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October 26, 2022

To: The Officials of the City of Mishawaka  
City of Mishawaka  
600 East 3rd Street  
Mishawaka, IN 46544

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the City of Mishawaka. We have reviewed the audit report opined upon by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period January 1, 2021 to December 31, 2021. Per the *Independent Auditor's Report*, the financial statements present fairly the financial condition of the City of Mishawaka, as of December 31, 2021, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings in the report. The findings appear on pages 9-10 of the Single Audit Report, which is included after the Financial Report. Please refer to the Schedule of Findings and Questioned Costs for further detail. Management's Corrective Action Plan appears at the end of the reports.

In our opinion, Katz, Sapper & Miller, LLP prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a Supplemental Report for City of Mishawaka was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

# **City of Mishawaka, Indiana**

Annual Financial Report

December 31, 2021

# City of Mishawaka, Indiana

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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Rebecca S. Maguire	01-01-20 to 12-31-22
Mayor	David A. Wood	01-01-20 to 12-31-22
City Clerk	Deborah S. Block	01-01-20 to 12-31-22
President of the Board of Public Works and Safety	Kenneth B. Prince	01-01-20 to 12-31-22
President of the Common Council	Gregg Hixenbaugh	01-01-20 to 12-31-22

## *Independent Auditor's Report*

The Officials of the City of Mishawaka, Indiana

### **Report on the Audit of Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mishawaka, Indiana (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; budgetary comparison schedule - 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
October 7, 2022

As management of the City of Mishawaka (the City), we offer the readers of the financial statements this narrative overview and analysis of the financial activities of the City of Mishawaka for the calendar year ended December 31, 2021. 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 \$40,980,299. Of this amount, governmental activities net position increased by \$49,770,931 and business-type activities decreased by \$8,790,632.
- As of the close of calendar year 2021, the City of Mishawaka's governmental funds reported combined ending fund balances of \$117,667,861, an increase of \$64,222,733 from the prior year.
- At the end of 2021, the unassigned fund balance for the General Fund was \$15,408,125 (44.26% of General Fund Expenditures) compared to \$14,529,663 for 2020 which was about 44.6% of total 2020 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 individual activities in the fund financial statements or have been blended with the activities of the City of Mishawaka.

## City of Mishawaka, Indiana

Management Discussion and Analysis  
Year Ended December 31, 2021

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), the Consolidated Tax Increment Finance (TIF) Fund, the Redevelopment Stimulus Fund and the New City Hall Construction 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, 2021:

<u>Revenues</u>	<u>2021 Amount</u>	<u>% of Total</u>
Taxes: General Property	\$ 44,923,111	56.98%
Taxes: Income	13,662,331	17.33%
Taxes: Other	1,081,626	1.37%
Intergovernmental	8,284,777	10.51%
Interest	627,831	0.80%
Charges for Services	7,331,606	9.30%
Gifts and Donations	158,872	0.20%
Other	2,766,788	3.51%
Total	<u>\$ 78,836,942</u>	<u>100.00%</u>

## City of Mishawaka, Indiana

Management Discussion and Analysis  
Year Ended December 31, 2021

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% 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%. In 2021, the increase was 4.3%. 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 and various capital projects funds for the City of Mishawaka's Redevelopment Tax Incremental Financing (TIF) funds. Approximately 61.5% of the General Fund's 2021 total revenue was derived from property taxes, the Consolidated TIF Fund derived 92.4% of its revenue from property tax and the Other Governmental Fund's property tax percentage was 22.3% 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%) but was then increased by ordinance beginning in 1998 to two-tenths of a percent (0.2%) and in 2009 it was increased to its maximum of (0.4%). In 2017 the former Economic Development Income Tax (EDIT) was combined into a single Local Income Tax (LIT). The City received \$4,003,721, \$4,072,554 and \$4,240,743 of economic development LIT for the years 2019, 2020 and 2021 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%) and increased yearly by one-tenth of a percent (0.1%) to a maximum of six-tenths of a percent (0.6%). In 2017, COIT was combined into the single LIT. The City received \$4,145,039, \$4,242,956 and \$4,403,674 of general-purpose income tax distributions for the years 2019, 2020 and 2021 respectively. In October of 2009 a Public Safety Local Option Income Tax was enacted at .25%. 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 \$2,896,773, \$2,950,796 and 3,064,089 for the years 2019, 2020 and 2021, 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, 2021.

<u>Expenditures</u>	<u>2021 Amount</u>	<u>% of Total</u>
General government	\$ 19,739,248	22.84%
Public safety	29,890,709	34.59%
Highways and streets	25,556,984	29.57%
Sanitation	2,544,214	2.94%
Culture and recreation	4,672,219	5.41%
Community development	839,768	0.97%
Debt service	3,176,994	3.68%
Total	<u>\$ 86,420,136</u>	<u>100.00%</u>

The City of Mishawaka breaks its general government expenditures into seven operating categories: general government, public safety, highways and streets, 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 \$29,890,709 or 34.59% of the total expenditures. Highways and Streets is at 29.57%, General Government is at 22.84% and Culture and Recreation is at 5.41%. Data for each nonmajor fund is provided in the form of combining statements elsewhere in this report.

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

The City of Mishawaka maintains 40 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the General, Consolidated TIF, Redevelopment Stimulus and New City Hall Construction, which are considered to be major funds. Data from the other funds are combined and presented in one column labeled Nonmajor Governmental Funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

## **City of Mishawaka, Indiana**

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Management Discussion and Analysis  
Year Ended December 31, 2021

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 nonmajor 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.

City of Mishawaka Statement of Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 170,087,147	\$ 87,189,093	\$ 130,085,717	\$ 69,611,525	\$ 300,172,864	\$ 156,800,618
Capital assets	284,461,982	263,196,931	262,735,380	248,958,355	547,197,362	512,155,286
Total assets	<u>454,549,129</u>	<u>350,386,024</u>	<u>392,821,097</u>	<u>318,569,880</u>	<u>847,370,226</u>	<u>668,955,904</u>
Deferred outflow s of resources	<u>11,254,180</u>	<u>8,821,308</u>	<u>3,091,967</u>	<u>3,265,733</u>	<u>14,346,147</u>	<u>12,087,041</u>
Long-term liabilities	130,491,648	95,127,272	177,113,454	93,752,320	307,605,102	188,879,592
Other liabilities	9,519,770	3,330,015	9,255,893	9,971,038	18,775,663	13,301,053
Total liabilities	<u>140,011,418</u>	<u>98,457,287</u>	<u>186,369,347</u>	<u>103,723,358</u>	<u>326,380,765</u>	<u>202,180,645</u>
Deferred inflow s of resources	<u>59,135,622</u>	<u>43,864,707</u>	<u>6,526,365</u>	<u>6,304,271</u>	<u>65,661,987</u>	<u>50,168,978</u>
Net position:						
Net Investment:						
In capital assets	269,088,188	254,990,660	144,643,770	163,059,034	413,731,958	418,049,694
Restricted	69,965,051	31,507,450	33,067,645	12,491,185	103,032,696	43,998,635
Unrestricted	<u>(72,396,970)</u>	<u>(69,612,772)</u>	<u>25,305,937</u>	<u>36,257,765</u>	<u>(47,091,033)</u>	<u>(33,355,007)</u>
Total net position	<u>\$ 266,656,269</u>	<u>\$ 216,885,338</u>	<u>\$ 203,017,352</u>	<u>\$ 211,807,984</u>	<u>\$ 469,673,621</u>	<u>\$ 428,693,322</u>

### 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 nonborrowed 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.

## City of Mishawaka, Indiana

### Management Discussion and Analysis Year Ended December 31, 2021

#### Current Year Impacts

At December 31, 2021, the City of Mishawaka's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$469,673,621, an increase of \$40,980,299 from the previous year. The largest portion of the City of Mishawaka's net position reflects its net investment in capital assets of \$413,731,958

At year-end, the City of Mishawaka's net position was \$469,673,621. This amount is made up of \$413,731,958 of net investment in capital assets (e.g. land, buildings, machinery and equipment); \$103,032,696 of assets with external restrictions upon its use; and (\$47,091,033) of unrestricted assets for future use as directed by management.

#### Summary of Changes in Net Position

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

	City of Mishawaka Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 7,968,980	\$ 9,641,020	\$ 94,840,692	\$ 91,137,150	\$ 102,809,672	\$ 100,778,170
Operating grants and contributions	2,920,939	528,902	-	-	2,920,939	528,902
Capital grants and contributions	1,383,845	1,390,427	1,411,209	6,107,776	2,795,054	7,498,203
General revenues:						
Property taxes	42,644,931	42,497,141	-	-	42,644,931	42,497,141
Income taxes	19,583,193	12,472,593	-	-	19,583,193	12,472,593
Other taxes	1,081,626	2,302,705	-	-	1,081,626	2,302,705
Grants and contributions not restricted to specific programs	3,979,993	4,100,031	-	-	3,979,993	4,100,031
Unrestricted investment earnings	627,831	716,641	352,509	540,701	980,340	1,257,342
Other revenue	6,953,186	2,236,432	(59,086)	-	6,894,100	2,236,432
Total revenues	<u>87,144,524</u>	<u>75,885,892</u>	<u>96,545,324</u>	<u>97,785,627</u>	<u>183,689,848</u>	<u>173,671,519</u>
<b>EXPENSES</b>						
General government	6,797,210	12,194,907	-	-	6,797,210	12,194,907
Public safety	25,751,864	30,073,884	-	-	25,751,864	30,073,884
Highways and streets	12,035,775	11,573,433	-	-	12,035,775	11,573,433
Sanitation	2,650,364	2,782,017	-	-	2,650,364	2,782,017
Community Development	687,306	3,091,725	-	-	687,306	3,091,725
Culture and recreation	6,366,812	5,289,562	-	-	6,366,812	5,289,562
Interest on long-term debt	724,262	284,520	-	-	724,262	284,520
Water utility	-	-	9,522,247	5,966,988	9,522,247	5,966,988
Wastewater utility	-	-	19,308,861	12,842,943	19,308,861	12,842,943
Electric utility	-	-	58,864,848	47,696,606	58,864,848	47,696,606
Total expenses	<u>55,013,593</u>	<u>65,290,048</u>	<u>87,695,956</u>	<u>66,506,537</u>	<u>142,709,549</u>	<u>131,796,585</u>
Changes in net position before transfers	32,130,931	10,595,844	8,849,368	31,279,090	40,980,299	41,874,934
Transfers	17,640,000	1,067,291	(17,640,000)	(1,067,291)	-	-
Net position restatement	-	(6,424,000)	-	-	-	(6,424,000)
Change in net position	<u>49,770,931</u>	<u>5,239,135</u>	<u>(8,790,632)</u>	<u>30,211,799</u>	<u>40,980,299</u>	<u>35,450,934</u>
Net Position-Beginning	<u>216,885,338</u>	<u>211,646,203</u>	<u>211,807,984</u>	<u>181,596,185</u>	<u>428,693,322</u>	<u>393,242,388</u>
Net Position-Ending	<u>\$ 266,656,269</u>	<u>\$ 216,885,338</u>	<u>\$ 203,017,352</u>	<u>\$ 211,807,984</u>	<u>\$ 469,673,621</u>	<u>\$ 428,693,322</u>

## **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 67.8% 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 2020 to 2021 by \$49,770,931 due in large part to the issuance of the Lease Rental Revenue Bonds of 2021 as the bond proceeds had not been spent by year end.

Charges for services revenue decreased by \$1,672,040 due to a difference in the categorization of some receipts between 2020 and 2021 in order to more accurately report those receipts.

Operating grants and contributions increased by \$2,392,037 due to a difference in the categorization of some receipts between 2020 and 2021 in order to more accurately report those receipts.

Capital grants and contributions decreased by \$6,582.

Grants and contributions not restricted to specific programs decreased in 2021 by \$120,038.

Overall, property tax revenue increased by \$147,790.

Unrestricted investment earnings decreased by \$88,810.

Other revenue increased by \$4,716,754 due to a difference in the categorization of some receipts between 2020 and 2021 in order to more accurately report those receipts.

Transfers increased by \$16,572,709 as a result of the Electric Utility transferring funds to the City for the new City Hall construction project.

Governmental expenses decreased by \$10,276,455 or 15.74%. This resulted from a decrease in the expenses related to pension and OPEB benefits per the actuarial valuations that were conducted.

### **Business-Type Activities**

Business-Type Activities net position decreased by \$8,790,632. This was caused by revenues from customers increased at a smaller rate than expenses.

Overall, utility revenues decreased in 2021 by \$1,240,303. While revenues from customer sales increased, there was a larger decrease in contributions in 2021.

The expenses of the Business-Type activities increased \$21,189,419 from 2020 levels or 31.86%. This was due in part to an overall increase in costs due to the economy. In addition, a new contract was signed with a different electric provider, and the remainder of the existing contract was paid out.

Transfers out increased by \$16,572,709 as a result of the Electric Utility transferring funds to the City for the new City Hall construction project.

## **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 \$117,667,861, an increase of \$64,222,733 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 a decrease in fund balance of \$686,018 and the Consolidated TIF fund had an increase of \$3,720,494. The Redevelopment Stimulus fund is a new fund and had revenues in excess of expenditures of \$39,006,890. The New City Hall Construction fund, also a new fund, had revenues in excess of expenditures of \$9,902,975. 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.

Nine funds had lower fund balances at 2021 year-end. Of note, the Cumulative Sewer fund decreased \$1,240,362. As planned, these funds were used for the City's infrastructure needs.

A loss of property tax revenue (Circuit Breaker) influenced the fund balances. The 2021 final tax settlement was a net 66.8% of budgeted revenues with a shortage of \$9.0 million. Overall, the City of Mishawaka has very prudent spending philosophies and will continue this in the future. Individual fund data for each of the nonmajor governmental funds is provided in the form of the combining statements in the Supplemental Information portion.

The General fund is also the chief operating fund of the City of Mishawaka. As of December 31, 2021, the unassigned fund balance was \$15,408,125 and the total fund balance in the General fund was \$15,758,352, a decrease of \$686,018 from 2020. 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 44.269% of the total General fund expenditures. The total grows to 44.3% when total fund balance is compared to General fund expenditures.

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

### **Proprietary Funds**

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

The water and wastewater utilities experienced an increase in their net positions in 2021 while the electric utility experienced a decrease in net position. The total net position for the City of Mishawaka's enterprise funds was decreased by \$8,790,632. Of this, net investment of capital assets decreased by \$18,415,263, restricted increased by \$20,576,460 and unrestricted net position decreased by \$10,951,828. Total assets and deferred outflows increased by \$74,077,451. The total liabilities and deferred inflows for the enterprise funds had an increase from 2020 of \$82,868,083.

The Internal Service Fund unrestricted net position was \$3,490,005.

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 \$1,563,591. 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 2021, the submitted budget to the state was increased with encumbrances from 2020 by \$350,227. A budget adjustment of \$1,563,591 was necessary to cover the necessary expenses of the City. 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 2021 were \$6,553,028 below budget and expenditures were \$2,622,837 under the final budget amount.

Several revenue categories were under budget in 2021; Property tax revenue was \$9,036,200 less than expected. Tax collection due to Circuit Breaker was 66.8%. In 2020 it was 75.0%. As assessed value for the City goes down, Circuit Breaker losses increase. In 2021, reimbursements came in higher than budget by \$1,137,017 and income taxes came in higher than budget by \$1,047,690. This is primarily due to receiving a supplemental local income tax distribution in 2021.

## 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, 2021, amounts to \$547,197,362 (net of accumulated depreciation), which represents a net increase (additions less retirements and depreciation) of \$35,042,077. 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 3).

	City of Mishawaka (Net of depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 13,381,950	\$ 13,381,950	\$ 3,329,154	\$ 3,329,154	\$ 16,711,104	\$ 16,711,104
Construction in progress	37,893,762	20,324,178	48,076,191	31,288,119	85,969,953	51,612,297
Buildings	30,093,369	30,934,703	32,668,095	33,730,963	62,761,464	64,665,666
Improvement other than buildings	25,664,882	26,268,954	166,297,127	168,044,421	191,962,009	194,313,375
Machinery and equipment	11,457,497	12,046,771	10,954,327	11,348,521	22,411,824	23,395,292
Transportation	-	-	1,410,486	1,217,177	1,410,486	1,217,177
Infrastructure being depreciated	165,970,522	160,240,375	-	-	165,970,522	160,240,375
<b>Total</b>	<b>\$ 284,461,982</b>	<b>\$ 263,196,931</b>	<b>\$ 262,735,380</b>	<b>\$ 248,958,355</b>	<b>\$ 547,197,362</b>	<b>\$ 512,155,286</b>

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

- 12<sup>th</sup> Street Phase II – \$8.93 million
- City Hall Building Project – \$12.03 million
- Riverwalk Expansion – \$817 thousand

Construction in Progress items:

- Ironworks Plaza Improvements Ph III – \$3.58 million

### Debt Outstanding

At December 31, 2021, the City had \$45,610,000 of outstanding tax increment bonds. The enterprise funds had \$159,780,000 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% of assessed value of real and personal property.

The overall bonded debt increased by \$127,452,144 from the prior year. This was due to three new debt issuances during 2021. The City issued Lease Rental Revenue Bonds of 2021 with a par value of \$42,190,000 for the purpose of financing local public improvements throughout the City. The Water Utility issued the Waterworks Revenue Bonds of 2021 with a par value of \$51,600,000 to finance additions, extensions, and improvements to the municipal waterworks utility. The Electric Utility issued the Electric Utility Revenue Bonds of 2021 with a par value of \$30,855,000 to finance additions, extensions, and improvements to the municipal electric utility.

**Outstanding Bonds Debt at Year-End**

	<u>2021</u>	<u>2020</u>
<b>Governmental:</b>		
Tax Increment	\$ 53,400,708	\$ 5,622,625
<b>Business-Type:</b>		
Water Utility	68,227,165	16,040,000
Wastewater Utility	65,254,041	71,094,023
Electric Utility	33,326,879	-
Subtotal	<u>166,808,085</u>	<u>87,134,023</u>
Total	<u>\$ 220,208,793</u>	<u>\$ 92,756,648</u>

Net principal bond payments of \$2,210,000 and \$7,280,000 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.

The City issued Lease Rental Revenue Bonds in 2021 and they were rated AA-.

The City issued Waterworks Revenue Bonds in 2021 and they were rated AA-.

The City also issued Electric Revenue Bonds in 2021 and they were rated Aa3.

A detailed listing of the City's debt can be found in the Notes to the Financial Statements (Note 3).

**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. 2021 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 2020 census number was 51,063. Unemployment in St Joseph County Indiana is at 5.3% as recorded in December of 2021. This is an increase from .3% in December of 2020.

### **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%). 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 2021, the City only received 66.8% of its distribution of property tax. Due to the property tax caps (Circuit Breaker), the City was left short \$9 million in funds. With these expected losses each year and with debt in St. Joseph County falling below the levy in 2021 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 2021 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 2021, the City of Mishawaka submitted another balanced budget. The adopted FY2021 Civil City Budget is \$58,332,489, which is 3.64% higher than in FY2020. The General fund budget for FY2021 is \$36,640,673, which is slightly higher than FY2020. The goal in 2021 was to underspend, hoping to increase cash reserves. This was attained with the combined fund balances increasing before the addition from new debt.

#### City Highlights:

- Juday Creek Wellfield – This \$31 million, new facility will enhance our distribution system by adding 8.2 million gallons of water per day with room to expand that total to 12.5 million gallons.
- New City Hall – Consolidation of old City Hall, Police Department and the Utility Business Office began in 2021. Construction continues into 2022 and will be fully operational and by Thanksgiving.
- Ironworks Skate/Events/Café Center – continued development in downtown includes a new event center which will bring people down to the Riverwalk year round.
- Fire Station #2 – our newest station will be built on McKinley Ave in front of Liberty School. Design began in 2021.

**Restatement**

Fund balance has been restated to report the Rainy Day Fund as part of the General Fund in accordance with GAAP.

**General Fund**

General Fund Balance – December 31, 2020 (as restated)	\$ 15,858,030
Add: Consolidation of Rainy Day Fund	<u>586,340</u>
Fund Balance – December 31, 2020 (as restated)	<u><u>\$ 16,444,370</u></u>

**Rainy Day Fund**

Rainy Day Fund Balance	
– December 31, 2020 (as restated)	\$ 586,340
Less: Consolidation of General fund	<u>(586,340)</u>
Fund Balance – December 31, 2020 (as restated)	<u><u>\$ -</u></u>

**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. 3<sup>rd</sup> Street, Mishawaka, IN 46544 or by email at [rmaguire@mishawaka.in.gov](mailto:rmaguire@mishawaka.in.gov).

**City of Mishawaka, Indiana**

Statement of Net Position  
December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 124,832,408	\$ 33,459,356	\$ 158,291,764
Receivables (net of allowances for uncollectibles):			
Accounts	575,247	4,384,998	4,960,245
Interest	5,936	-	5,936
Taxes	33,468,303	-	33,468,303
Intergovernmental	752,618	-	752,618
Loan	691,777	-	691,777
Inventories	-	5,146,911	5,146,911
Prepays	585,195	407,155	992,350
Restricted assets:			
Revenue bond covenant cash	-	9,605,773	9,605,773
Debt service reserve cash	-	6,918,565	6,918,565
Improvement fund cash	-	13,325,007	13,325,007
Reserve account cash	-	1,028,218	1,028,218
Construction fund cash	-	49,142,287	49,142,287
Consumer meter deposit cash	-	4,477,365	4,477,365
Net pension asset	8,034,969	2,190,082	10,225,051
Cash and cash equivalents	1,140,694	-	1,140,694
Capital assets:			
Land and construction in progress	51,275,712	51,405,345	102,681,057
Other capital assets, net of depreciation	233,186,270	211,330,035	444,516,305
<b>Total assets</b>	<b>454,549,129</b>	<b>392,821,097</b>	<b>847,370,226</b>
<b>Deferred Outflows of Resources</b>			
Deferred amount on refunding of debt	-	304,966	304,966
Pension related	8,877,755	1,953,241	10,830,996
OPEB related	2,376,425	281,606	2,658,031
Utility rate making expenses	-	552,154	552,154
<b>Total deferred outflows of resources</b>	<b>11,254,180</b>	<b>3,091,967</b>	<b>14,346,147</b>

See notes to financial statements

**City of Mishawaka, Indiana**

Statement of Net Position  
December 31, 2021

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 3,145,888	\$ 6,640,262	\$ 9,786,150
Accrued payroll and withholdings payable	165,417	230,744	396,161
Taxes payable	-	307,923	307,923
Accrued interest payable	20,363	2,076,964	2,097,327
Claims payable	453,932	-	453,932
Unearned revenue	4,760,910	-	4,760,910
Customer deposits payable	-	4,477,365	4,477,365
Liabilities payable from restricted assets:			
Interest payable	973,260	-	973,260
Noncurrent liabilities:			
Due within one year:			
Capital lease obligations	493,209	81,932	575,141
Compensated absences	627,282	155,030	782,312
Notes and loans payable	-	125,000	125,000
Revenue bonds payable	-	9,295,000	9,295,000
TIF bonds payable	3,135,000	-	3,135,000
Due in more than one year:			
Capital lease obligations	486,767	-	486,767
Revenue bonds payable (net of unamortized premiums)	-	157,513,085	157,513,085
Notes and loans payable	-	1,076,000	1,076,000
TIF bonds payable (net of unamortized discounts)	50,265,708	-	50,265,708
Compensated absences	328,186	149,317	477,503
Other long-term payables:			
Net pension liability	41,196,575	216,617	41,413,192
Total OPEB liability	33,958,921	4,024,108	37,983,029
<b>Total liabilities</b>	<b>140,011,418</b>	<b>186,369,347</b>	<b>326,380,765</b>
<b>Deferred Inflows of Resources</b>			
Pension related	15,485,234	4,539,179	20,024,413
OPEB related	17,788,280	1,987,186	19,775,466
Unavailable revenue	25,862,108	-	25,862,108
<b>Total deferred inflows of resources</b>	<b>59,135,622</b>	<b>6,526,365</b>	<b>65,661,987</b>
<b>Net Position</b>			
Net investment in capital assets	269,088,188	144,643,770	413,731,958
Net position, restricted for:			
Public safety	3,843,305	-	3,843,305
Highways and streets	4,035,161	-	4,035,161
General government	23,395	-	23,395
Culture and recreation	4,489,719	-	4,489,719
Economic development	17,334,588	-	17,334,588
Capital projects	19,850,868	14,353,225	34,204,093
Debt service	11,261,197	16,524,338	27,785,535
Sanitation	1,091,849	-	1,091,849
Pension	8,034,969	2,190,082	10,225,051
Net position, unrestricted (deficit)	(72,396,970)	25,305,937	(47,091,033)
<b>Total net position</b>	<b>\$ 266,656,269</b>	<b>\$ 203,017,352</b>	<b>\$ 469,673,621</b>

See notes to financial statements

**City of Mishawaka, Indiana**

Statement of Activities

Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 6,797,210	\$ 1,012,735	\$ 523,766	\$ -	\$ (5,260,709)	\$ -	\$ (5,260,709)
Public safety	25,751,864	2,795,297	117,100	68,277	(22,771,190)	-	(22,771,190)
Highways and streets	12,035,775	17,052	1,761,770	1,315,568	(8,941,385)	-	(8,941,385)
Community development	687,306	-	518,303	-	(169,003)	-	(169,003)
Culture and recreation	6,366,812	1,519,951	-	-	(4,846,861)	-	(4,846,861)
Sanitation	2,650,364	2,623,945	-	-	(26,419)	-	(26,419)
Interest on long-term debt	724,262	-	-	-	(724,262)	-	(724,262)
Total governmental activities	55,013,593	7,968,980	2,920,939	1,383,845	(42,739,829)	-	(42,739,829)
Business-type activities:							
Water	9,522,247	13,024,071	-	760,999	-	4,262,823	4,262,823
Wastewater	19,308,861	20,851,527	-	650,210	-	2,192,876	2,192,876
Electric	58,864,848	60,965,094	-	-	-	2,100,246	2,100,246
Total business-type activities	\$ 87,695,956	\$ 94,840,692	\$ -	\$ 1,411,209	-	8,555,945	8,555,945
Total primary government	\$ 142,709,549	\$ 102,809,672	\$ 2,920,939	\$ 2,795,054	(42,739,829)	8,555,945	(34,183,884)
General revenues:							
Property taxes					42,644,931	-	42,644,931
Income taxes					19,583,193	-	19,583,193
Other taxes					1,081,626	-	1,081,626
Local shared revenue					3,979,993	-	3,979,993
Unrestricted investment earnings					627,831	352,509	980,340
Donations					158,872	-	158,872
Gain (loss) on sale of assets					51,565	(59,086)	(7,521)
Miscellaneous					6,742,749	-	6,742,749
Transfers					17,640,000	(17,640,000)	-
Total general revenues and transfers					92,510,760	(17,346,577)	75,164,183
Change in net position					49,770,931	(8,790,632)	40,980,299
<b>Net Position, Beginning</b>					216,885,338	211,807,984	428,693,322
<b>Net Position, Ending</b>					\$ 266,656,269	\$ 203,017,352	\$ 469,673,621

See notes to financial statements

**City of Mishawaka, Indiana**

Balance Sheet -  
 Governmental Funds  
 December 31, 2021

	General	Consolidated TIF	Redevelopment Stimulus	New City Hall Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 14,910,030	\$ 16,937,216	\$ 39,040,650	\$ 11,622,395	\$ 39,335,963	\$ 121,846,254
Receivables						
Taxes	23,465,608	-	-	-	10,002,695	33,468,303
Interest	289	-	240	4,853	554	5,936
Accounts	457,609	-	-	-	117,638	575,247
Intergovernmental	105,935	4,239	-	-	642,444	752,618
Loans	-	500,000	-	-	191,777	691,777
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 38,939,471</u>	<u>\$ 17,441,455</u>	<u>\$ 39,040,890</u>	<u>\$ 11,627,248</u>	<u>\$ 50,291,071</u>	<u>\$ 157,340,135</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 143,595	\$ 438,009	\$ 34,000	\$ 1,724,273	\$ 623,100	\$ 2,962,977
Accrued payroll and withholdings payable	82,633	-	-	-	82,784	165,417
Unearned revenue	-	-	-	-	4,760,910	4,760,910
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>226,228</u>	<u>438,009</u>	<u>34,000</u>	<u>1,724,273</u>	<u>5,466,794</u>	<u>7,889,304</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	22,954,891	-	-	-	8,828,079	31,782,970
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total deferred inflows of resources	<u>22,954,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,828,079</u>	<u>31,782,970</u>
<b>Fund Balances</b>						
Restricted	-	17,003,446	39,006,890	9,902,975	36,017,284	101,930,595
Assigned	350,227	-	-	-	-	350,227
Unassigned	15,408,125	-	-	-	(21,086)	15,387,039
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>15,758,352</u>	<u>17,003,446</u>	<u>39,006,890</u>	<u>9,902,975</u>	<u>35,996,198</u>	<u>117,667,861</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 38,939,471</u>	<u>\$ 17,441,455</u>	<u>\$ 39,040,890</u>	<u>\$ 11,627,248</u>	<u>\$ 50,291,071</u>	<u>\$ 157,340,135</u>

See notes to financial statements

## City of Mishawaka, Indiana

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
December 31, 2021

<b>Fund Balance, Governmental Funds</b>		<b>\$ 117,667,861</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Land and construction in progress	\$ 51,275,712	
Capital assets, net of depreciation	<u>233,186,270</u>	284,461,982
Prepays are not current financial resources and, therefore, are not reported in the funds.		585,195
Pension liability, pension assets, and OPEB liabilities, are not paid from or used for current financial resources and therefore are not shown in the funds.		
Net pension asset	8,034,969	
OPEB liability	(33,958,921)	
Net pension liability	<u>(41,196,575)</u>	(67,120,527)
Deferred outflows of resources on pension related items are not recognized in the governmental funds, but are recorded in the statement of net position		8,877,755
Deferred outflows of resources on OPEB related items are not recognized in the governmental funds, but are recorded in the statement of net position		2,376,425
Deferred inflows of resources on pension related items are not recognized in the governmental funds, but are recorded in the statement of net position		(15,485,234)
Deferred inflows of resources on OPEB related items are not recognized in the governmental funds, but are recorded in the statement of net position		(17,788,280)
Unavailable revenues are not available to pay current liabilities and, therefore, are not reported as liabilities in the Statement of Net Position.		5,920,862
Internal service funds are used by management to charge the costs of insurance to General and Highway Funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		3,490,005
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(955,468)
Accrued interest on bonds payable is not due and payable in the current period and, therefore, is not reported in the funds.		(993,623)
Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the funds:		(979,976)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Tax increment financing bonds		<u>(53,400,708)</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 266,656,269</u></b>

See notes to financial statements

**City of Mishawaka, Indiana**

 Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Governmental funds  
 Year Ended December 31, 2021

	General	Consolidated TIF	Redevelopment Stimulus	New City Hall Construction	Nonmajor Governmental Funds	Total
<b>Revenues</b>						
Taxes:						
Property	\$ 18,206,240	\$ 20,758,374	\$ -	\$ -	\$ 5,958,497	\$ 44,923,111
Income	5,058,405	-	-	-	8,603,926	13,662,331
Other	-	-	-	-	1,081,626	1,081,626
Licenses and permits	501,813	-	-	-	122,787	624,600
Intergovernmental	2,393,628	-	-	-	5,891,149	8,284,777
Charges for services	3,126,021	-	-	-	4,205,585	7,331,606
Fines and forfeits	8,854	-	-	-	3,920	12,774
Investment earnings	306,026	202,329	5,658	7,653	106,165	627,831
Other:						
Donation	-	-	-	-	158,872	158,872
Miscellaneous	14,941	1,505,687	50,438	-	558,348	2,129,414
<b>Total revenues</b>	<b>29,615,928</b>	<b>22,466,390</b>	<b>56,096</b>	<b>7,653</b>	<b>26,690,875</b>	<b>78,836,942</b>
<b>Expenditures</b>						
Current:						
General government	6,178,303	-	217,921	-	2,388,135	8,784,359
Public safety	27,296,849	-	-	-	1,481,738	28,778,587
Highways and streets	414,810	-	-	-	5,789,755	6,204,565
Culture and recreation	-	-	-	-	4,386,270	4,386,270
Sanitation	-	-	-	-	2,544,214	2,544,214
Community development	209,346	497,673	-	-	132,749	839,768
Debt service:						
Principal	-	-	-	-	2,691,772	2,691,772
Interest	-	-	-	-	163,312	163,312
Bond issue costs	-	-	321,910	-	-	321,910
Capital outlay:						
General government	709,805	-	-	10,104,678	140,406	10,954,889
Public safety	-	-	67,619	-	1,044,503	1,112,122
Highways and streets	-	11,006,424	6,014,578	-	2,331,417	19,352,419
Culture and recreation	-	-	-	-	285,949	285,949
<b>Total expenditures</b>	<b>34,809,113</b>	<b>11,504,097</b>	<b>6,622,028</b>	<b>10,104,678</b>	<b>23,380,220</b>	<b>86,420,136</b>
Excess (deficiency) of revenues over (under) expenditures	(5,193,185)	10,962,293	(6,565,932)	(10,097,025)	3,310,655	(7,583,194)
<b>Other Financing Sources (Uses)</b>						
Bond proceeds	-	-	37,126,353	-	5,063,647	42,190,000
Premium on bonds issued	-	-	8,446,469	-	-	8,446,469
Sale of assets	29,274	-	-	-	22,291	51,565
Transfers in	4,477,893	-	-	20,000,000	5,738,657	30,216,550
Transfers out	-	(7,241,799)	-	-	(1,856,858)	(9,098,657)
<b>Total other financing sources and uses</b>	<b>4,507,167</b>	<b>(7,241,799)</b>	<b>45,572,822</b>	<b>20,000,000</b>	<b>8,967,737</b>	<b>71,805,927</b>
<b>Net change in fund balances</b>	<b>(686,018)</b>	<b>3,720,494</b>	<b>39,006,890</b>	<b>9,902,975</b>	<b>12,278,392</b>	<b>64,222,733</b>
Fund balance, beginning as previously stated	15,858,030	13,282,952	-	-	24,304,146	53,445,128
Adjustment to fund balance (See Note 3)	586,340	-	-	-	(586,340)	-
<b>Fund Balances, Beginning</b>	<b>16,444,370</b>	<b>13,282,952</b>	<b>-</b>	<b>-</b>	<b>23,717,806</b>	<b>53,445,128</b>
<b>Fund Balances, Ending</b>	<b>\$ 15,758,352</b>	<b>\$ 17,003,446</b>	<b>\$ 39,006,890</b>	<b>\$ 9,902,975</b>	<b>\$ 35,996,198</b>	<b>\$ 117,667,861</b>

See notes to financial statements

## City of Mishawaka, Indiana

Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended December 31, 2021

### Net Change in Fund, Total Governmental Funds

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

Net change in fund balances, total governmental funds (Statement of Revenues, Expenditures and Changes in Fund Balances)	\$ 64,222,733
--	---------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as in the current period:

Capital outlays	31,705,379
Loss on disposal of assets	(18,295)
Depreciation expense	(10,422,033)

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

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

Principal payments	\$ 2,210,000	
Principal paid on loans	1,121,898	
Amortization of bond discount/premium and loss on refunding	648,386	
Par amount of bonds issued	(42,190,000)	
Bond premium	(8,446,469)	
Principal paid on capital lease	481,772	(46,174,413)

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

Deferred inflows, pensions	(12,618,535)
Deferred inflows, OPEB	(607,460)
Unavailable revenue	3,642,682

Expenses in the Statement of Activities that do not provide current financial resources are not reported as expenditures in the funds:

Deferred outflows of resources, pensions	3,034,114
Deferred outflows of resources, OPEB	(601,242)

Compensated absences reported in the Statement of Activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds.

13,829

Prepays amortized in the Statement of Activities require the use of current financial resources and, therefore, are reported as expenditures in governmental funds when paid.

27,119

Accrued interest reported in the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(887,425)

Pension assets are considered revenues of the general government and, therefore, are not reported as current revenues in the funds.

8,034,969

Pension obligations are considered expenses of the general government and, therefore, are not reported as current expenditures in the funds.

7,436,966

OPEB liability reported in the Statement of Activities does not require the use of current resources and, therefore, are not reported as expenditures in governmental funds.

3,359,242

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.

(376,699)

### Change in Net Position of Governmental Activities (Statement of Activities)

\$ 49,770,931

See notes to financial statements

**City of Mishawaka, Indiana**

 Statement of Net Position -  
 Proprietary Funds  
 December 31, 2021

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 6,658,022	\$ 9,433,926	\$ 17,367,408	\$ 33,459,356	\$ 4,126,848
Receivables					
Accounts (net of allowance)	488,271	1,084,738	2,811,989	4,384,998	-
Inventory	541,712	-	4,605,199	5,146,911	-
Prepays	106,794	135,590	164,771	407,155	-
Restricted assets:					
Revenue bond covenant cash	4,094,843	2,987,309	2,523,621	9,605,773	-
Debt service reserve cash	2,277,474	4,641,091	-	6,918,565	-
Improvement fund cash	-	13,325,007	-	13,325,007	-
Reserve account cash	-	-	1,028,218	1,028,218	-
Construction fund cash	43,297,294	-	5,844,993	49,142,287	-
Consumer meter deposit cash	878,783	6,575	3,592,007	4,477,365	-
Net pension asset	547,521	547,521	1,095,040	2,190,082	-
Capital assets:					
Land and construction in progress	30,220,274	15,379,020	5,806,051	51,405,345	-
Other capital assets, net of depreciation	39,660,078	131,762,117	39,907,840	211,330,035	-
<b>Total assets</b>	<b>128,771,066</b>	<b>179,302,894</b>	<b>84,747,137</b>	<b>392,821,097</b>	<b>4,126,848</b>
<b>Deferred Outflows of Resources</b>					
Unamortized deferral on bond refunding	7,710	297,256	-	304,966	-
Pension related	446,170	614,730	892,341	1,953,241	-
OPEB related	78,104	76,566	126,936	281,606	-
Utility rate making expenses	20,150	-	532,004	552,154	-
<b>Total deferred outflows of resources</b>	<b>552,134</b>	<b>988,552</b>	<b>1,551,281</b>	<b>3,091,967</b>	<b>-</b>

See notes to financial statements

**City of Mishawaka, Indiana**

 Statement of Net Position -  
 Proprietary Funds  
 December 31, 2021

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Internal Service Fund</b>
	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Electric Utility</b>	<b>Total</b>	
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 1,831,541	\$ 729,266	\$ 4,079,455	\$ 6,640,262	\$ 182,911
Accrued payroll and withholdings payable	52,055	73,699	104,990	230,744	-
Taxes payable	237,163	-	70,760	307,923	-
Accrued interest payable	824,725	774,244	477,995	2,076,964	-
Claims payable	-	-	-	-	453,932
Customer deposits payable	878,783	6,575	3,592,007	4,477,365	-
<b>Total current liabilities</b>	<b>3,824,267</b>	<b>1,583,784</b>	<b>8,325,207</b>	<b>13,733,258</b>	<b>636,843</b>
<b>Noncurrent Liabilities</b>					
Due within one year:					
Capital lease obligations	23,188	19,710	39,034	81,932	-
Compensated absences	42,695	40,972	71,363	155,030	-
Notes and loans payable	-	125,000	-	125,000	-
Revenue bonds, current	2,100,000	5,680,000	1,515,000	9,295,000	-
Due in more than one year:					
Revenue bonds payable (net of unamortized premium)	66,127,165	59,574,041	31,811,879	157,513,085	-
Notes and loans payable	-	1,076,000	-	1,076,000	-
Compensated absences	51,005	47,902	50,410	149,317	-
Net pension liability	-	216,617	-	216,617	-
Total OPEB liability	1,116,093	1,094,122	1,813,893	4,024,108	-
<b>Total liabilities</b>	<b>73,284,413</b>	<b>69,458,148</b>	<b>43,626,786</b>	<b>186,369,347</b>	<b>636,843</b>
<b>Deferred Inflows of Resources</b>					
Pension related	1,050,519	1,387,622	2,101,038	4,539,179	-
OPEB related	565,743	530,464	890,979	1,987,186	-
<b>Total deferred inflows of resources</b>	<b>1,616,262</b>	<b>1,918,086</b>	<b>2,992,017</b>	<b>6,526,365</b>	<b>-</b>
<b>Net Position</b>					
Net investment in capital assets	44,955,153	80,963,642	18,724,975	144,643,770	-
Restricted:					
Capital projects	-	13,325,007	1,028,218	14,353,225	-
Debt service	6,372,317	7,628,400	2,523,621	16,524,338	-
Pension	547,521	547,521	1,095,040	2,190,082	-
Unrestricted	2,547,534	6,450,642	16,307,761	25,305,937	3,490,005
<b>Total net position</b>	<b>\$ 54,422,525</b>	<b>\$ 108,915,212</b>	<b>\$ 39,679,615</b>	<b>\$ 203,017,352</b>	<b>\$ 3,490,005</b>

See notes to financial statements

**City of Mishawaka, Indiana**

 Statement of Revenues, Expenses and Changes in Fund Net Position -  
 Proprietary Funds  
 Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
<b>Operating Revenues</b>					
Unmetered revenue	\$ 3,745	\$ -	\$ -	\$ 3,745	\$ -
Metered revenue:					
Residential	4,766,630	-	24,706,523	29,473,153	-
Commercial	4,681,919	-	30,394,315	35,076,234	-
Public street and highway lighting	-	-	693,214	693,214	-
Measured revenue:					
Residential	-	9,794,838	-	9,794,838	-
Commercial	-	10,331,955	-	10,331,955	-
Fire protection	2,622,589	-	-	2,622,589	-
Penalties	50,579	264,269	218,385	533,233	-
Insurance reimbursements and refunds	-	-	-	-	11,849,193
Miscellaneous	898,609	460,465	4,952,657	6,311,731	13,544
<b>Total operating revenues</b>	<b>13,024,071</b>	<b>20,851,527</b>	<b>60,965,094</b>	<b>94,840,692</b>	<b>11,862,737</b>
<b>Operating Expenses</b>					
Source of supply and expense, operation and maintenance	3,837,751	3,844,917	-	7,682,668	-
Transmission and distribution	880,344	-	6,332,995	7,213,339	-
Customer accounts	21,273	6,403	143,820	171,496	-
Administrative and general	615,008	387,418	6,155,602	7,158,028	-
Insurance claims and expenses	-	273,906	-	273,906	12,239,436
Purchased power	618,951	501,221	42,267,570	43,387,742	-
Sewer, operation and maintenance	-	4,804,708	-	4,804,708	-
Pretreatment, operation and maintenance	-	805,656	-	805,656	-
Chemicals	-	182,981	-	182,981	-
Depreciation	1,585,250	4,238,787	2,917,889	8,741,926	-
<b>Total operating expenses</b>	<b>7,558,577</b>	<b>15,045,997</b>	<b>57,817,876</b>	<b>80,422,450</b>	<b>12,239,436</b>
<b>Operating income (loss)</b>	<b>5,465,494</b>	<b>5,805,530</b>	<b>3,147,218</b>	<b>14,418,242</b>	<b>(376,699)</b>
<b>Nonoperating Revenues (Expenses)</b>					
Interest and investment revenue	30,469	273,905	48,135	352,509	-
Amortization expense	(114,583)	(90,016)	(27,358)	(231,957)	-
Gain/(loss) on disposal of assets	(31,309)	50,000	(77,777)	(59,086)	-
Interest expense	(1,168,138)	(2,030,382)	(365,136)	(3,563,656)	-
Transfers out, payments in lieu of taxes	(680,949)	(2,142,466)	(654,478)	(3,477,893)	-
Capital contributions	760,999	650,210	-	1,411,209	-
Transfers in	-	3,360,000	246,934	3,606,934	-
Transfers out	(123,467)	(123,467)	(21,000,000)	(21,246,934)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(1,326,978)</b>	<b>(52,216)</b>	<b>(21,829,680)</b>	<b>(23,208,874)</b>	<b>-</b>
<b>Change in net position</b>	<b>4,138,516</b>	<b>5,753,314</b>	<b>(18,682,462)</b>	<b>(8,790,632)</b>	<b>(376,699)</b>
<b>Total Net Position, Beginning</b>	<b>50,284,009</b>	<b>103,161,898</b>	<b>58,362,077</b>	<b>211,807,984</b>	<b>3,866,704</b>
<b>Total Net Position, Ending</b>	<b>\$ 54,422,525</b>	<b>\$ 108,915,212</b>	<b>\$ 39,679,615</b>	<b>\$ 203,017,352</b>	<b>\$ 3,490,005</b>

See notes to financial statements

**City of Mishawaka, Indiana**
**Statement of Cash Flows -**
**Proprietary Funds**

Year Ended December 31, 2021

	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Electric Utility</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>Cash Flows From Operating Activities</b>					
Receipts from customers and users	\$ 12,940,387	\$ 20,916,242	\$ 61,253,139	\$ 95,109,768	\$ -
Receipts from interfund services provided	-	-	-	-	11,862,737
Payments to suppliers	(2,578,240)	(8,154,800)	(51,335,709)	(62,068,749)	-
Payments to employees	(2,211,681)	(3,256,594)	(4,093,746)	(9,562,021)	-
Payments for interfund services used	-	-	-	-	(12,057,038)
Net cash provided by operating activities	<u>8,150,466</u>	<u>9,504,848</u>	<u>5,823,684</u>	<u>23,478,998</u>	<u>(194,301)</u>
<b>Cash Flows From Noncapital Financing Activities</b>					
Transfer from/(to) other funds	(804,416)	1,094,067	(21,407,544)	(21,117,893)	-
<b>Cash Flows From Capital and Related Financing Activities</b>					
Acquisition and construction of capital assets	(11,729,136)	(3,883,559)	(5,560,113)	(21,172,808)	-
Issuance of debt	51,600,000	-	30,855,000	82,455,000	-
Premium on issuance of debt	2,533,563	-	2,659,261	5,192,824	-
Principal paid on debt	(1,805,000)	(5,475,000)	-	(7,280,000)	-
Principal paid on capital leases	(22,575)	(19,189)	(38,001)	(79,765)	-
Principal paid on loans	-	(121,000)	-	(121,000)	-
Interest paid	(567,589)	(2,489,329)	(76,443)	(3,133,361)	-
Proceeds from sale of assets	1,223	4,369	388	5,980	-
Net cash provided by capital financing activities	<u>40,010,486</u>	<u>(11,983,708)</u>	<u>27,840,092</u>	<u>55,866,870</u>	<u>-</u>
<b>Cash Flows From Investing Activities</b>					
Interest received	35,078	274,567	48,135	357,780	-
Net cash provided by investing activities	<u>35,078</u>	<u>274,567</u>	<u>48,135</u>	<u>357,780</u>	<u>-</u>
Net increase in cash and cash equivalents	47,391,614	(1,110,226)	12,304,367	58,585,755	(194,301)
<b>Cash and Cash Equivalents, Beginning</b>	<u>9,814,802</u>	<u>31,504,134</u>	<u>18,051,880</u>	<u>59,370,816</u>	<u>4,321,149</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 57,206,416</u>	<u>\$ 30,393,908</u>	<u>\$ 30,356,247</u>	<u>\$ 117,956,571</u>	<u>\$ 4,126,848</u>

See notes to financial statements

**City of Mishawaka, Indiana**
**Statement of Cash Flows -**
**Proprietary Funds**

Year Ended December 31, 2021

	Water Utility	Wastewater Utility	Electric Utility	Total	Internal Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>					
<b>Used by Operating Activities</b>					
Operating income (loss)	\$ 5,465,494	\$ 5,805,530	\$ 3,147,218	\$ 14,418,242	\$ (376,699)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:					
Depreciation expense	1,585,250	4,238,787	2,917,889	8,741,926	-
(Increase) decrease in assets:					
Accounts receivable	(83,684)	64,715	288,045	269,076	-
Inventories	(235,051)	-	(402,519)	(637,570)	-
Prepaid items	(5,084)	(5,577)	(13,104)	(23,765)	-
Net pension asset	(375,363)	(375,363)	(750,723)	(1,501,449)	-
Increase (decrease) in liabilities:					
Accounts payable	1,500,518	(65,882)	603,494	2,038,130	(271,534)
Contracts payable	-	(3,782)	-	(3,782)	-
Accrued payroll and withholdings payable	(6,630)	(8,595)	20,642	5,417	-
Taxes payable	206,091	-	(167,152)	38,939	-
Customer deposits	154,171	995	306,107	461,273	-
Compensated absences payable	2,941	(2,188)	(25,011)	(24,258)	-
Claims payable	-	-	-	-	453,932
Net pension liability	-	(267,230)	-	(267,230)	-
OPEB	(85,991)	(73,228)	(138,821)	(298,040)	-
(Increase) decrease in deferred outflows:					
Deferred outflows, pensions	7,598	(46,062)	15,195	(23,269)	-
Deferred outflows, OPEB	17,811	16,579	28,874	63,264	-
Increase (decrease) in deferred inflows:					
Deferred inflows, pension	(28,739)	190,563	(57,476)	104,348	-
Deferred inflows, OPEB	31,134	35,586	51,026	117,746	-
<b>Total adjustments</b>	<b>2,684,972</b>	<b>3,699,318</b>	<b>2,676,466</b>	<b>9,060,756</b>	<b>182,398</b>
<b>Net cash used by operating activities</b>	<b>\$ 8,150,466</b>	<b>\$ 9,504,848</b>	<b>\$ 5,823,684</b>	<b>\$ 23,478,998</b>	<b>\$ (194,301)</b>
<b>Noncash Investing, Capital and Financing Activities</b>					
Work in progress moved to capital assets	\$ 472,105	\$ 6,138,541	\$ 13,882	\$ 6,624,528	
Disposal of capital assets	\$ 112,232	\$ 441,015	\$ 437,823	\$ 991,070	

See notes to financial statements

## City of Mishawaka, Indiana

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Statement of Fiduciary Net Position -

Pension Trust Funds

December 31, 2021

	<b>Pension Trust Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,345,394
Investments at fair value:	
Mutual funds	28,668,559
Municipal bonds	182,198
Total investments	28,850,757
Total assets	31,196,151
Net position	
Restricted for pensions	\$ 31,196,151

See notes to financial statements

## City of Mishawaka, Indiana

Statement of Changes in Fiduciary Net Position -

Fiduciary Funds

Year Ended December 31, 2021

	<b>Pension Trust Funds</b>
<b>Additions</b>	
Contributions:	
Employer contributions	\$ 4,335,774
Total contributions	<u>4,335,774</u>
Investment income:	
Interest	17
Net increase in fair value of investments	<u>2,904,461</u>
Total investment income	<u>2,904,478</u>
Total additions	<u>7,240,252</u>
<b>Deductions</b>	
Benefit payments (including refunds of employee contributions)	4,358,845
Administrative expenses	<u>2,100</u>
Total deductions	<u>4,360,945</u>
Change in fiduciary net position	2,879,307
<b>Net Position, Beginning</b>	<u>28,316,844</u>
<b>Net Position, Ending</b>	<u><u>\$ 31,196,151</u></u>

See notes to financial statements

# City of Mishawaka, Indiana

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December 31, 2021

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# City of Mishawaka, Indiana

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Notes to Financial Statements  
December 31, 2021

## 1. Summary of Significant Accounting Policies

The City of Mishawaka, Indiana (City or 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, Indiana 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).

### 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.

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

## 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.

## Government-Wide and Fund Financial Statements

### 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.

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 funds:

### **General 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.

### **Redevelopment Stimulus - Special Revenue Fund**

Redevelopment Stimulus - Special Revenue Fund is used to account for receipts and expenditures related to stimulus funds.

### **Consolidated TIF - Capital Projects 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.

### **New City Hall Construction Fund - Capital Projects Fund**

New City Hall Construction Fund - Capital Projects Fund is used to account for activity associated with the renovation of the new City Hall Building

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**

Special Revenue Funds 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).

**Debt Service Funds**

Debt Service Funds are 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**

Capital Projects Funds are 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**

Internal Service Funds are 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**

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

**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.

# City of Mishawaka, Indiana

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Notes to Financial Statements  
December 31, 2021

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.

## **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, Indiana

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Notes to Financial Statements  
December 31, 2021

### **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity**

#### **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.

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 3.

## City of Mishawaka, Indiana

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Notes to Financial Statements  
December 31, 2021

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 3. for further information.

### 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.

### 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.

### 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.

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

## 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 \$100,000 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.

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:

	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Buildings and improvements	\$100,000	Straight-line	20-50 Years
Equipment	5,000	Straight-line	3-15 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.

### 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. The City is reporting deferred outflows for pension and OPEB related items, utility rate making expenses, and a deferred amount on refunding of debt.

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.

### 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 year-end 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, 2021, are determined on the basis of current salary rates and include salary related payments.

### 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

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.

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.

## 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. The City is reporting deferred inflows related to pension and OPEB related items, and unavailable revenue related to the approved tax levy at year end.

## 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.
- 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.

## City of Mishawaka, Indiana

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Notes to Financial Statements  
December 31, 2021

- 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 3. for further information.

### **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.

### **Basis for Existing Rates**

#### **Utility Rates and Charges**

Current water rates were approved by the Common Council on December 20, 2020.

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

Current electric rates were approved by the Common Council on December 22, 2020.

### **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".

### **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.

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

## 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.

## Utility Ratemaking Expenses

The utilities amortize ratemaking expenses to transparently communicate the formal regulatory process of setting utility rates and charges. Ratemaking, typically carried out before the Indiana Utility Regulatory Commission, required utilities to account and report for this cost through annual financial statement. Although GASB no longer requires such reporting, the unit continues this practice to better facilitate the local regulatory processes.

## Unearned Revenue

The City is reporting unearned revenue for funds received but not yet obligated for a particular purpose.

## 2. Stewardship, Compliance and Accountability

### Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2021, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
COVID-19 CDBG	\$ 21,086	Timing of reimbursement

### 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:

<u>General Funds</u>	<u>Nonmajor Governmental Funds</u>	
	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
General Fund	Motor vehicle highway (restricted & unrestricted)	Cumulative capital improvement
	Local road and street	Cumulative sewer
	Public safety	Cumulative capital development
	Park and recreation	CEDIT
	Law enforcement continuing education	
	Park nonreverting operating	

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

## Budgetary Information

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.

## 3. Detailed Notes on All Funds

### Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$245,717,090	\$252,459,786	Custodial credit
Mutual Funds, bond funds	28,668,559	28,668,559	Investment custodial credit, credit, interest rate, concentration of credit risk
State and Local Bonds	182,198	182,198	Investment custodial credit, credit, interest rate
Money market funds	<u>557,977</u>	<u>557,977</u>	Custodial credit
Total deposits and investments	<u>\$275,125,824</u>	<u>\$281,868,520</u>	

#### Reconciliation to financial statements

##### Per statement of net position:

Unrestricted cash and investments \$ 158,291,764

Restricted cash and investments 85,637,909

##### Per statement of net position, fiduciary funds:

Pension trust funds cash 2,345,394

Pension trust investments 28,850,757

Total deposits and investments

\$ 275,125,824

Indiana Code 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. All other deposit accounts at December 31, 2021 were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

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, 2021			
	Level 1	Level 2	Level 3	Total
Mutual Funds, bond funds	\$ 28,668,559	\$ -	\$ -	\$ 28,668,559
State and Local Bonds	182,198	-	-	182,198
Total	<u>\$ 28,850,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,850,757</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, 2021, the Primary Government had deposit balances in the amount of \$253,017,763. 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	\$ 557,977
Total	<u>\$ 557,977</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.

### 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.

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

At December 31, 2021, the investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>	<u>Amounts</u>
Vanguard Large Cap Index Admiral	Mutual fund	16.77 %	\$ 4,930,899
Vanguard US Growth Fund Admiral	Mutual fund	7.82	2,298,776
Vanguard Windsor II Adm	Mutual fund	8.26	2,429,917
Russel Investment Grade Bond	Mutual fund	7.25	2,131,176
American Beacon Intl Equity Instl	Mutual fund	5.29	1,555,840

### 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, 2021, the City's investments were as follows:

### Pension Fund

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>More than 2</u>
Municipal bonds	\$ 182,198	\$ -	\$ 182,198	\$ -
Mutual funds	<u>28,668,559</u>	<u>28,668,559</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 28,850,757</u>	<u>\$ 28,668,559</u>	<u>\$ 182,198</u>	<u>\$ -</u>

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

### Receivables

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	<u>364,800</u>
Total uncollectibles of the current fiscal year	<u>\$ 403,352</u>

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

Governmental funds report *unavailable 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* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ -	\$ 24,511,471
Delinquent property taxes receivable	-	1,350,636
Local income taxes	-	5,920,863
ARPA funds received, not yet obligated	<u>4,760,910</u>	<u>-</u>
Total unavailable revenue for governmental funds	<u>\$ 4,760,910</u>	<u>\$ 31,782,970</u>

### Restricted Assets

The following represent the balances of the restricted assets:

Following is a list of restricted assets at December 31, 2021:

	<u>Restricted Assets</u>
Customer deposits	\$ 4,477,365
Revenue bond covenant accounts	9,605,773
Reserve account	7,946,783
Construction account	49,142,287
Equipment replacement account	13,325,007
Net pension asset	10,225,051
City debt service accounts	<u>1,140,694</u>
Total	<u>\$ 95,862,960</u>

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

### Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 13,381,950	\$ -	\$ -	\$ 13,381,950
Construction in progress	<u>20,324,178</u>	<u>25,309,980</u>	<u>7,740,396</u>	<u>37,893,762</u>
Total capital assets not being depreciated	<u>33,706,128</u>	<u>25,309,980</u>	<u>7,740,396</u>	<u>51,275,712</u>
Capital assets being depreciated:				
Buildings	42,911,044	31,500	-	42,942,544
Improvements other than buildings	43,303,766	1,075,491	-	44,379,257
Machinery, equipment and vehicles	39,164,216	1,731,675	588,814	40,307,077
Infrastructure	<u>204,405,404</u>	<u>11,297,129</u>	<u>-</u>	<u>215,702,533</u>
Total capital assets being depreciated	<u>329,784,430</u>	<u>14,135,795</u>	<u>588,814</u>	<u>343,331,411</u>
Total capital assets	<u>363,490,558</u>	<u>39,445,775</u>	<u>8,329,210</u>	<u>394,607,123</u>
Less accumulated depreciation for:				
Buildings	11,976,341	872,834	-	12,849,175
Improvements other than buildings	17,034,813	1,679,562	-	18,714,375
Machinery, equipment and vehicles	27,117,445	2,302,654	570,519	28,849,580
Infrastructure	<u>44,165,028</u>	<u>5,566,983</u>	<u>-</u>	<u>49,732,011</u>
Total accumulated depreciation	<u>100,293,627</u>	<u>10,422,033</u>	<u>570,519</u>	<u>110,145,141</u>
Net capital assets being depreciated	<u>229,490,803</u>	<u>3,713,762</u>	<u>18,295</u>	<u>233,186,270</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 263,196,931</u>	<u>\$ 29,023,742</u>	<u>\$ 7,758,691</u>	<u>\$ 284,461,982</u>

Depreciation expense was charged to functions as follows:

### Governmental Activities

General government	\$ 333,279
Public safety	1,728,693
Highways and streets	6,288,822
Community development	2,210
Culture and recreation	<u>2,069,029</u>
Total governmental activities depreciation expense	<u>\$ 10,422,033</u>

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 3,329,154	\$ -	\$ -	\$ 3,329,154
Construction in progress	<u>31,288,119</u>	<u>23,412,599</u>	<u>6,624,527</u>	<u>48,076,191</u>
Total capital assets not being depreciated	<u>34,617,273</u>	<u>23,412,599</u>	<u>6,624,527</u>	<u>51,405,345</u>
Capital assets being depreciated:				
Buildings	56,672,054	30,871	-	56,702,925
Improvements other than buildings	251,167,786	4,226,397	518,900	254,875,283
Machinery, equipment and vehicles	45,921,754	704,820	1,560	46,625,014
Transportation	<u>6,112,266</u>	<u>720,500</u>	<u>470,610</u>	<u>6,362,156</u>
Total capital assets being depreciated	<u>359,873,860</u>	<u>5,682,588</u>	<u>991,070</u>	<u>364,565,378</u>
Total capital assets	<u>394,491,133</u>	<u>29,095,187</u>	<u>7,615,597</u>	<u>415,970,723</u>
Less accumulated depreciation for:				
Buildings	22,941,092	1,093,738	-	24,034,830
Improvements other than buildings	83,123,365	5,973,692	518,901	88,578,156
Machinery, equipment and vehicles	34,573,232	1,099,015	1,560	35,670,687
Transportation	<u>4,895,089</u>	<u>575,481</u>	<u>518,900</u>	<u>4,951,670</u>
Total accumulated depreciation	<u>145,532,778</u>	<u>8,741,926</u>	<u>1,039,361</u>	<u>153,235,343</u>
Net capital assets being depreciated	<u>214,341,082</u>	<u>(3,059,338)</u>	<u>(48,291)</u>	<u>211,330,035</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 248,958,355</u>	<u>\$ 20,353,261</u>	<u>\$ 6,576,236</u>	<u>\$ 262,735,380</u>

Depreciation expense was charged to functions as follows:

<b>Business-Type Activities</b>	
Water	\$ 1,585,250
Wastewater	4,238,787
Electric	<u>2,917,889</u>
Total business-type activities depreciation expense	<u>\$ 8,741,926</u>

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

## Interfund 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	\$ 680,949	PILOT
General Fund	Wastewater Utility	2,142,466	PILOT
General Fund	Electric Utility	1,654,478	PILOT; transfer from reserve
Wastewater Utility	Consolidated TIF Area	3,360,000	Debt payments
Nonmajor Funds	Consolidated TIF Area	3,881,799	Debt payments
New City Hall Construction	Electric Utility	20,000,000	To fund City Hall improvements
Electric Utility	Water Utility	123,467	Business office expenses
Electric Utility	Wastewater Utility	123,467	Business office expenses
Nonmajor Funds	Nonmajor Funds	<u>1,856,858</u>	LRS, MVH and Bond Bank transfers
Total, fund financial statements		33,823,484	
Less fund eliminations		<u>(16,183,484)</u>	
Total transfer, government-wide statement of activities		<u>\$ 17,640,000</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, Indiana

Notes to Financial Statements  
December 31, 2021

## Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities</b>					
Bonds and notes payable:					
Tax increment financing bonds	\$ 5,630,000	\$ 42,190,000	\$ 2,210,000	\$ 45,610,000	\$ 3,135,000
Notes payable	1,121,898	-	1,121,898	-	-
(Discounts)/premiums	<u>(7,375)</u>	<u>8,446,469</u>	<u>648,386</u>	<u>7,790,708</u>	<u>-</u>
Subtotal	<u>6,744,523</u>	<u>50,636,469</u>	<u>3,980,284</u>	<u>53,400,708</u>	<u>3,135,000</u>
Other liabilities:					
Compensated absences	969,297	635,533	649,362	955,468	627,282
Capital leases	1,461,748	-	481,772	979,976	493,209
Total other postemployment benefits	37,318,163	2,821,277	6,180,519	33,958,921	-
Net pension liability	<u>48,633,541</u>	<u>2,807,418</u>	<u>10,244,384</u>	<u>41,196,575</u>	<u>-</u>
Total other liabilities	<u>88,382,749</u>	<u>6,264,228</u>	<u>17,556,037</u>	<u>77,090,940</u>	<u>1,120,491</u>
Total governmental activities long-term liabilities	<u>\$ 95,127,272</u>	<u>\$ 56,900,697</u>	<u>\$ 21,536,321</u>	<u>\$ 130,491,648</u>	<u>\$ 4,255,491</u>
<b>Business-type Activities</b>					
Bonds and notes payable:					
Water utility	\$ 16,040,000	\$ 51,600,000	\$ 1,805,000	\$ 65,835,000	\$ 2,100,000
Wastewater utility	68,565,000	-	5,475,000	63,090,000	5,680,000
Electric utility	-	30,855,000	-	30,855,000	1,515,000
Notes and loans payable	1,322,000	-	121,000	1,201,000	125,000
(Discounts)/premiums	<u>2,529,023</u>	<u>5,192,824</u>	<u>693,762</u>	<u>7,028,085</u>	<u>-</u>
Subtotal	<u>88,456,023</u>	<u>87,647,824</u>	<u>8,094,762</u>	<u>168,009,085</u>	<u>9,420,000</u>
Other liabilities:					
Compensated absences	328,605	55,445	79,703	304,347	155,030
Capital leases	161,697	-	79,765	81,932	81,932
Total other postemployment benefits	4,322,148	434,347	732,387	4,024,108	-
Net pension liability	<u>483,847</u>	<u>168,347</u>	<u>435,577</u>	<u>216,617</u>	<u>-</u>
Total other liabilities	<u>5,296,297</u>	<u>658,139</u>	<u>1,327,432</u>	<u>4,627,004</u>	<u>236,962</u>
Total business-type activities long-term liabilities	<u>\$ 93,752,320</u>	<u>\$ 88,305,963</u>	<u>\$ 9,422,194</u>	<u>\$ 172,636,089</u>	<u>\$ 9,656,962</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.

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

## Revenue Debt

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 2021, the water utility paid \$1,805,000 in debt payments or approximately 13.86% of operating revenues. The wastewater utility paid \$5,475,000 million in debt payments or approximately 26.26% of operating revenues. Bond coverage for the water utility at December 31, 2021 was 507%. Bond coverage for the wastewater utility at December 31, 2021 was 246%. 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, 2021, 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, 2021</u>
<u>Water Utility</u>					
Waterworks Refunding Revenue Bonds of 2013	08/20/13	07/01/22	2.03%	\$ 12,710,000	\$ 1,540,000
Waterworks Refunding Revenue Bonds of 2018	10/29/18	07/01/39	2.82%	13,000,000	12,695,000
Waterworks Revenue Bonds of 2021	05/19/21	01/01/42	2%-4%	51,600,000	<u>51,600,000</u>
				Total Water Utility	<u>65,835,000</u>

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2021</u>
<b><u>Wastewater Utility</u></b>					
2015 Wastewater refunding revenue bonds	08/20/15	01/01/27	2.25%-5%	\$ 34,755,000	\$ 18,735,000
2017 Sewage Works Revenue Bonds, Series A	12/08/17	03/01/34	4%	16,315,000	12,475,000
2017 Sewage Works Revenue Bonds, Series B	12/08/17	09/01/34	2.85%	24,210,000	20,000,000
2018 Sewage Works Revenue Bonds	10/16/18	09/01/39	2%-6%	12,550,000	<u>11,880,000</u>
				Total Wastewater Utility	<u>63,090,000</u>
<b><u>Electric Utility</u></b>					
Electric Utility Revenue Bonds of 2021	06/03/21	01/01/42	2-4	30,855,000	<u>30,855,000</u>
				Total business-type activities, revenue debt	<u>\$ 159,780,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 6,365,000	\$ 3,868,050
2023	8,175,000	3,604,900
2024	8,525,000	3,259,900
2025	8,905,000	2,890,675
2026	9,290,000	2,507,275
2027-2031	29,370,000	8,646,425
2032-2036	27,545,000	4,408,850
2037-2041	24,680,000	1,650,019
2042	<u>2,690,000</u>	<u>27,297</u>
Total	<u>\$ 125,545,000</u>	<u>\$ 30,863,391</u>

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

<u>Years</u>	<b>Business-Type Activities Revenue Debt - Direct Placement</b>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,930,000	\$ 949,381
2023	1,702,000	884,328
2024	1,738,000	835,886
2025	1,772,000	786,437
2026	1,813,000	736,009
2027-2031	13,479,000	2,515,105
2032-2036	8,212,000	921,695
2037-2041	2,589,000	129,114
Total	<u>\$ 34,235,000</u>	<u>\$ 7,757,955</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, net of specified operating expenses, 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 11.19% of net revenues. The total principal and interest remaining to be paid on the bonds is \$3,490,152. Principal and interest paid for the current year and total customer net revenues were \$2,309,428 and \$20,758,374, respectively. This bond includes a bond discount of \$4,916 at December 31, 2021.

The City has pledged future TIF revenues, net of specified operating expenses, to repay revenue bonds issued in 2021. Proceeds from the bonds provided financing for the certain local public improvements through the City. The bonds are payable solely from TIF revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require 100.00% of net revenues. The total principal and interest remaining to be paid on the bonds is \$54,304,343. Principal and interest paid for the current year and total customer net revenues were both \$0 in 2021. This bond includes a bond premium of \$7,795,624 at December 31, 2021.

Tax Increment Financing Bonds at December 31, 2021, consists of the following:

<b>Governmental Activities</b>	<b>Date of Issue</b>	<b>Final Maturity</b>	<b>Interest Rates</b>	<b>Original Indebtedness</b>	<b>Balance December 31, 2021</b>
<b>Tax Increment Financing Bonds</b>					
Ironworks Tax increment economic development revenue bonds, Series 2017	09/26/17	02/01/23	1.6%-2.1%	\$ 10,985,000	\$ 3,420,000
Lease Rental Revenue Bonds of 2021	06/28/21	02/15/33	3%-5%	42,190,000	<u>42,190,000</u>
Total governmental activities tax increment financing bonds					<u>\$ 45,610,000</u>

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

Debt service requirements to maturity are as follows:

<u>Years</u>	<b>Governmental Activities Tax Increment Financing Bonds</b>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 3,135,000	\$ 2,139,242
2023	3,250,000	1,808,003
2024	3,425,000	1,660,000
2025	3,590,000	1,486,625
2026	3,755,000	1,305,000
2027-2031	21,255,000	3,568,575
2032-2036	7,200,000	217,050
Total	<u>\$ 45,610,000</u>	<u>\$ 12,184,495</u>

## Business-Type Activities

<u>Other Bonds or Notes or Loans Payable</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2021</u>
2010A Sewage Works revenue bonds	01/28/10	03/01/30	3.050%	\$ 2,398,000	\$ <u>1,201,000</u>
Total business-type activities other bonds or notes or loans payable					\$ <u>1,201,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<b>Business-Type Activities Other Bonds or Notes or Loans Payable</b>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 125,000	\$ 35,685
2023	129,000	31,842
2024	133,000	27,877
2025	137,000	23,790
2026	143,000	19,566
2027-2031	534,000	33,077
Total	<u>\$ 1,201,000</u>	<u>\$ 171,837</u>

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

### Lessee, Capital Leases

The City has acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$9,726,428, with accumulated depreciation in the amount of \$3,871,771, for a book value of \$5,854,657, 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, 2021, are as follows:

Years	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 493,209	\$ 19,658	\$ 512,867	\$ 81,932	\$ 2,232	\$ 84,164
2023	192,083	7,936	200,019	-	-	-
2024	195,570	4,448	200,018	-	-	-
2025	99,114	899	100,013	-	-	-
Total	<u>\$ 979,976</u>	<u>\$ 32,941</u>	<u>\$ 1,012,917</u>	<u>\$ 81,932</u>	<u>\$ 2,232</u>	<u>\$ 84,164</u>

### Net Position/Fund Balances

Net position reported on the government wide statement of net position at December 31, 2021, includes the following:

#### Governmental Activities

Net investment in capital assets:

Land and construction in progress	\$ 51,275,712
Other capital assets, net of accumulated depreciation	233,186,270
Less long-term debt outstanding	(53,400,708)
Plus unspent capital related debt proceeds	39,006,890
Less capital lease obligations outstanding	<u>(979,976)</u>
Total net investment in capital assets	<u>\$ 269,088,188</u>

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

## Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2021, include the following:

	<u>General Fund</u>	<u>Consolidated TIF</u>	<u>Redevelopment Stimulus</u>	<u>New City Hall Construction</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Fund Balances</b>						
<b>Restricted for:</b>						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 3,843,305	\$ 3,843,305
Highways and streets	-	-	-	-	4,035,161	4,035,161
Community development	-	17,003,446	39,006,890	-	331,142	56,341,478
General government	-	-	-	-	23,395	23,395
Culture and recreation	-	-	-	-	4,489,719	4,489,719
Debt service	-	-	-	-	12,254,820	12,254,820
Capital projects	-	-	-	9,902,975	9,947,893	19,850,868
Sanitation	-	-	-	-	1,091,849	1,091,849
Subtotal	<u>-</u>	<u>17,003,446</u>	<u>39,006,890</u>	<u>9,902,975</u>	<u>36,017,284</u>	<u>101,930,595</u>
<b>Assigned to:</b>						
General government	<u>350,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,227</u>
Subtotal	<u>350,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,227</u>
<b>Unassigned:</b>	<u>15,408,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,086)</u>	<u>15,387,039</u>
Total fund balances	<u>\$ 15,758,352</u>	<u>\$ 17,003,446</u>	<u>\$ 39,006,890</u>	<u>\$ 9,902,975</u>	<u>\$ 35,996,198</u>	<u>\$ 117,667,861</u>

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

### Business-Type Activities

Net investment in capital assets:	
Land and construction in progress	\$ 51,405,345
Other capital assets, net of accumulated depreciation	211,330,035
Less long-term debt outstanding	(168,009,085)
Plus unspent capital related debt proceeds	49,142,287
Plus deferred amount on refunding	304,966
Plus deferred utility ratemaking expenses	552,154
Less capital lease obligations outstanding	<u>(81,932)</u>
Total net investment in capital assets	<u>144,643,770</u>
Restricted:	
Debt service	16,524,338
Capital projects	14,353,225
Pensions	<u>2,190,082</u>
Total restricted	<u>33,067,645</u>
Unrestricted	<u>25,305,937</u>
Total business-type activities net position	<u>\$ 203,017,352</u>

### Restatement of Fund Balances

Fund balance has been restated to correct an error in reporting the Rainy Day Fund.

#### General Fund

General Fund balance, December 31, 2020 (as reported)	\$ 15,858,030
Add Rainy Day Fund balance	<u>586,340</u>
Fund balance, December 31, 2020 (as restated)	<u>\$ 16,444,370</u>

#### Nonmajor Governmental Funds

Nonmajor Governmental Funds Fund balance, December 31, 2020 (as reported)	\$ 24,304,146
Less Rainy Day Fund balance	<u>(586,340)</u>
Fund balance, December 31, 2020 (as restated)	<u>\$ 23,717,806</u>

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

### 4. Other Information

#### Employees' Retirement System

	<u>Net Pension Liability(Asset)</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PERF	\$ 1,689,681	\$ 1,347,244	\$ 2,629,521
1977 Police	(3,984,033)	3,814,741	6,543,499
1977 Fire	(4,050,936)	3,884,333	6,649,319
1925 Police	14,922,792	-	-
1937 Fire	24,800,719	-	-
Utility	<u>(2,190,082)</u>	<u>1,784,678</u>	<u>4,202,074</u>
Total	<u>\$ 31,188,141</u>	<u>\$ 10,830,996</u>	<u>\$ 20,024,413</u>

#### 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 2019 is 11.20% of annual covered payroll. The rate for 2021 is also 11.20 percent. 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 \$723,701 for the calendar year ended December 31, 2021.

### **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 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% of the pension benefit component. This annual pension benefit is equal to 1.1% 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% 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% 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%. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84%) to age 50 being 44%.

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.

**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)% 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% 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, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for Public Employee's Retirement Fund was 25.46%.

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

### Net Pension Liability

At December 31, 2021, the City reported a liability (asset) of \$1,689,681 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 2021, the allocation was \$1,473,064 and \$216,617 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, 2021, the City's proportion was allocated as follows for 2021 and 2020:

	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2020	.0012836	.0011234	.0001602
2021	.0012841	.0011195	.0001646

The net pension liability for calendar year 2021 is calculated as set forth in the following table:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net pension liability, beginning December 31, 2020	\$ 3,379,949	\$ 497,029
Total pension expense	(165,646)	(24,359)
Difference between expected and actual experience	6,467	951
Net difference between projected and actual investments	(2,201,907)	(323,795)
Change in assumptions	1,114,324	163,864
Change in proportionate share of contributions	24,020	3,532
Defined benefit plan employer contributions	<u>(684,143)</u>	<u>(100,605)</u>
Net pension liability, December 31, 2021	<u>\$ 1,473,064</u>	<u>\$ 216,617</u>

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

## Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Governmental Activities:</b>		
Differences between expected and actual experience	\$ 50,383	\$ 29,413
Changes in assumptions	740,961	330,878
Net differences between projected and actual earnings on pension plan investments	-	1,912,640
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,953	19,486
Employer contributions subsequent to the measurement date	377,384	-
	<u>\$ 1,178,681</u>	<u>\$ 2,292,417</u>
Total		
<b>Business-Type Activities:</b>		
Differences between expected and actual experience	\$ 7,409	\$ 4,325
Changes in assumptions	108,960	48,656
Net differences between projected and actual earnings on pension plan investments	-	281,257
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,464	2,866
Employer contributions subsequent to the measurement date	50,730	-
	<u>\$ 168,563</u>	<u>\$ 337,104</u>
Total		

\$377,384 and \$50,730 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Years ending December 31:</b>	<b>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
2022	\$ (403,527)	\$ (59,339)
2023	(336,735)	(49,517)
2024	(204,133)	(30,018)
2025	(546,725)	(80,397)

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

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## Pension Expense

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

<u>Pension Expense</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Proportionate share of plan pension expense	\$ (127,182)	\$ (18,702)
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	<u>(38,464)</u>	<u>(5,657)</u>
Total	<u>\$ (165,646)</u>	<u>\$ (24,359)</u>

**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	
Assets	June 30, 2021
Liabilities	June 30, 2020 - Member census data as of June 30, 2020 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2020 and June 30, 2021. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2020 to the June 30, 2021 measurement date.
Actuarial Cost Method	Entry Age Normal (Level percent of payroll)
Experience Study Date	Period of 5 years ended June 30, 2019
Investment Rate of Return	6.25%, net of investment expense, including inflation
Cost of Living Increases	Beginning January 1, 2024 - 0.40% Beginning January 1, 2034 - 0.50% Beginning January 1, 2039 - 0.60%
Salary increases, including inflation	2.65% - 8.65%
Inflation	2.00%
Mortality:	
Healthy	Pub-2010 Public Retirement Plans Mortality Tables with a fully generational projection of mortality improvements using SOA Scale MP-2019.
Disabled	Pub-2010 Public Retirement Plans Mortality Tables with a fully generational projection of mortality improvements using SOA Scale MP-2019.
Funding policy location	<a href="http://www.in.gov/inprs/files/INPRS_Funding_Policy.pdf">www.in.gov/inprs/files/INPRS_Funding_Policy.pdf</a>

**Change in Assumptions**

- The Interest Rate / Investment Return assumption changed from 6.75% to 6.25%.
- The inflation assumption changed from 2.25% to 2.00%.
- The Future Salary Scale assumption changed from 2.75% - 8.75% to 2.65% - 8.65%.

**Changes in Actuarial Methods**

There were no changes to the actuarial methods during the fiscal year.

**Plan Amendments**

HEA 1001-2021 granted a 1% COLA effective January 1, 2022.

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

### Long-Term Return Expectation

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.

Global Asset Class	Long-Term Expected Rate of Return (Geometric Basis)	Target Asset Allocation
Public Equity	3.6%	20.0%
Private Markets	7.3	15.0
Fixed Income, Ex Inflation-Linked	1.5	20.0
Fixed Income, Inflation-Linked	(0.3)	15.0
Commodities	0.8	10.0
Real Estate	4.2	10.0
Absolute Return	2.5	5.0
Risk Parity	4.4	20.0
Leverage Offset	(1.4)	(15.0)

### Discount Rate

The discount rate used to measure the total pension liability was 6.25% as of June 30, 2021 and is equal to the long-term expected return on plan investments.

### 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 6.25%, 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 (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease to Discount Rate (5.25%)	Current Discount Rate (6.25%)	1% Increase to Discount Rate (7.25%)
Governmental activity's proportionate share of the net pension liability (asset)	\$ 3,852,706	\$ 1,473,064	\$ (511,874)
Business-type activity's proportionate share of the net pension liability (asset)	566,548	216,617	(75,272)

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

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 Annual Comprehensive Financial Report and Actuarial Valuations. These reports can be found at:

[https://www.in.gov/inprs/files/INPRSConsolidatedAR\\_FY21.pdf](https://www.in.gov/inprs/files/INPRSConsolidatedAR_FY21.pdf)  
[https://www.in.gov/inprs/files/INPRSConsolidatedAR\\_FY21\\_Actuarial.pdf](https://www.in.gov/inprs/files/INPRSConsolidatedAR_FY21_Actuarial.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 Public 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, 2021, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	80
Terminated employees entitled to but not yet receiving benefits	4
Current active employees	<u>126</u>
Total	<u><u>210</u></u>

## 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 % (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 % 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, 2021, the mandatory member contribution rate was 0% of annual pay and the actuarially determined Employer's contribution rate was 16.22% of annual payroll.

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

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

For the year ended December 31, 2021, the City recognized pension expense of \$(405,069) for the utility fund.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Water Utility	Wastewater Utility	Electric Utility
Changes in assumptions	\$ 446,170	\$ 446,167	\$ 892,341
Total	<u>\$ 446,170</u>	<u>\$ 446,167</u>	<u>\$ 892,341</u>
	Deferred Inflows of Resources		
	Water Utility	Wastewater Utility	Electric Utility
Differences between expected and actual experience	\$ 395,849	\$ 395,848	\$ 791,696
Changes in assumptions	31,664	31,664	63,329
Net differences between projected and actual earnings on pension plan investments	<u>623,006</u>	<u>623,006</u>	<u>1,246,013</u>
Total	<u>\$ 1,050,519</u>	<u>\$ 1,050,518</u>	<u>\$ 2,101,038</u>

As shown in Note 4, 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 4 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:

Years ending December 31:	Water Utility	Wastewater Utility	Electric Utility
2022	\$ (152,249)	\$ (152,249)	\$ (304,498)
2023	(266,836)	(266,836)	(533,671)
2024	(135,908)	(135,908)	(271,817)
2025	(61,974)	(61,974)	(123,948)
2026	9,588	9,588	19,176
Thereafter	<u>3,030</u>	<u>3,028</u>	<u>6,061</u>
Total	<u>\$ (604,349)</u>	<u>\$ (604,351)</u>	<u>\$ (1,208,697)</u>

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

### 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 1. The plan held \$28,850,757 of investments as of December 31, 2021. See Note 3. Deposits and Investments for more detail on these investments and their risks.

### Net Pension Liability (Asset)

The components of the net pension asset of the Utility Pension Plan at December 31, 2021 were as follows:

	Utility Pension	Allocated to:		
		Water Utility	Wastewater Utility	Electric Utility
Actuarial net pension liability	\$ 27,262,177	\$ 6,815,544	\$ 6,815,544	\$ 13,631,089
Plan fiduciary net position	(29,452,259)	(7,363,065)	(7,363,065)	(14,726,129)
Net pension liability (asset)	<u>\$ (2,190,082)</u>	<u>\$ (547,521)</u>	<u>\$ (547,521)</u>	<u>\$ (1,095,040)</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	<u>108.03 %</u>	<u>108.03 %</u>	<u>108.03 %</u>	<u>108.03 %</u>

Change in net pension assets are as follows:

Changes in Net Pension Liability (Asset)	Utility Pension		
	Total Pension Liability (Asset)	Plan Net Position	Net Pension Liability (Asset)
Balance at December 31, 2020	\$ 25,872,578	\$ (26,561,211)	\$ (688,633)
Service cost	656,666	-	656,666
Interest cost	1,744,869	-	1,744,869
Differences between expected and actual experience (gain)/loss	(1,204,137)	-	(1,204,137)
Changes in assumptions (gain)/loss	1,446,368	-	1,446,368
Employer contributions	-	(1,215,067)	(1,215,067)
Net investment income	-	(3,018,367)	(3,018,367)
Administrative expense	-	88,219	88,219
Benefit payments, including refunds	(1,254,167)	1,254,167	-
Total	<u>\$ 27,262,177</u>	<u>\$ (29,452,259)</u>	<u>\$ (2,190,082)</u>

**Actuarial Assumptions**

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

The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	December 31, 2021
Valuation Date	December 31, 2021
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	6.25%, 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-2021 (separate employee, retiree, contingent survivor and disabled retiree tables and separate male & female tables).

**Discount Rate**

The discount rate used to measure the total pension liability was 6.25% as of December 31, 2021, 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.

**Amortization Periods**

The changes in total pension liability due to liability experience losses/(gains) and changes in assumptions for the most current year have been amortized over 6.316 years, the average remaining service of all members with any liability in the plan as of January 1, 2021. The change in net pension liability due to investment losses/(gains) has been amortized over 5.000 years as prescribed.

**Assumption Changes**

The changes in assumptions for base year ending December 31, 2021 reflect the change from the use of the Pub-2010 General Amount-Weighted Mortality with Two Dimensional Generational Mortality Improvement Scale MP-2020 (separate employee, retiree, contingent survivor and disabled retiree tables and separate male & female tables) to the Pub-2010 General Amount-Weighted Mortality with Two Dimensional Generational Mortality Improvement Scale MP-2021 (separate employee, retiree, contingent survivor and disabled retiree tables and separate male & female tables).

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

### 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 6.25% 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 6.25%.

### 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 6.25%, 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 (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	Net Pension Liability (Asset)		
	1% Decrease to Discount Rate (5.25%)	Current Discount Rate (6.25%)	1% Increase to Discount Rate (7.25%)
Water Utility	\$ 247,839	\$ (547,521)	\$ (1,222,352)
Wastewater Utility	247,839	(547,521)	(1,222,352)
Electric Utility	495,678	(1,095,040)	(2,444,704)

### 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 of 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 reported 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.

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

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.

## Plan Membership

At December 31, 2021, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	<u>38</u>
Total	<u>38</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 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 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.

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 of \$1,224,258 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 1. The plan held no investments during the reporting period.

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

### Deferred Retirement Option Plan

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

### Net Pension Liability (Asset)

The components of the net pension liability of the 1925 Police Officers' Pension Plan at December 31, 2021 were as follows:

	<b>1925 Police Officers' Pension</b>
Actuarial net pension liability	\$ 15,774,656
Plan fiduciary net position	<u>(851,864)</u>
Net pension liability	<u>\$ 14,922,792</u>
Plan fiduciary net position as a percentage of total pension liability	<u>5.40 %</u>

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

<b>Changes in Net Pension Liability</b>	<b>1925 Police Officers' Pension</b>		
	<b>Total Pension Liability</b>	<b>Plan Net Position</b>	<b>Net Pension Liability</b>
Balance at December 31, 2020	\$ 16,968,702	\$ (795,240)	\$ 16,173,462
Interest cost	241,017	-	241,017
Differences between expected and actual experience (gain)/loss	(179,109)	-	(179,109)
Changes in assumptions (gain)/loss	(28,075)	-	(28,075)
Non-employer contributing entity contributions	-	(1,224,258)	(1,224,258)
Administrative expense	-	2,999	2,999
Benefit payments, including refunds	<u>(1,227,879)</u>	<u>1,164,635</u>	<u>(63,244)</u>
Balance at December 31, 2021	<u>\$ 15,774,656</u>	<u>\$ (851,864)</u>	<u>\$ 14,922,792</u>

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

For the year ended December 31, 2021, the City recognized pension expense of \$33,833. At December 31, 2021, 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, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	December 31, 2021
Valuation Date	January 1, 2021
Inflation	2.00% per annum
Salary increases	2.65% per annum
Investment Rate of Return	0.00%, net of pension plan investment expenses, including inflation
Cost of Living Increases for Certain Retirees	
Non-converted	2.65% per year in retirement
Converted	1.95% per year in retirement

Mortality rates were based on Pub-2010 Public Retirement Plans mortality tables (amount-weighted), with a fully generational projection of mortality improvements using SOA MP-2019.

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 June 2020, which covered the period beginning July 1, 2015 and ending June 30, 2019.

**Discount Rate**

The discount rate is set equal to the Barclay's 20-year Municipal Bond Index rate of 1.39% as of December 31, 2021. The discount rate decreased from the 1.49% used for the December 31, 2021 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 1.39%. The source of that bond rate was the Barclay's 20-year Municipal Bond Index as of December 31, 2021. The municipal bond rate was applied to all remaining periods.

The pension plan currently has no investments.

**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 1.39%, as well as what the plan’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.39%) or 1-percentage-point higher (2.39%) than the current rate:

	<b>1% Decrease to Discount Rate (0.39%)</b>	<b>Current Discount Rate (1.39%)</b>	<b>1% Increase to Discount Rate (2.39%)</b>
Net Pension Liability	\$ 16,647,462	\$ 14,922,792	\$ 13,479,780

**Funding Status and Funding Progress**

As of the January 1, 2021 actuarial valuation date, the plan was not funded and is on a pay as you go basis. The actuarial accrued liability for benefits was \$15,774,656, and the actuarial value of assets was \$851,864, resulting in an unfunded actuarial accrued liability of \$14,922,792. 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 of 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, Indiana

Notes to Financial Statements  
December 31, 2021

## Plan Membership

At December 31, 2021, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	<u>58</u>
Total	<u><u>58</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.

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 of \$1,919,552 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 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, Indiana

Notes to Financial Statements  
December 31, 2021

### Net Pension Liability (Asset)

The components of the net pension liability of the 1937 Firefighters' Pension Plan at December 31, 2021 were as follows:

	<b>1937 Firefighters' Pension</b>
Actuarial net pension liability	\$ 25,736,272
Plan fiduciary net position	<u>(935,553)</u>
Net pension liability	<u>\$ 24,800,719</u>
Plan fiduciary net position as a percentage of total pension liability	<u>3.64 %</u>

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

<b>Changes in Net Pension Liability</b>	<b>1937 Firefighters' Pension</b>		
	<b>Total Pension Liability</b>	<b>Plan Net Position</b>	<b>Net Pension Liability</b>
Balance at December 31, 2019	\$ 26,749,822	\$ (960,391)	\$ 25,789,431
Interest cost	392,697	-	392,697
Differences between expected and actual experience (gain)/loss	565,477	-	565,477
Changes in assumptions (gain)/loss	(52,174)	-	(52,174)
Non-employer contributing entity contributions	-	(1,919,552)	(1,919,552)
Administrative expense	-	7,650	7,650
Benefit payments, including refunds	<u>(1,919,550)</u>	<u>1,936,740</u>	<u>17,190</u>
Balance at December 31, 2021	<u>\$ 25,736,272</u>	<u>\$ (935,553)</u>	<u>\$ 24,800,719</u>

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

For the year ended December 31, 2021, the City recognized pension expense of \$906,000. At December 31, 2021, 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, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	December 31, 2021
Valuation Date	January 1, 2021
Inflation	2.00% per annum
Salary increases	2.65% per annum
Investment Rate of Return	0.00%, net of pension plan investment expenses, including inflation
Cost of Living Increases:	
Non-converted	2.65% each July 1st
Converted	1.90% on July 1, 2021; 1.95% thereafter

Mortality rates were based on Pub-2010 Public Retirement Plans mortality tables (amount-weighted), with a fully generational projection of mortality improvements using SOA MP-2019.

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 June 2021, which covered the period beginning July 1, 2015 and ending June 30, 2019.

**Discount Rate**

The discount rate is set equal to the Barclay's 20-year Municipal Bond Index rate of 1.39% as of December 31, 2021. The discount rate decreased from the 1.49% used for the December 31, 2021 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 1.39%. The source of that bond rate was the Barclay's 20-year Municipal Bond Index as of December 31, 2021. The municipal bond rate was applied to all remaining periods.

The pension plan currently has no investments.

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

### 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 1.39%, 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 (0.39%) or 1-percentage-point higher (2.39%) than the current rate:

	<b>1% Decrease to Discount Rate (0.39%)</b>	<b>Current Discount Rate (1.39%)</b>	<b>1% Increase to Discount Rate (2.39%)</b>
Net Pension Liability	\$ 27,388,250	\$ 24,800,719	\$ 22,591,512

### Funding Status and Funding Progress

As of the January 1, 2021 actuarial valuation date, the plan was not funded and is on a pay as you go basis. The actuarial accrued liability for benefits was \$25,736,272, and the actuarial value of assets was \$935,553, resulting in an unfunded actuarial accrued liability of \$24,800,719. 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 of 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 and amended by State legislative action.

Annual retirement benefits for employees are calculated equal to 50% 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% 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% 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% 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% 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, 2021 the amount held by the plan pursuant to the DROP is \$98.5 million.

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

## 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 2021, all participating employers were required to contribute 17.5% of the salary of a first-class officer or firefighter. City contributions for the year ended December 31, 2021 were \$1,142,332 and \$1,190,537 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, 2021, the City reported a net pension asset of \$3,894,033 for the Police and \$4,050,936 for the Firefighter proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on the City's reported wages as a proportion of total collective reported wages for all employers. At June 30, 2021, the City's proportion of the Police Officers' fund was 0.0067410%, which is a increase of 0.0001498% from its proportion measured as of June 30, 2020. At June 30, 2021, the City's proportion of the Firefighters' fund was 0.0068542%, which was a decrease of 0.0000530% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the City recognized pension expense of \$(324,380) for the Police Officers and \$(327,396) for the Firefighters' fund. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Police	Fire	Total
Differences between expected and actual experience	\$ 1,034,157	\$ 1,051,522	\$ 2,085,679
Changes in assumptions	2,172,295	2,208,775	4,381,070
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,606	21,601	55,207
Employer contributions subsequent to the measurement date	574,683	602,435	1,177,118
Total	<u>\$ 3,814,741</u>	<u>\$ 3,884,333</u>	<u>\$ 7,699,074</u>

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

	<b>Deferred Inflows of Resources</b>		
	<b>Police</b>	<b>Fire</b>	<b>Total</b>
Differences between expected and actual experience	\$ 114,101	\$ 116,017	\$ 230,118
Changes in assumptions	586,584	596,435	1,183,019
Net differences between projected and actual earnings on pension plan investments	5,811,261	5,908,848	11,720,109
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>31,553</u>	<u>28,019</u>	<u>59,572</u>
Total	<u>\$ 6,543,499</u>	<u>\$ 6,649,319</u>	<u>\$ 13,192,818</u>

\$574,683 reported for the Police Officers' and \$602,435 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Years ending December 31:</b>	<b>Police</b>	<b>Fire</b>	<b>Total</b>
2022	\$ (1,300,418)	\$ (1,319,828)	\$ (2,620,246)
2023	(1,108,257)	(1,127,495)	(2,235,752)
2024	(869,600)	(886,816)	(1,756,416)
2025	(1,175,889)	(1,197,248)	(2,373,137)
2026	437,327	442,939	880,266
Thereafter	713,396	721,027	1,434,423

### Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%
Salary increases	2.65%
Mortality rates	Mortality rates were based on Pub-2010 Public Retirement Plans mortality tables (amount-weighted), with a fully generational projection of mortality improvements using SOA MP-2019.
Investment rate of return (COLA) or "Ad Hoc"	6.25% net of investment expense, including inflation
(COLA) or "Ad Hoc"	1.95%

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

The actuarial assumptions used in the June 30, 2021 valuation of the Public Employees' Retirement Fund were adopted by the INPRS Board in May 2021. The majority of the actuarial and methods are based June 2020, which covered the period beginning July 1, 2015 and ending June 30, 2019. The INPRS Board adopted a funding policy in April 2014, and the policy was last updated in October 2018. The funding policy is available online at:

[www.in.gov/inprs/files/INPRS\\_Funding\\_Policy.pdf](http://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, 2021 for each major asset class are summarized in the following table:

<b>Global Asset Class</b>	<b>Long-Term Expected Rate of Return (Geometric Basis)</b>	<b>Target Asset Allocation</b>
Public Equity	3.6%	20.0%
Private Markets	7.3	15.0
Fixed Income, Ex Inflation-Linked	1.5	20.0
Fixed Income, Inflation-Linked	(0.3)	15.0
Commodities	0.8	10.0
Real Estate	4.2	10.0
Absolute Return	2.5	5.0
Risk Parity	4.4	20.0
Leverage Offset	(1.4)	(15.0)

### Discount Rate

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from units will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Sensitivity of the City's Proportionate Share of the Net Pension liability (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 6.25%, 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 (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	<b>1% Decrease to Discount Rate (5.25%)</b>	<b>Current Discount Rate (6.25%)</b>	<b>1% Increase to Discount Rate (7.25%)</b>
City's proportionate share of the net pension liability (asset)/, Police Officers'	\$4,106,098	\$(3,984,033)	\$(10,514,984)
City's proportionate share of the net pension liability (asset)/, Firefighters'	4,175,051	(4,050,936)	(10,691,559)

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

## 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 and Actuarial Valuations. These reports can be found at:

[https://www.in.gov/inprs/files/INPRSConsolidatedAR\\_FY21.pdf](https://www.in.gov/inprs/files/INPRSConsolidatedAR_FY21.pdf)  
[https://www.in.gov/inprs/files/INPRSConsolidatedAR\\_FY21\\_Actuarial.pdf](https://www.in.gov/inprs/files/INPRSConsolidatedAR_FY21_Actuarial.pdf)

## 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

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims, beginning of year	\$ 761,848	\$ 368,317
Current year claims and changes in estimates	9,469,471	12,325,051
Claim payments	<u>(9,863,002)</u>	<u>(12,239,436)</u>
Unpaid claims, end of year	<u>\$ 368,317</u>	<u>\$ 453,932</u>

## 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.

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

## 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 \$480 million in 2021 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 \$292 million and has achieved a 99.5% CSO volume reduction. To achieve an additional 0.5% volume reduction, it would cost an additional \$188 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 4 CSOs in the typical year and result in a 99.9% volume reduction. The cost for this revised plan would be an additional \$29 million for a total cost of \$321 million. The plan will meet the same environmental goals and will shorten the implementation schedule by four years. Mishawaka has submitted its revised LTCP to the agencies for their review. Consent Decree modification negotiations are underway.

The City has active construction projects as of December 31, 2021. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2021</u>	<u>Remaining Commitments</u>
<b>Governmental activities:</b>			
12th Street Phase II	\$ 8,931,850	\$ 8,931,850	\$ -
East Race Improvements Phase I	2,776,121	2,721,807	54,314
Ironworks Phase III, Ice, Café & Event Center	20,000,000	3,579,115	16,420,885
Niles Avenue Reconstruction	1,500,000	1,192,835	307,165
Cedar Street Improvements Phase I	2,900,000	1,342,167	1,557,833
Helen, Delorenzi, Third and Fourth Streets	2,061,857	1,162,837	899,020
Front, Main, Church Intersection Improvements	3,029,681	420,759	2,608,922
2021 CDBG ADA Infrastructure Improvements	314,208	309,098	5,110
2021 Community Crossing Project	791,484	791,484	-
Disaster Recovery System	555,765	555,765	-
City Hall Phone Systems	172,439	172,439	-
City Hall Building Project	28,500,000	12,028,284	16,471,716
Riverwalk expansion	6,550,000	817,045	5,732,955
Hill Street Redesign Project	605,630	605,630	-
Other projects	3,262,647	3,262,647	-
<b>Total governmental activities</b>	<b><u>\$ 81,951,682</u></b>	<b><u>\$ 37,893,762</u></b>	<b><u>\$ 44,057,920</u></b>

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2021</u>	<u>Remaining Commitments</u>
<b>Business-type activities:</b>			
<b><u>Electric:</u></b>			
Union Street Substation	\$ 10,545,000	\$ 5,032,122	\$ 5,512,878
Electric St Light Refurbishing Project	250,000	14,000	236,000
Logan Substation	58,806	58,806	-
12th Street Facility	52,395	52,395	-
Juday Creek Well Field	16,703	16,703	-
<b><u>Water:</u></b>			
Juday Creek Well Field	37,990,051	11,292,986	26,697,065
Delorenzi Project	383,838	231,853	151,985
Gumwood Water Tower	7,904,500	2,442,607	5,461,893
Rivercrest Project	32,437	10,702	21,735
Northbridge Valley Subdivision	15,192	9,500	5,692
Vequity Construction 7/11	13,378	13,378	-
Tank #1 Rehab and Booster	9,467,257	9,467,257	-
Miscellaneous Projects	4,825,142	4,825,142	-
<b><u>Wastewater:</u></b>			
Milburn Improve Master Plan	1,548,867	665,046	883,821
West St. Project	2,240,781	523,315	1,717,466
Holy Cross Lift Station	793,000	686,775	106,225
Pipe Lining/Rehab	838,666	838,666	-
Main Replace/Repair	225,000	225,000	-
Miscellaneous Projects	6,997,551	6,997,551	-
Linden Area LTCP Div. A1	7,279,824	3,947,310	3,332,514
3rd Street Sewer Improvement	493,500	432,985	60,515
LTCP, CSO	237,075	53,445	183,630
Miscellaneous WWTP Improvements	606,275	238,647	367,628
 Total business-type activities	 <u>\$ 92,815,238</u>	 <u>\$ 48,076,191</u>	 <u>\$ 44,739,047</u>

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

General	\$ 350,227
MVH	52,650
Local Road and Street	379,315
Parks and Recreation	84,488
Law Enforcement Education	22,166
Public Safety LOIT	208,420
Park Non-Reverting	12,053
CARES Provider Relief	6,740
Local Road and Bridge Matching Grant	65,306
Cumulative Capital Development	107,068
CEDIT	357,919
Cumulative Sewer	688,242
Police Pension	12,000
 Total	 <u>\$ 2,346,594</u>

# City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

## 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.

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, 2021, the Primary Government contributed \$1,679,029 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.

#### Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	87
Inactive plan members entitled to but not yet receiving benefit payments	63
Active plan members	474
	<hr/>
	624
	<hr/> <hr/>

#### Total OPEB Liability

The City's total OPEB liability of \$37,983,029 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

#### Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 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	2.75%
Healthcare cost trend rates	7.5% trending down to 4.5%

## City of Mishawaka, Indiana

Notes to Financial Statements  
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The discount rate was 2.25% and 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:

General: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020

Public Safety: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020

Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period ended January 1, 2019.

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Balances at December 31, 2020	\$ 41,640,311
Changes for the year:	
Service cost	2,340,926
Interest	914,698
Differences between expected and actual experience	(4,837,879)
Changes in assumptions or other inputs	(395,998)
Benefit payments	(1,679,029)
Net changes	(3,657,282)
Balances at December 31, 2021	\$ 37,983,029

Changes of assumptions and other inputs reflect a change in the discount rate from 2.12% as of the beginning of the year to 2.25% as of the end of the year.

### 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 (1.25%) or 1-percentage-point higher (3.25%) than the current discount rate:

	<b>1% Decrease (1.25%)</b>	<b>Discount Rate (2.25%)</b>	<b>1% Increase (3.25%)</b>
Net OPEB liability	\$ 41,131,873	\$ 37,983,029	\$ 35,069,318

## City of Mishawaka, Indiana

Notes to Financial Statements  
December 31, 2021

### 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% decreasing to 3.5%) or 1-percentage-point higher (8.5% decreasing to 5.5%) than the current healthcare cost trend rates:

	<b>1% Decrease (6.5% Decreasing to 3.5%)</b>	<b>Healthcare Cost Trend Rates (7.5% Decreasing to 4.5%)</b>	<b>1% Increase (8.5% Decreasing to 5.5%)</b>
Net OPEB liability	\$ 33,702,701	\$ 37,983,029	\$ 43,037,416

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the City recognized OPEB expense of \$(588,540). At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 16,648,498
Changes of assumptions or other inputs	2,658,031	3,126,968
Total	<u>\$ 2,658,031</u>	<u>\$ 19,775,466</u>

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

<b><u>Years ending December 31:</u></b>	<b><u>Balance</u></b>
2022	\$ (3,844,164)
2023	(3,844,164)
2024	(3,844,166)
2025	(2,124,939)
2026	(2,712,307)
Thereafter	(747,695)

### Subsequent Events

#### ARPA Funding

The City received its second installment of American Rescue Plan funding in the amount of \$5,941,801 on June 9, 2022.

## **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)**

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 percent 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.

**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 percent, 2% and 3 percent, 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 2021 taxes) were reduced as a result of the aforementioned City abatement programs, totaled \$307,958. The abatements for the City included abatements for the following programs:

Real Property Tax Abatement	\$	-
Vacant Building Abatements		307,958
Personal Property Tax Abatements		<u>-</u>
Total	\$	<u>307,958</u>

While the City has calculated the potential impact of existing tax abatements on its property tax revenues for 2021 to approximate \$307,958 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.

**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 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*
- Statement No. 100, *Accounting Changes and Error Corrections*
- Statement No.101, *Compensated Absences*

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Mishawaka, Indiana**

Required Supplementary Information  
 Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)  
 General Fund  
 Year Ended December 31, 2021

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property	\$ 27,242,440	\$ 27,242,440	\$ 18,206,240	\$ (9,036,200)
Income	3,500,000	3,500,000	4,547,690	1,047,690
Licenses and Permits	880,450	880,450	844,418	(36,032)
Intergovernmental	1,803,243	1,803,243	1,988,497	185,254
Fines and Forfeits	13,500	13,500	19,993	6,493
Charges for Services	1,384,600	1,384,600	1,587,819	203,219
Sale and Use of Property	-	-	29,274	29,274
Reimbursements	345,000	345,000	1,482,017	1,137,017
Interest	400,000	400,000	306,139	(93,861)
Miscellaneous	-	-	4,118	4,118
<b>Total revenues</b>	<b>35,569,233</b>	<b>35,569,233</b>	<b>29,016,205</b>	<b>(6,553,028)</b>
<b>Expenditures</b>				
Current:				
General Government:				
Mayor:				
Personal services	167,238	167,238	167,237	1
Supplies	1,000	1,000	369	631
Other services and charges	16,000	16,198	11,143	5,055
City Clerk:				
Personal services	165,444	165,444	145,442	20,002
Supplies	3,500	3,646	1,052	2,594
Other services and charges	21,250	21,340	14,909	6,431
Central Services:				
Personal services	716,529	731,981	598,806	133,175
Supplies	917,750	937,278	886,443	50,835
Other services and charges	83,500	178,648	136,745	41,903
Common Council:				
Personal services	134,309	134,309	134,306	3
Supplies	1,500	1,500	-	1,500
Other services and charges	13,000	13,270	9,314	3,956
Controller:				
Personal services	2,666,166	2,666,166	2,163,551	502,615
Supplies	15,000	15,526	8,872	6,654
Other services and charges	2,014,500	2,032,885	1,905,299	127,586
Capital outlay	750,000	1,832,718	1,302,134	530,584
Other financing uses	-	-	31,746	(31,746)
Human Resources:				
Personal services	91,500	92,288	48,122	44,166
Supplies	1,000	1,000	977	23
Other services and charges	74,000	75,632	72,331	3,301
Information Technology:				
Personal services	368,057	368,057	367,992	65
Supplies	20,000	23,215	21,875	1,340
Other services and charges	45,000	45,150	45,089	61

See notes to required supplementary information

**City of Mishawaka, Indiana**

Required Supplementary Information  
 Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)  
 General Fund  
 Year Ended December 31, 2021

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Cemetery:				
Other services and charges	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Legal:				
Personal services	119,934	119,934	119,746	188
Supplies	1,000	1,000	-	1,000
Other services and charges	55,000	56,639	29,954	26,685
Planning:				
Personal services	234,290	234,890	234,887	3
Supplies	4,000	4,068	1,200	2,868
Other services and charges	4,000	3,400	1,831	1,569
Total general government	<u>8,734,467</u>	<u>9,974,420</u>	<u>8,491,372</u>	<u>1,483,048</u>
Public Safety:				
Police:				
Personal services	\$ 12,232,970	\$ 12,222,732	11,973,205	\$ 249,527
Supplies	111,000	123,441	95,393	28,048
Other services and charges	477,800	600,647	566,270	34,377
Fire:				
Personal services	12,855,422	12,931,722	12,435,976	495,746
Supplies	342,000	433,327	408,583	24,744
Other services and charges	538,000	567,277	433,776	133,501
Building Department:				
Personal services	219,417	219,417	219,416	1
Supplies	2,000	2,000	396	1,604
Other services and charges	4,800	4,800	1,164	3,636
Code Enforcement:				
Personal services	297,392	297,392	296,287	1,105
Supplies	3,500	3,500	1,911	1,589
Other services and charges	38,000	38,143	27,095	11,048
Total public safety	<u>27,122,301</u>	<u>27,444,398</u>	<u>26,459,472</u>	<u>984,926</u>
Highways and Streets:				
Engineering:				
Personal services	404,588	404,588	404,388	200
Supplies	8,000	9,370	4,320	5,050
Other services and charges	14,500	14,560	7,532	7,028
Total highways and streets	<u>427,088</u>	<u>428,518</u>	<u>416,240</u>	<u>12,278</u>
Community Development:				
Redevelopment:				
Personal services	220,617	220,617	155,406	65,211
Supplies	1,000	1,112	465	647
Other services and charges	135,200	135,199	58,472	76,727
Total community development	<u>356,817</u>	<u>356,928</u>	<u>214,343</u>	<u>142,585</u>
Total expenditures	<u>36,640,673</u>	<u>38,204,264</u>	<u>35,581,427</u>	<u>2,622,837</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,071,440)</u>	<u>(2,635,031)</u>	<u>(6,565,222)</u>	<u>(3,930,191)</u>

See notes to required supplementary information

**City of Mishawaka, Indiana**

Required Supplementary Information  
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)  
General Fund  
Year Ended December 31, 2021

	<b>Budgeted Amounts</b>		<b>Actual Budgetary Basis Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,477,893</u>	<u>\$ 477,893</u>
Total other financing sources (uses)	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,477,893</u>	<u>477,893</u>
Net changes in fund balances	<u>2,928,560</u>	<u>1,364,969</u>	<u>(2,087,329)</u>	<u>(3,452,298)</u>
<b>Fund Balance, Beginning</b>	<u>14,895,195</u>	<u>14,895,195</u>	<u>14,895,195</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u><u>\$ 17,823,755</u></u>	<u><u>\$ 16,260,164</u></u>	<u><u>\$ 12,807,866</u></u>	<u><u>\$ (3,452,298)</u></u>

See notes to required supplementary information

**City of Mishawaka, Indiana**

Required Supplementary Information

Budget/GAAP Reconciliation

General Fund

Year Ended December 31, 2021

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)	\$ (2,087,329)
Adjustments:	
To adjust revenues for accruals	618,344
To adjust expenditures for accruals	432,740
To adjust expenditures for encumbrances	<u>350,227</u>
Net change in fund balances (GAAP basis)	<u><u>\$ (686,018)</u></u>

**City of Mishawaka, Indiana**

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>2021</u>	<u>2020</u>	<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)	0.0012841	0.0012836	0.0012883	0.0012780	0.0013270	0.0013284	0.0014061	0.0014579
City's proportionate share of the net pension liability (asset)	\$ 1,689,681	\$ 3,876,978	\$ 4,257,914	\$ 4,341,424	\$ 5,920,468	\$ 6,028,870	\$ 5,726,908	\$ 3,924,033
City's covered payroll	\$ 7,079,921	\$ 6,929,442	\$ 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	23.87%	55.95%	63.44%	66.57%	89.93%	94.70%	85.04%	53.82%
Plan fiduciary net position as a percentage of total pension liability	92.50%	81.40%	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.

*See notes to required supplementary information*

**City of Mishawaka, Indiana**

Required Supplementary Information  
Schedule of City Contributions  
Public Employees' Retirement Fund  
Available Data: Last 10 Calendar Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 825,946	\$ 769,773	\$ 745,596	\$ 722,847	\$ 731,175	\$ 707,253	\$ 748,561	\$ 767,937
Contributions in relation to the contractually required contribution	<u>(825,946)</u>	<u>(769,773)</u>	<u>(745,596)</u>	<u>(722,847)</u>	<u>(731,175)</u>	<u>(707,253)</u>	<u>(748,561)</u>	<u>(767,937)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 7,374,517	\$ 6,615,318	\$ 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	11.20%	11.64%	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.

*See notes to required supplementary information*

**City of Mishawaka, Indiana**

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>2021</u>	<u>2020</u>	<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)	0.0067410	0.0065912	0.0067964	0.0068926	0.0072750	0.0071511	0.0071297	0.0074439
Proportionate share of the net pension liability (asset)	\$ (3,984,033)	\$ 1,600,395	\$ 62,635	\$ (605,936)	\$ (112,220)	\$ 635,282	\$ (1,053,200)	\$ (379,492)
Covered payroll	\$ 6,400,009	\$ 6,111,923	\$ 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	-62.25%	26.18%	1.04%	-10.44%	-1.90%	11.49%	-19.81%	-7.18%
Plan fiduciary net position as a percentage of total pension liability	107.80%	96.40%	99.90%	101.50%	100.30%	98.20%	103.20%	101.10%

**Notes to Statement:**

Information presented for the years information is available.

*See notes to required supplementary information*

**City of Mishawaka, Indiana**

Required Supplementary Information  
Schedule of City Contributions  
Police Officers' 1977 Fund  
Available Data: Last 10 Calendar Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,142,332	\$ 1,069,574	\$ 1,051,317	\$ 1,015,850	\$ 1,099,360	\$ 1,088,820	\$ 1,047,375	\$ 1,034,474
Contributions in relation to the contractually required contribution	<u>(1,142,332)</u>	<u>(1,069,574)</u>	<u>(1,051,317)</u>	<u>(1,015,850)</u>	<u>(1,099,360)</u>	<u>(1,088,820)</u>	<u>(1,047,375)</u>	<u>(1,037,474)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 6,527,611	\$ 7,461,211	\$ 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	17.50%	14.34%	14.70%	19.16%	19.41%	20.03%	19.98%	19.82%

**Notes to Statement:**

Information presented for the years information is available.

*See notes to required supplementary information*

**City of Mishawaka, Indiana**

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>2021</u>	<u>2020</u>	<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)	0.0068542	0.0069072	0.0069997	0.0073905	0.0073905	0.0071635	0.0073620	0.0076191
City's proportionate share of the net pension liability (asset)	\$ (4,050,937)	\$ 1,677,122	\$ 64,509	\$ (615,220)	\$ (114,001)	\$ 636,383	\$ (1,087,515)	\$ (388,424)
City's covered payroll	\$ 6,507,511	\$ 6,405,018	\$ 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	-62.25%	26.18%	1.04%	-10.44%	-1.90%	11.49%	-19.81%	-7.18%
Plan fiduciary net position as a percentage of total pension liability	107.80%	96.40%	99.90%	101.50%	100.30%	98.20%	103.20%	101.10%

**Notes to Statement:**

Information presented for the years information is available.

*See notes to required supplementary information*

**City of Mishawaka, Indiana**

Required Supplementary Information  
Schedule of City Contributions  
Firefighters' 1977 Fund  
Available Data: Last 10 Calendar Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,190,537	\$ 1,120,884	\$ 1,131,606	\$ 1,031,420	\$ 1,116,201	\$ 1,090,710	\$ 1,081,481	\$ 1,065,499
Contributions in relation to the contractually required contribution	<u>(1,190,537)</u>	<u>(1,120,884)</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ 48,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 6,803,069	\$ 7,733,297	\$ 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	17.50%	14.49%	14.25%	19.26%	19.35%	19.23%	19.30%	19.38%

**Notes to Statement:**

Information presented for the years information is available.

*See notes to required supplementary information*

**City of Mishawaka, Indiana**

Required Supplementary Information  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 Available Data: Last 10 Calendar Years

<b>1925 Police Officers' Pension Plan</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Total pension liability:</b>									
Total pension liability, beginning of year	16,968,702	17,725,332	\$ 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	241,017	367,782	503,407	486,154	562,636	489,297	513,029	797,797	985,820
Experience (gains)/losses	-	201,289	(29,018)	227,404	547,357	(606,418)	1,711	-	(178,099)
Assumption changes	(179,109)	(6,023)	1,541,162	(554,336)	795,978	(1,111,822)	(60,691)	2,379,342	2,676,759
Plan amendments	(28,075)	-	110,206	-	-	-	-	-	-
Projected benefit payments	(1,227,879)	(1,319,678)	(1,336,763)	(1,347,592)	(1,355,467)	(1,356,560)	(1,386,379)	(1,420,857)	(1,425,677)
<b>Total pension liability, end of year</b>	<b>\$ 15,774,656</b>	<b>\$ 16,968,702</b>	<b>\$ 17,725,332</b>	<b>\$ 16,936,338</b>	<b>\$ 18,095,597</b>	<b>\$ 17,519,874</b>	<b>\$ 20,074,686</b>	<b>\$ 20,977,077</b>	<b>\$ 19,201,969</b>
<b>Plan fiduciary net position:</b>									
Plan fiduciary net position, beginning of year	\$ 795,240	\$ 803,828	\$ 585,213	\$ 763,592	\$ 756,901	\$ 741,320	\$ 787,611	\$ 782,880	\$ 795,394
Administrative	(2,999)	(3,000)	(1,500)	(3,000)	-	(35)	(4,450)	(6,001)	-
Nonemployer contributing entity contributions	1,224,258	1,306,969	1,504,630	1,340,080	1,359,986	1,379,034	1,364,012	1,409,222	1,413,163
Actual benefit payments	(1,164,635)	(1,312,557)	(1,284,515)	(1,515,459)	(1,353,295)	(1,363,418)	(1,405,853)	(1,398,490)	(1,425,677)
<b>Plan fiduciary net position, end of year</b>	<b>\$ 851,864</b>	<b>\$ 795,240</b>	<b>\$ 803,828</b>	<b>\$ 585,213</b>	<b>\$ 763,592</b>	<b>\$ 756,901</b>	<b>\$ 741,320</b>	<b>\$ 787,611</b>	<b>\$ 782,880</b>
<b>Net pension liability</b>	<b>\$ 14,922,792</b>	<b>\$ 16,173,462</b>	<b>\$ 16,921,504</b>	<b>\$ 16,351,125</b>	<b>\$ 17,332,005</b>	<b>\$ 16,762,973</b>	<b>\$ 19,333,366</b>	<b>\$ 20,189,466</b>	<b>\$ 18,419,089</b>
<b>1937 Firefighters' Pension</b>									
<b>Total pension liability:</b>									
Total pension liability, beginning of year	\$ 26,749,822	\$ 27,865,364	\$ 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	392,697	580,210	791,672	753,705	843,915	783,385	830,569	1,318,268	1,581,245
Experience (gains)/losses	565,477	353,573	252,684	1,245,739	(433,951)	(825,334)	(1,706,681)	-	526,248
Assumption changes	(52,174)	(91,288)	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	(1,919,550)	(1,958,037)	(1,973,548)	(2,041,950)	(2,024,305)	(2,156,237)	(2,243,074)	(2,338,465)	(2,464,464)
<b>Total pension liability, end of year</b>	<b>\$ 25,736,272</b>	<b>\$ 26,749,822</b>	<b>\$ 27,865,364</b>	<b>\$ 26,271,884</b>	<b>\$ 27,182,688</b>	<b>\$ 27,573,516</b>	<b>\$ 31,563,080</b>	<b>\$ 34,780,160</b>	<b>\$ 31,755,489</b>
<b>Plan fiduciary net position:</b>									
Plan fiduciary net position, beginning of year	\$ 960,391	\$ 946,597	\$ 1,015,084	\$ 955,915	\$ 953,399	\$ 980,987	\$ 1,003,077	\$ 887,820	\$ 1,018,421
Administration	(7,650)	(6,750)	(6,751)	(7,914)	-	(100)	(7,875)	(7,314)	(6,848)
Nonemployer contributing entity contributions	1,919,552	1,975,083	1,928,858	2,064,343	2,059,663	2,171,516	2,241,138	2,459,100	2,340,711
Actual benefit payments	(1,936,740)	(1,954,539)	(1,990,594)	(1,997,260)	(2,057,147)	(2,199,004)	(2,255,353)	(2,336,529)	(2,464,464)
<b>Plan fiduciary net position, end of year</b>	<b>\$ 935,553</b>	<b>\$ 960,391</b>	<b>\$ 946,597</b>	<b>\$ 1,015,084</b>	<b>\$ 955,915</b>	<b>\$ 980,987</b>	<b>\$ 1,003,077</b>	<b>\$ 887,820</b>	<b>\$ 887,820</b>
<b>Net pension liability (asset)</b>	<b>\$ 24,800,719</b>	<b>\$ 25,789,431</b>	<b>\$ 26,918,767</b>	<b>\$ 25,256,800</b>	<b>\$ 26,226,773</b>	<b>\$ 26,620,117</b>	<b>\$ 30,582,093</b>	<b>\$ 33,777,083</b>	<b>\$ 30,867,669</b>

(Continued on next page)

See notes to required supplementary information

**City of Mishawaka, Indiana**

Required Supplementary Information  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 Available Data: Last 10 Calendar Years

<u>Utilities Pension</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:								
Total pension liability, beginning of year	\$ 25,872,578	\$ 25,200,949	\$ 23,690,327	\$ 23,001,227	\$ 22,338,927	\$ 22,565,043	\$ 21,966,679	\$ 20,177,128
Service cost	656,666	599,489	581,919	578,732	572,487	531,666	551,697	547,910
Interest cost	1,744,869	1,696,384	1,588,963	1,551,071	1,508,344	1,520,132	1,482,659	1,367,260
Experience (gains)/losses	(1,204,137)	(291,266)	(419,816)	(257,443)	(237,501)	(931,461)	(135,067)	41,160
Assumption changes	1,446,368	(98,218)	1,111,060	(73,486)	(136,901)	(282,632)	(279,902)	699,670
Plan amendments	(1,254,167)	(1,234,760)	(1,351,504)	(1,109,774)	(1,044,129)	(1,063,821)	(1,021,023)	(866,449)
Total pension liability, end of year	<u>\$ 27,262,177</u>	<u>\$ 25,872,578</u>	<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	\$ 26,561,211	\$ 23,318,947	\$ 20,014,789	\$ 21,292,912	\$ 18,510,885	\$ 17,431,518	\$ 17,659,728	\$ 16,901,219
Employer contributions	1,215,067	1,175,200	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	3,018,367	3,377,094	3,685,334	(1,148,432)	2,789,417	1,153,814	(173,954)	813,594
Actual benefit payments	(1,254,167)	(1,234,760)	(1,351,504)	(1,109,774)	(1,044,129)	(1,063,821)	(1,021,023)	(866,449)
Administrative and project expenses	(88,219)	(75,270)	(71,272)	(77,617)	(57,615)	(57,826)	(58,434)	(55,999)
Plan fiduciary net position, end of year	<u>\$ 29,452,259</u>	<u>\$ 26,561,211</u>	<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 (asset)	<u>\$ (2,190,082)</u>	<u>\$ (688,633)</u>	<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>

See notes to required supplementary information

**City of Mishawaka, Indiana**

Required Supplementary Information  
 Schedule of Changes in the City's Net Pension Liability and Related Ratios  
 Available Data: Last 10 Calendar Years

<b>1925 Police Officers' Pension Plan</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total pension liability	\$ 15,774,656	\$ 16,968,702	\$ 17,725,332	\$ 16,936,338	\$ 18,095,597	\$ 17,519,874	\$ 20,074,686	\$ 20,977,077
Less plan fiduciary net position	(851,864)	(795,240)	(803,828)	(585,213)	(763,592)	(756,901)	(741,320)	(787,611)
Net pension liability	<u>\$ 14,922,792</u>	<u>\$ 16,173,462</u>	<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>
Plan fiduciary net position as a percentage of the total pension liability	5.40%	4.69%	4.53%	3.46%	4.22%	4.32%	3.69%	3.75%
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	N/A
<b>1937 Firefighters' Pension Plan</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total pension liability	\$ 25,736,272	\$ 26,749,822	\$ 27,865,364	\$ 26,271,884	\$ 27,182,688	\$ 27,573,516	\$ 31,563,080	\$ 34,780,160
Less plan fiduciary net position	(935,553)	(960,391)	(946,597)	(1,015,084)	(955,915)	(953,399)	(980,987)	(1,003,077)
Net pension liability	<u>\$ 24,800,719</u>	<u>\$ 25,789,431</u>	<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>
Plan fiduciary net position as a percentage of the total pension liability	3.64%	3.59%	3.40%	3.86%	3.52%	3.46%	3.11%	2.88%
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	N/A
<b>Utilities Pension Plan</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total pension liability	\$ 27,262,177	\$ 25,872,578	\$ 25,200,949	\$ 23,690,327	\$ 23,001,227	\$ 22,338,927	\$ 22,565,043	\$ 21,966,679
Less plan fiduciary net position	(29,452,259)	(26,561,211)	(23,318,947)	(20,014,789)	(21,292,912)	(18,510,885)	(17,431,516)	(17,659,728)
Net pension liability	<u>\$ (2,190,082)</u>	<u>\$ (688,633)</u>	<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>
Plan fiduciary net position as a percentage of the total pension liability	108.03%	102.66%	92.53%	84.49%	92.57%	82.86%	77.25%	80.39%
Covered payroll	\$ 7,492,147	\$ 7,010,376	\$ 6,279,655	\$ 6,396,977	\$ 6,211,193	\$ 6,012,037	\$ 6,119,311	\$ 6,361,099
Net pension liability as a percentage of covered payroll	-29.23%	-9.82%	29.97%	57.46%	27.50%	63.67%	83.89%	67.71%

See notes to required supplementary information

**City of Mishawaka, Indiana**

Required Supplementary Information  
 Schedule of Contributions  
 Available Data: Last 10 Calendar Years

<b>1925 Police Officers' Pension Plan</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	
Actuarially determined contribution	\$ 1,164,635	\$ 1,312,557	\$ 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	(1,164,635)	(1,312,557)	(1,284,515)	(1,515,459)	(1,347,955)	(1,358,078)	(1,405,853)	(1,398,490)	(1,425,677)	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
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	N/A	N/A	
<b>1937 Firefighters' Pension Plan</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	
Actuarially determined contribution	\$ 1,936,740	\$ 1,954,539	\$ 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	(1,936,740)	(1,954,539)	(1,990,594)	(1,997,260)	(2,046,698)	(2,188,594)	(2,255,353)	(2,336,529)	(2,464,464)	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
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	N/A	N/A	
<b>Utilities Pension Plan</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Actuarially determined contribution	\$ 881,611	\$ 959,444	\$ 905,591	\$ 882,692	\$ 910,977	\$ 956,702	\$ 1,012,206	\$ 897,211	\$ 841,896	\$ 674,395
Less contributions in relation to the actuarially determined contribution	(1,215,067)	(1,175,200)	(1,041,600)	(1,057,700)	(1,094,354)	(1,047,200)	(1,025,201)	(867,363)	(874,082)	(936,366)
Contribution deficiency (excess)	<u>\$ (333,456)</u>	<u>\$ (215,756)</u>	<u>\$ (136,009)</u>	<u>\$ (175,008)</u>	<u>\$ (183,377)</u>	<u>\$ (90,498)</u>	<u>\$ (12,995)</u>	<u>\$ 29,848</u>	<u>\$ (32,186)</u>	<u>\$ (261,971)</u>
Covered employee payroll	\$ 7,492,147	\$ 7,010,376	\$ 6,279,655	\$ 6,396,977	\$ 6,211,193	\$ 6,012,037	\$ 6,119,311	\$ 6,361,099	\$ 6,159,487	\$ 5,797,047
Contributions as a percentage of covered employee payroll	16.22%	16.76%	16.59%	16.53%	17.62%	17.42%	16.75%	13.64%	14.19%	16.15%

**Notes to Statement:**

Information presented for the years information is available.  
 \*\* Not available.

See notes to required supplementary information

**City of Mishawaka, Indiana**

Required Supplementary Information  
Schedule of Investment Returns  
Available Data: Last 10 Calendar Years

<b>1925 Police Officers' Pension Plan</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	
Annual money-weighted rate of return, net of investment expense	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	
<b>1937 Firefighters' Pension Plan</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	
Annual money-weighted rate of return, net of investment expense	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	N/A **	
<b>Utilities Pension Plan</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Annual money-weighted rate of return, net of investment expense	11.36%	14.52%	18.63%	-5.41%	15.07%	6.64%	-1.30%	4.50%	13.40%	11.40%

**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, Indiana

Required Supplementary Information  
 Schedule of Changes in Net OPEB Liability  
 Available Data: Last 10 Calendar Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Net OPEB Liability</b>				
Total OPEB Liability				
Service cost	\$ 2,340,926	\$ 2,447,315	\$ 1,975,381	\$ 2,763,976
Interest	914,698	1,782,982	1,979,760	2,000,815
Change in plan provisions	-	-	-	-
Differences between expected and actual experience	(395,998)	(995,205)	(539,974)	(7,188,975)
Changes in assumptions	(4,837,879)	(12,757,077)	4,651,552	(4,845,588)
Benefit payments	<u>(1,679,029)</u>	<u>(2,148,940)</u>	<u>(1,879,944)</u>	<u>(1,993,055)</u>
Net change in total pension liability	(3,657,282)	(11,670,925)	6,186,775	(9,262,827)
Total pension liability, beginning of year	<u>41,640,311</u>	<u>53,311,236</u>	<u>47,124,461</u>	<u>56,387,288</u>
Total pension liability, end of year (1)	<u>\$ 37,983,029</u>	<u>\$ 41,640,311</u>	<u>\$ 53,311,236</u>	<u>\$ 47,124,461</u>
<b>Plan Fiduciary Net Position</b>				
Contributions	\$ 1,679,029	\$ 2,148,940	\$ 1,879,944	\$ 1,993,055
Net investment income	-	-	-	-
Benefit payments	<u>(1,679,029)</u>	<u>(2,148,940)</u>	<u>(1,879,944)</u>	<u>(1,993,055)</u>
Net change in plan fiduciary net position	-	-	-	-
<b>Plan Fiduciary Net Position, Beginning (1)</b>	-	-	-	-
<b>Plan Fiduciary Net Position, Ending (2)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total OPEB liability (asset), end of year (1) - (2)	<u>\$ 37,983,029</u>	<u>\$ 41,640,311</u>	<u>\$ 53,311,236</u>	<u>\$ 47,124,461</u>

### Notes to Statement:

Information presented for the years information is available.

**City of Mishawaka, Indiana**

Required Supplementary Information

Schedule of Net OPEB Liability

Available Data: Last 10 Calendar Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
1. Total OPEB Liability	\$ 37,983,029	\$ 41,640,311	\$ 53,311,236	\$ 47,124,461	\$ 84,306,691
2. Plan Fiduciary Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3. Total OPEB Liability	<u>\$ 37,983,029</u>	<u>\$ 41,640,311</u>	<u>\$ 53,311,236</u>	<u>\$ 47,124,461</u>	<u>\$ 84,306,691</u>
4. Plan Fiduciary Net Position as a Percentage of Total OPEB Liability = (2) / (1)	0%	0%	0%	0%	0%
5. Covered Payroll	\$ 29,618,045	\$ 28,825,348	N/A	N/A	\$ 28,924,333
6. Total OPEB Liability as a Percentage of Covered-Employee Payroll = (3) / (5)	128.2%	144.5%	N/A	N/A	291.5%

**Notes to Statement:**

Information presented for the years information is available.

*See notes to required supplementary information*

**City of Mishawaka, Indiana**

Required Supplementary Information  
Schedule of Employer Contributions  
Last 10 Calendar Years

<b>OPEB Contributions</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially determined contribution**	\$ 1,679,029	\$ 2,148,940	\$ 1,879,944	\$ 1,993,055
Actual employer contributions	1,679,029	2,148,940	1,879,944	1,993,055
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered - employee payroll	N/A	N/A	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.

# City of Mishawaka, Indiana

Notes to Required Supplementary Information

December 31, 2021

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

Major funds (1):

General fund

Nonmajor funds:

Special revenue funds (7):

Motor Vehicle Highway (including MVH - Restricted), Local Road and Street, Park and Recreation, Public Safety, Law Enforcement Continuing Education and Park Nonreverting Operating

Capital projects funds (4):

Cumulative Capital Improvement, Cumulative Sewer, Cumulative Capital Development, and CEDIT

- G. The City's budgetary process is based upon cash outflows, which is a Non-GAAP basis. Appropriations lapse with the expiration of the budgetary period unless encumbered by a purchase order or contract. Encumbered appropriations are carried over and added to the subsequent year's budget.
- H. Budgeted amounts are as originally adopted, or as amended by the Common Council and approved by the Indiana Department of Local Government Finance in the regular legal manner. The net effect of individual amendments to the budget increased the original appropriations by \$1,563,591 in 2021.
- I. Expenditures did not exceed appropriations for any funds which required legally approved budgets.

## **2. Financial Reporting, Pension Plans**

A. Plan Amendments

B. Assumptions

- a. In 2021, the interest rate/investment return assumption changed from 6.75% to 6.25%; the inflation assumption changed from 2.25% to 2.00%; and the future salary scale assumption changed from 2.75% - 8.75% to 2.65% - 8.65%.
- b. Changes in Actuarial Methods. There were no changes to the actuarial methods during the fiscal year.
- c. Plan Amendments: HEA 1001-2021 granted a 1% COLA effective January 1, 2022.

PERF Plan:

- a) The actuarial assumptions and methods used in the June 30, 2021 valuation of the Public Employees' Defined Benefit Account were adopted by the INPRS Board in May 2021. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2014 through June 30, 2019, and were first used in the June 30, 2020 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, 2021 valuation of the 1977 Police Officers' and Firefighters' Retirement Fund were adopted by the INPRS board in May 2021. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2014 through June 30, 2019, and were first used in the June 30, 2020 valuation. The INPRS Board adopted a funding policy in April 2014, and the policy was last updated in October 2018.

## City of Mishawaka, Indiana

Notes to Required Supplementary Information  
December 31, 2021

1925 and 1937 Plans:

- c) The discount rate used for the December 31, 2021 valuation was 1.39% based on the Barclay's 20-year Municipal Bond Index. This is a decrease from 1.49% used for the December 31, 2020 valuation.
- d) For converted members, the July 1, 2021, COLA was updated from the 2.0% to reflect the known increase of 1.9%. Beginning July 1, 2022, the assumption reverts back to the assumed annual rate of 1.95%. For non-converted members, COLA was updated to 2.65% from 2.65% in 2020.

### 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, 2021. 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	2.00%
Salary increases	2.65%
Cost-of-Living Increases	Nonconverted 2.65% per year in retirement
Converted	1.95% per year in retirement on July 1, 2022
Discount rate	1.39% (Based on Barclay's 20-year Municipal Bond Index rate)
Mortality assumption	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA MP-2019

#### 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	6.25%
Mortality assumption	Pub-2010 General Amount-Weighted Mortality Projected Generationally with Mortality Improvement Project Scale MP-2021

# City of Mishawaka, Indiana

Notes to Required Supplementary Information  
December 31, 2021

## 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	2.25% 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
Mortality:	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020, SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020, and SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020
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	4 %	4 %	5 %	5 %
55	5	14	15	15
60	12	12	25	25
65	30	30	50	50
70	30	30	100	100
75+	100	100	100	100

# City of Mishawaka, Indiana

Notes to Required Supplementary Information  
December 31, 2021

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, 2020.

Sample annual turnover rates are shown below:

<b>Male</b>				
<b>Age</b>	<b>0 YOS</b>	<b>2 YOS</b>	<b>5 YOS</b>	<b>10+ YOS</b>
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

<b>Female</b>				
<b>Age</b>	<b>0 YOS</b>	<b>2 YOS</b>	<b>5 YOS</b>	<b>10+ YOS</b>
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

Per capita costs: Annual per capita costs were calculated based on the City's monthly premium rates effective on January 1, 2021

Health care trend rates:

<b>FYE</b>	<b>Medical/Rx</b>
2022	7.50 %
2023	7.00
2024	6.50
2025	6.00
2026	5.50
2027	5.00
2028+	4.50

## **SUPPLEMENTARY INFORMATION**

## City of Mishawaka, Indiana

Combining Balance Sheet -  
 Nonmajor Governmental Funds  
 December 31, 2021

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 17,628,127	\$ 12,254,266	\$ 9,453,570	\$ 39,335,963
Receivables:				
Taxes	6,341,334	-	3,661,361	10,002,695
Interest	-	554	-	554
Accounts	117,638	-	-	117,638
Intergovernmental	642,444	-	-	642,444
Loans	191,777	-	-	191,777
	<u>24,921,320</u>	<u>12,254,820</u>	<u>13,114,931</u>	<u>50,291,071</u>
Total assets	<u>\$ 24,921,320</u>	<u>\$ 12,254,820</u>	<u>\$ 13,114,931</u>	<u>\$ 50,291,071</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 435,099	\$ -	\$ 188,001	\$ 623,100
Accrued payroll and withholdings payable	82,784	-	-	82,784
Unearned revenue	4,760,910	-	-	4,760,910
	<u>5,278,793</u>	<u>-</u>	<u>188,001</u>	<u>5,466,794</u>
Total liabilities	<u>5,278,793</u>	<u>-</u>	<u>188,001</u>	<u>5,466,794</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	5,849,042	-	2,979,037	8,828,079
	<u>5,849,042</u>	<u>-</u>	<u>2,979,037</u>	<u>8,828,079</u>
Total deferred inflows of resources	<u>5,849,042</u>	<u>-</u>	<u>2,979,037</u>	<u>8,828,079</u>
<b>Fund Balances</b>				
Restricted	13,814,571	12,254,820	9,947,893	36,017,284
Unassigned (deficit)	(21,086)	-	-	(21,086)
	<u>13,793,485</u>	<u>12,254,820</u>	<u>9,947,893</u>	<u>35,996,198</u>
Total fund balances	<u>13,793,485</u>	<u>12,254,820</u>	<u>9,947,893</u>	<u>35,996,198</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,921,320</u>	<u>\$ 12,254,820</u>	<u>\$ 13,114,931</u>	<u>\$ 50,291,071</u>

## City of Mishawaka, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -

Nonmajor Governmental Funds

Year Ended December 31, 2021

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Revenues</b>				
Taxes:				
Property	\$ 5,412,958	\$ -	\$ 545,539	\$ 5,958,497
Income	3,657,027	-	4,946,899	8,603,926
Other	1,081,626	-	-	1,081,626
Licenses and permits	25,408	-	97,379	122,787
Intergovernmental	5,748,636	-	142,513	5,891,149
Charges for services	4,200,240	-	5,345	4,205,585
Fines and forfeits	3,920	-	-	3,920
Investment earnings	3	106,162	-	106,165
Other:				
Donation	158,872	-	-	158,872
Miscellaneous	151,419	406,929	-	558,348
<b>Total revenues</b>	<b>20,440,109</b>	<b>513,091</b>	<b>5,737,675</b>	<b>26,690,875</b>
<b>Expenditures</b>				
Current:				
General government	1,385,791	408,631	593,713	2,388,135
Public safety	1,188,500	-	293,238	1,481,738
Highways and streets	2,809,486	-	2,980,269	5,789,755
Culture and recreation	4,384,206	-	2,064	4,386,270
Sanitation	2,544,214	-	-	2,544,214
Urban redevelopment	132,749	-	-	132,749
Debt service:				
Principal	444,393	2,204,366	43,013	2,691,772
Interest	90,191	70,764	2,357	163,312
Capital outlay:				
General government	-	-	140,406	140,406
Public safety	-	-	1,044,503	1,044,503
Highways and streets	2,125,979	-	205,438	2,331,417
Culture and recreation	68,900	-	217,049	285,949
<b>Total expenditures</b>	<b>15,174,409</b>	<b>2,683,761</b>	<b>5,522,050</b>	<b>23,380,220</b>
Excess (deficiency) of revenues over (under) expenditures	5,265,700	(2,170,670)	215,625	3,310,655
<b>Other Financing Sources (Uses)</b>				
Bond proceeds	-	5,063,647	-	5,063,647
Sale of assets	22,291	-	-	22,291
Transfers in	1,132,620	4,606,037	-	5,738,657
Transfers out	(1,856,858)	-	-	(1,856,858)
<b>Total other financing sources and uses</b>	<b>(701,947)</b>	<b>9,669,684</b>	<b>-</b>	<b>8,967,737</b>
<b>Net change in fund balances</b>	<b>4,563,753</b>	<b>7,499,014</b>	<b>215,625</b>	<b>12,278,392</b>
Fund balance, beginning as previously stated	9,816,072	4,755,806	9,732,268	24,304,146
Adjustment to fund balance - (See Note 3)	(586,340)	-	-	(586,340)
<b>Fund Balances, Beginning</b>	<b>9,229,732</b>	<b>4,755,806</b>	<b>9,732,268</b>	<b>23,717,806</b>
<b>Fund Balances, Ending</b>	<b>\$ 13,793,485</b>	<b>\$ 12,254,820</b>	<b>\$ 9,947,893</b>	<b>\$ 35,996,198</b>

**City of Mishawaka, Indiana**

Combining Balance Sheet -  
 Nonmajor Special Revenue Funds  
 December 31, 2021

	<u>Motor Vehicle Highway</u>	<u>Local Road and Street</u>	<u>Motor Vehicle Highway - Restricted</u>	<u>Park and Recreation</u>	<u>Park and Recreation Gift</u>	<u>Public Safety</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 1,531,730	\$ 1,066,367	\$ 306,814	\$ 3,161,350	\$ 156,743	\$ 2,500,638
Receivables:						
Taxes	1,727,166	-	-	2,392,369	-	2,221,799
Accounts	133	-	-	2,225	-	-
Intergovernmental	472,380	155,571	-	-	-	14,493
Loans	-	-	-	-	-	-
Total assets	<u>\$ 3,731,409</u>	<u>\$ 1,221,938</u>	<u>\$ 306,814</u>	<u>\$ 5,555,944</u>	<u>\$ 156,743</u>	<u>\$ 4,736,930</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 1,994	\$ 23,059	\$ -	\$ 47,405	\$ 447	\$ 24,403
Accrued payroll and withholdings payable	54,530	-	-	28,254	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>56,524</u>	<u>23,059</u>	<u>-</u>	<u>75,659</u>	<u>447</u>	<u>24,403</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	<u>1,727,166</u>	<u>-</u>	<u>-</u>	<u>2,392,369</u>	<u>-</u>	<u>1,729,507</u>
Total deferred inflows of resources	<u>1,727,166</u>	<u>-</u>	<u>-</u>	<u>2,392,369</u>	<u>-</u>	<u>1,729,507</u>
<b>Fund Balances</b>						
Restricted	1,947,719	1,198,879	306,814	3,087,916	156,296	2,983,020
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	<u>1,947,719</u>	<u>1,198,879</u>	<u>306,814</u>	<u>3,087,916</u>	<u>156,296</u>	<u>2,983,020</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,731,409</u>	<u>\$ 1,221,938</u>	<u>\$ 306,814</u>	<u>\$ 5,555,944</u>	<u>\$ 156,743</u>	<u>\$ 4,736,930</u>

**City of Mishawaka, Indiana**

Combining Balance Sheet -  
 Nonmajor Special Revenue Funds  
 December 31, 2021

	ARP Corona Local Fiscal Grant	COVID-19 CDBG	CEDIT Revolving Fund	Police Arson/Drug Invest	Off Street Parking	Flexible Spending Account
<b>Assets</b>						
Cash and cash equivalents	\$ 4,760,910	\$ -	\$ 490,621	\$ 14,141	\$ 25,822	\$ 24,395
Receivables:						
Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
<b>Total assets</b>	<b><u>\$ 4,760,910</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 490,621</u></b>	<b><u>\$ 14,141</u></b>	<b><u>\$ 25,822</u></b>	<b><u>\$ 24,395</u></b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 21,086	\$ -	\$ -	\$ -	\$ 1,000
Accrued payroll and withholdings payable	-	-	-	-	-	-
Unearned revenue	4,760,910	-	-	-	-	-
<b>Total liabilities</b>	<b><u>4,760,910</u></b>	<b><u>21,086</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,000</u></b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances</b>						
Restricted	-	-	490,621	14,141	25,822	23,395
Unassigned (deficit)	-	(21,086)	-	-	-	-
<b>Total fund balances</b>	<b><u>-</u></b>	<b><u>(21,086)</u></b>	<b><u>490,621</u></b>	<b><u>14,141</u></b>	<b><u>25,822</u></b>	<b><u>23,395</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 4,760,910</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 490,621</u></b>	<b><u>\$ 14,141</u></b>	<b><u>\$ 25,822</u></b>	<b><u>\$ 24,395</u></b>

**City of Mishawaka, Indiana**

Combining Balance Sheet -  
 Nonmajor Special Revenue Funds  
 December 31, 2021

	<u>Ambulance Fund</u>	<u>Industrial Development</u>	<u>Trash Collection</u>	<u>Mishawaka Gift Fund</u>	<u>Law Enforcement Train Edu</u>	<u>Bicentennial Gift</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 635,650	\$ 58,158	\$ 1,185,678	\$ 453,896	\$ 134,856	\$ 1,394
Receivables:						
Taxes	-	-	-	-	-	-
Accounts	-	-	112,398	-	2,882	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 635,650</u>	<u>\$ 58,158</u>	<u>\$ 1,298,076</u>	<u>\$ 453,896</u>	<u>\$ 137,738</u>	<u>\$ 1,394</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 206,227	\$ -	\$ 6,129	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>206,227</u>	<u>-</u>	<u>6,129</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>						
Restricted	635,650	58,158	1,091,849	453,896	131,609	1,394
Unassigned (deficit)	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>635,650</u>	<u>58,158</u>	<u>1,091,849</u>	<u>453,896</u>	<u>131,609</u>	<u>1,394</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 635,650</u>	<u>\$ 58,158</u>	<u>\$ 1,298,076</u>	<u>\$ 453,896</u>	<u>\$ 137,738</u>	<u>\$ 1,394</u>

**City of Mishawaka, Indiana**

Combining Balance Sheet -  
 Nonmajor Special Revenue Funds  
 December 31, 2021

	<u>Community Development</u>	<u>Property Rehab Revolving</u>	<u>Park Non Reverting Oper</u>	<u>Criminal Assistance Grant</u>	<u>Local Road and Bridge Matching Grant</u>	<u>Rainy Day Fund</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 35,019	\$ 138,976	\$ 790,340	\$ 82,583	\$ 65,306	\$ -
Receivables:						
Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans	191,777	-	-	-	-	-
	<u>191,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 226,796</u>	<u>\$ 138,976</u>	<u>\$ 790,340</u>	<u>\$ 82,583</u>	<u>\$ 65,306</u>	<u>\$ -</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 92,548	\$ 240	\$ 123	\$ 3,698	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>92,548</u>	<u>240</u>	<u>123</u>	<u>3,698</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>						
Restricted	134,248	138,736	790,217	78,885	65,306	-
Unassigned (deficit)	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>134,248</u>	<u>138,736</u>	<u>790,217</u>	<u>78,885</u>	<u>65,306</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 226,796</u>	<u>\$ 138,976</u>	<u>\$ 790,340</u>	<u>\$ 82,583</u>	<u>\$ 65,306</u>	<u>\$ -</u>

**City of Mishawaka, Indiana**Combining Balance Sheet -  
Nonmajor Special Revenue Funds  
December 31, 2021

	<u>CARES Provider Relief Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 6,740	\$ 17,628,127
Receivables:		
Taxes	-	6,341,334
Accounts	-	117,638
Intergovernmental	-	642,444
Loans	-	191,777
	<u>6,740</u>	<u>191,777</u>
Total assets	<u>\$ 6,740</u>	<u>\$ 24,921,320</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 6,740	\$ 435,099
Accrued payroll and withholdings payable	-	82,784
Unearned revenue	-	4,760,910
	<u>6,740</u>	<u>5,278,793</u>
Total liabilities	<u>6,740</u>	<u>5,278,793</u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	-	5,849,042
	<u>-</u>	<u>5,849,042</u>
Total deferred inflows of resources	<u>-</u>	<u>5,849,042</u>
<b>Fund Balances</b>		
Restricted	-	13,814,571
Unassigned (deficit)	-	(21,086)
	<u>-</u>	<u>(21,086)</u>
Total fund balances	<u>-</u>	<u>13,793,485</u>
	<u>\$ 6,740</u>	<u>\$ 24,921,320</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,740</u>	<u>\$ 24,921,320</u>

**City of Mishawaka, Indiana**

Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances -  
 Nonmajor Special Revenue Funds  
 Year Ended December 31, 2021

	Motor Vehicle Highway	Local Road and Street	Motor Vehicle Highway - Restricted	Park and Recreation	Park and Recreation Gift	Public Safety	ARP Corona Local Fiscal Grant	COVID-19 CDBG	CEDIT Revolving Fund	Police Arson/Drug Invest
<b>Revenues</b>										
Taxes:										
Property	\$ 1,830,586	\$ -	\$ -	\$ 3,582,372	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income	-	-	-	-	-	3,657,027	-	-	-	-
Other	1,081,626	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	1,361,977	906,417	855,353	284,829	-	14,493	1,180,891	153,747	-	-
Charges for services	7,172	-	-	868,686	-	-	-	-	-	12,074
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-	-	-
Donation	-	-	-	-	74,354	-	-	-	-	-
Miscellaneous	5,672	-	-	-	-	9,899	-	-	25,473	-
Total revenues	4,287,033	906,417	855,353	4,735,887	74,354	3,681,419	1,180,891	153,747	25,473	12,074
<b>Expenditures</b>										
Current:										
General government	-	-	-	-	-	-	1,180,891	157,193	1,500	-
Public safety	-	-	-	-	-	1,013,389	-	-	-	-
Highways and streets	2,514,910	250,000	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	3,527,454	62,477	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	7,854	-	436,539	-	-	-	-
Interest	-	-	-	431	-	89,760	-	-	-	-
Capital outlay:										
Highways and streets	-	208,265	1,230,381	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Total expenditures	2,514,910	458,265	1,230,381	3,535,739	62,477	1,539,688	1,180,891	157,193	1,500	-
Excess (deficiency) of revenues over (under) expenditures	1,772,123	448,152	(375,028)	1,200,148	11,877	2,141,731	-	(3,446)	23,973	12,074
<b>Other Financing Sources (Uses)</b>										
Sale of assets	4,893	-	-	118	-	17,280	-	-	-	-
Transfers in	-	-	750,000	-	-	-	-	-	-	-
Transfers out	(750,000)	-	(382,620)	-	-	(724,238)	-	-	-	-
Total other financing sources and uses	(745,107)	-	367,380	118	-	(706,958)	-	-	-	-
Net change in fund balances	1,027,016	448,152	(7,648)	1,200,266	11,877	1,434,773	-	(3,446)	23,973	12,074
Fund balance, beginning as previously stated	920,703	750,727	314,462	1,887,650	144,419	1,548,247	-	(17,640)	466,648	2,067
Adjustment to fund balance - (See Note 3)	-	-	-	-	-	-	-	-	-	-
<b>Fund Balances (deficit), Beginning</b>	920,703	750,727	314,462	1,887,650	144,419	1,548,247	-	(17,640)	466,648	2,067
<b>Fund Balances (deficit), Ending</b>	\$ 1,947,719	\$ 1,198,879	\$ 306,814	\$ 3,087,916	\$ 156,296	\$ 2,983,020	\$ -	\$ (21,086)	\$ 490,621	\$ 14,141

**City of Mishawaka, Indiana**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Nonmajor Special Revenue Funds  
Year Ended December 31, 2021

	Off Street Parking	Flexible Spending Account	Ambulance Fund	Industrial Development	Trash Collection	Mishawaka Gift Fund	Law Enforcement Train Edu	Bicentennial Gift
<b>Revenues</b>								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Licenses and permits	8,428	-	-	-	-	-	16,980	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	329,172	-	2,623,945	-	37,097	-
Fines and forfeits	-	-	-	-	-	-	3,920	-
Investment earnings	-	-	-	-	-	-	-	3
Donation	-	-	-	-	-	84,518	-	-
Miscellaneous	-	66,069	-	-	2,032	-	-	-
Total revenues	8,428	66,069	329,172	-	2,625,977	84,518	57,997	3
<b>Expenditures</b>								
Current:								
General government	-	46,207	-	-	-	-	-	-
Public safety	1,109	-	-	-	-	-	81,903	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	83,360	-	-
Sanitation	-	-	-	-	2,544,214	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay:								
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	1,109	46,207	-	-	2,544,214	83,360	81,903	-
Excess (deficiency) of revenues over (under) expenditures	7,319	19,862	329,172	-	81,763	1,158	(23,906)	3
<b>Other Financing Sources (Uses)</b>								
Sale of assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	7,319	19,862	329,172	-	81,763	1,158	(23,906)	3
Fund balance, beginning as previously stated	18,503	3,533	306,478	58,158	1,010,086	452,738	155,515	1,391
Adjustment to fund balance - (See Note 3)	-	-	-	-	-	-	-	-
<b>Fund Balances (deficit), Beginning</b>	18,503	3,533	306,478	58,158	1,010,086	452,738	155,515	1,391
<b>Fund Balances (deficit), Ending</b>	\$ 25,822	\$ 23,395	\$ 635,650	\$ 58,158	\$ 1,091,849	\$ 453,896	\$ 131,609	\$ 1,394

**City of Mishawaka, Indiana**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Nonmajor Special Revenue Funds  
Year Ended December 31, 2021

	Community Development	Property Rehab Revolving	Park Non Reverting Oper	Criminal Assistance Grant	Local Road and Bridge Matching Grant	Rainy Day Fund	CARES Provider Relief Fund	Total Nonmajor Special Revenue Funds
<b>Revenues</b>								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,412,958
Income	-	-	-	-	-	-	-	3,657,027
Other	-	-	-	-	-	-	-	1,081,626
Licenses and permits	-	-	-	-	-	-	-	25,408
Intergovernmental	518,303	-	-	102,607	370,019	-	-	5,748,636
Charges for services	-	-	322,094	-	-	-	-	4,200,240
Fines and forfeits	-	-	-	-	-	-	-	3,920
Investment earnings	-	-	-	-	-	-	-	3
Donation	-	-	-	-	-	-	-	158,872
Miscellaneous	15,676	26,598	-	-	-	-	-	151,419
Total revenues	533,979	26,598	322,094	102,607	370,019	-	-	20,440,109
<b>Expenditures</b>								
Current:								
General government	-	-	-	-	-	-	-	1,385,791
Public safety	-	-	-	92,099	-	-	-	1,188,500
Highways and streets	-	-	-	-	-	-	44,576	2,809,486
Culture and recreation	537,144	-	173,771	-	-	-	-	4,384,206
Sanitation	-	-	-	-	-	-	-	2,544,214
Urban redevelopment	106,151	26,598	-	-	-	-	-	132,749
Debt service:								
Principal	-	-	-	-	-	-	-	444,393
Interest	-	-	-	-	-	-	-	90,191
Capital outlay:								
Highways and streets	-	-	-	-	687,333	-	-	2,125,979
Culture and recreation	-	-	68,900	-	-	-	-	68,900
Total expenditures	643,295	26,598	242,671	92,099	687,333	-	44,576	15,174,409
Excess (deficiency) of revenues over (under) expenditures	(109,316)	-	79,423	10,508	(317,314)	-	(44,576)	5,265,700
<b>Other Financing Sources (Uses)</b>								
Sale of assets	-	-	-	-	-	-	-	22,291
Transfers in	-	-	-	-	382,620	-	-	1,132,620
Transfers out	-	-	-	-	-	-	-	(1,856,858)
Total other financing sources and uses	-	-	-	-	382,620	-	-	(701,947)
Net change in fund balances	(109,316)	-	79,423	10,508	65,306	-	(44,576)	4,563,753
Fund balance, beginning as previously stated	243,564	138,736	710,794	68,377	-	586,340	44,576	9,816,072
Adjustment to fund balance - (See Note 3)	-	-	-	-	-	(586,340)	-	(586,340)
<b>Fund Balances (deficit), Beginning</b>	243,564	138,736	710,794	68,377	-	-	44,576	9,229,732
<b>Fund Balances (deficit), Ending</b>	\$ 134,248	\$ 138,736	\$ 790,217	\$ 78,885	\$ 65,306	\$ -	\$ -	\$ 13,793,485

**City of Mishawaka, Indiana**

Combining Balance Sheet -  
 Nonmajor Debt Service Funds  
 December 31, 2021

	<u>Mill at Iron Works Debt Service Reserve</u>	<u>Redevelopment Stimulus Debt Reserve</u>	<u>Mishawaka Building Corporation</u>	<u>Consolidated TIF Bond and Interest</u>	<u>City of Mishawaka Bond Bank</u>	<u>Total Nonmajor Debt Service Funds</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 1,140,694	\$ 5,064,346	\$ -	\$ 2,761,366	\$ 3,287,860	\$ 12,254,266
Receivables:						
Interest	<u>48</u>	<u>167</u>	<u>-</u>	<u>339</u>	<u>-</u>	<u>554</u>
Total assets	<u>\$ 1,140,742</u>	<u>\$ 5,064,513</u>	<u>\$ -</u>	<u>\$ 2,761,705</u>	<u>\$ 3,287,860</u>	<u>\$ 12,254,820</u>
<b>Fund Balances</b>						
Restricted	<u>\$ 1,140,742</u>	<u>\$ 5,064,513</u>	<u>\$ -</u>	<u>\$ 2,761,705</u>	<u>\$ 3,287,860</u>	<u>\$ 12,254,820</u>
Total fund balances	<u>1,140,742</u>	<u>5,064,513</u>	<u>-</u>	<u>2,761,705</u>	<u>3,287,860</u>	<u>12,254,820</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,140,742</u>	<u>\$ 5,064,513</u>	<u>\$ -</u>	<u>\$ 2,761,705</u>	<u>\$ 3,287,860</u>	<u>\$ 12,254,820</u>

**City of Mishawaka, Indiana**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Nonmajor Debt Service Funds  
Year Ended December 31, 2021

	<b>Mill at Iron Works Debt Service Reserve</b>	<b>Redevelopment Stimulus Debt Reserve</b>	<b>Mishawaka Building Corporation</b>	<b>Consolidated TIF Bond and Interest</b>	<b>City of Mishawaka Bond Bank</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>Revenues</b>						
Investment earnings	\$ 307	\$ 866	\$ -	\$ 372	\$ 104,617	\$ 106,162
Miscellaneous	-	-	301,809	-	105,120	406,929
Total revenues	<u>307</u>	<u>866</u>	<u>301,809</u>	<u>372</u>	<u>209,737</u>	<u>513,091</u>
<b>Expenditures</b>						
Current:						
General government	-	-	301,809	-	106,822	408,631
Debt service:						
Principal	-	-	-	2,204,366	-	2,204,366
Interest	-	-	-	70,764	-	70,764
Total expenditures	<u>-</u>	<u>-</u>	<u>301,809</u>	<u>2,275,130</u>	<u>106,822</u>	<u>2,683,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>307</u>	<u>866</u>	<u>-</u>	<u>(2,274,758)</u>	<u>102,915</u>	<u>(2,170,670)</u>
<b>Other Financing Sources (Uses)</b>						
Bond proceeds	-	5,063,647	-	-	-	5,063,647
Transfers in	-	-	-	3,881,799	724,238	4,606,037
Total other financing sources and uses	<u>-</u>	<u>5,063,647</u>	<u>-</u>	<u>3,881,799</u>	<u>724,238</u>	<u>9,669,684</u>
Net change in fund balances	307	5,064,513	-	1,607,041	827,153	7,499,014
<b>Fund Balances, Beginning</b>	<u>1,140,435</u>	<u>-</u>	<u>-</u>	<u>1,154,664</u>	<u>2,460,707</u>	<u>4,755,806</u>
<b>Fund Balances, Ending</b>	<u>\$ 1,140,742</u>	<u>\$ 5,064,513</u>	<u>\$ -</u>	<u>\$ 2,761,705</u>	<u>\$ 3,287,860</u>	<u>\$ 12,254,820</u>

**City of Mishawaka, Indiana**

Combining Balance Sheet -  
 Nonmajor Capital Project Funds  
 December 31, 2021

	<u>Cumulative Capital Improvement</u>	<u>Cumulative Sewer</u>	<u>Cumulative Capital Development</u>	<u>CEDIT</u>	<u>Total Nonmajor Capital Project Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 1,880,842	\$ 1,247,785	\$ 353,669	\$ 5,971,274	\$ 9,453,570
Receivables:					
Taxes	-	-	581,915	3,079,446	3,661,361
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 1,880,842</u>	<u>\$ 1,247,785</u>	<u>\$ 935,584</u>	<u>\$ 9,050,720</u>	<u>\$ 13,114,931</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 43,903	\$ 24,781	\$ 119,317	\$ 188,001
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>-</u>	<u>43,903</u>	<u>24,781</u>	<u>119,317</u>	<u>188,001</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	-	-	581,915	2,397,122	2,979,037
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>581,915</u>	<u>2,397,122</u>	<u>2,979,037</u>
<b>Fund Balances</b>					
Restricted	1,880,842	1,203,882	328,888	6,534,281	9,947,893
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>1,880,842</u>	<u>1,203,882</u>	<u>328,888</u>	<u>6,534,281</u>	<u>9,947,893</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,880,842</u>	<u>\$ 1,247,785</u>	<u>\$ 935,584</u>	<u>\$ 9,050,720</u>	<u>\$ 13,114,931</u>

## City of Mishawaka, Indiana

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Nonmajor Capital Projects Funds  
Year Ended December 31, 2021

	<u>Cumulative Capital Improvement</u>	<u>Cumulative Sewer</u>	<u>Cumulative Capital Development</u>	<u>CEDIT</u>	<u>Total Nonmajor Capital Project Funds</u>
<b>Revenues</b>					
Taxes:					
Property	\$ -	\$ -	\$ 545,539	\$ -	\$ 545,539
Income	-	-	-	4,946,899	4,946,899
Licenses and permits	-	97,379	-	-	97,379
Intergovernmental	99,138	-	43,375	-	142,513
Charges for services	-	-	-	5,345	5,345
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,345</u>	<u>5,345</u>
Total revenues	<u>99,138</u>	<u>97,379</u>	<u>588,914</u>	<u>4,952,244</u>	<u>5,737,675</u>
<b>Expenditures</b>					
Current:					
General government	113,739	-	479,974	-	593,713
Public safety	-	293,238	-	-	293,238
Highways and streets	-	-	-	2,980,269	2,980,269
Culture and recreation	-	-	-	2,064	2,064
Debt service:					
Principal	-	-	-	43,013	43,013
Interest	-	-	-	2,357	2,357
Capital outlay:					
General government	-	-	140,406	-	140,406
Public safety	-	1,044,503	-	-	1,044,503
Highways and streets	-	-	-	205,438	205,438
Culture and recreation	-	-	-	217,049	217,049
	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,049</u>	<u>217,049</u>
Total expenditures	<u>113,739</u>	<u>1,337,741</u>	<u>620,380</u>	<u>3,450,190</u>	<u>5,522,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,601)</u>	<u>(1,240,362)</u>	<u>(31,466)</u>	<u>1,502,054</u>	<u>215,625</u>
Net change in fund balances	<u>(14,601)</u>	<u>(1,240,362)</u>	<u>(31,466)</u>	<u>1,502,054</u>	<u>215,625</u>
<b>Fund Balances, Beginning</b>	<u>1,895,443</u>	<u>2,444,244</u>	<u>360,354</u>	<u>5,032,227</u>	<u>9,732,268</u>
<b>Fund Balances, Ending</b>	<u>\$ 1,880,842</u>	<u>\$ 1,203,882</u>	<u>\$ 328,888</u>	<u>\$ 6,534,281</u>	<u>\$ 9,947,893</u>

## City of Mishawaka, Indiana

Combining Statement of Fiduciary Net Position -  
Pension Trust Funds  
December 31, 2021

	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>	<u>Total Pension Trust Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 851,864	\$ 935,553	\$ 557,977	\$ 2,345,394
Investments at fair value:				
Mutual funds	-	-	28,668,559	28,668,559
Municipal Bonds	-	-	182,198	182,198
Total investments	-	-	28,850,757	28,850,757
Other assets				
Total assets	<u>851,864</u>	<u>935,553</u>	<u>29,408,734</u>	<u>31,196,151</u>
Net position				
Restricted for net position	<u>\$ 851,864</u>	<u>\$ 935,553</u>	<u>\$ 29,408,734</u>	<u>\$ 31,196,151</u>

**City of Mishawaka, Indiana**

Combining Statement of Changes in Fiduciary Net Position -  
Pension Trust funds  
Year Ended December 31, 2021

	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>	<u>Total</u>
<b>Additions</b>				
Contributions:				
On behalf contributions	\$ 1,224,259	\$ 1,919,552	\$ 1,191,963	\$ 4,335,774
Total contributions and transfers	<u>1,224,259</u>	<u>1,919,552</u>	<u>1,191,963</u>	<u>4,335,774</u>
Investment income:				
Interest	-	-	17	17
Net increase in fair value of investments	-	-	2,904,461	2,904,461
Total investment income	<u>-</u>	<u>-</u>	<u>2,904,478</u>	<u>2,904,478</u>
Total additions	<u>1,224,259</u>	<u>1,919,552</u>	<u>4,096,441</u>	<u>7,240,252</u>
Deductions:				
Benefit payments (including refunds of employee contributions)	1,167,635	1,943,490	1,247,720	4,358,845
Administrative expense	-	900	1,200	2,100
Total deductions	<u>1,167,635</u>	<u>1,944,390</u>	<u>1,248,920</u>	<u>4,360,945</u>
Change in fiduciary net position	56,624	(24,838)	2,847,521	2,879,307
<b>Net Position, Beginning</b>	<u>795,240</u>	<u>960,391</u>	<u>26,561,213</u>	<u>28,316,844</u>
<b>Net Position, Ending</b>	<u>\$ 851,864</u>	<u>\$ 935,553</u>	<u>\$ 29,408,734</u>	<u>\$ 31,196,151</u>

# CITY OF MISHAWAKA, INDIANA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND INDEPENDENT AUDITOR'S REPORTS

December 31, 2021



# CITY OF MISHAWAKA, INDIANA

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*Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards*

The Officials of the City of Mishawaka, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mishawaka, Indiana (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 7, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **The City's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
October 7, 2022

*Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance*

The Officials of the City of Mishawaka, Indiana

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Mishawaka, Indiana's (the City's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and the provisions of contracts or grant agreements applicable to the City's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control findings over compliance identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 7, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
October 7, 2022

**CITY OF MISHAWAKA, INDIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended December 31, 2021

	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S DEPARTMENT OF THE TREASURY</b>				
Direct Award:				
COVID-19 - Coronavirus State & Local Fiscal Recovery Funds	21.027		\$ 1,180,891	<u>                    </u>
<b>U.S DEPARTMENT OF TRANSPORTATION</b>				
Passed through Indiana Criminal Justice Institute:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	69A3752030000402INO & 69A37520300001640INA	94,047	27,819
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	CHIRP-2021-0031	<u>8,560</u>	<u>8,560</u>
			<u>102,607</u>	<u>36,379</u>
<b>U.S DEPARTMENT OF JUSTICE</b>				
Direct Award:				
Bulletproof Vest Partnership Program	16.607		<u>5,390</u>	<u>                    </u>
<b>U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Direct Award:				
COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distributions	93.498		<u>44,576</u>	<u>                    </u>
<b>U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Direct Awards:				
CDBG - Entitlement Grants Cluster:				
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218		153,747	136,107
Community Development Block Grants/Entitlement Grants	14.218		<u>557,868</u>	<u>134,514</u>
			<u>711,615</u>	<u>270,621</u>
			<u>\$ 2,045,079</u>	<u>\$ 307,000</u>

See accompanying notes to schedule of expenditures of federal awards.

## CITY OF MISHAWAKA, INDIANA

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended December 31, 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Mishawaka, Indiana (City). The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position/fund balance, or cash flows of the City. In addition, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Expenditures** reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or federal award guidance, when such cost principles are not applicable to the specific federal award. Under the cost principles contained in the Uniform Guidance and federal award guidance, certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

**Amount Provided to Subrecipients** represents the actual expenditures incurred by subrecipients.

#### **Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution – Assistance Listing Number 93.498**

For the HHS awards related to the Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution (PRF) program, HHS has indicated the amounts on the schedule to be reported corresponding to reporting requirements of the Health Resources & Services Administration (HRSA) PRF Reporting Portal. Payments from HHS for PRF are assigned to "Payment Received Periods" (each, a Period) based upon the date each payment from the PRF was received. Each Period has a specified Period of Availability and timing of reporting requirements. Entities report into the HRSA PRF Reporting Portal after each Period's deadline to use the funds (i.e., after the end of the Period of Availability.)

The schedule includes \$44,576 received from HHS between April 10, 2020, through June 30, 2020. In accordance with guidance from HHS, these amounts are presented as Period 1 disbursements. Such amounts were recognized as grant income in the Company's financial statements as shown on the schedule in the years ended December 31, 2021.

#### NOTE 2 - INDIRECT COST RATE

The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**CITY OF MISHAWAKA, INDIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2021**

**Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ✓ yes        no
- Significant deficiency(ies) identified?        yes ✓ none reported

Noncompliance material to financial statements noted?        yes ✓ no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?        yes ✓ no
- Significant deficiency(ies) identified? ✓ yes        none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?        yes ✓ no

Identification of major programs:

Federal Assistance Listing Number	Agency	Title
21.027	U.S Department of Treasury	Coronavirus State & Local Fiscal Recovery Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?        yes ✓ no

## CITY OF MISHAWAKA, INDIANA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) Year Ended December 31, 2021

#### Financial Statement Findings

##### **2021-001 Material Weakness – Financial Reporting**

*Criteria:* Internal controls over financial reporting should be in place that provide reasonable assurance that the financial statements are free of material misstatement. Internal controls over financial reporting should be designed to either prevent or detect and correct misstatements on a timely basis and maintained to ensure they are operating as designed.

*Condition and Context:* At year-end 2020, the City completed a financial statement preparation process. During the financial statement preparation process, management reviewed subsequent cash disbursements for accruals, identify and eliminate all intergovernmental transactions, and update records to reflect capital asset activity. The financial statement preparation process did not appropriately identify all subsequent cash disbursements for accruals, did not identify all intergovernmental transactions for elimination, and did not identify all capital assets sold. Controls to correct the issues noted in the 2020 year-end financial statement preparation process were not implemented until 2022.

This finding is a repeat finding of 2020-001.

*Cause and Effect:* The deficiency noted above resulted in undetected material misstatements to accruals, receivables, capital assets, capital leases, and the related income and expenditure accounts for the financial statements ending December 31, 2020. In addition to the material misstatements in the capital assets misstatement impact prior years and resulted in a restatement of opening net position. Similar misstatements could occur and materially impact the City's presentation of financial position, results from operations, and cash flows.

*Recommendations:* We recommend the City review the year-end financial statement preparation process and determine what appropriate procedures and review processes are necessary to prevent or detect misstatements. The City should give specific attention to receivables, accruals, capital assets and debt as these balances are generally material to the financial statements and can be significantly impacted in preparing financial statement in conformity with generally accepted accounting principles.

*Views of Responsible Officials and Planned Corrective Actions:* The City agrees with the recommendation, and it was implemented July 25, 2022, through personnel changes in the Controller's Office.

##### **2021-002 Material Weakness – Inventory Management System**

*Criteria:* Internal controls over inventory should be in place to provide reasonable assurance that inventory is free of material misstatement. Internal controls over inventory should be designed to either prevent or detect and correct misstatements on a timely basis and maintained to ensure they are operating as designed.

*Condition and Context:* The City utilizes an inventory management system to track details such as inventory levels, orders, and sales. During our testing, we noted the inventory management system lacked sufficient transaction level detail to be able to reconcile to the City's general ledger on a perpetual basis.

This finding is a repeat finding of 2020-002.

## **2021-002 Material Weakness – Inventory Management System (Continued)**

*Cause and Effect:* The deficiency noted above may result in undetected material misstatements in the existence and valuation of the City's inventory.

*Recommendations:* We recommend the City review the current inventory management system to determine the specific limitations the system has in providing adequate detail to reconcile to the City's general ledger on a perpetual basis. The City should then identify short-term and long-term solutions to address the deficiency. We also recommend the City establish procedures to perform monthly reconciliations between the inventory management system and the general ledger to ensure both records are consistent and complete.

*Views of Responsible Officials and Planned Corrective Actions:* The City agrees with the recommendation and has implemented the recommendation as of April 2022.

## **Federal Award Findings and Questioned Costs**

### **Department of the Treasury**

#### **2021-003 Coronavirus State and Local Fiscal Recovery Fund – Assistance Listing No. 21.027**

#### **Significant Deficiency in Internal Control over Compliance – L. Reporting**

*Criteria:* 2 CFR 200.303 includes requirements related to internal controls for federal award programs, including that the Agency must, among other things, "establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award." These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

*Condition and Context:* We noted the City submitted a report required under the Coronavirus State and Local Fiscal Recovery Fund which had no review of the report for accuracy of the information or inclusion of the appropriate key line items.

*Cause and Effect:* We noted no noncompliance in relation to the report and the applicable compliance requirements. However, key line items could have been misstated without the errors being identified and corrected since no review of the report occurred prior to submission.

*Recommendation:* We recommend the City implement procedures to ensure reports are being reviewed by a competent and capable individual or third-party prior to submission.

*Views of Responsible Officials and Planned Corrective Actions:* The City agrees with the recommendation and plans to implement the recommendation during 2022.



# CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

DEPARTMENT OF FINANCE  
Rebecca S. Maguire, Controller  
Kayla Yoder, Deputy Controller

## CORRECTIVE ACTION PLAN Year Ended December 31, 2021

Indiana State Board of Accounts  
302 W Washington Street, Room E 418  
Indianapolis, IN 46204-2765

The City of Mishawaka, Indiana respectively submits the following corrective action plan for the year ended December 31, 2021.

Name and address of independent public accounting firm:

Katz, Sapper & Miller, LLP  
800 East 96<sup>th</sup> Street, Suite 500  
Indianapolis, IN 46240

Audit period: Year ended December 31, 2021

The findings from the schedule of findings and questioned costs for the year ended December 31, 2021, are discussed below. The findings are numbered consistently with the number assigned in the Schedule.

### FINANCIAL STATEMENT FINDINGS

#### 2021-001 Material Weakness – Financial Reporting

*Recommendations:* The auditor recommended the City review the year-end financial statement preparation process and determine what appropriate procedures and review processes are necessary to prevent or detect misstatements.

*Planned Corrective Actions:* The City agrees with the recommendation, and it was implemented July 25, 2022 through personnel changes in the Controller's Office.

#### 2021-002 Material Weakness – Inventory

*Recommendations:* The auditor recommended the City review the current inventory management system to determine the specific limitation the system has in providing adequate detail to reconcile to the City's general ledger. The City should then identify short-term and long-term solutions to address the deficiency. The auditor also recommended the City establish procedures to perform monthly reconciliations between the inventory management system and the general ledger to ensure both records are consistent and complete.

*Planned Corrective Action:* We agree with the recommendation. Corrective action was put in place in April 2022.

**Federal Award Findings and Questioned Costs**

**Department of the Treasury**

**2021-003 Coronavirus State and Local Fiscal Recovery Fund – Assistance Listing No. 21.027**

**Significant Deficiency in Internal Control over Compliance – L. Reporting**

*Recommendation:* The Auditor recommends the City implement procedures to ensure reports are being reviewed by a competent and capable individual or third-party prior to their submission.

*Planned Corrective Actions:* The City agrees with the recommendation and plans to implement the recommendation during 2022.

If the Indiana State Board of Accounts has questions regarding this plan, please call Rebecca Maguire, City Controller at 574-258-1622.

Sincerely yours,



Rebecca Maguire  
City Controller  
City of Mishawaka, Indiana



# CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

DEPARTMENT OF FINANCE  
Rebecca S. Maguire, Controller  
Kayla Yoder, Deputy Controller

October 7, 2022

## Summary Schedule of Prior Year Audit Findings Year Ended December 31, 2020

Indiana State Board of Accounts  
302 W Washington Street, Room E 418  
Indianapolis, IN 46204-2765

The City of Mishawaka, Indiana respectively submits the following corrective action plan for the year ended December 31, 2020.

Name and address of independent public accounting firm:

Katz, Sapper & Miller, LLP  
800 East 96<sup>th</sup> Street, Suite 500  
Indianapolis, IN 46240

Audit period: Year ended December 31, 2020

The findings from the schedule of findings and questioned costs for the year ended December 31, 2020, are discussed below. The findings are numbered consistently with the number assigned in the Schedule.

### FINANCIAL STATEMENT FINDINGS

#### 2020-001 Material Weakness – Financial Reporting

*Recommendations:* The auditor recommended the City review the year-end financial statement preparation process and determine what appropriate procedures and review processes are necessary to prevent or detect misstatements. The City should give specific attention to receivables, accruals, capital assets and debt as these balances are generally material to the financial statements and can be significantly impacted in preparing financial statement in conformity with generally accepted accounting principles.

*Status:* We continue to work closely with Baker Tilly to provide reports and follow up with them on any questions or concerns. Effective 7/25/22 there will be personnel changes in the Controller's office which will improve the effectiveness of the audit and financial statement preparation and review. Kayla will be the Deputy Controller and Kurt will become the Utility Financial Analyst. Kurt's background is in the Utility Division.

#### 2020-002 Material Weakness – Inventory

*Recommendations:* The auditor recommended the City review the current inventory management system to determine the specific limitation the system has in providing adequate detail to reconcile to the City's general ledger. The City should then identify

City of Mishawaka  
Summary Schedule of Prior Year Audit Findings

short-term and long-term solutions to address the deficiency. The auditor also recommended the City establish procedures to perform monthly reconciliations between the inventory management system and the general ledger to ensure both records are consistent and complete.

*Status:* Due to the late finish of the 2020 audit, the same annual inventory process was still in place in 2021. The electric department modified their inventory process in April 2022 to increase the review of the inventory, and any significant changes are researched in a timely manner.

If the Indiana State Board of Accountants has questions regarding this plan, please call Rebecca Maguire, City Controller at 574-258-1622.

Sincerely yours,

A handwritten signature in cursive script that reads "Rebecca Maguire". The signature is written in black ink and is positioned above the typed name.

Rebecca Maguire

City Controller

City of Mishawaka, Indiana