150,163 | - | 29,579,485 | 32,729,648 | - |
| Public street and highway lighting | - | - | 448,484 | 448,484 | - |
| Fire protection revenue | 1,671,853 | - | - | 1,671,853 | - |
| Penalties | 41,032 | 178,872 | 214,666 | 434,570 | - |
| Measured revenue: | | | | | |
| Residential | - | 5,948,677 | - | 5,948,677 | - |
| Commercial | - | 6,340,615 | - | 6,340,615 | - |
| Other | 784,996 | 115,211 | 800,559 | 1,700,766 | 10,525,790 |
| Total Revenues | <u>8,631,586</u> | <u>12,583,375</u> | <u>57,126,620</u> | <u>78,341,581</u> | <u>10,525,790</u> |
| Operating expenses: | | | | | |
| Source of supply and expense - operations and maintenance | 1,193,050 | 1,635,556 | - | 2,828,606 | - |
| Transmission and distribution | 1,785,208 | - | 3,983,470 | 5,768,678 | - |
| Treatment and disposal expense - operations and maintenance | 751,187 | 752,965 | - | 1,504,152 | - |
| Customer accounts | 293,072 | - | 667,917 | 960,989 | - |
| Administration and general | 1,067,175 | 2,025,803 | 3,964,594 | 7,057,572 | - |
| Insurance claims and premiums | - | - | - | - | 11,280,867 |
| Purchase power | - | - | 43,724,419 | 43,724,419 | - |
| Sewer - operation and maintenance | - | 2,082,591 | - | 2,082,591 | - |
| Pretreatment - operation and maintenance | - | 50,677 | - | 50,677 | - |
| Chemicals | - | 224,183 | - | 224,183 | - |
| Depreciation | 1,418,791 | 3,682,854 | 2,380,936 | 7,482,581 | - |
| Total operating expenses | <u>6,508,483</u> | <u>10,454,629</u> | <u>54,721,336</u> | <u>71,684,448</u> | <u>11,280,867</u> |
| Operating income (loss) | <u>2,123,103</u> | <u>2,128,746</u> | <u>2,405,284</u> | <u>6,657,133</u> | <u>(755,077)</u> |
| Nonoperating revenues (expenses): | | | | | |
| Interest and investment revenue | 30,623 | 75,178 | 7,582 | 113,383 | - |
| Miscellaneous revenue | 68,984 | - | 2,025 | 71,009 | - |
| Interest expense | (345,676) | (3,055,201) | (2,975) | (3,403,852) | - |
| Amortization expense | (22,401) | (29,176) | (27,358) | (78,935) | - |
| Gain/(Loss) on disposal of assets | (22,837) | 205,965 | (14,983) | 168,145 | - |
| Total nonoperating revenues (expenses) | <u>(291,307)</u> | <u>(2,803,234)</u> | <u>(35,709)</u> | <u>(3,130,250)</u> | <u>-</u> |
| Income (loss) before contributions and transfers | 1,831,796 | (674,488) | 2,369,575 | 3,526,883 | (755,077) |
| Capital contributions - net | 1,534,514 | 1,581,676 | 578,010 | 3,694,200 | - |
| Transfers in | - | 3,360,000 | - | 3,360,000 | - |
| Bond issuance costs | - | (1,117,582) | - | (1,117,582) | - |
| Transfers out | (599,225) | (1,675,775) | (1,542,328) | (3,817,328) | - |
| Change in net position | 2,767,085 | 1,473,831 | 1,405,257 | 5,646,173 | (755,077) |
| Total net position - beginning | 32,437,403 | 63,370,087 | 40,553,948 | 136,361,438 | 679,515 |
| Total net position - adjustment - Debt forgiveness | - | 2,398,000 | - | 2,398,000 | - |
| Total net position - ending | <u>\$ 35,204,488</u> | <u>\$ 67,241,918</u> | <u>\$ 41,959,205</u> | <u>\$ 144,405,611</u> | <u>\$ (75,562)</u> |

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

CITY OF MISHAWAKA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the Year Ended December 31, 2015

| | Water Utility | Wastewater Utility | Electric Utility | Totals | Internal Service Fund |
|--|---------------------|-----------------------|---------------------|----------------------|--------------------------|
| Cash flows from operating activities: | | | | | |
| Receipts from customers and users | \$ 8,701,733 | \$ 12,606,414 | \$ 57,712,358 | \$ 79,020,505 | |
| Receipts from interfund services provided | | | | | \$ 10,525,790 |
| Payments to suppliers | (2,435,357) | (3,363,440) | (47,810,009) | (53,608,806) | |
| Payments to employees | (2,696,889) | (3,905,171) | (4,472,685) | (11,074,745) | |
| Payments for interfund services used | | | | | (11,009,526) |
| Other receipts | 68,984 | - | 2,025 | 71,009 | |
| Net cash provided (used) by operating activities | <u>3,638,471</u> | <u>5,337,803</u> | <u>5,431,689</u> | <u>14,407,963</u> | <u>(483,736)</u> |
| Cash flows from noncapital financing activities: | | | | | |
| Refunding bond proceeds | - | 34,755,000 | - | 34,755,000 | - |
| Original issue premium proceeds | - | 3,632,522 | - | 3,632,522 | - |
| Principal paid into escrow for refunded bonds | - | (39,740,637) | - | (39,740,637) | - |
| Interest paid into escrow for refunded bonds | - | (911,845) | - | (911,845) | - |
| Issuance costs paid from escrow | - | (652,472) | - | (652,472) | - |
| Bond issuance costs | - | (465,110) | - | (465,110) | - |
| Transfer from other funds | - | 3,360,000 | - | 3,360,000 | - |
| Transfer to other funds | (599,225) | (1,675,775) | (1,542,328) | (3,817,328) | - |
| Net cash provided (used) by noncapital financing activities | <u>(599,225)</u> | <u>(1,698,317)</u> | <u>(1,542,328)</u> | <u>(3,839,870)</u> | <u>-</u> |
| Cash flows from capital and related financing activities: | | | | | |
| Acquisition and construction of capital assets | (841,093) | (2,441,328) | (2,981,034) | (6,263,455) | - |
| Capital contributions | - | - | (578,010) | (578,010) | - |
| Principal paid on bonds | (1,710,000) | (1,650,000) | - | (3,360,000) | - |
| Principal paid on capital leases | - | (48,580) | - | (48,580) | - |
| Principal paid on loans | (14,390) | (2,956,000) | (8,070) | (2,978,460) | - |
| Contracts issued | - | 165,071 | - | 165,071 | - |
| Interest paid on bonds | (303,391) | (1,525,850) | - | (1,829,241) | - |
| Interest paid on capital leases | - | - | - | - | - |
| Interest paid on loans | (2,005) | (691,979) | (2,861) | (696,845) | - |
| Net cash provided (used) by capital and related financing activities | <u>(2,870,879)</u> | <u>(9,148,666)</u> | <u>(3,569,975)</u> | <u>(15,589,520)</u> | <u>-</u> |
| Cash flows from investing activities: | | | | | |
| Interest received | 30,623 | 75,178 | 7,582 | 113,383 | - |
| Net increase (decrease) in cash and cash equivalents | 198,990 | (5,434,002) | 326,968 | (4,908,044) | (483,736) |
| Cash and cash equivalents, January 1 (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) | | | | | |
| | <u>6,187,851</u> | <u>23,377,069</u> | <u>4,464,143</u> | <u>34,029,063</u> | <u>1,380,052</u> |
| Cash and cash equivalents, December 31 (including \$754,000, \$3,235,040, \$8,691,036 and \$9,686,581 for the reserve account, customer deposits, revenue bond covenant account and repair account reported in restricted accounts) | | | | | |
| | <u>\$ 6,386,841</u> | <u>\$ 17,943,067</u> | <u>\$ 4,791,111</u> | <u>\$ 29,121,019</u> | <u>\$ 896,316</u> |

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

CITY OF MISHAWAKA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the Year Ended December 31, 2015

| | Water Utility | Wastewater Utility | Electric Utility | Totals | Internal Service Fund |
|--|------------------|-----------------------|---------------------|---------------|--------------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | | | | |
| Operating income (loss) | \$ 2,123,103 | \$ 2,128,746 | \$ 2,405,284 | 6,657,133 | \$ (755,077) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | |
| Depreciation expense | 1,418,791 | 3,682,854 | 2,380,936 | 7,482,581 | |
| Nonoperating revenue | 68,984 | - | 2,025 | 71,009 | |
| (Increase) decrease in assets: | | | | | |
| Accounts receivable | 70,147 | 23,039 | 585,738 | 678,924 | - |
| Interfund services provided or used | - | - | - | - | |
| Inventories | (45,708) | - | (35,331) | (81,039) | |
| Prepaid items | 2,026 | (1,740) | (9,866) | (9,580) | |
| Deferred outflows | (127,766) | (336,086) | (150,758) | (614,610) | |
| Increase (decrease) in liabilities: | | | | | |
| Customer deposits | 47,669 | 100 | 130,772 | 178,541 | |
| Accounts payable | (51,743) | (435,246) | (203,198) | (690,187) | 295,341 |
| Estimate for unfiled claims | | | | | (24,000) |
| Accrued payroll and withholdings payable | (69,493) | (76,894) | (77,511) | (223,898) | |
| Interfund payables | | | | - | |
| Taxes payables | - | - | (23,020) | (23,020) | |
| Compensated absences payable | (4,701) | (17,107) | 12,296 | (9,512) | |
| Net pension liability payable | 206,643 | 206,643 | 413,286 | 826,572 | |
| Deferred inflows | 519 | 163,494 | 1,036 | 165,049 | |
| Total adjustments | 1,515,368 | 3,209,057 | 3,026,405 | 7,750,830 | 271,341 |
| Net cash provided (used) by operating activities | \$ 3,638,471 | \$ 5,337,803 | \$ 5,431,689 | \$ 14,407,963 | \$ (483,736) |
| Noncash investing, capital and financing activities: | | | | | |
| Accreted value on capital appreciation bonds | - | 99,388 | - | 99,388 | - |
| Contributed capital assets from government | 1,534,514 | 1,581,676 | - | 3,116,190 | - |
| Work in progress moved to capital assets | - | 4,338,168 | - | 4,338,168 | - |
| Change in asset carrying value | 7,891 | (2,076,559) | 550,538 | (1,518,130) | - |
| Disposal of capital assets | (183,264) | (2,720,408) | (14,983) | (2,918,655) | - |

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

CITY OF MISHAWAKA
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
December 31, 2015

| <u>Assets</u> | Pension Trust Funds | Agency Funds |
|--|---------------------------|-----------------|
| | <hr/> | <hr/> |
| Cash and Cash Equivalents | \$ 1,753,114 | \$ - |
| Receivables: | | |
| Interest and dividends Accounts | 59,629 - | - - |
| | <hr/> | <hr/> |
| Total receivables | 59,629 | - |
| Investment at fair value: | | |
| Municipal bonds | 1,219,751 | - |
| Mutual funds | 16,121,329 | - |
| | <hr/> | <hr/> |
| Total investments | 17,341,080 | - |
| Total assets | <u>\$ 19,153,823</u> | <u>\$ -</u> |
| <u>Liabilities</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ - | \$ - |
| Accrued payroll and withholdings payable | - | - |
| | <hr/> | <hr/> |
| Total liabilities | - | <u>\$ -</u> |
| <u>Net Position</u> | | |
| Held in trust for: | | |
| Employees' pension benefits and other purposes | 19,153,823 | |
| | <hr/> | |
| Total net position | <u>\$ 19,153,823</u> | |

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

CITY OF MISHAWAKA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
For the Year Ended December 31, 2015

| <u>Additions</u> | <u>Pension Trust Funds</u> |
|---|------------------------------------|
| Contributions: | |
| On behalf | \$ 3,611,150 |
| Employer | <u>1,025,201</u> |
| Total contributions | <u>4,636,351</u> |
| Investment income (loss): | |
| Net change in fair value of investments | (991,345) |
| Interest | <u>817,390</u> |
| Total investments income (loss) | (173,955) |
| Less investment expense: | |
| Investment activity expense | <u>(44,427)</u> |
| Net investment income (loss) | <u>(218,382)</u> |
| Total additions | <u>4,417,969</u> |
| <u>Deductions</u> | |
| Benefits | 4,700,554 |
| Administrative expense | <u>14,007</u> |
| Total deductions | <u>4,714,561</u> |
| Change in net position | (296,592) |
| Net position - beginning | <u>19,450,415</u> |
| Net position - ending | <u>\$ 19,153,823</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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

The 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.

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 and water 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. Material and supplies use average costing for water utility. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

5. Restricted Assets

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

6. Capital Assets

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

7. Compensated Absences

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

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

8. Long-Term Obligations

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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, 2015:

| | Amount |
|--------------------------|--------------|
| General | \$ 229,605 |
| Consolidated TIF | 827,734 |
| Other Governmental Funds | 3,222,422 |
| Total | \$ 4,279,761 |

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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

The detail of the fund balance classifications of the governmental funds for the year ended December 31, 2015 is as follows:

| | General Fund | Capital Project Fund TIF Consolidated | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|---------------------|--|--------------------------------|--------------------------------|
| Non-Spendable | | | | |
| Long-Term Loans Receivable | \$ - | \$ 3,000,000 | \$ 374,305 | \$ 3,374,305 |
| Assets Held for Resale | - | 6,943,837 | - | 6,943,837 |
| Total Nonspendable | - | 9,943,837 | 374,305 | 10,318,142 |
| Restricted | | | | |
| Other Purposes General Government | - | - | 1,498,109 | 1,498,109 |
| Technology | - | - | 244,370 | 244,370 |
| Law Enforcement Training and Capital | - | - | 1,121,845 | 1,121,845 |
| Firefighting Training and Capital | - | - | 953,920 | 953,920 |
| Capital Projects | - | 8,175,904 | 2,117,635 | 10,293,539 |
| Sanitation | - | - | 695,489 | 695,489 |
| Capital Highway Projects | - | - | 2,156,059 | 2,156,059 |
| Sidewalk Construction | - | - | 34,139 | 34,139 |
| Families, Parks, and Recreation | - | - | 1,345,930 | 1,345,930 |
| Housing and Community Development | - | - | 519,999 | 519,999 |
| Debt service principal and interest | - | - | 975,000 | 975,000 |
| Total Restricted | - | 8,175,904 | 11,662,495 | 19,838,399 |
| Committed | | | | |
| Capital Projects | - | - | 3,526,570 | 3,526,570 |
| Public Safety Capital | - | - | 2,519 | 2,519 |
| Total Committed | - | - | 3,529,089 | 3,529,089 |
| Assigned | | | | |
| General Government Other Purposes | 229,605 | - | - | 229,605 |
| Public Safety | - | - | 883,430 | 883,430 |
| Capital Projects | - | 827,734 | 2,270,480 | 3,098,214 |
| Sanitation | - | - | 45,723 | 45,723 |
| Parks and Recreation | - | - | 22,789 | 22,789 |
| Total Assigned | 229,605 | 827,734 | 3,222,422 | 4,279,761 |
| Unassigned | 3,538,777 | - | - | 3,538,777 |
| Total Fund Balance | \$ 3,768,382 | \$ 18,947,475 | \$ 18,788,311 | \$ 41,504,168 |

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

General (1)

Nonmajor governmental funds:

Special revenue funds (8):

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

Capital projects funds (5):

Cumulative Building and Fire Fighting Equipment, Cumulative Capital Improvement, Cumulative Sewer, Cumulative Capital Development, CEDIT

Pension funds (2):

Fire Pension, Police Pension

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

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

Expenditures did not exceed appropriations for any funds which required legally approved budgets. Total expenditures did not exceed total appropriations for any departments within the General Fund.

III. Detailed Notes on All Funds

A. Deposits and Investments

Primary Government

1. Deposits

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2015, the primary government had deposit balances in the amount of \$63,273,642.

All bank balances at December 31, 2015 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, 2015, the City's Utility Pension Fund had the following investments:

| Investment Type | Fair Value | Investment Maturities (in Years) | | |
|-----------------------|----------------------|----------------------------------|-------------|-------------------|
| | | Less Than 1 | 1-2 | More Than 2 |
| Utility Pension Fund: | | | | |
| Municipal obligations | \$ 1,219,751 | \$ 520,115 | \$ - | \$ 699,636 |
| Mutual funds | <u>16,121,329</u> | <u>16,121,329</u> | - | - |
| Total | <u>\$ 17,341,080</u> | <u>\$ 16,641,444</u> | <u>\$ -</u> | <u>\$ 699,636</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 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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2015, 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:

| Investment Type | Not in the Government's Name |
|--------------------|------------------------------------|
| Municipal bonds | \$ 1,219,751 |
| Mutual funds | <u>16,121,329</u> |
| Totals | <u>\$ 17,341,080</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 five years.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Credit Risk

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

The distribution of securities with credit ratings is summarized below.

| Standard & Poor's Rating | Moody's Rating | City's Investments | |
|--------------------------------|-------------------|--------------------|--------------------|
| | | Mutual Funds | Municipal Bonds |
| AAA | Aaa | \$ - | \$ 175,275 |
| AA | Aa | - | 592,874 |
| A | A | | 247,316 |
| Unrated | Unrated | 16,121,329 | 204,286 |
| Totals | | \$ 16,121,329 | \$ 1,219,751 |

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:

| Issuer | 2015 |
|--------------------------------------|--------------|
| American Beacon Intl Equity Instl | \$ 990,554 |
| Dodge & Cox Income | 841,352 |
| Fidelity Spartan International Index | 1,027,903 |
| FMI Large Cap | 616,298 |
| Russell Investment Grade bond | 1,882,551 |
| Vanguard Large Cap Index Admiral | 1,597,331 |
| Vanguard Morgan Growth Adm | 1,554,341 |
| Vanguard Windsor II Adm | 1,458,171 |
| Total | \$ 9,968,501 |

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2015 the discretely presented component unit had deposit balances in the amount of \$2,321,293 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: | | |
| Consolidated TIF | \$ 3,500,000 | \$ 3,000,000 |
| Special revenue funds: | | |
| Community Development | <u>414,274</u> | <u>374,305</u> |
| Total governmental funds | <u>\$ 3,914,274</u> | <u>\$ 3,374,305</u> |
| <u>Discretely Presented Component Unit</u> | | |
| Mishawaka Bond Bank | <u>\$ 4,035,968</u> | <u>\$ 3,739,300</u> |

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

| Primary government | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|----------------------|----------------------|-----------------------|
| Governmental activity: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 13,426,217 | \$ 194,676 | \$ 38,976 | \$ 13,581,917 |
| Construction in progress | <u>31,138,132</u> | <u>9,591,982</u> | <u>16,134,931</u> | <u>24,595,183</u> |
| Total capital assets, not being depreciated | <u>44,564,349</u> | <u>9,786,658</u> | <u>16,173,907</u> | <u>38,177,100</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 24,594,062 | 10,603,399 | 14,950 | 35,182,511 |
| Improvements other than buildings | 26,635,807 | 6,419,916 | 34,943 | 33,020,780 |
| Machinery and equipment | 27,526,785 | 2,303,169 | 385,097 | 29,444,857 |
| Infrastructure being depreciated | <u>129,096,488</u> | <u>15,021,600</u> | <u>-</u> | <u>144,118,088</u> |
| Totals | <u>207,853,142</u> | <u>34,348,084</u> | <u>434,990</u> | <u>241,766,236</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 7,497,378 | 699,072 | 8,372 | 8,188,078 |
| Improvements other than buildings | 9,317,871 | 959,049 | 12,075 | 10,264,845 |
| Machinery and equipment | 20,032,679 | 1,573,141 | 377,811 | 21,228,009 |
| Infrastructure being depreciated | <u>17,431,462</u> | <u>3,656,631</u> | <u>-</u> | <u>21,088,093</u> |
| Totals | <u>54,279,390</u> | <u>6,887,893</u> | <u>398,258</u> | <u>60,769,025</u> |
| Total capital assets, being depreciated, net | <u>153,573,752</u> | <u>27,460,191</u> | <u>36,732</u> | <u>180,997,211</u> |
| Total governmental activity capital assets, net | <u>\$ 198,138,101</u> | <u>\$ 37,246,849</u> | <u>\$ 16,210,639</u> | <u>\$ 219,174,311</u> |
| Business-type activity: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,519,446 | \$ 1,500 | \$ - | \$ 1,520,946 |
| Construction in progress | <u>3,913,612</u> | <u>3,468,019</u> | <u>4,157,825</u> | <u>3,223,806</u> |
| Total capital assets, not being depreciated | <u>5,433,058</u> | <u>3,469,519</u> | <u>4,157,825</u> | <u>4,744,752</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 53,343,111 | 131,214 | - | 53,474,325 |
| Improvements other than buildings | 188,905,543 | 11,444,063 | 361,723 | 199,987,883 |
| Machinery and equipment | 49,340,615 | 276,307 | - | 49,616,922 |
| Transportation | <u>4,818,599</u> | <u>396,638</u> | <u>34,789</u> | <u>5,180,448</u> |
| Totals | <u>296,407,868</u> | <u>12,248,222</u> | <u>396,512</u> | <u>308,259,578</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 16,489,677 | 1,108,933 | - | 17,598,610 |
| Improvements other than buildings | 54,035,550 | 4,661,014 | 369,242 | 58,327,322 |
| Machinery and equipment | 32,312,511 | 1,348,853 | - | 33,661,364 |
| Transportation | <u>3,720,102</u> | <u>363,781</u> | <u>34,789</u> | <u>4,049,094</u> |
| Totals | <u>106,557,840</u> | <u>7,482,581</u> | <u>404,031</u> | <u>113,636,390</u> |
| Total capital assets, being depreciated, net | <u>189,850,028</u> | <u>4,765,641</u> | <u>(7,519)</u> | <u>194,623,188</u> |
| Total business-type activity capital assets, net | <u>\$ 195,283,086</u> | <u>\$ 8,235,160</u> | <u>\$ 4,150,306</u> | <u>\$ 199,367,940</u> |

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 470,407 |
| Public safety | 1,089,999 |
| Highways and streets | 4,144,545 |
| Culture and recreation | 1,179,388 |
| Community development | <u>3,554</u> |
| Total depreciation expense - governmental activities | <u>\$ 6,887,893</u> |
| | |
| Business-type activities: | |
| Water | \$ 1,418,790 |
| Wastewater | 3,682,853 |
| Electric | <u>2,380,938</u> |
| Total depreciation expense - business-type activities | <u>\$ 7,482,581</u> |

D. Construction Commitments

Construction work in progress is composed of the following:

| Project | Expended to December 31, 2015 | Committed |
|--|-------------------------------------|---------------------|
| Governmental activities: | | |
| Church/Main Connector | \$ 6,123,110 | \$ 636,488 |
| Fir Road Capital Connector | 4,119,693 | 7,515 |
| Mishawaka Avenue Imp Ph I | 2,987,381 | 28,425 |
| Church/Main Connect - Church Union Imp Ph II | 5,258,695 | 719,564 |
| Gumwood Road Widening | 1,665,978 | 8,577 |
| Fir Road/University Drive Intersection | 1,358,837 | 309,130 |
| Mishawaka Avenue Imp Ph II | 1,117,588 | 3,000 |
| Grove St /Elizabeth/Mish Ave Improv | 1,216,007 | 280,184 |
| Lowell and Edgar Ave Improv | 183,791 | 12,851 |
| Reconstruct Cedar St and Elim of CSO | <u>564,103</u> | <u>135,349</u> |
| Totals - governmental activities | <u>\$ 24,595,183</u> | <u>\$ 2,141,083</u> |
| | | |
| Business-type activities: | | |
| Wastewater Utility: | | |
| Milburn improvements | \$ 244,216 | \$ 49,708 |
| Wilson boulevard | 2,322,541 | 188,298 |
| LTCP project | 564,998 | 80,934 |
| Water Utility: | | |
| Toscana park apartments | 3,445 | 10,000 |
| Gumwood retail center | 49,270 | 8,029 |
| Bell Tower assisted living center | <u>39,336</u> | <u>60,000</u> |
| Totals - business-type activities | <u>\$ 3,223,806</u> | <u>\$ 396,969</u> |

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Interfund Balances and Activity

1. Interfund Transfers

Interfund transfers at December 31, 2015, were as follows:

| Transfer From | Transfer To | | | Total |
|-----------------------|----------------------------|--------------------------|----------------------------|----------------------------|
| | General Fund | Nonmajor Governmental | Wastewater Utility | |
| Governmental: | | | | |
| General Fund | \$ - | \$ - | \$ - | \$ - |
| Consolidated TIF | - | 27,556 | 3,360,000 | 3,387,556 |
| Nonmajor Governmental | - | 332,195 | - | 332,195 |
| Business-type: | | | | |
| Water Utility | 599,225 | - | - | 599,225 |
| Wastewater Utility | 1,675,775 | - | - | 1,675,775 |
| Electric Utility | 1,542,329 | - | - | 1,542,329 |
| Total | <u>\$ 3,817,329</u> | <u>\$ 359,751</u> | <u>\$ 3,360,000</u> | <u>\$ 7,537,080</u> |

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

F. Leases

Capital Leases

The primary government has entered into a capital lease for a fire station. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2015, are as follows:

| | Governmental Activities |
|---|----------------------------|
| 2016 | \$ 326,847 |
| 2017 | 321,499 |
| 2018 | 316,151 |
| 2019 | 310,803 |
| 2020 | 305,455 |
| 2021-2025 | 1,447,055 |
| 2026-2027 | <u>408,033</u> |
| Total minimum lease payments | 3,435,843 |
| Less amount representing interest | <u>369,181</u> |
| Present value of net minimum lease payments | <u>\$ 3,066,662</u> |

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

| | Governmental Activities |
|--------------------------|----------------------------|
| Buildings | \$ 3,815,830 |
| Accumulated depreciation | (228,951) |
| Totals | \$ 3,586,879 |

G. Long-Term Liabilities

1. Tax Increment Bonds

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

The City has pledged future local income tax revenue toward repayment of the Bonds.

| Purpose | Interest Rates | Fund Type | Balance December 31 | Due Within One Year | Due in More Than One Year |
|--|-------------------|--------------------|------------------------|------------------------|------------------------------|
| \$1,000,000 tax increment bonds due in annual installments of \$15,000 to \$25,000 plus interest through February 1, 2040. | 2% | Governmental funds | \$ 975,000 | \$ 30,000 | \$ 945,000 |
| | | Total | \$ 975,000 | \$ 30,000 | \$ 945,000 |

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

| | Governmental Funds | |
|-----------|--------------------|------------|
| | Battell Center | |
| | Principal | Interest |
| 2016 | \$ 30,000 | \$ 19,350 |
| 2017 | 30,000 | 18,750 |
| 2018 | 30,000 | 18,150 |
| 2019 | 35,000 | 17,500 |
| 2020 | 35,000 | 16,800 |
| 2021-2025 | 180,000 | 73,500 |
| 2026-2030 | 200,000 | 54,500 |
| 2031-2035 | 215,000 | 34,050 |
| 2036-2040 | 220,000 | 11,150 |
| Totals | \$ 975,000 | \$ 263,750 |

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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% | \$ 1,830,000 | \$ 380,000 | \$ 11,208 | \$ 1,461,208 |
| \$12,710,000 2013 Water Refunding revenue bonds due in installments of \$580,000 to \$775,000 plus interest through July 1, 2022 | 2% | 9,460,000 | 1,375,000 | | 8,085,000 |
| \$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% | 30,585,000 | 1,505,000 | - | 29,080,000 |
| \$34,755,000 2015 Wastewater refunding revenue bonds, due in installments of \$1,155,000 to \$1,880,000 plus interest through September 1, 2027 | 2.25% to 5% | <u>34,755,000</u> | <u>2,370,000</u> | <u>3,527,232</u> | <u>35,912,232</u> |
| Totals | | <u>\$ 76,630,000</u> | <u>\$ 5,630,000</u> | <u>\$ 3,538,440</u> | <u>\$ 74,538,440</u> |

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

During 2015, the water utility paid \$2.03 million in debt payments or approximately 24 percent of operating revenues. The wastewater utility paid \$6.82 million in debt payments or approximately 54 percent of operating revenues. Bond coverage for the water utility at December 31, 2015 was 145%. Bond coverage for the wastewater utility at December 31, 2015 was 110%. Bond coverage includes the payment in lieu of taxes to the City and TIF dollars transferred to the wastewater utility from the Consolidated TIF fund.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

| | Business-Type Activities | |
|-----------|--------------------------|---------------|
| | Principal | Interest |
| 2016 | \$ 5,630,000 | \$ 3,127,697 |
| 2017 | 5,865,000 | 2,894,353 |
| 2018 | 6,070,000 | 2,691,253 |
| 2019 | 6,275,000 | 2,477,947 |
| 2020 | 6,290,000 | 2,239,044 |
| 2021-2025 | 28,345,000 | 7,728,573 |
| 2026-2030 | 18,155,000 | 2,016,384 |
| Totals | \$ 76,630,000 | \$ 23,175,251 |

3. Notes and Loans Payable

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

| | Principal | Interest |
|-----------|--------------|------------|
| 2016 | \$ 75,429 | \$ 43,884 |
| 2017 | 77,163 | 42,367 |
| 2018 | 78,030 | 40,815 |
| 2019 | 79,764 | 39,246 |
| 2020 | 81,498 | 37,642 |
| 2021-2025 | 415,293 | 153,252 |
| 2026-2030 | 367,608 | 94,524 |
| 2031-2034 | 338,997 | 27,934 |
| Totals | \$ 1,513,782 | \$ 479,664 |

The Economic Development Income Tax Revenue Bonds of 2014, dated December 30, 2014 was issued in the amount of \$9,155,000 with payments ranging from \$262,000 to \$345,000 payable in semi-annual payments with interest ranging from 2 percent to 3.625 percent. The table above reflects the portion for which the City of Mishawaka is responsible (17.34% of total bond issuance). The City has pledged future County Economic Development Income Tax or CEDIT toward repayment of the Bonds.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

| | Principal | Interest |
|-----------|--------------|------------|
| 2016 | \$ 105,000 | \$ 56,517 |
| 2017 | 107,000 | 53,299 |
| 2018 | 111,000 | 50,005 |
| 2019 | 115,000 | 46,589 |
| 2020 | 119,000 | 43,051 |
| 2021-2025 | 645,000 | 158,602 |
| 2026-2030 | 677,000 | 52,644 |
| Totals | \$ 1,879,000 | \$ 460,707 |

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|---------------|---------------|-------------------|------------------------|
| Primary government | | | | | |
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation | \$ - | \$ - | \$ - | \$ - | \$ - |
| TIF | - | 1,000,000 | 25,000 | 975,000 | 30,000 |
| Less deferred amount: | | | | | |
| For issuance discounts | - | - | - | - | - |
| Total bonds payable | - | 1,000,000 | 25,000 | 975,000 | 30,000 |
| Capital leases | 3,333,330 | - | 266,668 | 3,066,662 | 266,668 |
| Notes Payable | - | 1,587,477 | 73,695 | 1,513,782 | 75,429 |
| Energy debt payable | 223,326 | - | 223,326 | - | - |
| Net other postemployment benefit obligation | 19,294,766 | 2,692,803 | - | 21,987,569 | - |
| Compensated absences | 803,252 | 664,340 | 628,290 | 839,302 | 608,682 |
| Net pension liability | 53,966,549 | 5,726,908 | 4,051,090 | 55,642,367 | - |
| Total governmental activities long-term liabilities | \$ 77,621,223 | \$ 11,671,528 | \$ 5,268,069 | \$ 84,024,682 | \$ 980,779 |
| Business-type activities: | | | | | |
| Revenue bonds payable: | | | | | |
| Water Utility | \$ 13,000,000 | \$ - | \$ 1,710,000 | 11,290,000 | \$ 1,755,000 |
| Wastewater Utility | 39,490,000 | 34,755,000 | 8,905,000 | 65,340,000 | 3,875,000 |
| Less deferred amount: | | | | | |
| For issuance discounts/(premiums) | (13,794) | 107,876 | 3,632,522 | (3,538,440) | - |
| Total revenue bonds payable | 52,503,794 | 34,647,124 | 6,982,478 | 80,168,440 | 5,630,000 |
| Capital leases | 48,580 | - | 48,580 | - | - |
| Notes and loans payable | 38,730,625 | 1,988,312 | 38,839,937 | 1,879,000 | 105,000 |
| Compensated absences | 275,635 | 218,511 | 228,023 | 266,123 | 54,971 |
| Net pension liability | 4,306,951 | 826,572 | - | 5,133,523 | - |
| Total business-type activities long-term liabilities | \$ 95,865,585 | \$ 37,680,519 | \$ 46,099,018 | \$ 87,447,086 | \$ 5,789,971 |

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

As of December 31, 2015, the remaining scheduled payment to maturity from the escrow is as follows:

| Payment | | | |
|----------|-------------------|------------------|-------------------|
| Date | Principal | Interest | Total |
| 2/1/2016 | <u>\$ 525,000</u> | <u>\$ 10,500</u> | <u>\$ 535,500</u> |

6. Current Refunding

On August 5, 2015, the Wastewater utility issued \$34,755,000 of Sewage Works Refunding Revenue Bonds for the current refunding of \$121,000 of outstanding Sewage Works Revenue Bonds of 1999, \$33,744,637 of Sewage Works Revenue Bonds of 2004, \$5,525,000 of Sewage Works Revenue Bonds of 2006, Series A and \$350,000 of Sewage Works Revenue Bonds of 2007, Series A. The refunded bonds were originally issued to finance certain improvements and extensions to the City's Sewage Works. Interest rates on the new bonds range from 2.25% to 5.00%. The bond proceeds together with an original issue premium of \$3,632,522 and sinking fund cash on hand of \$6,922,065 were used to place \$41,304,954 into an irrevocable escrow for the current refunding of the principal and interest on the outstanding debt and a \$652,473 call premium. Of the remaining funds, \$3,539,523 was used to establish a new debt service reserve and the remaining \$465,110 was used for a surety premium, bond insurance premium, underwriter's discount and other professional fees associated with the new bonds.

The 1999 Bonds, 2004 Bonds, 2006 Series A Bonds and 2007 Series A Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The requisition price exceeded the net carrying amount of the old debt by \$205,458. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The government refunded the bonds to achieve reduced annual debt service payments and achieve a present value savings of \$1,293,032.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

H. Restricted Assets

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

| | |
|--------------------------------|---------------------------------|
| Customer deposits | \$ 3,235,065 |
| Revenue bond covenant accounts | 8,691,036 |
| Reserve account | 754,000 |
| Repair accounts | <u>9,686,581</u> |
| Total restricted assets | <u><u>\$ 22,366,682</u></u> |

I. Restatements and Reclassifications

For the fiscal year ended December 31, 2015, certain changes have been made to the financial statements to more appropriately reflect financial activity.

1. The prior period adjustment for governmental activities reflects the implementation of GASB 68 to recognize the liabilities associated with employee retirement.

The GASB 68 implementation for the 1925, 1937 and the Utility plans were completed in 2014. In 2015, the City completed the implementation of the PERF, and the 1977 Police and Fire Pension plans.

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| Net Position, December 31 2014 | 175,457,309 | 136,361,438 | 311,818,747 |
| Cumulative effect of implementing | | | |
| GASB 68 - PERF | \$ (4,107,255) | - | (4,107,255) |
| GASB 68 - 1977 Plan | (1,143,311) | - | (1,143,311) |
| Forgiveness of ARRA BAN | - | 2,398,000 | 2,398,000 |
| Net Position, December 31 2014 (restated) | <u>\$ 170,206,743</u> | <u>\$ 138,759,438</u> | <u>\$ 308,966,181</u> |

2. The Sewage Works Revenue ARRA BAN of 2009 was forgiven by the Indiana State Revolving Fund in 2013 in accordance with the terms of the borrowing. The forgiveness was effective in 2013 and communicated to the City in 2015. The BAN had no scheduled principal and interest payments from 2010 to 2015.

| Opinion Unit | Balance as Reported December 31, 2014 | Prior Period Adjustments | Balance as Restated January 1, 2015 |
|--|--|--------------------------------|--|
| BusinessType Activities - Wastewater: net position | \$ 63,370,087 | | \$ 63,370,087 |
| Forgiveness of ARRA BAN | - | \$ 2,398,000 | 2,398,000 |
| Totals | <u>\$ 63,370,087</u> | <u>\$ 2,398,000</u> | <u>\$ 65,768,087</u> |

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retiree and Dependents

In 2014, the primary government moved from the Indiana Association of Cities and Towns (IACT) Medical Trust and has chosen to re-establish a risk financing fund for risks associated with employee health insurance. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$150,000 per year. In 2015 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.

| | 2015 | 2014 |
|--|--------------|--------------|
| Unpaid claims, beginning of fiscal year | \$ 700,537 | \$ - |
| Incurred claims and changes in estimates | 10,797,131 | 10,862,056 |
| Claim payments | (10,525,790) | (10,161,519) |
| Unpaid claims, end of fiscal year | \$ 971,878 | \$ 700,537 |

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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2015, the primary government contributed \$1,328,677 to the plan for current premiums. For Pre-Medicare retirees, the primary government annually provides \$400 for covered employees with less than 20 years of service and pays the full single premium cost for employees who retire with 20 or more years of service. For Post-Medicare employees, the primary government provides \$400 annually towards the cost of medical coverage regardless of the years of service.

Annual OPEB Cost and Net OPEB Obligation

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

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

| | |
|--|-----------------------------|
| Annual required contribution | \$ 3,975,621 |
| Interest on net OPEB obligation | 868,264 |
| Adjustment to annual required contribution | <u>(822,405)</u> |
| | |
| Annual OPEB cost | 4,021,480 |
| Contributions made | <u>(1,328,677)</u> |
| | |
| Increase in net OPEB obligation | 2,692,803 |
| Net OPEB obligation, beginning of year | <u>19,294,766</u> |
| | |
| Net OPEB obligation, end of year | <u><u>\$ 21,987,569</u></u> |

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

The primary government's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

| Year Ending | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------|------------------------|---|---------------------------|
| 12/31/2013 | \$ 4,692,423 | 30.5% | \$ 16,965,134 |
| 12/31/2014 | 3,548,602 | 34.4% | 19,294,766 |
| 12/31/2015 | 4,021,480 | 34.4% | 21,987,569 |

Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$42,625,775 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$42,625,775. The covered payroll as a percentage of the Actuarial Accrued Liability was (156%). Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

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

Actuarial Methods and Assumption

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

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

In the December 31, 2015 actuarial report, the projected unit credit with linear proration to decrement method was used. The actuarial assumptions included a discount rate of 4.5% unfunded; inflation and salary scale of 3% each and an annual healthcare cost trend rate of 8.50% initially, reduced by decrements to an ultimate rate of 5% after 2021. The UAAL is being amortized as a level percentage of projected pay based on an open group. The remaining amortization period at December 31, 2015, was 30 years.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

Benefits Provided

The plan provides retirement, disability and survivor benefits. The Indiana Code, Title 5, Articles 10.2 and 10.3, amended only by the Indiana General Assembly, identifies the benefit provisions and establishes the authority under which members and employers are obligated to contribute to the plan.

Retirement benefits for employees are calculated as years of credible service times the average highest 20 quarters of salary times 11% plus the employee's Annuity Savings Account. Normal retirement age is 60 with early retirement at 50-59 with 15 years of service. Vesting period is 10 years. An employee who leaves service may withdraw his or her Annuity Savings Account contributions, plus any accumulated interest.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are granted by the Indiana General Assembly on an ad hoc basis.

Contributions

Per Indiana Code, Title 5, Articles 10.2 and 10.3, contributions requirements of the active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. Members are required to contribute 3% of their annual covered salary. The primary government is required to contribute at an actuarially determined rate; the current rate for calendar year 2015 is 11.20% percent of annual covered payroll. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member. The actuarial amount, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the PERF plan from the City were \$826,395 for the calendar year ended December 31, 2015.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

At December 31, 2015, the City reported a liability of \$5,726,908 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating units, actuarially determined. At June 30, 2015, the City's proportion was .0014061 percent, which was a decrease of .0000871 from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$847,987. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|-------------------------------------|------------------------------------|
| Differences between expected and actual experience | \$ 245,826 | \$ 11,844 |
| Net difference between projected and actual investment earnings on pension plan investments | 965,628 | 538,594 |
| Change of assumptions | 484,116 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 67,169 | 199,927 |
| City contributions subsequent to the measurement date | 515,440 | - |
| Allocation to utilities for City PERF plan | 165,050 | 196,560 |
| Totals | \$ 2,443,229 | \$ 946,925 |

\$515,440 reported as deferred outflows of resources related to pensions resulting from City contribution subsequent to the measurement date will be recognized as deferred outflows in the year ended December 31, 2015. In addition, the City recognizes \$165,050 of additional deferred outflows and \$196,560 of additional deferred inflows related to PERF expenses charged to the utilities as part of the City's PERF plan. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | Year Ended December 31, |
|------------|----------------------------|
| 2016 | \$ 305,835 |
| 2017 | 305,835 |
| 2018 | 159,297 |
| 2019 | 241,407 |
| 2020 | - |
| Thereafter | - |
| Total | \$ 1,012,374 |

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.25% |
| Salary increases | 2.50% to 4.25% including inflation |
| Investment rate of return | 6.75% net of pension plan investment expense, including inflation |
| Mortality rates | RP-2014 Total Data Set Mortality table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report |

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the four years ended June 30, 2014. The Study was performed in April 2015. As a result of the study inflation decreased from 3.00% to 2.25%, future salary rates decreased from a table range of 3.25% to 4.50% to a table ranging from 2.50% to 4.25%. The mortality rates changed from the 2013 IRS Static Mortality projected five years with Scale AA to the process referenced above. Each of these assumption changes were made to more closely reflect actual experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of June 30, 2015 for each major asset class are summarized in the following table.

| <u>Global Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------------------------|--------------------------|---|
| Public equity | 22.5% | 5.3% |
| Private equity | 10.0% | 5.6% |
| Fixed income - Ex inflation - linked | 22.0% | 2.1% |
| Fixed income - inflation - linked | 10.0% | 0.7% |
| Commodities | 8.0% | 2.0% |
| Real estate | 7.5% | 3.0% |
| Absolute return | 10.0% | 3.9% |
| Risk parity | 10.0% | 5.0% |

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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

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

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

| | 5.75% | 6.75% | 7.75% |
|-----------------------|--------------------|---------------------|--------------------|
| | <u>1% Decrease</u> | <u>Current Rate</u> | <u>1% Increase</u> |
| Net Pension Liability | \$ 8,447,679 | \$ 5,726,908 | \$ 3,468,170 |

Pension Plan Fiduciary Net Position

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

<http://www.in.gov/inprs/files/2015INPRSCAFRBook.pdf>
<http://www.in.gov/inprs/files/2015PERFActuarialValuationReport.pdf>

The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

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

Plan Description

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

Benefits Provided

The plan provides retirement, disability, and death benefits. Benefit terms are established and amended by State legislative action.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Annual retirement benefits for employees are calculated equal to 50 percent of the salary of a first class officer for 20 years of service. Normal retirement age is 52 with early retirement at 50. Employees are eligible for non duty disability benefits after five years of services and for duty related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date.

The annual adjustments are determined by statute equal to the change in the Consumer Price Index but not in excess of a 3 percent increase.

Contributions

Per Indiana State statute (IC 36-8-8 and IC 36-8-8.5), contribution requirements of the active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. The funding policy for the 1977 Fund requires remittances of member and employer contributions based on percentages of the salary of a first class officer or firefighter rather than actual payroll. Employees are required to contribute 6 percent of their annual pay. The employer contribution rate is actuarially determined. The City's contractually required contribution rate for the year ended December 31, 2015 was 19.7 percent of the salary of a first class officer or firefighter. Contributions to the plan from the City were \$1,190,545 to the Police Officers' plan and \$1,271,975 to the Firefighter's plan for the year ended December 31, 2015.

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

At December 31, 2015, the City reported a pension asset of \$1,053,200 for the Police Officers' fund and \$1,087,515 for the Firefighters' fund for their respective proportionate shares of the net pension liability. The Plan's net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating units, actuarially determined. At June 30, 2015, the City's proportion for the Police Officers' fund .0071297 percent, which was a decrease of .0003142 percent from its proportion measured as of June 30, 2014. At June 30, 2015, the City's proportion for the Firefighter' fund .0073620 percent, which was a decrease of .0002571 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$285,938 for the Police Officers' fund and \$300,681 for the Firefighters' fund.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|-------------------------------------|------------------------------------|
| Police Officers' Fund | | |
| Differences between expected and actual experience | \$ - | \$ 458,035 |
| Net difference between projected and actual investment earnings on pension plan investments | 2,055,591 | 1,095,936 |
| Change of assumptions | - | 1,971,540 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 29,753 | 49,782 |
| City contributions subsequent to the measurement date | 595,273 | - |
| Totals | \$ 2,680,617 | \$ 3,575,293 |
| Firefighters' Fund | | |
| Differences between expected and actual experience | \$ - | \$ 472,959 |
| Net difference between projected and actual investment earnings on pension plan investments | 2,122,566 | 1,131,644 |
| Change of assumptions | - | 2,035,777 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 58,740 | 38,656 |
| City contributions subsequent to the measurement date | 635,988 | - |
| Totals | \$ 2,817,294 | \$ 3,679,036 |

\$595,273 and \$635,988 reported for the Police Officers' and Firefighters' funds respectively as deferred outflows of resources related to pensions resulting from City contribution subsequent to the measurement date will be recognized as deferred outflows in the year ended December 31, 2015.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

| | Year Ended December 31, | |
|------------|-------------------------|----------------|
| | Police | |
| | Officers' | Firefighters' |
| 2016 | \$ (146,914) | \$ (146,275) |
| 2017 | (146,914) | (146,275) |
| 2018 | (146,914) | (146,275) |
| 2019 | 218,398 | 230,940 |
| 2020 | (295,500) | (299,702) |
| Thereafter | (972,105) | (990,143) |
| Total | \$ (1,489,949) | \$ (1,497,730) |

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.25% |
| Salary increases | 2.5% average including inflation |
| Investment rate of return | 6.75% net of pension plan investment expense, including inflation |
| Mortality rates | RP-2014 Blue Collar Mortality Table projected on a fully generational basis using future mortality improvement scale inherent in the mortality projection included in the Social Security Administration 2014 Trustee report. |

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the four years ended June 30, 2014. The Study was performed in April 2015. As a result of the study inflation decreased from 3.00% to 2.25%, future salary rates decreased from a table range of 3.25% to 4.50% to a table ranging from 2.50% to 4.25%. The mortality rates changed from the 2013 IRS Static Mortality projected five years with Scale AA to the process referenced above. Each of these assumption changes were made to more closely reflect actual experience.

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

The target allocation and best estimates of arithmetic real rates of return as of June 30, 2015 for each major asset class are summarized in the following table:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

| <u>Global Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------------------------|--------------------------|---|
| Public equity | 22.5% | 5.3% |
| Private equity | 10.0% | 5.6% |
| Fixed income - Ex inflation - linked | 22.0% | 2.1% |
| Fixed income - inflation - linked | 10.0% | 0.7% |
| Commodities | 8.0% | 2.0% |
| Real estate | 7.5% | 3.0% |
| Absolute return | 10.0% | 3.9% |
| Risk parity | 10.0% | 5.0% |

Discount Rate

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

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

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

| | <u>Net Pension Liability</u> | | |
|------------------|------------------------------|---------------------|--------------------|
| | 5.75% | 6.75% | 7.75% |
| | <u>1% Decrease</u> | <u>Current Rate</u> | <u>1% Increase</u> |
| Police Officers' | \$ 4,432,547 | \$ (1,053,200) | \$ (5,476,468) |
| Firefighters' | \$ 4,576,968 | \$ (1,087,515) | \$ (5,654,902) |

Pension Plan Fiduciary Net Position

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

<http://www.in.gov/inprs/files/2015INPRSCAFRBook.pdf>
<http://www.in.gov/inprs/files/2015PERFActuarialValuationReport.pdf>

The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value.

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

2. Single Employer Defined Benefit Pension Plan

a. 1925 Police Officers' Pension Plan

Plan 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, 2015, consisted of the following:

| | 1925 Police Officers' Pension |
|---|-------------------------------------|
| Retires and beneficiaries currently receiving benefits | 49 |
| 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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Patrolman, plus an additional 1% for each completed six months of service over twenty years up to a maximum of 74% with 32 years of service.

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

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

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

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

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Contributions

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

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

Benefits to members of the plan are funded on a pay-as-you-go basis by certain revenues and appropriations of the State of Indiana to the Pension Relief Fund. On-behalf contributions from the State of Indiana as shown in the financial statements of \$1,367,012 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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Net Pension Liability

The components of the net pension liability of the 1925 Police Officers' Pension Plan at December 31, 2015, were as follows:

| | 1925 Police Officers' Pension |
|---|-------------------------------------|
| Actuarial net pension liability | \$ 20,074,686 |
| Plan fiduciary net position | (741,320) |
| Net pension liability | \$ 19,333,366 |
| Plan fiduciary net position as a percentage of total pension liability | 3.69% |

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, 2015, 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 | 2.59% 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 2.59 percent as of December 31, 2015. The discount rate increased from the 2.56 percent used for the December 31, 2014 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.

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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 2.59 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond Index as of December 31, 2015. 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 2.59 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.59 percent) or 1-percentage point higher (3.59 percent) than the current rate:

| | 1.59% | 2.59% | 3.59% |
|-----------------------|--------------------|---------------------|--------------------|
| | <u>1% Decrease</u> | <u>Current Rate</u> | <u>1% Increase</u> |
| Net Pension Liability | \$ 21,542,198 | \$ 19,333,366 | \$ 17,479,458 |

Pension Cost

The pension plan does not issue a separate financial report.

Funding Status and Funding Progress

As of the January 1, 2015 actuarial valuation date, the plan was 3.75 percent funded. The actuarial accrued liability for benefits was \$20,977,077, and the actuarial value of assets was \$787,611, resulting in an unfunded actuarial accrued liability of \$20,189,466. 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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2015, consisted of the following:

| | 1937 Firefighters' Pension |
|---|----------------------------------|
| Retires and beneficiaries currently receiving benefits | 79 |
| 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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 \$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 \$2,244,138 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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Deferred Retirement Option Plan

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

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

Net Pension Liability

The components of the net pension liability of the 1937 Firefighters' Pension Plan at December 31, 2015, were as follows:

| | 1937 Firefighters' Pension |
|---|----------------------------------|
| Actuarial net pension liability | \$ 31,563,080 |
| Plan fiduciary net position | <u>(980,987)</u> |
| Net pension liability | <u>\$ 30,582,093</u> |
| Plan fiduciary net position as a percentage of total pension liability | <u>3.11%</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, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

| | | |
|------------------|-------|-------------------------------|
| Inflation | 2.25% | |
| Salary increases | 2.50% | per year, including inflation |

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

| | | |
|---------------------------|-------|---|
| Investment rate of return | 2.59% | 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 2.59 percent as of December 31, 2015.

The discount rate increased from the 2.56 percent used for the December 31, 2014 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 2.59 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond Index as of December 31, 2015. 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 2.59%, 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:

| | 1.59% <u>1% Decrease</u> | 2.59% <u>Current Rate</u> | 3.59% <u>1% Increase</u> |
|-----------------------|-----------------------------|------------------------------|-----------------------------|
| Net Pension Liability | \$ 34,145,663 | \$ 30,582,821 | \$ 27,593,242 |

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Pension Cost

The pension plan does not issue a separate financial report.

Funding Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the plan was 2.88 percent funded. The actuarial accrued liability for benefits was \$34,780,160, and the actuarial value of assets was \$1,003,077, resulting in an unfunded actuarial accrued liability of \$33,777,083. 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.

c. Utility Pension Plan

Plan Administration

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

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

Plan Membership

Plan membership at December 31, 2015, consisted of the following:

| | <u>Utility Pension</u> |
|---|----------------------------|
| Retires and beneficiaries currently receiving benefits | 73 |
| Terminated employees entitled to but not yet receiving benefits | - |
| Current active employees | 117 |

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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

Contributions

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

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

For the year ended December 31, 2015, 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 Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the City recognized pension expense of \$1,411,729 for the Utility fund.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|-------------------------------------|------------------------------------|
| Utility Fund | | |
| Differences between expected and actual experience | \$ 35,551 | \$ - |
| Net difference between projected and actual investment earnings on pension plan investments | 943,093 | - |
| Change of assumptions | 604,321 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | - |
| Contributions subsequent to the measurement date | 664,471 | - |
| Allocation to utilities for City PERF plan | 196,560 | 165,050 |
| Totals | \$ 2,443,996 | \$ 165,050 |

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 \$17,341,080 of investments as of December 31, 2015.

Net Pension Liability

The components of the net pension liability of the Utility Pension Plan at December 31, 2015, were as follows:

| | Utility Pension |
|--|--------------------|
| Actuarial net pension liability | \$ 22,565,043 |
| Plan fiduciary net position | (17,431,520) |
| Net pension liability | \$ 5,133,523 |
| Plan fiduciary net position as a percentage of total pension liability | 77.25% |

Actuarial Assumptions

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

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

The total pension liability was determined by an actuarial valuation as of December 31, 2015, 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 2015, the Utilities' annual pension cost and related information for the Utility Pension Plan, as provided by the actuary, is presented in this note.

Discount Rate

The discount rate is set equal to the Barclay's 20-year Municipal Bond Index rate of 6.75 percent as of December 31, 2015. The discount rate of 6.75 was unchanged from the percent used for the December 31, 2014 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, 2015 are summarized in the following table:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

| Asset Class | Long-term Expected Real Rate of Return |
|---------------------------------|---|
| 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:

| | 5.75% 1% Decrease | 6.75% Current Rate | 7.75% 1% Increase |
|-----------------------|----------------------|-----------------------|----------------------|
| Net Pension Liability | \$ 7,759,365 | \$ 5,133,525 | \$ 2,908,316 |

d. Financial Statements for Defined Benefit Plans

Combining Statements of Fiduciary Net Position – Pension Trust Funds:

| | 1925 Police Pension | 1937 Firefighters' Pension | Utility Pension |
|-----------------------------|---------------------------|----------------------------------|--------------------|
| <u>Assets</u> | | | |
| Cash and cash equivalents | \$ 741,320 | \$ 980,987 | \$ 30,807 |
| Receivables: | | | |
| Interest and dividends | - | - | 59,629 |
| Investments at fair value: | | | |
| Municipal bonds | - | - | 1,219,751 |
| Mutual funds | - | - | 16,121,329 |
| Total investments | - | - | 17,341,080 |
| Total assets | \$ 741,320 | \$ 980,987 | \$17,431,516 |
| <u>Net Assets</u> | | | |
| Held in trust for: | | | |
| Employees' pension benefits | \$ 741,320 | \$ 980,987 | \$17,431,516 |

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

| | 1925 | 1937 | |
|---------------------------------------|-------------------|-------------------|----------------------|
| | Police | Firefighters' | Utility |
| <u>Additions:</u> | <u>Pension</u> | <u>Pension</u> | <u>Pension</u> |
| <u>Contributions:</u> | | | |
| On behalf contributions | \$ 1,367,012 | \$ 2,244,138 | \$ - |
| Employer | - | - | 1,025,201 |
| Total contributions | <u>1,367,012</u> | <u>2,244,138</u> | <u>1,025,201</u> |
| <u>Investment income (loss):</u> | | | |
| Net loss in fair value of investments | - | - | (991,345) |
| Interest | - | - | 817,390 |
| Total investment income (loss) | - | - | (173,955) |
| <u>Less investment expenses:</u> | | | |
| Investment activity expense | - | - | 44,427 |
| Net investment income (loss) | - | - | (218,382) |
| Total additions | <u>1,367,012</u> | <u>2,244,138</u> | <u>806,819</u> |
| <u>Deductions:</u> | | | |
| Benefits | 1,413,303 | 2,266,228 | 1,021,023 |
| Administrative expense | - | - | 14,007 |
| Total deductions | <u>1,413,303</u> | <u>2,266,228</u> | <u>1,035,030</u> |
| Changes in net position | (46,291) | (22,090) | (228,211) |
| Net position - beginning | <u>787,611</u> | <u>1,003,077</u> | <u>17,659,727</u> |
| Net position - ending | <u>\$ 741,320</u> | <u>\$ 980,987</u> | <u>\$ 17,431,516</u> |

D. Net Position – Net investment in Capital Assets

As of December 31, 2015, Net Position – Net investment in capital assets is calculated as follows:

| | Governmental | Business-type | |
|---|-----------------------|-----------------------|-----------------------|
| | Activities | Activities | Total |
| Net capital assets | \$ 219,174,311 | \$ 199,367,939 | \$ 418,542,250 |
| <u>Less:</u> | | | |
| Total capital leases payable | (3,066,662) | - | (3,066,662) |
| Total notes and loans payable | (1,513,782) | (1,879,000) | (3,392,782) |
| Total general obligation bonds payable, net | - | - | - |
| Total revenue bonds payable, net | - | (80,168,440) | (80,168,440) |
| Total TIF bonds payable, net | (147,266) | - | (147,266) |
| Total premium on bonds | - | - | - |
| <u>Add:</u> | | | |
| Deferred amount on refunding | - | 404,940 | 404,940 |
| Underwriters discount | - | 10,452 | 10,452 |
| Deferred charges | - | 326,833 | 326,833 |
| Invested in capital assets, net of related debt | <u>\$ 214,446,601</u> | <u>\$ 118,062,724</u> | <u>\$ 332,509,325</u> |

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Subsequent Events

Local Income Tax ("LIT")

In 2015, the Indiana General Assembly enacted legislation, which will require that, effective January 1, 2017, the system for local income tax (including CEDIT, CAGIT, and county option income tax ("COIT")) in Indiana will be replaced with a single local income tax as set forth in IC 6-3.6 ("LIT Statute"). The transition to classify the existing tax rates established under the repealed laws is required to be completed by August 1, 2016 to allow for local governments to budget for 2017 and later distribute and allocate revenues after December 31, 2016. Under the LIT Statute, the former local income taxes (including CEDIT, CAGIT and COIT) are re-categorized from the former taxes into the appropriate tax rates to provide revenues for all the same purposes for which revenue was provided under current law. This is accomplished by classifying the new income taxes into the following categories: (1) property tax relief; (2) an expenditure rate ("Expenditure Rate"); and (3) a special purpose project rate. Mishawaka currently has COIT and CEDIT.

Supplemental Income Tax Distribution

Pursuant to Senate Enrolled Act 67, which added Indiana Code 6-3.6-9-17, a special one-time distribution was authorized from the State to each county having a positive income tax balance at December 31, 2014 in the county's trust account maintained by the State. Before June 1, 2016, County Auditors are required to further distribute to each taxing unit an amount equal to the taxing unit's allocation amount.

For Mishawaka, the expected amount of the distribution is \$1,871,071. In accordance with terms of the one-time distribution, 75% of this amount will be deposited into a newly created LOIT Special Distribution Fund to be used only for infrastructure improvements.

The remaining 25% may be deposited into the General Fund, a properly created home rule fund, or into the Rainy Day Fund at the discretion of the City.

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
For the Year Ended December 31, 2015

| | Budgeted Amounts | | Actual Budgetary Basis Amounts | Variance With Final Budget Positive (Negative) |
|---------------------------------|-------------------|-------------------|---|--|
| | Original | Final | | |
| Revenue: | | | | |
| Taxes: | | | | |
| Property | \$ 21,699,961 | \$ 21,699,961 | \$ 17,671,736 | \$ (4,028,225) |
| Licenses and permits | 623,200 | 623,200 | 889,980 | 266,780 |
| Intergovernmental | 3,687,639 | 3,687,639 | 4,881,807 | 1,194,168 |
| Charges for services | 1,030,000 | 1,030,000 | 1,468,423 | 438,423 |
| Fines and forfeits | 22,000 | 22,000 | 28,032 | 6,032 |
| Interest | 60,000 | 60,000 | 85,118 | 25,118 |
| Sale and use of property | - | - | 760 | 760 |
| Reimbursement | 483,000 | 483,000 | 878,255 | 395,255 |
| Miscellaneous | - | - | 381,429 | 381,429 |
| Total revenues | 27,605,800 | 27,605,800 | 26,285,540 | (1,320,260) |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Mayor | | | | |
| Personal services | 144,498 | 144,498 | 141,668 | 2,830 |
| Supplies | 1,500 | 1,500 | 1,256 | 244 |
| Other services and charges | 13,795 | 15,764 | 13,924 | 1,840 |
| City Clerk | | | | |
| Personal services | 138,560 | 138,560 | 133,231 | 5,329 |
| Supplies | 2,500 | 2,753 | 1,448 | 1,305 |
| Other services and charges | 24,857 | 24,917 | 13,735 | 11,182 |
| Central Services | | | | |
| Personal services | 641,309 | 658,622 | 606,337 | 52,285 |
| Supplies | 1,206,000 | 1,213,969 | 723,015 | 490,954 |
| Other services and charges | 69,500 | 81,961 | 58,920 | 23,041 |
| Common Council | | | | |
| Personal services | 100,816 | 100,816 | 100,809 | 7 |
| Supplies | 250 | 250 | - | 250 |
| Other services and charges | 9,135 | 10,435 | 3,799 | 6,636 |
| Controller | | | | |
| Personal services | 2,228,705 | 2,228,705 | 2,154,296 | 74,409 |
| Supplies | 15,000 | 15,174 | 11,574 | 3,600 |
| Other services and charges | 2,054,000 | 2,074,374 | 1,958,323 | 116,051 |
| Other financing uses | - | - | 42,217 | (42,217) |
| Human Resources | | | | |
| Personal services | 51,809 | 51,809 | 50,866 | 943 |
| Supplies | 2,000 | 2,000 | 785 | 1,215 |
| Other services and charges | 83,450 | 83,963 | 68,002 | 15,961 |
| Information Technology | | | | |
| Personal services | 280,307 | 280,307 | 269,017 | 11,290 |
| Supplies | 20,000 | 20,000 | 19,828 | 172 |
| Other services and charges | 11,000 | 21,060 | 17,624 | 3,436 |
| Cemetery | | | | |
| Other services and charges | 25,000 | 25,000 | 25,000 | - |
| Legal | | | | |
| Personal services | 128,275 | 128,275 | 128,274 | 1 |
| Supplies | 1,000 | 1,000 | 364 | 636 |
| Other services and charges | 55,500 | 55,572 | 11,084 | 44,488 |
| Planning | | | | |
| Personal services | 201,478 | 201,478 | 198,326 | 3,152 |
| Supplies | 4,000 | 4,000 | 1,029 | 2,971 |
| Other services and charges | 4,500 | 54,500 | 53,521 | 979 |
| Total general government | 7,518,744 | 7,641,262 | 6,808,272 | 832,990 |

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, 2015
(Continued)

| | Budgeted Amounts | | Actual Budgetary Basis Amounts | Variance With Final Budget Positive (Negative) |
|---|---------------------|---------------------|---|--|
| | Original | Final | | |
| Expenditures (continued): | | | | |
| Current (continued): | | | | |
| Police | | | | |
| Personal services | \$ 10,475,493 | \$ 10,538,572 | \$ 10,274,111 | \$ 264,461 |
| Supplies | 72,500 | 83,596 | 76,740 | 6,856 |
| Other services and charges | 107,800 | 132,113 | 120,404 | 11,709 |
| Fire | | | | |
| Personal services | 10,762,337 | 10,804,539 | 10,776,165 | 28,374 |
| Supplies | 287,000 | 307,514 | 298,993 | 8,521 |
| Other services and charges | 103,500 | 119,006 | 102,882 | 16,124 |
| Code Enforcement | | | | |
| Personal services | 263,207 | 263,207 | 259,237 | 3,970 |
| Supplies | 3,500 | 3,500 | 2,563 | 937 |
| Other services and charges | 38,000 | 38,049 | 16,374 | 21,675 |
| Building Department | | | | |
| Personal services | 195,202 | 195,202 | 191,750 | 3,452 |
| Supplies | 2,000 | 2,000 | 2,000 | - |
| Other services and charges | 4,400 | 4,400 | 2,177 | 2,223 |
| Total public safety | <u>22,314,939</u> | <u>22,491,698</u> | <u>22,123,396</u> | <u>368,302</u> |
| Highways and streets: | | | | |
| Engineering | | | | |
| Personal services | 306,245 | 306,245 | 306,244 | 1 |
| Supplies | 4,000 | 4,000 | 2,470 | 1,530 |
| Other services and charges | <u>10,250</u> | <u>10,250</u> | <u>4,952</u> | <u>5,298</u> |
| Total highways and streets | <u>320,495</u> | <u>320,495</u> | <u>313,666</u> | <u>6,829</u> |
| Sanitation: | | | | |
| Recycling | | | | |
| Supplies | 5,000 | 5,000 | - | 5,000 |
| Other services and charges | <u>15,000</u> | <u>18,000</u> | <u>18,105</u> | <u>(105)</u> |
| Total sanitation | <u>20,000</u> | <u>23,000</u> | <u>18,105</u> | <u>4,895</u> |
| Community development: | | | | |
| Redevelopment | | | | |
| Personal services | 196,102 | 196,102 | 195,937 | 165 |
| Supplies | 1,000 | 1,000 | 857 | 143 |
| Other services and charges | <u>243,500</u> | <u>243,500</u> | <u>69,829</u> | <u>173,671</u> |
| Total community development | <u>440,602</u> | <u>440,602</u> | <u>266,623</u> | <u>173,979</u> |
| Total expenditures | <u>30,614,780</u> | <u>30,917,057</u> | <u>29,530,062</u> | <u>1,386,995</u> |
| Excess (deficiency) of revenues over (under) expenditures | (3,008,980) | (3,311,257) | (3,244,522) | 66,735 |
| Other financing sources: | | | | |
| Transfer in | <u>3,701,000</u> | <u>3,701,000</u> | <u>3,817,329</u> | <u>116,329</u> |
| Net change in fund balances | 692,020 | 389,743 | 572,807 | 183,064 |
| Fund balances - beginning | <u>1,926,724</u> | <u>1,926,724</u> | <u>1,926,724</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 2,618,744</u> | <u>\$ 2,316,467</u> | <u>\$ 2,499,531</u> | <u>\$ 183,064</u> |

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, 2015
 (Continued)

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

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

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

| | General |
|---|--------------|
| Net change in fund balance, budgetary basis | \$ 572,807 |
| To adjust revenues for accruals | 428,942 |
| To adjust expenditures for accruals | 483,806 |
| To adjust expenditures for encumbrances | 229,605 |
| Net change in fund balance, GAAP basis | \$ 1,715,160 |

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

CITY OF MISHAWAKA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015

Note 1. Budgets and Budgetary Accounting

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

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

CITY OF MISHAWAKA, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015
(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 fourteen governmental funds:

Major funds (1):
General fund

Nonmajor funds:

Special revenue funds (8):

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

Capital projects funds (5):

Cumulative Building and Fire Fighting Equipment, Cumulative Capital Improvement, Cumulative Sewer, Cumulative Capital Development, and CEDIT.

- G. The City's budgetary process is based upon cash outflows, which is a Non-GAAP basis. Appropriations lapse with the expiration of the budgetary period unless encumbered by a purchase order or contract. Encumbered appropriations are carried over and added to the subsequent year's budget.
- H. Budgeted amounts are as originally adopted, or as amended by the Common Council and approved by the Indiana Department of Local Government Finance in the regular legal manner. The net effect of individual amendments to the budget increased the original appropriations by \$38,267 in 2015
- I. Expenditures did not exceed appropriations for any funds which required legally approved budgets. Total expenditures did not exceed total appropriations for any departments within the General Fund.

CITY OF MISHAWAKA, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015
(Continued)

Note 2. Financial Reporting – Pension Plans

A. Plan Amendments

In 2015, there were no changes to the PERF or 1997 Police Officers' and Firefighters' Pension and Disability Fund that impacted the pension benefits during the actuarial period.

B. Assumption Changes

An experience study was performed in April of 2015 resulting in an update to several assumptions. These assumption changes are highlighted below.

PERF Plan:

- a) Inflation decreased from 3.00% to 2.25%.
- b) The future salary increase rate decreased from a table ranging from 3.25% to 4.50% to a table ranging from 2.50% to 4.25%.
- c) Mortality changed from the 2013 IRS Static Mortality projected five years with a Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report.
- d) Retirement, disability and termination rates were adjusted to reflect recent experience.

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

- e) Inflation decreased from 3.00% to 2.25%.
- f) The future salary increase rate decreased from 3.50% to 2.50%.
- g) The COLA decreased from 2.25% to 2.00% per year for the 1977 Police Officers' and Firefighters' Pension and Disability Fund.
- h) Mortality changed from the 2013 IRS Static Mortality projected five years with a Scale AA to the RP-2014 (with MP-2014 improvement removed) Blue Collar Set mortality table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report.
- i) Disability and termination rates were adjusted to reflect recent experience.

1925 and 1937 Plans

- j) The discount rate for the 1937 Firefighters' and 1925 Police Officers' Pension plans increased from 2.56% for the January 1, 2014 valuation to 2.59% for the December 31, 2015 valuation, based on the Barclay's 20-year Municipal Bond Index rate.

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

The actuarially determined contribution rates in the schedule of the 1937 Firefighters', 1925 Police Officers' and Utility Pension plans contributions are calculated as of December 31, 2015. The following actuarial method and assumptions were used to determine contribution rates reported in their respective schedules:

CITY OF MISHAWAKA, INDIANA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2015
 (Continued)

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 | 2.59% (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 THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Public Employees' Retirement Fund
 Last 10 Fiscal Years

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|---|--------------|--------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|
| City's proportion of the net pension liability (asset) | 0.14061% | 0.14932% | Not Available | | | | | | | |
| City's proportionate share of the net pension liability (asset) | \$ 5,726,908 | \$ 3,924,033 | | | | | | | | |
| City's covered-employee payroll | \$ 6,734,743 | \$ 7,290,367 | | | | | | | | |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 85.0% | 53.8% | | | | | | | | |
| Plan fiduciary net position as a percentage of total pension liability | 77.3% | 84.3% | 78.8% | Not Available | | | | | | |

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

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|--|--------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contributions | \$ 847,987 | Not Available | | | | | | | | |
| Contributions in relation to the contractually required contribution | (748,561) | | | | | | | | | |
| Contribution deficiency (excess) | \$ 99,426 | | | | | | | | | |
| City's covered-employee payroll | \$ 6,734,743 | | | | | | | | | |
| Contributions as a percentage of covered-employee payroll | 11.11% | | | | | | | | | |

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

| | <u>2015</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> | <u>2006</u> |
|---|----------------|--------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|
| City's proportion of the net pension liability (asset) | 0.71297% | 0.74439% | Not Available | | | | | | | |
| City's proportionate share of the net pension liability (asset) | \$ (1,053,200) | \$ (379,492) | | | | | | | | |
| City's covered-employee payroll | \$ 5,316,603 | \$ 5,284,286 | | | | | | | | |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | -19.8% | -7.2% | | | | | | | | |
| Plan fiduciary net position as a percentage of total pension liability | 103.2% | 101.1% | 93.7% | Not Available | | | | | | |

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

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|--|--------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contributions | \$ 285,938 | Not Available | | | | | | | | |
| Contributions in relation to the contractually required contribution | (1,047,375) | | | | | | | | | |
| Contribution deficiency (excess) | \$ (761,437) | | | | | | | | | |
| City's covered-employee payroll | \$ 5,316,603 | | | | | | | | | |
| Contributions as a percentage of covered-employee payroll | 19.70% | | | | | | | | | |

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

| | <u>2015</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> | <u>2006</u> |
|---|----------------|--------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|
| City's proportion of the net pension liability (asset) | 0.73620% | 0.76191% | Not Available | | | | | | | |
| City's proportionate share of the net pension liability (asset) | \$ (1,087,515) | \$ (388,424) | | | | | | | | |
| City's covered-employee payroll | \$ 5,489,804 | \$ 5,408,685 | | | | | | | | |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | -19.8% | -7.2% | | | | | | | | |
| Plan fiduciary net position as a percentage of total pension liability | 103.2% | 101.1% | 93.7% | Not Available | | | | | | |

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

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|--|--------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contributions | \$ 300,681 | Not Available | | | | | | | | |
| Contributions in relation to the contractually required contribution | (1,081,481) | | | | | | | | | |
| Contribution deficiency (excess) | \$ (780,800) | | | | | | | | | |
| City's covered-employee payroll | \$ 5,489,804 | | | | | | | | | |
| Contributions as a percentage of covered-employee payroll | 19.70% | | | | | | | | | |

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

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|----------------------|----------------------|----------------------|------|------|------|------|------|------|------|
| 1925 Police Officers' Pension Plan | | | | | | | | | | |
| Total Pension Liability: | | | | | | | | | | |
| Total pension liability - beginning of year | \$ 20,977,077 | \$ 19,201,969 | \$ 17,132,599 | | | | | | | |
| Service cost | 29,939 | 18,826 | 10,567 | | | | | | | |
| Interest cost | 513,029 | 797,797 | 985,820 | | | | | | | |
| Experience (gains)/losses | 1,711 | - | (178,099) | | | | | | | |
| Assumption changes | (60,691) | 2,379,342 | 2,676,759 | | | | | | | |
| Projected benefit payments | (1,386,379) | (1,420,857) | (1,425,677) | | | | | | | |
| Total pension liability - end of year | <u>\$ 20,074,686</u> | <u>\$ 20,977,077</u> | <u>\$ 19,201,969</u> | | | | | | | |
| Plan Fiduciary Net Position: | | | | | | | | | | |
| Plan fiduciary net position - beginning of year | \$ 787,611 | \$ 782,880 | \$ 795,394 | | | | | | | |
| Employer contributions | (4,450) | (6,001) | - | | | | | | | |
| Non-employer contributing entity contributions | 1,364,012 | 1,409,222 | 1,413,163 | | | | | | | |
| Actual benefit payments | (1,405,853) | (1,398,490) | (1,425,677) | | | | | | | |
| Plan fiduciary net position - end of year | <u>\$ 741,320</u> | <u>\$ 787,611</u> | <u>\$ 782,880</u> | | | | | | | |
| Net Pension Liability | <u>\$ 19,333,366</u> | <u>\$ 20,189,466</u> | <u>\$ 18,419,089</u> | | | | | | | |
| 1937 Firefighters' Pension | | | | | | | | | | |
| Total Pension Liability: | | | | | | | | | | |
| Total pension liability - beginning of year | \$ 34,780,160 | \$ 31,755,489 | \$ 27,586,310 | | | | | | | |
| Interest cost | 830,569 | 1,318,268 | 1,581,245 | | | | | | | |
| Experience (gains)/losses | (1,706,681) | - | 526,248 | | | | | | | |
| Assumption changes | (97,894) | 4,044,868 | 4,526,150 | | | | | | | |
| Projected benefit payments | (2,243,074) | (2,338,465) | (2,464,464) | | | | | | | |
| Total pension liability - end of year | <u>\$ 31,563,080</u> | <u>\$ 34,780,160</u> | <u>\$ 31,755,489</u> | | | | | | | |
| Plan Fiduciary Net Position: | | | | | | | | | | |
| Plan fiduciary net position - beginning of year | \$ 1,003,077 | \$ 887,820 | \$ 1,018,421 | | | | | | | |
| Employer contributions | (7,875) | (7,314) | (6,848) | | | | | | | |
| Non-employer contributing entity contributions | 2,241,138 | 2,459,100 | 2,340,711 | | | | | | | |
| Actual benefit payments | (2,255,353) | (2,336,529) | (2,464,464) | | | | | | | |
| Plan fiduciary net position - end of year | <u>\$ 980,987</u> | <u>\$ 1,003,077</u> | <u>\$ 887,820</u> | | | | | | | |
| Net Pension Liability | <u>\$ 30,582,093</u> | <u>\$ 33,777,083</u> | <u>\$ 30,867,669</u> | | | | | | | |
| Utilities Pension | | | | | | | | | | |
| Total Pension Liability: | | | | | | | | | | |
| Total pension liability - beginning of year | \$ 21,966,679 | \$ 20,177,128 | | | | | | | | |
| Service cost | 551,697 | 547,910 | | | | | | | | |
| Interest cost | 1,482,659 | 1,367,260 | | | | | | | | |
| Experience (gains)/losses | (135,067) | 41,160 | | | | | | | | |
| Assumption changes | (279,902) | 699,670 | | | | | | | | |
| Plan amendments | (1,021,023) | (866,449) | | | | | | | | |
| Total pension liability - end of year | <u>\$ 22,565,043</u> | <u>\$ 21,966,679</u> | | | | | | | | |
| Plan Fiduciary Net Position: | | | | | | | | | | |
| Plan fiduciary net position - beginning of year | \$ 17,659,728 | \$ 16,901,219 | | | | | | | | |
| Employer contributions | 1,025,201 | 867,363 | | | | | | | | |
| Investment return | (173,954) | 813,594 | | | | | | | | |
| Actual benefit payments | (1,021,023) | (866,449) | | | | | | | | |
| Administrative and project expenses | (58,434) | (55,999) | | | | | | | | |
| Plan fiduciary net position - end of year | <u>\$ 17,431,518</u> | <u>\$ 17,659,728</u> | | | | | | | | |
| Net Pension Liability | <u>\$ 5,133,525</u> | <u>\$ 4,306,951</u> | | | | | | | | |

Information not available

Information not available

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

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|----------------------|----------------------|----------------------|---------------------------|------|------|------|------|------|------|
| <u>1925 Police Officers' Pension Plan</u> | | | | | | | | | | |
| Total pension liability | \$ 20,074,686 | \$ 20,977,077 | \$ 19,201,969 | | | | | | | |
| Less plan fiduciary net position | (741,320) | (787,611) | (782,880) | | | | | | | |
| Net pension liability | <u>\$ 19,333,366</u> | <u>\$ 20,189,466</u> | <u>\$ 18,419,089</u> | | | | | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 4% | 4% | 4% | | | | | | | |
| Covered employee payroll | ** | ** | ** | | | | | | | |
| Net pension liability as a percentage of covered employee payroll | N/A | N/A | N/A | | | | | | | |
| <u>1937 Firefighters' Pension Plan</u> | | | | | | | | | | |
| Total pension liability | \$ 31,563,080 | \$ 34,780,160 | \$ 31,755,489 | | | | | | | |
| Less plan fiduciary net position | (980,987) | (1,003,077) | (887,820) | | | | | | | |
| Net pension liability | <u>\$ 30,582,093</u> | <u>\$ 33,777,083</u> | <u>\$ 30,867,669</u> | | | | | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 3.11% | 2.88% | 2.80% | Information not available | | | | | | |
| Covered employee payroll | \$ - | \$ - | \$ - | | | | | | | |
| Net pension liability as a percentage of covered employee payroll | N/A | N/A | N/A | | | | | | | |
| <u>Utilities Pension Plan</u> | | | | | | | | | | |
| Total pension liability | \$ 22,565,043 | \$ 21,966,679 | \$ 20,177,128 | | | | | | | |
| Less plan fiduciary net position | (17,431,516) | (17,659,728) | (16,901,219) | | | | | | | |
| Net pension liability | <u>\$ 5,133,527</u> | <u>\$ 4,306,951</u> | <u>\$ 3,275,909</u> | | | | | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 77.25% | 80.39% | 83.76% | | | | | | | |
| Covered employee payroll | \$ 6,119,311 | \$ 6,119,311 | ** | | | | | | | |
| Net pension liability as a percentage of covered employee payroll | 83.89% | 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*

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | | | | | | | |
|---|--------------------|------------------|--------------------|---------------------------|-------------------|--------------------|---------------------------|------|------|------|---------------------------|--|--|--|--|--|--|
| 1925 Police Officers' Pension Plan | | | | | | | | | | | | | | | | | |
| Actuarially determined contribution | \$ 1,405,853 | \$ 1,398,490 | \$ 1,425,677 | Information not available | | | | | | | | | | | | | |
| Less contributions in relation to the actuarially determined contribution | (1,405,853) | (1,398,490) | (1,425,677) | | | | | | | | | | | | | | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | | | | | | | | | | | | | |
| Covered employee payroll | ** | ** | ** | | | | | | | | | | | | | | |
| Contributions as a percentage of covered employee payroll | N/A | N/A | N/A | | | | | | | | | | | | | | |
| 1937 Firefighters' Pension Plan | | | | | | | | | | | | | | | | | |
| Actuarially determined contribution | \$ 2,255,353 | \$ 2,336,529 | \$ 2,464,464 | | | | | | | | Information not available | | | | | | |
| Less contributions in relation to the actuarially determined contribution | (2,255,353) | (2,336,529) | (2,464,464) | | | | | | | | | | | | | | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | | | | | | | | | | | | | |
| Covered employee payroll | ** | ** | ** | | | | | | | | | | | | | | |
| Contributions as a percentage of covered employee payroll | N/A | N/A | N/A | | | | | | | | | | | | | | |
| Utilities Pension Plan | | | | | | | | | | | | | | | | | |
| Actuarially determined contribution | \$ 1,012,206 | \$ 897,211 | \$ 841,896 | \$ 674,395 | \$ 589,148 | \$ 595,072 | Information not available | | | | | | | | | | |
| Less contributions in relation to the actuarially determined contribution | (1,025,201) | (867,363) | (874,082) | (936,366) | (598,801) | (610,528) | | | | | | | | | | | |
| Contribution deficiency (excess) | <u>\$ (12,995)</u> | <u>\$ 29,848</u> | <u>\$ (32,186)</u> | <u>\$ (261,971)</u> | <u>\$ (9,653)</u> | <u>\$ (15,456)</u> | | | | | | | | | | | |
| Covered employee payroll | \$ 6,119,311 | \$ 6,361,099 | \$ 6,159,487 | \$ 5,797,047 | \$ 5,685,044 | \$ 5,891,118 | | | | | | | | | | | |
| Contributions as a percentage of covered employee payroll | 16.75% | 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*

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|--------|--------|--------|---------------|--------|--------|--------|---------|--------|---------------|
| <u>1925 Police Officers' Pension Plan</u> | | | | | | | | | | |
| Annual money-weighted rate of return, net of investment expense | N/A ** | N/A ** | N/A ** | Not available | | | | | | |
| | | | | | | | | | | |
| <u>1937 Firefighters' Pension Plan</u> | | | | | | | | | | |
| Annual money-weighted rate of return, net of investment expense | N/A ** | N/A ** | N/A ** | Not available | | | | | | |
| | | | | | | | | | | |
| <u>Utilities Pension Plan</u> | | | | | | | | | | |
| Annual money-weighted rate of return, net of investment expense | -1.30% | 4.50% | 13.40% | 11.40% | -0.70% | 11.00% | 21.90% | -25.70% | 12.40% | Not available |

Notes:

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

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

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

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> | |
| Mishawaka Building Corporation Debt Service - | To account for debt retirement of the Building Corporation's Mortgage Bonds. Funding is provided by transfers from other City funds. |
| Consolidated TIF Bond and Interest - | To account for debt retirement of the Battell Center project. |

**NONMAJOR GOVERNMENTAL FUNDS
(Continued)**

Capital Projects Funds

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

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2015

| | 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 | \$ 1,169,979 | \$ 164,645 | \$ 539,573 | \$ 57,557 | \$ 2,697,694 | \$ 879,666 | \$ 2,519 | \$ - |
| Receivables (Net of Allowances for Uncollectibles): | | | | | | | | |
| Interest | - | - | - | - | - | - | - | - |
| Taxes | 13,849 | - | 88,425 | - | - | - | - | - |
| Accounts | - | - | 350 | - | 9,975 | - | - | - |
| Intergovernmental | 467,813 | 75,201 | - | - | - | - | - | - |
| Loans | - | - | - | - | - | - | - | - |
| Assets held for resale | - | - | - | - | - | - | - | - |
| Total assets | <u>\$ 1,651,641</u> | <u>\$ 239,846</u> | <u>\$ 628,348</u> | <u>\$ 57,557</u> | <u>\$ 2,707,669</u> | <u>\$ 879,666</u> | <u>\$ 2,519</u> | <u>\$ -</u> |
| Liabilities and Fund Balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 19,428 | \$ - | \$ 10,522 | \$ 120 | \$ 2,658 | \$ - | \$ - | \$ - |
| Accrued payroll and withholdings payable | 46,722 | - | 24,032 | - | - | - | - | - |
| Contracts payable | - | - | - | - | - | - | - | - |
| Public safety access point note payable | - | - | - | - | - | - | - | - |
| Total liabilities | <u>66,150</u> | <u>-</u> | <u>34,554</u> | <u>120</u> | <u>2,658</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Deferred inflows of resources - property taxes | 13,849 | - | 88,425 | - | - | - | - | - |
| Fund Balances: | | | | | | | | |
| Non-spendable | | | | | | | | |
| Long-term loans receivable | - | - | - | - | - | - | - | - |
| Restricted | 1,517,794 | 239,846 | 482,580 | 57,437 | 1,826,206 | - | - | - |
| Committed | - | - | - | - | - | 879,666 | 2,519 | - |
| Assigned | 53,848 | - | 22,789 | - | 878,805 | - | - | - |
| Total fund balances | <u>1,571,642</u> | <u>239,846</u> | <u>505,369</u> | <u>57,437</u> | <u>2,705,011</u> | <u>879,666</u> | <u>2,519</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 1,651,641</u> | <u>\$ 239,846</u> | <u>\$ 628,348</u> | <u>\$ 57,557</u> | <u>\$ 2,707,669</u> | <u>\$ 879,666</u> | <u>\$ 2,519</u> | <u>\$ -</u> |

(Continued on next page)

CITY OF MISHAWAKA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2015
(Continued)

| | Special Revenue | | | | | | |
|---|-----------------------|-----------------------------|---------------------------|---------------------|-------------------|---|----------------------|
| | Off-Street Parking | Sidewalk and Curb Repair | Industrial Development | Trash Collection | Mishawaka Gift | Law Enforcement Continuing Education | Bicentennial Gift |
| <u>Assets</u> | | | | | | | |
| Cash and Cash Equivalents | \$ 11,994 | \$ 34,139 | \$ 58,158 | \$ 873,413 | \$ 255,056 | \$ 120,101 | \$ 1,329 |
| Receivables (Net of Allowances for Uncollectibles): | | | | | | | |
| Interest | - | - | - | - | - | - | - |
| Taxes | - | - | - | - | - | - | - |
| Accounts | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Loans | - | - | - | - | - | - | - |
| Assets held for resale | - | - | - | - | - | - | - |
| Total assets | <u>\$ 11,994</u> | <u>\$ 34,139</u> | <u>\$ 58,158</u> | <u>\$ 873,413</u> | <u>\$ 255,056</u> | <u>\$ 120,101</u> | <u>\$ 1,329</u> |
| <u>Liabilities and Fund Balances</u> | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 1,883 | \$ - | \$ - | \$ 177,924 | \$ - | \$ 36 | \$ - |
| Accrued payroll and withholdings payable | - | - | - | - | - | - | - |
| Contracts payable | - | - | - | - | - | - | - |
| Public safety access point note payable | - | - | - | - | - | - | - |
| Total liabilities | <u>1,883</u> | <u>-</u> | <u>-</u> | <u>177,924</u> | <u>-</u> | <u>36</u> | <u>-</u> |
| Deferred inflows of resources - property taxes | - | - | - | - | - | - | - |
| Fund Balances: | | | | | | | |
| Non-spendable | | | | | | | |
| Long-term loans receivable | - | - | - | - | - | - | - |
| Restricted | 10,111 | 34,139 | 58,158 | 695,489 | 255,056 | 120,065 | 1,329 |
| Committed | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - |
| Total fund balances | <u>10,111</u> | <u>34,139</u> | <u>58,158</u> | <u>695,489</u> | <u>255,056</u> | <u>120,065</u> | <u>1,329</u> |
| Total liabilities and fund balances | <u>\$ 11,994</u> | <u>\$ 34,139</u> | <u>\$ 58,158</u> | <u>\$ 873,413</u> | <u>\$ 255,056</u> | <u>\$ 120,101</u> | <u>\$ 1,329</u> |

(Continued on next page)

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2015
 (Continued)

| | Special Revenue | | | | | | | Totals |
|---|--------------------------|---|-----------------------------------|---------------------------------|------------------|------------------|-----------------|---------------------|
| | Community Development | Property Rehabilitation Revolving | Park Nonreverting Operating | Criminal Assistance Grant | NSP (3) Grant | State Grant | Levy Excess | |
| Assets | | | | | | | | |
| Cash and Cash Equivalents | \$ 183,122 | \$ 187,963 | \$ 549,403 | \$ 63,931 | \$ 52,706 | \$ 70,147 | \$ 1,206 | \$ 7,974,301 |
| Receivables (Net of Allowances for Uncollectibles): | | | | | | | | |
| Interest | - | - | - | - | - | - | - | - |
| Taxes | - | - | - | - | - | - | - | 102,274 |
| Accounts | - | - | 125 | - | - | - | - | 10,450 |
| Intergovernmental | - | - | - | - | - | - | - | 543,014 |
| Loans | 414,274 | - | - | - | - | - | - | 414,274 |
| Assets held for resale | - | - | - | - | - | - | - | - |
| Total assets | \$ 597,396 | \$ 187,963 | \$ 549,528 | \$ 63,931 | \$ 52,706 | \$ 70,147 | \$ 1,206 | \$ 9,044,313 |
| Liabilities and Fund Balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 1,079 | \$ 840 | \$ - | \$ 45,401 | \$ - | \$ - | \$ - | \$ 259,891 |
| Accrued payroll and withholdings payable | - | - | - | - | - | - | - | 70,754 |
| Contracts payable | - | - | - | - | - | - | - | - |
| Public safety access point note payable | - | - | - | - | - | - | - | - |
| Total liabilities | 1,079 | 840 | - | 45,401 | - | - | - | 330,645 |
| Deferred inflows of resources - property taxes | - | - | - | - | - | - | - | 102,274 |
| Fund Balances: | | | | | | | | |
| Non-spendable | | | | | | | | |
| Long-term loans receivable | 374,305 | - | - | - | - | - | - | 374,305 |
| Restricted | 222,012 | 187,123 | 549,528 | 18,530 | 52,706 | 70,147 | 1,206 | 6,399,462 |
| Committed | - | - | - | - | - | - | - | 882,185 |
| Assigned | - | - | - | - | - | - | - | 955,442 |
| Total fund balances | 596,317 | 187,123 | 549,528 | 18,530 | 52,706 | 70,147 | 1,206 | 8,611,394 |
| Total liabilities and fund balances | \$ 597,396 | \$ 187,963 | \$ 549,528 | \$ 63,931 | \$ 52,706 | \$ 70,147 | \$ 1,206 | \$ 9,044,313 |

(Continued on next page)

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2015
 (Continued)

| | Debt Service | | Totals |
|---|--|--|-------------|
| | Mishawaka Building Corporation Debt Service | Consolidated TIF Bond and Interest | |
| <u>Assets</u> | | | |
| Cash and Cash Equivalents | \$ - | \$ - | \$ - |
| Receivables (Net of Allowances for Uncollectibles): | | | |
| Interest | - | - | - |
| Taxes | - | - | - |
| Accounts | - | - | - |
| Intergovernmental | - | - | - |
| Loans | - | - | - |
| Assets held for resale | - | - | - |
| Total assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>Liabilities and Fund Balances</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Accrued payroll and withholdings payable | - | - | - |
| Contracts payable | - | - | - |
| Public safety access point note payable | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Deferred inflows of resources - property taxes | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | |
| Non-spendable | | | |
| Long-term loans receivable | - | - | - |
| Restricted | - | - | - |
| Committed | - | - | - |
| Assigned | - | - | - |
| Total fund balances | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(Continued on next page)

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2015
 (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 | \$ 50,067 | \$ 1,496,903 | \$ 2,192,624 | \$ 1,484,004 | \$ 281,472 |
| Receivables (Net of Allowances for Uncollectibles): | | | | | |
| Interest | - | - | - | - | - |
| Taxes | - | 10,843 | 16,931 | - | 24,467 |
| Accounts | - | - | - | - | - |
| Intergovernmental | - | - | - | 3,820 | 24,493 |
| Loans | - | - | - | - | - |
| Assets held for resale | - | - | - | - | - |
| Total assets | <u>\$ 50,067</u> | <u>\$ 1,507,746</u> | <u>\$ 2,209,555</u> | <u>\$ 1,487,824</u> | <u>\$ 330,432</u> |
| <u>Liabilities and Fund Balances</u> | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 4,625 | \$ - | \$ 29,266 | \$ 18,916 | \$ 15,423 |
| Accrued payroll and withholdings payable | - | - | - | - | - |
| Contracts payable | - | - | - | - | - |
| Public safety access point note payable | - | - | - | - | - |
| Total liabilities | <u>4,625</u> | <u>-</u> | <u>29,266</u> | <u>18,916</u> | <u>15,423</u> |
| Deferred inflows of resources - property taxes | - | 10,843 | 16,931 | - | 24,467 |
| Fund Balances: | | | | | |
| Non-spendable | | | | | |
| Long-term loans receivable | - | - | - | - | - |
| Restricted | 40,817 | 1,496,903 | 2,117,635 | 388,308 | 244,370 |
| Committed | - | - | - | - | - |
| Assigned | <u>4,625</u> | <u>-</u> | <u>45,723</u> | <u>1,080,600</u> | <u>46,172</u> |
| Total fund balances | <u>45,442</u> | <u>1,496,903</u> | <u>2,163,358</u> | <u>1,468,908</u> | <u>290,542</u> |
| Total liabilities and fund balances | <u>\$ 50,067</u> | <u>\$ 1,507,746</u> | <u>\$ 2,209,555</u> | <u>\$ 1,487,824</u> | <u>\$ 330,432</u> |

(Continued on next page)

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2015
 (Continued)

| | Capital Projects | | | Total Nonmajor Governmental Funds |
|---|--------------------------------|---------------------|----------------------|--|
| | TIF Consolidated Capital | CEDIT | Totals | |
| <u>Assets</u> | | | | |
| Cash and Cash Equivalents | \$ 827,734 | \$ 4,449,393 | \$ 10,782,197 | \$ 18,756,498 |
| Receivables (Net of Allowances for Uncollectibles): | | | | |
| Interest | - | - | - | - |
| Taxes | - | - | 52,241 | 154,515 |
| Accounts | - | - | - | 10,450 |
| Intergovernmental | - | - | 28,313 | 571,327 |
| Loans | - | - | - | 414,274 |
| Assets held for resale | - | - | - | - |
| | <u>827,734</u> | <u>4,449,393</u> | <u>10,862,751</u> | <u>19,907,064</u> |
| Total assets | <u>\$ 827,734</u> | <u>\$ 4,449,393</u> | <u>\$ 10,862,751</u> | <u>\$ 19,907,064</u> |
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 434,263 | \$ 131,100 | \$ 633,593 | \$ 893,484 |
| Accrued payroll and withholdings payable | - | - | - | 70,754 |
| Contracts payable | - | - | - | - |
| Public safety access point note payable | - | - | - | - |
| | <u>434,263</u> | <u>131,100</u> | <u>633,593</u> | <u>964,238</u> |
| Total liabilities | <u>434,263</u> | <u>131,100</u> | <u>633,593</u> | <u>964,238</u> |
| Deferred inflows of resources - property taxes | - | - | 52,241 | 154,515 |
| Fund Balances: | | | | |
| Non-spendable | | | | |
| Long-term loans receivable | - | - | - | 374,305 |
| Restricted | - | 975,000 | 5,263,033 | 11,662,495 |
| Committed | 393,471 | 2,253,433 | 2,646,904 | 3,529,089 |
| Assigned | - | 1,089,860 | 2,266,980 | 3,222,422 |
| | <u>393,471</u> | <u>4,318,293</u> | <u>10,176,917</u> | <u>18,788,311</u> |
| Total fund balances | <u>393,471</u> | <u>4,318,293</u> | <u>10,176,917</u> | <u>18,788,311</u> |
| Total liabilities and fund balances | <u>\$ 827,734</u> | <u>\$ 4,449,393</u> | <u>\$ 10,862,751</u> | <u>\$ 19,907,064</u> |

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2015

| | 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 | \$ 315,069 | \$ - | \$ 1,813,008 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - | - | - |
| Intergovernmental | 2,720,318 | 451,791 | 131,001 | - | 2,286,575 | - | - | 2,158 |
| Charges for services | 7,204 | - | 590,855 | 15,842 | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - | - |
| Sale and use of property | - | - | 68,097 | - | - | - | - | - |
| Gifts and donations | - | - | - | 52,700 | - | - | - | - |
| Other | 5,971 | - | - | 77 | 19,366 | - | - | 3,192 |
| Total Revenues | 3,048,562 | 451,791 | 2,602,961 | 68,619 | 2,305,941 | - | - | 5,350 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | 2,154,360 | - | - | 13,452 |
| Highways and streets | 2,999,969 | 499,828 | - | - | - | - | - | - |
| Sanitation | - | - | - | - | - | - | - | - |
| Culture and recreation | - | - | 3,052,479 | 85,982 | - | - | - | - |
| Community development | - | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | 325 | - | - | - |
| Capital Outlay: | | | | | | | | |
| General government | - | - | - | - | - | 38,267 | - | - |
| Public safety | - | - | - | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - | - | - |
| Infrastructure | - | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - | - |
| Community development | - | - | - | - | - | - | - | - |
| Total Expenditures | 2,999,969 | 499,828 | 3,052,479 | 85,982 | 2,154,685 | 38,267 | - | 13,452 |
| Excess (deficiency) of revenues Over (under) expenditures | 48,593 | (48,037) | (449,518) | (17,363) | 151,256 | (38,267) | - | (8,102) |
| Other financing sources (uses): | | | | | | | | |
| Bond proceeds | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | (332,195) | - | - | - |
| Total other financing sources and uses | - | - | - | - | (332,195) | - | - | - |
| Net change in fund balances | 48,593 | (48,037) | (449,518) | (17,363) | (180,939) | (38,267) | - | (8,102) |
| Fund Balance - January 1 | 1,523,049 | 287,883 | 954,887 | 74,800 | 2,885,950 | 917,933 | 2,519 | 8,102 |
| Fund Balances - December 31 | \$ 1,571,642 | \$ 239,846 | \$ 505,369 | \$ 57,437 | \$ 2,705,011 | \$ 879,666 | \$ 2,519 | \$ - |

(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, 2015
 (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 | 5,773 | - | - | - | - | 19,860 | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | - | - | - | 2,118,402 | - | 42,192 | - |
| Fines and forfeits | - | - | - | - | - | 7,520 | - |
| Interest | - | - | - | - | - | - | 2 |
| Sale and use of property | - | - | - | - | - | - | - |
| Gifts and donations | - | - | - | - | 114,025 | - | - |
| Other | - | 18,714 | - | - | - | - | - |
| Total Revenues | <u>5,773</u> | <u>18,714</u> | <u>-</u> | <u>2,118,402</u> | <u>114,025</u> | <u>69,572</u> | <u>2</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| Public safety | - | - | - | - | - | - | - |
| Public safety | 2,587 | - | - | - | - | 50,926 | - |
| Highways and streets | 1,729 | - | - | - | - | - | - |
| Sanitation | - | - | - | 2,135,122 | - | - | - |
| Culture and recreation | - | - | - | - | 85,345 | - | - |
| Community development | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - |
| Capital Outlay: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - | - |
| Infrastructure | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Community development | - | - | - | - | - | - | - |
| Total Expenditures | <u>4,316</u> | <u>-</u> | <u>-</u> | <u>2,135,122</u> | <u>85,345</u> | <u>50,926</u> | <u>-</u> |
| Excess (deficiency) of revenues Over (under) expenditures | <u>1,457</u> | <u>18,714</u> | <u>-</u> | <u>(16,720)</u> | <u>28,680</u> | <u>18,646</u> | <u>2</u> |
| Other financing sources (uses): | | | | | | | |
| Bond proceeds | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources and uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 1,457 | 18,714 | - | (16,720) | 28,680 | 18,646 | 2 |
| Fund Balance - January 1 | <u>8,654</u> | <u>15,425</u> | <u>58,158</u> | <u>712,209</u> | <u>226,376</u> | <u>101,419</u> | <u>1,327</u> |
| Fund Balances - December 31 | <u>\$ 10,111</u> | <u>\$ 34,139</u> | <u>\$ 58,158</u> | <u>\$ 695,489</u> | <u>\$ 255,056</u> | <u>\$ 120,065</u> | <u>\$ 1,329</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, 2015
 (Continued)

| | Special Revenue | | | | | | | Totals |
|--|-----------------------|-----------------------------------|-----------------------------|---------------------------|---------------|-------------|-------------|--------------|
| | Community Development | Property Rehabilitation Revolving | Park Nonreverting Operating | Criminal Assistance Grant | NSP (3) Grant | State Grant | Levy Excess | |
| Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,128,077 |
| Licenses and permits | - | - | - | - | - | - | - | 25,633 |
| Intergovernmental | 871,020 | - | - | 245,296 | - | - | - | 6,708,159 |
| Charges for services | 1,993 | - | 146,497 | - | - | - | - | 2,922,985 |
| Fines and forfeits | - | - | - | - | - | - | - | 7,520 |
| Interest | - | - | - | - | - | - | - | 2 |
| Sale and use of property | - | - | - | - | - | - | - | 68,097 |
| Gifts and donations | - | 15,498 | - | - | - | - | - | 182,223 |
| Other | 83,742 | - | - | - | - | - | - | 131,062 |
| Total Revenues | 956,755 | 15,498 | 146,497 | 245,296 | - | - | - | 12,173,758 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Public safety | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | 255,299 | - | - | - | 2,476,624 |
| Highways and streets | - | - | - | - | - | - | - | 3,501,526 |
| Sanitation | - | - | - | - | - | - | - | 2,135,122 |
| Culture and recreation | - | - | 48,137 | - | - | - | - | 3,271,943 |
| Community development | 863,599 | 16,604 | - | - | - | - | - | 880,203 |
| Debt Service: | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - | 325 |
| Capital Outlay: | | | | | | | | |
| General government | - | - | - | - | - | - | - | 38,267 |
| Public safety | - | - | - | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - | - | - |
| Infrastructure | - | - | - | - | - | - | - | - |
| Culture and recreation | - | - | 12,292 | - | - | - | - | 12,292 |
| Community development | - | - | - | - | - | - | - | - |
| Total Expenditures | 863,599 | 16,604 | 60,429 | 255,299 | - | - | - | 12,316,302 |
| Excess (deficiency) of revenues Over (under) expenditures | 93,156 | (1,106) | 86,068 | (10,003) | - | - | - | (142,544) |
| Other financing sources (uses): | | | | | | | | |
| Bond proceeds | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | (332,195) |
| Total other financing sources and uses | - | - | - | - | - | - | - | (332,195) |
| Net change in fund balances | 93,156 | (1,106) | 86,068 | (10,003) | - | - | - | (474,739) |
| Fund Balance - January 1 | 503,161 | 188,229 | 463,460 | 28,533 | 52,706 | 70,147 | 1,206 | 9,086,133 |
| Fund Balances - December 31 | \$ 596,317 | \$ 187,123 | \$ 549,528 | \$ 18,530 | \$ 52,706 | \$ 70,147 | \$ 1,206 | \$ 8,611,394 |

(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, 2015
 (Continued)

| | Debt Service | | |
|--|--|--|------------------|
| | Mishawaka Building Corporation Debt Service | Consolidated TIF Bond and Interest | Totals |
| Revenues: | | | |
| Taxes: | | | |
| Property | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - |
| Intergovernmental | - | - | - |
| Charges for services | - | - | - |
| Fines and forfeits | - | - | - |
| Interest | - | - | - |
| Sale and use of property | - | - | - |
| Gifts and donations | - | - | - |
| Other | - | - | - |
| Total Revenues | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | |
| Current: | | | |
| Public safety | - | - | - |
| Public safety | - | - | - |
| Highways and streets | - | - | - |
| Sanitation | - | - | - |
| Culture and recreation | - | - | - |
| Community development | - | - | - |
| Debt Service: | | | |
| Principal | 266,668 | 25,000 | 291,668 |
| Interest and fiscal charges | 65,527 | 2,556 | 68,083 |
| Capital Outlay: | | | |
| General government | - | - | - |
| Public safety | - | - | - |
| Highways and streets | - | - | - |
| Infrastructure | - | - | - |
| Culture and recreation | - | - | - |
| Community development | - | - | - |
| Total Expenditures | <u>332,195</u> | <u>27,556</u> | <u>359,751</u> |
| Excess (deficiency) of revenues Over (under) expenditures | <u>(332,195)</u> | <u>(27,556)</u> | <u>(359,751)</u> |
| Other financing sources (uses): | | | |
| Bond proceeds | - | - | - |
| Transfers in | 332,195 | 27,556 | 359,751 |
| Transfers out | - | - | - |
| Total other financing sources and uses | <u>332,195</u> | <u>27,556</u> | <u>359,751</u> |
| Net change in fund balances | - | - | - |
| Fund Balance - January 1 | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances - December 31 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</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, 2015
 (Continued)

| | Capital Projects | | | | |
|--|--|--------------------------------------|---------------------|--------------------------------------|--------------------------------------|
| | Cumulative Building and Fire Fighting Equipment | Cumulative Capital Improvement | Cumulative Sewer | Local Major Moves Construction | Cumulative Capital Development |
| Revenues: | | | | | |
| Taxes: | | | | | |
| Property | \$ 30,526 | \$ - | \$ 377,210 | \$ - | \$ 275,821 |
| Licenses and permits | - | - | 103,211 | - | - |
| Intergovernmental | 2,205 | 121,197 | 27,256 | - | 19,930 |
| Charges for services | - | - | - | 96,752 | 24,493 |
| Fines and forfeits | - | - | - | - | - |
| Interest | - | - | - | 2,405 | - |
| Sale and use of property | - | - | - | - | - |
| Gifts and donations | - | - | - | - | - |
| Other | - | - | 20,227 | - | 3,198 |
| Total Revenues | <u>32,731</u> | <u>121,197</u> | <u>527,904</u> | <u>99,157</u> | <u>323,442</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Public safety | - | - | - | - | 15,423 |
| Public safety | - | - | 46,259 | - | - |
| Highways and streets | - | - | - | - | - |
| Sanitation | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Capital Outlay: | | | | | |
| General government | - | - | - | - | 307,143 |
| Public safety | 14,658 | - | 173,763 | - | - |
| Highways and streets | - | - | - | 399,609 | - |
| Infrastructure | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Total Expenditures | <u>14,658</u> | <u>-</u> | <u>220,022</u> | <u>399,609</u> | <u>322,566</u> |
| Excess (deficiency) of revenues Over (under) expenditures | <u>18,073</u> | <u>121,197</u> | <u>307,882</u> | <u>(300,452)</u> | <u>876</u> |
| Other financing sources (uses): | | | | | |
| Bond proceeds | - | - | - | - | - |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources and uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 18,073 | 121,197 | 307,882 | (300,452) | 876 |
| Fund Balance - January 1 | <u>27,369</u> | <u>1,375,706</u> | <u>1,855,476</u> | <u>1,769,360</u> | <u>289,666</u> |
| Fund Balances - December 31 | <u>\$ 45,442</u> | <u>\$ 1,496,903</u> | <u>\$ 2,163,358</u> | <u>\$ 1,468,908</u> | <u>\$ 290,542</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, 2015
 (Continued)

| | Capital Projects | | | Total Nonmajor Governmental Funds |
|--|--------------------------------|---------------------|----------------------|--|
| | TIF Consolidated Capital | CEDIT | Totals | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ 683,557 | \$ 2,811,634 |
| Licenses and permits | - | - | 103,211 | 128,844 |
| Intergovernmental | - | 3,364,145 | 3,534,733 | 10,242,892 |
| Charges for services | - | 6,050 | 127,295 | 3,050,280 |
| Fines and forfeits | - | - | - | 7,520 |
| Interest | - | - | 2,405 | 2,407 |
| Sale and use of property | - | - | - | 68,097 |
| Gifts and donations | - | - | - | 182,223 |
| Other | - | - | 23,425 | 154,487 |
| Total Revenues | - | 3,370,195 | 4,474,626 | 16,648,384 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | 18,885 | 34,308 | 34,308 |
| Public safety | - | - | 46,259 | 2,522,883 |
| Highways and streets | - | 1,754,544 | 1,754,544 | 5,256,070 |
| Sanitation | - | - | - | 2,135,122 |
| Culture and recreation | - | - | - | 3,271,943 |
| Community development | - | - | - | 880,203 |
| Debt Service: | | | | |
| Principal | - | 73,695 | 73,695 | 365,363 |
| Interest and fiscal charges | - | 45,367 | 45,367 | 113,775 |
| Capital Outlay: | | | | |
| General government | - | 1,673,280 | 1,980,423 | 2,018,690 |
| Public safety | - | 1,513,854 | 1,702,275 | 1,702,275 |
| Highways and streets | - | 545,186 | 944,795 | 944,795 |
| Infrastructure | - | - | - | - |
| Culture and recreation | 434,263 | 417,412 | 851,675 | 863,967 |
| Community development | 172,266 | - | 172,266 | 172,266 |
| Total Expenditures | 606,529 | 6,042,223 | 7,605,607 | 20,281,660 |
| Excess (deficiency) of revenues Over (under) expenditures | (606,529) | (2,672,028) | (3,130,981) | (3,633,276) |
| Other financing sources (uses): | | | | |
| Bond proceeds | 1,000,000 | 1,513,782 | 2,513,782 | 2,513,782 |
| Transfers in | - | - | - | 359,751 |
| Transfers out | - | - | - | (332,195) |
| Total other financing sources and uses | 1,000,000 | 1,513,782 | 2,513,782 | 2,541,338 |
| Net change in fund balances | 393,471 | (1,158,246) | (617,199) | (1,091,938) |
| Fund Balance - January 1 | - | 5,476,539 | 10,794,116 | 19,880,249 |
| Fund Balances - December 31 | \$ 393,471 | \$ 4,318,293 | \$ 10,176,917 | \$ 18,788,311 |

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, 2015

| | Budgeted Amounts | | Actual Budgetary Basis Amounts | Variance With Final Budget Positive (Negative) |
|---|-------------------|-------------------|---|--|
| | Original | Final | | |
| Revenue: | | | | |
| Taxes: | | | | |
| Property | \$ 273,000 | \$ 273,000 | \$ 315,069 | \$ 42,069 |
| Intergovernmental | 2,477,098 | 2,477,098 | 2,692,665 | 215,567 |
| Charges for services | 6,840 | 6,840 | - | (6,840) |
| Reimbursement | 5,800 | 5,800 | 7,204 | 1,404 |
| Miscellaneous | - | - | 5,971 | 5,971 |
| Total revenues | <u>2,762,738</u> | <u>2,762,738</u> | <u>3,020,909</u> | <u>258,171</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Highways and streets: | | | | |
| Personal services | 2,370,660 | 2,371,954 | 2,252,543 | 119,411 |
| Supplies | 405,500 | 447,906 | 267,090 | 180,816 |
| Other services and charges | 554,600 | 576,115 | 486,356 | 89,759 |
| Other financing uses | - | - | - | - |
| Capital outlay | - | 50,547 | 46,390 | 4,157 |
| Total highways and streets | <u>3,330,760</u> | <u>3,446,522</u> | <u>3,052,379</u> | <u>394,143</u> |
| Total expenditures | <u>3,330,760</u> | <u>3,446,522</u> | <u>3,052,379</u> | <u>394,143</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(568,022)</u> | <u>(683,784)</u> | <u>(31,470)</u> | <u>652,314</u> |
| Net change in fund balances | (568,022) | (683,784) | (31,470) | 652,314 |
| Fund balances - beginning | <u>1,047,150</u> | <u>1,047,150</u> | <u>1,047,150</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 479,128</u> | <u>\$ 363,366</u> | <u>\$ 1,015,680</u> | <u>\$ 652,314</u> |
| <u>Budget/GAAP Reconciliation</u> | | | | |
| Net change in fund balance, budget basis | | | \$ (31,470) | |
| To adjust revenues for accruals | | | 27,653 | |
| To adjust expenditures for accruals | | | (1,437) | |
| To adjust expenditures for encumbrances | | | 53,848 | |
| Net change in fund balance, GAAP basis | | | <u>\$ 48,594</u> | |

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LOCAL ROAD AND STREET
For the Year Ended December 31, 2015

| | Budgeted Amounts | | Actual Budgetary Basis Amounts | Variance With Final Budget Positive (Negative) |
|---|-------------------|-------------------|---|--|
| | Original | Final | | |
| Revenue: | | | | |
| Intergovernmental Reimbursement | \$ 430,301 | \$ 430,301 | \$ 452,285 | \$ 21,984 |
| | - | - | - | - |
| Total revenues | <u>430,301</u> | <u>430,301</u> | <u>452,285</u> | <u>21,984</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Highways and streets: | | | | |
| Capital outlay | 500,000 | 500,000 | 500,000 | - |
| Total highways and streets | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> | <u>-</u> |
| Total expenditures | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(69,699)</u> | <u>(69,699)</u> | <u>(47,715)</u> | <u>21,984</u> |
| Net change in fund balances | (69,699) | (69,699) | (47,715) | 21,984 |
| Fund balances - beginning | <u>240,423</u> | <u>240,423</u> | <u>240,423</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 170,724</u> | <u>\$ 170,724</u> | <u>\$ 192,708</u> | <u>\$ 21,984</u> |
| <u>Budget/GAAP Reconciliation</u> | | | | |
| Net change in fund balance, budget basis | | | \$ (47,715) | |
| To adjust revenues for accruals | | | (494) | |
| To adjust expenditures for accruals | | | <u>172</u> | |
| Net change in fund balance, GAAP basis | | | <u>\$ (48,037)</u> | |

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - PARK AND RECREATION
For the Year Ended December 31, 2015

| | Budgeted Amounts | | Actual Budgetary Basis Amounts | Variance With Final Budget Positive (Negative) |
|---|-------------------|-------------------|---|--|
| | Original | Final | | |
| Revenue: | | | | |
| Taxes: | | | | |
| Property | \$ 2,127,942 | \$ 2,127,942 | \$ 1,813,008 | \$ (314,934) |
| Intergovernmental | 90,613 | 90,613 | 131,001 | 40,388 |
| Charges for services | 575,000 | 575,000 | 436,138 | (138,862) |
| Sale and use of property | - | - | 216,686 | 216,686 |
| Reimbursement | - | - | 4,241 | 4,241 |
| Miscellaneous | - | - | 1,649 | 1,649 |
| Total revenues | <u>2,793,555</u> | <u>2,793,555</u> | <u>2,602,723</u> | <u>(190,832)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation: | | | | |
| Personal services | 2,260,374 | 2,178,513 | 2,130,683 | 47,830 |
| Supplies | 329,200 | 314,393 | 270,644 | 43,749 |
| Other services and charges | 669,400 | 807,471 | 720,128 | 87,343 |
| Other financing uses | - | - | 4,620 | (4,620) |
| Total expenditures | <u>3,258,974</u> | <u>3,300,377</u> | <u>3,126,075</u> | <u>174,302</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(465,419)</u> | <u>(506,822)</u> | <u>(523,352)</u> | <u>(16,530)</u> |
| Net change in fund balances | (465,419) | (506,822) | (523,352) | (16,530) |
| Fund balances - beginning | <u>1,005,768</u> | <u>1,005,768</u> | <u>1,005,768</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 540,349</u> | <u>\$ 498,946</u> | <u>\$ 482,416</u> | <u>\$ (16,530)</u> |
| <u>Budget/GAAP Reconciliation</u> | | | | |
| Net change in fund balance, budget basis | | | \$ (523,352) | |
| To adjust revenues for accruals | | | 237 | |
| To adjust expenditures for accruals | | | 50,808 | |
| To adjust expenditures for encumbrances | | | <u>22,789</u> | |
| Net change in fund balance, GAAP basis | | | <u>\$ (449,518)</u> | |

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, 2015

| | Budgeted Amounts | | Actual Budgetary Basis Amounts | Variance With Final Budget Positive (Negative) |
|---|---------------------|--------------------|---|--|
| | Original | Final | | |
| Revenue: | | | | |
| Intergovernmental | \$ 2,000,000 | \$ 2,000,000 | \$ 2,288,307 | \$ 288,307 |
| Miscellaneous | - | - | 10,000 | 10,000 |
| Total revenues | <u>2,000,000</u> | <u>2,000,000</u> | <u>2,298,307</u> | <u>298,307</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety: | | | | |
| Supplies | 70,000 | 70,000 | 69,469 | 531 |
| Other services and charges | 1,854,507 | 1,814,507 | 1,516,509 | 297,998 |
| Capital outlay | 1,222,306 | 1,893,528 | 1,036,673 | 856,855 |
| Total public safety | <u>3,146,813</u> | <u>3,778,035</u> | <u>2,622,651</u> | <u>1,155,384</u> |
| Total expenditures | <u>3,146,813</u> | <u>3,778,035</u> | <u>2,622,651</u> | <u>1,155,384</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,146,813)</u> | <u>(1,778,035)</u> | <u>(324,344)</u> | <u>1,453,691</u> |
| Net change in fund balances | (1,146,813) | (1,778,035) | (324,344) | 1,453,691 |
| Fund balances - beginning | <u>2,743,089</u> | <u>2,743,089</u> | <u>2,743,089</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 1,596,276</u> | <u>\$ 965,054</u> | <u>\$ 2,418,745</u> | <u>\$ 1,453,691</u> |
| <u>Budget/GAAP Reconciliation</u> | | | | |
| Net change in fund balance, budget basis | | | \$ (324,344) | |
| To adjust revenues for accruals | | | 8,243 | |
| To adjust expenditures for accruals | | | <u>135,162</u> | |
| Net change in fund balance, GAAP basis | | | <u>\$ (180,939)</u> | |

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, 2015

| | Budgeted Amounts | | Actual Budgetary Basis Amounts | Variance With Final Budget Positive (Negative) |
|---|------------------|------------|---|--|
| | Original | Final | | |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety: | | | | |
| Capital outlay | \$ - | \$ 38,267 | \$ 38,267 | \$ - |
| Total public safety | - | 38,267 | 38,267 | - |
| Total expenditures | - | 38,267 | 38,267 | - |
| Excess (deficiency) of revenues over (under) expenditures | - | (38,267) | (38,267) | - |
| Net change in fund balances | - | (38,267) | (38,267) | - |
| Fund balances - beginning | 917,933 | 917,933 | 917,933 | - |
| Fund balances - ending | \$ 917,933 | \$ 879,666 | \$ 879,666 | \$ - |
| <u>Budget/GAAP Reconciliation</u> | | | | |
| Net change in fund balance, budget basis | | | \$ (38,267) | |
| To adjust revenues for accruals | | | - | |
| To adjust expenditures for accruals | | | - | |
| To adjust expenditures for encumbrances | | | - | |
| Net change in fund balance, GAAP basis | | | \$ (38,267) | |

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, 2015

| | Budgeted Amounts | | Actual Budgetary Basis Amounts | Variance With Final Budget Positive (Negative) |
|---------------------------|------------------|-------|---|--|
| | Original | Final | | |
| Fund balances - beginning | \$ - | \$ - | \$ - | \$ - |
| Fund balances - ending | \$ - | \$ - | \$ - | \$ - |

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, 2015

| | Budgeted Amounts | | Actual Budgetary Basis Amounts | Variance With Final Budget Positive (Negative) |
|---|------------------|------------------|---|--|
| | Original | Final | | |
| Revenue: | | | | |
| Licenses and permits | \$ 15,000 | \$ 15,000 | \$ 19,860 | \$ 4,860 |
| Charges for services | 17,500 | 17,500 | 40,743 | 23,243 |
| Fines and forfeits | 5,000 | 5,000 | 7,520 | 2,520 |
| Reimbursement | - | - | 1,449 | 1,449 |
| Total revenues | 37,500 | 37,500 | 69,572 | 32,072 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety: | | | | |
| Supplies | 20,000 | 21,250 | 19,040 | 2,210 |
| Other services and charges | 20,000 | 21,449 | 21,449 | - |
| Capital outlay | 10,000 | 10,401 | 10,401 | - |
| Total public safety | 50,000 | 53,100 | 50,890 | 2,210 |
| Total expenditures | 50,000 | 53,100 | 50,890 | 2,210 |
| Excess (deficiency) of revenues over (under) expenditures | (12,500) | (15,600) | 18,682 | 34,282 |
| Net change in fund balances | (12,500) | (15,600) | 18,682 | 34,282 |
| Fund balances - beginning | 99,769 | 99,769 | 99,769 | - |
| Fund balances - ending | <u>\$ 87,269</u> | <u>\$ 84,169</u> | <u>\$ 118,451</u> | <u>\$ 34,282</u> |
| <u>Budget/GAAP Reconciliation</u> | | | | |
| Net change in fund balance, budget basis | | | \$ 18,682 | |
| To adjust expenditures for accruals | | | (36) | |
| Net change in fund balance, GAAP basis | | | <u>\$ 18,646</u> | |

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - PARK NONREVERTING OPERATING
For the Year Ended December 31, 2015

| | Budgeted Amounts | | Actual Budgetary Basis Amounts | Variance With Final Budget Positive (Negative) |
|---|------------------|----------------|---|--|
| | Original | Final | | |
| Revenue: | | | | |
| Charges for services | \$ 91,250 | \$ 91,250 | \$ 92,714 | \$ 1,464 |
| Sale and use of property | 58,750 | 58,750 | 53,698 | (5,052) |
| Total revenues | 150,000 | 150,000 | 146,412 | (3,588) |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation: | | | | |
| Other financing uses | - | - | 548 | (548) |
| Capital outlay | 166,000 | 166,000 | 59,881 | 106,119 |
| Total expenditures | 166,000 | 166,000 | 60,429 | 105,571 |
| Excess (deficiency) of revenues over (under) expenditures | (16,000) | (16,000) | 85,983 | 101,983 |
| Net change in fund balances | (16,000) | (16,000) | 85,983 | 101,983 |
| Fund balances - beginning | 463,420 | 463,420 | 463,420 | - |
| Fund balances - ending | \$ 447,420 | \$ 447,420 | \$ 549,403 | \$ 101,983 |
| <u>Budget/GAAP Reconciliation</u> | | | | |
| Net change in fund balance, budget basis | | | \$ 85,983 | |
| To adjust revenues for accruals | | | 85 | |
| To adjust expenditures for accruals | | | - | |
| To adjust expenditures for encumbrances | | | - | |
| Net change in fund balance, GAAP basis | | | \$ 86,068 | |

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, 2015

| | Budgeted Amounts | | Actual Budgetary Basis Amounts | Variance With Final Budget Positive (Negative) |
|---|------------------|------------------|---|--|
| | Original | Final | | |
| Revenue: | | | | |
| Taxes: | | | | |
| Property | \$ 17,031 | \$ 17,031 | \$ 30,526 | \$ 13,495 |
| Intergovernmental | 1,085 | 1,085 | 2,205 | 1,120 |
| Total revenues | <u>18,116</u> | <u>18,116</u> | <u>32,731</u> | <u>14,615</u> |
| Expenditures: | | | | |
| Public safety: | | | | |
| Capital outlay | <u>15,000</u> | <u>19,999</u> | <u>10,033</u> | <u>9,966</u> |
| Total expenditures | <u>15,000</u> | <u>19,999</u> | <u>10,033</u> | <u>9,966</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,116</u> | <u>(1,883)</u> | <u>22,698</u> | <u>24,581</u> |
| To adjust expenditures for encumbrances | 3,116 | (1,883) | 22,698 | 24,581 |
| Fund balances - beginning | <u>26,845</u> | <u>26,845</u> | <u>26,845</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 29,961</u> | <u>\$ 24,962</u> | <u>\$ 49,543</u> | <u>\$ 24,581</u> |
| <u>Budget/GAAP Reconciliation:</u> | | | | |
| Net change in fund balance, budget basis | | | \$ 22,698 | |
| To adjust revenues for accruals | | | 3,385 | |
| To adjust expenditures for accruals | | | <u>(8,010)</u> | |
| Net change in fund balance, GAAP basis | | | <u>\$ 18,073</u> | |

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL IMPROVEMENT
 For the Year Ended December 31, 2015

| | Budgeted Amounts | | Actual Budgetary Basis Amounts | Variance With Final Budget Positive (Negative) |
|---|---------------------|---------------------|---|--|
| | Original | Final | | |
| Revenue: | | | | |
| Intergovernmental | \$ 124,490 | \$ 124,490 | \$ 121,197 | \$ (3,293) |
| Total revenues | 124,490 | 124,490 | 121,197 | (3,293) |
| Excess (deficiency) of revenues over (under) expenditures | 124,490 | 124,490 | 121,197 | (3,293) |
| To adjust expenditures for encumbrances | 124,490 | 124,490 | 121,197 | (3,293) |
| Fund balances - beginning | 1,375,706 | 1,375,706 | 1,375,706 | - |
| Fund balances - ending | <u>\$ 1,500,196</u> | <u>\$ 1,500,196</u> | <u>\$ 1,496,903</u> | <u>\$ (3,293)</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, 2015

| | Budgeted Amounts | | Actual Budgetary Basis Amounts | Variance With Final Budget Positive (Negative) |
|---|---------------------|---------------------|---|--|
| | Original | Final | | |
| Revenue: | | | | |
| Taxes: | | | | |
| Property | \$ 249,883 | \$ 249,883 | \$ 377,210 | \$ 127,327 |
| Licenses and permits | - | - | 103,211 | 103,211 |
| Intergovernmental | 18,156 | 18,156 | 27,256 | 9,100 |
| Reimbursement | - | - | 20,228 | 20,228 |
| Total revenues | <u>268,039</u> | <u>268,039</u> | <u>527,905</u> | <u>259,866</u> |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Public safety: | | | | |
| Other services and charges | 250,000 | 253,700 | 16,811 | 236,889 |
| Other financing uses | - | - | 182 | (182) |
| Capital outlay | <u>250,000</u> | <u>258,538</u> | <u>220,945</u> | <u>37,593</u> |
| Total expenditures | <u>500,000</u> | <u>512,238</u> | <u>237,938</u> | <u>274,300</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(231,961)</u> | <u>(244,199)</u> | <u>289,967</u> | <u>534,166</u> |
| To adjust expenditures for encumbrances | (231,961) | (244,199) | 289,967 | 534,166 |
| Fund balances - beginning | <u>1,889,878</u> | <u>1,889,878</u> | <u>1,889,878</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 1,657,917</u> | <u>\$ 1,645,679</u> | <u>\$ 2,179,845</u> | <u>\$ 534,166</u> |
| <u>Budget/GAAP Reconciliation:</u> | | | | |
| Net change in fund balance, budget basis | | | \$ 289,967 | |
| To adjust revenues for accruals | | | - | |
| To adjust expenditures for accruals | | | (27,808) | |
| To adjust expenditures for encumbrances | | | <u>45,723</u> | |
| Net change in fund balance, GAAP basis | | | <u>\$ 307,882</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, 2015

| | Budgeted Amounts | | Actual Budgetary Basis Amounts | Variance With Final Budget Positive (Negative) |
|---|--------------------------|--------------------------|---|--|
| | Original | Final | | |
| Revenue: | | | | |
| Taxes: | | | | |
| Property | \$ 304,343 | \$ 304,343 | \$ 275,821 | \$ (28,522) |
| Intergovernmental | 11,156 | 11,156 | 19,930 | 8,774 |
| Reimbursement | - | - | - | - |
| Miscellaneous | - | - | 3,198 | 3,198 |
| Total revenues | <u>315,499</u> | <u>315,499</u> | <u>298,949</u> | <u>(16,550)</u> |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| General government: | | | | |
| Capital outlay | <u>225,000</u> | <u>365,259</u> | <u>318,393</u> | <u>46,866</u> |
| Total expenditures | <u>225,000</u> | <u>365,259</u> | <u>318,393</u> | <u>46,866</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>90,499</u> | <u>(49,760)</u> | <u>(19,444)</u> | <u>30,316</u> |
| To adjust expenditures for encumbrances | 90,499 | (49,760) | (19,444) | 30,316 |
| Fund balances - beginning | <u>208,614</u> | <u>208,614</u> | <u>208,614</u> | <u>-</u> |
| Fund balances - ending | <u><u>\$ 299,113</u></u> | <u><u>\$ 158,854</u></u> | <u><u>\$ 189,170</u></u> | <u><u>\$ 30,316</u></u> |
| <u>Budget/GAAP Reconciliation:</u> | | | | |
| Net change in fund balance, budget basis | | | \$ (19,444) | |
| To adjust revenues for accruals | | | 24,493 | |
| To adjust expenditures for accruals | | | <u>(4,173)</u> | |
| Net change in fund balance, GAAP basis | | | <u><u>\$ 876</u></u> | |

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CEDIT
For the Year Ended December 31, 2015

| | Budgeted Amounts | | Actual Budgetary Basis Amounts | Variance With Final Budget Positive (Negative) |
|---|---------------------|---------------------|---|--|
| | Original | Final | | |
| Revenue: | | | | |
| Intergovernmental | \$ 2,800,000 | \$ 2,800,000 | \$ 3,125,770 | \$ 325,770 |
| Reimbursement | - | - | 5,437 | 5,437 |
| Total revenues | <u>2,800,000</u> | <u>2,800,000</u> | <u>3,131,207</u> | <u>331,207</u> |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| General government: | | | | |
| Supplies | 1,060,000 | 760,000 | 463,241 | 296,759 |
| Other services and charges | 1,270,000 | 1,410,789 | 1,328,369 | 82,420 |
| Capital outlay | 121,000 | 394,476 | 129,405 | 265,071 |
| Highways and streets: | | | | |
| Capital outlay | 1,551,166 | 2,698,154 | 3,079,622 | (381,468) |
| Culture and recreation: | | | | |
| Capital outlay | 402,000 | 753,556 | 417,484 | 336,072 |
| Total expenditures | <u>4,404,166</u> | <u>6,016,975</u> | <u>5,418,121</u> | <u>598,854</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,604,166)</u> | <u>(3,216,975)</u> | <u>(2,286,914)</u> | <u>930,061</u> |
| To adjust expenditures for encumbrances | (1,604,166) | (3,216,975) | (2,286,914) | 930,061 |
| Fund balances - beginning | <u>4,630,908</u> | <u>4,630,908</u> | <u>4,630,908</u> | - |
| Fund balances - ending | <u>\$ 3,026,742</u> | <u>\$ 1,413,933</u> | <u>\$ 2,343,994</u> | <u>\$ 930,061</u> |
| <u>Budget/GAAP Reconciliation:</u> | | | | |
| Net change in fund balance, budget basis | | | \$ (2,286,914) | |
| To adjust revenues for accruals | | | - | |
| To adjust expenditures for accruals | | | 38,807 | |
| To adjust expenditures for encumbrances | | | <u>1,089,860</u> | |
| Net change in fund balance, GAAP basis | | | <u>\$ (1,158,247)</u> | |

FIDUCIARY FUNDS

Pension Trust Funds

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

- 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, 2015

| | 1925 Police Pension | 1937 Firefighters' Pension | Utility Pension | Totals |
|---|---------------------------|----------------------------------|----------------------|----------------------|
| <u>Assets</u> | | | | |
| Contributions: | | | | |
| Cash and cash equivalents | \$ 741,320 | \$ 980,987 | \$ 30,807 | \$ 1,753,114 |
| Receivables: | | | | |
| Interest and dividends | - | - | 59,629 | 59,629 |
| Investments at fair value: | | | | |
| Municipal bonds | - | - | 1,219,751 | 1,219,751 |
| Mutual funds | - | - | 16,121,329 | 16,121,329 |
| Total investments | - | - | 17,341,080 | 17,341,080 |
| Total assets | <u>\$ 741,320</u> | <u>\$ 980,987</u> | <u>\$ 17,431,516</u> | <u>\$ 19,153,823</u> |
| <u>Net Position</u> | | | | |
| Held in trust for employees' pension benefits | <u>\$ 741,320</u> | <u>\$ 980,987</u> | <u>\$ 17,431,516</u> | <u>\$ 19,153,823</u> |

CITY OF MISHAWAKA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
 PENSION TRUST FUNDS
 For the Year Ended December 31, 2015

| | 1925 Police Pension | 1937 Firefighters' Pension | Utility Pension | Totals |
|---------------------------------------|---------------------------|----------------------------------|----------------------|----------------------|
| <u>Additions:</u> | | | | |
| Contributions: | | | | |
| On behalf contributions | \$ 1,367,012 | \$ 2,244,138 | \$ - | \$ 3,611,150 |
| Employer | - | - | 1,025,201 | 1,025,201 |
| Total contributions | <u>1,367,012</u> | <u>2,244,138</u> | <u>1,025,201</u> | <u>4,636,351</u> |
| Investment income (loss): | | | | |
| Net loss in fair value of investments | - | - | (991,345) | (991,345) |
| Interest and dividends | - | - | 817,390 | 817,390 |
| Total investment income (loss) | - | - | (173,955) | (173,955) |
| Less investment expenses: | | | | |
| Investment activity expense | - | - | (44,427) | (44,427) |
| Net investment income (loss) | <u>-</u> | <u>-</u> | <u>(218,382)</u> | <u>(218,382)</u> |
| Total additions | <u>1,367,012</u> | <u>2,244,138</u> | <u>806,819</u> | <u>4,417,969</u> |
| <u>Deductions:</u> | | | | |
| Benefits | 1,413,303 | 2,266,228 | 1,021,023 | 4,700,554 |
| Administrative expense | - | - | 14,007 | 14,007 |
| Total deductions | <u>1,413,303</u> | <u>2,266,228</u> | <u>1,035,030</u> | <u>4,714,561</u> |
| Changes in net position | (46,291) | (22,090) | (228,211) | (296,592) |
| Net position - beginning | <u>787,611</u> | <u>1,003,077</u> | <u>17,659,727</u> | <u>19,450,415</u> |
| Net position - ending | <u>\$ 741,320</u> | <u>\$ 980,987</u> | <u>\$ 17,431,516</u> | <u>\$ 19,153,823</u> |

CITY OF MISHAWAKA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
 AGENCY FUNDS
 December 31, 2015

| <u>Assets</u> | <u>Redevelopment Revolving</u> |
|--|------------------------------------|
| Contributions: | |
| Cash and cash equivalents | \$ - |
| Accounts receivable | - |
| | - |
| Total assets | \$ - |
| <u>Liabilities</u> | |
| Accounts payable | - |
| Accrued payroll and withholdings payable | - |
| | - |
| Total liabilities | \$ - |

CITY OF MISHAWAKA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS

| | Redevelopment Revolving |
|---|----------------------------|
| <u>Additions:</u> | |
| Cash and cash equivalents - January 1, 2015 | \$ - |
| Additions | 20,008 |
| Deductions | (20,008) |
| Cash and cash equivalents - December 31, 2015 | - |
| Accounts Receivable - January 1, 2015 | 3,195 |
| Additions | - |
| Deductions | (3,195) |
| Accounts receivable - December 31, 2015 | - |
| Total assets December 31, 2015 | \$ - |
| <u>Liabilities</u> | |
| Accounts payable, January 1, 2015 | 1,558 |
| Additions | - |
| Deletions | (1,558) |
| Accounts payable, December 31, 2015 | - |
| Accrued payroll and withholdings payable, January 1, 2015 | 1,637 |
| Additions | - |
| Deletions | (1,637) |
| Accrued payroll and withholdings payable, December 31, 2015 | - |
| Total liabilities December 31, 2015 | \$ - |

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.

CONTENTS

Page(s)

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

| | |
|--|---------|
| Net Position by Component | 133 |
| Changes in Net Position | 134-135 |
| Fund Balances, Governmental Funds | 136 |
| Changes in Fund Balances, Governmental Funds | 137 |

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

| | |
|---|-----|
| Assessed Value and Estimated Actual Value of Taxable Property | 138 |
| Direct and Overlapping Property Tax Rates | 139 |
| Principal Property Tax Payers | 140 |
| Property Tax Levies and Collections | 141 |

Debt Capacity

These Schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

| | |
|---|-----|
| Ratios of Outstanding Debt by Type | 142 |
| Ratios of General Bonded Debt Outstanding | 143 |
| Direct and Overlapping Governmental Activities Debt | 144 |
| Legal Debt Margin | 145 |
| General Obligation and TIF Bond Coverage | 146 |
| Revenue Bond Coverage | 147 |

**CITY OF MISHAWAKA, INDIANA
CONTENTS (CONTINUED)**

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

| | |
|-------------------------------------|---------|
| Demographic and Economic Statistics | 148 |
| Largest Employers | 149 |
| | 150-152 |

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs

| | |
|--|-----|
| Full-time Equivalent City Government Employees by Function | 153 |
| Operating Indicators by Function | 154 |
| Capital Asset Statistics by Function | 155 |

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

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 214,446,601 | \$ 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 |
| Restricted | | - | 1,221,499 | 2,790,264 | 2,839,701 | 2,692,556 | | | | 993,490 |
| Unrestricted | (35,890,062) | (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 |
| Total governmental activities net position assets | <u>\$ 178,556,539</u> | <u>\$ 175,457,309</u> | <u>\$ 194,983,964</u> | <u>\$ 189,875,929</u> | <u>\$ 185,122,344</u> | <u>\$ 174,257,766</u> | <u>\$ 161,577,340</u> | <u>\$ 128,919,470</u> | <u>\$ 102,769,469</u> | <u>\$ 81,659,654</u> |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 118,062,724 | \$ 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 |
| Restricted | 9,445,036 | 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 |
| Unrestricted | 16,897,851 | 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 |
| Total business-type activities net position assets | <u>\$ 144,405,611</u> | <u>\$ 136,361,438</u> | <u>\$ 128,840,787</u> | <u>\$ 129,954,581</u> | <u>\$ 124,421,979</u> | <u>\$ 120,902,042</u> | <u>\$ 112,118,249</u> | <u>\$ 106,426,190</u> | <u>\$ 105,464,915</u> | <u>\$ 89,893,925</u> |
| Primary government | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 332,509,325 | \$ 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 |
| Restricted | 9,445,036 | 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 |
| Unrestricted | (18,992,211) | (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 |
| Total primary government net position assets | <u>\$ 322,962,150</u> | <u>\$ 311,818,747</u> | <u>\$ 323,824,751</u> | <u>\$ 319,830,510</u> | <u>\$ 309,544,323</u> | <u>\$ 295,159,808</u> | <u>\$ 273,695,589</u> | <u>\$ 235,345,660</u> | <u>\$ 208,234,384</u> | <u>\$ 171,353,579</u> |

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

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 7,740,465 | \$ 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 |
| Public safety | 28,561,331 | 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 |
| Highways and streets | 7,522,968 | 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 |
| Sanitation | 2,152,972 | 2,147,191 | 2,139,429 | 1,953,950 | 1,954,482 | 1,958,050 | 1,970,859 | 4,500 | 15,000 | 4,876 |
| Community development | 1,692,140 | 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 |
| Interest on long-term debt | 6,862,161 | 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 |
| Total governmental activities expenses | 47,206 | 227,457 | 272,089 | 476,838 | 627,328 | 862,291 | 1,087,319 | 1,274,966 | 873,678 | 669,642 |
| | <u>\$ 54,579,243</u> | <u>\$ 58,332,688</u> | <u>\$ 59,708,197</u> | <u>\$ 64,516,673</u> | <u>\$ 55,362,872</u> | <u>\$ 48,242,011</u> | <u>\$ 45,099,853</u> | <u>\$ 40,298,589</u> | <u>\$ 35,969,539</u> | <u>\$ 40,643,052</u> |
| Business type activities: | | | | | | | | | | |
| Water utility | \$ 6,899,397 | \$ 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 |
| Wastewater utility | 14,450,623 | 12,929,617 | 12,700,064 | 11,979,193 | 11,541,256 | 11,507,526 | 11,566,254 | 11,954,330 | 6,377,448 | 5,547,712 |
| Electric utility | 54,766,652 | 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 |
| Total business-type activities expenses | 76,116,672 | 72,030,275 | 70,732,172 | 68,390,660 | 68,054,853 | 68,188,185 | 62,330,220 | 63,114,785 | 55,994,699 | 48,276,244 |
| Total primary government expenses | <u>\$ 130,695,915</u> | <u>\$ 130,362,963</u> | <u>\$ 130,440,369</u> | <u>\$ 132,907,333</u> | <u>\$ 123,417,725</u> | <u>\$ 116,430,196</u> | <u>\$ 107,430,073</u> | <u>\$ 103,413,374</u> | <u>\$ 91,964,238</u> | <u>\$ 88,919,296</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 600,500 | \$ 498,152 | \$ 453,798 | \$ 1,034,816 | \$ 498,317 | \$ 645,300 | \$ 714,830 | \$ 1,049,593 | \$ 973,326 | \$ 892,455 |
| Public safety | 2,166,516 | 1,900,714 | 2,017,747 | 1,577,596 | 1,702,518 | 817,492 | 600,824 | 643,933 | 896,332 | 657,308 |
| Highways and streets | 1,912,715 | 1,678,388 | 1,055,235 | 1,515,476 | 132,033 | 118,354 | 114,428 | 28,347 | 44,617 | 27,462 |
| Sanitation | 2,118,402 | 2,227,489 | 2,068,575 | 2,068,575 | 2,074,781 | 2,084,642 | 2,102,200 | | | |
| Community development | 462,944 | 586,681 | 672,904 | 184,775 | 586,681 | 150,539 | 260,098 | 535,101 | 794,695 | 624,524 |
| Culture and recreation | 837,169 | 863,644 | 964,913 | 1,059,334 | 938,755 | 1,093,526 | 995,386 | 1,023,173 | 1,033,864 | 915,956 |
| Interest on long-term debt | | | | | | | | | | |
| Operating grants and contributions | 1,134,528 | 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 |
| Capital grants and contributions | 5,370,541 | 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 |
| Total governmental activities revenue | <u>\$ 14,603,315</u> | <u>\$ 16,002,282</u> | <u>\$ 16,951,186</u> | <u>\$ 16,584,705</u> | <u>\$ 16,178,886</u> | <u>\$ 16,251,302</u> | <u>\$ 12,429,852</u> | <u>\$ 9,217,213</u> | <u>\$ 11,088,360</u> | <u>\$ 14,785,725</u> |
| Business type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water utility | \$ 8,700,570 | \$ 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 |
| Wastewater utility | 12,583,375 | 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 |
| Electric utility | 57,128,645 | 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 |
| Capital grants and contributions | - | - | - | 87,495 | 167,104 | 6,652,868 | 5,113,577 | 3,250,069 | 3,044,903 | 1,656,673 |
| Total business-type activities revenue | <u>78,412,590</u> | <u>80,627,644</u> | <u>68,181,952</u> | <u>72,780,816</u> | <u>71,089,592</u> | <u>76,061,984</u> | <u>68,284,934</u> | <u>63,988,786</u> | <u>68,435,413</u> | <u>55,319,650</u> |
| Total primary government revenue | <u>93,015,905</u> | <u>96,629,926</u> | <u>85,133,138</u> | <u>89,365,521</u> | <u>87,268,478</u> | <u>92,313,286</u> | <u>80,714,786</u> | <u>73,205,999</u> | <u>79,523,773</u> | <u>70,105,375</u> |
| Net (Expenses) Revenues | | | | | | | | | | |
| Governmental activities: | (39,975,928) | (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) |
| Business-type activities | 2,295,918 | 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 |
| Total primary government net expense | <u>\$ (37,680,010)</u> | <u>\$ (30,921,049)</u> | <u>\$ (45,307,231)</u> | <u>\$ (43,541,812)</u> | <u>\$ (36,149,247)</u> | <u>\$ (24,116,910)</u> | <u>\$ (26,715,287)</u> | <u>\$ (30,207,375)</u> | <u>\$ (12,440,465)</u> | <u>\$ (18,813,921)</u> |

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

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|--|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property Taxes | \$ 39,581,788 | \$ 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 |
| Grants and Contributions not restricted to specific programs | 3,840,427 | 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 |
| | 170,391 | 82,644 | 88,635 | 119,285 | 34,289 | 42,251 | 13,542 | 872,964 | 2,022,465 | 1,908,162 |
| Other | 7,969,990 | 7,450,590 | 198,281 | 6,777,151 | 354,814 | 115,993 | 169,346 | 267,649 | 2,345 | 51,568 |
| Loss on sale of Assets | | | | | | | | | | |
| Special Items: Litigation Settlement | | | | | | | | 8,154,390 | | |
| Transfers | (3,236,872) | (1,589,246) | (1,351,199) | (292,598) | (3,578,995) | (762,454) | 959,856 | 517,736 | 46,139 | (79,102) |
| Total governmental activities | <u>48,325,724</u> | <u>50,916,933</u> | <u>47,936,080</u> | <u>58,788,271</u> | <u>49,798,939</u> | <u>57,839,045</u> | <u>46,178,265</u> | <u>57,231,377</u> | <u>46,190,994</u> | <u>40,241,502</u> |
| Business type activities: | | | | | | | | | | |
| Unrestricted investment earnings | 113,383 | 76,156 | 85,227 | 122,082 | 112,130 | 15,686 | 24,935 | 605,010 | 1,802,870 | 1,372,025 |
| Other | | | | | | | 672,266 | | | |
| Special Item: Insurance Settlement | | | | 727,766 | | | | | | |
| Transfers | 3,236,872 | 1,589,246 | 1,351,199 | 292,598 | 3,578,995 | 762,454 | (959,856) | (517,736) | (46,139) | 79,102 |
| Total business-type activities | <u>3,350,255</u> | <u>1,665,402</u> | <u>1,436,426</u> | <u>1,142,446</u> | <u>3,691,125</u> | <u>778,140</u> | <u>(262,655)</u> | <u>87,274</u> | <u>1,756,731</u> | <u>1,451,127</u> |
| Total primary government expenses | <u>51,675,979</u> | <u>52,582,335</u> | <u>49,372,506</u> | <u>59,930,717</u> | <u>53,490,064</u> | <u>58,617,185</u> | <u>45,915,610</u> | <u>57,318,651</u> | <u>47,947,725</u> | <u>41,692,629</u> |
| Change in Net Position (a) | | | | | | | | | | |
| Governmental activities | 8,349,796 | 11,398,515 | 5,179,069 | 10,856,303 | 10,614,953 | 25,848,336 | 13,508,264 | 26,150,001 | 21,309,815 | 14,384,175 |
| Business-type activities | 5,646,173 | 10,262,771 | (1,113,794) | 5,532,602 | 6,725,864 | 8,651,939 | 5,692,059 | 961,275 | 14,197,445 | 8,494,533 |
| Total primary government | <u>\$ 13,995,969</u> | <u>\$ 21,661,286</u> | <u>\$ 4,065,275</u> | <u>\$ 16,388,905</u> | <u>\$ 17,340,817</u> | <u>\$ 34,500,275</u> | <u>\$ 19,200,323</u> | <u>\$ 27,111,276</u> | <u>\$ 35,507,260</u> | <u>\$ 22,878,708</u> |

(a) Excludes adjustments to net position.

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

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Assigned | \$ 229,605 | \$ 194,874 | \$ 16,864 | \$ 39,099 | \$ 17,917 | | \$ 77,221 | \$ 59,968 | \$ 60,901 | \$ 407,757 |
| Unassigned | <u>3,538,777</u> | <u>1,858,348</u> | <u>4,540,640</u> | <u>7,898,202</u> | <u>6,113,323</u> | <u>\$5,554,114</u> | <u>6,218,193</u> | <u>5,256,482</u> | <u>1,191,764</u> | <u>2,560,240</u> |
| Total general fund | <u>\$ 3,768,382</u> | <u>\$ 2,053,222</u> | <u>\$ 4,557,504</u> | <u>\$ 7,937,301</u> | <u>\$ 6,131,240</u> | <u>\$ 5,554,114</u> | <u>\$ 6,295,414</u> | <u>\$ 5,316,450</u> | <u>\$ 1,252,665</u> | <u>\$ 2,967,997</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ 10,318,142 | \$ 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 |
| | 19,838,399 | 10,702,336 | 12,557,217 | 17,258,721 | 17,555,195 | | | | | |
| Committed | 3,529,089 | 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 |
| Assigned | <u>4,050,156</u> | <u>21,328,990</u> | <u>20,394,326</u> | <u>22,641,653</u> | <u>25,122,449</u> | | | | | |
| Total all other governmental funds | <u>\$ 37,735,786</u> | <u>\$ 47,677,252</u> | <u>\$ 51,129,692</u> | <u>\$ 58,528,416</u> | <u>\$ 62,007,851</u> | <u>\$ 57,593,570</u> | <u>\$ 49,845,625</u> | <u>\$ 56,870,996</u> | <u>\$ 68,182,891</u> | <u>\$ 50,965,198</u> |

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

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

| | <u>2015</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> | <u>2006</u> |
|--|-----------------------|-----------------------|------------------------|-----------------------|---------------------|---------------------|-----------------------|-----------------------|----------------------|---------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 39,736,954 | \$ 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 |
| Licenses and permits | 604,233 | 535,994 | 493,314 | 961,751 | 418,629 | 372,368 | 349,680 | 607,371 | 543,226 | 456,108 |
| Intergovernmental | 19,023,079 | 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 |
| Charges for services | 5,916,673 | 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 |
| Fines and forfeits | 32,898 | 49,312 | 39,767 | 71,554 | 55,098 | 108,165 | 47,051 | 48,797 | 76,695 | 59,303 |
| Interest | 170,391 | 82,648 | 88,635 | 119,285 | 34,289 | 42,251 | 13,542 | 872,964 | 2,022,465 | 1,908,162 |
| Sale and use of property | 68,857 | 76,755 | 268,698 | 431,797 | 276,241 | 288,654 | 243,067 | 120,004 | 348,167 | 348,167 |
| Gifts and donations | 182,223 | 120,652 | 105,425 | 120,735 | 120,587 | 181,674 | 192,726 | 140,278 | 118,607 | 109,615 |
| Other | 585,769 | 506,751 | 1,945,322 | 2,251,822 | 1,225,387 | 538,630 | 711,842 | 910,569 | 1,173,741 | 790,441 |
| Total primary government expenses | <u>66,321,077</u> | <u>67,003,454</u> | <u>66,390,061</u> | <u>70,246,605</u> | <u>69,976,451</u> | <u>71,355,537</u> | <u>57,648,261</u> | <u>61,944,172</u> | <u>55,187,836</u> | <u>56,131,734</u> |
| Expenditures | | | | | | | | | | |
| General government | 5,560,390 | 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 |
| Public safety | 28,847,700 | 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 |
| Highways and streets | 5,556,498 | 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 |
| Sanitation | 2,152,972 | 2,147,191 | 2,139,429 | 1,953,950 | 1,954,482 | 1,958,050 | 1,970,859 | 4,500 | 15,000 | 4,876 |
| Culture and recreation | 3,271,943 | 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 |
| Community development | 1,602,786 | 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 |
| Capital outlay | 29,469,056 | 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 |
| Debt service | | | | | | | | | | |
| Principal | 365,363 | 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 |
| Interest | 113,775 | 257,894 | 303,184 | 446,887 | 626,002 | 852,078 | 1,084,271 | 1,203,775 | 607,737 | 611,817 |
| Total Expenditures | <u>76,940,483</u> | <u>73,098,533</u> | <u>76,970,964</u> | <u>76,551,728</u> | <u>63,429,489</u> | <u>69,952,690</u> | <u>64,654,524</u> | <u>72,311,168</u> | <u>58,671,746</u> | <u>54,245,332</u> |
| Excess of revenues over (under) expenditures | (10,619,406) | (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 |
| Other financing sources(uses): | | | | | | | | | | |
| Transfers in | 4,177,079 | 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 |
| Transfers out | (4,297,761) | (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) |
| Bond issuance cost | | | | 4,000,000 | | | | | (87,079) | (28,619) |
| Start up contribution for Mishawaka Bond Bank | | | | | | | | (6,000,000) | | |
| General obligation bond issuance | | | | | | | | | 17,800,000 | 1,550,000 |
| Discount on bond issuance | | | | | | | | | (180,977) | (5,000) |
| Capital lease Issuance | | | | | | | | | 817,499 | |
| Interfund revenue bond issuance | 2,513,782 | | | | | 1,366,252 | | 446,760 | | 499,205 |
| Loan Issuance- short term | | | | | | | | | 590,689 | |
| Total other financing sources and uses | <u>2,393,100</u> | <u>138,357</u> | <u>(197,618)</u> | <u>4,670,457</u> | <u>(438,928)</u> | <u>603,798</u> | <u>959,856</u> | <u>(5,035,504)</u> | <u>18,986,271</u> | <u>1,936,484</u> |
| Special Item: Proceeds from Litigation settlement | | | | | | | | 8,154,390 | | |
| Net change in fund balances | <u>\$ (8,226,306)</u> | <u>\$ (5,956,722)</u> | <u>\$ (10,778,521)</u> | <u>\$ (1,634,666)</u> | <u>\$ 6,108,034</u> | <u>\$ 2,006,645</u> | <u>\$ (6,046,407)</u> | <u>\$ (7,248,110)</u> | <u>\$ 15,502,361</u> | <u>\$ 3,822,886</u> |
| Debt service as a percentage of non-capital expenditures | <u>0.97%</u> | <u>8.21%</u> | <u>7.45%</u> | <u>10.53%</u> | <u>9.89%</u> | <u>14.22%</u> | <u>16.04%</u> | <u>14.37%</u> | <u>11.29%</u> | <u>7.91%</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 |
|--|--------------------------|---|---|--------------------------------------|
| 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 |
| 2015 | 1,106,333,427 | 234,241,826 | 1,340,235,628 | 1.8795 |

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 | |
| 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 |
| 2015 | 1.6216 | 0.1952 | 0.0000 | 0.0000 | 0.0627 | 1.8795 | 0.0311 | 0.0000 | 0.1614 | 1.2472 | 0.6866 | 0.0338 | 0.1100 | 0.0000 | 0.0000 | 4.1496 |

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

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

| 2015 | | | | 2006 | | | |
|---------------------------------|----------------------------|----------------------------|--|----------------------------|----------------------------|----------------------------|--|
| Taxpayer | Type of Business | Taxable Assessed Valuation | Percentage of Total Taxable Assessed Value | Taxpayer | Type of Business | Taxable Assessed Valuation | Percentage of Total Taxable Assessed Value |
| Edward Rose of Indiana | Real Estate Developer | \$100,092,840 | 7.47% | Edward Rose of Indiana | Real Estate Developer | \$71,049,850 | 4.50% |
| University Park Mall | Retail | 34,319,660 | 2.56% | Meijer | Retail | 34,465,860 | 2.18% |
| G and I VII Main Street LLC | Apartments | 29,683,900 | 2.21% | Bayer | Pharmaceutical Preparation | 33,701,110 | 2.13% |
| Toscana Residential Realty, LLC | Real Estate | 27,234,120 | 2.03% | University Park Associates | Retail | 32,631,200 | 2.07% |
| Meijer | Retail | 21,390,780 | 1.60% | Wal-Mart Stores | Retail | 26,704,600 | 1.69% |
| WSBT Inc. | News/Communications | 19,260,110 | 1.44% | Chase Properties | Commercial Real Estate | 23,468,900 | 1.49% |
| Bayer | Pharmaceutical Preparation | 19,175,520 | 1.43% | Gurley Leep | Automotive Dealership | 22,726,650 | 1.44% |
| Heritage Square Ventures LLC | | 18,772,000 | 1.40% | Main Street Village | Rental Multi-Housing | 21,534,720 | 1.36% |
| Costco Wholesale Corporation | Laboratory Diagnostics | 15,082,570 | 1.13% | University Commons | Rental Multi-Housing | 15,754,900 | 1.00% |
| Wal-Mart Stores Inc | Retail | 13,789,600 | 1.03% | Target | Retail | 14,908,100 | 0.94% |
| Totals | | <u>\$298,801,100</u> | <u>22.30%</u> | | | <u>\$296,945,890</u> | <u>18.80%</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> |
|--|---|---|--|-------------------------------|--|-----------------------------------|------------------------------|--|
| 2006 | \$22,018,614 | | \$22,018,614 | \$20,985,000 | 95.31% | \$152,869 | \$21,137,869 | 96.00% |
| 2007 | 23,331,502 | | 23,331,502 | 19,626,678 | 84.12% | 765,184 | 20,391,862 | 87.40% |
| 2008 | 24,580,481 | | 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% |
| 2015 | 25,788,626 | (4,459,425) | 21,329,201 | 20,479,578 | 79.41% | * | 20,479,578 | 96.02% |

Source: St. Joseph County Auditor.

Note: City of Mishawaka Corporation collections only.

* Information not available.

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

| Fiscal Year | Governmental Activities | | | | | Business Type Activities | | | | | | | |
|-------------|--------------------------|-----------------------------|----------------------|----------------|-------------------------|--------------------------|--------------------------|----------------------|----------------|-------------------------|--------------------------|-------------------------------|----------------|
| | 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) |
| 2006 | \$8,478,477 | \$6,245,269 | \$847,397 | \$247,098 | | \$4,268,184 | \$17,047,819 | \$55,361,331 | \$212,419 | | \$92,707,994 | 5.92% | \$2,001.39 |
| 2007 | 10,670,617 | 19,732,422 | 558,753 | 815,667 | | 3,981,572 | 16,208,750 | 56,212,045 | 168,967 | | 108,348,793 | 6.72% | 2,342.83 |
| 2008 | 9,708,534 | 17,204,457 | 263,000 | 576,533 | | 3,753,201 | 15,091,997 | 55,546,339 | 68,148 | | 102,212,209 | 6.10% | 2,210.73 |
| 2009 | 8,426,451 | 13,235,972 | 89,000 | 340,011 | | 3,509,832 | 13,968,980 | 54,637,118 | 32,224 | | 94,239,588 | 5.87% | 2,036.68 |
| 2010 | 7,094,367 | 9,121,967 | | 174,254 | | 3,246,460 | 49,617,902 | 56,575,326 | | | 125,830,276 | 7.91% | 2,653.14 |
| 2011 | 5,707,283 | 5,817,632 | | | | 2,968,089 | 47,998,233 | 55,336,797 | | | 117,828,034 | 6.81% | 2,487.82 |
| 2012 | 4,285,836 | 2,397,969 | | 3,866,666 | 669,976 | 2,679,405 | 45,149,623 | 54,071,474 | 145,740 | | 113,266,689 | 6.47% | 2,363.62 |
| 2013 | 2,795,815 | 474,853 | | 3,599,998 | 446,651 | 14,686,380 | 42,570,612 | 39,729,549 | 97,240 | | 104,401,098 | 5.93% | 2,164.89 |
| 2014 | | | | 3,333,330 | 223,326 | 13,013,794 | 39,490,000 | 38,680,700 | 48,580 | \$ 49,925 | 94,839,655 | 9.36% | 2,496.50 |
| 2015 | | 975,000 | | 3,066,662 | 1,513,782 | 11,301,208 | 68,867,232 | 1,879,000 | | | 87,602,884 | 8.10% | 2,166.62 |

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) |
|------------------------|---|---|--------------|---|---------------------------|
| 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 | 0 | 0 | 0.00% | N/A |
| 2015 | 0 | 0 | 0 | 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
LEGAL DEBT MARGIN INFORMATION**

| | <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> | <u>Fiscal Year 2015</u> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Assessed Value | \$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 | \$457,366,770 |
| Debt Limit Percentage | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% |
| Debt Limit (1) | 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 | 18,294,671 |
| Bonds Outstanding | 8,525,000 | 10,745,000 | 9,775,000 | 8,485,000 | 7,145,000 | 5,750,000 | 4,315,000 | 2,815,000 | 0 | 975,000 |
| Subtotal | 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 | 17,319,671 |
| Amount Available for Debt Service | 448,846 | 471,651 | 731,989 | 595,262 | 689,228 | 917,276 | 859,024 | 844,385 | 0 | 0 |
| Legal Debt Margin | <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> | <u>\$17,319,671</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 40.48% | 46.03% | 45.58% | 45.77% | 37.13% | 30.16% | 23.19% | 15.88% | N/A | 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**

| <u>Year</u> | <u>General Obligation Bonds</u> | | <u>Tax Incremental Financing Bonds</u> | | <u>Total Bonded Debt Service</u> | <u>Total General Government Expenditures</u> | <u>Ratio of Debt Service to Total General Government Expenditures</u> |
|-------------|---------------------------------|-----------------|--|-----------------|----------------------------------|--|---|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | | | |
| 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 | 0 | 0 | 0 | 0 | 0 | 73,871,648 | N/A |
| 2015 | 0 | 0 | 975,000 | 263,750 | 1,238,750 | 76,940,483 | 1.6% |

**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 | |
| 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 | 61,166,960 | 15,888,042 | 4,935,000 | 1,982,567 | 6,917,567 | 229.7% |
| 2015 | 75,211,331 | 64,201,867 | 11,009,464 | 3,251,000 | 1,790,422 | 5,041,422 | 218.4% |

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

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

| <u>Year</u> | <u>Population (A)</u> | <u>St Joseph County Personal Income (A)</u> | <u>St. Joseph County Median Family Income (A)</u> | <u>St Joseph County Per Capita Income (A)</u> | <u>Median Age (A)</u> | <u>K-12 Public School Enrollment (B)</u> | <u>Labor Force (A)</u> | <u>St. Joseph County Unemployment Rate (A)</u> |
|-------------|-----------------------|---|---|---|---------------------------|--|----------------------------|--|
| 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 | 40,978 | 37,989 | 36.6 | 5,035 | 124,349 | 8.8% |
| 2014 | 48,252 | 10,820,586 (C) | 37,542 (D) | 40,433 (C) | 36.9 (D) | 5,179 | 129,684 | 6.3% |
| 2015 | 48,252 | (E) | (E) | (E) | (E) | 4,985 | 134,570 | 6.5% |

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

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

**CITY OF MISHAWAKA, INDIANA
LARGEST EMPLOYERS (A)
DECEMBER 31, 2015**

| 2015 | | | | 2006 | | | |
|------------------------------------|----------------------|---------------------|------------------------------------|------------------------------------|------------------|---------------------|------------------------------------|
| 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 | 2,800 | 2.08% | St. Joseph Regional Medical Center | Acute Healthcare | 1210 | 0.90% |
| Schurz Communications | News and Information | 1,000 | 0.74% | School City of Mishawaka | Public School | 978 | 0.73% |
| School City of Mishawaka | Public School | 922 | 0.69% | Liberty Mutual | Insurance | 860 | 0.64% |
| Meijer, Inc. | Retail | 750 | 0.56% | Meijer, Inc | Retail | 610 | 0.45% |
| Liberty Mutual | Insurance | 650 | 0.48% | City of Mishawaka | Government | 543 | 0.40% |
| Wal-Mart | Retail | 470 | 0.35% | Bayer Corporatoin | Manufacturing | 503 | 0.37% |
| Oaklawn | Counseling Service | 519 | 0.39% | Walmart | Retail | 450 | 0.33% |
| City of Mishawaka | Government | 500 | 0.37% | Family & Childrens Center | Social Service | 389 | 0.29% |
| Nyloncraft | Manufacturing | 450 | 0.33% | Nyloncraft | Manufacturing | 370 | 0.27% |
| Bayer Corporation | Manufacturing | 340 | 0.25% | Bethel College | College | 302 | 0.22% |

(A) Source: Individual Companies.

(B) Based on total employment of 134,570 in the City of Mishawaka as of December 31, 2015, per the U.S. Bureau of Labor Statistics.

(C) Based on total employment of 134,788 in the City of Mishawaka as of December 31, 2006, per the U.S. Bureau of Labor Statistics.

Electric Utility Large Users 2015

| | <u>Customer</u> | <u>Type of Business</u> | <u>Consumption</u> | <u>Revenue</u> |
|----|-----------------------------|--------------------------------|---------------------------------|-------------------------------------|
| 1 | St. Joseph Reg Med Ctr/VNA | Hospital | 20,414,342 | \$1,683,169.18 |
| 2 | Nyloncraft | Manufacturing | 19,951,631 | 1,475,689.27 |
| 3 | Martin's Super Market | Grocery Chain | 9,930,220 | 824,254.61 |
| 4 | Patrick Metals | Manufacturing | 9,703,749 | 752,763.52 |
| 5 | Wellpet LLC | Manufacturing | 7,442,400 | 560,844.33 |
| 6 | Standard Motor Products Inc | Manufacturing | 6,734,400 | 512,344.76 |
| 7 | School City | Education | 6,655,339 | 737,637.56 |
| 8 | Bethel College | Education | 6,537,897 | 564,085.43 |
| 9 | Wastewater Treatment Plant | Utility | 5,693,243 | 502,454.03 |
| 10 | Meijer Stores LP #0121A | Discount Department s | <u>5,286,600</u> | <u>432,657.23</u> |
| | | Total | <u><u>98,349,821</u></u> | <u><u>\$8,045,899.92</u></u> |

Water and Sprinkling Utility Large Users 2015

| | Customer | Type of Business | Consumption | Revenue |
|----|--------------------------------------|-------------------------|--------------------------|----------------------------|
| 1 | Village Green VGM | Mobile Home PARK | 13,696,160 | \$159,025.81 |
| 2 | AM General | Manufacturing | 6,042,575 | \$96,177.76 |
| 3 | Autumn Lakes Apartments/Townhomes | Apartment complex | 5,224,418 | \$103,534.11 |
| 4 | Saint Joseph Regional Med Ctr | Hospital | 4,748,757 | \$49,499.45 |
| 5 | Indian Lakes Apartments | Apartment complex | 4,725,920 | \$58,117.50 |
| 6 | Wastewater Treatment Plant/Biosolids | Utility | 4,671,428 | \$76,521.91 |
| 7 | Park & Recreation Department | City department | 4,379,390 | \$80,832.18 |
| 8 | Hickory Village Apartments | Apartment complex | 3,814,600 | \$47,728.44 |
| 9 | School City of Mishawaka | Education | 3,414,400 | \$70,151.90 |
| 10 | Carriage House | Apartment complex | <u>3,080,927</u> | <u>\$53,781.57</u> |
| | | Total | <u>53,798,575</u> | <u>\$795,370.63</u> |

Wastewater Utility Large Users 2015

| | Customer | Type of Business | Consumption | Revenue |
|----|-----------------------------------|-------------------------|---------------------------------|-------------------------------------|
| 1 | Village Green VGM | Mobile Home Park | 13,696,160 | \$202,893.60 |
| 2 | AM General | manufacturing | 4,644,101 | 361,938.11 |
| 3 | Autumn Lakes Apartments/Townhomes | Apartment complex | 4,531,809 | 143,582.13 |
| 4 | Saint Joseph Regional Med Ctr | Hospital | 4,193,967 | 134,406.04 |
| 5 | Indian Lakes Apts | Apartment complex | 4,084,244 | 106,930.59 |
| 6 | Hickory Village Apts | Apartment complex | 3,479,185 | 101,649.24 |
| 7 | Carriage House | Apartment complex | 3,080,927 | 87,495.79 |
| 8 | Wellpet LLC | Manufacturing | 2,025,290 | 44,801.08 |
| 9 | Park & Recreation Department | City Department | 1,916,812 | 66,990.06 |
| 10 | Lakeshore Estates MHC LLC | Mobile Home Park | <u>1,697,682</u> | <u>53,033.87</u> |
| | | Total | <u><u>43,350,177</u></u> | <u><u>\$1,303,720.51</u></u> |

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

Full-time Equivalent Employees as December 31

| | 2015 | % of Total Employment | 2014 | % of Total Employment | 2013 | % of Total Employment | 2012 | % of Total Employment | 2011 | % of Total Employment |
|------------------------|-------------|----------------------------------|-------------|----------------------------------|-------------|----------------------------------|-------------|----------------------------------|-------------|----------------------------------|
| Function | | | | | | | | | | |
| General Government: | 60 | 12% | 61 | 12% | 60 | 12% | 56 | 11% | 55 | 11% |
| Public Safety | | | | | | | | | | |
| Officers | 105 | 21% | 105 | 21% | 105 | 21% | 105 | 21% | 103 | 21% |
| Civilians | 7 | 1% | 23 | 5% | 23 | 5% | 23 | 5% | 23 | 5% |
| <i>Fire</i> | | | | | | | | | | |
| Firefighters | 113 | 23% | 113 | 22% | 113 | 22% | 111 | 22% | 109 | 22% |
| Civilians | 1 | 0% | 1 | 0% | 1 | 0% | 1 | 0% | 1 | 0% |
| Total Public Safety | 226 | 46% | 242 | 48% | 242 | 47% | 240 | 47% | 236 | 47% |
| Highways and Streets | 33 | 7% | 35 | 7% | 35 | 7% | 35 | 7% | 35 | 7% |
| Culture and Recreation | 26 | 5% | 26 | 5% | 26 | 5% | 26 | 5% | 26 | 5% |
| Water | 37 | 8% | 38 | 7% | 37 | 7% | 37 | 7% | 36 | 7% |
| Wastewater/Sewer | 46 | 9% | 47 | 9% | 48 | 9% | 48 | 9% | 47 | 9% |
| Electric | 64 | 13% | 60 | 12% | 62 | 12% | 64 | 13% | 64 | 13% |
| Total City Employees | 492 | | 509 | | 510 | | 506 | | 499 | |
| | 2010 | Employment | 2009 | % of Total Employment | 2008 | % of Total Employment | 2007 | % of Total Employment | 2006 | % of Total Employment |
| Function | | | | | | | | | | |
| General Government: | 53 | 11% | 48 | 10% | 54 | 10% | 57 | 11% | 60 | 11% |
| Public Safety | | | | | | | | | | |
| <i>Public</i> | | | | | | | | | | |
| Officiary | 103 | 21% | 103 | 21% | 103 | 20% | 103 | 20% | 103 | 19% |
| Civilians | 23 | 5% | 23 | 5% | 31 | 6% | 30 | 6% | 30 | 6% |
| <i>Fire</i> | | | | | | | | | | |
| Firefighters | 107 | 22% | 107 | 22% | 107 | 20% | 107 | 20% | 107 | 20% |
| Civilians | 1 | 0% | 1 | 0% | 2 | 0% | 2 | 0% | 2 | 0% |
| Total Public Safety | 234 | 48% | 234 | 48% | 243 | 46% | 242 | 46% | 242 | 45% |
| Highways and Streets | 32 | 7% | 30 | 6% | 31 | 6% | 34 | 6% | 34 | 6% |
| Culture and Recreation | 26 | 5% | 26 | 5% | 33 | 6% | 34 | 6% | 34 | 6% |
| Water | 40 | 8% | 37 | 8% | 47 | 9% | 49 | 9% | 48 | 9% |
| Wastewater/Sewer | 47 | 10% | 48 | 10% | 46 | 9% | 38 | 7% | 46 | 9% |
| Electric | 59 | 12% | 62 | 13% | 70 | 13% | 72 | 14% | 69 | 13% |
| Total City Employees | 491 | | 485 | | 524 | | 526 | | 533 | |

Source: City Payroll System

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

| Function | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police | | | | | | | | | | |
| Arrests | 1,640 | 1,686 | 1,978 | 1,546 | 1,541 | 1,221 | 2,006 | 1,633 | 2,241 | 2,350 |
| Parking Violations | 949 | 1,100 | 1,216 | 1,034 | 1,188 | 1,218 | 1,622 | 2,540 | 2,510 | 1,474 |
| Traffic Violations | 3,198 | 3,177 | 3,083 | 3,714 | 5,531 | 4,080 | 9,364 | 7,276 | 4,125 | 4,568 |
| Traffic Accident Calls | 2,409 | 2,143 | 2,078 | 2,013 | 2,060 | 2,037 | 1,969 | 2,382 | 2,424 | 2,453 |
| Cases Reviewed | 7,269 | 6,931 | 7,570 | 8,110 | 8,028 | 8,135 | 8,675 | 8,207 | 8,093 | 8,114 |
| Fire | | | | | | | | | | |
| Medical Calls | 177 | 123 | 133 | 200 | 179 | 209 | 205 | 234 | 201 | 213 |
| Inspections | 5,191 | 4,940 | 5,115 | 4,877 | 4,804 | 4,467 | 4,157 | 4,384 | 4,352 | 4,123 |
| | 1,665 | 1,920 | 1,720 | 1,680 | 1,500 | 1,423 | 1,372 | 1,190 | 1,603 | 917 |
| Streets | | | | | | | | | | |
| Blocks of Streets Paved | 100 | 60 | 72 | 79 | 85 | 65 | 73 | 88 | 123 | 136 |
| Leaf Pickup Cubic Yards | 12,775 | 10,200 | 11,487 | 13,255 | 14,500 | 15,062 | 18,390 | 11,075 | 11,332 | 16,338 |
| Blocks of Streets Swept | 868 | 742 | 703 | 900 | 565 | 445 | 637 | 620 | 799 | 833 |
| Culture & recreation | | | | | | | | | | |
| Pool Attendance(patrons) | 16,145 | 12,808 | 16,946 | 21,008 | 17,131 | 18,014 | 16,810 | 18,860 | 19,573 | 18,512 |
| Community Ctr Attendance | 26,213 | 46,973 | 45,079 | 32,391 | 41,165 | 48,388 | 43,120 | 49,645 | 46,730 | 53,000 |
| Facility Rentals | 1,627 | 1,727 | 1,997 | 1,666 | 1,447 | 1,116 | 1,579 | 1,135 | 544 | 770 |
| Plantings | 1,500 | 1,128 | 1,524 | 4,924 | 902 | 166 | 145 | 86 | 129 | 213 |
| Water | | | | | | | | | | |
| New service lines | 104 | 53 | 213 | 37 | 54 | 50 | 56 | 42 | 206 | 428 |
| Average daily consumption MGD | 6.18 | 7.27 | 8.90 | 8.48 | 7.55 | 7.85 | 6.6 | 8.21 | 10.00 | 9.00 |
| Wastewater | | | | | | | | | | |
| Annual Sewage Treatment (billions of gallons) | 3.4 | 3.5 | 3.6 | 4.4 | 4.2 | 4.6 | 4.6 | 5.2 | 4.2 | 4.5 |
| Pollutants removed (in mill of lbs.) | 6.1 | 5.6 | 5.5 | 7.4 | 7.2 | 7.0 | 7.0 | 6.8 | 6.5 | 8.5 |
| Electric | | | | | | | | | | |
| Energy consumption (kW) (in thousands) | 608,730 | 614,024 | 621,372 | 624,569 | 621,122 | 597,728 | 538,572 | 623,032 | 642,779 | 637,903 |
| Unplanned outages | 7 | 10 | 10 | 9 | 11 | 22 | 11 | 14 | 16 | 7 |

Source: Various city departments

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

| Function | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 85 | 85 | 89 | 89 | 89 | 89 | 89 | 89 | 89 | 89 |
| Fire | | | | | | | | | | |
| Stations | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Streets | | | | | | | | | | |
| Miles of Streets | 177.98 | 177.23 | 177.10 | 177.04 | 177.04 | 175.40 | 175.13 | 174.30 | 174.30 | 174.30 |
| | 3,909 | 3,873 | 3,543 | 3,543 | 3,538 | 3,538 | 3,538 | 3,737 | 3,737 | 3,737 |
| Traffic Signals | 62 | 62 | 60 | 60 | 58 | 58 | 58 | 56 | 55 | 55 |
| Culture & recreation | | | | | | | | | | |
| Park Acreage | 393 | 393 | 318 | 318 | 318 | 318 | 318 | 318 | 318 | 317 |
| Number of Parks | 29 | 29 | 29 | 29 | 28 | 28 | 28 | 28 | 28 | 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 | 7 | 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) | 17,398 | 17,294 | 17,096 | 16,850 | 17,109 | 17,100 | 17,082 | 17,082 | 17,001 | 15,539 |
| Fire Hydrants | 2,554 | 2,520 | 2,394 | 2,361 | 2,350 | 2,311 | 2,276 | 2,236 | 2,168 | 2,093 |
| Wastewater | | | | | | | | | | |
| Miles of Sewers | 285.47 | 279.54 | 275.91 | 272.73 | 272.02 | 271.37 | 257.08 | 254.41 | 253.23 | 246.14 |
| 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