

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENTS AUDIT REPORT

CITY OF MISHAWAKA

ST. JOSEPH COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
12/31/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Rebecca S. Miller	01-01-19 to 12-31-20
Mayor	David A. Wood	01-01-19 to 12-31-20
City Clerk	Deborah S. Block	01-01-19 to 12-31-20
President of the Board of Public Works and Safety	Kenneth B. Prince	01-01-19 to 12-31-20
President of the Common Council	Dale Emmons Gregg Hixenbaugh	01-01-19 to 12-31-19 01-01-20 to 12-31-20



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, each major fund, and the aggregate remaining fund information of the City of Mishawaka (City), as of and for the year ended December 31, 2019, 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 the 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, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I B to the financial statements, during 2019, the City adopted new accounting guidance GASB Statement 83 *Certain Asset Retirement Obligations*, GASB Statement 84 *Fiduciary Activities*, GASB Statement 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and GASB Statement 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion is not modified with respect to these matters.

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 (Non-GAAP Budgetary Basis) General Fund, Budget/GAAP Reconciliation General Fund, Schedule of the City's Proportionate Share of the Net Pension Liability Public Employees' Retirement Fund, Schedule of City Contributions Public Employees' Retirement Fund, Schedule of the City's Proportionate Share of the Net Pension Liability Police Officers' 1977 Fund, Schedule of City Contributions Police Officers' 1977 Fund, Schedule of the City's Proportionate Share of the Net Pension Liability Firefighters' 1977 Fund, Schedule of City Contributions Firefighters' 1977 Fund, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Changes in the City's Net Pension Liability and Related Ratios, Schedule of Contributions, Schedule of Investment Returns, Schedule of Changes in Net OPEB Liability, Schedule of Net OPEB Liability, and Schedule of Employer Contributions, 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 Combining and Individual Fund Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT
(Continued)

The Description – Nonmajor Governmental Funds, Combining Balance Sheet - Nonmajor Governmental Funds, Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds, Combining Statement of Fiduciary Net Position - Pension Trust Funds, and Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds, 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 Description - Nonmajor Governmental Funds, Combining Balance Sheet - Nonmajor Governmental Funds, Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds, Combining Statement of Fiduciary Net Position - Pension Trust Funds, and Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Paul D. Joyce, CPA
State Examiner

December 22, 2020

CITY OF MISHAWAKA, INDIANA

MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2019

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, 2019. 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 City's financial statements and the other Required Supplemental Information ("RSI") that is provided in addition to this MD&A.

Financial Highlights

- The government's total net position increased by \$23,625,538. Of this amount, governmental activities net position increased by \$10,676,848 and business-type activities increased by \$12,948,690.
- As of the close of calendar year 2019, the City of Mishawaka's governmental funds reported combined ending fund balances of \$63,344,541, an increase of \$5,309,025 from the prior year.
- At the end of 2019, the unassigned fund balance for the General Fund was \$12,695,456 (39.6 percent of General Fund Expenditures) compared to \$10,047,484 for 2018 which was about 32.6 percent of total 2018 General Fund expenditures.

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 the City of Mishawaka's assets, deferred outflows of resources, liabilities, and 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 (General Fund) and the Consolidated Tax Increment Finance (TIF) Fund.

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 the funds of the City of Mishawaka are divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The focus is on Major Funds.

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

General Government Revenues

The following schedule presents a summary of general revenues for the year ended December 31, 2019:

Revenues	2019 Amount	% of Total
Taxes: General Property	\$ 43,616,539	57.14%
Licenses and permits	753,646	0.99%
Intergovernmental	21,951,662	28.76%
Charges for services	7,214,577	9.45%
Fines and forfeits	23,069	0.03%
Interest	1,627,337	2.13%
Sales and Use of Property	121,912	0.16%
Gifts and Donations	240,701	0.32%
Other	779,511	1.02%
Totals	<u>\$ 76,328,954</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 2019, the increase was 3.5 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 58.8 percent of the General Fund's 2019 total revenue was derived from property taxes, the Consolidated TIF Fund derived 93.8 percent of its revenue from property tax, and the Other Governmental Fund's property tax percentage was 17.7 percent of total revenue.

Local Income Taxes (LIT) 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 LIT directed toward general uses, economic development and public safety. Economic development LIT was originally enacted on 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). In 2017 the former Economic Development Income Tax (EDIT) was combined into a single Local Income Tax (LIT). The City received \$3,619,204, \$4,119,520 and \$4,003,721 of economic development LIT for the years 2017, 2018, and 2019 respectively. General use LIT traces back to the former County Option Income Tax that 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). In 2017, COIT was combined into the single LIT. The City received \$3,500,515, \$4,407,686 and \$4,145,039 of general-purpose income tax distributions for the years 2017, 2018, and 2019 respectively. In October of 2009 a Public Safety Local Option Income Tax was enacted at .25 percent. The Public Safety LOIT was combined into the Local Income Tax in 2017. The public safety directed Local Income tax received by the City was \$2,549,672, \$2,639,729 and \$2,896,773 for the years 2017, 2018, and 2019, respectively. Other intergovernmental revenue includes alcoholic beverage tax, wheel tax, vehicle excise tax, and cigarette tax. User fees are analyzed each year with future increases to be implemented to help shift some of the burden of taxation.

General Government Expenditures

The following schedule presents a summary of general government expenditures for the year ended December 31, 2019.

Expenditures	2019 Amount	% of Total
General Government	\$ 6,901,999	10.20%
Public Safety	28,686,089	42.41%
Highways and Streets	10,556,201	15.60%
Infrastructure	5,458,302	8.07%
Sanitation	2,423,014	3.58%
Culture and Recreation	4,402,687	6.51%
Community Development	5,685,966	8.41%
Debt service	3,533,531	5.22%
Totals	<u>\$ 67,647,789</u>	<u>100.00%</u>

The City of Mishawaka breaks its general government expenditures into eight operating categories: general government, public safety, highways and streets, infrastructure, sanitation, culture and recreation community development, and debt service. Combined in the expenditure totals are also capital outlays which are 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 \$28,686,089 or 42.41 percent of the total expenditure. Highways and Streets are at 15.60 percent and General Government at 10.20 percent. 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 35 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, 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.

Government-Wide Financial Statement Analysis

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

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.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 70,307,872	\$ 56,992,629	\$ 66,408,247	\$ 73,871,445	\$ 136,716,119	\$ 130,864,074
Capital assets	257,090,346	252,204,589	231,231,730	216,955,575	488,322,076	469,160,164
Total assets	<u>327,398,218</u>	<u>309,197,218</u>	<u>297,639,977</u>	<u>290,827,020</u>	<u>625,038,195</u>	<u>600,024,238</u>
Deferred outflow s of resources	<u>7,540,788</u>	<u>4,515,782</u>	<u>4,506,319</u>	<u>4,053,341</u>	<u>12,047,107</u>	<u>8,569,123</u>
Long-term liabilities	108,569,513	103,643,745	106,109,335	113,723,406	214,678,848	217,367,151
Other liabilities	2,399,249	2,870,006	9,325,393	8,738,669	11,724,642	11,608,675
Total liabilities	<u>110,968,762</u>	<u>106,513,751</u>	<u>115,434,728</u>	<u>122,462,075</u>	<u>226,403,490</u>	<u>228,975,826</u>
Deferred inflow s of resources	<u>12,324,041</u>	<u>12,966,040</u>	<u>5,115,383</u>	<u>3,770,791</u>	<u>17,439,424</u>	<u>16,736,831</u>
Net position:						
Net Investment						
In capital assets	242,104,971	242,866,453	146,328,733	129,243,021	388,433,704	372,109,474
Restricted	44,658,048	7,959,154	10,150,158	35,845,188	54,808,206	43,804,342
Unrestricted	(75,116,816)	(56,592,398)	25,117,294	3,559,286	(49,999,522)	(53,033,112)
Total net position	<u>\$ 211,646,203</u>	<u>\$ 194,233,209</u>	<u>\$ 181,596,185</u>	<u>\$ 168,647,495</u>	<u>\$ 393,242,388</u>	<u>\$ 362,880,704</u>

Current Year Impacts

At December 31, 2019, the City of Mishawaka's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$393,242,388, an increase of \$23,625,538 from the previous year. The largest portion of the City of Mishawaka's net position reflects its net investment in capital assets of \$388,433,704.

At year end the City of Mishawaka's net position was \$393,242,388. This amount is made up of \$388,433,704 of net investment in capital assets (e.g. land, buildings, machinery, and equipment); \$54,808,206 of assets with external restrictions upon its use; and (\$49,999,522) 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	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program revenues:						
Charges for services	\$ 9,995,675	\$ 9,217,436	\$ 90,782,612	\$ 89,077,573	\$ 100,778,287	\$ 98,295,009
Operating grants and contributions	682,508	1,575,218	-	-	682,508	1,575,218
Capital grants and contributions	5,801,397	6,534,230	3,512,237	4,650,502	9,313,634	11,184,732
General revenues:						
Property taxes	44,229,555	43,004,705	-	-	44,229,555	43,004,705
Other taxes	5,409,021	4,710,187	-	-	5,409,021	4,710,187
Grants and contributions not restricted to specific programs	8,830,519	8,520,368	-	-	8,830,519	8,520,368
Unrestricted investment earnings	1,627,335	918,737	1,293,304	507,999	2,920,639	1,426,736
Other revenue	386,219	498,333	-	-	386,219	498,333
Total revenues	76,962,229	74,979,214	95,588,153	94,236,074	172,550,382	169,215,288
EXPENSES						
General government	2,972,883	4,619,779	-	-	2,972,883	4,619,779
Public safety	40,765,998	29,177,510	-	-	40,765,998	29,177,510
Highways and streets	11,596,608	11,304,013	-	-	11,596,608	11,304,013
Sanitation	2,423,014	2,488,819	-	-	2,423,014	2,488,819
Community Development	3,093,990	5,399,368	-	-	3,093,990	5,399,368
Culture and recreation	5,806,311	6,073,229	-	-	5,806,311	6,073,229
Interest on long-term debt	245,543	283,803	-	-	245,543	283,803
Water utility	-	-	8,430,879	7,562,376	8,430,879	7,562,376
Wastewater utility	-	-	14,061,289	13,841,296	14,061,289	13,841,296
Electric utility	-	-	59,528,329	58,438,177	59,528,329	58,438,177
Total expenses	66,904,347	59,346,521	82,020,497	79,841,849	148,924,844	139,188,370
Changes in net position before transfers	10,057,882	15,632,693	13,567,656	14,394,225	23,625,538	30,026,918
Transfers	618,966	757,163	(618,966)	(757,163)	-	-
Change in net position	10,676,848	16,389,856	12,948,690	13,637,062	23,625,538	30,026,918
Net Position-Beginning	200,969,355	177,843,353	168,647,495	155,010,433	369,616,850	332,853,786
Net Position-Ending	\$ 211,646,203	\$ 194,233,209	\$ 181,596,185	\$ 168,647,495	\$ 393,242,388	\$ 362,880,704

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 70.3 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 2018 to 2019 by \$10,676,848.

Charges for services revenue increased by \$778,239.

Operating grants and contributions decreased by \$892,710.

Capital grants and contributions decreased by \$732,833.

Grants and contributions not restricted to specific programs increased in 2019 by \$310,151.

Overall, property tax revenue increased by \$1,224,850.

Unrestricted investment earnings increased by \$708,598.

Other revenue decreased by \$112,114.

Governmental expenses increased by \$7,557,826 or 12.7 percent.

Business-Type Activities

Business-Type Activities net position increased by \$12,948,690.

Overall, utility revenues increased in 2019 by \$1,352,078. This is primarily due to an increase in sewage rates that originally went into effect on January 1, 2018.

The expenses of the Business-Type activities increased \$2,178,648 from 2018 levels or 2.73 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. 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 \$63,344,541, an increase of \$5,309,025 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 \$3,747,643, and the Consolidated TIF fund had an increase of \$1,182,633. 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.

Seven funds had lower fund balances at 2019 year-end. Of note, the Motor Vehicle Highway fund decreased \$1,117,307. As planned, these funds were used for the City's road and infrastructure needs. Also, the Public Safety Fund decreased \$540,882 due to planned capital outlays authorized from this funding source and payments made on capital and operating lease obligations.

A loss of property tax revenue (Circuit Breaker) influenced the fund balances. The 2019 final tax settlement was a net 82.4% percent of revenues with a shortage of \$1,539,903. 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, 2019, the unassigned fund balance was \$12,695,456, and the total fund balance in the General fund was \$14,029,796, an increase of \$3,747,643 from 2018. 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 39.6 percent of the total General fund expenditures. The total grows to 43.8 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, wastewater, and electric utilities all saw an increase in their net positions in 2019. The total net position for the City of Mishawaka's enterprise funds was increased by \$12,948,690. Of this, net investment of capital assets increased by \$17,085,712, restricted decreased by \$25,695,030 and unrestricted net position increased by \$21,558,008. Total assets and deferred outflows increased by \$7,265,935. The total liabilities and deferred inflows for the enterprise funds had a decrease from 2018 of \$5,682,755.

The Internal Service Fund unrestricted net position was \$2,723,929.

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 \$418,993. 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 2019, the submitted budget to the state was increased with encumbrances from 2018 by \$1,334,340. A budget adjustment of \$418,993 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 2019 were \$983,250 over budget and expenditures were \$3,170,073 under the final budget amount.

One revenue category was under budget in 2019; Property tax revenue was \$1,539,903 less than expected. Tax collection due to Circuit Breaker was 84.2 percent. In 2018 it was 81.2 percent. As assessed value for the City goes down, Circuit Breaker losses increase. In 2019, Reimbursements came in higher than budget by \$805,553.

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, 2019, amounts to \$488,322,076 (net of accumulated depreciation), which represents a net increase (additions less retirements and depreciation) of \$19,161,912. 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		Business-Type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land	\$ 13,381,951	\$ 13,381,951	\$ 3,027,850	\$ 2,992,461	\$ 16,409,801	\$ 16,374,412
Construction in progress	21,219,023	36,498,607	19,618,728	11,593,844	40,837,751	48,092,451
Buildings	29,159,095	28,945,136	32,313,101	33,399,874	61,472,196	62,345,010
Improvement other than buildings	24,473,117	23,591,847	162,347,432	154,510,259	186,820,549	178,102,106
Machinery and equipment	10,015,590	9,324,574	12,453,641	12,962,687	22,469,231	22,287,261
Transportation	-	-	1,470,978	1,496,450	1,470,978	1,496,450
Infrastructure being depreciated	158,841,570	140,462,474	-	-	158,841,570	140,462,474
Total	\$ 257,090,346	\$ 252,204,589	\$ 231,231,730	\$ 216,955,575	\$ 488,322,076	\$ 469,160,164

Change in Capital Assets

	Governmental	Business-Type	Totals
	Activities	Activities	
Beginning Balance	\$ 252,204,589	\$ 216,955,575	\$ 469,160,164
Additions	34,852,274	25,717,781	60,570,055
Retirements:			
Land	-	-	-
Construction in progress	(20,838,944)	(2,778,778)	(23,617,722)
Other	(792,976)	(3,181,033)	(3,974,009)
Depreciation (Net)	(8,334,597)	(5,481,815)	(13,816,412)
Ending Balance	\$ 257,090,346	\$ 231,231,730	\$ 488,322,076

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

- Church/Main Connector Church – LWE to 7th – \$6.17 million
- Church/Main Connector Church – Union Imp Oh II – \$5.63 million
- Douglas Rd Improv Ph II – \$3.18 million

Construction in Progress items:

- 12th Street Phase II (Campbell to Downey) - \$8.92 million
- Ironworks Plaza Improvements Ph I - \$2.84 million

Debt Outstanding

At December 31, 2019, the City had \$8,650,000 of outstanding tax increment bonds. The enterprise funds had \$90,830,000 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 by \$8,215,000 from the prior year.

Outstanding Bonds Debt at Year-End

	<u>2019</u>	<u>2018</u>
Governmental:		
Tax Increment	\$ 8,650,000	\$ 10,815,000
Business-Type:		
Water Utility	17,005,000	18,890,000
Wastewater Utility	73,825,000	78,620,000
Sub-total	<u>90,830,000</u>	<u>97,510,000</u>
Total	<u>\$ 99,480,000</u>	<u>\$ 108,325,000</u>

Net principal bond payments of \$2,165,000 and \$6,680,000 were made in the governmental and business - type activities, respectively.

The most recent Sewer Works Revenue Bonds of 2018 was rated A.

The most recent Sewer Works Revenue and Refunding Revenue Bond of 2017 was rated A.

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 Taxable Economic Development Revenue Bond of 2017 was rated A.

A detailed listing of the City's debt can be found in the Notes to the Financial Statements (Note III. G.).

Economic Factors and Highlights

The City of Mishawaka is 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. 2019 was a continuation of previous years with steady growth and construction projects. 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 new construction. 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 3.6 percent as recorded in September of 2019. This is an increase from 3.4 percent in March of 2018. Total Labor force for St. Joseph County stayed flat at 136,431, a small decrease from 136,588 in 2018.

Economic Factors and Highlights (cont'd)

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). 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 2019, the City only received 82.4 percent of its distribution of property tax. Due to the property tax caps (Circuit Breaker), the City was left short \$1.5 million in funds. With these expected losses each year and with debt in St. Joseph County falling below the levy in 2019 the City is doing long range forecasting and analysis with an outside consultant to prepare for as little disruption as possible to City services and finances. In anticipation, various expenses and capital outlays have been moved to other funds, and wage increases over the past five years have averaged the lowest in a decade.

Continuing in 2020 the City will 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 and continues to be a good value 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.

In 2019, the City of Mishawaka submitted another balanced budget. The adopted FY2020 Civil City Budget is \$55,137,830, which is 1.10 percent lower than in FY2019. This is mainly due to an increase in estimates for circuit breaker credits of 17.14% from FY2019 to FY2020. The General fund budget for FY2020 is \$35,087,573, which is 0.20 percent higher than FY2019. The goal in 2019 was to underspend, hoping to increase cash reserves. This was attained with the General fund increasing by 36.4 percent.

City Highlights:

- As reported last year, excitement is still building at the four acres of the former Uniroyal complex being made productive again. Flaherty and Collins broke ground in 2017 on a new 233-unit, high amenity, mixed-use apartment building. This has spurred infrastructure improvements along with the ground breaking of the Ball Band Biergarten. A modern gathering place at Ironworks Avenue that local businesses will be contracted with to supply food and refreshments.
- Reinvestment by established businesses continue year after year. The popular destinations of Costco, Target, and Chick-fil-A all had major remodels and/or additions.
- The Mishawaka Education Community Greenhouse is a true example of public and private partnership. Mishawaka High School, MEF, private donors, Young Adult Services program, and the City all contributed to this beautiful building that will serve the community and City for many years to come.
- New software on iPads for the Code Department has been instrumental in keeping the officers in the field and using technology to be more productive.
- While lower than 2018, new commercial building activity has stayed strong at \$62.7 million. It is important to note that this number can fluctuate significantly from year to year based on the timing of when permits are pulled for a few large projects.
- With Crawford Park torn up for the planned combined sewer overflow separation improvements, the master plan formulated from the partnership between contractor DLZ and the neighbors will be implemented over the next two years.

- One would not think that striping a road would make a significant impact in a small city, but the striping of Lincolnway (SR 933) from Capital to Logan has made a huge impact on traffic flow and safety. It is now three lanes with the center lane for turns.
- Veterans Plaza in Battell Park was designed to showcase the restored Civil War monument and create a gathering place where a flag array honoring each branch of the military may be enjoyed by all.

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.

BASIC FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were prepared by management of the City. The financial statements and notes are presented as intended by the City.

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CITY OF MISHAWAKA

STATEMENT OF NET POSITION
As of December 31, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and Cash Equivalents	\$ 52,880,800	\$ 16,812,562	\$ 69,693,362
Receivables (Net of Allowances for Uncollectibles):			
Interest	58,650	49,749	108,399
Taxes	1,440,878	-	1,440,878
Accounts	375,105	5,018,898	5,394,003
Intergovernmental	564,725	-	564,725
Loans	7,044,296	-	7,044,296
Inventories	-	3,661,645	3,661,645
Prepaid expense	527,513	369,548	897,061
Restricted assets:			
Cash and cash equivalents	1,133,509	40,495,845	41,629,354
Assets held for resale	6,282,396	-	6,282,396
Capital assets:			
Land and construction in progress	34,600,973	22,646,578	57,247,551
Other capital assets, net of depreciation	222,489,373	208,585,152	431,074,525
Total assets	327,398,218	297,639,977	625,038,195
Deferred outflows of resources			
Loss on refunding debt	-	424,716	424,716
Utility ratemaking expenses	-	789,161	789,161
OPEB related amounts	3,390,768	596,277	3,987,045
Pension related amounts	4,150,020	2,696,165	6,846,185
Total deferred outflows of resources	7,540,788	4,506,319	12,047,107
Liabilities			
Current liabilities:			
Accounts payable	1,775,209	4,180,533	5,955,742
Accrued payroll and withholdings payable	141,895	137,492	279,387
Contracts payable	353,906	-	353,906
Taxes payable	-	235,993	235,993
Accrued interest payable	38,922	925,908	964,830
Payable from restricted assets:			
Customer deposits	-	3,845,467	3,845,467
Interest payable	89,317	-	89,317
Noncurrent liabilities:			
Due within one year:			
Revenue bonds payable	-	7,125,000	7,125,000
TIF bonds payable	2,205,000	-	2,205,000
Compensated absences	372,254	69,183	441,437
Capital lease obligations	932,316	75,998	1,008,314
Notes and loans payable	81,498	119,000	200,498
Due in more than one year:			
Revenue bonds payable (net of unamortized premiums)	-	86,599,867	86,599,867
TIF bonds payable (net of unamortized discounts)	6,435,166	-	6,435,166
Compensated absences	196,022	233,884	429,906
Capital lease obligations	4,209,497	161,697	4,371,194
Notes and loans payable	1,121,898	1,322,000	2,443,898
Total other postemployment benefits liability	45,338,356	7,972,880	53,311,236
Net pension liability	47,677,506	2,429,826	50,107,332
Total liabilities	110,968,762	115,434,728	226,403,490
Deferred inflows of resources			
Pension related amounts	4,511,963	3,868,509	8,380,472
OPEB related amounts	7,812,078	1,246,874	9,058,952
Total deferred inflows of resources	12,324,041	5,115,383	17,439,424
Net Position			
Net investment in capital assets	242,104,971	146,328,733	388,433,704
Restricted for:			
Debt service	10,078,911	9,396,158	19,475,069
Capital projects	26,860,479	754,000	27,614,479
Public safety	1,714,929	-	1,714,929
Highways and streets	2,062,918	-	2,062,918
Sanitation	815,869	-	815,869
Culture and recreation	2,660,603	-	2,660,603
Economic development	464,339	-	464,339
Unrestricted	(75,116,816)	25,117,294	(49,999,522)
Total net position	\$ 211,646,203	\$ 181,596,185	\$ 393,242,388

Notes to Financial Statements are an integral part of these statements

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CITY OF MISHAWAKA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs	Expense	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		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	\$ 2,972,883	\$ 705,336	\$ 572,850	\$ -	\$ (1,694,697)	\$ -	\$ (1,694,697)
Public safety	40,765,998	2,384,784	109,658	33,182	(38,238,374)	-	(38,238,374)
Highways and streets	11,596,608	2,871,361	-	5,273,964	(3,451,283)	-	(3,451,283)
Sanitation	2,423,014	2,480,021	-	-	57,007	-	57,007
Community development	3,093,990	379,940	-	494,251	(2,219,799)	-	(2,219,799)
Culture and recreation	5,806,311	1,174,233	-	-	(4,632,078)	-	(4,632,078)
Interest on long-term debt	245,543	-	-	-	(245,543)	-	(245,543)
Total governmental activities	66,904,347	9,995,675	682,508	5,801,397	(50,424,767)	-	(50,424,767)
Business-type activities:							
Water	8,430,879	10,105,019	-	1,087,245	-	2,761,385	2,761,385
Wastewater	14,061,289	18,660,776	-	2,424,992	-	7,024,479	7,024,479
Electric	59,528,329	62,016,817	-	-	-	2,488,488	2,488,488
Total business-type activities	82,020,497	90,782,612	-	3,512,237	-	12,274,352	12,274,352
Total primary government	\$ 148,924,844	\$ 100,778,287	\$ 682,508	\$ 9,313,634	(50,424,767)	12,274,352	(38,150,415)
General revenues:							
Property taxes					44,229,555	-	44,229,555
Other taxes					5,409,021	-	5,409,021
Grants and contributions not restricted to specific programs					8,830,519	-	8,830,519
Unrestricted investment earnings					1,627,335	1,293,304	2,920,639
Other					386,219	-	386,219
Transfers					618,966	(618,966)	-
Total general revenues and transfers					61,101,615	674,338	61,775,953
Change in net position					10,676,848	12,948,690	23,625,538
Net position - beginning					200,969,355	168,647,495	369,616,850
Net position - ending					\$ 211,646,203	\$ 181,596,185	\$ 393,242,388

CITY OF MISHAWAKA

BALANCE SHEET -
GOVERNMENTAL FUNDS
As of December 31, 2019

	General	Consolidated TIF	Nonmajor Governmental Funds	Totals
<u>Assets</u>				
Cash and Cash Equivalents	\$ 13,716,405	\$ 14,942,601	\$ 21,869,526	\$ 50,528,532
Receivables (Net of Allowances for Uncollectibles):				
Interest	24,889	31,052	2,709	58,650
Taxes	617,304	614,607	208,967	1,440,878
Accounts	370,326	-	4,779	375,105
Intergovernmental	105,362	-	459,363	564,725
Loans	-	1,500,000	5,544,296	7,044,296
Assets held for resale	-	6,282,396	-	6,282,396
Total assets	\$ 14,834,286	\$ 23,370,656	\$ 28,089,640	\$ 66,294,582
<u>Liabilities, Unavailable Revenues, and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 101,747	\$ 432,027	\$ 479,587	\$ 1,013,361
Accrued payroll and withholdings payable	85,439	-	56,456	141,895
Contracts payable	-	353,906	-	353,906
Total liabilities	187,186	785,933	536,043	1,509,162
Deferred inflows of resources - property taxes unavailable	617,304	614,607	208,968	1,440,879
Fund Balances:				
Restricted	-	21,970,116	22,687,932	44,658,048
Committed	-	-	3,398,037	3,398,037
Assigned	1,334,340	-	1,258,660	2,593,000
Unassigned	12,695,456	-	-	12,695,456
Total fund balances	14,029,796	21,970,116	27,344,629	63,344,541
Total liabilities, unavailable revenues, and fund balances	\$ 14,834,286	\$ 23,370,656	\$ 28,089,640	\$ 66,294,582

CITY OF MISHAWAKA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of December 31, 2019

Total fund balances		\$ 63,344,541
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds.		
Land and construction in progress	\$ 34,600,973	
Other capital assets, net of depreciation	222,489,373	
Total		257,090,346
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
		527,513
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.		
		2,723,929
Deferred outflows and deferred inflows related to pension liabilities and other post-employment benefits are included in the governmental activities in the statement of net position.		
		(4,783,253)
Short-term liabilities that are not recognized in governmental funds until due		
Accrued interest payable	(128,239)	
Current portion of long-term debt	(2,205,000)	
Compensated absences	(372,254)	
Capital lease obligations	(932,316)	
Notes and loans payable	(81,498)	
Total		(3,719,307)
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).		
TIF bonds payable	(6,435,166)	
Compensated absences	(196,022)	
Capital lease obligations	(4,209,497)	
Notes and loans payable	(1,121,898)	
Net other postemployment benefits liability	(45,338,356)	
Net pension liability	(47,677,506)	
Total		(104,978,445)
Unavailable revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
		1,440,879
Total		\$ 211,646,203

CITY OF MISHAWAKA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	General	Consolidated TIF	Nonmajor Governmental Funds	Total
Revenues:				
Taxes	\$ 20,732,092	\$ 19,290,910	\$ 3,593,537	\$ 43,616,539
Licenses and permits	612,237	-	141,409	753,646
Intergovernmental	10,271,676	-	11,679,986	21,951,662
Charges for services	2,731,810	221,227	4,261,540	7,214,577
Fines and forfeits	22,347	-	722	23,069
Interest	881,055	551,471	194,811	1,627,337
Sale and use of property	1,223	-	120,689	121,912
Gifts and donations	-	-	240,701	240,701
Other	25,852	494,251	259,408	779,511
Total Revenues	35,278,292	20,557,859	20,492,803	76,328,954
Expenditures:				
Current:				
General government	5,877,159	-	376,795	6,253,954
Public safety	25,240,632	-	3,180,623	28,421,255
Highways and streets	392,368	-	5,569,298	5,961,666
Sanitation	-	-	2,423,014	2,423,014
Culture and recreation	-	-	3,691,305	3,691,305
Community development	267,919	904,517	414,518	1,586,954
Debt Service:				
Principal	-	-	3,163,229	3,163,229
Interest and fiscal charges	-	-	370,302	370,302
Capital Outlay:				
General government	290,048	-	357,997	648,045
Public safety	-	-	264,834	264,834
Highways and streets	-	2,003,947	2,590,588	4,594,535
Infrastructure	-	5,458,302	-	5,458,302
Culture and recreation	-	652,124	59,258	711,382
Community development	-	4,099,012	-	4,099,012
Total Expenditures	32,068,126	13,117,902	22,461,761	67,647,789
Excess (deficiency) of revenues Over (under) expenditures	3,210,166	7,439,957	(1,968,958)	8,681,165
Other financing sources (uses):				
Transfers in	3,978,964	-	3,575,622	7,554,586
Transfers out	-	(5,631,453)	(1,304,171)	(6,935,624)
Miscellaneous	-	(625,871)	76,256	(549,615)
Contributions	(3,441,487)	-	-	(3,441,487)
Total other financing sources and uses	537,477	(6,257,324)	2,347,707	(3,372,140)
Net change in fund balances	3,747,643	1,182,633	378,749	5,309,025
Fund Balances - January 1	10,282,153	20,787,483	26,965,880	58,035,516
Fund Balances - December 31	\$ 14,029,796	\$ 21,970,116	\$ 27,344,629	\$ 63,344,541

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, 2019

Net change in fund balance - total governmental funds \$ 5,309,025

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

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	\$ 12,214,888	
Less current year depreciation expense	(8,949,273)	
Less adjustment for depreciation on disposed assets	614,679	
Total		3,880,294

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds 613,016

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	3,115,539	
Principal paid on operating lease	47,690	
Unamortized bond discount	(2,459)	
Total		3,160,770

Expenses related to other post employment benefits liabilities are reported in the government wide statement of activities (309,223)

Expense related to pension liability are reported in the government wide statement of activities (4,300,742)

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	127,219	
Change in prepaid expenses	30,041	
Change in compensated absences	(25,257)	
Total		132,003

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. 2,191,705

Change in net position of governmental activities (Statement of Activities) \$ 10,676,848

CITY OF MISHAWAKA

STATEMENT OF NET POSITION -
 PROPRIETARY FUNDS
 December 31, 2019

	Business-Type Activities -Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
Assets					
Current assets:					
Unrestricted:					
Cash and cash equivalents	\$ 4,279,241	\$ 3,857,458	\$ 8,675,863	\$ 16,812,562	\$ 3,485,777
Interest receivable	24,100	25,649	-	49,749	-
Accounts receivable (net of allowance)	433,941	1,205,694	3,379,263	5,018,898	-
Inventories	329,052	-	3,332,593	3,661,645	-
Prepaid items	100,514	134,982	134,052	369,548	-
Total unrestricted current assets	5,166,848	5,223,783	15,521,771	25,912,402	3,485,777
Restricted:					
Restricted cash and cash equivalents:					
Customer deposits	684,992	4,275	3,156,200	3,845,467	-
Revenue bond covenant accounts	2,312,142	7,084,016	-	9,396,158	-
Reserve account	-	-	754,000	754,000	-
Construction account	2,365,258	6,921,430	-	9,286,688	-
Repair account	993,581	16,219,209	742	17,213,532	-
Total restricted cash and cash equivalents	6,355,973	30,228,930	3,910,942	40,495,845	-
Total current assets	11,522,821	35,452,713	19,432,713	66,408,247	3,485,777
Noncurrent assets:					
Capital assets:					
Land and construction in progress	12,984,608	9,252,084	409,886	22,646,578	-
Other capital assets (net of accumulated depreciation)	38,845,716	129,696,272	40,043,164	208,585,152	-
Total capital assets	51,830,324	138,948,356	40,453,050	231,231,730	-
Total noncurrent assets	51,830,324	138,948,356	40,453,050	231,231,730	-
Total assets	63,353,145	174,401,069	59,885,763	297,639,977	3,485,777
Deferred outflows of resources:					
Loss on refunding debt	59,571	365,146	-	424,717	-
Utility ratemaking expenses	123,396	79,045	586,720	789,161	-
OPEB related amounts	170,083	165,945	260,249	596,277	-
Pension related amounts	654,373	733,047	1,308,745	2,696,165	-
Total deferred outflows of resources	1,007,423	1,343,183	2,155,714	4,506,320	-

CITY OF MISHAWAKA

STATEMENT OF NET POSITION -
 PROPRIETARY FUNDS
 December 31, 2019
 (Continued)

	Business-Type Activities -Enterprise Funds			Total	Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility		
Liabilities					
Current liabilities:					
Unrestricted:					
Accounts payable	\$ 148,077	\$ 94,720	\$ 3,937,736	\$ 4,180,533	\$ 761,848
Accrued payroll and withholdings payable	34,664	44,522	58,306	137,492	-
Taxes payable	32,491	-	203,502	235,993	-
Accrued interest payable	1,688	921,378	2,842	925,908	-
Compensated absences	16,783	14,770	37,630	69,183	-
Total unrestricted current liabilities	233,703	1,075,390	4,240,016	5,549,109	761,848
Restricted:					
Customer deposits	684,992	4,275	3,156,200	3,845,467	-
Capital lease obligations	21,509	18,283	36,206	75,998	-
Notes and loans payable	-	119,000	-	119,000	-
Revenue bonds payable	1,865,000	5,260,000	-	7,125,000	-
Total restricted current liabilities	2,571,501	5,401,558	3,192,406	11,165,465	-
Total current liabilities	2,805,204	6,476,948	7,432,422	16,714,574	761,848
Noncurrent liabilities:					
Unrestricted:					
Compensated absences	74,369	66,950	92,565	233,884	-
Capital lease obligations	45,763	38,899	77,035	161,697	-
Notes and loans payable	-	1,322,000	-	1,322,000	-
Total unrestricted noncurrent liabilities	120,132	1,427,849	169,600	1,717,581	-
Restricted:					
Revenue bonds payable (net of unamortized premiums)	15,140,864	71,459,004	-	86,599,868	-
Net other postemployment benefits liability	2,274,195	2,218,868	3,479,817	7,972,880	-
Net pension liability	470,501	1,018,324	941,001	2,429,826	-
Total restricted noncurrent liabilities	17,885,560	74,696,196	4,420,818	97,002,574	-
Total noncurrent liabilities	18,005,692	76,124,045	4,590,418	98,720,155	-
Total liabilities	20,810,896	82,600,993	12,022,840	115,434,729	761,848
Deferred inflows of resources:					
Pension related amounts	942,629	1,040,623	1,885,257	3,868,509	-
OPEB related amounts	371,105	337,863	537,906	1,246,874	-
Total deferred inflows of resources	1,313,734	1,378,486	2,423,163	5,115,383	-
Net Position					
Net investment in capital assets	37,305,413	68,096,791	40,926,529	146,328,733	-
Restricted for debt service and other purposes					
Debt service	2,312,142	7,084,016	-	9,396,158	-
Capital projects	-	-	754,000	754,000	-
Unrestricted	2,618,383	16,583,966	5,914,945	25,117,294	2,723,929
Total net position	\$ 42,235,938	\$ 91,764,773	\$ 47,595,474	\$ 181,596,185	\$ 2,723,929

CITY OF MISHAWAKA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2019

	Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
Operating revenues:					
Unmetered water revenue	\$ 4,450	\$ -	\$ -	\$ 4,450	\$ -
Metered revenue					
Residential	3,687,212	-	28,373,762	32,060,974	-
Commercial	3,832,804	-	31,853,500	35,686,304	-
Public street and highway lighting	-	-	677,751	677,751	-
Fire protection revenue	2,151,617	-	-	2,151,617	-
Penalties	47,440	253,597	250,002	551,039	-
Measured revenue:					
Residential	-	8,623,360	-	8,623,360	-
Commercial	-	9,361,576	-	9,361,576	-
Other	60,969	442,684	2,028	505,681	12,390,107
Total Revenues	<u>9,784,492</u>	<u>18,681,217</u>	<u>61,157,043</u>	<u>89,622,752</u>	<u>12,390,107</u>
Operating expenses:					
Source of supply and expense - operations and maintenance	4,744,940	3,109,846	-	7,854,786	-
Transmission and distribution	829,762	-	6,026,215	6,855,977	-
Treatment and disposal expense - operations and maintenance	-	70,783	-	70,783	-
Customer accounts	66,044	5,719	262,895	334,658	-
Administration and general	451,545	761,262	3,189,384	4,402,191	-
Insurance claims and premiums	-	348,351	-	348,351	10,145,044
Purchase power	-	576,151	47,036,110	47,612,261	-
Sewer - operation and maintenance	-	1,747,559	-	1,747,559	-
Pretreatment - operation and maintenance	-	576,065	-	576,065	-
Chemicals	-	159,550	-	159,550	-
Depreciation	1,528,910	3,935,157	2,873,374	8,337,441	-
Total operating expenses	<u>7,621,201</u>	<u>11,290,443</u>	<u>59,387,978</u>	<u>78,299,622</u>	<u>10,145,044</u>
Operating income	<u>2,163,291</u>	<u>7,390,774</u>	<u>1,769,065</u>	<u>11,323,130</u>	<u>2,245,063</u>
Nonoperating revenues (expenses):					
Interest and investment revenue	311,402	810,271	171,632	1,293,305	-
Miscellaneous	320,527	(20,441)	859,774	1,159,860	(53,358)
Interest expense	(503,323)	(2,532,221)	(2,143)	(3,037,687)	-
Amortization expense	(26,899)	(39,523)	(27,358)	(93,780)	-
Gain/(Loss) on disposal of assets	(279,456)	(199,102)	(110,851)	(589,409)	-
Total nonoperating revenues (expenses)	<u>(177,749)</u>	<u>(1,981,016)</u>	<u>891,054</u>	<u>(1,267,711)</u>	<u>(53,358)</u>
Income before contributions and transfers	<u>1,985,542</u>	<u>5,409,758</u>	<u>2,660,119</u>	<u>10,055,419</u>	<u>2,191,705</u>
Capital contributions - net	1,087,245	2,424,992	-	3,512,237	-
Payments in lieu of taxes	(584,710)	(1,820,173)	(574,083)	(2,978,966)	-
Transfers in	5,303,431	21,693,839	4,848,020	31,845,290	-
Transfers out	(5,303,237)	(18,333,778)	(5,848,275)	(29,485,290)	-
Change in net position	<u>2,488,271</u>	<u>9,374,638</u>	<u>1,085,781</u>	<u>12,948,690</u>	<u>2,191,705</u>
Total net position - beginning	<u>39,747,667</u>	<u>82,390,135</u>	<u>46,509,693</u>	<u>168,647,495</u>	<u>532,224</u>
Total net position - ending	<u>\$ 42,235,938</u>	<u>\$ 91,764,773</u>	<u>\$ 47,595,474</u>	<u>\$ 181,596,185</u>	<u>\$ 2,723,929</u>

CITY OF MISHAWAKA

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2019

	Water Utility	Wastewater Utility	Electric Utility	Totals	Internal Service Fund
Cash flows from operating activities:					
Receipts from customers and users	\$ 9,868,713	\$ 18,575,883	\$ 61,492,591	\$ 89,937,187	\$ -
Receipts from interfund services provided	-	-	-	-	12,390,107
Payments to suppliers	(3,047,091)	(3,253,648)	(51,004,706)	(57,305,445)	-
Payments to employees	(2,995,552)	(4,034,009)	(4,650,217)	(11,679,778)	-
Payments for interfund services used	-	-	-	-	(10,503,965)
Net cash provided (used) by operating activities	<u>3,826,070</u>	<u>11,288,226</u>	<u>5,837,668</u>	<u>20,951,964</u>	<u>1,886,142</u>
Cash flows from noncapital financing activities:					
Transfer from/(to) other funds	<u>(584,516)</u>	<u>1,539,888</u>	<u>(1,574,338)</u>	<u>(618,966)</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(10,646,703)	(4,733,406)	(3,721,250)	(19,101,359)	-
Principal paid on bonds	(1,885,000)	(4,795,000)	-	(6,680,000)	-
Principal paid on loans	-	(115,000)	-	(115,000)	-
Principal paid on capital leases	(22,267)	(18,798)	(36,755)	(77,820)	-
Interest paid on bonds	(531,522)	(2,877,915)	(27,359)	(3,436,796)	-
Interest paid on loans	-	(46,589)	-	(46,589)	-
Interest paid on capital leases	(1,836)	(1,558)	(3,078)	(6,472)	-
Other receipts/(disbursements)	320,527	(20,441)	859,774	1,159,860	(53,358)
Gain (loss) on sale of assets	(279,456)	(199,102)	(110,851)	(589,409)	-
Net cash provided (used) by capital and related financing activities	<u>(13,046,257)</u>	<u>(12,807,809)</u>	<u>(3,039,519)</u>	<u>(28,893,585)</u>	<u>(53,358)</u>
Cash flows from investing activities:					
Interest received	315,373	806,908	171,632	1,293,913	-
Sale/(purchase) of investments	-	6,700,000	-	6,700,000	-
Net cash provided (used) by operating activities	<u>315,373</u>	<u>7,506,908</u>	<u>171,632</u>	<u>7,993,913</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(9,489,330)</u>	<u>7,527,213</u>	<u>1,395,443</u>	<u>(566,674)</u>	<u>1,832,784</u>
Cash and cash equivalents, January 1 (including \$754,000, \$3,615,517, \$8,644,420, \$10,799,687 and \$19,746,768 for the reserve account, customer deposits, revenue bond covenant account, repair account, and construction respectively, reported in restricted accounts)					
	<u>20,124,544</u>	<u>26,559,175</u>	<u>11,191,362</u>	<u>57,875,081</u>	<u>1,652,993</u>
Cash and cash equivalents, December 31 (including \$754,000, \$3,845,467, \$9,396,158, \$9,286,688 and \$17,213,532 for the reserve account, customer deposits, revenue bond covenant account, construction account, and repair account respectively, reported in restricted accounts)					
	<u>\$ 10,635,214</u>	<u>\$ 34,086,388</u>	<u>\$ 12,586,805</u>	<u>\$ 57,308,407</u>	<u>\$ 3,485,777</u>

CITY OF MISHAWAKA

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2019

	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Electric Utility</u>	<u>Totals</u>	<u>Internal Service Fund</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 2,163,291	\$ 7,390,774	\$ 1,769,065	11,323,130	\$ 2,245,063
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,528,910	3,935,157	2,873,374	8,337,441	-
(Increase) decrease in assets:					
Accounts receivable	84,221	(105,334)	335,548	314,435	-
Inventories	(101,232)	-	(38,818)	(140,050)	-
Prepaid items	4,330	4,955	12,246	21,531	-
Deferred outflows	62,894	70,966	9,439	143,299	-
Deferred OPEB	(170,083)	(165,945)	(260,249)	(596,277)	-
Increase (decrease) in liabilities:					
Accounts payable	38,608	(144,235)	649,490	543,863	(358,921)
Customer deposits	(13,611)	570	71,026	57,985	-
Accrued payroll and withholdings payable	997	1,137	(7,637)	(5,503)	-
Taxes payables	(2,034)	-	(19,307)	(21,341)	-
Compensated absences payable	11,350	2,465	1,639	15,454	-
Total other postemployment benefits liability	333,998	436,488	647,807	1,418,293	-
Net pension liability payable	(448,384)	(459,736)	(896,768)	(1,804,888)	-
Deferred inflows - OPEB	(53,596)	(52,292)	(82,009)	(187,897)	-
Deferred inflows - pensions	386,411	373,256	772,822	1,532,489	-
Total adjustments	<u>1,662,779</u>	<u>3,897,452</u>	<u>4,068,603</u>	<u>9,628,834</u>	<u>(358,921)</u>
Net cash provided (used) by operating activities	<u>\$ 3,826,070</u>	<u>\$ 11,288,226</u>	<u>\$ 5,837,668</u>	<u>\$ 20,951,964</u>	<u>\$ 1,886,142</u>
Noncash investing, capital and financing activities:					
Contributed capital assets	\$ 1,087,245	\$ 2,424,992	\$ -	\$ 3,512,237	
Work in progress moved to capital assets	1,235,784	1,542,994	-	2,778,778	
Change in asset carrying value	59,540	158,216	107,650	325,406	
Disposal of capital assets	(586,141)	(570,796)	(2,024,096)	(3,181,033)	

CITY OF MISHAWAKA

STATEMENT OF FIDUCIARY NET POSITION -
PENSION TRUST FUNDS
December 31, 2019

	Pension Trust Funds
<u>Assets</u>	
Cash and Cash Equivalents	\$ 1,814,495
Receivables:	
Interest and dividends	48,178
Investment at fair value:	
Municipal bonds	575,395
Mutual funds	22,637,752
Total investments	23,213,147
Total assets	25,075,820
<u>Liabilities</u>	
Net benefits due and unpaid	6,447
Net position - Restricted for pensions	\$ 25,069,373

CITY OF MISHAWAKA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PENSION TRUST FUNDS
For the Year Ended December 31, 2019

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
On behalf	\$ 2,477,058
Employer	<u>2,006,029</u>
Total contributions	<u>4,483,087</u>
Investment income (loss):	
Net change in fair value of investments	2,641,400
Interest	<u>1,043,934</u>
Total investments income (loss)	3,685,334
Less investment expense:	
Investment activity expense	<u>-</u>
Net investment income (loss)	<u>3,685,334</u>
Total additions	<u>8,168,421</u>
<u>Deductions</u>	
Benefits	4,642,862
Administrative expense	<u>71,272</u>
Total deductions	<u>4,714,134</u>
Change in net position	3,454,287
Net position - beginning	<u>21,615,086</u>
Net position - ending	<u>\$ 25,069,373</u>

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

Blended Component Units

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

The Mishawaka Local Public Improvement Bond Bank ("LPIBB") is a blended component unit of the primary government. In 2008 the Bond Bank was created pursuant to Indiana Code 5-1.4 established by ordinance and adopted by the Mishawaka Common Council which is the legislative body of the City. The Bond Bank is governed by a board of directors composed of (5) members. The primary government appoints all members of the board in accordance with Indiana Code 5-1.4-2-2. The City created the Bond Bank to issue revenue bonds and other obligations to finance projects and purchase equipment. The City directs the actions of the Bond Bank. The financial statements of the component unit may be obtained from the Controller, City of Mishawaka at 600 East Third Street, Mishawaka, Indiana, 46544.

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

Related Organizations

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In November 2016, the GASB issued statement No. 83 - *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for legally enforceable asset retirement obligations (AROs) and requires that recognition occur when the liability is both incurred and reasonably estimable. This standard was implemented January 1, 2019.

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

In June 2018, the GASB issued statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This standard was implemented January 1, 2019.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

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

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

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

The City reports the following major governmental fund:

- General Fund - accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Consolidated TIF Capital projects fund - Accounts for revenues and expenditures related to the City's TIF area. Financing is provided by incremental taxes collected on property located in the districts. Amounts needed for bond retirements are transferred annually to the proper debt service funds.

The City reports the following major enterprise funds:

- Water Utility - accounts for operations of the water system
- Wastewater Utility - accounts for operations of the wastewater system
- Electric Utility - accounts for operations of the electric system

The City reports the following nonmajor governmental funds:

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental funds: (cont.)

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

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

In addition, the City reports the following fund types:

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

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

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

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements

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

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

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

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

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility, Wastewater Utility and Electric Utility are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

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

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

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

Indiana Code 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of or interest in an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed fifty percent (50%) of the funds held by the City and available for investment.

The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise; or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note IV.A No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note III. A. for further information.

2. Receivables

Property taxes levied are collected by the County Treasurer and are distributed to the primary government in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's January 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the primary government prior to December 31 of the year collected. Delinquent property taxes outstanding at year end for governmental funds are recorded as a receivable with an offset to deferred inflows of resources – unavailable revenue since the amounts are not considered available.

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. Transformer inventory of the electric utility is valued at actual cost. All other inventory of the electric utility is valued at average cost. Material and supplies use average costing for water utility. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for buildings and improvements, \$3,000,000 for roads, and \$5,000 for all other general capital assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$5,000	Straight-line	20-50 Years
Equipment	5,000	Straight-line	3-15 Years
Roads-collector and residential	3,000,000	Composite	10-50 Years
Water collection system	5,000	Straight-line	5-50 Years
Wastewater distribution and collection systems	5,000	Straight-line	5-50 Years
Electric distribution systems	5,000	Straight-line	5-50 Years

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

Fund Financial Statements

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

6. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

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 accumulate 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 yearend for terminated employees.

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2019, are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations

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

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

8. Long-Term Obligations (cont.)

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

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

10. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

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

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

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

See Note III. H. for further information.

11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the City OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

12. Basis for Existing Rates

Utility Rates and Charges

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

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

Current electric rates were approved by the Common Council on November 18, 2013.

13. 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."

14. 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.

15. Pensions

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

Annual budgets are adopted for the following governmental funds:

General Funds	Nonmajor Governmental Funds	
	Special Revenue Funds	Capital Projects Funds
General Fund	Motor Vehicle Highway (Restricted & Unrestricted) Local Road and Street Public Safety Park and Recreation Rainy Day Law Enforcement Continuing Education Park Nonreverting Operating LOIT Special Distribution Local Road and Bridge and Matching Grant Fund	Cumulative Capital Improvement Cumulative Sewer Cumulative Capital Development CEDIT

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

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

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, the City has investments associated with the Pension Trust Funds.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$113,093,284	\$116,237,111	Custodial credit
Equity portfolio	12,970,864	12,970,864	Investment custodial credit, credit, interest rate, concentration of custodial risk
Taxable portfolios	8,294,873	8,294,873	Investment custodial credit, credit, interest rate, concentration of custodial risk
Taxable municipal bonds	575,395	575,395	Investment custodial credit, credit, interest rate
Alternative portfolios	1,372,014	1,372,014	Investment custodial credit, credit, interest rate, concentration of custodial risk
Money market funds	43,048	43,048	Custodial credit
Petty cash	880	-	N/A
Total Deposits and Investments	\$136,350,358	\$139,493,305	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 69,693,362		
Restricted cash and investments	41,629,354		
Per statement of net position - fiduciary funds			
Pension trust funds cash	1,814,495		
Pension trust investments	23,213,147		
Total Deposits and Investments	\$136,350,358		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

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

Investment Type	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 12,970,864	\$ -	\$ -	\$ 12,970,864
Taxable fixed income mutual funds	8,294,873	-	-	8,294,873
Taxable municipal bonds	575,395	-	-	575,395
Alternative portfolio mutual funds	1,372,014	-	-	1,372,014
Total	<u>\$ 23,213,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,213,146</u>

Custodial Credit Risk

Deposits

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

IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The primary government does not have a deposit policy for custodial credit risk.

At December 31, 2019, the primary government had deposit balances in the amount of \$116,280,159. Of this amount, the following was exposed to custodial credit risk.

Uninsured and collateral held by the pledging financial institution's trust department or agent not in the City's name	<u>\$ 43,048</u>
Total	<u>\$ 43,048</u>

Investment Custodial Credit Risk

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2019, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio	Amounts
Russell Investment Grade Bond	Mutual fund	9.78%	\$2,270,984
Vanguard Large Cap Index Admiral	Mutual fund	15.31%	\$3,553,110
Vanguard US Growth Fund Admiral	Mutual fund	7.45%	\$1,729,142
Vanguard Windsor II Adm	Mutual fund	8.32%	\$1,930,724
Dodge and Cox Income	Mutual fund	5.80%	\$1,346,976
American Beacon Intl Equity Instl	Mutual fund	6.05%	\$1,404,228

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than five years.

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

As of December 31, 2019, the City's investments were as follows:

Pension Fund

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1 to 2	More than 2
Municipal bonds	\$ 575,395	\$ -	\$ 289,603	\$ 285,792
Mutual funds	<u>22,637,751</u>	<u>22,637,751</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 23,213,146</u>	<u>\$ 22,637,751</u>	<u>\$ 289,603</u>	<u>\$ 285,792</u>

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Foreign Currency Risk

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment or deposit. The City does not have investments in foreign securities.

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

B. RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Consolidated TIF	Nonmajor Funds	Totals
Receivables				
Taxes	\$ 617,304	\$ 614,607	\$ 208,967	\$ 1,440,878
Accounts	370,326	-	4,779	375,105
Interest	24,889	31,052	2,709	58,650
Intergovernmental	105,362	-	459,363	564,725
Loans	-	1,500,000	5,544,296	7,044,296
Total	\$ 1,117,881	\$ 2,145,659	\$ 6,220,114	\$ 9,483,654
Amounts not expected to be collected within one year	\$ -	\$ 1,000,000	\$ 4,778,895	\$ 5,778,895

All of the receivables on the balance sheet are expected to be collected within one year with the exception of the Loans Receivable shown above.

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

Uncollectibles related to Water Utility	\$ 27,750
Uncollectibles related to Wastewater Utility	10,802
Uncollectibles related to Electric Utility	364,800
Total Uncollectibles of the Current Fiscal Year	\$ 403,352

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

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

	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 1,440,879
Total Unavailable Revenue for Governmental Funds	<u>\$ 1,440,879</u>

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Following is a list of restricted assets at December 31, 2019:

	<u>Restricted Assets</u>
Customer deposits	\$ 3,845,467
Revenue bond covenant accounts	9,396,158
Reserve account	754,000
Construction account	9,286,688
Repair account	<u>17,213,532</u>
Total	<u>\$ 40,495,845</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 13,381,950	\$ -	\$ -	\$ 13,381,950
Construction in progress	<u>36,498,608</u>	<u>5,559,359</u>	<u>20,838,944</u>	<u>21,219,023</u>
Total Capital Assets Not Being Depreciated	<u>49,880,558</u>	<u>5,559,359</u>	<u>20,838,944</u>	<u>34,600,973</u>

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities (cont.)				
Capital assets being depreciated				
Buildings	\$ 39,295,352	\$ 984,791	\$ 12,559	\$ 40,267,584
Improvements other than buildings	37,603,155	2,417,205	114,652	39,905,708
Machinery, equipment and vehicles	33,839,777	2,708,349	665,765	35,882,361
Infrastructure	<u>174,423,426</u>	<u>23,182,570</u>	<u>-</u>	<u>197,605,996</u>
Total Capital Assets Being Depreciated	<u>285,161,710</u>	<u>29,292,915</u>	<u>792,976</u>	<u>313,661,649</u>
Total Capital Assets	<u>335,042,268</u>	<u>34,852,274</u>	<u>21,631,920</u>	<u>348,262,622</u>
Less: Accumulated depreciation for				
Buildings	10,350,217	770,832	12,559	11,108,490
Improvements other than buildings	14,011,308	1,486,730	65,447	15,432,591
Machinery, equipment and vehicles	24,515,207	1,888,237	536,673	25,866,771
Infrastructure	<u>33,960,951</u>	<u>4,803,473</u>	<u>-</u>	<u>38,764,424</u>
Total Accumulated Depreciation	<u>82,837,683</u>	<u>8,949,272</u>	<u>614,679</u>	<u>91,172,276</u>
Net Capital Assets Being Depreciated	<u>202,324,027</u>	<u>20,343,643</u>	<u>178,297</u>	<u>222,489,373</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 252,204,585</u>	<u>\$ 25,903,002</u>	<u>\$ 21,017,241</u>	<u>\$ 257,090,346</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 254,935
Public safety	1,366,671
Highways and streets	5,492,301
Community development	2,210
Culture and recreation	<u>1,833,155</u>
Total Governmental Activities Depreciation Expense	<u>\$ 8,949,272</u>

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 2,992,461	\$ 35,389	\$ -	\$ 3,027,850
Construction in progress	<u>11,593,843</u>	<u>10,803,663</u>	<u>2,778,778</u>	<u>19,618,728</u>
Total Capital Assets Not Being Depreciated	<u>14,586,304</u>	<u>10,839,052</u>	<u>2,778,778</u>	<u>22,646,578</u>
Capital assets being depreciated				
Buildings	54,184,117	35,160	56,006	54,163,271
Improvements other than buildings	226,988,414	13,458,773	352,404	240,094,783
Machinery, equipment and vehicles	47,645,709	698,682	2,417,925	45,926,466
Transportation	<u>5,619,786</u>	<u>686,113</u>	<u>354,697</u>	<u>5,951,202</u>
Total Capital Assets Being Depreciated	<u>334,438,026</u>	<u>14,878,728</u>	<u>3,181,032</u>	<u>346,135,722</u>
Total Capital Assets	<u>349,024,330</u>	<u>25,717,780</u>	<u>5,959,810</u>	<u>368,782,300</u>
Less: Accumulated depreciation for				
Buildings	20,784,244	1,089,394	23,467	21,850,171
Improvements other than buildings	72,478,155	5,522,021	252,824	77,747,352
Machinery, equipment and vehicles	34,683,020	1,157,674	2,367,870	33,472,824
Transportation	<u>4,123,336</u>	<u>568,351</u>	<u>211,464</u>	<u>4,480,223</u>
Total Accumulated Depreciation	<u>132,068,755</u>	<u>8,337,440</u>	<u>2,855,625</u>	<u>137,550,570</u>
Net Capital Assets Being Depreciated	<u>202,369,271</u>	<u>6,541,288</u>	<u>325,407</u>	<u>208,585,152</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 216,955,575</u>	<u>\$ 17,380,340</u>	<u>\$ 3,104,185</u>	<u>\$ 231,231,730</u>

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 1,528,910
Wastewater	3,935,157
Electric	<u>2,873,373</u>
 Total Business-type Activities Depreciation Expense	 <u><u>\$ 8,337,440</u></u>

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility	\$ 584,710	PILOT
General Fund	Wastewater Utility	1,820,173	PILOT
General Fund	Electric Utility	574,083	PILOT
Water Utility	Electric Utility	194	Operating subsidy
Wastewater Utility	Electric Utility	61	Operating subsidy
Wastewater Utility	Consolidated TIF	3,360,000	Debt payments
General Fund	Electric Utility	1,000,000	Operating subsidy
Nonmajor Funds	Consolidated TIF	2,271,453	Debt payments
Nonmajor Funds	Nonmajor Funds	<u>1,351,602</u>	Debt payments and transfer of CCMG proceeds
 Total - Fund Financial Statements		 <u>10,962,276</u>	
 Less: Fund eliminations		 <u>(10,343,310)</u>	
 Total Transfers - Government-Wide Statement of Activities		 <u><u>\$ 618,966</u></u>	

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
Tax increment financing bonds	\$ 10,815,000	\$ -	\$ 2,165,000	\$ 8,650,000	\$ 2,205,000
Notes payable	1,283,160	-	79,764	1,203,396	81,498
(Discounts)/Premiums	(12,293)	-	(2,459)	(9,834)	-
Sub-totals	<u>12,085,867</u>	<u>-</u>	<u>2,242,305</u>	<u>9,843,562</u>	<u>2,286,498</u>
Other Liabilities					
Compensated absences	543,019	366,155	340,899	568,275	372,254
Capital leases	5,054,810	957,779	870,775	5,141,814	932,316
Total other postemployment benefits	40,569,874	4,768,482	-	45,338,356	-
Net pension liability	45,390,175	2,287,331	-	47,677,506	-
Total Other Liabilities	<u>91,557,878</u>	<u>8,379,747</u>	<u>1,211,674</u>	<u>98,725,951</u>	<u>1,304,570</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 103,643,745</u>	<u>\$ 8,379,747</u>	<u>\$ 3,453,979</u>	<u>\$ 108,569,513</u>	<u>\$ 3,591,068</u>
Business-type Activities					
Bonds and Notes Payable					
Water Utility	\$ 18,890,000	\$ -	\$ 1,885,000	\$ 17,005,000	\$ 1,865,000
Wastewater Utility	78,620,000	-	4,795,000	73,825,000	5,260,000
Notes and loans payable	1,556,000	-	115,000	1,441,000	119,000
(Discounts)/Premiums	3,264,977	-	370,110	2,894,867	-
Sub-totals	<u>102,330,977</u>	<u>-</u>	<u>7,165,110</u>	<u>95,165,867</u>	<u>7,244,000</u>
Other Liabilities					
Compensated absences	287,613	81,366	65,912	303,067	69,183
Capital leases	315,515	-	77,820	237,695	75,998
Total other postemployment benefits	6,554,587	1,418,293	-	7,972,880	-
Net pension liability	4,234,714	-	1,804,888	2,429,826	-
Total Other Liabilities	<u>11,392,429</u>	<u>1,499,659</u>	<u>1,948,620</u>	<u>10,943,468</u>	<u>145,181</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 113,723,406</u>	<u>\$ 1,499,659</u>	<u>\$ 9,113,730</u>	<u>\$ 106,109,335</u>	<u>\$ 7,389,181</u>

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

Revenue Debt

Governmental activities revenue bonds are payable from revenues derived from the acquired or constructed assets. Business-type activities revenue bonds are payable only from revenues derived from the operation of the water, wastewater or electric utility.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

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 2019, the water utility paid \$2.42 million in debt payments or approximately 25 percent of operating revenues. The wastewater utility paid \$7.67 million in debt payments or approximately 41 percent of operating revenues. Bond coverage for the water utility at December 31, 2019 was 135%. Bond coverage for the wastewater utility at December 31, 2019 was 172%. 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 debt payable at December 31, 2019, consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2019</u>
<u>Water Utility</u>					
2007 Water refunding revenue bonds due in installments of \$200,000 to \$220,000	05/23/07	07/01/20	3.9%-4.25%	\$ 4,475,000	\$ 220,000
2013 Water refunding revenues bonds due in installments of \$715,000 to \$775,000	08/20/13	07/01/22	2%	12,710,000	3,785,000
2018 Water revenue bonds due in installments of \$5,000 to \$445,000	10/29/18	07/01/39	2.82%	13,000,000	<u>13,000,000</u>
				Total Water Utility	<u>\$ 17,005,000</u>

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Business-type Activities Revenue Debt (cont.)

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2019</u>
<u>Wastewater Utility</u>					
2015 Wastewater refunding revenue bonds due in installments of \$1,295,000 to \$1,880,000	08/20/15	01/01/27	2.25%-5%	\$ 34,755,000	\$ 24,545,000
2017 Sewage Works Revenue Bonds, Series A due in installments of \$685,000 to \$1,170,000	12/08/17	03/01/34	4%	16,315,000	14,595,000
2017 Sewage Works Revenue Bonds, Series B due in installments of \$1,030,000 to \$1,485,000	12/08/17	09/01/34	2.85%	24,210,000	22,135,000
2018 Sewage Works revenue bonds due in installments of \$150,000 to \$475,000	10/16/18	09/01/39	2%-6%	12,550,000	<u>12,550,000</u>
			Total Wastewater Utility		<u>\$ 73,825,000</u>
					<u>\$ 90,830,000</u>
Total Business-type Activities - Revenue Debt					<u>\$ 90,830,000</u>

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2020	\$ 7,125,000	\$ 3,110,408
2021	7,295,000	2,847,858
2022	6,899,000	2,590,477
2023	6,475,000	2,356,463
2024	6,730,000	2,081,920
2025-2029	27,566,000	6,471,429
2030-2034	21,374,000	2,850,950
2035-2039	7,366,000	469,106
Totals	<u>\$ 90,830,000</u>	<u>\$ 22,778,611</u>

Tax Increment Financing Bonds

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

The City has pledged future tax increment finance revenues to repay revenue bonds issued in 2017. Proceeds from the bonds provided financing for public community development projects at Ironworks. The bonds are payable solely from incremental property tax revenues generated by special ad valorem tax levied on all taxable property within the district, and are payable through 2023. Annual principal and interest payments on the bonds are expected to require 11.92% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$8,106,622. Principal and interest paid for the current year and total customer gross revenues were \$2,299,153 and \$19,290,910, respectively.

The Mishawaka Local Public Improvement Bond Bank has pledged future local income tax revenues, net of specified operating expenses, to repay revenue bonds issued in 2015. Proceeds from the bonds provided financing for the Battell Center. The bonds are payable solely from local income tax revenues and are payable through 2040. Annual principal and interest payments on the bonds are expected to require 0.27% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,040,000. Principal and interest paid for the current year and total customer net revenues were \$52,500 and \$19,290,910, respectively.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Tax Increment Financing Bonds (cont.)

Tax Increment Financing Bonds at December 31, 2019, consists of the following:

Governmental Activities

<u>Tax Increment Financing Bonds</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2019</u>
Battell Center Tax increment bonds due in annual installments of \$15,000 to \$25,000	06/15/15	02/01/40	2%	\$ 1,000,000	\$ 850,000
Ironworks Tax increment economic development revenue bonds due in installments of \$1,055,000 to \$1,155,000	09/26/17	02/01/23	1.3%-2.1%	10,985,000	<u>7,800,000</u>
Total Governmental Activities Tax Increment Financing Bonds					<u>\$ 8,650,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Tax Increment Financing Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 2,205,000	\$ 153,842
2021	2,245,000	115,528
2022	2,300,000	73,424
2023	1,190,000	26,828
2024	35,000	14,000
2025-2029	200,000	58,500
2030-2034	210,000	38,300
2035-2039	240,000	15,950
2040	<u>25,000</u>	<u>250</u>
Totals	<u>\$ 8,650,000</u>	<u>\$ 496,622</u>

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Other Bonds or Notes or 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 primary government's business-type activities loans are from the State Revolving Loan Fund. This loan was issued to finance costs related to Sewer Utility improvements.

Governmental Activities

Other Bonds or Notes or Loans Payable	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
Tax increment economic development revenue bonds due in installments of \$32,946 to \$45,951	12/30/14	12/31/34	2-3.625%	\$ 1,587,477	<u>\$ 1,203,396</u>
Total Governmental Activities Other Bonds or Notes or Loans Payable					<u>\$ 1,203,396</u>

Business-type Activities

Other Bonds or Notes or Loans Payable	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
2010A Sewage Works revenue bonds due in installments of \$59,000 to \$80,000	01/28/10	03/01/30	3.050%	\$ 2,398,000	<u>\$ 1,441,000</u>
Total Business-type Activities Other Bonds or Notes or Loans Payable					<u>\$ 1,441,000</u>

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities Other Bonds or Notes or Loans Payable		Business-type Activities Other Bonds or Notes or Loans Payable	
	Principal	Interest	Principal	Interest
	2020	\$ 81,498	\$ 37,642	\$ 119,000
2021	83,232	35,795	121,000	39,407
2022	85,833	33,285	125,000	35,685
2023	88,434	30,684	129,000	31,842
2024	91,035	28,018	133,000	27,877
2025-2029	356,337	105,934	734,000	75,214
2030-2034	<u>417,027</u>	<u>41,994</u>	<u>80,000</u>	<u>1,220</u>
Totals	<u>\$ 1,203,396</u>	<u>\$ 313,352</u>	<u>\$ 1,441,000</u>	<u>\$ 254,296</u>

G. LEASE DISCLOSURES

Lessee - Capital Leases

In 2012, 2015, 2017, 2018 and 2019 the City acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$8,328,196, which are included in capital assets in the governmental and business-type activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2019, are as follows:

Years	Governmental Activities			Business-type Activities		
	Principal	Interest	Totals	Principal	Interest	Totals
2020	\$ 932,316	\$ 110,917	\$ 1,043,233	\$ 75,998	\$ 6,519	\$ 82,517
2021	938,519	89,614	1,028,133	79,765	4,405	84,170
2022	863,905	68,011	931,916	81,935	2,208	84,143
2023	476,668	48,926	525,594	-	-	-
2024	476,668	38,784	515,452	-	-	-
2025-2029	<u>1,453,738</u>	<u>56,958</u>	<u>1,510,696</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 5,141,814</u>	<u>\$ 413,210</u>	<u>\$ 5,555,024</u>	<u>\$ 237,698</u>	<u>\$ 13,132</u>	<u>\$ 250,830</u>

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. LEASE DISCLOSURES (cont.)

Lessee - Operating Leases

In 2019 the City leased capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$236,900, which are not included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2019, are as follows:

<u>Years</u>	<u>Governmental Activities Principal</u>
2020	\$ 50,435
2021	49,268
2022	48,516
2023	<u>47,763</u>
Totals	<u>\$ 195,982</u>

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2019, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 13,381,950
Construction in progress	21,219,023
Other capital assets, net of accumulated depreciation	222,489,373
Less: Long-term debt outstanding	(14,995,209)
Plus: Unamortized debt discount	9,834
Total Net Investment in Capital Assets	<u>242,104,971</u>
Restricted	
Debt service	10,078,911
Capital projects	26,860,479
Public safety	1,714,929
Highways and streets	2,062,918
Sanitation	815,869
Culture and recreation	2,660,603
Economic development	464,339
Total Restricted	<u>44,658,048</u>

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Unrestricted (deficit)	(75,116,816)
Total Governmental Activities Net Position	\$ 211,646,203

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2019, include the following:

	General Fund	Consolidated TIF	Nonmajor Funds	Totals
Fund Balances				
Restricted for:				
Long-Term Loans Receivable	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000
Assets Held for Resale	-	6,282,396	-	6,282,396
Other Purposes General Government	-	-	1,915,810	1,915,810
Technology	-	-	394,353	394,353
Law Enforcement Training and Capital	-	-	968,720	968,720
Firefighting Training and Capital	-	-	746,209	746,209
Capital Projects	-	14,187,720	2,580,200	16,767,920
Sanitation	-	-	815,869	815,869
Capital Highway Projects	-	-	1,854,328	1,854,328
Families, Park and Recreation	-	-	2,660,603	2,660,603
Housing and Community Development	-	-	464,339	464,339
Debt Service Reserve	-	-	1,136,219	1,136,219
Debt Service Principal and Interest	-	-	8,942,692	8,942,692
Sidewalk Construction	-	-	208,590	208,590
Sub-total	-	21,970,116	22,687,932	44,658,048
Committed to:				
Capital Projects	-	-	3,398,037	3,398,037
Assigned to:				
Other Purposes General Government	1,334,340	-	-	1,334,340
Public Safety	-	-	130,756	130,756
Capital Projects	-	-	706,230	706,230
Sanitation	-	-	342,989	342,989
Parks and Recreation	-	-	78,685	78,685
Sub-total	1,334,340	-	1,258,660	2,593,000
Unassigned:	12,695,456	-	-	12,695,456
Total Fund Balances	\$ 14,029,796	\$ 21,970,116	\$ 27,344,629	\$ 63,344,541

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 3,027,850
Construction in progress	19,618,728
Other capital assets, net of accumulated depreciation	208,585,152
Less: Long-term debt outstanding	(92,508,695)
Plus: Unspent capital related debt proceeds	9,286,688
Less: Unamortized debt premium	(2,894,868)
Plus: Deferred amount on refunding	424,717
Plus: Deferred utility ratemaking expenses	789,161
Total Net Investment in Capital Assets	<u>146,328,733</u>
Restricted	
Debt service	9,396,158
Capital projects	754,000
Total Restricted	<u>10,150,158</u>
Unrestricted	<u>25,117,294</u>
Total Business-type Activities Net Position	<u>\$ 181,596,185</u>

I. RESTATEMENT OF NET POSITION

Net position has been restated to reclassify the Mishawaka Local Public Improvement Bond Bank ("LIPBB") in accordance with GASB 61 The Financial Reporting Entity: Omnibus. In prior reporting periods, the Mishawaka Local Public Improvement Bond Bank had been considered a significant discretely presented component. For year-end December 31, 2019, the LIPBB is considered a blended component unit.

Governmental Activities Net Position - December 31, 2018 (as reported)	\$ 194,233,209
Add: Mishawaka Local Public Improvement Bond Bank	<u>6,736,146</u>
Net Position - December 31, 2018 (as restated)	<u>\$ 200,969,355</u>

Comparative total columns of the previous year have not been restated to reflect these changes.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Public Employees' Retirement Fund

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

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

Contributions. Members are required to contribute 3% of their annual covered salary to their defined contribution account. The primary government is required to contribute at an actuarially determined rate; the current rate for calendar year 2018 is 11.20% percent of annual covered payroll. The rate for 2019 is also 11.20%. The contribution requirements of plan members and the primary government are established and may be amended by the INPRS Board of Trustees. The actuarial amount, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the PERF plan from the City were \$745,596 for the calendar year ended December 31, 2019.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two (2) or more years, or surviving dependent children under the age of 18. This payment is equal to 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. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

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

Rate of Return. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the fiscal year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for Public Employee's Retirement Fund was 7.32 percent.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Net Pension Liability

At December 31, 2019, the City reported a liability (asset) of \$4,257,914 for its proportionate share of the net pension liability (asset). The City allocates the pension liability to Governmental Activities and Business-Type Activities based on their respective contributions to INPRS. For 2019, the allocation was \$3,710,091 and \$547,823 respectively. The City's proportion of the total was measured on the ratio of the wages reported by employers relative to the collective wages of the plan. This basis of allocation measures the proportionate relationship of an employer to all employers and is consistent with the manner in which contributions to the pension plan are determined. The plan does not have a special funding situation, as there is not a non-employer contributing entity legally responsible for making contributions that are used to provide pension benefits to members of the pension plan. At December 31, 2019, the City's proportion was 0.0012883 allocated as follows for 2019 and 2018:

	Total	Governmental Activities	Business-Type Activities
2019	.0012883	.0011225	.0001658
2018	.0012780	.0011134	.0001646

The net pension liability for calendar year 2019 is calculated as set forth in the following table:

	Governmental Activities	Business-Type Activities
Net pension liability - beginning December 31, 2018	\$ 3,782,249	\$ 559,175
Total pension expense	534,061	78,858
Change in deferred outflows of resources	330,849	48,155
Change in deferred inflows of resources	(287,400)	(42,437)
Defined benefit plan Employer Contributions	(649,668)	(95,928)
Net pension liability - December 31, 2019	\$ 3,710,091	\$ 547,823

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities:		
Differences between expected and actual experience	\$ 98,224	\$ -
Changes in assumptions	826	403,194
Net differences between projected and actual earnings on pension plan investments	-	175,367
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,194	84,159
Employer contributions subsequent to the measurement date	419,968	-
Totals	\$ 544,212	\$ 662,720
	Deferred Outflows of Resources	Deferred Inflows of Resources
Business-Type Activities:		
Differences between expected and actual experience	\$ 14,524	\$ -
Changes in assumptions	122	59,673
Net differences between projected and actual earnings on pension plan investments	-	25,894
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,727	12,427
Employer contributions subsequent to the measurement date	60,301	-
Totals	\$ 78,674	\$ 97,994

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$419,968 and \$60,301 reported as deferred outflows related to pension resulting from the Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)	
	Governmental Activities	Business-Type Activities
2020	\$ 177,174	\$ 26,219
2021	299,056	44,158
2022	48,675	7,187
2023	13,571	2,057
2024	-	-
Thereafter	-	-

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

Pension Expense	Governmental Activities	Business-Type Activities
Proportionate share of plan pension expense	\$ 587,192	\$ 86,703
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	(53,131)	(7,845)
Total	\$ 534,061	\$ 78,858

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Valuation Date:	June 30, 2019
Assets:	June 30, 2018 - Member census data as of June 30, 2018 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2018 and June 30, 2019. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2018 to the June 30, 2019 measurement date.
Liabilities:	
Actuarial Cost Method:	Entry Age Normal (Level percent of payroll)
Experience Study Date	Period of 4 years ended June 30, 2014
Investment Rate of Return	6.75%, net of investment expense, including inflation
Cost of Living Increases	2020-2021 - 13th check 2022-2033 - 0.40% 2034-2038 - 0.50% 2039 and on - 0.60%
Salary increases, including inflation:	2.50% - 4.25%
Inflation	2.25%
Mortality:	
Health:	RP-2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006
Disability:	RP-2014 Disability Mortality Table, with Social Security Administration generational improvement scale from 2006

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Change in Assumptions. In 2019, there were no changes to assumptions that impacted the net pension liability during the fiscal year.

In 2018, SEA 373 replaced the 1% COLA assumption with a COLA of 0.40/0.50/0.60%, which lowered the actuarial accrued liabilities for those funds.

In 2015, an experience study was performed resulting in an update to several assumptions. These assumption changes included a change in the mortality assumptions, retirement assumptions, withdrawal assumptions, disability assumptions, ASA annuitization assumptions, dependent assumptions, future salary increase assumptions, inflation assumptions, and COLA assumptions.

Plan Amendments. In 2019, PERF was modified pursuant to HEA 1059. Previously, statute generally required PERF members to have 15 years of service to qualify for a survivor benefit prior to retirement. Statute now allows a qualifying spouse/dependent to receive a benefit if the deceased member had a minimum of 10 years of creditable service.

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

	Target Asset Allocation %	Long-Term Expected Real Rate of Return %
Public Equity	22%	4.9%
Private Equity	14	7.0
Fixed Income - Ex Inflation-Linked	20	2.5
Fixed Income - Inflation-Linked	7	1.3
Commodities	8	2.0
Real Estate	7	6.7
Absolute Return	10	2.9
Risk Parity	12	5.3

Discount rate. The discount rate used to measure the total pension liability was 6.75% as of June 30, 2019 and is equal to the long-term expected return on plan investments.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase to Discount Rate (7.75%)
Governmental Activity's proportionate share of the net pension liability (asset)	\$5,958,454	\$3,710,091	\$1,834,783
Business-Type Activity's proportionate share of the net pension liability (asset)	\$879,811	\$547,823	\$270,920

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

www.in.gov/inprs/files/2019_INPRSCAFRBook.pdf
www.in.gov/inprs/files/2019ActuarialReport_PERF.pdf

Utility Pension Plan

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

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

The plan remains open to new participants.

At December 31, 2019, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	79
Terminated employees entitled to but not yet receiving benefits	2
Current active employees	113
Total	194

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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.

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, 2019, the mandatory member contribution rate was 0% of annual pay and the actuarially determined Employer's contribution rate was 14.16% 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, 2019, the City recognized pension expense of \$757,868 for the utility fund. The expense was allocated \$189,467 to the Water Utility, \$189,467 to the Wastewater Utility and \$378,934 to the Electric Utility.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

	Deferred Outflows of Resources		
	Water Utility	Wastewater Utility	Electric Utility
	Changes in assumptions	\$ 654,373	\$ 654,373
Totals	\$ 654,373	\$ 654,373	\$ 1,308,745
	Deferred Inflows of Resources		
	Water Utility	Wastewater Utility	Electric Utility
	Differences between expected and actual experience	\$ 250,384	\$ 250,384
Changes in assumptions	68,569	68,569	137,139
Net differences between projected and actual earnings on pension plan investments	623,675	623,675	1,247,350
Totals	\$ 942,628	\$ 942,628	\$ 1,885,258

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

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 Ending December 31,		
	Water Utility	Wastewater Utility	Electric Utility
2020	\$ (105,006)	\$ (105,006)	\$ (210,012)
2021	(109,069)	(109,069)	(218,137)
2022	6,801	6,801	13,600
2023	(107,786)	(107,786)	(215,573)
2024	23,141	23,141	46,282
Thereafter	3,664	3,664	7,326
Totals	\$ (288,255)	\$ (288,255)	\$ (576,514)

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 I.D.1. The plan held \$23,213,147 of investments as of December 31, 2019. See Note III.A Deposits and Investments for more detail on these

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)
investments and their risks.

Net Pension Liability (asset)

The components of the net pension liability of the Utility Pension Plan at December 31, 2019 were as follows:

	Utility Pension	Water Utility	Allocated to:	
			Wastewater Utility	Electric Utility
Actuarial net pension liability	\$ 25,200,949	\$ 6,300,237	\$ 6,300,237	\$ 12,600,475
Plan fiduciary net position	<u>(23,318,947)</u>	<u>(5,829,737)</u>	<u>(5,829,737)</u>	<u>(11,659,473)</u>
Net pension liability	<u>\$ 1,882,002</u>	<u>\$ 470,500</u>	<u>\$ 470,500</u>	<u>\$ 941,002</u>
Plan fiduciary net position as a percentage of total pension liability	<u>92.53%</u>	<u>92.53%</u>	<u>92.53%</u>	<u>92.53%</u>

Change in 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, 2018	\$ 23,690,327	\$ (20,014,789)	\$ 3,675,538
Service cost	581,919	-	581,919
Interest cost	1,588,963	-	1,588,963
Differences between expected and actual experience (gain)/loss	(419,816)	-	(419,816)
Changes in assumptions (gain)/loss	1,111,060	-	1,111,060
Employer contributions	-	(1,041,600)	(1,041,600)
Net investment income	-	(3,685,334)	(3,685,334)
Administrative expense	-	71,272	71,272
Benefit payments, including refunds	<u>(1,351,504)</u>	<u>1,351,504</u>	<u>-</u>
Totals	<u>\$ 25,200,949</u>	<u>\$ (23,318,947)</u>	<u>\$ 1,882,002</u>

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50% per annum
Salary increases	3.50% per annum, (2.50% for inflation and 1.00% for merit/seniority)
Investment Rate of Return	6.75%, net of pension plan investment expenses, including inflation
Cost of Living Increases for Certain Retirees	2.00% per annum

Mortality rates were based on Pub-2010 General Amount-Weighted Mortality Projected Generationally with Mortality Improvement Scale MP-2019 (separate employee, retiree, contingent survivor and disabled retiree tables and separate male & female tables).

Annual Pension Cost. For 2019, 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 used to measure the total pension liability was 6.75% as of December 31, 2019, and is equal to the long-term expected return on plan investments. The projection cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed to prevent the deterioration in the actuarial status of the trust. The future contribution assumption was based upon the review of recent Employer contribution history compared to the corresponding actuarially determined contributions. Based on this assumption, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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).

The long-term expected rate of return on plan investments is 6.75%.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability of the plan, calculated using the discount rate of 6.75 percent, as well as what the plan's net pension liability (asset) 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)		
	1% Decrease to Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase to Discount Rate (7.75%)
Water Utility	\$ 1,175,352	\$ 470,500	\$ (130,445)
Wastewater Utility	1,175,352	470,500	(130,445)
Electric Utility	2,350,705	941,002	(260,888)

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.

1925 Police Officers' Pension Plan

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

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

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

The plan was established and may be amended by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Plan Membership

At December 31, 2019, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	<u>43</u>
Total	<u><u>43</u></u>

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.

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 \$1,508,630 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 I.D.1. The plan held no investments during the reporting period.

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Net Pension Liability (asset)

The components of the net pension liability of the 1925 Police Officers' Pension Plan at December 31, 2019 were as follows:

	1925 Police Officers' Pension
Actuarial net pension liability	\$ 17,725,332
Plan fiduciary net position	(803,828)
Net pension liability	\$ 16,921,504
Plan fiduciary net position as a percentage of total pension liability	4.53%

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

Changes in Net Pension Liability	1925 Police Officers' Pension		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2018	\$ 16,936,338	\$ (585,213)	\$ 16,351,125
Plan amendments	110,206	-	110,206
Interest cost	503,407	-	503,407
Differences between expected and actual experience (gain)/loss	(29,018)	-	(29,018)
Changes in assumptions (gain)/loss	1,541,162	-	1,541,162
Non-employer contributing entity contributions	-	(1,504,630)	(1,504,630)
Administrative expense	-	1,500	1,500
Benefit payments, including refunds	(1,336,763)	1,284,515	(52,248)
Balance at December 31, 2019	\$ 17,725,332	\$ (803,828)	\$ 16,921,504

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2019, the City recognized pension expense of \$2,125,757. At December 31, 2019, the City reported no deferred outflows of resources and deferred inflows of resources related to the 1925 Police Officers' Pension Plan.

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

The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% per annum
Salary increases	2.50% per annum
Investment Rate of Return	0.00%, net of pension plan investment expenses, including inflation
Cost of Living Increases for Certain Retirees	2.00% per annum
Non-converted	2.50% per year in retirement
Converted	2.00% per year in retirement

Mortality rates were based on RP-2014 Blue Collar and Disabled mortality tables, with MP-2014 removed, projected from 2006 based on the SSA improvement scale.

The actuarial assumptions used in the valuation are based on the results of the actuarial experience study completed for the 1977 Police Officers' and Firefighters' Pension and Disability Fund in April 2015, which covered the period beginning July 1, 2010 and ending June 30, 2014.

Discount Rate. The discount rate is set equal to the Barclay's 20-year Municipal Bond Index rate of 2.13 percent as of December 31, 2019. The discount rate decreased from the 3.10 percent used for the December 31, 2018 calculation of the net pension liability. The projection of cash flows used to determine the discount rate considered the fact that on-behalf contributions made by the State of Indiana are made as benefit payments become due for payment.

Projected Cash Flows. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 2.13 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond Index as of December 31, 2019. The municipal bond rate was applied to all remaining periods.

The pension plan currently has no investments.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability of the plan, calculated using the discount rate of 2.13 percent, as well as what the plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.13 percent) or 1-percentage-point higher (3.13 percent) than the current rate:

	1% Decrease to Discount Rate (1.13%)	Current Discount Rate (2.13%)	1% Increase to Discount Rate (3.13%)
Net Pension Liability	\$ 18,849,858	\$ 16,921,504	\$ 15,305,441

Pension Cost. The pension plan does not issue a separate financial report.

Funding Status and Funding Progress. As of the January 1, 2019 actuarial valuation date, the plan was not funded and is on a pay as you go basis. The actuarial accrued liability for benefits was \$17,725,332, and the actuarial value of assets was \$803,828, resulting in an unfunded actuarial accrued liability of \$16,921,504. The covered payroll (annual payroll to active employees covered by the plan) and the ratio of the unfunded actuarial accrued liability to the covered payroll were not available.

Pension Plan Fiduciary Net Position. Detailed information about the plan's fiduciary net position is not available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows 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.

1937 Firefighters' Officers' Pension Plan

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

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

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

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Plan Membership

At December 31, 2019, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	<u>63</u>
Total	<u><u>63</u></u>

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 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.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pre-retirement death benefits are payable to the surviving spouse, children and dependent parents of plan members provided they meet eligibility guidelines. A one-time funeral death benefit is paid to the heirs or estate upon a member's death from any cause and is equal to at least \$12,000. An additional benefit of \$150,000 is paid from the Pension Relief Fund to a surviving spouse, children, or parent(s) if death occurs in the line of duty.

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

If termination occurs before completing twenty years of service, the member shall be entitled to the member's contributions plus accumulated interest.

Benefits for non-converted retired members are increased annually based on increases in the First-Class Firefighter's salary as approved by the employer.

Converted retired member benefits are increased annually based on increases in the CPI-U index. The increase is subject to a 3% maximum and 0% minimum.

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

Actuarial valuations are performed annually for the 1937 Firefighters' Pension Plan. Benefits to members of the Plan are funded on a pay-as-you-go basis by certain revenues and appropriations from the State of Indiana to the Pension Relief Fund. On-behalf contributions from the State of Indiana as shown in the financial statements of \$968,429 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 I.D.1. The plan held no investments during the reporting period.

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 (asset)

The components of the net pension liability of the 1937 Firefighters' Pension Plan at December 31, 2019 were as follows:

	1937 Firefighters' Pension
Actuarial net pension liability	\$ 27,865,364
Plan fiduciary net position	(946,597)
Net pension liability	\$ 26,918,767
Plan fiduciary net position as a percentage of total pension liability	3.40%

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

	1937 Firefighters' Pension		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2018	\$ 26,271,884	\$ (1,015,084)	\$ 25,256,800
Plan amendments	108,564	-	108,564
Interest cost	791,672	-	791,672
Differences between expected and actual experience (gain)/loss	252,684	-	252,684
Changes in assumptions (gain)/loss	2,414,108	-	2,414,108
Non-employer contributing entity contributions	-	(1,928,858)	(1,928,858)
Administrative expense	-	6,751	6,751
Benefit payments, including refunds	(1,973,548)	1,990,594	17,046
Balance at December 31, 2019	\$ 27,865,364	\$ (946,597)	\$ 26,918,767

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2019, the City recognized pension expense of \$3,567,028. At December 31, 2019, the City reported no deferred outflows of resources and deferred inflows of resources related to the 1937 Firefighters' Pension Plan.

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

The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% per annum
Salary increases	2.50% per annum
Investment Rate of Return	0.00%, net of pension plan investment expenses, 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 RP-2014 Blue Collar and Disabled mortality tables, with MP-2014 removed, projected from 2006 based on the SSA improvement scale.

The actuarial assumptions used in the valuation are based on the results of the actuarial experience study completed for the 1977 Police Officers' and Firefighters' Pension and Disability Fund in April 2015, which covered the period beginning July 1, 2010 and ending June 30, 2014.

Discount Rate. The discount rate is set equal to the Barclay's 20-year Municipal Bond Index rate of 2.13 percent as of December 31, 2019. The discount rate decreased from the 3.10 percent used for the December 31, 2018 calculation of the net pension liability. The projection of cash flows used to determine the discount rate considered the fact that on-behalf contributions made by the State of Indiana are made as benefit payments become due for payment.

Projected Cash Flows. Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 2.13 percent. The source of that bond rate was the Barclay's 20-year Municipal Bond Index as of December 31, 2019. The municipal bond rate was applied to all remaining periods.

The pension plan currently has no investments.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability of the plan, calculated using the discount rate of 2.13 percent, as well as what the plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.13 percent) or 1-percentage-point higher (3.13 percent) than the current rate:

	1% Decrease to Discount Rate (1.13%)	Current Discount Rate (2.13%)	1% Increase to Discount Rate (3.13%)
Net Pension Liability	\$ 29,891,418	\$ 26,918,767	\$ 24,398,710

Pension Cost. The pension plan does not issue a separate financial report.

Funding Status and Funding Progress. As of the January 1, 2019 actuarial valuation date, the plan was not funded and is on a pay as you go basis. The actuarial accrued liability for benefits was \$27,865,364, and the actuarial value of assets was \$946,597, resulting in an unfunded actuarial accrued liability of \$26,918,767. The covered payroll (annual payroll to active employees covered by the plan) and the ratio of the unfunded actuarial accrued liability to the covered payroll were not available.

Pension Plan Fiduciary Net Position. Detailed information about the plan's fiduciary net position is not available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows 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.

1977 Police Officers' and Firefighters' Pension and Disability Fund

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

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

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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.

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

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

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

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

The member may make an election to enter the DROP only once in their lifetime. The DROP and future retirement monthly benefit is calculated as of the member's DROP entry date. At the time of retirement, the member must choose among the available options for distribution of the accumulated benefit under the DROP. As of June 30, 2019 the amount held by the plan pursuant to the DROP is \$68 million.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. The funding policy for the 1977 Fund requires remittances of member and employer contributions based on percentages of the salary of a first class officer or firefighter rather than actual payroll. The employer contribution rate is actuarially determined. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 36-8-8-6. As the 1977 Fund is a cost-sharing system, all risks and costs, including benefit costs, are shared proportionally by the participating employers. During calendar year 2019, all participating employers were required to contribute 17.5 percent of the salary of a first-class officer or firefighter. City contributions for the year ended December 31, 2019 were \$1,051,317 and \$1,082,771 for the Police Officers and Firefighters Funds, respectively.

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

As of December 31, 2019, the City reported a pension liability of \$62,635 for the Police and \$64,509 for the Firefighter proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's reported wages as a proportion of total collective reported wages for all employers. At June 30, 2019, the City's proportion of the Police Officers' fund was 0.0067964 percent, which is a decrease of 0.0000962 percent from its proportion measured as of June 30, 2018. At June 30, 2019, the City's proportion of the Firefighters' fund was 0.0069997 percent, which was an increase of 0.0000015 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$2,150,808 for the Police Officers and \$2,218,776 for the Firefighters' fund. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

	Deferred Outflows of Resources		
	Police	Fire	Total
Differences between expected and actual experience	\$ 1,138,297	\$ 1,172,347	\$ 2,310,644
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,912	40,829	71,741
Employer contributions subsequent to the measurement date	572,542	650,881	1,223,423
Totals	\$ 1,741,751	\$ 1,864,057	\$ 3,605,808
	Deferred Inflows of Resources		
	Police	Fire	Total
Differences between expected and actual experience	\$ 222,234	\$ 228,881	\$ 451,115
Changes in assumptions	1,079,742	1,112,040	2,191,782
Net differences between projected and actual earnings on pension plan investments	568,624	585,633	1,154,257
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,574	26,515	52,089
Totals	\$ 1,896,174	\$ 1,953,069	\$ 3,849,243

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$572,542 reported for the Police Officers' and \$650,881 reported for the Firefighters' funds as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended December 31, 2020. 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	Fire	Total
2020	\$ (78,366)	\$ (77,078)	\$ (155,444)
2021	(442,117)	(451,709)	(893,826)
2022	(357,468)	(364,528)	(721,996)
2023	(163,709)	(168,000)	(331,709)
2024	76,888	77,774	154,662
Thereafter	237,807	243,648	481,455

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.50%
Mortality rates	RP-2014 Blue Collar Mortality Table, with Social Security Administration generational improvement scale from 2006.
Investment rate of return (COLA) or "Ad Hoc"	6.75% net of investment expense, including inflation
(COLA) or "Ad Hoc"	2.00%

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The actuarial assumptions used in the June 30, 2019 valuation of the Public Employees' Retirement Fund were adopted by the INPRS Board in April 2019. The majority of the actuarial and methods are based on plan experience from July 1, 2010 through June 30, 2014 and were first used in the June 30, 2015 valuation. The INPRS Board adopted a funding policy in April 2014, and the policy was last updated in October 2017. The funding policy is available online at:

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

The target allocation and best estimates of arithmetic real rates of return as of June 30, 2019 for each major asset class are summarized in the following table:

	<u>Target Asset Allocation %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Public Equity	22%	4.9%
Private Equity	14	7.0
Fixed Income - Ex Inflation-Linked	20	2.5
Fixed Income - Inflation-Linked	7	1.3
Commodities	8	2.0
Real Estate	7	6.7
Absolute Return	10	2.9
Risk Parity	12	5.3

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, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase to Discount Rate (7.75%)
City's proportionate share of the net pension liability (asset)/(asset) - Police Officers'	\$6,930,836	\$62,635	\$(5,484,343)
City's proportionate share of the net pension liability (asset)/(asset) - Firefighters'	7,138,157	64,509	(5,648,395)

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:

www.in.gov/inprs/files/2019_INPRSCAFRBook.pdf
www.in.gov/inprs/files/2019ActuarialReport_PERF.pdf

B. RISK MANAGEMENT

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

Self Insurance

	Prior Year	Current Year
Unpaid claims - Beginning of Year	\$ 687,661	\$ 910,764
Current year claims and changes in estimates	10,867,775	9,996,128
Claim payments	(10,644,672)	(10,145,044)
Unpaid Claims - End of Year	\$ 910,764	\$ 761,848

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

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

The City has active construction projects as of December 31, 2019. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Project	Total Project Authorized	Expended to December 31, 2019	Remaining Commitments
Governmental activities:			
12th Street Phase II	\$ 8,691,678	\$ 8,691,678	\$ -
Fourth Street Improvements Phase II	993,868	858,699	135,169
Ironworks Development Area Utilities - Phase II	405,668	375,426	30,242
Elmwood Avenue Realignment	786,194	526,668	259,526
Ironworks Plaza Improvements Phase I	5,201,402	2,841,709	2,359,693
Ironworks Plaza Improvements Phase II	2,139,235	808,522	1,330,713
Carnegie / Jesus Municipal Parking Lot	281,164	281,164	-
2019 Community Crossing Grant Project	650,608	409,314	241,294
Riverwalk Expansion	676,660	676,660	-
Juday Creek	3,828,506	3,828,506	-
Liberty Mutual Building	120,300	120,300	-
Other projects	<u>1,800,377</u>	<u>1,800,377</u>	<u>-</u>
Total Governmental Activities	<u>\$ 25,575,660</u>	<u>\$ 21,219,023</u>	<u>\$ 4,356,637</u>
Project	Total Project Authorized	Expended to December 31, 2019	Remaining Commitments
Business-type activities:			
<u>Electric:</u>			
Union Street Substation	\$ 79,165	\$ 79,165	\$ -
<u>Water:</u>			
Juday Creek Well Field	3,035,101	2,697,101	338,000
Ireland Trail Water Tanks Phase 1	8,847,154	8,360,654	486,500
<u>Wastewater:</u>			
Milburn Improve Master Plan	8,215,366	3,407,045	4,808,321
Miscellaneous Projects	5,011,007	789,028	4,221,979
Linden Area LTCP Div. A1	5,858,642	2,687,279	3,171,363
Miscellaneous WWTP Improvements	3,084,178	1,257,130	1,827,048
Homes Street Lift Station	<u>712,404</u>	<u>341,326</u>	<u>371,078</u>
Total Business-type Activities	<u>\$ 34,843,017</u>	<u>\$ 19,618,728</u>	<u>\$ 15,224,289</u>

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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

General Fund	\$	1,334,340
MVH		36,472
Local Road and Street		53,886
Park and Recreation		76,838
Law Enforcement Education		114
Public Safety LOIT		130,642
Park Non-Reverting		1,847
Local Road and Bridge Matching Grant		156,681
CCD		58,913
CEDIT		556,959
Cumulative Sewer		<u>186,308</u>
Total	\$	<u>2,593,000</u>

D. OTHER POSTEMPLOYMENT BENEFITS

GENERAL INFORMATION ABOUT THE OPEB PLAN

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

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

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

Funding Policy and Benefits Provided. 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, 2019, the primary government contributed \$1,879,944 to the plan for current premiums. For Pre-Medicare retirees, the primary government annually provides \$400 for covered employees with less than 20 years of service and pays the full single premium cost for employees who retire with 20 or more years of service. For Post-Medicare employees, the primary government provides \$400 annually towards the cost of medical coverage regardless of the years of service.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

GENERAL INFORMATION ABOUT THE OPEB PLAN (cont.)

Employees covered by benefit terms. At December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	92
Inactive plan members entitled to but not yet receiving benefit payments	55
Active plan members	<u>493</u>
	<u><u>640</u></u>

TOTAL OPEB LIABILITY

The City's total OPEB liability of \$53,311,236 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	2.25%
Healthcare cost trend rates	7.50%

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

Mortality rates were based on the SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018(RPH-2018 table is created based on RPH-2014 mortality tables with 8 years of MP-2014 mortality improvement backed out, projected to 2018 using MP-2018 improvement.)

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period ended January 1, 2019.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balances at December 31, 2018	\$ <u>47,124,461</u>
Changes for the year:	
Service cost	1,975,381
Interest	1,979,760
Differences between expected and actual experience	(539,974)
Changes in assumptions or other inputs	4,651,552
Benefit payments	<u>(1,879,944)</u>
Net changes	<u>6,186,775</u>
Balances at December 31, 2019	\$ <u><u>53,311,236</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.11 percent in 2018 to 3.26 percent in 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current discount rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Net OPEB liability	\$ 59,736,275	\$ 53,311,236	\$ 47,904,411

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

CHANGES IN THE TOTAL OPEB LIABILITY (cont.)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (8.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 3.5%)	Healthcare Cost Trend Rates (7.5% Decreasing to 4.5%)	1% Increase (8.5% Decreasing to 5.5%)
Net OPEB liability	\$ 46,869,662	\$ 53,311,236	\$ 61,197,140

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2019, the City recognized OPEB expense of \$2,823,286. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 5,597,818
Changes of assumptions or other inputs	<u>3,987,045</u>	<u>3,461,134</u>
Total	<u>\$ 3,987,045</u>	<u>\$ 9,058,952</u>

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

<u>Year Ended December 31:</u>	<u>Balance</u>
2019	\$ (1,131,855)
2020	(1,131,855)
2021	(1,131,855)
2022	(1,131,855)
2023	(1,131,855)
Thereafter	587,370

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

E. SUBSEQUENT EVENTS

Potential Impacts Resulting from Coronavirus ("COVID-19")

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the City. As of the date above, the City's evaluation of the effects of these events is ongoing; however, we anticipate this situation could impact several areas as listed below.

The extent of the impact of COVID-19 on the City's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

Potential impacts include but are not limited to:

- (a) Investment valuations and decreased investment income
- (b) Declines in revenues such as room tax, sales tax, income tax, state aids, fines or tickets etc.
- (c) Decline in demand for services such as utilities, transit, recreational enterprise activities or permits & licenses, airport traffic
- (d) Increase in delinquencies or uncollectible accounts receivable or loans receivable
- (e) Timing or ability to issue bonds as planned or obtain financing (as the market has been disrupted)
- (f) Increase in demand for services as a result of increased unemployment
- (g) Increased costs related to pensions, OPEB, insurance, labor (sick time or overtime), etc.

Supplemental Income Tax ("LIT") Distribution

Indiana Code Citation IC 6-3.6-9-15 requires the State Budget Agency to provide the amount of supplemental distributions for qualifying counties to the Department of Local Government Finance before May 2nd. The supplemental distribution is disbursed to counties that have a balance in the county trust account exceeding fifteen percent (15%) of the certified distribution to be made to the county in the year of determination.

For Mishawaka, the expected amount of the distribution is \$1,209,065. The distribution will be deposited into the General Fund, CEDIT and Public Safety.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

E. SUBSEQUENT EVENTS (cont.)

Consent Decree

On May 23, 2014 the City, the United States of America, and the State of Indiana, agreed to a consent decree to resolve claims against the City for alleged violations of the Clean Water Act. The decree includes several provisions, including a combined sewer overflow (CSO) long-term control plan (LTCP) that requires the City to complete a construction program by December 31, 2031 at a cost of approximately \$414 million in 2017 dollars to comprehensively upgrade and expand the City's sewage collection, storage, conveyance, and treatment system. The LTCP level of control is zero combined sewer overflows in the typical year, or 100% volume reduction. To date the City has spent \$251 million and has achieved a 98.7% CSO volume reduction. To achieve an additional 1.3% volume reduction it would cost an additional \$163 million. The impact on improvement to water quality would be negligible. In January 2018 the City notified the agencies that it desired to renegotiate its consent decree LTCP. A new LTCP has been developed that would result in 8 CSOs in the typical year and result in a 99.4% volume reduction. The cost for this revised plan would be an additional \$13 million for a total cost of \$264 million. The plan will meet the same environmental goals and will shorten the implementation schedule by two years. Mishawaka has submitted its revised LTCP to the agencies for their review. Negotiations will commence after agency review.

USBGLF Tax-Exempt Lease/Purchase Agreement

In May 2020 the City entered into a \$956,400 tax-exempt lease to purchase equipment. Terms of the lease include an interest rate of 1.808% and the ability to prepay the lease at any time after thirteen months at 103% of the outstanding balance. The terms of the lease call for semi-annual payments in February and August through February 1, 2025.

Future Projects Requiring Financing

In early 2021, the City anticipates issuing approximately \$85 million in new money bonds between the Water and Electric Utilities. \$55 million of that amount is related to the Juday Creek well field and elevated water tank at Gumwood Road projects. The other \$30 million of debt pertains to City Hall improvements, which will be serviced by the Electric Utility. On December 21, 2020, the Mishawaka Common Council will conduct a vote to determine whether these projects will move forward.

F. TAX ABATEMENT

Under the state statute, IC 6-1.1-12.1 the City provides tax abatements for rehabilitation or redevelopment of real property in economic revitalization areas. Economic revitalization area (ERA) means an area which is within the corporate limits of a city, town or county which has become undesirable for, or impossible of, normal development and occupancy because of lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property. The tax abatements under this statute are for real property tax and personal property tax.

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

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

F. TAX ABATEMENT (cont.)

The abatements are obtained through application by the property owner, approval by the City Council, and a signed agreement between the parties. The agreement is usually for a ten-year period in which the City is willing to forgo tax revenues (real property tax) and the property owner promises to take specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Each year of the agreement's time frame the property owner must verify that they have met the commitments set forth in the agreement. The City must also agree that the commitments have been met. The City then allows the percentage of reduction to be applied to the eligible assessed value.

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

The City Council approves the tax abatements for personal property tax. Once approval is granted the taxpayer must file forms with the County Assessor each year of the abatement. The forms used, depending on the type of property, are 103-ERA, State form 52503; CF-1/PP, State form 51765; SB-1/PP, State form 51764; and form 103-EL, State form 52515 that accompanies the ERA. After the forms are filed, the County Assessor calculated the minimum value ratio (MVR) which is the Total True Tax Value, from Schedule A divided by 30% of Adjusted Cost, from Schedule A. The adjusted cost is multiplied by the True Tax Value percentage for the property pool by year of purchase of the asset, then times the MVR. Each year of the agreement's time frame the property owner must verify that they have met the commitments set forth in the agreement. The County must also agree that the commitments have been met. The County then allows the reduction in personal property tax to be applied.

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.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

F. TAX ABATEMENT (cont.)

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's property tax revenues (payable 2019 taxes) were reduced as a result of the aforementioned City abatement programs, totaled \$172,490. The abatements for the City included abatements for the following programs:

Real Property Tax Abatement	\$	148,348
Vacant Building Abatements		-
Personal Property Tax Abatements		<u>24,142</u>
Total	\$	<u><u>172,490</u></u>

While the City has calculated the potential impact of existing tax abatements on its property tax revenues for 2019 to approximate \$172,490 the actual extent of lost revenues is something less than this amount and cannot be reasonably determined due to the application of circuit breaker credits.

The City estimated gross amount, on an accrual basis, by which the City's property tax revenues (payable 2019 taxes) were reduced are also affected by abatements approved by other taxing units in St. Joseph County. The estimated allocated portion of abatements approved by St. Joseph County totaled \$76,838. Abatements from other taxing districts in St. Joseph County are considered immaterial.

CITY OF MISHAWAKA, IN

NOTES TO FINANCIAL STATEMENTS December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

F. TAX ABATEMENT (cont.)

Impact of Abatements on Revenues (cont.)

Tax abatements are comprised of the following programs:

Real Property Tax Abatement	\$	1,334,340
Vacant Building Abatements		36,472
Personal Property Tax Abatements		<u>53,886</u>
Total		76,838

While the City has calculated the potential impact of existing tax abatements on its property tax revenues for 2019 to approximate \$76,838, the actual extent of lost revenues is something less than this amount and cannot be reasonably determined due to the application of circuit breaker credits.

G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

Statement No. 87, Leases

Statement No. 91, Conduit Debt Obligations

Statement No. 92, Omnibus

Statement No. 93, Replacement of Interbank Offered Rates

Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, Postponement of Effective Dates of Certain Authoritative Guidance, with the exception of Statement No. 87 which was postponed by one and a half years.

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

CITY OF MISHAWAKA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 22,271,995	\$ 22,271,995	\$ 20,732,092	\$ (1,539,903)
Licenses and Permits	858,780	858,780	944,632	85,852
Intergovernmental	5,738,546	5,738,546	6,487,738	749,192
Fines and Forfeits	19,000	19,000	34,947	15,947
Charges for Services	1,395,000	1,395,000	1,520,604	125,604
Sale and Use of Property	-	-	1,223	1,223
Reimbursements	454,430	454,430	1,259,963	805,533
Interest	150,000	150,000	876,651	726,651
Miscellaneous	-	-	13,251	13,251
Total Revenues	30,887,751	30,887,751	31,871,101	983,350
Expenditures:				
Current:				
General Government:				
Mayor				
Personal Services	154,136	154,136	154,135	1
Supplies	1,500	1,800	920	880
Other Services and Charges	15,500	15,926	13,833	2,093
City Clerk				
Personal Services	147,376	152,376	150,917	1,459
Supplies	3,000	3,000	787	2,213
Other Services and Charges	21,250	16,250	11,878	4,372
Central Services				
Personal Services	679,621	688,124	599,027	89,097
Supplies	917,750	922,056	836,841	85,215
Other Services and Charges	78,500	90,103	63,599	26,504
Common Council				
Personal Services	121,009	121,009	121,000	9
Supplies	750	750	341	409
Other Services and Charges	11,000	11,560	8,829	2,731
Controller				
Personal Services	2,630,102	2,592,102	2,245,836	346,266
Supplies	15,000	15,287	5,765	9,522
Other Services and Charges	2,072,500	2,145,851	2,099,661	46,190
Capital Outlay	1,300,000	1,397,109	1,394,571	2,538
Other Financing Uses	-	-	31,838	(31,838)
Human Resources				
Personal Services	55,273	48,273	33,706	14,567
Supplies	1,000	1,031	543	488
Other Services and Charges	72,500	80,192	74,357	5,835
Information Technology				
Personal Services	296,974	296,974	286,618	10,356
Supplies	20,000	20,474	11,131	9,343
Other Services and Charges	40,000	40,000	33,996	6,004
Cemetery				
Other Services and Charges	30,000	30,000	30,000	-
Legal				
Personal Services	150,088	150,088	139,022	11,066
Supplies	1,000	1,000	-	1,000
Other Services and Charges	56,000	56,580	31,319	25,261
Planning				
Personal Services	222,495	222,495	222,493	2
Supplies	4,000	4,327	1,208	3,119
Other Services and Charges	4,500	4,500	1,799	2,701
Total General Government	9,122,824	9,283,373	8,605,970	677,403

See independent auditors' report and notes to required supplementary information.

CITY OF MISHAWAKA

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public Safety:				
Police				
Personal Services	\$ 11,665,205	\$ 11,595,314	\$ 11,075,922	\$ 519,392
Supplies	36,000	103,640	64,541	39,099
Other Services and Charges	117,800	139,952	100,559	39,393
Capital Outlay	-	16,063	15,751	312
Fire				
Personal Services	12,414,627	12,593,957	11,842,115	751,842
Supplies	337,000	372,893	343,889	29,004
Other Services and Charges	106,000	112,026	106,872	5,154
Building Department				
Personal Services	208,168	208,168	207,661	507
Supplies	2,000	2,000	332	1,668
Other Services and Charges	4,800	4,800	235	4,565
Code Enforcement				
Personal Services	281,302	281,302	281,298	4
Supplies	3,500	3,500	1,983	1,517
Other Services and Charges	38,000	38,000	12,088	25,912
Total Public Safety	<u>25,214,402</u>	<u>25,471,615</u>	<u>24,053,246</u>	<u>1,418,369</u>
Highways and Streets:				
Engineering				
Personal Services	382,488	382,488	382,488	-
Supplies	8,000	8,231	1,920	6,311
Other Services and Charges	14,550	15,550	8,298	7,252
Total Highways and Streets	<u>405,038</u>	<u>406,269</u>	<u>392,706</u>	<u>13,563</u>
Community Development:				
Redevelopment				
Personal Services	209,109	209,109	209,109	-
Supplies	1,000	1,000	104	896
Other Services and Charges	135,200	135,200	58,708	76,492
Total Community Development	<u>345,309</u>	<u>345,309</u>	<u>267,921</u>	<u>77,388</u>
Total Expenditures	<u>35,087,573</u>	<u>35,506,566</u>	<u>33,319,843</u>	<u>2,186,723</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,199,822)</u>	<u>(4,618,815)</u>	<u>(1,448,742)</u>	<u>3,170,073</u>
Other Financing Sources (Uses):				
Transfers In	4,555,000	4,555,000	7,420,451	2,865,451
Transfers Out	-	-	(3,441,487)	(3,441,487)
Total Other Financing Sources (Uses)	<u>4,555,000</u>	<u>4,555,000</u>	<u>3,978,964</u>	<u>(576,036)</u>
Net Changes in Fund Balances	355,178	(63,815)	2,530,222	2,594,037
Fund Balance - Beginning	<u>9,702,266</u>	<u>9,702,266</u>	<u>9,702,266</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 10,057,444</u>	<u>\$ 9,638,451</u>	<u>\$ 12,232,488</u>	<u>\$ 2,594,037</u>

See independent auditors' report and notes to required supplementary information.

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CITY OF MISHAWAKA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGET/GAAP RECONCILIATION
GENERAL FUND
For the Year Ended December 31, 2019
(Continued)

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

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

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

	<u>General</u>
Net changes in fund balances (budgetary basis)	\$ 2,530,222
To adjust revenues for accruals	84,958
To adjust expenditures for accruals	(201,877)
To adjust expenditures for encumbrances	<u>1,334,340</u>
Net change in fund balances (GAAP basis)	<u><u>\$ 3,747,643</u></u>

See independent auditors' report and notes to required supplementary information.

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CITY OF MISHAWAKA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Public Employees' Retirement Fund
 Available Data: Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.0012883	0.0012780	0.0013270	0.0013284	0.0014061	0.0014579
City's proportionate share of the net pension liability (asset)	\$ 4,257,914	\$ 4,341,424	\$ 5,920,468	\$ 6,028,870	\$ 5,726,908	\$ 3,924,033
City's covered payroll	\$ 6,712,240	\$ 6,521,331	\$ 6,583,570	\$ 6,366,358	\$ 6,734,743	\$ 7,290,367
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	63.44%	66.57%	89.93%	94.70%	85.04%	53.82%
Plan fiduciary net position as a percentage of total pension liability	80.10%	78.90%	72.70%	71.20%	73.30%	81.10%

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

Information presented for the years information is available.

CITY OF MISHAWAKA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 Public Employees' Retirement Fund
 Available Data: Last 10 Calendar Years

	<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
Contractually required contributions	\$ 673,895	\$	493,215	\$	994,401	\$	967,813	\$	847,987	\$	389,622
Contributions in relation to the contractually required contribution	(745,596)		(722,847)		(731,175)		(707,253)		(748,561)		(767,937)
Contribution deficiency (excess)	<u>\$ (71,701)</u>	<u>\$</u>	<u>(229,632)</u>	<u>\$</u>	<u>263,226</u>	<u>\$</u>	<u>260,560</u>	<u>\$</u>	<u>99,426</u>	<u>\$</u>	<u>(378,315)</u>
City's covered payroll	\$ 6,612,204	\$	6,597,594	\$	6,263,435	\$	6,376,627	\$	6,515,060	\$	7,208,652
Contributions as a percentage of covered payroll	11.28%		10.96%		11.67%		11.09%		11.49%		10.65%

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

Information presented for the years information is available.

CITY OF MISHAWAKA

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset)	0.0067964	0.0068926	0.0072750	0.0071511	0.0071297	0.0074439
Proportionate share of the net pension liability (asset)	\$ 62,635	\$ (605,936)	\$ (112,220)	\$ 635,282	\$ (1,053,200)	\$ (379,492)
Covered payroll	\$ 6,007,566	\$ 5,804,845	\$ 5,897,944	\$ 5,526,966	\$ 5,316,603	\$ 5,284,286
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.04%	-10.44%	-1.90%	11.49%	-19.81%	-7.18%
Plan fiduciary net position as a percentage of total pension liability	99.90%	101.50%	100.30%	98.20%	103.20%	101.10%

Notes to statement:

Information presented for the years information is available.

CITY OF MISHAWAKA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 Police Officers' 1977 Fund
 Available Data: Last 10 Calendar Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 2,150,062	\$ 716,201	\$ 910,341	\$ 830,848	\$ 285,938	\$ 214,353
Contributions in relation to the contractually required contribution	(1,051,317)	(1,015,850)	(1,099,360)	(1,088,820)	(1,047,375)	(1,037,474)
Contribution deficiency (excess)	\$ 1,098,745	\$ (299,649)	\$ (189,019)	\$ (257,972)	\$ (761,437)	\$ (823,121)
City's covered payroll	\$ 7,152,682	\$ 5,302,532	\$ 5,663,477	\$ 5,434,709	\$ 5,243,094	\$ 5,235,103
Contributions as a percentage of covered payroll	14.70%	19.16%	19.41%	20.03%	19.98%	19.82%

Notes to statement:

Information presented for the years information is available.

CITY OF MISHAWAKA

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.0069997	0.0073905	0.0073905	0.0071635	0.0073620	0.0076191
City's proportionate share of the net pension liability (asset)	\$ 64,509	\$ (615,220)	\$ (114,001)	\$ 636,383	\$ (1,087,515)	\$ (388,424)
City's covered payroll	\$ 6,187,260	\$ 5,893,797	\$ 5,991,548	\$ 5,536,602	\$ 5,489,804	\$ 5,408,685
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.04%	-10.44%	-1.90%	11.49%	-19.81%	-7.18%
Plan fiduciary net position as a percentage of total pension liability	99.90%	101.50%	100.30%	98.20%	103.20%	101.10%

Notes to statement:

Information presented for the years information is available.

CITY OF MISHAWAKA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 Firefighters' 1977 Fund
 Available Data: Last 10 Calendar Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 2,214,377	\$ 731,335	\$ 928,950	\$ 836,228	\$ 300,681	\$ 223,666
Contributions in relation to the contractually required contribution	<u>(1,082,771)</u>	<u>(1,031,420)</u>	<u>(1,116,201)</u>	<u>(1,090,710)</u>	<u>(1,081,481)</u>	<u>(1,065,499)</u>
Contribution deficiency (excess)	<u>\$ 1,131,606</u>	<u>\$ (300,085)</u>	<u>\$ (187,251)</u>	<u>\$ (254,482)</u>	<u>\$ (780,800)</u>	<u>\$ (841,833)</u>
City's covered payroll	\$ 7,596,554	\$ 5,354,904	\$ 5,767,526	\$ 5,670,591	\$ 5,603,416	\$ 5,498,850
Contributions as a percentage of covered payroll	14.25%	19.26%	19.35%	19.23%	19.30%	19.38%

Notes to statement:

Information presented for the years information is available.

CITY OF MISHAWAKA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 Available Data: Last 10 Calendar Years

	2019	2018	2017	2016	2015	2014	2013
1925 Police Officers' Pension Plan							
Total Pension Liability:							
Total pension liability - beginning of year	\$ 16,936,338	\$ 18,095,597	\$ 17,519,874	\$ 20,074,686	\$ 20,977,077	\$ 19,201,969	\$ 17,132,599
Service cost	-	29,111	25,219	30,691	29,939	18,826	10,567
Interest cost	503,407	486,154	562,636	489,297	513,029	797,797	985,820
Experience (gains)/losses	(29,018)	227,404	547,357	(606,418)	1,711	-	(178,099)
Assumption changes	1,541,162	(554,336)	795,978	(1,111,822)	(60,691)	2,379,342	2,676,759
Plan amendments	110,206	-	-	-	-	-	-
Projected benefit payments	(1,336,763)	(1,347,592)	(1,355,467)	(1,356,560)	(1,386,379)	(1,420,857)	(1,425,677)
Total pension liability - end of year	<u>\$ 17,725,332</u>	<u>\$ 16,936,338</u>	<u>\$ 18,095,597</u>	<u>\$ 17,519,874</u>	<u>\$ 20,074,686</u>	<u>\$ 20,977,077</u>	<u>\$ 19,201,969</u>
Plan Fiduciary Net Position:							
Plan fiduciary net position - beginning of year	\$ 585,213	\$ 763,592	\$ 756,901	\$ 741,320	\$ 787,611	\$ 782,880	\$ 795,394
Administrative	(1,500)	(3,000)	-	(35)	(4,450)	(6,001)	-
Non-employer contributing entity contributions	1,504,630	1,340,080	1,359,986	1,379,034	1,364,012	1,409,222	1,413,163
Actual benefit payments	(1,284,515)	(1,515,459)	(1,353,295)	(1,363,418)	(1,405,853)	(1,398,490)	(1,425,677)
Plan fiduciary net position - end of year	<u>\$ 803,828</u>	<u>\$ 585,213</u>	<u>\$ 763,592</u>	<u>\$ 756,901</u>	<u>\$ 741,320</u>	<u>\$ 787,611</u>	<u>\$ 782,880</u>
Net Pension Liability	<u>\$ 16,921,504</u>	<u>\$ 16,351,125</u>	<u>\$ 17,332,005</u>	<u>\$ 16,762,973</u>	<u>\$ 19,333,366</u>	<u>\$ 20,189,466</u>	<u>\$ 18,419,089</u>
1937 Firefighters' Pension							
Total Pension Liability:							
Total pension liability - beginning of year	\$ 26,271,884	\$ 27,182,688	\$ 27,573,516	\$ 31,563,080	\$ 34,780,160	\$ 31,755,489	\$ 27,586,310
Service cost	-	-	-	-	-	-	-
Interest cost	791,672	753,705	843,915	783,385	830,569	1,318,268	1,581,245
Experience (gains)/losses	252,684	1,245,739	(433,951)	(825,334)	(1,706,681)	-	526,248
Assumption changes	2,414,108	(868,298)	1,223,513	(1,791,378)	(97,894)	4,044,868	4,526,150
Plan amendments	108,564	-	-	-	-	-	-
Projected benefit payments	(1,973,548)	(2,041,950)	(2,024,305)	(2,156,237)	(2,243,074)	(2,338,465)	(2,464,464)
Total pension liability - end of year	<u>\$ 27,865,364</u>	<u>\$ 26,271,884</u>	<u>\$ 27,182,688</u>	<u>\$ 27,573,516</u>	<u>\$ 31,563,080</u>	<u>\$ 34,780,160</u>	<u>\$ 31,755,489</u>
Plan Fiduciary Net Position:							
Plan fiduciary net position - beginning of year	\$ 1,015,084	\$ 955,915	\$ 953,399	\$ 980,987	\$ 1,003,077	\$ 887,820	\$ 1,018,421
Administration	(6,751)	(7,914)	-	(100)	(7,875)	(7,314)	(6,848)
Non-employer contributing entity contributions	1,928,858	2,064,343	2,059,663	2,171,516	2,241,138	2,459,100	2,340,711
Actual benefit payments	(1,990,594)	(1,997,260)	(2,057,147)	(2,199,004)	(2,255,353)	(2,336,529)	(2,464,464)
Plan fiduciary net position - end of year	<u>946,597</u>	<u>1,015,084</u>	<u>955,915</u>	<u>953,399</u>	<u>980,987</u>	<u>1,003,077</u>	<u>887,820</u>
Net Pension Liability	<u>\$ 26,918,767</u>	<u>\$ 25,256,800</u>	<u>\$ 26,226,773</u>	<u>\$ 26,620,117</u>	<u>\$ 30,582,093</u>	<u>\$ 33,777,083</u>	<u>\$ 30,867,669</u>

Notes to statement:

Information presented for the years information is available.

(Continued on next page)

CITY OF MISHAWAKA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 Available Data: Last 10 Calendar Years

Utilities Pension	2019	2018	2017	2016	2015	2014
Total Pension Liability:						
Total pension liability - beginning of year	\$ 23,690,327	\$ 23,001,227	\$ 22,338,927	\$ 22,565,043	\$ 21,966,679	\$ 20,177,128
Service cost	581,919	578,732	572,487	531,666	551,697	547,910
Interest cost	1,588,963	1,551,071	1,508,344	1,520,132	1,482,659	1,367,260
Experience (gains)/losses	(419,816)	(257,443)	(237,501)	(931,461)	(135,067)	41,160
Assumption changes	1,111,060	(73,486)	(136,901)	(282,632)	(279,902)	699,670
Plan amendments	(1,351,504)	(1,109,774)	(1,044,129)	(1,063,821)	(1,021,023)	(866,449)
Total pension liability - end of year	<u>\$ 25,200,949</u>	<u>\$ 23,690,327</u>	<u>\$ 23,001,227</u>	<u>\$ 22,338,927</u>	<u>\$ 22,565,043</u>	<u>\$ 21,966,679</u>
Plan Fiduciary Net Position:						
Plan fiduciary net position - beginning of year	\$ 20,014,789	\$ 21,292,912	\$ 18,510,885	\$ 17,431,518	\$ 17,659,728	\$ 16,901,219
Employer contributions	1,041,600	1,057,700	1,094,354	1,047,200	1,025,201	867,363
Employee contributions	-	-	-	-	-	-
Non-employer contributing entity contributions	-	-	-	-	-	-
Investment return	3,685,334	(1,148,432)	2,789,417	1,153,814	(173,954)	813,594
Actual benefit payments	(1,351,504)	(1,109,774)	(1,044,129)	(1,063,821)	(1,021,023)	(866,449)
Administrative and project expenses	(71,272)	(77,617)	(57,615)	(57,826)	(58,434)	(55,999)
Plan fiduciary net position - end of year	<u>\$ 23,318,947</u>	<u>\$ 20,014,789</u>	<u>\$ 21,292,912</u>	<u>\$ 18,510,885</u>	<u>\$ 17,431,518</u>	<u>\$ 17,659,728</u>
Net Pension Liability	<u>\$ 1,882,002</u>	<u>\$ 3,675,538</u>	<u>\$ 1,708,315</u>	<u>\$ 3,828,042</u>	<u>\$ 5,133,525</u>	<u>\$ 4,306,951</u>

Notes to statement:

Information presented for the years information is available.

CITY OF MISHAWAKA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
 Available Data: Last 10 Calendar Years

1925 Police Officers' Pension Plan

	2019	2018	2017	2016	2015	2014	2013
Total pension liability	\$ 17,725,332	\$ 16,936,338	\$ 18,095,597	\$ 17,519,874	\$ 20,074,686	\$ 20,977,077	\$ 19,201,969
Less plan fiduciary net position	(803,828)	(585,213)	(763,592)	(756,901)	(741,320)	(787,611)	(782,880)
Net pension liability	<u>\$ 16,921,504</u>	<u>\$ 16,351,125</u>	<u>\$ 17,332,005</u>	<u>\$ 16,762,973</u>	<u>\$ 19,333,366</u>	<u>\$ 20,189,466</u>	<u>\$ 18,419,089</u>
Plan fiduciary net position as a percentage of the total pension liability	4.53%	3.46%	4.22%	4.32%	3.69%	3.75%	4.08%
Covered payroll	**	**	**	**	**	**	**
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1937 Firefighters' Pension Plan

	2019	2018	2017	2016	2015	2014	2013
Total pension liability	\$ 27,865,364	\$ 26,271,884	\$ 27,182,688	\$ 27,573,516	\$ 31,563,080	\$ 34,780,160	\$ 31,755,489
Less plan fiduciary net position	(946,597)	(1,015,084)	(955,915)	(953,399)	(980,987)	(1,003,077)	(887,820)
Net pension liability	<u>\$ 26,918,767</u>	<u>\$ 25,256,800</u>	<u>\$ 26,226,773</u>	<u>\$ 26,620,117</u>	<u>\$ 30,582,093</u>	<u>\$ 33,777,083</u>	<u>\$ 30,867,669</u>
Plan fiduciary net position as a percentage of the total pension liability	3.40%	3.86%	3.52%	3.46%	3.11%	2.88%	2.80%
Covered payroll	**	**	**	**	**	**	**
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Utilities Pension Plan

	2019	2018	2017	2016	2015	2014	2013
Total pension liability	\$ 25,200,949	\$ 23,690,327	\$ 23,001,227	\$ 22,338,927	\$ 22,565,043	\$ 21,966,679	\$ 20,177,128
Less plan fiduciary net position	(23,318,947)	(20,014,789)	(21,292,912)	(18,510,885)	(17,431,516)	(17,659,728)	(16,901,219)
Net pension liability	<u>\$ 1,882,002</u>	<u>\$ 3,675,538</u>	<u>\$ 1,708,315</u>	<u>\$ 3,828,042</u>	<u>\$ 5,133,527</u>	<u>\$ 4,306,951</u>	<u>\$ 3,275,909</u>
Plan fiduciary net position as a percentage of the total pension liability	92.53%	84.49%	92.57%	82.86%	77.25%	80.39%	83.76%
Covered payroll	\$ 6,279,655	\$ 6,396,977	\$ 6,211,193	\$ 6,012,037	\$ 6,119,311	\$ 6,361,099	\$ 6,159,487
Net pension liability as a percentage of covered payroll	29.97%	57.46%	27.50%	63.67%	83.89%	67.71%	N/A

Notes to statement:

Information presented for the years information is available.

CITY OF MISHAWAKA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
Available Data: Last 10 Calendar Years*

	2019	2018	2017	2016	2015	2014	2013			
1925 Police Officers' Pension Plan										
Actuarially determined contribution	\$ 1,284,515	\$ 1,515,459	\$ 1,347,955	\$ 1,358,078	\$ 1,405,853	\$ 1,398,490	\$ 1,425,677			
Less contributions in relation to the actuarially determined contribution	(1,284,515)	(1,515,459)	(1,347,955)	(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	N/A	N/A	N/A			
1937 Firefighters' Pension Plan										
Actuarially determined contribution	\$ 1,990,594	\$ 1,997,260	\$ 2,046,698	\$ 2,188,594	\$ 2,255,353	\$ 2,336,529	\$ 2,464,464			
Less contributions in relation to the actuarially determined contribution	(1,990,594)	(1,997,260)	(2,046,698)	(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	N/A	N/A	N/A			
Utilities Pension Plan								2012	2011	2010
Actuarially determined contribution	\$ 905,591	\$ 882,692	\$ 910,977	\$ 956,702	\$ 1,012,206	\$ 897,211	\$ 841,896	\$ 674,395	\$ 589,148	\$ 595,072
Less contributions in relation to the actuarially determined contribution	(1,041,600)	(1,057,700)	(1,094,354)	(1,047,200)	(1,025,201)	(867,363)	(874,082)	(936,366)	(598,801)	(610,528)
Contribution deficiency (excess)	\$ (136,009)	\$ (175,008)	\$ (183,377)	\$ (90,498)	\$ (12,995)	\$ 29,848	\$ (32,186)	\$ (261,971)	\$ (9,653)	\$ (15,456)
Covered employee payroll	\$ 6,279,655	\$ 6,396,977	\$ 6,211,193	\$ 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	16.59%	16.53%	17.62%	17.42%	16.75%	13.64%	14.19%	16.15%	10.53%	10.36%

Notes to statement:
Information presented for the years information is available.
** Not available.

CITY OF MISHAWAKA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF INVESTMENT RETURNS
 Available Data: Last 10 Calendar Years

	2019	2018	2017	2016	2015	2014	2013				
<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 **	N/A **	N/A **	N/A **				
<u>1937 Firefighters' Pension Plan</u>											
Annual money-weighted rate of return, net of investment expense	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **				
<u>Utilities Pension Plan</u>											
Annual money-weighted rate of return, net of investment expense	18.63%	-5.41%	15.07%	6.64%	-1.30%	4.50%	13.40%	11.40%	-0.70%	11.00%	21.90%

Notes to statement:

Information presented for the years 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 CHANGES IN NET OPEB LIABILITY

Available Data: Last 10 Calendar Years

NET OPEB LIABILITY	2019	2018
TOTAL OPEB LIABILITY		
Service cost	\$ 1,975,381	\$ 2,763,976
Interest	1,979,760	2,000,815
Change in Plan Provisions	-	-
Differences between expected and actual experience	(539,974)	(7,188,975)
Changes in assumptions	4,651,552	(4,845,588)
Benefit payments	<u>(1,879,944)</u>	<u>(1,993,055)</u>
Net change in Total Pension Liability	6,186,775	(9,262,827)
Total pension liability - beginning of year	<u>47,124,461</u>	<u>56,387,288</u>
Total pension liability - end of year (1)	<u>\$ 53,311,236</u>	<u>\$ 47,124,461</u>
PLAN FIDUCIARY NET POSITION		
Contributions	\$ 1,879,944	\$ 1,993,055
Benefit payments	<u>(1,879,944)</u>	<u>(1,993,055)</u>
Net change in Plan Fiduciary Net Position	-	-
Plan fiduciary net position - beginning of year	<u>-</u>	<u>-</u>
Plan fiduciary net position - end of year (2)	<u>\$ -</u>	<u>\$ -</u>
Total OPEB Liability (Asset) - End of Year (1) - (2)	<u>\$ 53,311,236</u>	<u>\$ 47,124,461</u>

Notes to statement:

Information presented for the years information is available.

The Notes to Required Supplementary Information are an integral part of Required Supplementary Information.

CITY OF MISHAWAKA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF NET OPEB LIABILITY
 Available Data: Last 10 Calendar Years

	<u>2019</u>	<u>2018</u>
1. Total OPEB Liability	\$ 53,311,236	\$ 47,124,461
2. Plan Fiduciary Net Position	<u>-</u>	<u>-</u>
3. Total OPEB Liability	<u>\$ 53,311,236</u>	<u>\$ 47,124,461</u>
4. Plan Fiduciary Net Position as a Percentage of Total OPEB Liability = (2) / (1)	0%	0%
5. Covered Payroll	N/A	N/A
6. Total OPEB Liability as a Percentage of Covered-Employee Payroll = (3) / (5)	N/A	N/A

Notes to statement:

Information presented for the years information is available.

CITY OF MISHAWAKA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS Last 10 Calendar Years

OPEB Contributions	2019	2018
Actuarially determined contribution**	\$ 1,879,944	\$ 1,993,055
Actual employer contributions	1,879,944	1,993,055
Contribution deficiency (excess)	\$ -	\$ -
Covered - employee payroll	N/A	N/A
Contributions as a percentage of covered - employee payroll	N/A	N/A

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

Notes to statement:

Information presented for the years information is available.

The Notes to Required Supplementary Information are an integral part of Required Supplementary Information.

CITY OF MISHAWAKA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2019

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.

See independent auditors' report.

CITY OF MISHAWAKA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019

(Continued)

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

Major funds (1):

General fund

Nonmajor funds:

Special revenue funds (10):

Motor Vehicle Highway (including MVH – Restricted), Local Road and Street, Park and Recreation, Public Safety, Rainy Day, Law Enforcement Continuing Education, Park Nonreverting Operating, LOIT Special Distribution, and Local Road and Bridge Matching Grant Fund

Capital projects funds (3):

Cumulative Capital Improvement, Cumulative Sewer, Cumulative Capital Development

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 \$418,993 in 2019.

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

See independent auditors' report.

CITY OF MISHAWAKA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019

(Continued)

Note 2. Financial Reporting – Pension Plans

A. Plan Amendments

- B. In 2019, there were no changes to the Plan that impacted the pension benefits during the fiscal year.

In 2019, pursuant to HEA 109, the years of service required to receive survivor benefits was reduced from 15 years to 10 years.

PERF Plan:

- a) The actuarial assumptions and methods used in the June 30, 2019 valuation of the Public Employees' Defined Benefit Account were adopted by the INPRS Board in May 2019. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2010 through June 30, 2014, and were first used in the June 30, 2015 valuation. The INPRS Board adopted a funding policy in April 2014, and the policy was last updated in October 2018.

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

- b) The actuarial assumptions and methods used in the June 30, 2019 valuation of the 1977 Police Officers' and Firefighters' Retirement Fund were adopted by the INPRS board in May 2019. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2010 through June 30, 2014, and were first used in the June 30, 2015 valuation. The INPRS Board adopted a funding policy in April 2014, and the policy was last updated in October 2018. In 2019, SEA 85 modified the '77 Fund by increasing the basic pension benefit from 50 to 52 percent of a monthly first class salary and the maximum benefit from 74 to 76 percent. Additionally, a surviving spouse in a non-line of duty death now received 70 percent of the member's monthly benefit, increased from 60 percent.

1925 and 1937 Plans:

- c) The discount rate used for the December 31, 2019 valuation was 2.13% based on the Barclay's 20-year Municipal Bond Index. This is an increase from 3.10% used for the December 31, 2018 valuation.
- d) For converted members, the July 1, 2019 COLA was updated from the 2.0% to reflect the known increase of 1.6%. Beginning July 1, 2020 the assumption reverts back to the assumed annual rate of 2.0%. For non-converted members, there was no change and the COLA remains at 2.5%.

See independent auditors' report.

CITY OF MISHAWAKA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019

(Continued)

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, 2019. The following actuarial method and assumptions were used to determine contribution rates reported in their respective schedules:

1937 Firefighters' and 1925 Police Officers' Pension Plans

Actuarial cost method	Entry Age Normal – Level Percent of Payroll
Amortization method	Level percentage of projected payroll, closed
Remaining amortization period	20 years
Inflation	2.25%
Salary increases	2.50%
Cost-of-Living Increases	Non-converted 2.50% per year in retirement
Converted	1.60% per year in retirement on July 1, 2019; 2.00% thereafter
Discount rate	2.13% (Based on Barclay's 20-year Municipal Bond Index rate)
Mortality assumption	RP-2014 Blue Collar mortality table, with MP-2014, removed, projected from 2014 based on the SSA improvement scale

Utility Pension Plan

Actuarial cost method	Entry Age Normal – Level Percent of Payroll
Amortization method	Level percentage of projected payroll, open
Remaining amortization period	5 years
Inflation	2.50%
Cost-of-Living Increases	3.50%
Discount rate	6.75%
Mortality assumption	Pub-2010 General Amount-Weighted Mortality with Two Dimensional Generational Mortality Improvement Project Scale MP-2019

Note 3. Financial Reporting – OPEB

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

Cost method	Entry Age Normal Level % of Salary
Amortization method	Not Applicable
Discount rate	3.26% per annum
Discount rate basis	S & P municipal bond 20 year high grade rate index
Inflation rate	2.25% per annum
Investment rate of return	Not applicable since the plan is not currently prefunded
Disability	None

See independent auditors' report.

CITY OF MISHAWAKA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019

(Continued)

Mortality	SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP2018 (RPH-2018 table is created based on RPH-2014 mortality tables with 8 years of MP-2014 mortality improvement backed out, projected to 2018 using MP-2018 improvement)
Coverage rate	Active employees with current coverage with less than 20 years of service at retirement 40%, Pre-Medicare with at least 20 years of service 100%, and post-Medicare with at least 20 years of service 40%; Inactive employees with current coverage that are currently under age 65 100% (decreases to 40% upon reaching age 65), currently over age 65 100%, and inactive employees with no coverage 0% medical benefit & 100% for life insurance benefit
Retirement Rates	

Age	General		Public Safety	
	<20 YOS	20+ YOS	<20 YOS	20+ YOS
50 - 51	0%	0%	10%	20%
52 - 54	0%	0%	20%	30%
55 - 59	5%	10%	20%	30%
60 - 61	10%	20%	20%	30%
62	25%	35%	25%	35%
63 - 64	20%	30%	20%	30%
65+	100%	100%	100%	100%

Turnover

Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health coverage. The rates represent the probability of termination in the next 12 months. Rates are based on the most recent Indiana Public Retirement System Public Employees' Retirement Fund actuarial valuation as of June 30, 2019.

Sample annual turnover rates are shown below:

Male				
Age	0 YOS	2 YOS	5 YOS	10+ YOS
20	23.0%	23.0%	17.0%	7.0%
25	23.0%	23.0%	17.0%	7.0%
30	22.0%	19.0%	13.0%	7.0%
35	17.0%	17.0%	10.0%	6.0%
40	17.0%	14.0%	10.0%	5.0%
45	14.0%	14.0%	10.0%	4.0%
50	14.0%	9.0%	9.0%	4.0%
55	13.0%	7.0%	7.0%	4.0%

Female				
Age	0 YOS	2 YOS	5 YOS	10+ YOS
20	23.0%	23.0%	17.0%	8.0%
25	23.0%	22.0%	17.0%	8.0%
30	21.0%	21.0%	14.0%	8.0%
35	19.0%	16.0%	12.0%	7.0%
40	18.0%	16.0%	12.0%	6.0%
45	16.0%	16.0%	10.0%	6.0%
50	16.0%	15.0%	9.0%	6.0%
55	16.0%	11.0%	9.0%	6.0%

See independent auditors' report.

CITY OF MISHAWAKA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019

(Continued)

Per Capita Costs Annual per capita costs were calculated based on the City's monthly premium rates effective on January 1, 2020.

Health Care Trend Rates

<u>FYE</u>	<u>Medical/Rx</u>
2020	7.50%
2021	7.00%
2022	6.50%
2023	6.00%
2024	5.50%
2025	5.00%
2026+	4.50%

See independent auditors' report.

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.
Motor Vehicle Highway (Restricted) -	is a sub fund of Motor Vehicle Highway established to account for the MVH distributions that are restricted to the construction, reconstruction, and preservation of highways as required by Indiana Code.
Ambulance Fund -	To account for the purchase of EMS equipment. Financed by 10% of the City's EMS revenue.
Flexible Savings Account -	To account for employee's flexible spending account withholdings and to pay qualified FSA expenses.
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.
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.

**NONMAJOR GOVERNMENTAL FUNDS
(Continued)**

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.
Bicentennial Gift -	To account for donations for the bicentennial celebration. Interest earned on these monies is receipted to this fund.
Community Development -	To account for Housing and Urban Development (HUD) monies used for low or no interest residential rehabilitation loans and for urban redevelopment and housing. Pay back monies from loans are also used for these purposes.
Property Rehabilitation Revolving -	To account for Housing and Urban Development (HUD) monies used for low or no interest residential rehabilitation loans and for the First Time Home Buyers program. Pay back monies from loans are also used for this purpose.
Park Nonreverting Operating -	To account for some operating expenses at the city pools and golf course. Financing is provided by improvement fees charged by the Park Department.
Criminal Assistance Grant -	To account for federal funds received for criminal prevention and intervention programs coordinated by the police department.
NSP (3) Grant -	To account for federal funds received for a neighborhood stabilization program.
Local Road and Bridge Matching Grant -	To account for grant matching funds funds received for street improvements.
<u>Debt Service Funds</u>	
Mill at Iron Works Debt Service Reserve -	To account for reserve funds for the Mill at Iron Works Bonds. Funding is provided by transfers from other City funds.
Mill at Iron Works Bond and Interest -	To account for debt retirement of the Mill at Iron Works bond project.
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)**

Mishawaka Local Public Improvement Bond Bank -	To account for revenue bonds and other obligations that have been provided to the City to finance projects and purchase equipment. Repayment of the obligations is made from other City funds.
<u>Capital Projects Funds</u>	
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.
Cumulative Capital Development -	To account for financial resources related to development projects. Financing is provided by a specific property tax levy.
2017 Bonds Construction Fund -	To account for financial resources related to the 2017 EDIT Bonds and Construction of the Iron Works project.
County Economic Development Income Tax (CEDIT) -	To account for financial resources related to development projects. Financing is provided by a tax on income.

CITY OF MISHAWAKA

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2019

	Special Revenue							
	Motor Vehicle Highway	Local Road and Street	Motor Vehicle Highway - Restricted	Park and Recreation	Park and Recreation Gift	Public Safety	Rainy Day	LOIT Special Distribution
Assets								
Cash and Cash Equivalents	\$ 1,041,600	\$ 490,848	\$ 44,409	\$ 1,622,536	\$ 117,229	\$ 1,675,521	\$ 586,340	\$ -
Receivables (Net of Allowances for Uncollectibles):								
Interest	-	-	-	-	-	-	-	-
Taxes	102,260	-	-	77,923	-	-	-	-
Accounts	-	-	-	1,578	-	-	-	-
Intergovernmental	155,901	137,296	155,901	-	-	769	-	-
Loans	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,299,761</u>	<u>\$ 628,144</u>	<u>\$ 200,310</u>	<u>\$ 1,702,037</u>	<u>\$ 117,229</u>	<u>\$ 1,676,290</u>	<u>\$ 586,340</u>	<u>\$ -</u>
Liabilities, Deferred Inflow of Resources and Fund Balances								
Liabilities:								
Accounts payable	\$ 318	\$ 53,886	\$ -	\$ 44,220	\$ 88	\$ 53,229	\$ -	\$ -
Accrued payroll and withholdings payable	39,131	-	-	17,325	-	-	-	-
Total liabilities	<u>39,449</u>	<u>53,886</u>	<u>-</u>	<u>61,545</u>	<u>88</u>	<u>53,229</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources - property taxes	102,260	-	-	77,924	-	-	-	-
Fund Balances:								
Non-spendable								
Restricted	1,121,580	520,372	200,310	1,485,730	117,141	1,492,419	-	-
Committed	-	-	-	-	-	-	586,340	-
Assigned	36,472	53,886	-	76,838	-	130,642	-	-
Total fund balances	<u>1,158,052</u>	<u>574,258</u>	<u>200,310</u>	<u>1,562,568</u>	<u>117,141</u>	<u>1,623,061</u>	<u>586,340</u>	<u>-</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 1,299,761</u>	<u>\$ 628,144</u>	<u>\$ 200,310</u>	<u>\$ 1,702,037</u>	<u>\$ 117,229</u>	<u>\$ 1,676,290</u>	<u>\$ 586,340</u>	<u>\$ -</u>

(Continued on next page)

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2019
 (Continued)

	Special Revenue								
	Police Drug Investigation Assistance	Off-Street Parking	Sidewalk and Curb Repair	Flexible Spending Account	Ambulance Fund	Industrial Development	Trash Collection	Mishawaka Gift	Law Enforcement Continuing Education
Assets									
Cash and Cash Equivalents	\$ 2,067	\$ 12,066	\$ -	\$ 47,014	\$ 162,574	\$ 58,158	\$ 1,008,974	\$ 412,924	\$ 134,887
Receivables (Net of Allowances for Uncollectibles):									
Interest	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	3,201
Intergovernmental	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Total assets	\$ 2,067	\$ 12,066	\$ -	\$ 47,014	\$ 162,574	\$ 58,158	\$ 1,008,974	\$ 412,924	\$ 138,088
Liabilities, Deferred Inflow of Resources and Fund Balances									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ 998	\$ -	\$ -	\$ 193,105	\$ -	\$ 114
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	998	-	-	193,105	-	114
Deferred inflows of resources - property taxes	-	-	-	-	-	-	-	-	-
Fund Balances:									
Non-spendable									
Restricted	2,067	12,066	-	46,016	162,574	58,158	815,869	412,924	137,860
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	114
Total fund balances	2,067	12,066	-	46,016	162,574	58,158	815,869	412,924	137,974
Total liabilities, deferred inflow of resources and fund balances	\$ 2,067	\$ 12,066	\$ -	\$ 47,014	\$ 162,574	\$ 58,158	\$ 1,008,974	\$ 412,924	\$ 138,088

(Continued on next page)

CITY OF MISHAWAKA

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2019
(Continued)

	Special Revenue							
	Bicentennial Gift	Community Development	Property Rehabilitation Revolving	Park Nonreverting Operating	Criminal Assistance Grant	NSP (3) Grant	Local Road and Bridge Matching Grant	Totals
<u>Assets</u>								
Cash and Cash Equivalents	\$ 1,384	\$ 14,753	\$ 139,001	\$ 646,965	\$ 82,583	\$ -	\$ 156,681	\$ 8,458,514
Receivables (Net of Allowances for Uncollectibles):								
Interest	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	180,183
Accounts	-	-	-	-	-	-	-	4,779
Intergovernmental	-	-	-	-	-	-	-	449,867
Loans	-	254,584	-	-	-	-	-	254,584
	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,384</u>	<u>\$ 269,337</u>	<u>\$ 139,001</u>	<u>\$ 646,965</u>	<u>\$ 82,583</u>	<u>\$ -</u>	<u>\$ 156,681</u>	<u>\$ 9,347,927</u>
<u>Liabilities, Deferred Inflow of Resources and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ -	\$ 1,917	\$ 240	\$ 1,694	\$ -	\$ -	\$ -	\$ 349,809
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	56,456
	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>1,917</u>	<u>240</u>	<u>1,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,265</u>
Deferred inflows of resources - property taxes	-	-	-	-	-	-	-	180,184
Fund Balances:								
Non-spendable								
Restricted	1,384	267,420	138,761	643,424	82,583	-	-	7,718,658
Committed	-	-	-	-	-	-	-	586,340
Assigned	-	-	-	1,847	-	-	156,681	456,480
	-	-	-	-	-	-	-	-
Total fund balances	<u>1,384</u>	<u>267,420</u>	<u>138,761</u>	<u>645,271</u>	<u>82,583</u>	<u>-</u>	<u>156,681</u>	<u>8,761,478</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 1,384</u>	<u>\$ 269,337</u>	<u>\$ 139,001</u>	<u>\$ 646,965</u>	<u>\$ 82,583</u>	<u>\$ -</u>	<u>\$ 156,681</u>	<u>\$ 9,347,927</u>

(Continued on next page)

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2019
 (Continued)

	Debt Service					Totals
	Mill at Iron Works Debt Service Reserve	Mill at Iron Works Bond and Interest	Mishawaka Building Corporation Debt Service	Consolidated TIF Bond and Interest	Mishawaka Local Public Improvement Bond Bank	
Assets						
Cash and Cash Equivalents	\$ 1,133,510	\$ -	\$ -	\$ 1,152,841	\$ 1,615,139	\$ 3,901,490
Receivables (Net of Allowances for Uncollectibles):						
Interest	2,709	-	-	-	-	2,709
Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	5,289,712	5,289,712
	-	-	-	-	-	-
Total assets	<u>\$ 1,136,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,152,841</u>	<u>\$ 6,904,851</u>	<u>\$ 9,193,911</u>
Liabilities, Deferred Inflow of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources - property taxes	-	-	-	-	-	-
Fund Balances:						
Non-spendable						
Restricted	1,136,219	-	-	1,152,841	6,904,851	9,193,911
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total fund balances	<u>1,136,219</u>	<u>-</u>	<u>-</u>	<u>1,152,841</u>	<u>6,904,851</u>	<u>9,193,911</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 1,136,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,152,841</u>	<u>\$ 6,904,851</u>	<u>\$ 9,193,911</u>

(Continued on next page)

CITY OF MISHAWAKA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Special Revenue							LOIT Special Distribution
	Motor Vehicle Highway	Local Road and Street	Motor Vehicle Highway - Restricted	Park and Recreation	Park and Recreation Gift	Public Safety	Rainy Day	
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ 2,624,189	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	852,544	808,522	1,194,310	199,306	-	3,135,505	-	-
Charges for services	810,976	-	-	594,864	75,053	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Sale and use of property	-	-	-	120,689	-	-	-	-
Gifts and donations	-	-	-	-	22,724	-	-	-
Other	4,031	-	-	9,067	-	39,255	-	-
Total Revenues	1,667,551	808,522	1,194,310	3,548,115	97,777	3,174,760	-	-
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	2,760,385	-	-
Highways and streets	2,755,055	339,000	-	-	-	-	-	5,977
Sanitation	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	3,326,312	89,071	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt Service:								
Principal	26,563	-	-	7,384	-	278,604	-	-
Interest and fiscal charges	3,240	-	-	901	-	28,158	-	-
Capital Outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	335,303	421,150	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total Expenditures	2,784,858	674,303	421,150	3,334,597	89,071	3,067,147	-	5,977
Excess (deficiency) of revenues Over (under) expenditures	(1,117,307)	134,219	773,160	213,518	8,706	107,613	-	(5,977)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(572,850)	-	-	(648,502)	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	(572,850)	-	-	(648,502)	-	-
Net change in fund balances	(1,117,307)	134,219	200,310	213,518	8,706	(540,889)	-	(5,977)
Fund Balances - January 1	2,275,359	440,039	-	1,349,050	108,435	2,163,950	586,340	5,977
Fund Balances - December 31	\$ 1,158,052	\$ 574,258	\$ 200,310	\$ 1,562,568	\$ 117,141	\$ 1,623,061	\$ 586,340	\$ -

(Continued on next page)

CITY OF MISHAWAKA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2019
 (Continued)

	Special Revenue								
	Police Drug Investigation Assistance	Off-Street Parking	Sidewalk and Curb Repair	Flexible Spending Account	Ambulance Fund	Industrial Development	Trash Collection	Mishawaka Gift	Law Enforcement Continuing Education
Revenues:									
Taxes:									
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	10,455	-	-	-	-	-	-	15,727
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	162,574	-	2,307,704	-	52,632
Fines and forfeits	-	-	-	-	-	-	-	-	722
Interest	-	-	-	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-	-	170,991	-
Other	-	-	16,161	-	-	-	173,217	-	-
Total Revenues	-	10,455	16,161	-	162,574	-	2,480,921	170,991	69,081
Expenditures:									
Current:									
General government	-	-	-	30,240	-	-	-	-	-
Public safety	67,906	6,892	-	-	-	-	-	-	68,595
Highways and streets	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	2,423,014	-	-
Culture and recreation	-	-	-	-	-	-	-	108,491	-
Community development	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Capital Outlay:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	16,161	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Total Expenditures	67,906	6,892	16,161	30,240	-	-	2,423,014	108,491	68,595
Excess (deficiency) of revenues									
Over (under) expenditures	(67,906)	3,563	-	(30,240)	162,574	-	57,907	62,500	486
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	76,256	-	-	-	-	-
Total other financing sources and uses	-	-	-	76,256	-	-	-	-	-
Net change in fund balances	(67,906)	3,563	-	46,016	162,574	-	57,907	62,500	486
Fund Balances - January 1	69,973	8,503	-	-	-	58,158	757,962	350,424	137,488
Fund Balances - December 31	\$ 2,067	\$ 12,066	\$ -	\$ 46,016	\$ 162,574	\$ 58,158	\$ 815,869	\$ 412,924	\$ 137,974

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CITY OF MISHAWAKA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2019
 (Continued)

	Special Revenue							Totals
	Bicentennial Gift	Community Development	Property Rehabilitation Revolving	Park Nonreverting Operating	Criminal Assistance Grant	NSP (3) Grant	Local Road and Bridge Matching Grant	
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,624,189
Licenses and permits	-	-	-	-	-	-	-	26,182
Intergovernmental	-	330,905	-	-	91,003	-	572,850	7,184,945
Charges for services	-	-	-	254,816	-	-	-	4,258,619
Fines and forfeits	-	-	-	-	-	-	-	722
Interest	23	-	-	-	-	-	-	23
Sale and use of property	-	-	-	-	-	-	-	120,689
Gifts and donations	-	-	46,986	-	-	-	-	240,701
Other	-	2,049	-	-	-	-	-	243,780
Total Revenues	23	332,954	46,986	254,816	91,003	-	572,850	14,699,850
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	30,240
Public safety	-	-	-	-	91,003	-	-	2,994,781
Highways and streets	-	-	-	-	-	-	-	3,100,032
Sanitation	-	-	-	-	-	-	-	2,423,014
Culture and recreation	-	-	-	140,245	-	-	-	3,664,119
Community development	-	368,212	46,306	-	-	-	-	414,518
Debt Service:								
Principal	-	-	-	-	-	-	-	312,551
Interest and fiscal charges	-	-	-	-	-	-	-	32,299
Capital Outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	989,019	1,761,633
Culture and recreation	-	-	-	-	-	-	-	-
Total Expenditures	-	368,212	46,306	140,245	91,003	-	989,019	14,733,187
Excess (deficiency) of revenues								
Over (under) expenditures	23	(35,258)	680	114,571	-	-	(416,169)	(33,337)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	572,850	572,850
Transfers out	-	-	-	-	-	-	-	(1,221,352)
Miscellaneous	-	-	-	-	-	-	-	76,256
Total other financing sources and uses	-	-	-	-	-	-	572,850	(572,246)
Net change in fund balances	23	(35,258)	680	114,571	-	-	156,681	(605,583)
Fund Balances - January 1	1,361	302,678	138,081	530,700	82,583	-	-	9,367,061
Fund Balances - December 31	\$ 1,384	\$ 267,420	\$ 138,761	\$ 645,271	\$ 82,583	\$ -	\$ 156,681	\$ 8,761,478

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CITY OF MISHAWAKA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2019
 (Continued)

	Debt Service					Totals
	Mill at Iron Works Debt Service Reserve	Mill at Iron Works Bond and Interest	Mishawaka Building Corporation Debt Service	Consolidated TIF Bond and Interest	Mishawaka Local Public Improvement Bond Bank	
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	24,571	-	-	891	168,705	194,167
Sale and use of property	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	<u>24,571</u>	<u>-</u>	<u>-</u>	<u>891</u>	<u>168,705</u>	<u>194,167</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt Service:						
Principal	-	-	542,038	2,165,000	-	2,707,038
Interest and fiscal charges	-	-	106,462	186,653	-	293,115
Capital Outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>648,500</u>	<u>2,351,653</u>	<u>-</u>	<u>3,000,153</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>24,571</u>	<u>-</u>	<u>(648,500)</u>	<u>(2,350,762)</u>	<u>168,705</u>	<u>(2,805,986)</u>
Other financing sources (uses):						
Transfers in	-	-	648,500	2,354,272	-	3,002,772
Transfers out	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>648,500</u>	<u>2,354,272</u>	<u>-</u>	<u>3,002,772</u>
Net change in fund balances	24,571	-	-	3,510	168,705	196,786
Fund Balances - January 1	<u>1,111,648</u>	<u>-</u>	<u>-</u>	<u>1,149,331</u>	<u>6,736,146</u>	<u>8,997,125</u>
Fund Balances - December 31	<u>\$ 1,136,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,152,841</u>	<u>\$ 6,904,851</u>	<u>\$ 9,193,911</u>

(Continued on next page)

CITY OF MISHAWAKA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2019
 (Continued)

	Capital Projects					Totals	Total Nonmajor Governmental Funds
	Cumulative Capital Improvement	Cumulative Sewer	Cumulative Capital Development	CEDIT	2017 Bonds Construction Fund		
Revenues:							
Taxes:							
Property	\$ -	\$ 407,527	\$ 561,821	\$ -	\$ -	\$ 969,348	\$ 3,593,537
Licenses and permits	-	115,227	-	-	-	115,227	141,409
Intergovernmental	119,736	30,951	42,670	4,301,684	-	4,495,041	11,679,986
Charges for services	-	-	-	2,921	-	2,921	4,261,540
Fines and forfeits	-	-	-	-	-	-	722
Interest	-	-	-	-	621	621	194,811
Sale and use of property	-	-	-	-	-	-	120,689
Gifts and donations	-	-	-	-	-	-	240,701
Other	-	15,628	-	-	-	15,628	259,408
Total Revenues	119,736	569,333	604,491	4,304,605	621	5,598,786	20,492,803
Expenditures:							
Current:							
General government	-	-	346,555	-	-	346,555	376,795
Public safety	-	185,842	-	-	-	185,842	3,180,623
Highways and streets	-	-	-	2,469,266	-	2,469,266	5,569,298
Sanitation	-	-	-	-	-	-	2,423,014
Culture and recreation	-	-	-	27,186	-	27,186	3,691,305
Community development	-	-	-	-	-	-	414,518
Debt Service:							
Principal	50,000	-	-	93,640	-	143,640	3,163,229
Interest and fiscal charges	3,949	-	-	40,939	-	44,888	370,302
Capital Outlay:							
General government	-	-	357,997	-	-	357,997	357,997
Public safety	-	258,473	-	6,361	-	264,834	264,834
Highways and streets	-	-	-	828,955	-	828,955	2,590,588
Culture and recreation	-	-	-	59,258	-	59,258	59,258
Total Expenditures	53,949	444,315	704,552	3,525,605	-	4,728,421	22,461,761
Excess (deficiency) of revenues Over (under) expenditures	65,787	125,018	(100,061)	779,000	621	870,365	(1,968,958)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	3,575,622
Transfers out	-	-	-	-	(82,819)	(82,819)	(1,304,171)
Miscellaneous	-	-	-	-	-	-	76,256
Total other financing sources and uses	-	-	-	-	(82,819)	(82,819)	2,347,707
Net change in fund balances	65,787	125,018	(100,061)	779,000	(82,198)	787,546	378,749
Fund Balances - January 1	1,850,023	2,641,490	553,327	3,474,656	82,198	8,601,694	26,965,880
Fund Balances - December 31	\$ 1,915,810	\$ 2,766,508	\$ 453,266	\$ 4,253,656	\$ -	\$ 9,389,240	\$ 27,344,629

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 fire-fighters 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.

Custodial Funds

The City does not have custodial funds.

CITY OF MISHAWAKA

COMBINING STATEMENT OF FIDUCIARY NET POSITION -
PENSION TRUST FUNDS
December 31, 2019

	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
<u>Assets</u>				
Cash and cash equivalents	\$ 803,828	\$ 946,597	\$ 64,070	\$ 1,814,495
Receivables:				
Interest and dividends	-	-	48,178	48,178
Investments at fair value:				
Municipal bonds	-	-	575,395	575,395
Mutual funds	-	-	22,637,752	22,637,752
Total investments	-	-	23,213,147	23,213,147
Total assets	803,828	946,597	23,325,395	25,075,820
<u>Liabilities</u>				
Net benefits due and unpaid	-	-	6,447	6,447
Total liabilities	-	-	6,447	6,447
Net Position - Restricted for pensions	\$ 803,828	\$ 946,597	\$ 23,318,948	\$ 25,069,373

CITY OF MISHAWAKA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PENSION TRUST FUNDS
For the Year Ended December 31, 2019

	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Additions:</u>				
Contributions:				
On behalf contributions	\$ 1,508,630	\$ 968,429	\$ -	\$ 2,477,059
Employer	<u>-</u>	<u>964,429</u>	<u>1,041,600</u>	<u>2,006,029</u>
Total contributions	<u>1,508,630</u>	<u>1,932,858</u>	<u>1,041,600</u>	<u>4,483,088</u>
Investment income (loss):				
Net change in fair value of investments	-	-	2,641,400	2,641,400
Interest and dividends	<u>-</u>	<u>-</u>	<u>1,043,934</u>	<u>1,043,934</u>
Total investment income (loss)	<u>-</u>	<u>-</u>	<u>3,685,334</u>	<u>3,685,334</u>
Total additions	<u>1,508,630</u>	<u>1,932,858</u>	<u>4,726,934</u>	<u>8,168,422</u>
<u>Deductions:</u>				
Benefits	1,290,015	2,001,345	1,351,504	4,642,864
Administrative expense	<u>-</u>	<u>-</u>	<u>71,271</u>	<u>71,271</u>
Total deductions	<u>1,290,015</u>	<u>2,001,345</u>	<u>1,422,775</u>	<u>4,714,135</u>
Changes in net position	218,615	(68,487)	3,304,159	3,454,287
Net position - beginning	<u>585,213</u>	<u>1,015,084</u>	<u>20,014,789</u>	<u>21,615,086</u>
Net position - ending	<u>\$ 803,828</u>	<u>\$ 946,597</u>	<u>\$ 23,318,948</u>	<u>\$ 25,069,373</u>

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.