



**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

CITY OF MISHAWAKA, INDIANA

FISCAL YEAR ENDED DECEMBER 31, 2016

DAVID A. WOOD, MAYOR

FILED
12/22/2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MISHAWAKA, INDIANA

For the Fiscal Year Ended December 31, 2016



CITY CONTROLLER'S OFFICE

INTRODUCTORY SECTION

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CITY OF MISHAWAKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2016

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Rebecca S. Miller	01-01-16 to 12-31-17
Mayor	David A. Wood	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Gary E. West	01-01-16 to 12-31-16
	Kenneth B. Prince	01-01-17 to 12-31-17
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
	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

October 24, 2017

Members of the Mishawaka Common Council

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, 2016.

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.

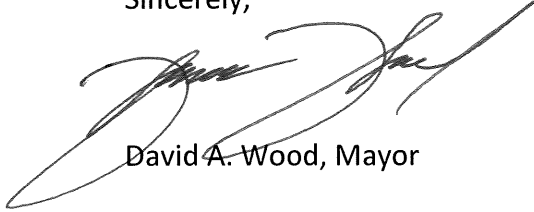
In developing and evaluating the city's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are discussed by the Controller in her accompanying letter of transmittal and within that framework, I believe that the city's internal accounting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

A handwritten signature in black ink, appearing to read "David A. Wood". The signature is fluid and cursive, with a large, sweeping initial "D".

David A. Wood, Mayor



CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

DEPARTMENT OF FINANCE
Rebecca S. Miller, Controller

October 31, 2017

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, 2016 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, 2016 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, 2016 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, 2016. 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.

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ECONOMIC CONDITION

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

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

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

Mishawaka's 2000 Census population was 46,557, and the population of Mishawaka increased to 48,252 or 3.6% according to the 2010 U.S. Census. Steady job growth and population growth have contributed to the stability of the community. As of December 2016, the South Bend/Mishawaka area unemployment rate was 4.7% compared to 5.0% in 2015. The South Bend/Mishawaka area overall resident employment remains flat at 130,912 for 2016 compared to 134,570 in 2015.

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, News and Information and Education. The St. Joseph Regional Medical Center employs approximately 2,626 people, Schurz Communications an estimate of 1,000 and the School City of Mishawaka employs approximately 823 people.

The total estimated value of new construction permits in Mishawaka during 2016 was \$98.4 million. Residential permits totaled \$8.3 million, commercial permits totaled \$86.2 million, and multi-family permits were \$8.04 million. Highlighting the 2016 building season was the \$32 million permit for the Veteran's Care Facility constructed on Trinity Drive.

In 2016, 13 new commercial permits, and 159 commercial alterations/additions were issued and new single-family housing decreased modestly to 36 from 47 in 2015. 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 33.69 acres of land in 2016.

In 2016 the City of Mishawaka continues to experience business retention and neighborhood revitalization.

56 tax abatements have been issued by the City of Mishawaka since 1986 for 38 different companies. Only seven tax abatements were outstanding at the end of 2016.

ECONOMIC INDICATORS					
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Population	48,252	48,252	48,252	48,252	48,252
Assessed Value (billions)	\$1.3	\$1.3	\$1.3	\$1.3	\$1.4
Dollar Value of Building Permits (millions)	98.4	\$85.2	\$67.8	\$53.3	\$51.6
Building Permits – New Housing	36	47	43	39	28
Labor Force (St. Joseph County)	130,912	134,570	129,684	127,505	124,968

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 2016 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 2016. 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.

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

Perpendicular to Capital Avenue on the south is the 12th Street/Harrison Road widening. This busy road connects the highly populated eastern city limits to Union Street near downtown Mishawaka. 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 evaluating where activities are best located. Mary Gibbard Park on the city's west side is undergoing a transformation based on ideas from area schoolchildren. Twin Branch Park is in its phase of improvements.

In 2008, the City of Mishawaka created its own Local Bond Bank. Over the last few years, the bond bank has funded a citywide energy plan, the purchase of a Sewer Vac, the construction of a new fire station, and a TIF Bond issue for improvements at the Battell Center. In 2017, the city will continue to make use of the Local Bond Bank by purchasing an Ambulance, Fire Truck, and implementing a new records management system at the Mishawaka Police Department. The creation of the Bond Bank has saved the City 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, 2015. 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 30 consecutive years (December 31, 1986 – December 31, 2015). 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.

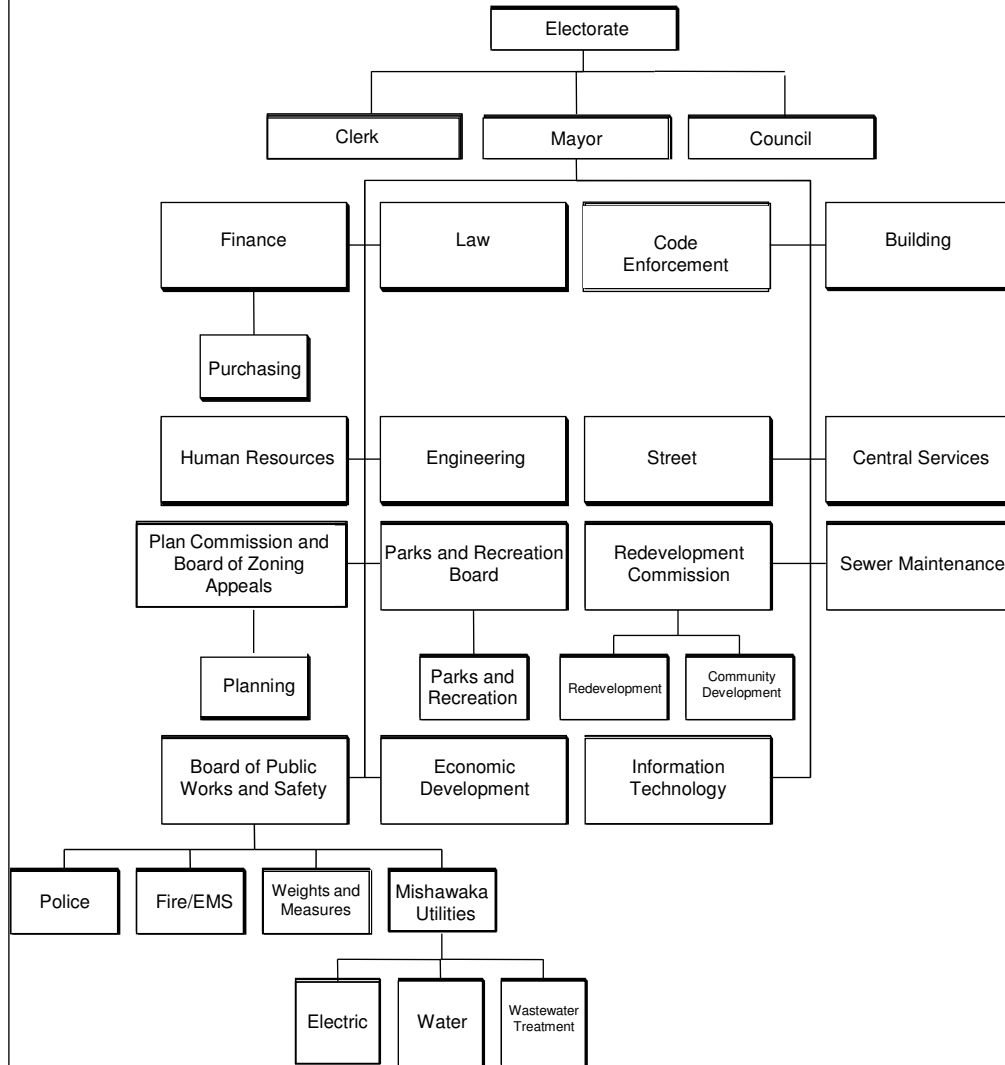
Respectfully submitted,



Rebecca S. Miller
City Controller

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

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, 2015

Executive Director/CEO

FINANCIAL SECTION

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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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information


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

Other Information

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

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

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


Paul D. Joyce, CPA
State Examiner

October 24, 2017

City of Mishawaka, Indiana
Management Discussion and Analysis
For the year ended December 31, 2016

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, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our basic financial statements and notes to the financial statements to enhance their understanding of the City of Mishawaka's financial performance.

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

Financial Highlights

- The government's total net position increased before prior period restatements by \$19,595,833. Of this amount, governmental activities net position increased by \$10,281,382 and business-type activities increased by \$9,314,451.
- As of the close of calendar year 2016, the City of Mishawaka's governmental funds reported combined ending fund balances of \$42,079,886, an increase of \$575,718 from the prior year.
- At the end of 2016, the unassigned fund balance for the General Fund was \$4,717,765 (15.6 percent of General Fund Expenditures) compared to \$3,538,777 for 2015 which was about 10.9 percent of total General Fund expenditures for that year.
- In 2016, the City adjusted net position by \$1,384,131 to correct the implementation of GASB 68 for pension liabilities and to allocate Other Postemployment Benefit Obligations between the City and Utilities. The combined adjustment to governmental funds was an increase of \$7,054,034. The Utilities were reduced by \$5,669,903.

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:

<u>Revenues</u>	<u>2016 Amount</u>	<u>% of Total</u>
Taxes: General Property	\$ 41,398,205	63.41%
Licenses and permits	667,499	1.02%
Intergovernmental	15,667,094	24.00%
Charges for services	6,584,510	10.09%
Fines and forfeits	28,782	0.04%
Interest	244,417	0.37%
Sales and Use of Property	93,795	0.14%
Gifts and Donations	144,005	0.22%
Other	461,448	0.71%
Totals	<u>\$ 65,289,755</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 2016, the increase was 4.0 percent. The above property tax revenue includes taxes collected on behalf of the following funds: General fund, Consolidated TIF, Park and Recreation fund, Motor Vehicle Highway fund, Cumulative Capital Development fund, Cumulative Sewer fund, various capital projects funds for the City of Mishawaka's Redevelopment Tax Incremental Financing (TIF) funds, and a special levy to cover debt service on general obligation bonds. Approximately 60.5 percent of the General Fund's 2016 total revenue was derived from property taxes, the Consolidated TIF Fund derived 99.2 percent of its revenue from property tax, and the Other Governmental Fund's property tax percentage was 18.0 percent of total revenue.

EDIT, COIT, and LOIT were established to support the purpose of taking the tax burden away from homeowners. The years of distribution listed are on a cash basis, not accrual. Intergovernmental revenue primarily consists of Economic Development Income Tax (EDIT), County Option Income Tax (COIT), and Public Safety Local Option Income Tax (LOIT). Economic Development Income Tax was enacted July 1, 1995 at one-tenth of a percent (0.1 percent) but was then increased by ordinance beginning in 1998 to two-tenths of a percent (0.2 percent) and in 2009 it was increased to its maximum of (0.4 percent). The City received \$3,074,496, \$3,364,145 and \$3,233,002 of EDIT distributions for the years 2014, 2015, and 2016 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 \$2,886,126, \$2,986,013 and \$3,129,540 of COIT distributions for the years 2014, 2015, and 2016 respectively. In October of 2009 a Public Safety Local Option Income Tax was enacted at .25 percent. The City received \$2,228,924, \$2,285,289 and \$2,288,352 of Public Safety LOIT distributions for the years 2014, 2015, and 2016, respectively. In addition, in 2016 the city received a one-time LOIT Special Distribution of \$1,871,071. Of that amount \$467,071 was deposited into the City's Rainy Day fund and \$1,404,000 was deposited into the City's LOIT Special Distribution Fund. 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, 2016.

<u>Expenditures</u>	<u>2016 Amount</u>	<u>% of Total</u>
General Government	\$ 7,547,495	11.28%
Public Safety	28,691,740	42.90%
Highways and Streets	8,805,167	13.16%
Infrastructure	9,808,689	14.66%
Sanitation	1,898,991	2.84%
Culture and Recreation	4,354,081	6.51%
Community Development	5,291,181	7.91%
Debt service	495,510	0.74%
Totals	<u>\$ 66,892,854</u>	<u>100.00%</u>

The City of Mishawaka breaks its general government expenditures into six categories: general government, public safety, highways and streets, sanitation, culture and recreation, and community development. Combined in the expenditure totals are also capital outlay which is listed separately on the statement of revenues, expenditures, and changes in fund balances for governmental funds. Debt service is also listed separately in the report. As you can see in the above summary, Public Safety has the highest total of expenditures at \$28,691,740 or 42.90 percent of the total expenditure. Infrastructure and Highways and Streets are at 14.66 percent and 13.16 percent respectively. Data for each non-major fund is provided in the form of combining statements elsewhere in this report.

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

The City of Mishawaka maintains 34 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General 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 non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds: Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Information is provided separately in the Statement of Net Position - Proprietary Funds and Statement of Revenues, Expense, and Changes in Fund Net Position - Proprietary Funds for the electric, water, and wastewater utilities which are considered major funds. Proprietary funds use the accrual basis of accounting. The City of Mishawaka maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Mishawaka maintains three enterprise funds to account for its electric, water and wastewater utilities. Internal service funds are

an accounting device used to accumulate and allocate costs internally among the City of Mishawaka's various functions. The City of Mishawaka uses an internal service fund to account for its self-funding group health insurance. Because these services predominantly benefit governmental rather than business-type activities, it has been included within the governmental activities in the government-wide financial statements but is combined into an aggregated presentation in the proprietary fund financial statements.

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

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

Pension Trust Fund Operations

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

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

Notes to the Financial Statements

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

Other Information

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

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2016	2015*	2016	2015*	2016	2015*
Current and other assets	\$ 46,982,571	\$ 47,849,668	\$ 39,082,598	\$ 37,681,897	\$ 86,065,169	\$ 85,531,565
Capital assets	225,616,571	219,174,311	202,650,010	199,367,940	428,266,581	418,542,251
Total assets	<u>272,599,142</u>	<u>267,023,979</u>	<u>241,732,608</u>	<u>237,049,837</u>	<u>514,331,750</u>	<u>504,073,816</u>
Deferred outflows of resources	<u>8,366,786</u>	<u>5,960,641</u>	<u>3,111,938</u>	<u>4,232,354</u>	<u>11,478,724</u>	<u>10,192,995</u>
Long-term liabilities	76,983,067	84,024,682	86,321,428	87,447,086	163,304,495	171,471,768
Other liabilities	3,381,800	2,202,145	9,134,733	9,264,445	12,516,533	11,466,590
Total liabilities	<u>80,364,867</u>	<u>86,226,827</u>	<u>95,456,161</u>	<u>96,711,531</u>	<u>175,821,028</u>	<u>182,938,358</u>
Deferred inflows of resources	<u>4,709,106</u>	<u>8,201,254</u>	<u>1,338,226</u>	<u>165,049</u>	<u>6,047,332</u>	<u>8,366,303</u>
Net position:						
Net Investment						
In capital assets	218,989,656	214,446,601	126,947,050	118,062,724	345,936,706	332,509,325
Restricted	-	-	10,524,235	9,445,036	10,524,235	9,445,036
Unrestricted	(23,097,701)	(35,890,062)	10,578,874	16,897,851	(12,518,827)	(18,992,211)
Total net position	<u>\$ 195,891,955</u>	<u>\$ 178,556,539</u>	<u>\$ 148,050,159</u>	<u>\$ 144,405,611</u>	<u>\$ 343,942,114</u>	<u>\$ 322,962,150</u>

* For this presentation, the 2015 column balances were not restated for prior period adjustments.

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, 2016, the City of Mishawaka's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$343,942,114 an increase of \$20,979,964 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 \$345,936,706.

At year end the City of Mishawaka's net position was \$343,942,114. This amount is made up of \$345,936,706 of net investment in capital assets (e.g. land, buildings, machinery, and equipment); \$10,524,235 of assets with external restrictions upon its use; and \$(12,518,827) of unrestricted assets for future use as directed by management.

Summary of Changes in Net Position

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

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015*	2016	2015*	2016	2015*
REVENUES						
Program revenues:						
Charges for services	\$ 7,813,037	\$ 8,098,246	\$ 84,066,387	\$ 78,412,590	\$ 91,879,424	\$ 86,510,836
Operating grants and contributions	3,038,523	1,134,528	-	-	3,038,523	1,134,528
Capital grants and contributions	5,382,141	5,370,541	-	-	5,382,141	5,370,541
General revenues:						
Property taxes	41,045,625	39,581,788	-	-	41,045,625	39,581,788
Other taxes	4,314,643	7,420,415	-	-	4,314,643	7,420,415
Grants and contributions not restricted to specific programs	3,964,503	3,840,427	-	-	3,964,503	3,840,427
Unrestricted investment earnings	244,416	170,391	233,708	113,383	478,124	283,774
Other revenue	467,742	549,575	-	-	467,742	549,575
Total revenues	66,270,630	66,165,911	84,300,095	78,525,973	150,570,725	144,691,884
EXPENSES						
General government	6,984,185	7,740,465	-	-	6,984,185	7,740,465
Public safety	24,360,149	28,561,331	-	-	24,360,149	28,561,331
Highways and streets	10,888,630	7,522,968	-	-	10,888,630	7,522,968
Sanitation	1,898,990	2,152,972	-	-	1,898,990	2,152,972
Community Development	2,435,052	1,692,140	-	-	2,435,052	1,692,140
Culture and recreation	4,440,140	6,862,161	-	-	4,440,140	6,862,161
Interest on long-term debt	104,744	47,206	-	-	104,744	47,206
Water utility	-	-	7,347,111	6,899,397	7,347,111	6,899,397
Wastewater utility	-	-	13,064,822	14,450,623	13,064,822	14,450,623
Electric utility	-	-	59,451,069	54,766,652	59,451,069	54,766,652
Total expenses	51,111,890	54,579,243	79,863,002	76,116,672	130,974,892	130,695,915
Changes in net position before transfers	15,158,740	11,586,668	4,437,093	2,409,301	19,595,833	13,995,969
Transfers	(4,877,358)	(3,236,872)	4,877,358	3,236,872	-	-
Change in net position	10,281,382	8,349,796	9,314,451	5,646,173	19,595,833	13,995,969
Net Position-Beginning, restated	185,610,573	170,206,743	138,735,708	138,759,438	324,346,281	308,966,181
Net Position-Ending	\$ 195,891,955	\$ 178,556,539	\$ 148,050,159	\$ 144,405,611	\$ 343,942,114	\$ 322,962,150

* For this presentation, the 2015 column balances were not restated for prior period adjustments.

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 74.9 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 2015 to 2016 by \$17,335,416 after the restatement.

Charges for services revenue decreased by \$285,209.

Operating grants and contributions increased by \$1,903,995.

Capital grants and contributions decreased by \$11,600.

Grants and contributions not restricted to specific programs increased in 2016 by \$124,076.

Overall, property tax revenue increased by \$1,463,837. Revenue was less than budgeted due to approximately \$4.33 million of circuit breaker losses and to a smaller extent, taxpayer delinquencies.

Unrestricted investment earnings increased by \$74,025.

Other revenue decreased by \$81,833.

Governmental expenses decreased by \$3,467,353 or -6.3 percent. The net decrease resulted from decreased spending for public safety and culture and recreation.

Business-Type Activities:

Business-Type Activities net position increased by \$3,644,548 after the restatement.

Overall, utility revenues increased in 2016 by \$5,774,122. This is primarily due to power cost tracking factor adjustments in the electric utility being passed on to customers.

The expenses of the Business-Type activities increased \$3,746,330 from 2015 or 4.9 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 \$42,079,886, an increase of \$575,718 from the prior year. The City of Mishawaka's long term focus is to match annual service costs with available revenues.

The General fund had an increase in fund balance of \$1,520,049, and the Consolidated TIF fund had an increase of \$109,583. Due to Circuit Breaker losses, prudent and conservative spending continues to be emphasized in the General Fund (and all other tax supported funds) to ensure both fiscal and operational accountability to citizens, review bodies and creditors.

Seventeen funds had lower fund balances at 2016 year end. Of note, the Public Safety fund decreased \$988,038 due to transfers from the fund to support debt service and increased public safety costs. The overall fund balance in this fund remains strong. The Community Development Fund decreased by \$429,258 due to the irregular timing of expenditures for this fund. Finally, the Local Major Moves Construction Fund decreased \$576,469 due to planned capital outlays authorized from this funding source.

A loss of property tax revenue (Circuit Breaker) had an effect on the fund balances as a whole. The 2016 final tax settlement was a net 81.1% percent of revenues with a shortage of \$4,333,520. Overall the City of Mishawaka has very prudent spending philosophies and will continue this in the future. Individual fund data for each of the non-major governmental funds is provided in the form of the combining statements in the Supplemental Information portion.

The General fund is also the chief operating fund of the City of Mishawaka. As of December 31, 2016, the unassigned fund balance was \$4,717,765, and the total fund balance in the General fund was \$5,288,431, an increase of \$1,520,049 from 2015. 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 15.5 percent of the total General fund expenditures. The total grows to 17.5 percent when total fund balance is compared to General fund expenditures.

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

Proprietary Funds:

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

The water and wastewater utilities saw an increase in their net position, while the electric utility saw a decrease in net position in 2016. The total net position for the City of Mishawaka's enterprise funds were increased by \$3,644,548 after the effects of the prior period restatements. Of this, net investment of capital assets increased by \$8,884,326, restricted increased by \$1,079,199 and unrestricted net position decreased \$6,318,977. Overall cash and cash equivalents increased \$558,800. The total liabilities for the enterprise funds had a decrease from 2015 of \$1,386,187.

The Internal Service Fund unrestricted net position was \$(146,462).

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

Fiduciary Funds:

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

General Fund Budgetary Highlights

The City of Mishawaka adopts an annual appropriated budget for its General fund. A Budgetary Comparison Schedule has been provided for the General fund to demonstrate compliance with this budget. The final budget was more than the original budget by \$321,853. 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 2016, the submitted budget to the state was increased with encumbrances from 2015 by \$570,666. A budget adjustment of \$321,583 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 2016 were \$1,331,398 under and expenditures were \$2,988,027 under the final budget amount.

Only one revenue category was under budget in 2016; Property tax revenue was \$4,333,520 less than expected. Tax collection due to Circuit Breaker was 81.1 percent. In 2015 it was 79.41 percent. As assessed value for the City goes down, Circuit Breaker losses increase. In 2016, Intergovernmental revenue came in higher than budget by \$901,911.

In 2016, 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, 2016, amounts to \$428,266,581 (net of accumulated depreciation), which represents a net increase (additions less retirements and depreciation) of \$9,724,330. This investment in capital assets includes land, construction in progress, buildings, improvements, equipment, vehicles, and roads. A detailed note of these capital assets can be found in the Notes to the Financial Statements (Note III. C.).

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 13,463,667	\$ 13,581,917	\$ 1,520,946	\$ 1,520,946	\$ 14,984,613	\$ 15,102,863
Construction in progress	23,603,743	24,595,183	6,468,537	3,223,806	30,072,280	27,818,989
Buildings	26,282,111	26,994,433	34,935,021	35,875,715	61,217,132	62,870,148
Improvement other than buildings	21,768,139	22,755,935	143,232,014	141,658,827	165,000,153	164,414,762
Machinery and equipment	9,938,182	8,216,848	15,549,377	15,955,558	25,487,559	24,172,406
Transportation			944,115	1,133,088	944,115	1,133,088
Infrastructure being depreciated	130,560,729	123,029,995			130,560,729	123,029,995
Total	\$ 225,616,571	\$ 219,174,311	\$ 202,650,010	\$ 199,367,940	\$ 428,266,581	\$ 418,542,251

	Governmental Activities	Business-Type Activities	Totals
Beginning Balance	\$ 219,174,311	\$ 199,367,940	\$ 418,542,251
Additions	23,171,686	13,073,828	36,245,514
Retirements:			
Land	(118,250)	-	(118,250)
CIP	(8,972,556)	(1,661,128)	(10,633,684)
Other	(511,532)	(728,425)	(1,239,957)
Depreciation (Net)	<u>(7,127,088)</u>	<u>(7,402,205)</u>	<u>(14,529,293)</u>
Ending Balance	<u>\$ 225,616,571</u>	<u>\$ 202,650,010</u>	<u>\$ 428,266,581</u>

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

- Fir Road connector - \$4.12 million, 2016 completion
- Mishawaka Avenue Upgrades Phase I and II - \$4.1 million, 2016 completion
- Lowell and Edgar Avenue - \$184 thousand, 2016 completion
- Reconstruct Cedar Street - \$564 thousand, 2016 completion

Debt Outstanding

At December 31, 2016, the City had \$945,000 and the enterprise funds had \$71,000,000 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 decreased \$5,660,000 from the prior year.

Outstanding Bonds Debt at Year-End

	<u>2016</u>	<u>2015</u>
Governmental:		
Tax Increment	\$ 945,000	\$ 975,000
Business-Type:		
Water Utility	9,535,000	11,290,000
Wastewater Utility	<u>61,465,000</u>	<u>65,340,000</u>
Sub-total	<u>71,000,000</u>	<u>76,630,000</u>
Total	<u>\$ 71,945,000</u>	<u>\$ 77,605,000</u>

Net principal bond payments of \$30,000 and \$5,630,000 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 Highlights

The City of Mishawaka is located in the north central part of the State of Indiana. The City of Mishawaka is approximately 140 miles north of Indianapolis and 100 miles east of Chicago. 2017 looks to be a continuation of previous years with continued steady growth. The City of Mishawaka's building permit total dollar amount was \$86.2 million in 2016, an increase of \$29.2 million from the previous year. New housing starts were down from 47 to 36. The City of Mishawaka tends to be an affordable place to live as the median home cost, obtained by City-Data.com is \$99,639. The City of Mishawaka annexed 33.69 acres in 2016. 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 2016, the City was awarded \$5.26 million from the Regional Cities initiative. This funding will be used to build The Mill, a 232 apartment structure with a parking garage and retail area. The developer is Flaherty & Collins from Indianapolis and the groundbreaking is to be in July 2017. The City of Mishawaka's 2000 census number was 46,557 the 2010 census number was 48,252 a 3.6 percent increase in the last ten years. Unemployment in St Joseph County Indiana is at 5.1 percent as recorded in January 2016. This is an improvement from 6.5 percent in December 2015. Total Labor force for St. Joseph County decreased to 130,912 as noted in June 2016 as compared to 134,570 in December 2015.

In 2005, the State of Indiana enacted a phase in of a Circuit Breaker. The Circuit Breaker legislation (amended in 2008) had its greatest reduction of all residential property tax in 2010 (1 percent). In 2016, 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 2016, the City only received 81.5 percent of its distribution of property tax. Due to the property tax caps (Circuit Breaker), the City was left short \$4.9 million in funds. With these expected losses each year and with debt in St. Joseph County falling below the levy in 2019 the City is doing long range forecasting and analysis with an outside consultant to prepare for as little disruption as possible to City services and finances.

Continuing in 2017 the City will still have to maintain a conservative stance on spending, the health insurance program will be adjusted, and costs of services will be analyzed. The Mishawaka Health and Wellness clinic opened in August 2015 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 FY2017 Civil City Budget is \$52,926,916 which is 4.7 percent higher than in FY2016. The General fund budget for FY2017 is \$31,586,392, which is 5.69 percent lower than FY2016. The goal in 2016 was to budget higher and underspend, hoping to increase cash reserves. This was attained with the General fund increasing by 64.4 percent. Besides underspending, gas and oil costs were lower than expected, also attributing to this increase.

City Highlights:

- The Redevelopment Department's First Time Homebuyer Program administered by the South Bend Housing consortium continues to be a success in 2016. Seven new homes were built, and since 2004, the Redevelopment Department has built 50 new homes through this program.
- Since 2006, the City of Mishawaka has collaborated with local churches to create the program known as Summer of Service. In 2016, the City again joined efforts with faith-based organizations to complete service and repair projects on two homes in the City of Mishawaka.

- For the last ten years, the City of Mishawaka Code Enforcement Department has highlighted 100 structures that they feel need attention, and in 2016 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 5.5 miles of street in 2016.
- In 2016, the City continues to provide funding for the Park Improvement Plan. The City has 31 parks that will need updating over the next several years. Twin Branch received a new parking lot 2016 and will see another \$500,000 in improvements 2017 which will include new playground.
- Grandview Planned Unit Development, an \$8 million apartment complex was built by Great Lakes Capital.
- In late summer River Rock apartment complex opened overlooking the river on Mishawaka Avenue near Main Street.

Requests for Information

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

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CITY OF MISHAWAKA
STATEMENT OF NET POSITION
As of December 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ 33,699,841	\$ 8,151,082	\$ 41,850,923	\$ 2,742,918
Receivables (Net of Allowances for Uncollectibles):				
Interest	1,592	-	1,592	-
Taxes	1,237,321	-	1,237,321	-
Accounts	657,442	5,413,251	6,070,693	-
Other	-	356,430	356,430	-
Intergovernmental	602,194	-	602,194	-
Loans	3,375,030	-	3,375,030	3,739,301
Inventories	-	3,337,178	3,337,178	-
Prepaid expense	465,314	295,920	761,234	-
Restricted assets:				
Cash and cash equivalents	-	21,528,737	21,528,737	-
Assets held for resale	6,943,837	-	6,943,837	-
Capital assets:				
Land and construction in progress	37,067,410	7,989,483	45,056,893	-
Other capital assets, net of depreciation	188,549,161	194,660,527	383,209,688	-
Total assets	272,599,142	241,732,608	514,331,750	6,482,219
Deferred outflows of resources				
Deferred amount on refunding	-	345,969	345,969	-
Deferred utility ratemaking expenses	-	1,148,408	1,148,408	-
Deferred pension	8,366,786	1,617,561	9,984,347	-
Total deferred outflows of resources	8,366,786	3,111,938	11,478,724	-
Liabilities				
Accounts payable	2,926,137	4,553,893	7,480,030	-
Accrued payroll and withholdings payable	47,361	162,600	209,961	-
Contracts payable	373,013	-	373,013	-
Taxes payable	-	248,933	248,933	-
Accrued interest payable	23,477	924,517	947,994	-
Payable from restricted assets:				
Customer deposits	-	3,244,790	3,244,790	-
Contracts payable	-	-	-	-
Interest payable	11,812	-	11,812	-
Noncurrent liabilities:				
Due within one year:				
Revenue bonds payable	-	5,865,000	5,865,000	-
TIF bonds payable	30,000	-	30,000	-
Compensated absences	604,892	57,605	662,497	-
Capital lease obligations	266,668	-	266,668	-
Notes and loans payable	77,163	107,000	184,163	-
Due in more than one year:				
Revenue bonds payable (net of unamortized premiums)	-	68,354,984	68,354,984	-
TIF bonds payable (net of unamortized discounts)	915,000	-	915,000	-
Compensated absences	226,522	208,685	435,207	-
Capital lease obligations	3,976,894	389,100	4,365,994	-
Notes and loans payable	1,361,190	1,667,000	3,028,190	-
Net other postemployment benefits obligation	19,518,529	5,166,597	24,685,126	-
Net pension liability	50,006,209	4,505,457	54,511,666	-
Total liabilities	80,364,867	95,456,161	175,821,028	-
Deferred inflows of resources				
Deferred pension	4,709,106	1,338,226	6,047,332	-
Property Taxes	-	-	-	-
Total deferred inflows of resources	4,709,106	1,338,226	6,047,332	-
Net Position				
Net invested in capital assets	218,989,656	126,947,050	345,936,706	-
Restricted for:				
Debt service	-	9,770,235	9,770,235	-
Capital projects	-	754,000	754,000	6,482,219
Unrestricted	(23,097,701)	10,578,874	(12,518,827)	-
Total net position	\$ 195,891,955	\$ 148,050,159	\$ 343,942,114	\$ 6,482,219

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, 2016

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	\$ 6,984,185	\$ 683,102	\$ 1,422,639	\$ -	\$ (4,878,444)	\$ -	\$ (4,878,444)	\$ -
Public safety	24,360,149	3,229,147	1,430,395	163,599	(19,537,008)	-	(19,537,008)	-
Highways and streets	10,888,630	771,257	-	5,218,542	(4,898,831)	-	(4,898,831)	-
Sanitation	1,898,990	1,868,353	-	-	(30,637)	-	(30,637)	-
Community development	2,435,052	463,804	185,489	-	(1,785,759)	-	(1,785,759)	-
Culture and recreation	4,440,140	797,374	-	-	(3,642,766)	-	(3,642,766)	-
Interest on long-term debt	104,744	-	-	-	(104,744)	-	(104,744)	-
Total governmental activities	51,111,890	7,813,037	3,038,523	5,382,141	(34,878,189)	-	(34,878,189)	-
Business-type activities:								
Water	7,347,111	9,989,708	-	-	-	2,642,597	2,642,597	-
Wastewater	13,064,822	12,802,189	-	-	-	(262,633)	(262,633)	-
Electric	59,451,069	61,274,490	-	-	-	1,823,421	1,823,421	-
Total business-type activities	79,863,002	84,066,387	-	-	-	4,203,385	4,203,385	-
Total primary government	\$ 130,974,892	\$ 91,879,424	\$ 3,038,523	\$ 5,382,141	(34,878,189)	4,203,385	(30,674,804)	-
General revenues:								
Property taxes					41,045,625	-	41,045,625	-
Other taxes					4,314,643	-	4,314,643	-
Grants and contributions not restricted to specific programs					3,964,503	-	3,964,503	-
Unrestricted investment earnings					244,416	233,708	478,124	97,373
Other					467,742	-	467,742	-
Transfers					(4,877,358)	4,877,358	-	-
Total general revenues and transfers					45,159,571	5,111,066	50,270,637	97,373
Change in net position					10,281,382	9,314,451	19,595,833	97,373
Net position - beginning					178,556,539	144,405,611	322,962,150	6,384,846
Net position - adjustment - OPEB Allocation					4,601,999	(4,601,999)	-	-
Net position - adjustment - GASB 68					2,452,035	(1,067,904)	1,384,131	-
Net position - ending					\$ 195,891,955	\$ 148,050,159	\$ 343,942,114	\$ 6,482,219

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

CITY OF MISHAWAKA
BALANCE SHEET -
GOVERNMENTAL FUNDS
As of December 31, 2016

	General	Consolidated TIF	Nonmajor Governmental Funds	Totals
<u>Assets</u>				
Cash and Cash Equivalents	\$ 4,731,164	\$ 9,897,458	\$ 18,323,472	\$ 32,952,094
Receivables (Net of Allowances for Uncollectibles):				
Interest	909	683	-	1,592
Taxes	636,149	490,936	110,236	1,237,321
Accounts	654,863	-	2,579	657,442
Intergovernmental	47,436	-	554,758	602,194
Loans	-	3,000,000	375,030	3,375,030
Assets held for resale	-	6,943,837	-	6,943,837
Total assets	<u>\$ 6,070,521</u>	<u>\$ 20,332,914</u>	<u>\$ 19,366,075</u>	<u>\$ 45,769,510</u>
<u>Liabilities, Deferred inflows of Resources, and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 135,744	\$ 411,907	\$ 1,484,278	\$ 2,031,929
Accrued payroll and withholdings payable	10,197	-	37,164	47,361
Contracts payable	-	373,013	-	373,013
Total liabilities	<u>145,941</u>	<u>784,920</u>	<u>1,521,442</u>	<u>2,452,303</u>
Deferred inflows of resources - property taxes	<u>636,149</u>	<u>490,936</u>	<u>110,236</u>	<u>1,237,321</u>
Fund Balances:				
Non-spendable				
Long-term loans receivable	-	2,500,000	335,061	2,835,061
Assets held for resale	-	6,943,837	-	6,943,837
Restricted	-	9,613,221	11,164,353	20,777,574
Committed	-	-	1,965,780	1,965,780
Assigned	570,666	-	4,269,203	4,839,869
Unassigned	4,717,765	-	-	4,717,765
Total fund balances	<u>5,288,431</u>	<u>19,057,058</u>	<u>17,734,397</u>	<u>42,079,886</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,070,521</u>	<u>\$ 20,332,914</u>	<u>\$ 19,366,075</u>	<u>\$ 45,769,510</u>

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

CITY OF MISHAWAKA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of December 31, 2016

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

Total fund balances		\$ 42,079,886
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds.		
Land and construction in progress	\$ 37,067,410	
Other capital assets, net of depreciation	<u>188,549,161</u>	
Total		225,616,571
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in funds.		
Prepaid expenses		465,314
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.		
		(146,462)
Deferred outflows and deferred inflows related to pension obligations are included in the governmental activities in the statement of net position		
		3,657,680
Short-term liabilities that are not recognized in governmental funds until due		
Accrued interest payable.	(35,288)	
Current portion of long-term debt	(30,000)	
Compensated absences	(604,892)	
Capital lease obligations	(266,668)	
Notes and loans payable	<u>(77,163)</u>	
Total		(1,014,011)
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	(915,000)	
Compensated absences	(226,522)	
Capital lease obligations	(3,976,894)	
Notes and loans payable	(1,361,190)	
Net other postemployment benefits obligation	(19,518,529)	
Net pension liability	<u>(50,006,209)</u>	
Total		(76,004,344)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
		<u>1,237,321</u>
Total		<u>\$ 195,891,955</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, 2016

	General	Consolidated TIF	Nonmajor Governmental Funds	Total
Revenues:				
Taxes	\$ 18,579,367	\$ 19,608,252	\$ 3,210,586	\$ 41,398,205
Licenses and permits	540,531	-	126,968	667,499
Intergovernmental	5,373,714	-	10,293,380	15,667,094
Charges for services	2,945,509	65,864	3,573,137	6,584,510
Fines and forfeits	22,173	-	6,609	28,782
Interest	149,985	88,850	5,582	244,417
Sale and use of property	1,121	-	92,674	93,795
Gifts and donations	-	-	144,005	144,005
Other	79,518	2,086	379,844	461,448
Total Revenues	27,691,918	19,765,052	17,832,785	65,289,755
Expenditures:				
Current:				
General government	5,681,795	-	835,980	6,517,775
Public safety	23,817,916	-	3,536,997	27,354,913
Highways and streets	322,799	-	5,387,887	5,710,686
Sanitation	11,154	-	1,887,837	1,898,991
Culture and recreation	-	-	2,918,799	2,918,799
Community development	369,490	687,186	701,830	1,758,506
Debt Service:				
Principal	-	-	372,097	372,097
Interest and fiscal charges	-	-	123,413	123,413
Capital Outlay:				
General government	65,170	260,655	703,895	1,029,720
Public safety	-	-	1,336,827	1,336,827
Highways and streets	-	1,446,656	1,647,825	3,094,481
Infrastructure	-	9,808,689	-	9,808,689
Culture and recreation	-	1,179,251	256,031	1,435,282
Community development	-	2,863,682	668,993	3,532,675
Total Expenditures	30,268,324	16,246,119	20,378,411	66,892,854
Excess (deficiency) of revenues Over (under) expenditures	(2,576,406)	3,518,933	(2,545,626)	(1,603,099)
Other financing sources (uses):				
Transfers in	4,096,455	-	376,197	4,472,652
Transfers out	-	(3,409,350)	(328,053)	(3,737,403)
Issuance of debt	-	-	1,443,568	1,443,568
Total other financing sources and uses	4,096,455	(3,409,350)	1,491,712	2,178,817
Net change in fund balances	1,520,049	109,583	(1,053,914)	575,718
Fund Balance - January 1	3,768,382	18,947,475	18,788,311	41,504,168
Fund Balances - December 31	\$ 5,288,431	\$ 19,057,058	\$ 17,734,397	\$ 42,079,886

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, 2016

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

Net change in fund balance - total governmental funds \$ 575,718

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	\$ 14,180,155	
Less current year depreciation expense	(7,601,625)	
Less adjustment for contribution of land	(118,250)	
Less adjustment for depreciation on disposed assets	<u>(18,020)</u>	
Total		6,442,260

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds (352,580)

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		372,097
Lease proceeds		(1,443,568)

Expenses related to other post employment benefits obligations are reported in the government wide statement of activities (2,132,959)

Expense related to pension obligations are reported in the government wide statement of activities 6,941,701

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.	\$ (25,212)	
Change in prepaid expenses	(33,063)	
Change in compensated absences	<u>7,888</u>	
Total		(50,387)

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. (70,900)

Change in net position of governmental activities (Statement of Activities) \$ 10,281,382

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

CITY OF MISHAWAKA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2016

	Business-Type Activities -Enterprise Funds			Total	Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility		
Assets					
Current assets:					
Unrestricted:					
Cash and cash equivalents	\$ 3,713,181	\$ 2,746,491	\$ 1,691,410	\$ 8,151,082	\$ 747,747
Accounts receivable (net of allowance)	446,499	787,244	4,179,508	5,413,251	-
Accounts receivable - other (net of allowance)	3,179	-	353,251	356,430	-
Inventories	198,282	-	3,138,896	3,337,178	-
Prepaid items	82,728	120,720	92,472	295,920	-
Total unrestricted current assets	4,443,869	3,654,455	9,455,537	17,553,861	747,747
Restricted:					
Restricted cash and cash equivalents:					
Customer deposits	598,656	3,115	2,643,019	3,244,790	-
Revenue bond covenant accounts	3,650,028	6,120,207	-	9,770,235	-
Reserve account	-	-	754,000	754,000	-
Repair account	-	7,759,712	-	7,759,712	-
Total restricted current assets	4,248,684	13,883,034	3,397,019	21,528,737	-
Total current assets	8,692,553	17,537,489	12,852,556	39,082,598	747,747
Capital assets:					
Land and construction in progress	691,386	6,990,365	307,732	7,989,483	-
Other capital assets (net of accumulated depreciation)	39,432,585	117,338,458	37,889,484	194,660,527	-
Total capital assets	40,123,971	124,328,823	38,197,216	202,650,010	-
Total noncurrent assets	40,123,971	124,328,823	38,197,216	202,650,010	-
Total assets	48,816,524	141,866,312	51,049,772	241,732,608	747,747
Deferred outflows of resources:					
Deferred amount on refunding	158,144	187,825	-	345,969	-
Deferred utility ratemaking expenses	154,511	325,102	668,795	1,148,408	-
Deferred pension	350,630	565,670	701,261	1,617,561	-
Total deferred outflows of resources	663,285	1,078,597	1,370,056	3,111,938	-

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

CITY OF MISHAWAKA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2016
(Continued)

	Business-Type Activities -Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
<u>Liabilities</u>					
Current liabilities:					
Unrestricted:					
Accounts payable	\$ 61,186	\$ 177,586	\$ 4,315,121	\$ 4,553,893	\$ 894,209
Accrued payroll and withholdings payable	33,308	38,426	90,866	162,600	-
Taxes payable	-	-	248,933	248,933	-
Accrued interest payable	-	924,517	-	924,517	-
Compensated absences	12,262	10,550	34,793	57,605	-
Total unrestricted current liabilities	<u>106,756</u>	<u>1,151,079</u>	<u>4,689,713</u>	<u>5,947,548</u>	<u>894,209</u>
Restricted:					
Customer deposits	598,656	3,115	2,643,019	3,244,790	-
Notes and loans payable	-	107,000	-	107,000	-
Revenue bonds payable	1,800,000	4,065,000	-	5,865,000	-
Total restricted current liabilities	<u>2,398,656</u>	<u>4,175,115</u>	<u>2,643,019</u>	<u>9,216,790</u>	<u>-</u>
Total current liabilities	<u>2,505,412</u>	<u>5,326,194</u>	<u>7,332,732</u>	<u>15,164,338</u>	<u>894,209</u>
Noncurrent liabilities:					
Unrestricted:					
Compensated absences	58,153	53,171	97,361	208,685	-
Capital lease obligations	110,365	93,682	185,053	389,100	-
Total unrestricted noncurrent liabilities	<u>168,518</u>	<u>146,853</u>	<u>282,414</u>	<u>597,785</u>	<u>-</u>
Restricted:					
Notes and loans payable	-	1,667,000	-	1,667,000	-
Revenue bonds payable (net of unamortized premiums)	7,743,622	60,611,362	-	68,354,984	-
Net other postemployment benefits obligation	1,444,080	1,530,478	2,192,039	5,166,597	-
Net pension liability	957,010	1,634,426	1,914,021	4,505,457	-
Total restricted noncurrent liabilities	<u>10,144,712</u>	<u>65,443,266</u>	<u>4,106,060</u>	<u>79,694,038</u>	<u>-</u>
Total noncurrent liabilities	<u>10,313,230</u>	<u>65,590,119</u>	<u>4,388,474</u>	<u>80,291,823</u>	<u>-</u>
Total liabilities	<u>12,818,642</u>	<u>70,916,313</u>	<u>11,721,206</u>	<u>95,456,161</u>	<u>894,209</u>
Deferred inflows of resources:					
Deferred pension	324,040	366,107	648,079	1,338,226	-
<u>Net Position</u>					
Net invested in capital assets	30,581,020	58,353,867	38,012,163	126,947,050	-
Restricted for debt service and other purposes				-	
Debt service	3,650,028	6,120,207	-	9,770,235	-
Capital projects	-	-	754,000	754,000	-
Unrestricted	2,106,079	7,188,415	1,284,380	10,578,874	(146,462)
Total net position	<u>\$ 36,337,127</u>	<u>\$ 71,662,489</u>	<u>\$ 40,050,543</u>	<u>\$ 148,050,159</u>	<u>\$ (146,462)</u>

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

CITY OF MISHAWAKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

	Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
Operating revenues:					
Unmetered water revenue	\$ 4,481	\$ -	\$ -	\$ 4,481	\$ -
Metered revenue					
Residential	3,178,833	-	26,692,549	29,871,382	-
Commercial	3,291,437	-	33,149,996	36,441,433	-
Public street and highway lighting	-	-	490,097	490,097	-
Fire protection revenue	1,688,615	-	-	1,688,615	-
Penalties	42,046	182,510	230,575	455,131	-
Measured revenue:					
Residential	-	5,981,047	-	5,981,047	-
Commercial	-	6,467,737	-	6,467,737	-
Other	528,898	151,389	688,898	1,369,185	11,390,892
Total Revenues	8,734,310	12,782,683	61,252,115	82,769,108	11,390,892
Operating expenses:					
Source of supply and expense - operations and maintenance	1,220,008	1,600,648	-	2,820,656	-
Transmission and distribution	1,815,913	-	4,429,084	6,244,997	-
Treatment and disposal expense - operations and maintenance	1,007,436	360,322	-	1,367,758	-
Customer accounts	186,187	-	692,602	878,789	-
Administration and general	1,263,232	2,306,317	3,805,023	7,374,572	-
Insurance claims and premiums	-	-	-	-	11,461,792
Purchase power	-	-	47,969,004	47,969,004	-
Sewer - operation and maintenance	-	2,217,624	-	2,217,624	-
Pretreatment - operation and maintenance	-	59,193	-	59,193	-
Chemicals	-	190,313	-	190,313	-
Depreciation	1,500,411	3,766,504	2,527,998	7,794,913	-
Total operating expenses	6,993,187	10,500,921	59,423,711	76,917,819	11,461,792
Operating income (loss)	1,741,123	2,281,762	1,828,404	5,851,289	(70,900)
Nonoperating revenues (expenses):					
Interest and investment revenue	61,401	151,395	20,912	233,708	-
Miscellaneous revenue	1,255,398	-	2,025	1,257,423	-
Interest expense	(292,567)	(2,552,522)	-	(2,845,089)	-
Amortization expense	(35,641)	(11,379)	(27,358)	(74,378)	-
Gain/(Loss) on disposal of assets	(25,716)	19,506	20,350	14,140	-
Total nonoperating revenues (expenses)	962,875	(2,393,000)	15,929	(1,414,196)	-
Income (loss) before contributions and transfers	2,703,998	(111,238)	1,844,333	4,437,093	(70,900)
Capital contributions - net	589,699	4,980,480	42,428	5,612,607	-
Payments in lieu of taxes	(649,324)	(1,842,102)	(603,823)	(3,095,249)	-
Transfers in/(out)	-	3,360,000	(1,000,000)	2,360,000	-
Change in net position	2,644,373	6,387,140	282,938	9,314,451	(70,900)
Total net position - beginning	35,204,488	67,241,918	41,959,205	144,405,611	(75,562)
Total net position - adjustment - other postemployment benefits obligation	(1,286,273)	(1,363,229)	(1,952,497)	(4,601,999)	-
Total net position - adjustment - pension and deferred charges	(225,461)	(603,340)	(239,103)	(1,067,904)	-
Total net position - ending	\$ 36,337,127	\$ 71,662,489	\$ 40,050,543	\$ 148,050,159	\$ (146,462)

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, 2016

	Water Utility	Wastewater Utility	Electric Utility	Totals	Internal Service Fund
Cash flows from operating activities:					
Receipts from customers and users	\$ 8,679,797	\$ 12,714,385	\$ 60,017,670	\$ 81,411,852	
Receipts from interfund services provided					\$ 11,390,892
Payments to suppliers	(1,868,497)	(2,090,188)	(49,628,735)	(53,587,420)	
Payments to employees	(3,390,711)	(4,709,986)	(5,838,695)	(13,939,392)	
Payments for interfund services used					(11,539,461)
Other receipts	1,255,398	-	2,025	1,257,423	
Net cash provided (used) by operating activities	<u>4,675,987</u>	<u>5,914,211</u>	<u>4,552,265</u>	<u>15,142,463</u>	<u>(148,569)</u>
Cash flows from noncapital financing activities:					
Transfer from/(to) other funds	(649,324)	1,517,898	(1,603,823)	(735,249)	-
Net cash provided (used) by noncapital financing activities	<u>(649,324)</u>	<u>1,517,898</u>	<u>(1,603,823)</u>	<u>(735,249)</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(497,667)	(1,993,205)	(2,672,036)	(5,162,908)	-
Principal paid on bonds	(1,755,000)	(3,875,000)	-	(5,630,000)	-
Principal paid on loans	-	(105,000)	-	(105,000)	-
Interest paid on bonds	(260,373)	(2,867,324)	-	(3,127,697)	-
Interest paid on loans	-	(56,517)	-	(56,517)	-
Net cash provided (used) by capital and related financing activities	<u>(2,513,040)</u>	<u>(8,897,046)</u>	<u>(2,672,036)</u>	<u>(14,082,122)</u>	<u>-</u>
Cash flows from investing activities:					
Interest received	61,401	151,395	20,912	233,708	-
Net increase (decrease) in cash and cash equivalents	1,575,024	(1,313,542)	297,318	558,800	(148,569)
Cash and cash equivalents, January 1 (including \$754,000, \$3,235,065, \$8,691,036 and \$9,686,581 for the reserve account, customer deposits, revenue bond covenant account, repair account, and construction respectively, reported in restricted accounts)					
	<u>6,386,841</u>	<u>17,943,067</u>	<u>4,791,111</u>	<u>29,121,019</u>	<u>896,316</u>
Cash and cash equivalents, December 31 (including \$754,000, \$3,244,790, \$9,770,235 and \$7,759,712 for the reserve account, customer deposits, revenue bond covenant account and repair account reported in restricted accounts)					
	<u>\$ 7,961,865</u>	<u>\$ 16,629,525</u>	<u>\$ 5,088,429</u>	<u>\$ 29,679,819</u>	<u>\$ 747,747</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, 2016

	Water Utility	Wastewater Utility	Electric Utility	Totals	Internal Service Fund
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 1,741,123	\$ 2,281,762	\$ 1,828,404	5,851,289	\$ (70,900)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,500,411	3,766,504	2,527,998	7,794,913	
Nonoperating revenue	1,255,398	-	2,025	1,257,423	
(Increase) decrease in assets:					
Accounts receivable	(54,513)	(68,298)	(1,234,445)	(1,357,256)	-
Interfund services provided or used	-	-	-	-	
Inventories	32,414	-	358,966	391,380	
Prepaid items	24,354	41,595	58,026	123,975	
Deferred outflows	229,402	351,576	294,366	875,344	
Increase (decrease) in liabilities:					
Customer deposits	5,097	(100)	(18,645)	(13,648)	
Accounts payable	(138,597)	(550)	633,068	493,921	(77,669)
Contracts payable		(440,958)		(440,958)	
Accrued payroll and withholdings payable	16,799	(151,385)	28,595	(105,991)	
Taxes payables	-	-	12,385	12,385	
Compensated absences payable	(4,405)	3,989	583	167	
Net other postemployment benefits obligation	157,807	167,249	239,542	564,598	
Net pension liability payable	(326,371)	(238,999)	(652,740)	(1,218,110)	
Deferred inflows	237,068	201,826	474,137	913,031	
Total adjustments	2,934,864	3,632,449	2,723,861	9,291,174	(77,669)
Net cash provided (used) by operating activities	\$ 4,675,987	\$ 5,914,211	\$ 4,552,265	\$ 15,142,463	\$ (148,569)
Noncash investing, capital and financing activities:					
Contributed capital assets	589,699	4,980,480	42,428	5,612,607	
Work in progress moved to capital assets	169,881	1,491,247	-	1,661,128	
Change in asset carrying value	188,210	-	1,418,521	1,606,731	
Disposal of capital assets	(191,391)	(14,557)	(338,959)	(544,907)	
Assets acquired through capital lease	110,365	93,681	185,054	389,100	
Asset reclassifications	(142,749)	(1,205,626)	(10,271)	(1,358,646)	

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

CITY OF MISHAWAKA
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
December 31, 2016

<u>Assets</u>	<u>Pension Trust Funds</u>
Cash and Cash Equivalents	\$ 1,723,169
Receivables:	
Interest and dividends	18,024
Total receivables	18,024
Investment at fair value:	
Municipal bonds	689,678
Mutual funds	17,846,762
Total investments	18,536,440
Total assets	<u>\$ 20,277,633</u>
 <u>Liabilities</u>	
Current liabilities:	
Net benefits due and unpaid	\$ 56,447
Total liabilities	56,447
 <u>Net Position Restricted for Pensions</u>	
Held in trust for:	
Employees' pension benefits	20,221,186
Total net position restricted for pensions	<u>\$ 20,221,186</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, 2016

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
On behalf	\$ 3,550,550
Employer	<u>1,047,200</u>
Total contributions	<u>4,597,750</u>
Investment income (loss):	
Net change in fair value of investments	459,782
Interest	<u>694,032</u>
Total investments income (loss)	1,153,814
Less investment expense:	
Investment activity expense	<u>(57,824)</u>
Net investment income (loss)	<u>1,095,990</u>
Total additions	<u>5,693,740</u>
 <u>Deductions</u>	
Benefits	4,626,242
Administrative expense	<u>135</u>
Total deductions	<u>4,626,377</u>
Change in net position	1,067,363
Net position - beginning	<u>19,153,823</u>
Net position - ending	<u><u>\$ 20,221,186</u></u>

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Blended Component Unit

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

Discretely Presented Component Unit

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

Related Organizations

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

Property taxes, franchise taxes, licenses and permits, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

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..

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

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

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

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

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

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

Open-end mutual funds are reported at fair value.

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

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

2. Interfund Transactions and Balances

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the primary government in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's 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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

4. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method except for certain inventory held by the electric and water utility. Transformer inventory of the electric utility is valued at 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.

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
Land	\$ -	N/A	N/A
Buildings and improvements	5,000	Straight-Line	20-50
Construction in progress	-	N/A	N/A
Equipment	5,000	Straight-Line	3-20
Roads	5,000	Composite	10-50
Street lights	5,000	Composite	35
Traffic signals	5,000	Composite	25
Flood walls/gates	5,000	Composite	50
Fiber	5,000	Composite	30
Water collection systems	5,000	Straight-Line	10-50
Wastewater distribution and collection systems	5,000	Straight-Line	50
Electric distribution systems	5,000	Straight-Line	50

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

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.

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, 2016:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

General	\$ 570,666
Other Governmental Funds	<u>4,269,203</u>
Total	<u>\$ 4,839,869</u>

10. Fund Balances

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

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

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

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

Assigned fund balances include amounts that are constrained by the City's intent to be used for a specific purpose as expressed by the City Council or management based on the purpose of the fund and per the City's expenditure policy, but are neither restricted nor committed. For the governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed. The City Council has 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, 2016 is as follows:

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	General Fund	Capital Project Fund Consolidated TIF	Other Governmental Funds	Total Governmental Funds
Non-Spendable				
Long-Term Loans Receivable	\$ -	\$ 2,500,000	\$ 335,061	\$ 2,835,061
Assets Held for Resale	-	6,943,837	-	6,943,837
Total Nonspendable	-	9,443,837	335,061	9,778,898
Restricted				
Other Purposes General Government	-	-	1,619,884	1,619,884
Technology	-	-	255,746	255,746
Law Enforcement Training and Capital	-	-	878,885	878,885
Firefighting Training and Capital	-	-	875,023	875,023
Capital Projects	-	9,613,221	2,057,110	11,670,331
Sanitation	-	-	676,005	676,005
Capital Highway Projects	-	-	2,358,646	2,358,646
Families, Parks, and Recreation	-	-	1,415,224	1,415,224
Housing and Community Development	-	-	82,830	82,830
Debt service principal and interest	-	-	945,000	945,000
Total Restricted	-	9,613,221	11,164,353	20,777,574
Committed				
Capital Projects	-	-	1,965,780	1,965,780
Total Committed	-	-	1,965,780	1,965,780
Assigned				
General Government Other Purposes	570,666	-	-	570,666
Public Safety	-	-	1,076,731	1,076,731
Capital Projects	-	-	2,932,477	2,932,477
Sanitation	-	-	189,007	189,007
Parks and Recreation	-	-	70,988	70,988
Total Assigned	570,666	-	4,269,203	4,839,869
Unassigned	4,717,765	-	-	4,717,765
Total Fund Balance	\$ 5,288,431	\$ 19,057,058	\$ 17,734,397	\$ 42,079,886

E. Tax Abatements

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

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(Continued)

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

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

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

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

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

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

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

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

Impact of Abatements on Revenues

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

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

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

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

The estimated gross amount, on an accrual basis, by which the City of Mishawaka's property tax revenues (payable 2016 taxes) were reduced as a result of the aforementioned City abatement programs, totaled \$284,733. The abatements for the City of Mishawaka included abatements for the following programs:

Real Property Tax Abatement	\$263,876
Personal Property Abatements	20,857

While the City of Mishawaka has calculated the potential impact of existing tax abatements on its property tax revenues for 2016 to approximate \$284,733, the actual extent of lost revenues is something less than this amount and cannot be easily determined due to the application of circuit breaker credits.

The City of Mishawaka estimated gross amount, on an accrual basis, by which the City of Mishawaka's property tax revenues (payable 2016 taxes) were reduced are also affected by abatements approved by other taxing units in St. Joseph County. The total estimated impact on revenue for the approved abatements by other taxing units in St. Joseph County totaled \$179,807.

The \$179,807 of tax abatements by taxing unit comprised of the following programs:

<u>Real Residential Property</u>	<u>Real Commercial Property</u>	<u>Personal Property</u>
\$9,130	\$91,280	\$79,397

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

While the City of Mishawaka has calculated the potential impact of existing tax abatements on its property tax revenues for 2016 to approximate \$179,807, the actual extent of lost revenues is something less than this amount and cannot be easily determined due to the application of circuit breaker credits.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

General (1)

Nonmajor governmental funds:

Special revenue funds (9):

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, LOIT Special Distribution

Capital projects funds (6):

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

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

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(Continued)

1. Deposits

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

IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The primary government does not have a deposit policy for custodial credit risk. At December 31, 2016, the primary government had deposit balances in the amount of \$69,362,180. Of this amount, the following was exposed to custodial credit risk.

	Amount
Uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent, but not in the depositor-government's name	\$ 291,531
Total	\$ 291,531

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

All other bank balances at December 31, 2016 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, 2016, 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	\$ 689,678	\$ -	\$ 238,477	\$ 451,201
Mutual funds	17,846,762	17,846,762	-	-
Totals	\$ 18,536,440	\$ 17,846,762	\$ 238,477	\$ 451,201

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
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(Continued)

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

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the primary government and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise.

The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

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

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

Investment Custodial Credit Risk

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

At December 31, 2016, the following investments held by the Utility's Pension Plan were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, but not in the government's name:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
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(Continued)

Investment Type	Not in the Government's Name
Municipal bonds	\$ 689,678
Mutual funds	<u>17,846,762</u>
Totals	<u>\$ 18,536,440</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.

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

Credit Risk

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

The distribution of securities with credit ratings is summarized below.

Standard & Poor's Rating	Moody's Rating	City's Investments	
		Mutual Funds	Municipal Bonds
AA	Aa	\$ -	\$ 689,678
Unrated	Unrated	<u>17,846,762</u>	<u>-</u>
Totals		<u>\$ 17,846,762</u>	<u>\$ 689,678</u>

Concentration of Credit Risk

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

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

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

Issuer	2016
Russell Investment Grade bond	\$ 2,076,949
Vanguard Windsor II Adm	1,223,677
Vanguard Morgan Growth Adm	1,215,796
American Beacon Intl Equity Instl	1,068,509
Fidelity Spartan International Index	973,449
Vanguard Large Cap Index Admiral	964,384
Dodge & Cox Income	880,935
Russell Emerging Markets	630,399
Vanguard Explorer Adm	620,236
Vanguard Inflation Protected Sec Adm	610,112
Russell Global Real Estate	596,842
Pimco Foreign Bond (USD-Hedged)	547,812
Vanguard Total Bond Market Index Adm	513,607
Total	<u>\$ 11,922,707</u>

Fair Value Measurement

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

The City has the following recurring fair value measurements as of December 31, 2016:

- Municipal Bonds of \$689,678 are valued using quoted market prices (Level 1 inputs)
- Mutual Funds of \$17,846,762 are valued using quoted market prices (Level 1 inputs)

Discretely Presented Component Unit

3. Deposits

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

IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision.

At December 31, 2016 the discretely presented component unit had deposit balances in the amount of \$2,742,890 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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

B. Loans Receivables

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

Fund	<u>Receivable</u>	<u>Noncurrent</u>
<u>Governmental Funds:</u>		
Major fund:		
Consolidated TIF	\$ 3,000,000	\$ 2,500,000
Special revenue funds:		
Community Development	<u>375,030</u>	<u>335,061</u>
Total governmental funds	<u>\$ 3,375,030</u>	<u>\$ 2,835,061</u>
<u>Discretely Presented Component Unit</u>		
Mishawaka Bond Bank	<u>\$ 3,739,300</u>	<u>\$ 3,442,632</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

Primary government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activity:				
Capital assets, not being depreciated:				
Land	\$ 13,581,917	\$ -	\$ 118,250	\$ 13,463,667
Construction in progress	<u>24,595,183</u>	<u>7,981,116</u>	<u>8,972,556</u>	<u>23,603,743</u>
Total capital assets, not being depreciated	<u>38,177,100</u>	<u>7,981,116</u>	<u>9,090,806</u>	<u>37,067,410</u>
Capital assets, being depreciated:				
Buildings	35,182,511	18,975	18,975	35,182,511
Improvements other than buildings	33,020,780	264,756	17,617	33,267,919
Machinery and equipment	29,444,857	3,355,789	474,940	32,325,706
Infrastructure being depreciated	<u>144,118,088</u>	<u>11,551,050</u>	<u>-</u>	<u>155,669,138</u>
Totals	<u>241,766,236</u>	<u>15,190,570</u>	<u>511,532</u>	<u>256,445,274</u>
Less accumulated depreciation for:				
Buildings	8,188,078	712,322	-	8,900,400
Improvements other than buildings	10,264,845	1,244,782	9,847	11,499,780
Machinery and equipment	21,228,009	1,624,205	464,690	22,387,524
Infrastructure being depreciated	<u>21,088,093</u>	<u>4,020,316</u>	<u>-</u>	<u>25,108,409</u>
Totals	<u>60,769,025</u>	<u>7,601,625</u>	<u>474,537</u>	<u>67,896,113</u>
Total capital assets, being depreciated, net	<u>180,997,211</u>	<u>7,588,945</u>	<u>36,995</u>	<u>188,549,161</u>
Total governmental activity capital assets, net	<u>\$ 219,174,311</u>	<u>\$ 15,570,061</u>	<u>\$ 9,127,801</u>	<u>\$ 225,616,571</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activity:				
Capital assets, not being depreciated:				
Land	\$ 1,520,946	\$ -	\$ -	\$ 1,520,946
Construction in progress	3,223,806	4,905,859	1,661,128	6,468,537
Total capital assets, not being depreciated	<u>4,744,752</u>	<u>4,905,859</u>	<u>1,661,128</u>	<u>7,989,483</u>
Capital assets, being depreciated:				
Buildings	53,474,325	167,863	-	53,642,188
Improvements other than buildings	199,987,883	6,804,772	507,708	206,284,947
Machinery and equipment	49,616,922	1,023,179	29,114	50,610,987
Transportation	5,180,448	172,155	191,603	5,161,000
Totals	<u>308,259,578</u>	<u>8,167,969</u>	<u>728,425</u>	<u>315,699,122</u>
Less accumulated depreciation for:				
Buildings	17,598,610	1,108,759	202	18,707,167
Improvements other than buildings	58,327,322	4,924,760	199,149	63,052,933
Machinery and equipment	33,661,364	1,400,265	19	35,061,610
Transportation	4,049,094	361,127	193,336	4,216,885
Totals	<u>113,636,390</u>	<u>7,794,911</u>	<u>392,706</u>	<u>121,038,595</u>
Total capital assets, being depreciated, net	<u>194,623,188</u>	<u>373,058</u>	<u>335,719</u>	<u>194,660,527</u>
Total business-type activity capital assets, net	<u>\$ 199,367,940</u>	<u>\$ 5,278,917</u>	<u>\$ 1,996,847</u>	<u>\$ 202,650,010</u>

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

Governmental activities:	
General government	\$ 224,685
Public safety	1,319,065
Highways and streets	4,574,235
Community development	3,554
Culture and recreation	<u>1,480,086</u>
Total depreciation expense - governmental activities	<u>\$ 7,601,625</u>
Business-type activities:	
Water	\$ 1,500,411
Wastewater	3,766,504
Electric	<u>2,527,998</u>
Total depreciation expense - business-type activities	<u>\$ 7,794,913</u>

D. Construction Commitments

Construction work in progress is composed of the following:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

<u>Project</u>	Expended to December 31, <u>2016</u>	<u>Committed</u>
Governmental activities:		
Church/Main Connector	\$ 6,123,110	\$ 636,488
Church/Main Connect - Church Union Imp Ph II	5,445,432	582,186
Battell Center Renovations	3,485,532	-
Gumwood Road Widening	1,665,978	8,576
SR 23 Widening	1,509,807	388,663
Fir Road/University Drive Intersection	1,364,837	309,130
4th Street LTCP Improvements	1,281,687	365,802
Grove St /Elizabeth/Mish Ave Improv	1,390,086	150,673
12th Street Phase II	340,080	-
Trinity Place Realignment	230,799	608
3rd Street Municipal Parking Lot	198,338	24,576
Other Projects	<u>568,057</u>	<u>-</u>
Totals - governmental activities	<u>\$ 23,603,743</u>	<u>\$ 2,466,702</u>
Business-type activities:		
Wastewater Utility:		
Storage and conveyance tunnel	\$ 3,233,351	\$ 3,273,649
Milburn improvements	-	189,800
Wilson boulevard	1,836,243	-
LTCP project	462,615	49,077
Linden Area LTCP	820,748	1,214,947
Miscellaneous projects	115,581	63,619
Water Utility:		
No current projects	<u>-</u>	<u>-</u>
Totals - business-type activities	<u>\$ 6,468,538</u>	<u>\$ 4,791,092</u>

E. Interfund Balances and Activity

1. Interfund Transfers

Interfund transfers at December 31, 2016, were as follows:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
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(Continued)

Transfer From	Transfer To			Total
	General Fund	Nonmajor Governmental	Business-Type Activities	
Governmental:				
Consolidated TIF	\$ -	\$ 49,350	\$ 3,360,000	\$ 3,409,350
Nonmajor Governmental	1,206	326,847	-	328,053
Business-type:				
Water Utility	649,324	-	-	649,324
Wastewater Utility	1,842,102	-	-	1,842,102
Electric Utility	1,603,823	-	-	1,603,823
Total	<u>\$ 4,096,455</u>	<u>\$ 376,197</u>	<u>\$ 3,360,000</u>	<u>\$ 7,832,652</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 and for radio equipment. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2016, are as follows:

	Governmental Activities
2017	\$ 360,819
2018	628,879
2019	623,531
2020	618,183
2021	612,835
2022-2026	1,733,044
2027	<u>134,665</u>
Total minimum lease payments	4,711,957
Less amount representing interest	<u>468,394</u>
Present value of net minimum lease payments	<u>\$ 4,243,564</u>

	Business-Type Activities
2018	\$ 84,293
2019	84,293
2020	84,293
2021	84,293
2022	<u>84,293</u>
Total minimum lease payments	421,465
Less amount representing interest	<u>32,366</u>
Present value of net minimum lease payments	<u>\$ 389,099</u>

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

	Governmental Activities
Buildings	\$ 3,815,830
Equipment	1,443,568
Accumulated depreciation	(305,268)
Total	\$ 4,954,130
	Business-Type Activities
Equipment	\$ 389,099

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	\$ 945,000	\$ 30,000	\$ 915,000
Totals			\$ 945,000	\$ 30,000	\$ 915,000

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

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

	Governmental Funds	
	Battell Center	
	Principal	Interest
2017	\$ 30,000	\$18,750
2018	30,000	18,150
2019	35,000	17,500
2020	35,000	16,800
2021	35,000	16,100
2022-2026	185,000	69,900
2027-2031	200,000	50,500
2032-2036	220,000	29,700
2037-2040	175,000	7,000
Totals	\$ 945,000	\$ 244,400

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%	\$ 1,450,000	\$ 395,000	\$ 8,622	\$ 1,063,622
\$12,710,000 2013 Water Refunding revenue bonds due in installments of \$580,000 to \$775,000 plus interest through July 1, 2022	2%	8,085,000	1,405,000		6,680,000
\$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%	29,080,000	1,555,000	-	27,525,000
\$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%	32,385,000	2,510,000	3,211,362	33,086,362
Totals		\$ 71,000,000	\$ 5,865,000	\$ 3,219,984	\$ 68,354,984

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 2016, the water utility paid \$2.1 million in debt payments or approximately 24 percent of operating revenues. The wastewater utility paid \$6.94 million in debt payments or approximately 54 percent of operating revenues. Bond coverage for the water utility at December 31, 2016 was 127%. Bond coverage for the wastewater utility at December 31,

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2016 was 105%. Bond coverage includes the payment in lieu of taxes to the City and TIF dollars transferred to the wastewater utility from the Consolidated TIF fund.

Revenue bonds debt service requirements to maturity are as follows:

	Business-Type Activities	
	Principal	Interest
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	6,300,000	2,003,300
2022-2026	28,010,000	6,510,557
2027-2031	12,190,000	1,231,100
Totals	\$ 71,000,000	\$ 20,047,554

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
2017	\$ 77,163	\$ 42,367
2018	78,030	40,815
2019	79,764	39,246
2020	81,498	37,642
2021	83,232	35,795
2022-2026	401,421	140,897
2027-2031	378,879	82,470
2031-2034	258,366	16,548
Totals	\$ 1,438,353	\$ 435,780

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

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NOTES TO FINANCIAL STATEMENTS
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(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:

	<u>Principal</u>	<u>Interest</u>
2017	\$ 107,000	\$ 53,299
2018	111,000	50,005
2019	115,000	46,589
2020	119,000	43,051
2021	121,000	39,407
2022-2026	667,000	138,761
2027-2031	<u>534,000</u>	<u>33,078</u>
Totals	<u>\$ 1,774,000</u>	<u>\$ 404,190</u>

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2016, was as follows:

<u>Primary government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
	(as restated)				
Governmental activities:					
Bonds payable:					
TIF	\$ 975,000	\$ -	\$ 30,000	\$ 945,000	\$ 30,000
Total bonds payable	975,000	-	30,000	945,000	30,000
Capital leases	3,066,662	1,443,568	266,668	4,243,562	266,668
Notes Payable	1,513,782	-	75,429	1,438,353	77,163
Net other postemployment benefit obligation (restated)	17,385,571	2,132,958	-	19,518,529	-
Compensated absences	839,302	600,794	608,682	831,414	604,892
Net pension liability (restated)	<u>52,911,069</u>	<u>-</u>	<u>2,904,860</u>	<u>50,006,209</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 76,691,386</u>	<u>\$ 4,177,320</u>	<u>\$ 3,885,639</u>	<u>\$ 76,983,067</u>	<u>\$ 978,723</u>
Business-type activities:					
Revenue bonds payable:					
Water Utility	\$ 11,290,000	\$ -	\$ 1,755,000	\$ 9,535,000	\$ 1,800,000
Wastewater Utility	65,340,000	-	3,875,000	61,465,000	4,065,000
Less deferred amount:					
For issuance discounts/(premiums)	<u>(3,538,440)</u>	<u>318,456</u>	<u>-</u>	<u>(3,219,984)</u>	<u>-</u>
Total revenue bonds payable	80,168,440	(318,456)	5,630,000	74,219,984	5,865,000
Capital leases	-	389,100	-	389,100	-
Notes and loans payable	1,879,000	-	105,000	1,774,000	107,000
Net other postemployment benefit obligation (restated)	4,601,999	564,598	-	5,166,597	-
Compensated absences	266,123	212,498	212,331	266,290	57,605
Net pension liability (restated)	<u>5,723,566</u>	<u>-</u>	<u>1,230,977</u>	<u>4,492,589</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 92,639,128</u>	<u>\$ 847,740</u>	<u>\$ 7,178,308</u>	<u>\$ 86,308,560</u>	<u>\$ 6,029,605</u>

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

H. Restricted Assets

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

Customer deposits	\$ 3,244,790
Revenue bond covenant accounts	9,770,235
Reserve account	754,000
Repair accounts	<u>7,759,712</u>
 Total restricted assets	 <u>\$ 21,528,737</u>

I. Restatements and Reclassifications

For the fiscal year ended December 31, 2016, 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 reallocation of GASB 68 net pension liability and an allocation of Other Postemployment benefits to the Business-Type Activities.

	Governmental Activities	Business-Type Activities	Total
Net Position, December 31 2015	\$ 178,556,539	\$ 144,405,611	\$ 322,962,150
Restatement of Allocation for:			
Pensions	2,452,035	(1,067,904)	1,384,131
Other postemployment benefits	4,601,999	(4,601,999)	-
Net Position, December 31 2015 (restated)	<u>\$ 185,610,573</u>	<u>\$ 138,735,708</u>	<u>\$ 324,346,281</u>

2. The prior period adjustment for the Business-Type Activities reflects allocations of employee pensions and other postemployment benefits based on the participation of each utility in the respective plans.

	Water	Wastewater	Electric	Total
Net Position, December 31 2015	\$ 35,204,488	\$ 67,241,918	\$ 41,959,205	\$ 144,405,611
Cumulative effect of implementing				
Pensions	(225,461)	(603,340)	(239,103)	(1,067,904)
Other Postemployment benefits	(1,286,273)	(1,363,229)	(1,952,497)	(4,601,999)
Net Position, December 31 2015 (restated)	<u>\$ 33,692,754</u>	<u>\$ 65,275,349</u>	<u>\$ 39,767,605</u>	<u>\$ 138,735,708</u>

IV. Other Information

A. Risk Management

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

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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 and 2016 six members exceeded the commercial insurance coverage in each year. Interfund premiums are charged to each fund based on the insured funds' number of employees and are reported as expenditures of the fund. Provisions are also made for unexpected and unusual claims.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs).

Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of pay cuts and other economic and social factors.

	2016	2015
Unpaid claims, beginning of fiscal year	\$ 971,878	\$ 700,537
Incurred claims and changes in estimates	11,384,123	10,797,131
Claim payments	(11,461,792)	(10,525,790)
Unpaid claims, end of fiscal year	\$ 894,209	\$ 971,878

B. Other Postemployment Benefits

Plan Description

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

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

Funding Policy

The contribution requirements of plan members for the City of Mishawaka Retiree Healthcare Plan are established and can be amended by the City's Common Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2016, the primary government contributed \$1,708,374 to the plan for current premiums. For Pre-

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Medicare retirees, the primary government annually provides \$400 for covered employees with less than 20 years of service and pays the full single premium cost for employees who retire with 20 or more years of service. For Post-Medicare employees, the primary government provides \$400 annually towards the cost of medical coverage regardless of the years of service.

Annual OPEB Cost and Net OPEB Obligation

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

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

Annual required contribution	\$ 4,353,671
Interest on net OPEB obligation	989,441
Adjustment to annual required contribution	<u>(937,181)</u>
Annual OPEB cost	4,405,931
Contributions made	<u>(1,708,374)</u>
Increase in net OPEB obligation	2,697,557
Net OPEB obligation, beginning of year	<u>21,987,569</u>
Net OPEB obligation, end of year	<u><u>\$ 24,685,126</u></u>

The information in the above table has been allocated between governmental type and business type activities in the financial statements based on actuarially determined allocations of individual employees. The primary government's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$ 3,548,602	34.4%	\$ 19,294,766
12/31/2015	4,021,480	33.0%	21,987,569
12/31/2016	4,405,931	38.8%	24,685,126

Funded Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$46,583,847 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$46,583,847. The covered payroll as a percentage of the Actuarial Accrued Liability was (157%). Actuarial valuations of an ongoing plan

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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, 2016 actuarial report, the projected unit credit with linear proration to decrement method was used. The actuarial assumptions included a discount rate of 4.5% unfunded; inflation and salary scale of 3% each and an annual healthcare cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 5% after 2025. The UAAL is being amortized as a level percentage of projected pay based on an open group. The remaining amortization period at December 31, 2016, was 30 years.

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.

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Retirement benefits for employees are calculated as years of credible service times the average highest 20 quarters of salary times 1.1% plus the employee's Annuity Savings Account. Normal retirement age is 60 with early retirement at 50-59 with 15 years of service. Vesting period is 10 years. An employee who leaves service may withdraw his or her Annuity Savings Account contributions, plus any accumulated interest.

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

Contributions

Per Indiana Code, Title 5, Articles 10.2 and 10.3, contributions requirements of the active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. Members are required to contribute 3% of their annual covered salary. The primary government is required to contribute at an actuarially determined rate; the current rate for calendar year 2016 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 \$800,716 for the calendar year ended December 31, 2016.

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

At December 31, 2016, the City reported a liability of \$6,028,870 for its proportionate share of the overall net pension liability. The City allocates the pension liability to Governmental Activities and Business-Type Activities based on their respective contributions to INPRS. For 2016, the allocation was \$5,351,454 and \$677,416 to the Governmental Activities and Business-Type Activities respectively. The net pension liability was measured as of June 30, 2016 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, 2016, the City's proportion was .0013284 percent, which was a decrease of .0000777 from its proportion measured as of June 30, 2015.

	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2015	0.0013284	0.0011791	0.0001493
2016	0.0014061	0.0012748	0.0001313

For the year ended December 31, 2016, the City recognized overall pension expense of \$967,813 that was allocated to Governmental Activities and Business-Type Activities in the amounts of \$859,068 and \$108,745 respectively. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Governmental Activities:		
Differences between expected and actual experience	\$ 119,892	\$ 9,879
Net difference between projected and actual investment earnings on pension plan investments	875,925	-
Change of assumptions	236,110	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,483	322,450
City contributions subsequent to the measurement date	<u>428,366</u>	<u>-</u>
Totals	<u>\$ 1,698,776</u>	<u>\$ 332,329</u>
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Business-Type Activities:		
Differences between expected and actual experience	\$ 15,177	\$ 1,250
Net difference between projected and actual investment earnings on pension plan investments	110,879	-
Change of assumptions	29,888	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,818	40,817
City contributions subsequent to the measurement date	<u>57,278</u>	<u>-</u>
Totals	<u>\$ 215,040</u>	<u>\$ 42,067</u>

\$428,366 and \$57,278 reported as deferred outflows of resources related to pension contribution subsequent to the measurement date (Governmental Activities and Business-Type Activities respectively) will be recognized as deferred outflows in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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	Year Ended December 31,	
	Governmental Activities	Business-Type Activities
2017	\$ 292,347	\$ 37,007
2018	171,296	21,684
2019	329,302	41,685
2020	142,426	18,029
2021	-	-
Thereafter	-	-
Total	\$ 935,371	\$ 118,405

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The most recent actuarial 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, 2016 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	22.0%	5.7%
Private equity	10.0%	6.2%
Fixed income - Ex inflation-linked	24.0%	2.7%
Fixed income - inflation-linked	7.0%	0.7%
Commodities	8.0%	2.0%
Real estate	7.0%	2.7%
Absolute return	10.0%	4.0%
Risk parity	12.0%	5.0%

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Discount Rate

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

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

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

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

	5.75%	6.75%	7.75%
Net Pension Liability:	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Governmental Activities	\$ 7,685,954	\$ 5,351,454	\$ 3,411,131
Business-Type Activities	972,930	677,416	431,799

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/2016INPRSCAFRBook.pdf>
<http://www.in.gov/inprs/files/2016PERFActuarialReport.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>.

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Benefits Provided

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

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

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

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

Contributions

Per Indiana State statute (IC 36-8-8 and IC 36-8-8.5), contribution requirements of the active employees and the participating employers are established and may be amended by the INPRS Board based on recommendations by the INPRS actuary. The funding policy for the 1977 Fund requires remittances of member and employer contributions based on percentages of the salary of a first class officer or firefighter rather than actual payroll. Employees are required to contribute 6 percent of their annual pay. The employer contribution rate is actuarially determined. The City's contractually required contribution rate for the year ended December 31, 2016 was 19.7 percent of the salary of a first class officer or firefighter. Contributions to the plan from the City were \$1,088,820 to the Police Officers' plan and \$1,090,710 to the Firefighter's plan for the year ended December 31, 2016.

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

At December 31, 2016, the City reported net pension liability of \$635,282 for the Police Officers' fund and \$636,383 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, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating units, actuarially determined. Changes in proportionate share from 2015 to 2016 are shown in the table below:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
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(Continued)

	Change in Proportionate Share	
	Police Officers'	Firefighters'
2016	0.0071511	0.0071635
2015	0.0071297	0.0073620
Change	0.0000214	(0.0001985)
Percent Change	0.30%	-2.70%

For the year ended December 31, 2016, the City recognized pension expense of \$830,848 for the Police Officers' fund and \$836,228 for the Firefighters' fund.

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police Officers'		Firefighters'	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 265,363	\$ 403,016	\$ 265,824	\$ 403,714
Net difference between projected and actual investment earnings on pension plan investments	2,344,443	-	2,348,508	-
Change of assumptions	-	1,739,496	-	1,742,513
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,941	43,730	56,853	44,308
City contributions subsequent to the measurement date	658,235	-	695,843	-
Totals	\$ 3,300,982	\$ 2,186,242	\$ 3,367,028	\$ 2,190,535

\$658,235 and \$695,843 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, 2017.

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'
2017	\$ 269,289	\$ 273,697
2018	269,289	273,697
2019	635,698	640,741
2020	120,252	124,407
2021	(262,477)	(258,992)
Thereafter	(575,551)	(572,900)
Total	\$ 456,500	\$ 480,650

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
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(Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2016 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, 2016 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	22.0%	5.7%
Private equity	10.0%	6.2%
Fixed income - Ex inflation-linked	24.0%	2.7%
Fixed income - inflation-linked	7.0%	0.7%
Commodities	8.0%	2.0%
Real estate	7.0%	2.7%
Absolute return	10.0%	4.0%
Risk parity	12.0%	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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

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

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

	Net Pension Liability/(Asset)		
	5.75%	6.75%	7.75%
	1% Decrease	Current Rate	1% Increase
Police Officers'	\$ 6,487,351	\$ 635,282	\$ (4,086,682)
Firefighters'	\$ 6,498,600	\$ 636,383	\$ (4,093,768)

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/2016INPRSCAFRBook.pdf>
<http://www.in.gov/inprs/files/2016PERFActuarialReport.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.

2. Single Employer Defined Benefit Pension Plan

a. 1925 Police Officers' Pension Plan

Plan Description

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

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

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

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

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, 2016, consisted of the following:

	1925 Police Officers' Pension
Retires and beneficiaries currently receiving benefits	46
Terminated employees entitled to but not yet receiving benefits	-
Current active employees	1

Benefits Provided

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

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

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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(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 Patrolman salary, with longevity, or from 55-100% of the monthly benefit the member was receiving, or was entitled to receive, on the date of death. Pre-retirement death benefits are payable to the surviving spouse, children and dependent parents of plan members provided they meet eligibility guidelines. A one-time funeral death benefit is paid to the heirs or estate upon a member's death from any cause and is equal to at least \$12,000. An additional benefit of \$150,000 is paid from the Pension Relief Fund to a surviving spouse, children, or parent(s) if death occurs in the line of duty.

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

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

Contributions

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

Actuarial valuations are performed annually for the 1925 Police Officers' Pension Plan. The assumptions used in the valuation are selected and approved by the Indiana Public 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 \$1,379,034 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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(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 1925 Police Officers' Pension Plan at December 31, 2016, were as follows:

	1925 Police Officers' Pension
Actuarial net pension liability	\$ 17,519,874
Plan fiduciary net position	(756,901)
Net pension liability	\$ 16,762,973
Plan fiduciary net position as a percentage of total pension liability	4.32%

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

<u>Changes in Net Pension Liability</u>	Police Officers'		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 20,074,686	\$ 741,320	\$ 19,333,366
Service cost	30,691		30,691
Interest cost	489,297		489,297
Differences between expected and actual experience (gain)/loss	(606,418)		(606,418)
Changes in assumptions (gain)/loss	(1,111,822)		(1,111,822)
Employer contributions		(35)	35
Non-employer contributing entity contributions		1,379,034	(1,379,034)
Benefit payments, including refunds	(1,356,560)	(1,363,418)	6,858
Net changes	(2,554,812)	15,581	(2,570,393)
Balance at December 31, 2016	<u>\$ 17,519,874</u>	<u>\$ 756,901</u>	<u>\$ 16,762,973</u>

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

For the year ended December 31, 2016, the City recognized pension expense of (\$1,198,252). At December 31, 2016, the City reported no deferred outflows of resources or deferred inflows of resources related to the 1925 Police Officers' Pension Plan.

Actuarial Assumptions

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

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

Inflation	2.25% per year
Salary increases	2.50% per year
Investment rate of return	3.23% 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 RP 2014 Blue Collar Set Mortality Table with mortality improvement since 2006 using scale MP 2014 removed and 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 December 31, 2014 valuation are consistent with the results of an experience study completed in April 2015, which reflects the experience

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 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016
 (Continued)

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 3.23 percent as of December 31, 2016. The discount rate increased from the 2.59 percent used for the December 31, 2015 calculation of the net pension liability. The projection of cash flows used to determine the discount rate considered the fact that on-behalf contributions made by the State of Indiana are made as benefit payments become due for payment.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 3.23 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond Index as of December 31, 2016. 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 3.23 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 (2.23 percent) or 1-percentage point higher (4.23 percent) than the current rate:

	2.23%	3.23%	4.23%
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net Pension Liability	\$ 18,555,987	\$ 16,762,973	\$ 15,245,204

Pension Cost

The pension plan does not issue a separate financial report.

Funding Status and Funding Progress

As of the January 1, 2016 actuarial valuation date, the plan was 4.32 percent funded. The actuarial accrued liability for benefits was \$17,519,874, and the actuarial value of assets was \$756,901, resulting in an unfunded actuarial accrued liability of \$16,762,973. 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.

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016
 (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is not available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are report by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

b. 1937 Firefighters' Pension Plan

Plan Description

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

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

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

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

Plan Membership

Plan membership at December 31, 2016, consisted of the following:

	1937 Firefighters' Pension
Retires and beneficiaries currently receiving benefits	76
Terminated employees entitled to but not yet receiving benefits	-
Current active employees	-

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

Benefits Provided

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

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

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

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

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

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
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(Continued)

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 \$2,171,516 approximate an equal amount paid out for benefits. The primary government has recognized these on-behalf payments as intergovernmental revenue and public safety expenditures in the General Fund. The Pension Relief Fund has been created within the Indiana Public Retirement System (INPRS) and is administered by INPRS and is used as a temporary holding account for collecting State revenues and appropriations before funds are distributed to employers. Amounts required to pay benefits are distributed from the fund to the City.

Pension Plan Investments – Policy and Rate of Return

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

The plan held no investments during the reporting period.

Deferred Retirement Option Plan

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

When a member enters the DROP, a "DROP frozen benefit" will be calculated. Members of the DROP are eligible to receive a lump sum equal to the amount of the DROP frozen benefit multiplied by the number of 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

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

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, 2016, were as follows:

	1937 Firefighters' Pension
Actuarial net pension liability	\$ 27,573,516
Plan fiduciary net position	<u>(953,399)</u>
Net pension liability	<u>\$ 26,620,117</u>
Plan fiduciary net position as a percentage of total pension liability	<u>3.46%</u>

Changes in the net pension liabilities are as follows:

Changes in Net Pension Liability	Firefighters'		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 31,563,080	\$ 980,987	\$ 30,582,093
Interest cost	783,385		783,385
Differences between expected and actual experience (gain)/loss	(825,334)		(825,334)
Changes in assumptions (gain)/loss	(1,791,378)		(1,791,378)
Employer contributions		(100)	100
Non-employer contributing entity contributions		2,171,516	(2,171,516)
Benefit payments, including refunds	<u>(2,156,237)</u>	<u>(2,199,004)</u>	<u>42,767</u>
Net changes	<u>(3,989,564)</u>	<u>(27,588)</u>	<u>(3,961,976)</u>
Balance at December 31, 2016	<u>\$ 27,573,516</u>	<u>\$ 953,399</u>	<u>\$ 26,620,117</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

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

For the year ended December 31, 2016, the City recognized pension expense of (\$1,833,327). At December 31, 2016, the City reported no deferred outflows of resources or deferred inflows of resources related to the 1937 Firefighters' Pension Plan.

Actuarial Assumptions

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

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

Inflation	2.25% per year
Salary increases	2.50% per year
Investment rate of return	3.23% 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 RP 2014 Blue Collar Set Mortality Table with mortality improvement since 2006 using scale MP 2014 removed and 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 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 3.23 percent as of December 31, 2016.

The discount rate increased from the 2.59 percent used for the December 31, 2015 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

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2016
 (Continued)

3.23 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond Index as of December 31, 2016. 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 3.23%, 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 (2.23 percent) or 1-percentage point higher (4.23 percent) than the current rate:

	2.23% <u>1% Decrease</u>	3.23% <u>Current Rate</u>	4.23% <u>1% Increase</u>
Net Pension Liability	\$ 29,508,690	\$ 26,620,117	\$ 24,174,579

Pension Cost

The pension plan does not issue a separate financial report.

Funding Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the plan was 3.46 percent funded. The actuarial accrued liability for benefits was 27,573,516, and the actuarial value of assets was \$953,399, resulting in an unfunded actuarial accrued liability of \$26,620,117. The covered payroll (annual payroll to active employees covered by the plan) and the ration of the unfunded actuarial accrued liability to the covered payroll were not available.

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is not available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are report by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

c. Utility Pension Plan

Plan Administration

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

The pension board consists of the Mayor, the City Controller, the General Manager of the Utilities and four elected employees of the Mishawaka Utilities. The plan covers all employees of the three utilities except for sewer maintenance employees of the Wastewater Utility who are covered by PERF. The plan is administered by the Primary government's Board of Works, as provided by state statute (IC 8-1.5-3-7) and provides

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

retirement, termination/severance, disability, and death benefits to plan members and beneficiaries. The trustee does not issue a publicly available financial report that includes financial statements and supplementary information of the plan.

The plan remains open to new participants.

Plan Membership

Plan membership at December 31, 2016, consisted of the following:

	Utility Pension
Retires and beneficiaries currently receiving benefits	71
Terminated employees entitled to but not yet receiving benefits	-
Current active employees	120

Benefits Provided

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

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

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

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

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, 2016, 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, 2016, the City recognized pension expense of \$1,112,718 for the Utility fund. The expense was allocated \$278,180 to the Water Utility, \$278,180 to the Wastewater Utility and \$556,358 to the Electric Utility.

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Water Utility</u>		<u>Wastewater Utility</u>		<u>Electric Utility</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Business-type activities						
Differences between expected and actual experience	\$ 6,083	\$217,597	\$ 6,083	\$217,597	\$ 12,167	\$435,192
Net difference between projected and actual investment earnings on pension plan investments	241,141	-	241,141	-	482,283	-
Change of assumptions	103,406	106,443	103,406	106,443	206,811	212,887
Totals	<u>\$350,630</u>	<u>\$324,040</u>	<u>\$350,630</u>	<u>\$324,040</u>	<u>\$701,261</u>	<u>\$648,079</u>

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

	<u>Year Ending December 31,</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Electric Utility</u>
2017	\$ (44,250)	\$ (44,250)	\$ (88,501)
2048	(44,250)	(44,250)	(88,501)
2019	(27,989)	(27,989)	(55,978)
2020	40,211	40,211	80,422
2021	44,273	44,273	88,546
Thereafter	5,416	5,416	10,830
Totals	<u>\$ (26,589)</u>	<u>\$ (26,589)</u>	<u>\$ (53,182)</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

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 \$18,536,440 of investments as of December 31, 2016.

Net Pension Liability

The components of the net pension liability of the Utility Pension Plan at December 31, 2016, were as follows:

	Utility Pension	Allocated to:		
		Water Utility	Wastewater Utility	Electric Utility
Actuarial net pension liability	\$ 22,338,927	\$ 5,584,732	\$ 5,584,732	\$ 11,169,463
Plan fiduciary net position	(18,510,886)	(4,627,722)	(4,627,722)	(9,255,442)
Net pension liability	<u>\$ 3,828,041</u>	<u>\$ 957,010</u>	<u>\$ 957,010</u>	<u>\$ 1,914,021</u>
Plan fiduciary net position as a percentage of total pension liability	82.86%	82.86%	82.86%	82.86%

Change in the net pension liabilities are as follows:

Changes in Net Pension Liability	Utility Pension		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 22,565,043	\$ 17,431,518	\$ 5,133,525
Service cost	531,666		531,666
Interest cost	1,520,132		1,520,132
Differences between expected and actual experience (gain)/loss	(931,461)		(931,461)
Changes in assumptions (gain)/loss	(282,632)		(282,632)
Employer contributions		1,047,200	(1,047,200)
Net investment income		1,153,814	(1,153,814)
Administrative expense		(57,825)	57,825
Benefit payments, including refunds	(1,063,821)	(1,063,821)	-
Net changes	<u>(226,116)</u>	<u>1,079,368</u>	<u>(1,305,484)</u>
Balance at December 31, 2016	<u>\$ 22,338,927</u>	<u>\$ 18,510,886</u>	<u>\$ 3,828,041</u>

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
 December 31, 2016
 (Continued)

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

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

Mortality rates were based on RP-2014 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 2016, 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, 2016. The discount rate of 6.75 was unchanged from the percent used for the December 31, 2015 calculation of the net pension liability. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed to prevent the deterioration in the actuarial stats of the trust.

Projected Cash Flows

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

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

Best estimates of arithmetic real rates of return as of December 31, 2016 are summarized in the following table:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(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:

	Net Pension Liabilit/(Asset)		
	5.75%	6.75%	7.75%
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Water Utility	\$ 1,585,627	\$ 953,793	\$ 417,836
Wastewater Utility	1,585,627	953,793	417,836
Electric Utility	3,171,255	1,907,587	835,670

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is not available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are report by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

d. Financial Statements for Defined Benefit Plans

Combining Statements of Fiduciary Net Position – Pension Trust Funds:

	1925 Police Pension	1937 Firefighters' Pension	Utility Pension
<u>Statement of Net Position</u>			
Cash and investments	\$ 756,901	\$ 953,399	\$ 18,512,177
Other assets			18,024
			-
Liabilities			(6,447)
Net Position	<u>\$ 756,901</u>	<u>\$ 953,399</u>	<u>\$ 18,523,754</u>
<u>Statement of Changes in Net Position</u>			
Contributions	\$ 1,379,034	\$ 2,171,516	\$ 1,060,069
Benefit payments	(1,363,418)	(2,199,004)	(1,063,821)
Investment income	-	-	1,153,814
Administrative expense	(35)	(100)	(57,826)
Change in net position	15,581	(27,588)	1,092,236
Net position - beginning	<u>741,320</u>	<u>980,987</u>	<u>17,431,518</u>
Net position - ending	<u>\$ 756,901</u>	<u>\$ 953,399</u>	<u>\$ 18,523,754</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

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

	1925 Police Pension	1937 Firefighters' Pension	Utility Pension
<u>Additions:</u>			
Contributions:			
On behalf contributions	\$ 1,379,034	\$ 2,171,516	\$ -
Employer	-	-	1,060,069
Total contributions	<u>1,379,034</u>	<u>2,171,516</u>	<u>1,060,069</u>
Investment income (loss):			
Net change in fair value of investme	-	-	459,783
Interest and dividends	-	-	694,031
Total investment income (loss)	-	-	1,153,814
Less investment expenses:			
Investment activity expense	-	-	(57,826)
Net investment income (loss)	<u>-</u>	<u>-</u>	<u>1,095,988</u>
Total additions	<u>1,379,034</u>	<u>2,171,516</u>	<u>2,156,057</u>
<u>Deductions:</u>			
Benefits	1,363,418	2,199,004	1,063,821
Administrative expense	35	100	-
Total deductions	<u>1,363,453</u>	<u>2,199,104</u>	<u>1,063,821</u>
Changes in net position	15,581	(27,588)	1,092,236
Net position - beginning	<u>741,320</u>	<u>980,987</u>	<u>17,431,518</u>
Net position - ending	<u>\$ 756,901</u>	<u>\$ 953,399</u>	<u>\$ 18,523,754</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
December 31, 2016
(Continued)

D. Net Position – Net investment in Capital Assets

As of December 31, 2016, Net Position – Net investment in capital assets is calculated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net capital assets	\$ 225,616,571	\$ 202,650,010	\$ 428,266,581
Less:			
Total capital leases payable	(4,243,562)	(389,100)	(4,632,662)
Total notes and loans payable	(1,438,353)	(1,774,000)	(3,212,353)
Total revenue bonds payable, net	-	(74,219,984)	(74,219,984)
Total TIF bonds payable, net	(945,000)	-	(945,000)
Add:			
Deferred amount on refunding	-	345,969	345,969
Underwriters discount	-	8,045	8,045
Deferred charges	-	326,110	326,110
Invested in capital assets, net of related debt	<u>\$ 218,989,656</u>	<u>\$ 126,947,050</u>	<u>\$ 345,936,706</u>

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.

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CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 22,912,887	\$ 22,912,887	\$ 18,579,367	\$ (4,333,520)
Licenses and permits	688,600	688,600	968,946	280,346
Intergovernmental	4,146,148	4,146,148	5,048,059	901,911
Charges for services	1,035,000	1,035,000	1,580,528	545,528
Fines and forfeits	22,000	22,000	79,637	57,637
Interest	45,000	45,000	154,961	109,961
Sale and use of property	-	-	19,121	19,121
Reimbursement	494,410	494,410	1,576,766	1,082,356
Miscellaneous	-	-	5,262	5,262
Total revenues	<u>29,344,045</u>	<u>29,344,045</u>	<u>28,012,647</u>	<u>(1,331,398)</u>
Expenditures:				
Current:				
General government:				
Mayor				
Personal services	145,945	145,945	145,945	-
Supplies	1,500	1,500	562	938
Other services and charges	14,295	14,471	13,569	902
City Clerk				
Personal services	139,826	139,826	139,826	-
Supplies	2,500	1,500	577	923
Other services and charges	24,857	25,857	15,110	10,747
Central Services				
Personal services	650,240	655,327	654,009	1,318
Supplies	1,206,000	1,212,591	667,312	545,279
Other services and charges	77,000	94,410	64,893	29,517
Common Council				
Personal services	101,827	101,827	101,827	-
Supplies	500	500	336	164
Other services and charges	9,135	9,899	9,894	5
Controller				
Personal services	2,226,411	2,226,411	2,226,411	-
Supplies	15,000	15,506	8,292	7,214
Other services and charges	2,054,500	2,131,407	1,973,915	157,492
Other financing uses	-	-	56,434	(56,434)
Capital outlay	2,500,000	2,500,000	435,911	2,064,089
Human Resources				
Personal services	52,128	52,128	52,128	-
Supplies	2,000	2,000	1,073	927
Other services and charges	83,450	83,450	65,386	18,064
Information Technology				
Personal services	283,113	283,113	283,113	-
Supplies	20,000	20,316	20,316	-
Other services and charges	45,000	54,178	15,907	38,271
Cemetery				
Other services and charges	25,000	25,000	25,000	-
Legal				
Personal services	136,987	136,987	136,987	-
Supplies	1,000	1,000	74	926
Other services and charges	56,000	56,000	12,990	43,010
Planning				
Personal services	207,968	207,968	207,968	-
Supplies	4,000	4,054	1,691	2,363
Other services and charges	4,500	27,541	27,142	399
Total general government	<u>10,090,682</u>	<u>10,230,712</u>	<u>7,364,598</u>	<u>2,866,114</u>

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, 2016
(Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Police				
Personal services	\$ 10,528,604	\$ 10,584,514	\$ 10,584,514	\$ -
Supplies	36,000	43,511	42,441	1,070
Other services and charges	117,800	138,910	97,365	41,545
Fire				
Personal services	11,007,940	10,971,968	10,971,968	-
Supplies	312,000	376,964	367,432	9,532
Other services and charges	103,500	168,710	146,213	22,497
Code Enforcement				
Personal services	265,841	265,841	265,841	-
Supplies	3,500	3,894	3,814	80
Other services and charges	38,000	38,000	18,011	19,989
Building Department				
Personal services	197,156	197,156	197,156	-
Supplies	2,000	2,000	2,000	-
Other services and charges	4,400	4,400	473	3,927
Total public safety	<u>22,616,741</u>	<u>22,795,868</u>	<u>22,697,228</u>	<u>98,640</u>
Engineering				
Personal services	314,292	314,292	314,292	-
Supplies	4,000	4,354	1,179	3,175
Other services and charges	10,250	12,257	7,448	4,809
Total highways and streets	<u>328,542</u>	<u>330,903</u>	<u>322,919</u>	<u>7,984</u>
Recycling				
Supplies	5,000	5,255	479	4,776
Other services and charges	15,000	15,000	10,675	4,325
Total sanitation	<u>20,000</u>	<u>20,255</u>	<u>11,154</u>	<u>9,101</u>
Redevelopment				
Personal services	198,066	198,066	198,066	-
Supplies	1,000	1,080	346	734
Other services and charges	237,253	237,253	231,054	6,199
Total community development	<u>436,319</u>	<u>436,399</u>	<u>429,466</u>	<u>6,933</u>
Unappropriated funds:				
Other financing uses	-	-	745	(745)
Total unappropriated funds	<u>-</u>	<u>-</u>	<u>745</u>	<u>(745)</u>
Total expenditures	<u>33,492,284</u>	<u>33,814,137</u>	<u>30,826,110</u>	<u>2,988,027</u>
Excess (deficiency) of revenues over (under) expenditures	(4,148,239)	(4,470,092)	(2,813,463)	1,656,629
Other financing sources:				
Transfer in	4,140,000	4,140,000	4,095,248	(44,752)
Net change in fund balances	(8,239)	(330,092)	1,281,785	1,611,877
Fund balances - beginning	2,729,136 #	2,729,136	2,729,136	-
Fund balances - ending	<u>\$ 2,720,897</u>	<u>\$ 2,399,044</u>	<u>\$ 4,010,921</u>	<u>\$ 1,611,877</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, 2016
 (Continued)

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

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

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

	General
Net change in fund balance, budgetary basis	\$ 1,281,785
To adjust revenues for accruals	(580,634)
To adjust expenditures for accruals	248,232
To adjust expenditures for encumbrances	570,666
Net change in fund balance, GAAP basis	\$ 1,520,049

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

CITY OF MISHAWAKA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2016

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, 2016
(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 eighteen governmental funds:

Major funds (1):
General fund

Nonmajor funds:

Special revenue funds (9):

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

Capital projects funds (6):

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

Pension funds (2)

Fire Pension, Police Pension

- 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 \$321,853 in 2016.
- I. Expenditures did not exceed appropriations for any funds which required legally approved budgets.

CITY OF MISHAWAKA, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2016
(Continued)

Note 2. Financial Reporting – Pension Plans

A. Plan Amendments

In 2016, 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

There were no changes to actuarial assumptions in 2016. The most recent experience study was performed in April of 2015 resulting in an update to several assumptions. These assumption changes are highlighted below and were in effect for the 2015 and 2016 actuarial studies.

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, 2016. 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, 2016
 (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	3.23% (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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 to 2007</u>
City's proportion of the net pension liability (asset)	0.0013284	0.0014061	0.0014579	Not Available
City's proportionate share of the net pension liability (asset)	\$ 6,028,870	\$ 5,726,908	\$ 3,924,033	
City's covered-employee payroll	\$ 6,366,358	\$ 6,734,743	\$ 7,290,367	
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	94.7%	85.0%	53.8%	
Plan fiduciary net position as a percentage of total pension liability	75.3%	77.3%	84.3%	

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 to 2007</u>
Contractually required contributions	\$ 967,813	\$ 847,987	\$ 389,622	Not Available
Contributions in relation to the contractually required contribution	(707,253)	(748,561)	(767,937)	
Contribution deficiency (excess)	\$ 260,560	\$ 99,426	\$ (378,315)	
City's covered-employee payroll	\$ 6,366,358	\$ 6,734,743	\$ 7,290,367	
Contributions as a percentage of covered-employee payroll	11.11%	11.11%	10.53%	

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 to 2007</u>
Proportion of the net pension liability (asset)	0.0071511	0.0071297	0.0074439	Not Available
Proportionate share of the net pension liability (asset)	\$ 635,282	\$ (1,053,200)	\$ (379,492)	
Covered-employee payroll	\$ 5,526,966	\$ 5,316,603	\$ 5,284,286	
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.5%	-19.8%	-7.2%	
Plan fiduciary net position as a percentage of total pension liability	98.2%	103.2%	101.1%	

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 to 2007</u>
Contractually required contributions	\$ 830,848	\$ 285,938	\$ 214,353	Not Available
Contributions in relation to the contractually required contribution	(1,088,820)	(1,047,375)	(1,037,474)	
Contribution deficiency (excess)	\$ (257,972)	\$ (761,437)	\$ (823,121)	
City's covered-employee payroll	\$ 5,526,966	\$ 5,316,603	\$ 5,284,286	
Contributions as a percentage of covered-employee payroll	19.70%	19.70%	19.63%	

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

	2016	<u>2015</u>	<u>2014</u>	<u>2013 to 2007</u>
City's proportion of the net pension liability (asset)	0.0071635	0.0073620	0.0076191	Not Available
City's proportionate share of the net pension liability (asset)	\$ 636,383	\$ (1,087,515)	\$ (388,424)	
City's covered-employee payroll	\$ 5,536,602	\$ 5,489,804	\$ 5,408,685	
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.5%	-19.8%	-7.2%	
Plan fiduciary net position as a percentage of total pension liability	98.2%	103.2%	101.1%	

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 to 2007</u>
Contractually required contributions	\$ 836,228	\$ 300,681	\$ 223,666	Not Available
Contributions in relation to the contractually required contribution	(1,090,710)	(1,081,481)	(1,065,499)	
Contribution deficiency (excess)	<u>\$ (254,482)</u>	<u>\$ (780,800)</u>	<u>\$ (841,833)</u>	
City's covered-employee payroll	\$ 5,536,602	\$ 5,489,804	\$ 5,408,685	
Contributions as a percentage of covered-employee payroll	19.70%	19.70%	19.70%	

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

	2016	2015	2014	2013	2012 to 2007	
1925 Police Officers' Pension Plan						
Total Pension Liability:						
Total pension liability - beginning of year	\$ 20,074,686	\$ 20,977,077	\$ 19,201,969	\$ 17,132,599	Information not available	
Service cost	30,691	29,939	18,826	10,567		
Interest cost	489,297	513,029	797,797	985,820		
Experience (gains)/losses	(606,418)	1,711	-	(178,099)		
Assumption changes	(1,111,822)	(60,691)	2,379,342	2,676,759		
Plan amendments	-	-	-	-		
Projected benefit payments	(1,356,560)	(1,386,379)	(1,420,857)	(1,425,677)		
Total pension liability - end of year	<u>\$ 17,519,874</u>	<u>\$ 20,074,686</u>	<u>\$ 20,977,077</u>	<u>\$ 19,201,969</u>		
Plan Fiduciary Net Position:						
Plan fiduciary net position - beginning of year	\$ 741,320	\$ 787,611	\$ 782,880	\$ 795,394		
Administrative	(35)	(4,450)	(6,001)	-		
Non-employer contributing entity contributions	1,379,034	1,364,012	1,409,222	1,413,163		
Actual benefit payments	(1,363,418)	(1,405,853)	(1,398,490)	(1,425,677)		
Plan fiduciary net position - end of year	<u>\$ 756,901</u>	<u>\$ 741,320</u>	<u>\$ 787,611</u>	<u>\$ 782,880</u>		
Net Pension Liability	<u>\$ 16,762,973</u>	<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	\$ 31,563,080	\$ 34,780,160	\$ 31,755,489	\$ 27,586,310		
Service cost	-	-	-	-		
Interest cost	783,385	830,569	1,318,268	1,581,245		
Experience (gains)/losses	(825,334)	(1,706,681)	-	526,248		
Assumption changes	(1,791,378)	(97,894)	4,044,868	4,526,150		
Plan amendments	-	-	-	-		
Projected benefit payments	(2,156,237)	(2,243,074)	(2,338,465)	(2,464,464)		
Total pension liability - end of year	<u>\$ 27,573,516</u>	<u>\$ 31,563,080</u>	<u>\$ 34,780,160</u>	<u>\$ 31,755,489</u>		
Plan Fiduciary Net Position:						
Plan fiduciary net position - beginning of year	\$ 980,987	\$ 1,003,077	\$ 887,820	\$ 1,018,421		
Administration	(100)	(7,875)	(7,314)	(6,848)		
Non-employer contributing entity contributions	2,171,516	2,241,138	2,459,100	2,340,711		
Actual benefit payments	(2,199,004)	(2,255,353)	(2,336,529)	(2,464,464)		
Plan fiduciary net position - end of year	<u>\$ 953,399</u>	<u>\$ 980,987</u>	<u>\$ 1,003,077</u>	<u>\$ 887,820</u>		
Net Pension Liability	<u>\$ 26,620,117</u>	<u>\$ 30,582,093</u>	<u>\$ 33,777,083</u>	<u>\$ 30,867,669</u>		

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

Utilities Pension	2016	2015	2014	2013 to 2007	
Total Pension Liability:					
Total pension liability - beginning of year	\$ 22,565,043	\$ 21,966,679	\$ 20,177,128	Information not available	
Service cost	531,666	551,697	547,910		
Interest cost	1,520,132	1,482,659	1,367,260		
Experience (gains)/losses	(931,461)	(135,067)	41,160		
Assumption changes	(282,632)	(279,902)	699,670		
Plan amendments	(1,063,821)	(1,021,023)	(866,449)		
Total pension liability - end of year	<u>\$ 22,338,927</u>	<u>\$ 22,565,043</u>	<u>\$ 21,966,679</u>		
Plan Fiduciary Net Position:					
Plan fiduciary net position - beginning of year	\$ 17,431,518	\$ 17,659,728	\$ 16,901,219		
Employer contributions	1,047,200	1,025,201	867,363		
Employee contributions	-	-	-		
Non-employer contributing entity contributions	-	-	-		
Investment return	1,153,814	(173,954)	813,594		
Actual benefit payments	(1,063,820)	(1,021,023)	(866,449)		
Administrative and project expenses	(57,826)	(58,434)	(55,999)		
Plan fiduciary net position - end of year	<u>\$ 18,510,886</u>	<u>\$ 17,431,518</u>	<u>\$ 17,659,728</u>		
Net Pension Liability	<u>\$ 3,828,041</u>	<u>\$ 5,133,525</u>	<u>\$ 4,306,951</u>		

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

	2016	2015	2014	2013	2012 to 2007	
<u>1925 Police Officers' Pension Plan</u>						
Total pension liability	\$ 17,519,874	\$ 20,074,686	\$ 20,977,077	\$ 19,201,969	Information not available	
Less plan fiduciary net position	(756,901)	(741,320)	(787,611)	(782,880)		
Net pension liability	<u>\$ 16,762,973</u>	<u>\$ 19,333,366</u>	<u>\$ 20,189,466</u>	<u>\$ 18,419,089</u>		
Plan fiduciary net position as a percentage of the total pension liability	4.32%	3.69%	3.75%	4.08%		
Covered employee payroll	**	**	**	**		
Net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A		
<u>1937 Firefighters' Pension Plan</u>						
Total pension liability	\$ 27,573,516	\$ 31,563,080	\$ 34,780,160	\$ 31,755,489		
Less plan fiduciary net position	(953,399)	(980,987)	(1,003,077)	(887,820)		
Net pension liability	<u>\$ 26,620,117</u>	<u>\$ 30,582,093</u>	<u>\$ 33,777,083</u>	<u>\$ 30,867,669</u>		
Plan fiduciary net position as a percentage of the total pension liability	3.46%	3.11%	2.88%	2.80%		
Covered employee payroll	**	**	**	**		
Net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A		
<u>Utilities Pension Plan</u>						
Total pension liability	\$ 22,338,927	\$ 22,565,043	\$ 21,966,679	\$ 20,177,128		
Less plan fiduciary net position	(18,510,886)	(17,431,516)	(17,659,728)	(16,901,219)		
Net pension liability	<u>\$ 3,828,041</u>	<u>\$ 5,133,527</u>	<u>\$ 4,306,951</u>	<u>\$ 3,275,909</u>		
Plan fiduciary net position as a percentage of the total pension liability	82.86%	77.25%	80.39%	83.76%		
Covered employee payroll	\$ 6,012,037	\$ 6,119,311	\$ 6,361,099	\$ 6,159,487.00		
Net pension liability as a percentage of covered employee payroll	63.67%	83.89%	67.71%	N/A		

Notes:

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

** Not available.

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

	2016	2015	2014	2013	2012	2011	2010	2009 to 2007				
1925 Police Officers' Pension Plan												
Actuarially determined contribution	\$ 1,358,078	\$ 1,405,853	\$ 1,398,490	\$ 1,425,677	Information not available							
Less contributions in relation to the actuarially determined contribution	(1,358,078)	(1,405,853)	(1,398,490)	(1,425,677)								
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -								
Covered employee payroll	**	**	**	**								
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A								
1937 Firefighters' Pension Plan												
Actuarially determined contribution	\$ 2,188,594	\$ 2,255,353	\$ 2,336,529	\$ 2,464,464					Information not available			
Less contributions in relation to the actuarially determined contribution	(2,188,594)	(2,255,353)	(2,336,529)	(2,464,464)								
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -								
Covered employee payroll	**	**	**	**								
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A								
Utilities Pension Plan												
Actuarially determined contribution	\$ 956,702	\$ 1,012,206	\$ 897,211	\$ 841,896	\$ 674,395	\$ 589,148	\$ 595,072	Not Available				
Less contributions in relation to the actuarially determined contribution	(1,047,200)	(1,025,201)	(867,363)	(874,082)	(936,366)	(598,801)	(610,528)					
Contribution deficiency (excess)	\$ (90,498)	\$ (12,995)	\$ 29,848	\$ (32,186)	\$ (261,971)	\$ (9,653)	\$ (15,456)					
Covered employee payroll	\$ 6,012,037	\$ 6,119,311	\$ 6,361,099	\$ 6,159,487	\$ 5,797,047	\$ 5,685,044	\$ 5,891,118					
Contributions as a percentage of covered employee payroll	17.42%	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*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>1925 Police Officers' Pension Plan</u>										
Annual money-weighted rate of return, net of investment expense	N/A **	N/A **	N/A **	N/A **	Not available					
<u>1937 Firefighters' Pension Plan</u>										
Annual money-weighted rate of return, net of investment expense	N/A **	N/A **	N/A **	N/A **	Not available					
<u>Utilities Pension Plan</u>										
Annual money-weighted rate of return, net of investment expense	6.64%	-1.30%	4.50%	13.40%	11.40%	-0.70%	11.00%	21.90%	-25.70%	12.40%

Notes:

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

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

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

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.
LOIT Special Distribution -	To account for a one-time distribution of income taxes to be held and used only for infrastructure improvements.
Police Drug Investigation Assistance -	To account for expenditures for drug and arson investigation and training of police personnel financed by state grants, donations, and sale of confiscated assets.
Off-Street Parking -	To account for operations of city owned parking lots. Revenues are received from parking permit fees.
Sidewalk and Curb Repair -	To account for revenue received from residents for improvements to adjacent sidewalks and curbs.
Industrial Development -	To account for state loans to provide loan money to business and commercial customers for rehabilitation.
Trash Collection -	To account for transaction related to trash collections. Residents are billed monthly for collections and the City has a contract to provide services.
Mishawaka Gift -	To account for donations for various projects.
Law Enforcement Continuing Education -	To account for court fees, fees charged for furnishing accident reports, handgun application fees and fees charged for vehicle inspections. Expenditures are for the continuing education and training of law enforcement officers.

**NONMAJOR GOVERNMENTAL FUNDS
(Continued)**

Bicentennial Gift -	To account for donations for the bicentennial celebration. Interest earned on these monies is received 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 MSHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2016

	Special Revenue							
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Public Safety	Rainy Day	Rainy Day Public Safety	LOIT Special Distribution
Assets								
Cash and Cash Equivalents	\$ 1,143,839	\$ 117,911	\$ 609,417	\$ 59,337	\$ 1,737,250	\$ 896,736	\$ -	\$ 1,399,547
Receivables (Net of Allowances for Uncollectibles):								
Interest	-	-	-	-	-	-	-	-
Taxes	9,581	-	61,178	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Intergovernmental	460,615	75,236	-	-	5,468	-	-	-
Loans	-	-	-	-	-	-	-	-
Total assets	\$ 1,614,035	\$ 193,147	\$ 670,595	\$ 59,337	\$ 1,742,718	\$ 896,736	\$ -	\$ 1,399,547
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 67,620	\$ -	\$ 37,430	\$ 940	\$ 25,745	\$ -	\$ -	\$ 9,583
Accrued payroll and withholdings payable	25,150	-	12,014	-	-	-	-	-
Total liabilities	92,770	-	49,444	940	25,745	-	-	9,583
Deferred inflows of resources - property taxes	9,581	-	61,178	-	-	-	-	-
Fund Balances:								
Non-spendable								
Long-term loans receivable	-	-	-	-	-	-	-	-
Restricted	1,392,420	193,147	512,927	58,397	1,659,163	-	-	444,417
Committed	-	-	-	-	-	896,736	-	-
Assigned	119,264	-	47,046	-	57,810	-	-	945,547
Total fund balances	1,511,684	193,147	559,973	58,397	1,716,973	896,736	-	1,389,964
Total liabilities and fund balances	\$ 1,614,035	\$ 193,147	\$ 670,595	\$ 59,337	\$ 1,742,718	\$ 896,736	\$ -	\$ 1,399,547

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2016
 (Continued)

	Special Revenue						
	Police Drug Investigation Assistance	Off-Street Parking	Sidewalk and Curb Repair	Industrial Development	Trash Collection	Mishawaka Gift	Law Enforcement Continuing Education
Assets							
Cash and Cash Equivalents	\$ 3,742	\$ 7,019	\$ -	\$ 58,158	\$ 973,937	\$ 301,862	\$ 109,063
Receivables (Net of Allowances for Uncollectibles):							
Interest	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	2,579
Intergovernmental	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total assets	<u>\$ 3,742</u>	<u>\$ 7,019</u>	<u>\$ -</u>	<u>\$ 58,158</u>	<u>\$ 973,937</u>	<u>\$ 301,862</u>	<u>\$ 111,642</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 297,932	\$ -	\$ 112
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>297,932</u>	<u>-</u>	<u>112</u>
Deferred inflows of resources - property taxes	-	-	-	-	-	-	-
Fund Balances:							
Non-spendable							
Long-term loans receivable	-	-	-	-	-	-	-
Restricted	3,742	7,019	-	58,158	676,005	301,862	108,303
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	3,227
Total fund balances	<u>3,742</u>	<u>7,019</u>	<u>-</u>	<u>58,158</u>	<u>676,005</u>	<u>301,862</u>	<u>111,530</u>
Total liabilities and fund balances	<u>\$ 3,742</u>	<u>\$ 7,019</u>	<u>\$ -</u>	<u>\$ 58,158</u>	<u>\$ 973,937</u>	<u>\$ 301,862</u>	<u>\$ 111,642</u>

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2016
 (Continued)

	Special Revenue								Totals
	Bicentennial Gift	Community Development	Property Rehabilitation Revolving	Park Nonreverting Operating	Criminal Assistance Grant	NSP (3) Grant	State Grant	Levy Excess	
Assets									
Cash and Cash Equivalents	\$ 1,332	\$ 4,319	\$ 140,748	\$ 564,648	\$ 63,931	\$ 52,706	\$ 70,147	\$ -	\$ 8,315,649
Receivables (Net of Allowances for Uncollectibles):									
Interest	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	70,759
Accounts	-	-	-	-	-	-	-	-	2,579
Intergovernmental	-	-	-	-	-	-	-	-	541,319
Loans	-	375,030	-	-	-	-	-	-	375,030
Total assets	<u>\$ 1,332</u>	<u>\$ 379,349</u>	<u>\$ 140,748</u>	<u>\$ 564,648</u>	<u>\$ 63,931</u>	<u>\$ 52,706</u>	<u>\$ 70,147</u>	<u>\$ -</u>	<u>\$ 9,305,336</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ -	\$ 212,290	\$ 780	\$ -	\$ 52,784	\$ -	\$ 70,147	\$ -	\$ 775,363
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-	37,164
Total liabilities	<u>-</u>	<u>212,290</u>	<u>780</u>	<u>-</u>	<u>52,784</u>	<u>-</u>	<u>70,147</u>	<u>-</u>	<u>812,527</u>
Deferred inflows of resources - property taxes	-	-	-	-	-	-	-	-	70,759
Fund Balances:									
Non-spendable									
Long-term loans receivable	-	335,061	-	-	-	-	-	-	335,061
Restricted	1,332	(168,002)	139,968	540,706	11,147	52,706	(70,147)	-	5,923,270
Committed	-	-	-	-	-	-	-	-	896,736
Assigned	-	-	-	23,942	-	-	70,147	-	1,266,983
Total fund balances	<u>1,332</u>	<u>167,059</u>	<u>139,968</u>	<u>564,648</u>	<u>11,147</u>	<u>52,706</u>	<u>-</u>	<u>-</u>	<u>8,422,050</u>
Total liabilities and fund balances	<u>\$ 1,332</u>	<u>\$ 379,349</u>	<u>\$ 140,748</u>	<u>\$ 564,648</u>	<u>\$ 63,931</u>	<u>\$ 52,706</u>	<u>\$ 70,147</u>	<u>\$ -</u>	<u>\$ 9,305,336</u>

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2016
 (Continued)

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

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CITY OF MSHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2016
 (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	\$ 45,442	\$ 1,619,884	\$ 2,389,554	\$ 988,639	\$ 252,498
Receivables (Net of Allowances for Uncollectibles):					
Interest	-	-	-	-	-
Taxes	-	10,835	11,714	-	16,928
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	13,439
Loans	-	-	-	-	-
Total assets	<u>\$ 45,442</u>	<u>\$ 1,630,719</u>	<u>\$ 2,401,268</u>	<u>\$ 988,639</u>	<u>\$ 282,865</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 143,437	\$ 96,200	\$ 4,948
Accrued payroll and withholdings payable	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>143,437</u>	<u>96,200</u>	<u>4,948</u>
Deferred inflows of resources - property taxes	<u>-</u>	<u>10,835</u>	<u>11,714</u>	<u>-</u>	<u>16,928</u>
Fund Balances:					
Non-spendable					
Long-term loans receivable	-	-	-	-	-
Restricted	45,442	1,619,884	2,057,110	317,901	255,746
Committed	-	-	-	-	-
Assigned	-	-	189,007	574,538	5,243
Total fund balances	<u>45,442</u>	<u>1,619,884</u>	<u>2,246,117</u>	<u>892,439</u>	<u>260,989</u>
Total liabilities and fund balances	<u>\$ 45,442</u>	<u>\$ 1,630,719</u>	<u>\$ 2,401,268</u>	<u>\$ 988,639</u>	<u>\$ 282,865</u>

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2016
 (Continued)

	Capital Projects			Total Nonmajor Governmental Funds
	TIF Consolidated Capital	CEDIT	Totals	
<u>Assets</u>				
Cash and Cash Equivalents	\$ -	\$ 4,711,806	\$ 10,007,823	\$ 18,323,472
Receivables (Net of Allowances for Uncollectibles):				
Interest	-	-	-	-
Taxes	-	-	39,477	110,236
Accounts	-	-	-	2,579
Intergovernmental	-	-	13,439	554,758
Loans	-	-	-	375,030
	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 4,711,806</u>	<u>\$ 10,060,739</u>	<u>\$ 19,366,075</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	\$ 464,330	\$ 708,915	\$ 1,484,278
Accrued payroll and withholdings payable	-	-	-	37,164
	-	-	-	-
Total liabilities	<u>-</u>	<u>464,330</u>	<u>708,915</u>	<u>1,521,442</u>
Deferred inflows of resources - property taxes	-	-	39,477	110,236
	-	-	-	-
Fund Balances:				
Non-spendable				
Long-term loans receivable	-	-	-	335,061
Restricted	-	945,000	5,241,083	11,164,353
Committed	-	1,069,044	1,069,044	1,965,780
Assigned	-	2,233,432	3,002,220	4,269,203
	-	-	-	-
Total fund balances	<u>-</u>	<u>4,247,476</u>	<u>9,312,347</u>	<u>17,734,397</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 4,711,806</u>	<u>\$ 10,060,739</u>	<u>\$ 19,366,075</u>

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2016

	Special Revenue							
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Public Safety	Rainy Day	Rainy Day Public Safety	LOIT Special Distribution
	Revenues:							
Taxes:								
Property	\$ 309,467	\$ -	\$ 1,975,998	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	1,746,783	453,300	139,168	-	2,300,986	467,070	-	1,404,000
Charges for services	884,839	-	555,538	15,647	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	3,058	-	-	-	-	-	-	-
Sale and use of property	14,378	-	78,296	-	-	-	-	-
Gifts and donations	-	-	-	62,544	-	-	-	-
Other	1,628	-	2,091	-	7,456	-	-	-
Total Revenues	2,960,153	453,300	2,751,091	78,191	2,308,442	467,070	-	1,404,000
Expenditures:								
Current:								
General government	-	-	-	-	-	450,000	-	-
Public safety	-	-	-	-	2,969,633	-	-	-
Highways and streets	3,020,111	499,999	-	-	-	-	-	4,453
Sanitation	-	-	-	-	-	-	-	-
Culture and recreation	-	-	2,696,487	77,231	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital Outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	1,195,889	-	2,519	-
Highways and streets	137,571	-	-	-	-	-	-	9,583
Culture and recreation	-	-	38,243	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total Expenditures	3,157,682	499,999	2,734,730	77,231	4,165,522	450,000	2,519	14,036
Excess (deficiency) of revenues								
Over (under) expenditures	(197,529)	(46,699)	16,361	960	(1,857,080)	17,070	(2,519)	1,389,964
Other financing sources (uses):								
Issuance of debt	137,571	-	38,243	-	1,195,889	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(326,847)	-	-	-
Total other financing sources and uses	137,571	-	38,243	-	869,042	-	-	-
Net change in fund balances	(59,958)	(46,699)	54,604	960	(988,038)	17,070	(2,519)	1,389,964
Fund Balance - January 1	1,571,642	239,846	505,369	57,437	2,705,011	879,666	2,519	-
Fund Balances - December 31	\$ 1,511,684	\$ 193,147	\$ 559,973	\$ 58,397	\$ 1,716,973	\$ 896,736	\$ -	\$ 1,389,964

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2016
 (Continued)

	Special Revenue						
	Police Drug Investigation Assistance	Off-Street Parking	Sidewalk and Curb Repair	Industrial Development	Trash Collection	Mishawaka Gift	Law Enforcement Continuing Education
	Revenues:						
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	5,032	-	-	-	-	29,825
Intergovernmental	10,430	-	-	-	-	-	30,125
Charges for services	-	-	-	-	1,868,353	-	39,750
Fines and forfeits	-	-	-	-	-	-	6,609
Interest	-	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	71,335	-
Other	-	9,281	2,115	-	-	-	379
Total Revenues	10,430	14,313	2,115	-	1,868,353	71,335	106,688
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	6,688	17,405	-	-	-	-	115,223
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	1,887,837	-	-
Culture and recreation	-	-	-	-	-	24,529	-
Community development	-	-	-	-	-	-	-
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital Outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	36,254	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Total Expenditures	6,688	17,405	36,254	-	1,887,837	24,529	115,223
Excess (deficiency) of revenues							
Over (under) expenditures	3,742	(3,092)	(34,139)	-	(19,484)	46,806	(8,535)
Other financing sources (uses):							
Issuance of debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-
Net change in fund balances	3,742	(3,092)	(34,139)	-	(19,484)	46,806	(8,535)
Fund Balance - January 1	-	10,111	34,139	58,158	695,489	255,056	120,065
Fund Balances - December 31	\$ 3,742	\$ 7,019	\$ -	\$ 58,158	\$ 676,005	\$ 301,862	\$ 111,530

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2016
 (Continued)

	Special Revenue								Totals
	Bicentennial	Community	Property	Park	Criminal	NSP (3)	State	Levy	
	Gift	Development	Rehabilitation	Nonreverting	Assistance	Grant	Grant	Excess	
Revenues:									
Taxes:									
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,285,465
Licenses and permits	-	-	-	-	-	-	-	-	34,857
Intergovernmental	-	139,685	-	-	191,748	-	-	-	6,883,295
Charges for services	-	-	-	147,031	-	-	-	-	3,511,158
Fines and forfeits	-	-	-	-	-	-	-	-	6,609
Interest	3	-	-	-	-	-	-	-	3,061
Sale and use of property	-	-	-	-	-	-	-	-	92,674
Gifts and donations	-	-	10,126	-	-	-	-	-	144,005
Other	-	29,802	45,604	5	-	-	-	-	98,561
Total Revenues	3	169,487	55,930	147,036	191,748	-	-	-	13,059,685
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	-	450,000
Public safety	-	-	-	-	146,347	-	-	-	3,255,296
Highways and streets	-	-	-	-	-	-	-	-	3,524,563
Sanitation	-	-	-	-	-	-	-	-	1,887,837
Culture and recreation	-	-	-	120,552	-	-	-	-	2,918,799
Community development	-	598,745	103,085	-	-	-	-	-	701,830
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Capital Outlay:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	1,198,408
Highways and streets	-	-	-	-	52,784	-	70,147	-	306,339
Culture and recreation	-	-	-	11,364	-	-	-	-	49,607
Community development	-	-	-	-	-	-	-	-	-
Total Expenditures	-	598,745	103,085	131,916	199,131	-	70,147	-	14,232,679
Excess (deficiency) of revenues									
Over (under) expenditures	3	(429,258)	(47,155)	15,120	(7,383)	-	(70,147)	-	(1,232,994)
Other financing sources (uses):									
Issuance of debt	-	-	-	-	-	-	-	-	1,371,703
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(1,206)	(328,053)
Total other financing sources and uses	-	-	-	-	-	-	-	(1,206)	1,043,650
Net change in fund balances	3	(429,258)	(47,155)	15,120	(7,383)	-	(70,147)	(1,206)	(189,344)
Fund Balance - January 1	1,329	596,317	187,123	549,528	18,530	52,706	70,147	1,206	8,611,394
Fund Balances - December 31	\$ 1,332	\$ 167,059	\$ 139,968	\$ 564,648	\$ 11,147	\$ 52,706	\$ -	\$ -	\$ 8,422,050

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2016
 (Continued)

	Debt Service		
	Mishawaka	Consolidated	
	Building	TIF Bond and	Totals
	Corporation	Interest	
	Debt Service	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:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Sanitation	-	-	-
Culture and recreation	-	-	-
Community development	-	-	-
Debt Service:			
Principal	266,668	30,000	296,668
Interest and fiscal charges	60,179	19,350	79,529
Capital Outlay:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Culture and recreation	-	-	-
Community development	-	-	-
Total Expenditures	<u>326,847</u>	<u>49,350</u>	<u>376,197</u>
Excess (deficiency) of revenues			
Over (under) expenditures	<u>(326,847)</u>	<u>(49,350)</u>	<u>(376,197)</u>
Other financing sources (uses):			
Issuance of debt	-	-	-
Transfers in	326,847	49,350	376,197
Transfers out	-	-	-
Total other financing sources and uses	<u>326,847</u>	<u>49,350</u>	<u>376,197</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, 2016
 (Continued)

	Capital Projects				
	Cumulative				
	Building and	Cumulative	Cumulative	Local Major	Cumulative
	Fire Fighting	Capital	Sewer	Moves	Capital
Equipment	Improvement	Construction	Development		
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ 378,359	\$ -	\$ 546,762
Licenses and permits	-	-	92,111	-	-
Intergovernmental	-	122,981	26,648	-	27,454
Charges for services	-	-	-	4,356	-
Fines and forfeits	-	-	-	-	-
Interest	-	-	-	2,521	-
Sale and use of property	-	-	-	-	-
Gifts and donations	-	-	-	-	-
Other	-	-	5,761	-	-
Total Revenues	-	122,981	502,879	6,877	574,216
Expenditures:					
Current:					
General government	-	-	-	-	312,125
Public safety	-	-	281,701	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital Outlay:					
General government	-	-	-	-	291,644
Public safety	-	-	138,419	-	-
Highways and streets	-	-	-	583,346	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Total Expenditures	-	-	420,120	583,346	603,769
Excess (deficiency) of revenues					
Over (under) expenditures	-	122,981	82,759	(576,469)	(29,553)
Other financing sources (uses):					
Issuance of debt	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
Net change in fund balances	-	122,981	82,759	(576,469)	(29,553)
Fund Balance - January 1	45,442	1,496,903	2,163,358	1,468,908	290,542
Fund Balances - December 31	\$ 45,442	\$ 1,619,884	\$ 2,246,117	\$ 892,439	\$ 260,989

(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, 2016
 (Continued)

	Capital Projects			Total Nonmajor Governmental Funds
	TIF Consolidated	CEDIT	Totals	
	Capital			
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ 925,121	\$ 3,210,586
Licenses and permits	-	-	92,111	126,968
Intergovernmental	-	3,233,002	3,410,065	10,233,380
Charges for services	-	57,623	61,979	3,573,137
Fines and forfeits	-	-	-	6,609
Interest	-	-	2,521	5,582
Sale and use of property	-	-	-	92,674
Gifts and donations	-	-	-	144,005
Other	275,522	-	281,263	379,844
Total Revenues	275,522	3,290,625	4,773,100	17,832,785
Expenditures:				
Current:				
General government	-	73,855	385,980	835,980
Public safety	-	-	281,701	3,536,997
Highways and streets	-	1,863,324	1,863,324	5,387,887
Sanitation	-	-	-	1,887,837
Culture and recreation	-	-	-	2,918,799
Community development	-	-	-	701,830
Debt Service:				
Principal	-	75,429	75,429	372,097
Interest and fiscal charges	-	43,884	43,884	123,413
Capital Outlay:				
General government	-	412,251	703,895	703,895
Public safety	-	-	138,419	1,336,827
Highways and streets	-	758,140	1,341,486	1,647,825
Culture and recreation	-	206,424	206,424	256,031
Community development	668,993	-	668,993	668,993
Total Expenditures	668,993	3,433,307	5,709,535	20,378,411
Excess (deficiency) of revenues				
Over (under) expenditures	(393,471)	(142,682)	(936,435)	(2,545,626)
Other financing sources (uses):				
Issuance of debt	-	71,865	71,865	1,443,568
Transfers in	-	-	-	376,197
Transfers out	-	-	-	(328,053)
Total other financing sources and uses	-	71,865	71,865	1,491,712
Net change in fund balances	(393,471)	(70,817)	(864,570)	(1,053,914)
Fund Balance - January 1	393,471	4,318,293	10,176,917	18,788,311
Fund Balances - December 31	\$ -	\$ 4,247,476	\$ 9,312,347	\$ 17,734,397

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, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 332,097	\$ 332,097	\$ 309,467	\$ (22,630)
Intergovernmental	2,521,424	2,521,424	2,619,054	97,630
Charges for services	6,840	6,840	13,680	6,840
Interest	-	-	3,058	3,058
Sale and use of property	-	-	14,378	14,378
Reimbursement	5,888	5,888	6,087	199
Miscellaneous	-	-	1,628	1,628
Total revenues	<u>2,866,249</u>	<u>2,866,249</u>	<u>2,967,352</u>	<u>101,103</u>
Expenditures:				
Current:				
Highways and streets:				
Personal services	2,393,850	2,410,841	2,296,503	114,338
Supplies	405,500	457,592	289,339	168,253
Other services and charges	647,600	632,364	526,914	105,450
Total highways and streets	<u>3,446,950</u>	<u>3,500,797</u>	<u>3,112,756</u>	<u>388,041</u>
Total expenditures	<u>3,446,950</u>	<u>3,500,797</u>	<u>3,112,756</u>	<u>388,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(580,701)</u>	<u>(634,548)</u>	<u>(145,404)</u>	<u>489,144</u>
Net change in fund balances	(580,701)	(634,548)	(145,404)	489,144
Fund balances - beginning	<u>1,069,528</u>	<u>1,069,528</u>	<u>1,069,528</u>	<u>-</u>
Fund balances - ending	<u>\$ 488,827</u>	<u>\$ 434,980</u>	<u>\$ 924,124</u>	<u>\$ 489,144</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (145,404)	
To adjust revenues for accruals			(11,466)	
To adjust expenditures for accruals			(22,352)	
To adjust expenditures for encumbrances			<u>119,264</u>	
Net change in fund balance, GAAP basis			<u>\$ (59,958)</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, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ 450,527	\$ 450,527	\$ 453,266	\$ 2,739
Total revenues	450,527	450,527	453,266	2,739
Expenditures:				
Current:				
Highways and streets:				
Capital outlay	500,000	500,000	500,000	-
Total highways and streets	500,000	500,000	500,000	-
Total expenditures	500,000	500,000	500,000	-
Excess (deficiency) of revenues over (under) expenditures	(49,473)	(49,473)	(46,734)	2,739
Net change in fund balances	(49,473)	(49,473)	(46,734)	2,739
Fund balances - beginning	192,708	192,708	192,708	-
Fund balances - ending	\$ 143,235	\$ 143,235	\$ 145,974	\$ 2,739
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (46,734)	
To adjust revenues for accruals			35	
To adjust expenditures for accruals			-	
Net change in fund balance, GAAP basis			<u>\$ (46,699)</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, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 2,326,144	\$ 2,326,144	\$ 1,975,998	\$ (350,146)
Intergovernmental	107,458	107,458	139,168	31,710
Charges for services	575,000	575,000	421,907	(153,093)
Sale and use of property	-	-	212,884	212,884
Reimbursement	-	-	334	334
Miscellaneous	-	-	1,150	1,150
Total revenues	<u>3,008,602</u>	<u>3,008,602</u>	<u>2,751,441</u>	<u>(257,161)</u>
Expenditures:				
Current:				
Culture and recreation:				
Personal services	2,238,544	2,246,776	2,066,769	180,007
Supplies	311,000	318,541	208,688	109,853
Other services and charges	786,400	793,416	449,469	343,947
Other financing uses	-	-	3,717	(3,717)
Total expenditures	<u>3,335,944</u>	<u>3,358,733</u>	<u>2,728,643</u>	<u>630,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(327,342)</u>	<u>(350,131)</u>	<u>22,798</u>	<u>372,929</u>
Net change in fund balances	(327,342)	(350,131)	22,798	372,929
Fund balances - beginning	505,205	505,205	505,205	-
Fund balances - ending	<u>\$ 177,863</u>	<u>\$ 155,074</u>	<u>\$ 528,003</u>	<u>\$ 372,929</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 22,798	
To adjust revenues for accruals			(350)	
To adjust expenditures for accruals			(14,890)	
To adjust expenditures for encumbrances			<u>47,046</u>	
Net change in fund balance, GAAP basis			<u>\$ 54,604</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, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ 2,100,000	\$ 2,100,000	\$ 2,295,518	\$ 195,518
Miscellaneous	-	-	17,431	17,431
Total revenues	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,312,949</u>	<u>212,949</u>
Expenditures:				
Current:				
Public safety:				
Supplies	-	91	91	-
Other services and charges	1,953,353	2,004,143	1,786,639	217,504
Capital outlay	712,000	1,554,290	1,544,473	9,817
Total public safety	<u>2,665,353</u>	<u>3,558,524</u>	<u>3,331,203</u>	<u>227,321</u>
Total expenditures	<u>2,665,353</u>	<u>3,558,524</u>	<u>3,331,203</u>	<u>227,321</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(565,353)</u>	<u>(1,458,524)</u>	<u>(1,018,254)</u>	<u>440,270</u>
Net change in fund balances	(565,353)	(1,458,524)	(1,018,254)	440,270
Fund balances - beginning	<u>2,418,745</u>	<u>2,418,745</u>	<u>2,418,745</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,853,392</u>	<u>\$ 960,221</u>	<u>\$ 1,400,491</u>	<u>\$ 440,270</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (1,018,254)	
To adjust revenues for accruals			(4,507)	
To adjust expenditures for accruals			(23,087)	
To adjust expenditures for encumbrances			57,810	
Net change in fund balance, GAAP basis			<u>\$ (988,038)</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, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ -	\$ -	\$ 467,070	\$ 467,070
Total revenues	-	-	467,070	467,070
Expenditures:				
Current:				
Public safety:				
Personal services	-	200,000	200,000	-
Other services and charges	-	250,000	250,000	-
Total public safety	-	450,000	450,000	-
Total expenditures	-	450,000	450,000	-
Excess (deficiency) of revenues over (under) expenditures	-	(450,000)	17,070	467,070
Net change in fund balances	-	(450,000)	17,070	467,070
Fund balances - beginning	879,666	879,666	879,666	-
Fund balances - ending	\$ 879,666	\$ 429,666	\$ 896,736	\$ 467,070
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 17,070	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ 17,070	

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, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public safety:				
Capital outlay	\$ 2,519	\$ 2,519	\$ 2,519	\$ -
Total public safety	<u>2,519</u>	<u>2,519</u>	<u>2,519</u>	<u>-</u>
Total expenditures	2,519	2,519	2,519	-
Fund balances - beginning	\$ -	\$ -	\$ -	\$ -
Fund balances - ending	<u>\$ (2,519)</u>	<u>\$ (2,519)</u>	<u>\$ (2,519)</u>	<u>\$ -</u>

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LAW ENFORCEMENT CONTINUING EDUCATION
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Licenses and permits	\$ 15,000	\$ 15,000	\$ 29,775	\$ 14,775
Intergovernmental	-	-	30,125	30,125
Charges for services	19,500	19,500	37,241	17,741
Fines and forfeits	2,000	2,000	6,609	4,609
Miscellaneous	-	-	359	359
Total revenues	36,500	36,500	104,109	67,609
Expenditures:				
Current:				
Public safety:				
Supplies	55,000	55,000	54,374	626
Other services and charges	20,000	20,000	18,900	1,100
Other financing uses	-	-	100	(100)
Capital outlay	45,000	45,000	45,000	-
Total public safety	120,000	120,000	118,374	1,626
Total expenditures	120,000	120,000	118,374	1,626
Excess (deficiency) of revenues over (under) expenditures	(83,500)	(83,500)	(14,265)	69,235
Net change in fund balances	(83,500)	(83,500)	(14,265)	69,235
Fund balances - beginning	118,451	118,451	118,451	-
Fund balances - ending	<u>\$ 34,951</u>	<u>\$ 34,951</u>	<u>\$ 104,186</u>	<u>\$ 69,235</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (14,265)	
To adjust revenues for accruals			2,579	
To adjust expenditures for accruals			(76)	
To adjust expenditures for encumbrances			3,227	
Net change in fund balance, GAAP basis			<u>\$ (8,535)</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, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Charges for services	\$ 83,000	\$ 83,000	\$ 88,566	\$ 5,566
Sale and use of property	37,000	37,000	58,595	21,595
 Total revenues	 120,000	 120,000	 147,161	 27,161
Expenditures:				
Current:				
Culture and recreation:				
Other services and charges	15,000	40,000	15,000	25,000
Other financing uses	-	-	1,200	(1,200)
Capital outlay	135,000	142,500	139,658	2,842
 Total expenditures	 150,000	 182,500	 155,858	 26,642
 Excess (deficiency) of revenues over (under) expenditures	 (30,000)	 (62,500)	 (8,697)	 53,803
 Net change in fund balances	 (30,000)	 (62,500)	 (8,697)	 53,803
Fund balances - beginning	549,403	549,403	549,403	-
Fund balances - ending	\$ 519,403	\$ 486,903	\$ 540,706	\$ 53,803
 <u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (8,697)	
To adjust revenues for accruals			(125)	
To adjust expenditures for accruals			-	
To adjust expenditures for encumbrances			23,942	
Net change in fund balance, GAAP basis			<u>\$ 15,120</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LOIT SPECIAL DISTRIBUTION
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ -	\$ -	\$ 1,404,000	\$ 1,404,000
Sale and use of property	-	-	-	-
Total revenues	-	-	1,404,000	1,404,000
Expenditures:				
Current:				
Culture and recreation:				
Other services and charges	-	950,000	950,000	-
Other financing uses	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	950,000	950,000	-
Excess (deficiency) of revenues over (under) expenditures	-	(950,000)	454,000	1,404,000
Net change in fund balances	-	(950,000)	454,000	1,404,000
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ (950,000)	\$ 454,000	\$ 1,404,000
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 454,000	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			935,964	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			<u>\$ 1,389,964</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE BUILDING AND FIRE FIGHTING EQUIPMENT
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Public safety:				
Capital outlay	\$ -	\$ 4,625	\$ 4,625	\$ -
Total expenditures	-	4,625	4,625	-
Excess (deficiency) of revenues over (under) expenditures	-	(4,625)	(4,625)	-
To adjust expenditures for encumbrances	-	(4,625)	(4,625)	-
Fund balances - beginning	54,168	54,168	54,168	-
Fund balances - ending	\$ 54,168	\$ 49,543	\$ 49,543	\$ -
<u>Budget/GAAP Reconciliation:</u>				
Net change in fund balance, budget basis			\$ (4,625)	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			4,625	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			\$ -	

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, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ 123,043	\$ 123,043	\$ 122,981	\$ (62)
Total revenues	123,043	123,043	122,981	(62)
Excess (deficiency) of revenues over (under) expenditures	123,043	123,043	122,981	(62)
To adjust expenditures for encumbrances	123,043	123,043	122,981	(62)
Fund balances - beginning	1,496,903	1,496,903	1,496,903	-
Fund balances - ending	<u>\$ 1,619,946</u>	<u>\$ 1,619,946</u>	<u>\$ 1,619,884</u>	<u>\$ (62)</u>
<u>Budget/GAAP Reconciliation:</u>				
Net change in fund balance, budget basis			\$ 122,981	
To adjust revenues for accruals			(8)	
To adjust expenditures for accruals			8	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			<u>\$ 122,981</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, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 475,659	\$ 475,659	\$ 378,359	\$ (97,300)
Licenses and permits	-	-	92,111	92,111
Intergovernmental	16,084	16,084	26,648	10,564
Reimbursement	-	-	5,761	5,761
Total revenues	<u>491,743</u>	<u>491,743</u>	<u>502,879</u>	<u>11,136</u>
Expenditures:				
Capital outlay:				
Public safety:				
Other services and charges	250,000	250,000	238,314	11,686
Capital outlay	250,000	295,723	256,642	39,081
Total expenditures	<u>500,000</u>	<u>545,723</u>	<u>494,956</u>	<u>50,767</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,257)</u>	<u>(53,980)</u>	<u>7,923</u>	<u>61,903</u>
To adjust expenditures for encumbrances	(8,257)	(53,980)	7,923	61,903
Fund balances - beginning	<u>2,225,568</u>	<u>2,225,568</u>	<u>2,225,568</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,217,311</u>	<u>\$ 2,171,588</u>	<u>\$ 2,233,491</u>	<u>\$ 61,903</u>
<u>Budget/GAAP Reconciliation:</u>				
Net change in fund balance, budget basis			\$ 7,923	
To adjust revenues for accruals			(5,217)	
To adjust expenditures for accruals			(108,954)	
To adjust expenditures for encumbrances			<u>189,007</u>	
Net change in fund balance, GAAP basis			<u>\$ 82,759</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, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property	\$ 690,283	\$ 690,283	\$ 546,762	\$ (143,521)
Intergovernmental	30,538	30,538	38,508	7,970
Total revenues	<u>720,821</u>	<u>720,821</u>	<u>585,270</u>	<u>(135,551)</u>
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	325,000	325,000	325,000	-
Capital outlay	325,000	371,172	294,487	76,685
Total expenditures	<u>650,000</u>	<u>696,172</u>	<u>619,487</u>	<u>76,685</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70,821</u>	<u>24,649</u>	<u>(34,217)</u>	<u>(58,866)</u>
To adjust expenditures for encumbrances	70,821	24,649	(34,217)	(58,866)
Fund balances - beginning	<u>235,342</u>	<u>235,342</u>	<u>235,342</u>	<u>-</u>
Fund balances - ending	<u>\$ 306,163</u>	<u>\$ 259,991</u>	<u>\$ 201,125</u>	<u>\$ (58,866)</u>
<u>Budget/GAAP Reconciliation:</u>				
Net change in fund balance, budget basis			\$ (34,217)	
To adjust revenues for accruals			(11,054)	
To adjust expenditures for accruals			10,475	
To adjust expenditures for encumbrances			<u>5,243</u>	
Net change in fund balance, GAAP basis			<u>\$ (29,553)</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, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ 3,000,000	\$ 3,000,000	\$ 3,113,688	\$ 113,688
Reimbursement	-	-	57,623	57,623
Total revenues	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,171,311</u>	<u>171,311</u>
Expenditures:				
Capital outlay:				
General government:				
Supplies	575,000	575,133	516,929	58,204
Other services and charges	1,502,166	1,816,915	1,639,286	177,629
Capital outlay	120,000	194,969	150,709	44,260
Highways and streets:				
Capital outlay	1,340,000	1,759,180	2,628,982	(869,802)
Culture and recreation:				
Capital outlay	770,000	1,097,000	206,424	890,576
Total expenditures	<u>4,307,166</u>	<u>5,443,197</u>	<u>5,142,330</u>	<u>300,867</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,307,166)</u>	<u>(2,443,197)</u>	<u>(1,971,019)</u>	<u>472,178</u>
To adjust expenditures for encumbrances	(1,307,166)	(2,443,197)	(1,971,019)	472,178
Fund balances - beginning	<u>3,433,854</u>	<u>3,433,854</u>	<u>3,433,854</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,126,688</u>	<u>\$ 990,657</u>	<u>\$ 1,462,835</u>	<u>\$ 472,178</u>
<u>Budget/GAAP Reconciliation:</u>				
Net change in fund balance, budget basis			\$ (1,971,019)	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			(333,230)	
To adjust expenditures for encumbrances			<u>2,233,432</u>	
Net change in fund balance, GAAP basis			<u>\$ (70,817)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - LOCAL MAJOR MOVES CONSTRUCTION
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Interest	-	-	2,520	(2,520)
Reimbursement	-	-	8,177	8,177
Total revenues	-	-	10,697	5,657
Expenditures:				
Capital outlay:				
Highways and streets:				
Capital outlay	-	1,080,600	1,080,600	-
Total expenditures	-	1,080,600	1,080,600	-
Excess (deficiency) of revenues over (under) expenditures	-	(1,080,600)	(1,069,903)	5,657
To adjust expenditures for encumbrances	-	(1,080,600)	(1,069,903)	10,697
Fund balances - beginning	1,468,908	1,468,908	1,468,908	-
Fund balances - ending	<u>\$ 1,468,908</u>	<u>\$ 388,308</u>	<u>\$ 399,005</u>	<u>\$ 10,697</u>
Budget/GAAP Reconciliation:				
Net change in fund balance, budget basis			\$ (1,069,903)	
To adjust revenues for accruals			(3,820)	
To adjust expenditures for accruals			497,254	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			<u>\$ (576,469)</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

The City does not have agency funds.

CITY OF MISHAWAKA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
 PENSION TRUST FUNDS
 December 31, 2016

	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
<u>Assets</u>				
Contributions:				
Cash and cash equivalents	\$ 756,901	\$ 953,399	\$ 12,869	\$ 1,723,169
Receivables:				
Interest and dividends	-	-	18,024	18,024
Investments at fair value:				
Municipal bonds	-	-	689,678	689,678
Mutual funds	-	-	17,846,762	17,846,762
Total investments	-	-	18,536,440	18,536,440
Total assets	<u>\$ 756,901</u>	<u>\$ 953,399</u>	<u>\$ 18,567,333</u>	<u>\$ 20,277,633</u>
<u>Liabilities</u>				
Net benefits due and unpaid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,447</u>	<u>\$ 56,447</u>
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,447</u>	<u>\$ 56,447</u>
<u>Net Position Restricted for Pensions</u>				
Net position restricted for pensions	<u>\$ 756,901</u>	<u>\$ 953,399</u>	<u>\$ 18,510,886</u>	<u>\$ 20,221,186</u>

CITY OF MISHAWAKA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
 PENSION TRUST FUNDS
 For the Year Ended December 31, 2016

	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
<u>Additions:</u>				
Contributions:				
On behalf contributions	\$ 1,379,034	\$ 2,171,516	\$ -	\$ 3,550,550
Employer	-	-	1,047,200	1,047,200
Total contributions	<u>1,379,034</u>	<u>2,171,516</u>	<u>1,047,200</u>	<u>4,597,750</u>
Investment income (loss):				
Net change in fair value of investments	-	-	459,782	459,782
Interest and dividends	-	-	694,032	694,032
Total investment income (loss)	-	-	1,153,814	1,153,814
Less investment expenses:				
Investment activity expense	-	-	(57,824)	(57,824)
Net investment income (loss)	-	-	1,095,990	1,095,990
Total additions	<u>1,379,034</u>	<u>2,171,516</u>	<u>2,143,190</u>	<u>5,693,740</u>
<u>Deductions:</u>				
Benefits	1,363,418	2,199,004	1,063,820	4,626,242
Administrative expense	35	100	-	135
Total deductions	<u>1,363,453</u>	<u>2,199,104</u>	<u>1,063,820</u>	<u>4,626,377</u>
Changes in net position	15,581	(27,588)	1,079,370	1,067,363
Net position - beginning	<u>741,320</u>	<u>980,987</u>	<u>17,431,516</u>	<u>19,153,823</u>
Net position - ending	<u>\$ 756,901</u>	<u>\$ 953,399</u>	<u>\$ 18,510,886</u>	<u>\$ 20,221,186</u>

STATISTICAL SECTION

(Not Covered by Auditor's Opinion)

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**CITY OF MISHAWAKA, INDIANA
STATISTICAL SECTION**

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

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**CITY OF MISHAWAKA, INDIANA
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Operating Information

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

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities											
Invested in capital assets, net of related debt	#####	#####	\$ 194,804,771	\$ 170,374,606	\$ 151,073,920	\$ 134,670,237	\$ 136,795,681	\$ 116,947,337	\$ 97,252,778	\$ 69,230,461	\$ 55,596,506
Restricted			-	1,221,499	2,790,264	2,839,701	2,692,556				993,490
Unrestricted	(23,097,701)	(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>\$ 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	#####	#####	\$ 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	10,524,235	9,445,036	10,327,308	9,658,225	8,641,187	6,957,189	7,378,580	5,340,800	8,301,530	7,785,873	6,886,627
Unrestricted	10,578,874	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>\$ 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	#####	#####	\$ 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	10,524,235	9,445,036	10,327,308	10,879,724	11,431,451	9,796,890	10,071,136	5,340,800	8,301,530	7,785,873	7,880,117
Unrestricted	(12,518,827)	(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>\$ 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**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses											
Governmental activities:											
General government	\$ 6,984,185	\$ 7,740,465	\$ 4,908,617	\$ 7,923,349	\$ 7,938,056	\$ 7,967,985	\$ 7,509,133	\$ 5,675,449	\$ 5,362,211	\$ 4,008,462	\$ 5,220,058
Public safety	24,360,149	28,561,331	37,994,494	34,037,887	31,059,510	29,631,615	29,219,741	25,470,868	22,188,373	17,750,725	25,344,096
Highways and streets	10,888,630	7,522,968	7,023,549	5,183,288	10,110,135	6,927,174	1,816,872	5,948,204	3,959,300	7,631,344	4,954,958
Sanitation	1,898,990	2,152,972	2,147,191	2,139,429	1,953,950	1,954,482	1,958,050	1,970,859	4,500	15,000	4,876
Community development	2,435,052	1,692,140	1,156,760	2,557,500	7,624,016	2,191,347	1,936,054	862,581	2,723,191	2,337,991	997,139
Culture and recreation	4,440,140	6,862,161	4,874,620	7,595,105	5,354,168	6,062,941	4,939,870	4,084,573	4,786,048	3,352,339	3,452,283
Interest on long-term debt	104,744	47,206	227,457	272,089	476,838	627,328	862,291	1,087,319	1,274,966	873,678	669,642
Total governmental activities expenses	\$ 51,111,890	\$ 54,579,243	\$ 58,332,688	\$ 59,708,197	\$ 64,516,673	\$ 55,362,872	\$ 48,242,011	\$ 45,099,853	\$ 40,298,589	\$ 35,969,539	\$ 40,643,052
Business type activities:											
Water utility	\$ 7,347,111	\$ 6,899,397	\$ 7,127,380	\$ 6,739,598	\$ 7,037,417	\$ 6,699,816	\$ 6,779,663	\$ 6,933,322	\$ 6,884,829	\$ 6,617,469	\$ 6,794,418
Wastewater utility	13,064,822	14,450,623	12,929,617	12,700,064	11,979,193	11,541,256	11,507,526	11,566,254	11,954,930	6,377,448	5,547,712
Electric utility	59,451,069	54,766,652	51,973,278	51,292,510	49,374,050	49,813,781	49,900,996	43,830,644	44,275,026	42,969,782	35,934,114
Total business-type activities expenses	79,863,002	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	\$ 130,974,892	\$ 130,695,915	\$ 130,362,963	\$ 130,440,369	\$ 132,907,333	\$ 123,417,725	\$ 116,430,196	\$ 107,430,073	\$ 103,413,374	\$ 91,964,238	\$ 88,919,296
Program Revenues											
Governmental activities:											
Charges for services:											
General government	\$ 683,102	\$ 600,500	\$ 498,152	\$ 453,798	\$ 1,034,816	\$ 498,317	\$ 645,300	\$ 714,830	\$ 1,049,593	\$ 973,326	\$ 892,455
Public safety	3,229,147	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	771,257	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	1,868,353	2,118,402	2,227,489	2,227,489	2,068,575	2,074,781	2,084,642	2,102,200			
Community development	463,804	462,944	672,904	672,904	184,775	586,681	150,539	260,098	535,101	794,695	624,524
Culture and recreation	797,374	837,169	863,644	964,913	1,059,334	938,755	1,093,526	995,386	1,023,173	1,033,864	915,956
Operating grants and contributions	3,038,523	1,134,528	1,015,318	3,581,151	3,256,325	4,411,769	4,490,139	3,283,506	1,191,352	2,400,968	1,257,136
Capital grants and contributions	5,382,141	5,370,541	10,046,066	5,977,949	5,887,908	5,834,032	6,851,310	4,358,500	4,745,714	4,944,558	10,410,884
Total governmental activities revenue	\$ 16,233,701	\$ 14,603,315	\$ 16,002,282	\$ 16,951,186	\$ 16,584,705	\$ 16,178,886	\$ 16,251,302	\$ 12,429,852	\$ 9,217,213	\$ 11,088,360	\$ 14,785,725
Business type activities:											
Charges for services:											
Water utility	\$ 9,989,708	\$ 8,700,570	\$ 8,805,927	\$ 8,651,326	\$ 8,476,779	\$ 7,721,105	\$ 7,881,467	\$ 7,574,977	\$ 8,037,964	\$ 8,356,853	\$ 7,804,735
Wastewater utility	12,802,189	12,583,375	12,705,864	12,969,399	12,967,156	13,047,673	11,163,904	9,333,576	9,422,150	9,576,399	8,284,304
Electric utility	61,274,490	57,128,645	59,115,853	46,561,227	51,249,386	50,153,710	50,363,745	46,262,804	43,278,603	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	84,066,387	78,412,590	80,627,644	68,181,952	72,780,816	71,089,592	76,061,984	68,284,934	63,988,786	68,435,413	55,319,650
Total primary government revenue	100,300,088	93,015,905	96,629,926	85,133,138	89,365,521	87,268,478	92,313,286	80,714,786	73,205,999	79,523,773	70,105,375
Net (Expenses) Revenues											
Governmental activities:	(34,878,189)	(39,975,928)	(39,518,418)	(42,757,011)	(47,931,968)	(39,183,986)	(31,990,709)	(32,670,001)	(31,081,376)	(24,881,179)	(25,857,327)
Business-type activities	4,203,385	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	\$ (30,674,804)	\$ (37,680,010)	\$ (30,921,049)	\$ (45,307,231)	\$ (43,541,812)	\$ (36,149,247)	\$ (24,116,910)	\$ (26,715,287)	\$ (30,207,375)	\$ (12,440,465)	\$ (18,813,921)

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General revenues and Other Changes in Net Assets											
Governmental activities:											
Property Taxes	\$ 41,045,625	\$ 39,581,788	\$ 40,733,627	\$ 40,631,587	\$ 43,780,600	\$ 44,782,236	\$ 49,872,423	\$ 40,092,134	\$ 43,572,448	\$ 40,325,388	\$ 34,552,665
Grants and Contributions not restricted to specific programs	3,964,503	3,840,427	4,239,318	8,368,776	8,403,833	8,206,595	8,570,832	4,943,387	3,846,190	3,794,657	3,808,209
Unrestricted investment earnings	244,416	170,391	82,644	88,635	119,285	34,289	42,251	13,542	872,964	2,022,465	1,908,162
Other	4,782,385	7,969,990	7,450,590	198,281	6,777,151	354,814	115,993	169,346	267,649	2,345	51,568
Special Items: Litigation Settlement	-	-	-	-	-	-	-	-	8,154,390	-	-
Transfers	(4,877,358)	(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	45,159,571	48,325,724	50,916,933	47,936,080	58,788,271	49,798,939	57,839,045	46,178,265	57,231,377	46,190,994	40,241,502
Business type activities:											
Unrestricted investment earnings	233,708	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	4,877,358	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	5,111,066	3,350,255	1,665,402	1,436,426	1,142,446	3,691,125	778,140	(262,655)	87,274	1,756,731	1,451,127
Total primary government expenses	50,270,637	6,587,127	52,582,335	49,372,506	59,930,717	53,490,064	58,617,185	45,915,610	57,318,651	47,947,725	41,692,629
Change in Net Position (a)											
Governmental activities	10,281,382	8,349,796	11,398,515	5,179,069	10,856,303	10,614,953	25,848,336	13,508,264	26,150,001	21,309,815	14,384,175
Business-type activities	9,314,451	5,646,173	10,262,771	(1,113,794)	5,532,602	6,725,864	8,651,939	5,692,059	961,275	14,197,445	8,494,533
Total primary government	\$ 19,595,833	\$ 13,995,969	\$ 21,661,286	\$ 4,065,275	\$ 16,388,905	\$ 17,340,817	\$ 34,500,275	\$ 19,200,323	\$ 27,111,276	\$ 35,507,260	\$ 22,878,708

(a) Excludes adjustments to net position.

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Assigned	\$ 570,666	\$ 229,605	\$ 194,874	\$ 16,864	\$ 39,099	\$ 17,917		\$ 77,221	\$ 59,968	\$ 60,901
Unassigned	4,717,765	3,538,777	1,858,348	4,540,640	7,898,202	6,113,323	\$5,554,114	6,218,193	5,256,482	1,191,764
Total general fund	<u>\$ 5,288,431</u>	<u>\$ 3,768,382</u>	<u>\$ 2,053,222</u>	<u>\$ 4,557,504</u>	<u>\$ 7,937,301</u>	<u>\$ 6,131,240</u>	<u>\$ 5,554,114</u>	<u>\$ 6,295,414</u>	<u>\$ 5,316,450</u>	<u>\$ 1,252,665</u>
All Other Governmental Funds										
Nonspendable	\$ 9,778,898	10,318,142	\$ 10,856,307	\$ 11,644,722	\$ 12,274,727	\$ 12,657,121	\$ 21,323,691	\$ 14,182,700	\$ 16,411,776	\$ 16,639,539
Restricted	20,777,574	19,838,399	10,702,336	12,557,217	17,258,721	17,555,195				
Committed	1,965,780	3,529,089	4,789,619	6,533,427	6,353,315	6,673,086	36,269,879	35,662,925	40,459,220	51,543,352
Assigned	4,269,203	4,050,156	21,328,990	20,394,326	22,641,653	25,122,449				
Total all other governmental funds	<u>\$ 36,791,455</u>	<u>\$ 37,735,786</u>	<u>\$ 47,677,252</u>	<u>\$ 51,129,692</u>	<u>\$ 58,528,416</u>	<u>\$ 62,007,851</u>	<u>\$ 57,593,570</u>	<u>\$ 49,845,625</u>	<u>\$ 56,870,996</u>	<u>\$ 68,182,891</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues										
Taxes	\$ 41,398,205	\$ 39,736,954	\$ 40,984,533	\$ 40,783,183	\$ 44,710,664	\$ 45,201,867	\$ 46,375,159	\$ 40,092,134	\$ 47,591,213	\$ 38,337,107
Licenses and permits	667,499	604,233	535,994	493,314	961,751	418,629	372,368	349,680	607,371	543,226
Intergovernmental	15,667,094	19,023,079	18,812,330	17,927,876	17,547,966	18,452,396	19,912,281	12,585,473	9,932,199	11,083,085
Charges for services	6,584,510	5,916,673	5,834,479	4,737,841	4,031,031	4,191,957	3,536,355	3,412,746	1,565,526	1,712,906
Fines and forfeits	28,782	32,898	49,312	39,767	71,554	55,098	108,165	47,051	48,797	76,695
Interest	244,417	170,391	82,648	88,635	119,285	34,289	42,251	13,542	872,964	2,022,465
Sale and use of property	93,795	68,857	76,755	268,698	431,797	276,241	288,654	243,067	275,255	120,004
Gifts and donations	144,005	182,223	120,652	105,425	120,735	120,587	181,674	192,726	140,278	118,607
Other	461,448	585,769	506,751	1,945,322	2,251,822	1,225,387	538,630	711,842	910,569	1,173,741
Total primary government revenues	<u>65,289,755</u>	<u>66,321,077</u>	<u>67,003,454</u>	<u>66,390,061</u>	<u>70,246,605</u>	<u>69,976,451</u>	<u>71,355,537</u>	<u>57,648,261</u>	<u>61,944,172</u>	<u>55,187,836</u>
Expenditures										
General government	\$ 6,517,775	5,560,390	5,157,086	6,604,139	5,933,313	5,885,077	4,866,112	4,421,867	4,218,163	3,296,707
Public safety	27,354,913	28,847,700	30,321,452	29,184,282	26,866,758	27,184,126	24,997,945	19,095,252	19,330,286	20,279,335
Highways and streets	5,710,686	5,556,498	5,154,139	4,881,867	4,987,193	3,290,704	3,705,758	3,516,087	4,513,971	4,747,151
Sanitation	1,898,991	2,152,972	2,147,191	2,139,429	1,953,950	1,954,482	1,958,050	1,970,859	4,500	15,000
Culture and recreation	2,918,799	3,271,943	3,855,173	3,325,104	3,232,917	3,146,304	2,799,182	2,811,787	3,340,629	3,223,074
Community development	1,758,506	1,602,786	1,151,151	2,033,358	991,062	2,204,477	1,575,950	1,017,300	1,202,378	1,828,843
Capital outlay	20,237,674	29,469,056	21,492,779	24,792,933	27,121,314	14,229,063	23,447,858	25,026,579	33,975,819	21,217,470
Debt service										
Principal	372,097	365,363	3,561,668	3,706,668	5,018,334	4,909,254	5,749,757	5,710,522	4,521,647	3,456,429
Interest	123,413	113,775	257,894	303,184	446,887	626,002	852,078	1,084,271	1,203,775	607,737
Total Expenditures	<u>66,892,854</u>	<u>76,940,483</u>	<u>73,098,533</u>	<u>76,970,964</u>	<u>76,551,728</u>	<u>63,429,489</u>	<u>69,952,690</u>	<u>64,654,524</u>	<u>72,311,168</u>	<u>58,671,746</u>
Excess of revenues over (under) expenditures	(1,603,099)	(10,619,406)	(6,095,079)	(10,580,903)	(6,305,123)	6,546,962	1,402,847	(7,006,263)	(10,366,996)	(3,483,910)
Other financing sources(uses):										
Transfers in	4,472,652	4,177,079	34,133,450	6,133,168	7,991,149	6,613,316	7,362,007	6,174,587	7,281,350	3,700,993
Transfers out	(3,737,403)	(4,297,761)	(33,995,093)	(6,330,786)	(7,320,692)	(7,052,244)	(8,124,461)	(5,214,731)	(6,763,614)	(3,654,854)
Bond issuance cost	-	-	-	-	4,000,000	-	-	-	-	(87,079)
Start up contribution for Mishawaka Bond Bank	-	-	-	-	-	-	-	-	(6,000,000)	-
General obligation bond issuance	1,443,568	-	-	-	-	-	-	-	-	17,800,000
Discount on bond issuance	-	-	-	-	-	-	-	-	-	(180,977)
Capital lease Issuance	-	-	-	-	-	-	-	-	-	817,499
Interfund revenue bond issuance	-	2,513,782	-	-	-	-	1,366,252	-	-	-
Loan Issuance- short term	-	-	-	-	-	-	-	-	446,760	590,689
Total other financing sources and uses	<u>2,178,817</u>	<u>2,393,100</u>	<u>138,357</u>	<u>(197,618)</u>	<u>4,670,457</u>	<u>(438,928)</u>	<u>603,798</u>	<u>959,856</u>	<u>(5,035,504)</u>	<u>18,986,271</u>
Special Item: Proceeds from Litigation settlement	-	-	-	-	-	-	-	-	8,154,390	-
Net change in fund balances	<u>\$ 575,718</u>	<u>\$ (8,226,306)</u>	<u>\$ (5,956,722)</u>	<u>\$ (10,778,521)</u>	<u>\$ (1,634,666)</u>	<u>\$ 6,108,034</u>	<u>\$ 2,006,645</u>	<u>\$ (6,046,407)</u>	<u>\$ (7,248,110)</u>	<u>\$ 15,502,361</u>
Debt service as a percentage of non-capital expenditures	<u>1.26%</u>	<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>

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
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
2016	1,161,751,550	110,706,740	1,272,458,290	1.9977

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

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

Fiscal Year Ended December 31	City of Mishawaka (Direct)					Total Direct City Rate	Overlapping Governments									Total
	General Fund	Special Revenue Funds	Trust and Agency Funds	Debt Service Fund	Cumulative Funds		Penn Township	Redevelopment District	Library	School District	St. Joseph County	St Joseph Airport	Transportation	State of Indiana	St Joseph County Welfare	
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
2016	1.7041	0.2090	0.0000	0.0000	0.0846	1.9977	0.0331	0.0000	0.1610	1.3875	0.6974	0.0423	0.1106	0.0000	0.0000	4.4296

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

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

2016				2007			
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	7.87%	Edward Rose of Indiana	Real Estate Developer	\$82,537,700	4.71%
University Park Mall	Retail	34,319,660	2.70%	Meijer	Retail	32,323,500	1.85%
G and I VII Main Street LLC	Apartments	29,683,900	2.33%	University Park Associates	Retail/Management	32,418,800	1.85%
Toscana Residential Realty, LLC	Real Estate	26,672,620	2.10%	Wal-Mart Stores	Retail	31,019,700	1.77%
Gene B. Click Company, Inc.	Apartments	25,992,130	2.04%	Chase Properties	Commercial Real Estate	23,365,200	1.33%
Meijer	Retail	21,390,780	1.68%	Main Street Village	Rental Multi-Housing	21,047,900	1.20%
WSBT, Inc.	Telecommunications	19,260,110	1.51%	Candlewood Apts.	Rental Multi-Housing	17,222,700	0.98%
Bayer Healthcare LLC	Mfg. Healthcare Products	19,244,230	1.51%	Carriage House Apts.	Rental Multi-Housing	15,980,000	0.91%
Inland Realestate University Commons, Inland	Shopping plaza	18,970,700	1.49%	University Commons	Rental Multi-Housing	15,754,900	0.90%
Heritage Square Ventures	Shopping plaza	18,772,000	1.48%	Target	Retail	14,908,100	0.85%
Totals		\$314,398,970	24.71%			\$286,578,500	16.35%

Source: St. Joseph County Auditor.

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

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Circuit Breaker Tax Credit	Taxes Levied Net of Circuit Breaker	Current Collection	Percentage of Original Levy	Delinquent Collections	Total Collections	Percentage of Total Collections
2007	\$23,331,502		\$23,331,502	\$19,626,678	79.85%	\$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		23,019,485	20,637,860	89.65%	512,206	21,150,066	91.88%
2010	24,171,640	(\$340,519)	23,831,121	22,546,751	93.28%	299,763	22,846,514	95.87%
2011	24,823,084	(1,421,920)	23,401,164	22,246,157	89.62%	850,723	23,096,880	98.70%
2012	25,375,487	(1,656,712)	23,718,775	22,957,079	90.47%	201,487	23,158,566	97.64%
2013	25,374,431	(2,315,975)	23,058,456	21,150,811	83.35%	439,723	21,590,534	93.63%
2014	26,146,650	(3,388,274)	22,758,376	21,382,573	81.78%	*	21,382,573	93.95%
2015	25,788,626	(4,204,454)	21,584,172	20,479,578	79.41%	*	20,479,578	94.88%
2016	26,803,537	(4,934,350)	21,869,187	23,383,887	87.24%	*	23,383,887	106.93%

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)
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
2016		945,000		2,799,994		10,415,000	63,239,000				77,398,994	(2)	(2)

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
(1): See Demographic and Economic Statistics for personal income and population data.
(2): Information not available

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2007	\$10,745,000	\$471,651	\$10,273,349	60.00%	\$220.66
2008	9,775,000	731,989	9,043,011	0.60%	194.24
2009	8,485,000	595,262	7,889,738	0.60%	169.46
2010	7,145,000	689,228	6,455,772	0.40%	133.79
2011	5,750,000	917,276	4,832,724	0.30%	100.16
2012	4,315,000	859,024	3,455,976	0.20%	71.62
2013	2,815,000	844,385	1,970,615	0.10%	40.84
2014	-	-	-	0.00%	N/A
2015	-	-	-	0.00%	N/A
2016	-	-	-	0.00%	N/A

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

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

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

**CITY OF MISHAWAKA, INDIANA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2015**

<u>Governmental Units(4)</u>	<u>Outstanding Debt at December 31, 2016 (2)</u>	<u>Estimated Percentage Applicable (3)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
City Direct Debt (Governmental Activities) (2)	\$6,626,915	100.00%	\$ -
<u>Overlapping Debt:</u>			
School City of Mishawaka	38,270,745	98.58%	37,727,300
Mishawaka-Penn Library	2,494,000	42.11%	1,050,223
Penn-Harris-Madison School Corporation	41,676,931	24.16%	10,069,147
St. Joseph County	33,319,828	16.96%	5,651,043
St. Joseph County Airport Authority	12,341,000	0.00%	-
St. Joseph County Public Library	4,765,000	1.68%	80,052
South Bend Community School Corporation	<u>121,957,455</u>	1.79%	<u>2,183,038</u>
Subtotal for Overlapping Debt	<u>254,824,959</u>		<u>56,760,803</u>
Total Direct and Overlapping Debt(5)	<u><u>\$261,451,874</u></u>		<u><u>\$56,760,803</u></u>

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

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Value	\$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	\$447,239,934
Debt Limit Percentage	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Debt Limit (1)	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	17,889,597
Bonds Outstanding	10,745,000	9,775,000	8,485,000	7,145,000	5,750,000	4,315,000	2,815,000	-	975,000	945,000
Subtotal	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	16,944,597
Annual Debt Service	471,651	731,989	595,262	689,228	917,276	859,024	844,385	-	30,112	68,700
Legal Debt Margin	<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>\$17,349,783</u>	<u>\$17,013,297</u>
Total net debt applicable to the limit as a percentage of debt limit	46.03%	45.58%	45.77%	37.13%	30.16%	23.19%	15.88%	N/A	5.33%	5.28%

(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>			
2007	\$780,000	\$281,091	\$1,180,000	\$272,642	\$2,513,733	\$58,758,825	4.3%
2008	970,000	438,940	2,570,000	709,778	4,688,718	72,311,168	6.5%
2009	1,290,000	357,376	4,010,000	689,471	6,346,847	64,654,524	9.8%
2010	1,340,000	311,150	4,155,000	519,348	6,325,498	69,952,690	9.0%
2011	1,395,000	262,409	3,340,000	352,121	5,349,530	63,429,489	8.4%
2012	1,435,000	211,066	3,450,000	210,709	5,306,775	76,551,728	6.9%
2013	1,500,000	156,399	1,940,000	63,309	3,659,708	76,970,964	4.8%
2014	-	-	-	-	-	73,871,648	0.0%
2015	-	-	975,000	263,750	1,238,750	76,940,483	1.6%
2016	-	-	945,000	244,400	1,189,400	66,892,854	1.8%

**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	
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	78,694,118	64,201,867	14,492,251	3,251,000	1,790,422	5,041,422	287.5%
2016	84,274,379	69,110,038	15,164,341	5,715,000	3,206,419	8,921,419	170.0%

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

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

Year	Population (A)	St Joseph County Personal Income (A)	St. Joseph County Median Family Income (A)	St Joseph County Per Capita Income (A)	Median Age (A)	K-12 Public School Enrollment (B)	Labor Force (A)	St. Joseph County Unemployment Rate (A)
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	11,553,733	46,881	43,040	36.5	4,985	134,570	6.5%
2016	48,261	(E)	(E)	(E)	(E)	(E)	130,912	4.6%

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**

2016				2007			
Company	Type of Business	Number of Employees	Percentage of Total Employment (B)	Company	Type of Business	Number of Employees	Percentage of Total Employment (C)
St. Joseph Regional Medical Center	Acute Healthcare	2,900	2.27%	School City of Mishawaka	Public School	978	0.77%
Penn-Harris-Madison School Corporation	Public School	1,469	1.15%	St. Joseph Regional Medical Center	Acute Healthcare	779	0.62%
AM General Coporation	Mfg. military vehicles & cc	1,200	0.94%	Liberty Mutual	Insurance	616	0.49%
School of Mishawaka	Public School	1,066	0.83%	Meijer, Inc.	Retail	604	0.48%
Meijer	Retail	750	0.59%	Bayer Corporatoin	Manufacturing	596	0.47%
City of Mishawaka	Government	712	0.56%	City of Mishawaka	Government	550	0.44%
Liberty Mutual	Insurance Company	650	0.51%	Walmart	Retail	400	0.32%
Wal-Mart/Sam's Club	Retail	500	0.39%	Family & Childrens Center	Social Service	385	0.30%
Oaklawn	Counceling Services	495	0.39%	Nyloncraft	Manufacturing	335	0.27%
Nyloncraft	Manufacturing	400	0.31%	Bethel College	College	302	0.24%

(A) Source: Individual Companies.

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

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

Electric Utility Large Users 2016

	<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 store	<u>5,286,600</u>	<u>432,657.23</u>
		Total	<u>98,349,821</u>	<u>\$8,045,899.92</u>

Water and Sprinkling Utility Large Users 2016

	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 2016

	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>43,350,177</u>	<u>\$1,303,720.51</u>

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

Full-time Equivalent Employees as December 31

Function	2016	% of Total Employment	2015	% of Total Employment	2014	% of Total Employment	2013	% of Total Employment	2012	% of Total Employment
General Government:	60	12%	60	12%	61	12%	60	12%	56	11%
Public Safety										
Officers	115	22%	105	20%	105	21%	105	21%	105	21%
Civilians	8	2%	7	1%	23	5%	23	5%	23	5%
<i>Fire</i>										
Firefighters	116	23%	113	22%	113	22%	113	22%	111	22%
Civilians	1	0%	1	0%	1	0%	1	0%	1	0%
Total Public Safety	240	47%	226	44%	242	48%	242	47%	240	47%
Highways and Streets	38	7%	33	6%	35	7%	35	7%	35	7%
Culture and Recreation	26	5%	26	5%	26	5%	26	5%	26	5%
Water	37	7%	37	7%	38	7%	37	7%	37	7%
Wastewater/Sewer	47	9%	46	9%	47	9%	48	9%	48	9%
Electric	66	13%	64	12%	60	12%	62	12%	64	13%
Total City Employees	514		492		509		510		506	
Function	2011	% of Total Employment	2010	% of Total Employment	2009	% of Total Employment	2008	% of Total Employment	2007	% of Total Employment
General Government:	55	11%	53	11%	48	10%	54	10%	57	11%
Public Safety										
<i>Public</i>										
Officiary	103	21%	103	21%	103	21%	103	20%	103	20%
Civilians	23	5%	23	5%	23	5%	31	6%	30	6%
<i>Fire</i>										
Firefighters	109	22%	107	22%	107	22%	107	20%	107	20%
Civilians	1	0%	1	0%	1	0%	2	0%	2	0%
Total Public Safety	236	47%	234	48%	234	48%	243	46%	242	46%
Highways and Streets	35	7%	32	7%	30	6%	31	6%	34	6%
Culture and Recreation	26	5%	26	5%	26	5%	33	6%	34	6%
Water	36	7%	40	8%	37	8%	47	9%	49	9%
Wastewater/Sewer	47	9%	47	10%	48	10%	46	9%	38	7%
Electric	64	13%	59	12%	62	13%	70	13%	72	14%
Total City Employees	499		491		485		524		526	

Source: City Payroll System

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

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
Arrests	1,625	1,640	1,686	1,978	1,546	1,541	1,221	2,006	1,633	2,241
Parking Violations	951	949	1,100	1,216	1,034	1,188	1,218	1,622	2,540	2,510
Traffic Violations	3,203	3,198	3,177	3,083	3,714	5,531	4,080	9,364	7,276	4,125
Traffic Accident Calls	2,414	2,409	2,143	2,078	2,013	2,060	2,037	1,969	2,382	2,424
Cases Reviewed	7,477	7,269	6,931	7,570	8,110	8,028	8,135	8,675	8,207	8,093
Fire										
Medical Calls	205	177	123	133	200	179	209	205	234	201
Inspections	5,625	5,191	4,940	5,115	4,877	4,804	4,467	4,157	4,384	4,352
	1,371	1,665	1,920	1,720	1,680	1,500	1,423	1,372	1,190	1,603
Streets										
Blocks of Streets Paved	88	100	60	72	79	85	65	73	88	123
Leaf Pickup Cubic Yards	9,300	12,775	10,200	11,487	13,255	14,500	15,062	18,390	11,075	11,332
Blocks of Streets Swept	1,752	868	742	703	900	565	445	637	620	799
Culture & recreation										
Pool Attendance(patrons)	17,445	16,145	12,808	16,946	21,008	17,131	18,014	16,810	18,860	19,573
Community Ctr Attendance	7,864 1	26,213	46,973	45,079	32,391	41,165	48,388	43,120	49,645	46,730
Facility Rentals	488 1	1,627	1,727	1,997	1,666	1,447	1,116	1,579	1,135	544
Plantings	931 1	1,500	1,128	1,524	4,924	902	166	145	86	129
Water										
New service lines	103	104	53	213	37	54	50	56	42	206
Average daily consumption MGD	6.41	6.18	7.27	8.90	8.48	7.55	7.85	6.6	8.21	10.00
Wastewater										
Annual Sewage Treatment (billions of gallons)	3.9	3.4	3.5	3.6	4.4	4.2	4.6	4.6	5.2	4.2
Pollutants removed (in mill of lbs.)	6.1	6.1	5.6	5.5	7.4	7.2	7.0	7.0	6.8	6.5
Electric										
Energy consumption (kW) (in thousands)	619	608,730	614,024	621,372	624,569	621,122	597,728	538,572	623,032	642,779
Unplanned outages	11	7	10	10	9	11	22	11	14	16

Source: Various city departments

1 - Battel Center was closed for much of the year for renovations

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

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	85	85	85	89	89	89	89	89	89	89
Fire										
Stations	4	4	4	4	5	5	5	5	5	5
Streets										
Miles of Streets	178.00	177.98	177.23	177.10	177.04	177.04	175.40	175.13	174.30	174.30
Street Lights	3,931	3,909	3,873	3,543	3,543	3,538	3,538	3,538	3,737	3,737
Traffic Signals	63	62	62	60	60	58	58	58	56	55
Culture & recreation										
Park Acreage	393	393	393	318	318	318	318	318	318	318
Number of Parks	29	29	29	29	29	28	28	28	28	28
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	7	12	12	12	12	12	12	12	12
Community Centers	1	1	1	1	1	1	1	1	1	1
Water										
Total connections (taps)	17,501	17,398	17,294	17,096	16,850	17,109	17,100	17,082	17,082	17,001
Fire Hydrants	2,590	2,554	2,520	2,394	2,361	2,350	2,311	2,276	2,236	2,168
Wastewater										
Miles of Sewers	286.00	285.47	279.54	275.91	272.73	272.02	271.37	257.08	254.41	253.23
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