



**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

**CITY OF MISHAWAKA, INDIANA
FISCAL YEAR ENDED DECEMBER 31, 2013**

DAVID A. WOOD, MAYOR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MISHAWAKA, INDIANA

For the Fiscal Year Ended December 31, 2013



PREPARED BY:
CITY CONTROLLER'S OFFICE

INTRODUCTORY SECTION

CITY OF MISHAWAKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR DECEMBER 31, 2013

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Yvonne Milligan	01-01-13 to 05-31-13
	Rebecca S. Miller	06-01-13 to 12-31-14
Mayor	David A. Wood	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Gary E. West	01-01-13 to 12-31-14
Members of the Common Council	Matt Mammolenti	01-01-12 to 12-31-15
	Mary C. Willson (Kate Voelker)	01-01-13 to 12-31-15
	Dale E. Emmons	01-01-12 to 12-31-15
	Ronald S. Banicki	01-01-12 to 12-31-15
	John J. Roggeman	01-01-12 to 12-31-15
	S. Michael Compton	01-01-12 to 12-31-15
	Michael A. Bellovich	01-01-12 to 12-31-15
	John Reisdorf	01-01-12 to 12-31-15
Dan Bilancio	01-01-12 to 12-31-15	



CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

OFFICE OF THE MAYOR

June 27, 2014

Members of the Common Council
Mishawaka, Indiana

Dear Council Members:

In accordance with Indiana statute, I hereby transmit to you the annual financial report of the City of Mishawaka as of December 31, 2013.

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

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

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

Beginning this past year, the State Board of Accounts has placed the entire burden of compiling the CAFR report on the City. This is a new practice and takes a great deal of time and effort in the Controller's Office. The preparation of this annual financial report could not have been accomplished without the professional competence and dedication of City Controller, Rebecca Miller, and her entire staff. Their efforts over the years to upgrade the accounting and financial reporting systems of the city have substantially improved the quality of information being reported to Mishawaka citizens, the Common Council and Indiana oversight boards.

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

Sincerely,

David A. Wood, Mayor



CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

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

June 27, 2014

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

The Comprehensive Annual Financial Report of the City of Mishawaka, Indiana for the fiscal year ended December 31, 2013 is hereby submitted.

This report was prepared by the City Controller's Office in conjunction with the State Board of Accounts of the State of Indiana. Responsibility for the accuracy, completeness and fairness of the presentation rests with the city. We believe the data as presented is accurate in all material respects and is presented fairly as set forth in the financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the city as of December 31, 2013 and that all disclosures necessary to enable the reader to gain the maximum understanding of the city's financial affairs have been included. The financial statements of the City of Mishawaka for the year-ended December 31, 2013 are fairly presented in conformity with GAAP.

Internal control is a major part of managing a city it is not a one time event, but an ongoing series of actions and events that occur in a municipality. Internal controls are designed to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and reliability of financial records for preparing the financial statements and maintaining accountability for assets

The City of Mishawaka's accounting system was last updated in 2011. In 2011 the City of Mishawaka went from an AS400 environment to a web browser environment. Updating an accounting system is often needed to adequately report and record financial data along with being able to stay compliant with laws and regulations. Consideration is also given to the adequacy of internal controls when updating an accounting system. We believe that the City of Mishawaka's internal controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions. Reasonable assurance of the cost of internal controls should not exceed the benefits to be derived and the valuation of costs requires estimates and judgments by the city. Many policies and procedures have been put into place at the City of Mishawaka to assure the best possible performance. Key items: written cash handling policy, Capital Asset policy, and periodic inventories overseen by the controller's office. Internal controls are tested continuously by the City Controller's Office.

The State Board of Accounts of the State of Indiana, have issued an unqualified opinion on the City of Mishawaka's financial statements for the year ended December 31, 2013. The independent auditor's opinion is located at the front of the financial section of this report.

The city is required to undergo an annual single audit in conformity with the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, the provisions of the Indiana Code section 5-11-1-9 and the requirements of the Indiana State Board of Accounts. Information related to the single audit, including the schedule of federal awards, findings and recommendations, and the auditors' reports on the internal control structure and compliance with laws and regulations, is included in this document.

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

CITY PROFILE

The City of Mishawaka was incorporated as a city in 1899. The City of Mishawaka is located in the north central part of the State of Indiana. Mishawaka is approximately 100 miles east of Chicago and 140 miles north of Indianapolis. The city currently occupies a land area of approximately 17.69 square miles and serves a population of 48,252(2010 Census). The central government of the city consists of the Mayor (chief executive officer) and a nine-member Common Council six members of which are elected by districts each serving a four-year term. The City of Mishawaka also elects a City Clerk.

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

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

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

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ECONOMIC CONDITION

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

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

The City of Mishawaka has access to Interstate 80/90, U.S. Highways 6, 20, 31 and several state highways. The City also has access to a regional airport which is the second busiest airport in Indiana and the first in the country that is a tri-modal airport, with air, rail and bus lines. In 2014 it has plans to become an international airport.

Mishawaka's 2000 Census population was 46,557 the population of Mishawaka increased to 48,252 or 3.6% according to the 2010 U.S. Census. Steady job growth and population growth have contributed to the stability of the community. As of December 2013 the South Bend/Mishawaka area unemployment rate was 8.8% compared to 9.7% in 2012. The South Bend/Mishawaka area overall resident employment stands at 124,349 for 2013 compared to 124,968 in 2012.

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

The largest employers in Mishawaka are in the Health, Education and Retail fields. The St. Joseph Regional Medical Center employs approximately 2,597 people, the School City of Mishawaka employs an estimate of 968 people and Meijer Retail employs approximately 575 people.

The total estimated value of new construction permits in Mishawaka during 2013 was \$53.3 million. Residential permits totaled \$8.9 million, multi-family permits totaled \$6.0 million, and the commercial permits totaled \$38.4 million. Highlighting the 2013 completed projects was Alzheimer’s Special Care (\$5.3 million), Center for Hospice Care building (\$5.2 million), Long Term Care Investments (\$4.4 million), and All-Secure Storage (\$1.6 million).

In 2013, eight new commercial permits, and 144 commercial alterations/additions were issued with a value of \$38.4 million. New single family housing was up in 2013 from 28(2012) to 39 with an \$8.9 million value. Although the City of Mishawaka is benefiting from long-term strategic planning, the housing market is still significantly lower than the numbers from 2007. Over the next few years, we anticipate the City will continue a transformation of longstanding retail centers, as well as, scattered new-site construction. Retail sales in Mishawaka totaled \$1.8 billion according to a 2007 survey of market data by the U.S. Census Bureau. The Mishawaka area is northern Indiana’s retail hub, and with more planned development in the future it will continue.

Even though there were no voluntary annexations in 2013, the annexations of 2012 grew the City by 2.8% and will be the scene of future development.

In 2013 the City of Mishawaka continues to experience business retention and neighborhood revitalization.

51 tax abatements have been issued by the City of Mishawaka since 1986. 42 of the 51 abatements issued have been in the industrial-manufacturing area and 34 of the 51 were issued to different companies. The City of Mishawaka awarded two tax abatements in 2013 and at the end of 2013, only 5 tax abatements were outstanding.

ECONOMIC INDICATORS

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Population	48252	48252	48252	48252	46557	46557	46557	46557
Assessed Value (in billions)	1.3	1.4	1.4	1.4	1.4	1.6	1.7	1.6
Dollar Value of Building Permits (in millions)	53.3	51.6	45.	42.	53.	316.	116.	108.
Building Permits - New Construction	47	46	26	31	40	67	136	125
Labor Force (St. Joseph County)	124,349	124,968	126,963	127,611	128,714	133,363	133,337	134,788

Sources: Stats Indiana, nidataplus.com (benchmark) updated 2013.

MAJOR INITIATIVES/PROGRAMS

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

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

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

The City’s neighborhood stabilization plan continues to be implemented in 2013. The Mishawaka Code Enforcement Department continues to assist the Community Development Department in providing them with the

locations of vacant properties. This information has been valuable as they progress with the Neighborhood Stabilization Program. Many vacant properties have been demolished and replaced with single family homes. The overall appearance in older neighborhoods has greatly improved and will continue to improve.

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

One of the largest projects completed in 2013 is the Capital Avenue/SR 331 urban expressway. This highway connects two major roadways, the Indiana Toll Road (Interstate 80/90) and US Highway 20. This roadway opens up important economic development opportunities in the corridor. Several acres of land have been annexed bordering the Capital Avenue corridor for future development. Perpendicular to Capital Avenue on the south is the 12th Street/Harrison Road widening. This busy road connects the highly populated eastern city limits to Union Street near downtown Mishawaka.

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

The Mishawaka River Walk continues to be expanded. The City of Mishawaka River Walk connects neighborhoods and parks while also taking advantage of the view of the St. Joseph River. The Central Park revitalization is scheduled for 2014. The City has applied for future funding and expansion of the River Walk through Merrifield Park.

The Park Department is currently analyzing all of its facilities and also evaluating where activities are best located.

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

INDEPENDENT AUDIT

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mishawaka for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2012. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of a state and local government financial report.

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

A Certificate of Achievement is valid for a period of one year only. The City of Mishawaka has received a Certificate of Achievement for the last twenty seven consecutive years (years ended December 31, 1986-2012). We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

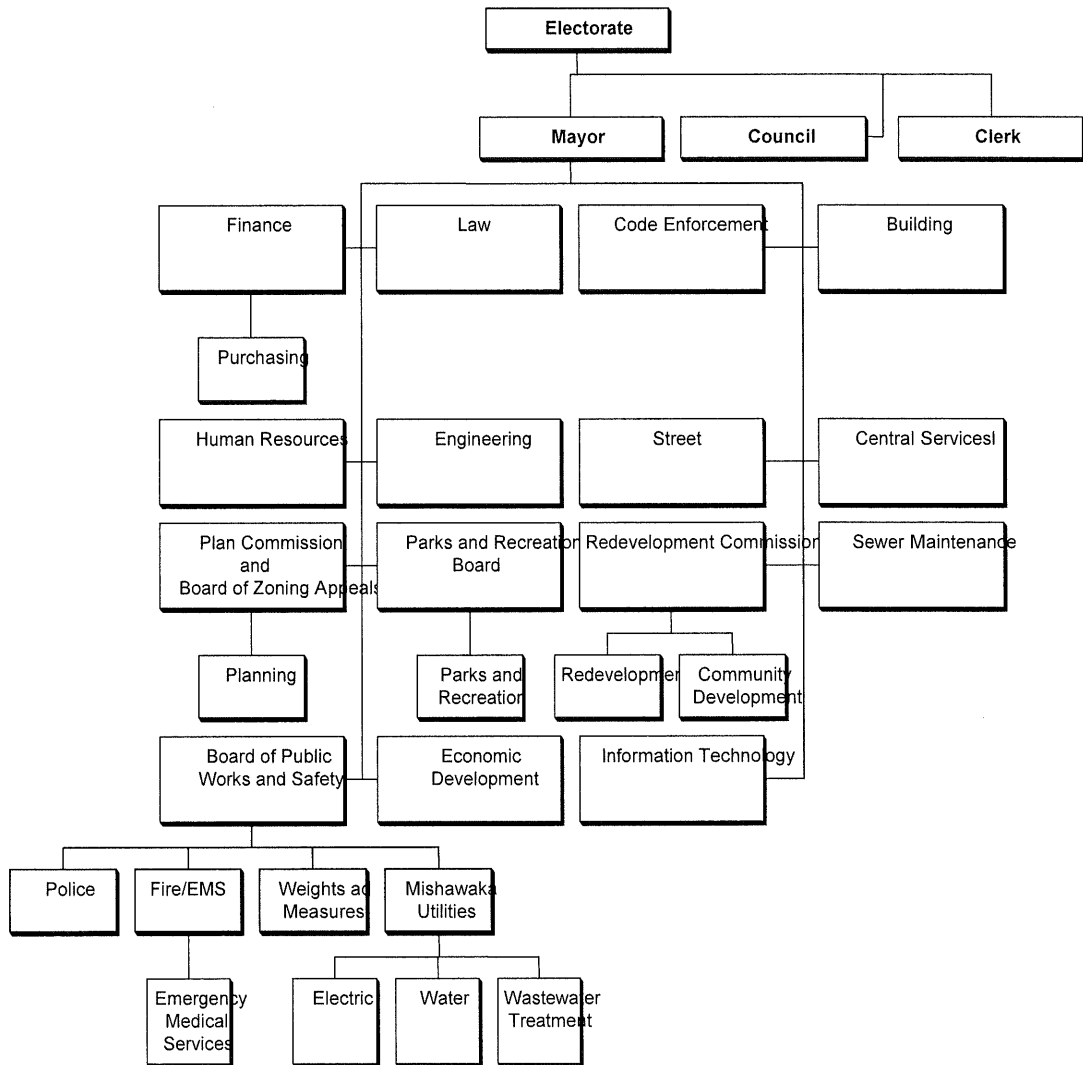
Respectfully submitted,



Rebecca S. Miller
City Controller

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

Mishawaka City Government





Government Finance Officers Association

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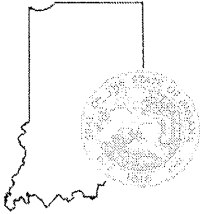
**City of Mishawaka
Indiana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

FINANCIAL SECTION



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mishawaka (City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2013, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

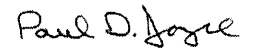
The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

June 10, 2014

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City of Mishawaka, Indiana
Management Discussion and Analysis
For the year ended December 31, 2013

As management of the City of Mishawaka, we offer the readers of the City of Mishawaka's financial statements this narrative overview and analysis of the financial activities of the City of Mishawaka for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our basic financial statements and notes to the financial statements to enhance their understanding of Mishawaka's financial performance.

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

Financial Highlights

- The assets of the City of Mishawaka exceeded its liabilities at the close of the fiscal year (2013) by \$323,824,751. Of this amount, \$38,731,287 (unrestricted net position) may be used to meet the City of Mishawaka's ongoing obligations to citizens and creditors.
- The government's total assets increased by \$4,065,275. Of this amount governmental activities assets increased by \$5,179,069 and business type activities decreased by (\$1,113,794). The beginning balances for governmental activities have been restated from the 2012 CAFR.
- As of the close of fiscal year 2013, the City of Mishawaka's governmental funds reported combined ending fund balances of \$55,687,196, a decrease of \$10,778,521 after a restatement of fund balances.
- At the end of 2013, the unassigned fund balance for the General fund was \$4,540,640 (13.2% of General Fund Expenditures) compared to \$7,898,202 for 2012 which was about 24.9% of total general fund expenditures for that year.
- The City of Mishawaka's total debt outstanding for General, Revenue and Special Obligation Bonds increased during the current fiscal year by a net of \$5,839,611.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

General Government Revenues

The following schedule presents a summary of general revenues for the year ended December 31, 2013.

<u>Revenues</u>	<u>2013 Amount</u>	<u>% of Total</u>
Taxes: General Property	\$ 40,783,183	61.43%
Licenses and permits	493,314	.74%
Intergovernmental	17,927,876	27.00%
Charges for services	4,737,841	7.14%
Fines and forfeits	39,767	.06%
Interest	88,635	.13%
Sales and Use of Property	268,698	.40%
Gifts and Donations	105,425	.16%
Other	1,945,322	2.93%
Total	<u>\$ 66,390,061</u>	<u>100.00%</u>

As shown above, the City of Mishawaka's single largest source of revenue is generated by property taxation. This revenue is based on a relationship between assessed property valuation of industrial, commercial and residential parcels, both real and personal and the application of a tax rate to arrive at the total levy. Taxable property is assessed at 100% 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 2013 the increase was 2.8%. The above property tax revenue includes taxes collected on behalf of the following funds: General Fund, Park and Recreation Fund, Motor Vehicle Highway Fund, Cumulative Capital Development Fund, Cumulative Sewer Fund, Cumulative Fire

Equipment and Building Fund, various capital funds for the City of Mishawaka's Redevelopment Tax Incremental Financing (TIF) Funds and a special levy to cover debt service on general obligation bonds. Approximately 60.6% of the General Funds 2013 total revenue was derived from property taxes, the TIF NW General derived 94.5% of its revenue from property tax, and the Other Governmental Funds property tax percentage was 29.8% of total revenue.

EDIT, COIT and LOIT were established to support the purpose of taking the tax burden away from homeowners. The years of distribution listed are on a cash basis not accrual. Intergovernmental revenue primarily consists of Economic Development Income Tax (EDIT), County Option Income Tax (COIT) and Public Safety Local Option Income Tax (LOIT). Economic Development Income Tax was enacted July 1, 1995 at one-tenth of a percent (0.1%) 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%). The city received \$2,636,726, \$3,278,317, and \$2,932,639 of CEDIT distributions for the years 2011, 2012, and 2013 respectively. County Option Income Tax 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%). The city received \$2,537,616, \$2,968,395, and \$2,694,937 of COIT distributions for the years 2011, 2012, and 2013 respectively. In October of 2009 a Public Safety Local Option Income Tax was enacted at .25%. The city received \$1,911,804, \$2,387,887, and \$2,113,183 of LOIT distributions for the years 2011, 2012, and 2013. 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, 2013.

<u>Expenditures</u>	<u>2013 Amount</u>	<u>% of Total</u>
General Government	\$ 7,593,738	9.87%
Public Safety	29,885,405	38.83%
Highways and Streets	23,544,225	30.59%
Sanitation	2,139,429	2.78%
Culture and Recreation	7,216,010	9.37%
Community Development	2,582,305	3.35%
Debt service	<u>4,009,852</u>	<u>5.21%</u>
Total	<u>\$ 76,970,964</u>	<u>100.00%</u>

The City of Mishawaka breaks its general government expenditures into six categories: general government, public safety, highways and streets, sanitation, culture and recreation, and community development. Combined in the expenditure totals are also capital outlay which is listed separately on the statement of revenues, expenditures, and changes in fund balances for governmental funds. Debt service is also listed separately in the report. As you can see in the above summary, Public Safety has the highest total of expenditures at \$29,885,405 or 38.83% of the total expenditures while Highways and Streets and General Government are at 30.59% and 9.87% respectively. Data for each non-major fund is provided in the form of combining statements elsewhere in this report.

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

The City of Mishawaka maintains 38 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General and TIF NW General funds all of which are considered to be major funds. Data from the other funds are combined and presented in one column labeled Other 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 statement has been provided for the major funds 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 proprietary statement of net position and the proprietary statement of revenues, expense and changes in fund net position for the electric, water and wastewater utility 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 utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Mishawaka's various functions. The City of Mishawaka uses an internal service fund to account for its self-funding group health insurance. Because these services predominantly benefit governmental rather than business-type activities, it has been included within the governmental activities in the government-wide financial statements but is combined into an aggregated presentation in the proprietary fund financial statements.

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

The City of Mishawaka's fiduciary duties are accounted for in both Trust and Agency Funds. The primary trust funds are the Police Pension, Fire Pension, and Utility Pension Funds. The two Agency funds are the Redevelopment Revolving and a Special Judgment Fund.

Pension Trust Fund Operations

Most City of Mishawaka employees are covered by the Public Employees Retirement Fund and the 1977 Police Officers' and Firefighters' Pension Fund, both administered by the State of Indiana. However, certain police officers and firefighters hired before May 1, 1977, who did not opt into the 1977 fund, continue to be members of the 1925 Police Pension and the 1937 Firefighters' Pension Fund. These two funds 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 and 1937 Police and Fire Pension. This funding will be paid directly to the City of Mishawaka through the State of Indiana Pension Relief Fund.

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

Notes to the financial statements

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

Other information

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

Government-Wide Financial Statement Analysis

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

**City of Mishawaka
Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 61,501,450	\$ 73,328,596	\$ 46,303,464	\$ 55,856,516	\$107,804,914	\$129,185,112
Capital assets	<u>177,686,231</u>	<u>162,279,835</u>	<u>192,499,538</u>	<u>185,412,156</u>	<u>370,185,769</u>	<u>347,691,991</u>
Total assets	<u>239,187,681</u>	<u>235,608,431</u>	<u>238,803,002</u>	<u>241,268,672</u>	<u>477,990,683</u>	<u>476,877,103</u>
Deferred outflows of resources	<u>0</u>	<u>0</u>	<u>1,994,027</u>	<u>0</u>	<u>1,994,027</u>	<u>0</u>
Long-term liabilities	41,349,615	42,271,250	97,362,046	102,323,444	138,711,661	144,594,694
Other liabilities	<u>2,854,102</u>	<u>3,461,252</u>	<u>14,594,196</u>	<u>8,990,647</u>	<u>17,448,298</u>	<u>12,451,899</u>
Total liabilities	<u>44,203,717</u>	<u>45,732,502</u>	<u>111,956,242</u>	<u>111,314,091</u>	<u>156,159,959</u>	<u>157,046,593</u>
Net position:						
Net Investment						
In capital assets	170,374,606	151,073,920	103,839,134	97,739,643	274,213,740	248,813,563
Restricted	1,221,499	2,839,701	9,658,225	8,641,187	10,879,724	11,431,451
Unrestricted	<u>23,387,859</u>	<u>36,011,745</u>	<u>15,343,428</u>	<u>23,573,751</u>	<u>38,731,287</u>	<u>59,585,496</u>
Total net position	<u>\$194,983,964</u>	<u>\$189,875,929</u>	<u>\$128,840,787</u>	<u>\$129,954,581</u>	<u>\$323,824,751</u>	<u>\$319,830,510</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. Long-term liabilities consist mainly of notes and loans payable, bonds payable and capital leases. Other liabilities include accounts payable, accrued payroll, customer deposits and taxes payable.

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

reduce long-term debt and reduce unrestricted net position and increase net investment in capital assets. Reduction of Capital Assets through depreciation will reduce capital assets and net investment in capital assets.

Current Year Impacts

At December 31, 2013, the City of Mishawaka's assets exceeded liabilities by \$323,824,751 an increase of \$3.99 million from the previous year (based on restated values). The largest portion of the City of Mishawaka's net position reflects its net investment in capital assets (85%), less any related debt used to acquire those assets that are still outstanding.

At the end of 2013, the City of Mishawaka was able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same held true for the prior year 2012.

At year end the City of Mishawaka's net position was \$323,824,751. This amount is made up of \$274,213,740 net investment in capital assets (e.g. land, buildings, machinery, and equipment), \$10,879,724 assets with external restrictions upon its use, and \$38,731,287 of unrestricted assets that are available for future use as directed by management.

Summary of Changes in Net Position

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

City of Mishawaka						
Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program revenues:						
Charges for services	\$7,392,086	\$7,440,572	\$68,181,952	\$72,693,321	\$75,574,038	\$80,133,893
Operating grants and contributions	3,581,151	3,256,325			3,581,151	3,256,325
Capital grants and contributions	5,977,949	5,887,808		87,495	5,977,949	5,975,303
General revenues:						
Property taxes	40,631,587	43,780,600			40,631,587	43,780,600
Grants and contributions not restricted to specific programs	8,368,776	8,403,833			8,368,776	8,403,833
Unrestricted investment earnings	88,635	119,285	85,227	122,082	173,862	241,367
Other revenue	198,281	6,777,151			198,281	6,777,151
Special items:						
Insurance Settlement				727,766		727,766
Total revenues	\$66,238,465	\$75,665,574	\$68,267,179	\$73,630,664	\$134,505,644	\$149,296,238
EXPENSES						
General government	7,923,349	7,938,056			7,923,349	7,938,056
Public safety	34,037,887	31,059,510			34,037,887	31,059,510
Highways and streets	5,183,288	10,110,135			5,183,288	10,110,135
Sanitation	2,139,429	1,953,950			2,139,429	1,953,950
Community development	2,557,050	7,624,016			2,557,050	7,624,016
Culture and recreation	7,595,105	5,354,168			7,595,105	5,354,168
Interest on long-term debt	272,089	476,838			272,089	476,838
Water utility			6,739,598	7,037,417	6,739,598	7,037,417
Wastewater utility			12,700,064	11,979,193	12,700,064	11,979,193
Electric utility			51,292,510	49,374,050	51,292,510	49,374,050
Total expenses	\$59,708,197	\$64,516,673	\$70,732,172	\$68,390,660	\$130,440,369	\$132,907,333
Changes in net position						
before transfers	6,530,268	11,148,901	(2,464,993)	5,240,004	4,065,275	16,388,905
Transfers	(1,351,199)	(292,598)	1,351,199	292,598		
Change in net position	5,179,069	10,856,303	(1,113,794)	5,532,602	4,065,275	16,388,905
Net Position-Beginning, restated	189,804,895	179,019,626	129,954,581	124,421,979	319,759,476	303,441,605
Net Position-Ending	\$194,983,964	\$189,875,929	\$128,840,787	\$129,954,581	\$323,824,751	\$319,830,510

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 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 69.7% 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 2012 to 2013 by \$5.1 million after the restatement.

Charges for services revenue decreased \$48.4 thousand due to less revenue for licenses and permits.

Operating grants and contributions increased \$324.5 thousand. Much of this is due to an increase in Block grant funds.

Capital grants and contributions increased by \$90 thousand due to net fluctuations in intergovernmental funds.

Overall property tax revenue was down due to the Circuit Breaker loss of \$3,388,274. Without Circuit Breaker the tax collection would have been 98.6%.

Grants and contributions not restricted to specific programs decreased in 2013 by \$35 thousand.

Unrestricted investment earnings decreased by \$30 thousand. 2013 saw an increase in construction projects therefore reducing the cash available for interest earnings.

Other revenue in 2013 was lower by \$6.5 million. In 2012 the \$6.3 million value of the Scott Brass building/property donation was added.

Governmental expenses decreased by 4.8 million or 7.5%.

The net decrease was due to a number of fluctuations. In 2012 Community Development had a large project completed (\$5.3 million) and in 2013 they did not. Highways and Streets also had lower due to fewer projects for 2013. Public Safety had increased expenditures in 2013 due to police and fire equipment. Culture and recreation had an increase due to updating various city parks.

Business Type Activities:

Business Type Activities net position decreased by 1.1 million.

The water and wastewater utility saw increases in revenue for 2013 at \$174,547 and \$2,243 respectively. The electric utility had a revenue decrease over fiscal year 2012 of (\$4,688,159). The electric utility tracker was not maximized in 2013 causing a loss in cash flow. The electric utility has not had a rate increase for over twenty years which slowly eroded the cash flow. In 2013 the electric and the water utility both implemented rate increases.

The expenses of the Business Type activities increased \$2.3 million from 2012. Most of this was due to the increased cost of electric purchased power.

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: government funds, proprietary funds, and fiduciary funds.

Governmental Funds:

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

As of the end of the current fiscal year, the City of Mishawaka's governmental funds reported combined ending fund balances of \$55,687,196 a decrease of \$10,778,521 after restatement from the prior year.

The General fund had a decrease in fund balance of \$3.3 million, and the NWTIF had a decrease of \$1.4 million. Due to Circuit Breaker losses, prudent and conservative spending continues to be the main reason the General Fund cash balance stays in the black. Ongoing projects have an effect on the NW TIF balance. The NW TIF is a Capital Improvements fund so when projects are in progress the fund balance will decrease.

Several funds had lower fund balances at 2013 year end. Motor Vehicle Fund went from \$2.8 million to \$1.5 million due to an increase in expenses and loss of revenue. Major Moves fund had a decrease of \$1.3 from 2012. As a construction fund these monies will continue to decrease as projects are completed. A loss of property tax revenue (Circuit Breaker) had an effect on the fund balances as a whole. The 2013 final tax settlement was a net 84.6% collection rate with a shortage of \$3.3 million. Overall the City of Mishawaka has very prudent spending philosophies and will continue this in the future. Individual fund data for each of the non-major governmental funds is provided in the form of the combining statements in the Supplemental Information portion.

The general fund is also the chief operating fund of the City of Mishawaka. As of December 31, 2013, the unassigned balance was \$4,540,640, and the total balance in the general fund was \$4,557,504, a decrease of \$3.4 million from 2012. Each year the City of Mishawaka works hard at staying within our budget and being prudent spenders. Much of the decrease was due to Circuit Breaker losses and increased health insurance premiums.

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 13.3% of the total general fund expenditures as does the total fund balance of the same amount as they are almost identical.

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

Proprietary Funds:

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

Two of the three utilities of the City of Mishawaka saw an increase in their net position for 2013. However, total net position for the City of Mishawaka proprietary funds decreased by \$1.1 million. Of this, net investment of capital assets increased by \$6.1 million, restricted for debt service increased \$1.0 million, and unrestricted net position decreased \$8.2 million. Overall cash and cash equivalents decreased by \$9.2 million and total capital assets increased \$7.1 million. The total liabilities for the proprietary funds had an increase from 2012 of \$1.1 million.

The basic proprietary fund financial statements are found later in this report. The internal service fund unrestricted net position was \$93,675.

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 statement has been provided for the general fund to demonstrate compliance with this budget. The final budget was greater than the original budget by \$2,622,158. 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 2013 the submitted budget to the state was increased with encumbrances from 2012 by \$214,718. In addition, additional appropriations in the amount of \$837,000 were added to the following: \$398,000 for health insurance premiums due to higher than expected health insurance costs, \$235,000 for legal claims due to an ongoing lawsuit that has since been dismissed, \$135,000 for fire department overtime, \$61,000 for consulting to hire a broker to manage a health insurance RFP, and \$8,000 for personal services for a part time employee in the Clerk's office. The general fund budget is reviewed throughout the year and amended from time to time with the approval of the City Council. The City of Mishawaka tries to maintain its original budget by transferring funds from one account line to another. If this does not cover expenses then the City of Mishawaka appropriates from its fund balance. At the end of the fiscal year the actual expenditures are projected and the following financial information is condensed from the required supplementary information and the budget comparison schedules.

The actual revenues in 2013 were \$1,459,832 under budget and expenditures were \$752,274 under the final budget amount.

Only one revenue category was under budget in 2013. The property tax revenue did not come in as expected by \$4,269,313.7. Tax collection due to Circuit Breaker was 84.4%. In 2012 it was 90.8%. As assessed value for the City goes down, Circuit Breaker losses increase. In 2013 County Option Income Tax came in higher by \$594,936 than the budget.

In 2013 expenditures under budget can be explained by frugal spending on the City's part. The City of Mishawaka continues to do more with less. Not filling all positions budgeted, quoting on all purchases over \$500.00 and keeping summer help wages at a minimum are just a few of the processes that the City uses to save taxpayer money.

Capital Assets and Long Term Debt Liability

Capital Assets

The City of Mishawaka's investment in capital assets for its governmental and business type activities at December 31, 2013 amounts to \$370,185,769 (net of accumulated depreciation), which represents a net increase (additions less retirements and depreciation) of \$22.5 million. This investment in capital assets includes land, construction in progress, buildings, improvements, equipment, vehicles and roads. A detailed note of these capital assets can be found in the Notes to the Financial Statements (Note III C).

City of Mishawaka's Capital Assets (Net of depreciation)

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$13,389,180	\$13,358,580	\$1,519,446	\$1,513,541	\$14,908,626	\$14,872,121
Construction in progress	26,701,994	21,547,605	9,138,124	16,692,068	35,840,118	38,239,673
Buildings	17,591,820	18,044,224	37,530,954	37,129,531	55,122,774	55,173,755
Improvements other than buildings	16,397,083	13,040,620	125,421,150	111,926,448	141,818,233	124,967,068
Machinery and equipment	7,182,729	8,653,948	18,234,480	17,652,544	25,417,209	26,306,492
Transportation equipment			655,384	498,024	655,384	498,024
Infrastructure being depreciated	96,423,425	87,634,858	0	0	96,423,425	87,634,858
Total	\$177,686,231	\$162,279,835	\$192,499,538	\$185,412,156	\$370,185,769	\$347,691,991

Change in Capital Assets

	Governmental Activities	Business Type Activities	Total
Beginning Balance	\$162,279,835	\$185,412,156	\$347,691,991
Additions	31,964,116	31,231,824	63,195,940
Retirements:			
CIP	8,809,983	16,864,982	25,674,965
Other	329,488	506,262	835,750
Depreciation	7,735,939	7,040,501	14,776,440
Retirements	317,690	267,303	584,993
Ending Balance	<u>\$177,686,231</u>	<u>\$192,499,538</u>	<u>\$370,185,769</u>

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

- Hospice Site Infrastructure – \$1.6 million, 2013 completion
- North Main Improvement PH VI – \$5.9 million, 2013 completion
- Main St White Topping – \$1.2 million, 2013 completion
- 2013 Summer Street, Sidewalk and Curb Program – \$859,000
- First and Hill St Improvements – \$1.6 million, 2013 completion
- Church and Union Improvements – \$7.7 million, 2014 completion
- West St. Area Sewer – \$2.1 million, 2014 completion
- Fir and Capital Connector – \$3.5 million, 2014 completion

Debt Outstanding

At December 31, 2013, the City had a number of debt issues outstanding. These issues included \$2,815,000 of general obligation bonds, \$480,000 of revenue bonds payable from governmental funds, and \$57,240,612 of revenue bonds payable from enterprise funds. 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 City's bonded debt increased by \$5,389,611 from the prior year.

Outstanding Bonded Debt at Year-end

	<u>2013</u>	<u>2012</u>
Governmental:		
General Obligation	\$ 2,815,000	\$ 4,315,000
Tax Increment	<u>480,000</u>	<u>2,420,000</u>
Sub-total	\$ 3,295,000	\$ 6,735,000
Business Type:		
Water Utility	\$14,670,000	\$2,875,000
Wastewater Utility	<u>45,570,612</u>	<u>45,536,001</u>
Sub-total	<u>57,240,612</u>	<u>48,411,001</u>
Total	\$60,535,612	\$55,146,001

Principal payments of \$3,440,000 and \$3,880,389 (on bonds) were made in the governmental and business type activities, respectively.

In 2013 Water refunded the State Revolving Loans of 2004. The new AA- rating issued by S&P is an upgrade over 2010's A+ rating.

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

The City's latest rating for its General Obligation Bonds was in 2012 which was A+. The previous General Obligation rating was in 2009 which was also an A+.

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

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

Economic Factors and next year's budgets and rates

The City of Mishawaka is located in the north central part of the State of Indiana. The City of Mishawaka is approximately 140 miles north of Indianapolis and 100 miles east of Chicago. 2013 looks to be the beginning of slow but stable growth. The City of Mishawaka's building permit total dollar amount was \$53.04 million in 2013, an increase of \$1.8 million or 3.5%. New housing starts increased by 11 in 2013. All of the 11 new housing starts were privately funded compared to 12 in 2010 and 2011 combined. The saturated market and current lack of population growth continue to be a large influence on residential construction. Mishawaka is continuing to grow at a slow and orderly fashion. The City of Mishawaka tends to be an affordable place to live as the median home cost, obtained by City Data.com, is \$91,563.00. The City of Mishawaka had no new annexations for 2013 but intends to annex 45 acres of property in 2014. The City of Mishawaka is benefiting from its long-term strategic planning, and over the next few years, we anticipate that the City of Mishawaka will continue to see the transformation of retail centers as well as

scattered new construction. In 2014 the City anticipates having discussions with the St. Joseph County Chamber of Commerce, the regional economic development entity CPEG, and other Cities, including South Bend, on how best to pursue regional economic development. The City of Mishawaka's 2000 census number was 46,557 the 2010 census number was 48,252 a 3.6% increase in the last ten years. Unemployment in St Joseph County Indiana decreased from 9.7% (benchmark for 2012) to 8.8% (benchmark for 2013). Labor force for St. Joseph County decreased in 2013 to 124,349 (2013 benchmark) compared to 124,968 (2012 benchmark).

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%). Fee structure is always an area to revisit for additional funding for a municipality. As a City, in 2014 we will still have to keep our spending at a minimum, the City's health insurance program will be adjusted, and costs of services will be analyzed to best prepare the City for any future legislative changes in the property tax laws. In 2013 the City of Mishawaka submitted another balanced budget. The City of Mishawaka has had to make difficult decisions to be able to provide the best services to its citizens at the best cost possible. In 2013 we received a 98.4% distribution of our property tax. Due to the property tax caps (Circuit Breaker) the City was left short \$3.39 million in funds, but with cautious spending and fiscal management we can make it through uncertain times.

The adopted FY2014 Civil City Budget is \$53,144,344 which is 1.59% higher than in FY2013. The General Fund budget for FY2014 is \$32,794,422 which is 4.6% higher than FY2013.

The City of Mishawaka opted out of the Indiana Utility Regulatory Commission for our electric rates in 2013. In 2013 the City moved forward with a water and electric utility rate increases.

City Highlights:

- In 2013 the Community Development Department again partnered with Habitat for Humanity to build six new homes in Mishawaka.
- The Redevelopment Department's First Time Homebuyer Program continues to be a success in 2013. The Redevelopment department built four new homes using this program in 2013. Since 2004 the Redevelopment Department has built 36 new homes through this program.
- In 2006, the City of Mishawaka began a partnership with River Valley Church and Vineyard Community Church to create the program known as Summer of Service. In 2013, the City again joined efforts with local faith-based organizations to complete service and repair projects on three homes in Mishawaka.
- For the last seven years the City of Mishawaka Code Enforcement Department has highlighted 100 structures that they feel need attention and in 2013 65% of those highlighted were brought into code compliance.
- The Code Enforcement Department continues to assist the department of Community Development in providing locations of vacant properties. Through the Neighborhood Stabilization Program many blighted properties have been purchased, demolished and replaced with new single family homes.
- The City of Mishawaka milled and resurfaced 42,215 linear feet of street in 2013.
- In 2013 the City continues to provide funding for the Park Improvement plan. The City has 31 parks that will need updating over the next several years.
- In 2012 the City purchased a 144 thousand square foot building to house our Central Services Department. The building is situated on 11.5 acres of property. The City continues in 2013 and 2014 to renovate this building with an estimated move in date fall of 2014.

Requests for information

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

CITY OF MISHAWAKA
STATEMENT OF NET POSITION
December 31, 2013

Assets	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	
Cash and cash equivalents	\$ 44,116,312	\$ 5,502,172	\$ 49,618,484	\$ 1,968,970
Receivables (net of allowances for uncollectibles):				
Interest	45,430	3,292	48,722	-
Taxes	1,928,710	-	1,928,710	-
Accounts	786,442	4,703,506	5,489,948	-
Other	-	236,780	236,780	-
Intergovernmental	621,554	-	621,554	-
Loans	5,336,276	-	5,336,276	4,243,659
Inventories	-	3,294,642	3,294,642	-
Prepaid expense	501,390	379,897	881,287	-
Restricted assets:				
Cash and cash equivalents	1,154,236	31,842,877	32,997,113	-
Taxes receivable	67,263	-	67,263	-
Assets held for resale	6,943,837	-	6,943,837	-
Capital assets:				
Land and construction in progress	40,091,174	10,657,570	50,748,744	-
Other capital assets, net of depreciation	137,595,057	181,841,968	319,437,025	-
Net pension asset	-	340,298	340,298	-
Total assets	239,187,681	238,803,002	477,990,683	6,212,629
Deferred outflows of resources:				
Deferred amount on refunding	-	277,803	277,803	-
Deferred charges	-	1,716,224	1,716,224	-
Total deferred outflows of resources	-	1,994,027	1,994,027	-
Liabilities				
Accounts payable	550,975	7,661,656	8,212,631	-
Accrued payroll and withholdings payable	612,513	490,123	1,102,636	-
Contracts payable	1,367,742	-	1,367,742	-
Short-term loans payable	244,835	-	244,835	-
Taxes payable	-	250,492	250,492	-
Accrued interest payable	34,196	1,024,248	1,058,444	-
Payable from restricted assets:				
Customer deposits	-	2,962,071	2,962,071	-
Accounts payable	500	-	500	-
Contracts payable	-	2,205,606	2,205,606	-
Interest payable	43,341	-	43,341	-
Noncurrent liabilities:				
Due within one year:				
General obligation bonds payable	1,268,559	-	1,268,559	-
Revenue bonds payable	223,325	4,850,000	5,073,325	-
TIF bonds payable	315,000	-	315,000	-
Compensated absences	593,278	69,124	662,402	-
Capital lease obligations	266,668	48,580	315,248	-
Notes and loans payable	-	1,048,851	1,048,851	-
Due in more than one year:				
General obligation bonds payable (net of unamortized discounts)	1,527,256	-	1,527,256	-
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	223,326	52,406,992	52,630,318	-
TIF bonds payable (net of unamortized discounts)	159,853	-	159,853	-
Compensated absences	200,920	209,141	410,061	-
Capital lease obligations	3,333,330	48,660	3,381,990	-
Notes and loans payable	-	38,680,698	38,680,698	-
Net other postemployment benefits obligation	16,965,134	-	16,965,134	-
Net pension obligation	16,272,966	-	16,272,966	-
Total liabilities	44,203,717	111,956,242	156,159,959	-
Net Position				
Net invested in capital assets	170,374,606	103,839,134	274,213,740	-
Restricted for:				
Debt service	1,221,499	9,658,225	10,879,724	-
Component unit	-	-	-	6,212,629
Unrestricted	23,387,859	15,343,428	38,731,287	-
Total net position	\$ 194,983,964	\$ 128,840,787	\$ 323,824,751	\$ 6,212,629

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

CITY OF MISHAWAKA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating	Capital	Primary Government			
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
Primary government:								
Governmental activities:								
General government	\$ 7,923,349	\$ 453,798	\$ -	\$ 663,178	\$ (6,806,373)	\$ -	\$ (6,806,373)	\$ -
Public safety	34,037,887	2,017,747	2,385,781	36,232	(29,598,127)	-	(29,598,127)	-
Highways and streets	5,183,288	1,055,235	-	4,796,706	668,653	-	668,653	-
Sanitation	2,139,429	2,227,489	-	-	88,060	-	88,060	-
Community development	2,557,050	672,904	1,060,489	-	(823,657)	-	(823,657)	-
Culture and recreation	7,595,105	964,913	134,881	481,833	(6,013,478)	-	(6,013,478)	-
Interest on long-term debt	272,089	-	-	-	(272,089)	-	(272,089)	-
Total governmental activities	59,708,197	7,392,086	3,581,151	5,977,949	(42,757,011)	-	(42,757,011)	-
Business-type activities:								
Water	6,739,598	8,651,326	-	-	-	1,911,728	1,911,728	-
Wastewater	12,700,064	12,969,399	-	-	-	269,335	269,335	-
Electric	51,292,510	46,561,227	-	-	-	(4,731,283)	(4,731,283)	-
Total business-type activities	70,732,172	68,181,952	-	-	-	(2,550,220)	(2,550,220)	-
Total primary government	\$ 130,440,369	\$ 75,574,038	\$ 3,581,151	\$ 5,977,949	(42,757,011)	(2,550,220)	(45,307,231)	-
General revenues:								
Property taxes					40,631,587	-	40,631,587	-
Grants and contributions not restricted to specific programs					8,368,776	-	8,368,776	-
Unrestricted investment earnings					88,635	85,227	173,862	1,930
Other					198,281	-	198,281	95,079
Transfers					(1,351,199)	1,351,199	-	-
Total general revenues and transfers					47,936,080	1,436,426	49,372,506	97,009
Change in net position					5,179,069	(1,113,794)	4,065,275	97,009
Net position - beginning, restated					189,804,895	129,954,581	319,759,476	6,115,620
Net position - ending					\$ 194,983,964	\$ 128,840,787	\$ 323,824,751	\$ 6,212,629

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

CITY OF MISHAWAKA
BALANCE SHEET -
GOVERNMENTAL FUNDS
December 31, 2013

<u>Assets</u>	<u>General</u>	<u>TIF NW General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 4,393,858	\$ 16,915,268	\$ 23,867,747	\$ 45,176,873
Receivables (net of allowances for uncollectibles):				
Interest	18,585	22,715	4,130	45,430
Taxes	817,585	835,250	343,138	1,995,973
Accounts	648,204	-	138,238	786,442
Intergovernmental	115,984	-	505,570	621,554
Loans	-	4,843,532	492,744	5,336,276
Assets held for resale	-	6,943,837	-	6,943,837
Total assets	<u>\$ 5,994,216</u>	<u>\$ 29,560,602</u>	<u>\$ 25,351,567</u>	<u>\$ 60,906,385</u>
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 106,988	\$ 11,741	\$ 432,746	\$ 551,475
Accrued payroll and withholdings payable	512,139	-	100,374	612,513
Contracts payable	-	535,062	832,680	1,367,742
Short-term loans payable	-	-	244,835	244,835
Energy improvement revenue bond	-	-	446,651	446,651
Total liabilities	<u>619,127</u>	<u>546,803</u>	<u>2,057,286</u>	<u>3,223,216</u>
Deferred inflows of resources - property taxes	817,585	835,250	343,138	1,995,973
Fund balances:				
Non-spendable				
Long-term loans receivable	-	4,252,003	448,882	4,700,885
Assets held for resale	-	6,943,837	-	6,943,837
Restricted				
Committed	-	-	12,557,217	12,557,217
Assigned	16,864	16,982,709	3,411,617	20,411,190
Unassigned	4,540,640	-	-	4,540,640
Total fund balances	<u>4,557,504</u>	<u>28,178,549</u>	<u>22,951,143</u>	<u>55,687,196</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,994,216</u>	<u>\$ 29,560,602</u>	<u>\$ 25,351,567</u>	<u>\$ 60,906,385</u>

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

CITY OF MISHAWAKA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2013

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

Total fund balances		\$ 55,687,196
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	226,513,802	
Less accumulated depreciation	<u>(48,827,571)</u>	177,686,231
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Prepaid expenses		501,390
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		93,675
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds payable	(2,815,000)	
TIF bonds payable	(480,000)	
Capital lease payable	(3,599,998)	
Bond discount	24,332	
Compensated absences	(200,920)	
Net other postemployment benefits obligation	(16,965,134)	
Net pension obligation	<u>(16,272,966)</u>	(40,309,686)
Short-term liabilities that are not recognized in governmental funds until due		
Accrued interest payable	(77,537)	
Compensated absences	<u>(593,278)</u>	(670,815)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		<u>1,995,973</u>
Net position of governmental activities		<u>\$ 194,983,964</u>

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

CITY OF MISHAWAKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	General	TIF NW General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 16,813,800	\$ 18,220,595	\$ 5,748,788	\$ 40,783,183
Licenses and permits	418,455	-	74,859	493,314
Intergovernmental	8,368,776	-	9,559,100	17,927,876
Charges for services	1,895,832	-	2,842,009	4,737,841
Fines and forfeits	34,591	-	5,176	39,767
Interest	34,449	44,617	9,569	88,635
Sale and use of property	752	-	267,946	268,698
Gifts and donations	-	-	105,425	105,425
Other	198,281	1,025,599	721,442	1,945,322
Total revenues	<u>27,764,936</u>	<u>19,290,811</u>	<u>19,334,314</u>	<u>66,390,061</u>
Expenditures:				
Current:				
General government	6,604,139	-	-	6,604,139
Public safety	27,074,455	-	2,109,827	29,184,282
Highways and streets	291,161	-	4,590,706	4,881,867
Sanitation	4,600	-	2,134,829	2,139,429
Culture and recreation	-	-	3,325,104	3,325,104
Community development	332,760	-	1,700,598	2,033,358
Debt service:				
Principal	-	-	3,706,668	3,706,668
Interest	-	-	303,184	303,184
Capital outlay:				
General government	-	25,281	964,318	989,599
Public safety	-	-	701,123	701,123
Highways and streets	-	13,163,494	5,498,864	18,662,358
Culture and recreation	-	3,440,118	450,788	3,890,906
Community development	-	548,947	-	548,947
Total expenditures	<u>34,307,115</u>	<u>17,177,840</u>	<u>25,486,009</u>	<u>76,970,964</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,542,179)</u>	<u>2,112,971</u>	<u>(6,151,695)</u>	<u>(10,580,903)</u>
Other financing sources (uses):				
Transfers in	3,162,382	946,183	2,024,603	6,133,168
Transfers out	-	(4,466,734)	(1,864,052)	(6,330,786)
Total other financing sources and uses	<u>3,162,382</u>	<u>(3,520,551)</u>	<u>160,551</u>	<u>(197,618)</u>
Net change in fund balances	<u>(3,379,797)</u>	<u>(1,407,580)</u>	<u>(5,991,144)</u>	<u>(10,778,521)</u>
Fund balances - beginning	<u>7,937,301</u>	<u>29,586,129</u>	<u>28,942,287</u>	<u>66,465,717</u>
Fund balances - ending	<u>\$ 4,557,504</u>	<u>\$ 28,178,549</u>	<u>\$ 22,951,143</u>	<u>\$ 55,687,196</u>

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

CITY OF MISHAWAKA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
December 31, 2013

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

Net change in fund balances - total governmental funds		\$ (10,778,521)
<p>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 depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Expenditures for capital assets	23,179,743	
Less current year depreciation expense	(7,735,939)	
Loss on disposal of assets	(37,408)	15,406,396
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(151,596)
<p>The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal debt payments	3,706,668	3,706,668
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Amortization of current year bond discount	(26,863)	
Accrued interest	57,958	
Prepaid expenses	30,052	
Change in compensated absences	(84,336)	
Change in net other postemployment benefits obligation	(3,262,998)	
Change in net pension obligation	365,839	(2,920,348)
<p>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.</p>		
		(83,530)
Change in net position of governmental activities (Statement of Activities)		\$ 5,179,069

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

CITY OF MISHAWAKA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2013

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Totals	
<u>Assets</u>					
Current assets:					
Unrestricted:					
Cash and cash equivalents	\$ 2,909,601	\$ 2,225,764	\$ 366,807	\$ 5,502,172	\$ 93,675
Interest receivable	-	3,292	-	3,292	-
Accounts receivable (net of allowance)	410,268	776,157	3,517,081	4,703,506	-
Accounts receivable - other (net of allowance)	81,482	-	155,298	236,780	-
Interfund receivables:					
Interfund services provided and used	-	500,000	-	500,000	-
Inventories	220,200	-	3,074,442	3,294,642	-
Prepaid items	95,867	141,708	142,322	379,897	-
Total unrestricted current assets	<u>3,717,418</u>	<u>3,646,921</u>	<u>7,255,950</u>	<u>14,620,289</u>	<u>93,675</u>
Restricted:					
Restricted cash and cash equivalents:					
Construction	-	7,764,107	-	7,764,107	-
Customer deposits	482,131	3,110	2,459,150	2,944,391	-
Revenue bond covenant accounts	1,445,139	7,459,086	-	8,904,225	-
Reserve account	-	-	754,000	754,000	-
Repair account	1,033,316	10,424,488	18,350	11,476,154	-
Total restricted current assets	<u>2,960,586</u>	<u>25,650,791</u>	<u>3,231,500</u>	<u>31,842,877</u>	<u>-</u>
Total current assets	<u>6,678,004</u>	<u>29,297,712</u>	<u>10,487,450</u>	<u>46,463,166</u>	<u>93,675</u>
Noncurrent assets:					
Net pension asset	85,075	85,075	170,148	340,298	-
Total noncurrent assets:	<u>85,075</u>	<u>85,075</u>	<u>170,148</u>	<u>340,298</u>	<u>-</u>
Capital assets:					
Land and construction in progress	693,331	9,656,507	307,732	10,657,570	-
Other capital assets (net of accumulated depreciation)	39,762,396	106,880,380	35,199,192	181,841,968	-
Total capital assets	<u>40,455,727</u>	<u>116,536,887</u>	<u>35,506,924</u>	<u>192,499,538</u>	<u>-</u>
Total noncurrent assets	<u>40,540,802</u>	<u>116,621,962</u>	<u>35,677,072</u>	<u>192,839,836</u>	<u>-</u>
Total assets	<u>47,218,806</u>	<u>145,919,674</u>	<u>46,164,522</u>	<u>239,303,002</u>	<u>93,675</u>
Deferred outflows of resources:					
Deferred amount on refunding	277,803	-	-	277,803	-
Deferred charges	251,076	714,278	750,870	1,716,224	-
Total deferred outflows of resources	<u>528,879</u>	<u>714,278</u>	<u>750,870</u>	<u>1,994,027</u>	<u>-</u>

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

CITY OF MISHAWAKA
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2013
(Continued)

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Totals	
<u>Liabilities</u>					
Current liabilities:					
Unrestricted:					
Accounts payable	245,825	156,295	7,259,536	7,661,656	-
Accrued payroll and withholdings payable	118,625	167,096	204,402	490,123	-
Interfund payables:					
Interfund services provided and used	-	-	500,000	500,000	-
Taxes payable	-	-	250,492	250,492	-
Accrued interest payable	200	1,024,048	-	1,024,248	-
Compensated absences	12,100	10,000	47,024	69,124	-
Total unrestricted current liabilities	376,750	1,357,439	8,261,454	9,995,643	-
Restricted:					
Customer deposits	499,781	3,140	2,459,150	2,962,071	-
Contract payable	-	2,205,606	-	2,205,606	-
Capital lease obligations	-	48,580	-	48,580	-
Notes and loans payable	30,366	999,931	18,554	1,048,851	-
Revenue bonds payable	1,670,000	3,180,000	-	4,850,000	-
Total restricted current liabilities	2,200,147	6,437,257	2,477,704	11,115,108	-
Total current liabilities	2,576,897	7,794,696	10,739,158	21,110,751	-
Noncurrent liabilities:					
Unrestricted:					
Compensated absences	68,686	61,281	79,174	209,141	-
Capital lease obligations	-	48,660	-	48,660	-
Total unrestricted noncurrent liabilities	68,686	109,941	79,174	257,801	-
Restricted:					
Notes and loans payable	-	38,680,698	-	38,680,698	-
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	13,016,380	39,390,612	-	52,406,992	-
Total unrestricted noncurrent liabilities	13,016,380	78,071,310	-	91,087,690	-
Total noncurrent liabilities	13,085,066	78,181,251	79,174	91,345,491	-
Total liabilities	15,661,963	85,975,947	10,818,332	112,456,242	-
<u>Net Position</u>					
Net invested in capital assets	26,032,232	42,318,532	35,488,370	103,839,134	-
Restricted for debt service and other purposes	1,445,139	7,459,086	754,000	9,658,225	-
Unrestricted	4,608,351	10,880,387	(145,310)	15,343,428	93,675
Total net position	\$ 32,085,722	\$ 60,658,005	\$ 36,097,060	\$ 128,840,787	\$ 93,675

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

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CITY OF MISHAWAKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Totals	
Operating revenues:					
Unmetered water revenue	\$ 5,751	\$ -	\$ -	\$ 5,751	\$ -
Metered revenue:					
Residential	3,634,340	-	16,388,450	20,022,790	-
Commercial	3,141,978	-	29,132,874	32,274,852	-
Public street and highway lighting	-	-	377,652	377,652	-
Fire protection revenue	1,544,977	-	-	1,544,977	-
Penalties	41,685	178,081	183,264	403,030	-
Employee/employer contributions	-	-	-	-	11,778,394
Measured revenue:					
Residential	-	6,356,078	-	6,356,078	-
Commercial	-	6,121,346	-	6,121,346	-
Other	216,891	313,894	476,962	1,007,747	-
Total operating revenues	8,585,622	12,969,399	46,559,202	68,114,223	11,778,394
Operating expenses:					
Source of supply and expense - operations and maintenance	1,263,049	1,451,822	-	2,714,871	-
Transmission and distribution	1,463,164	-	3,443,894	4,907,058	-
Treatment and disposal expense - operations and maintenance	895,470	689,614	-	1,585,084	-
Customer accounts	362,963	9,046	750,003	1,122,012	-
Administration and general	818,278	1,750,696	3,050,237	5,619,211	-
Insurance claims and premiums	-	-	-	-	11,861,924
Purchased power	-	-	41,580,760	41,580,760	-
Sewer - operation and maintenance	-	2,000,245	-	2,000,245	-
Pre treatment - operation and maintenance	-	103,335	-	103,335	-
Chemicals	-	167,019	-	167,019	-
Depreciation	1,471,414	3,195,472	2,373,615	7,040,501	-
Total operating expenses	6,274,338	9,367,249	51,198,509	66,840,096	11,861,924
Operating income (loss)	2,311,284	3,602,150	(4,639,307)	1,274,127	(83,530)
Nonoperating revenues (expenses):					
Interest and investment revenue	3,655	80,794	778	85,227	-
Miscellaneous revenue	65,704	-	2,025	67,729	-
Interest expense	(439,659)	(3,283,280)	(629)	(3,723,568)	-
Amortization expense	(11,904)	(49,535)	(27,358)	(88,797)	-
Loss on disposal of assets	(13,697)	-	(66,014)	(79,711)	-
Total nonoperating revenues (expenses)	(395,901)	(3,252,021)	(91,198)	(3,739,120)	-
Income (loss) before contributions and transfers	1,915,383	350,129	(4,730,505)	(2,464,993)	(83,530)
Capital contributions - net	-	1,153,581	-	1,153,581	-
Transfers in	-	3,360,000	-	3,360,000	-
Transfers out	(632,140)	(1,269,334)	(1,260,908)	(3,162,382)	-
Change in net position	1,283,243	3,594,376	(5,991,413)	(1,113,794)	(83,530)
Total net position - beginning	30,802,479	57,063,629	42,088,473	129,954,581	177,205
Total net position - ending	\$ 32,085,722	\$ 60,658,005	\$ 36,097,060	\$ 128,840,787	\$ 93,675

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

CITY OF MISHAWAKA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Totals	
Cash flows from operating activities:					
Receipts from customers and users	\$ 8,587,371	\$ 13,014,011	\$ 46,436,409	\$ 68,037,791	\$ -
Receipts from interfund services provided	-	-	-	-	11,778,394
Payments to suppliers	(1,963,003)	(3,267,250)	(40,218,438)	(45,448,691)	-
Payments to employees	(2,935,785)	(3,521,684)	(4,596,402)	(11,053,871)	-
Payments for interfund services used	-	-	-	-	(11,861,924)
Other receipts (payments)	65,704	-	2,025	67,729	-
Net cash provided (used) by operating activities	<u>3,754,287</u>	<u>6,225,077</u>	<u>1,623,594</u>	<u>11,602,958</u>	<u>(83,530)</u>
Cash flows from noncapital financing activities:					
Transfer from other funds	-	3,360,000	-	3,360,000	-
Bond proceeds	12,710,000	-	-	12,710,000	-
Principal paid on refunded loans	(12,765,000)	-	-	(12,765,000)	-
Bond issuance costs	(177,321)	-	-	(177,321)	-
Transfer to other funds	(632,140)	(1,269,334)	(1,260,908)	(3,162,382)	-
Net cash provided (used) by noncapital financing activities	<u>(864,461)</u>	<u>2,090,666</u>	<u>(1,260,908)</u>	<u>(34,703)</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(537,321)	(7,646,808)	(3,292,172)	(11,476,301)	-
Principal paid on bonds	(915,000)	(3,140,000)	-	(4,055,000)	-
Principal paid on capital leases	-	(48,500)	-	(48,500)	-
Principal paid on loans	(625,976)	(940,465)	(10,484)	(1,576,925)	-
Interest paid on bonds	(404,789)	(1,751,672)	-	(2,156,461)	-
Interest paid on capital leases	-	(1,417)	-	(1,417)	-
Interest paid on loans	(112,172)	(1,384,935)	(629)	(1,497,736)	-
Net cash provided (used) by capital and related financing activities	<u>(2,595,258)</u>	<u>(14,913,797)</u>	<u>(3,303,285)</u>	<u>(20,812,340)</u>	<u>-</u>
Cash flows from investing activities:					
Interest received	3,655	77,516	778	81,949	-
Net increase (decrease) in cash and cash equivalents	298,223	(6,520,538)	(2,939,821)	(9,162,136)	(83,530)
Cash and cash equivalents, January 1 (Including \$754,000, \$2,821,960, \$8,641,187, \$12,681,531, and \$14,374,042 for the reserve account, customer deposits, revenue bond covenant account, repair account, and construction, respectively, reported in restricted accounts)	<u>5,571,964</u>	<u>34,397,093</u>	<u>6,538,128</u>	<u>46,507,185</u>	<u>177,205</u>
Cash and cash equivalents, December 31 (Including \$754,000, \$2,944,391, \$8,904,225, \$11,476,154, and \$7,764,107 for the reserve account, customer deposits, revenue bond covenant account, repair account, and construction, respectively, reported in restricted accounts)	<u>\$ 5,870,187</u>	<u>\$ 27,876,555</u>	<u>\$ 3,598,307</u>	<u>\$ 37,345,049</u>	<u>\$ 93,675</u>

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

CITY OF MISHAWAKA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the Year Ended December 31, 2013
(Continued)

	Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Totals	
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 2,311,284	\$ 3,602,150	\$ (4,639,307)	\$ 1,274,127	\$ (83,530)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,471,414	3,195,472	2,373,615	7,040,501	-
Nonoperating revenue	65,704	-	2,025	67,729	-
(Increase) decrease in assets:					
Accounts receivable	1,749	44,612	(122,793)	(76,432)	-
Interfund services provided or used	-	(500,000)	-	(500,000)	-
Inventories	6,105	-	(561,074)	(554,969)	-
Prepaid items	18,068	4,618	34,720	57,406	-
Net pension asset	(65,492)	(65,494)	(130,985)	(261,971)	-
Increase (decrease) in liabilities:					
Customer deposits	28,058	(220)	99,025	126,863	-
Accounts payable	(118,898)	(105,729)	4,003,275	3,778,648	-
Accrued payroll and withholdings payable	32,377	47,834	48,857	129,068	-
Interfund payables	-	-	500,000	500,000	-
Taxes payables	-	-	20,612	20,612	-
Compensated absences payable	3,918	1,834	(4,376)	1,376	-
Total adjustments	1,443,003	2,622,927	6,262,901	10,328,831	-
Net cash provided (used) by operating activities	<u>\$ 3,754,287</u>	<u>\$ 6,225,077</u>	<u>\$ 1,623,594</u>	<u>\$ 11,602,958</u>	<u>\$ (83,530)</u>
Noncash investing, capital and financing activities:					
Accreted value on capital appreciation bonds	\$ -	\$ 174,611	\$ -	\$ 174,611	\$ -
Transfer of work in progress to depreciated capital assets	-	16,864,982	-	16,864,982	-
Material and supply inventory converted to capital items	116,669	-	1,981,862	2,098,531	-
Contributed capital assets from government	-	1,153,581	-	1,153,581	-
Purchase of capital assets on account	-	2,201,823	-	2,201,823	-
Disposal of capital assets	160,326	-	345,936	506,262	-

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

CITY OF MISHAWAKA
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
December 31, 2013

<u>Assets</u>	Pension Trust Funds	Agency Funds
Cash and cash equivalents	\$ 1,710,549	\$ 449
Receivables:		
Interest and dividends	14,809	-
Accounts	-	3,473
Investments at fair value:		
Municipal bonds	1,064,084	-
Mutual funds	15,773,929	-
Total investments	16,838,013	-
Total assets	18,563,371	\$ 3,922
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable	-	\$ 2,059
Accrued payroll and withholdings payable	-	1,863
Total liabilities	-	\$ 3,922
 <u>Net Position</u>		
Held in trust for:		
Employees' pension benefits and other purposes	18,563,371	
Total net position	\$ 18,563,371	

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

CITY OF MISHAWAKA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
For the Year Ended December 31, 2013

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
On behalf	\$ 3,753,873
Employer	<u>874,082</u>
Total contributions	<u>4,627,955</u>
Investment income (loss):	
Net change in fair value of investments	1,424,055
Interest	<u>627,810</u>
Total investment income (loss)	2,051,865
Less investment expense:	
Investment activity expense	<u>38,649</u>
Net investment income (loss)	<u>2,013,216</u>
Total additions	<u>6,641,171</u>
 <u>Deductions</u>	
Benefits	4,714,004
Administrative expense	<u>1,065</u>
Total deductions	<u>4,715,069</u>
Changes in net position	1,926,102
Net position - beginning	<u>16,637,269</u>
Net position - ending	<u>\$ 18,563,371</u>

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Blended Component Unit

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

Discretely Presented Component Unit

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

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

Related Organizations

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

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

The primary government reports the following major governmental funds:

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The primary government reports the following major enterprise funds:

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

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

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

Additionally, the primary government reports the following fund types:

The internal service fund accounts for employee medical coverage provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 Police, 1937 Firefighters, and Utility Pension funds which accumulate resources for pension benefit payments.

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

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

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

Proprietary funds distinguish operating revenues 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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

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

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

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

Open-end mutual funds are reported at fair value.

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

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

2. Interfund Transactions and Balances

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

3. Property Taxes

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

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

7. Compensated Absences

- a. Flexible Time – primary government employees earn flexible time off at the rate of ½ day per month and may accumulate to a maximum of 25 days. The primary government may buy back flexible time off days from any employee up to a maximum of 6 flexible time off days per year. Flexible time off is paid to employees upon termination.

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

- b. Vacation Leave – nonunion primary government employees earn vacation leave at rates from 10 days to 25 days per year based upon the number of years of service. Union utility employees earn vacation leave at rates from 5 to 30 days per year based upon the number of years of service, plus 1 day for each year of service after 30 years. Vacation leave does not accumulate from year to year.
- c. Compensatory Leave – Police officers, fire fighters and emergency medical technicians have accumulated overtime-compensatory leave for a variety of reasons.

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

8. Long-Term Obligations

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

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

9. Encumbrances

Contracts and purchasing commitments are reported as encumbrances when the contract or purchase order is executed. When the terms of the purchase order or contract have been fulfilled and payment to the contracting party is due, the encumbrance is liquidated and the liability and expenditure are recorded. Encumbrances remaining at fiscal year-end are reported within the restricted, committed, or assigned fund balances of the governmental funds. The following shows encumbrances at December 31, 2013:

	Amount
General	\$ 16,864
Other governmental funds	4,876,439
Total	\$ 4,893,303

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

10. Fund Balances

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

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

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

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

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

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

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

The detail of the fund balance classifications of the governmental funds for the year ended December 31, 2013, is as follows:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Major Capital Project Fund</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>TIF NW General</u>		
Non-spendable				
Long-term Loans Receivable	\$ -	\$ 4,252,003	\$ 448,882	\$ 4,700,885
Assets Held for Resale	-	6,943,837	-	6,943,837
Total Nonspendable	<u>-</u>	<u>11,195,840</u>	<u>448,882</u>	<u>11,644,722</u>
Restricted				
Other Purposes General Government	-	-	1,248,072	1,248,072
Technology	-	-	181,655	181,655
Law Enforcement Training and Capital	-	-	1,334,383	1,334,383
Firefighting Training and Capital	-	-	1,154,458	1,154,458
Capital Projects	-	-	1,524,622	1,524,622
Capital Highway Projects	-	-	4,150,861	4,150,861
Sidewalk Construction	-	-	335,065	335,065
Families, Parks, and Recreation	-	-	1,132,742	1,132,742
Housing and Community Development	-	-	341,623	341,623
Debt Service Reserve	-	-	376,552	376,552
Debt Service Principal and Interest	-	-	777,184	777,184
Total Restricted	<u>-</u>	<u>-</u>	<u>12,557,217</u>	<u>12,557,217</u>
Committed				
Capital Projects	-	-	2,300,939	2,300,939
Public Safety Capital	-	-	797,432	797,432
Parking Lot Maintenance	-	-	1,773	1,773
Capital Highway Projects	-	-	2,764,630	2,764,630
Families, Parks, and Recreation	-	-	668,653	668,653
Total Committed	<u>-</u>	<u>-</u>	<u>6,533,427</u>	<u>6,533,427</u>
Assigned				
General Government Other Purposes	16,864	-	-	16,864
Public Safety	-	-	18,924	18,924
Capital Highway Projects	-	16,982,709	2,520,644	19,503,353
Sanitation	-	-	605,684	605,684
Families, Parks, and Recreation	-	-	266,365	266,365
Total Assigned	<u>16,864</u>	<u>16,982,709</u>	<u>3,411,617</u>	<u>20,411,190</u>
Unassigned	<u>4,540,640</u>	<u>-</u>	<u>-</u>	<u>4,540,640</u>
Total fund balance	<u>\$ 4,557,504</u>	<u>\$ 28,178,549</u>	<u>\$ 22,951,143</u>	<u>\$ 55,687,196</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

Expenditures did not exceed appropriations for any funds or any departments within the General fund, which required legally, approved budgets.

III. Detailed Notes on All Funds

A. Deposits and Investments

Primary Government

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 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, 2013, the primary government had deposit balances in the amount of \$84,326,595. Of this amount, the following was exposed to custodial credit risk:

	<u>Amount</u>
Uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent, but not in the depositor-government's name	\$ 122,789

The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Utilities Pension Fund Board of Trustees has established an investment policy for the Utility's Retirement Plan. This investment policy outlines parameters for investment activity for the pension plan. As of December 31, 2013, the City's Utility Pension Fund had the following investments:

Primary Government:

Investment Type	Market Value	Investment Maturities (in Years)		
		Less Than 1	1-2	More Than 2
Utility Pension Fund:				
Municipal Bonds	\$ 1,064,084	\$ -	\$ 103,124	\$ 960,960
Mutual Funds	<u>15,773,929</u>	<u>15,773,929</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 16,838,013</u>	<u>\$ 15,773,929</u>	<u>\$ 103,124</u>	<u>\$ 960,960</u>

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the primary government to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the primary government to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than 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 50 percent of the funds held by the primary government and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the primary government may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the primary government's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

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

Investment Custodial Credit Risk

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

At December 31, 2013, the following investments held by the Utility's Pension Plan were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, but not in the government's name:

Primary Government:

Investment Type	Not in the Government's Name
Municipal Bonds	\$ 1,064,084
Mutual Funds	<u>15,773,929</u>
Total	<u>\$ 16,838,013</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The Utility's Pension Plan does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Primary Government:

Standard & Poor's Rating	Moody's Rating	City's Investments	
		Municipal Bonds	Mutual Funds
AAA	Aaa	\$ 395,389	\$ -
AA	Aa	562,954	-
A	A	105,741	-
Unrated	Unrated	-	15,773,929
Totals		<u>\$ 1,064,084</u>	<u>\$ 15,773,929</u>

Concentration of Credit Risk

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

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

Issuer	2013
Russell Investment Grade Bond	\$ 1,648,495
American Beacon Intl Equity Instl	1,084,448
Fidelity Spartan International Index	1,048,527
FMI Large Cap	845,364
Vanguard Large Cap Index Signal	1,443,695
Vanguard Morgan Growth	1,485,702
Vanguard Windsor II	1,432,731
Total	<u>\$ 8,988,962</u>

Discretely Presented Component Unit

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2013, the discretely presented component unit had deposit balances in the amount of \$1,968,970 all of which were insured by the Federal

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories. The discretely presented component unit does not have a policy covering deposit custodial credit risk.

B. Loans Receivables

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

<u>Fund</u>	<u>Receivable</u>	<u>Noncurrent</u>
<u>Governmental Funds:</u>		
Major fund:		
TIF NW General	\$ 4,843,532	\$ 4,252,003
Special revenue fund:		
Community Development	<u>492,744</u>	<u>448,882</u>
 Total governmental funds	 <u>\$ 5,336,276</u>	 <u>\$ 4,700,885</u>
 <u>Discretely Presented Component Unit</u>		
Mishawaka Bond Bank	<u>\$ 4,243,659</u>	<u>\$ 3,655,160</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activity:</u>				
<u>Capital assets, not being depreciated:</u>				
Land	\$ 13,358,580	\$ 30,600	\$ -	\$ 13,389,180
Construction in progress	<u>21,547,605</u>	<u>13,964,372</u>	<u>8,809,983</u>	<u>26,701,994</u>
 Total capital assets, not being depreciated	 <u>34,906,185</u>	 <u>13,994,972</u>	 <u>8,809,983</u>	 <u>40,091,174</u>
 <u>Capital assets, being depreciated:</u>				
Buildings	24,632,045	42,788	-	24,674,833
Improvements other than buildings	19,706,016	5,151,017	-	24,857,033
Machinery and equipment	25,281,571	1,180,609	329,488	26,132,692
Infrastructure being depreciated	<u>99,163,340</u>	<u>11,594,730</u>	<u>-</u>	<u>110,758,070</u>
 Totals	 <u>168,782,972</u>	 <u>17,969,144</u>	 <u>329,488</u>	 <u>186,422,628</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activity (continued):				
Less accumulated depreciation for:				
Buildings	6,587,821	495,192	-	7,083,013
Improvements other than buildings	6,665,396	1,794,554	-	8,459,950
Machinery and equipment	16,627,623	2,640,030	317,690	18,949,963
Infrastructure being depreciated	11,528,482	2,806,163	-	14,334,645
Totals	41,409,322	7,735,939	317,690	48,827,571
Total capital assets, being depreciated, net	127,373,650	10,233,205	11,798	137,595,057
Total governmental activity capital assets, net	\$ 162,279,835	\$ 24,228,177	\$ 8,821,781	\$ 177,686,231
Business-type activity:				
Capital assets, not being depreciated:				
Land	\$ 1,513,541	\$ 5,905	\$ -	\$ 1,519,446
Construction in progress	16,692,068	9,311,038	16,864,982	9,138,124
Total capital assets, not being depreciated	18,205,609	9,316,943	16,864,982	10,657,570
Capital assets, being depreciated:				
Buildings	51,432,443	1,478,872	-	52,911,315
Improvements other than buildings	157,693,010	18,023,339	501,022	175,215,327
Machinery and equipment	47,155,459	2,048,459	5,240	49,198,678
Transportation	3,908,486	364,211	-	4,272,697
Totals	260,189,398	21,914,881	506,262	281,598,017
Less accumulated depreciation for:				
Buildings	14,302,912	1,077,449	-	15,380,361
Improvements other than buildings	45,766,562	4,294,918	267,303	49,794,177
Machinery and equipment	29,502,915	1,461,283	-	30,964,198
Transportation	3,410,462	206,851	-	3,617,313
Totals	92,982,851	7,040,501	267,303	99,756,049
Total capital assets, being depreciated, net	167,206,547	14,874,380	238,959	181,841,968
Total business-type activity capital assets, net	\$ 185,412,156	\$ 24,191,323	\$ 17,103,941	\$ 192,499,538

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

Governmental activities:	
General Government	\$ 216,161
Public Safety	2,254,582
Highways and Streets	3,181,056
Culture and Recreation	2,080,587
Community Development	3,553
Total depreciation expense - governmental activities	\$ 7,735,939

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Business-type activities:	
Water	\$ 1,471,414
Wastewater	3,195,472
Electric	<u>2,373,615</u>
 Total depreciation expense - business-type activities	 <u>\$ 7,040,501</u>

D. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Expended to December 31, 2013</u>	<u>Committed</u>
Governmental activities:		
Main Street projects	\$ 8,007,283	\$ 175,745
Church/Main Connector	9,834,249	5,924,756
Fir Rd Capital Connector	2,625,545	2,764,416
Bremen Highway Improvement	702,722	28,485
West St Storm Sewer	730,038	19,837
Fulmer Rd Drainage	943,125	1,244,495
Other Highway Projects	1,576,258	50,000
Riverwalk	1,277,373	19,540
Other City Projects	<u>1,005,401</u>	<u>185,000</u>
 Totals - governmental activities	 <u>\$ 26,701,994</u>	 <u>\$ 10,412,274</u>
Business-type activities:		
Wastewater Utility:		
Milburn Improvements	\$ 4,570,100	\$ 10,086,845
Treatment Plant Expansion	4,014,877	3,684,701
Northwest Trunk Sewer Rehab	406,001	503,580
Juday Creek Force Main	143,701	144,986
Water Utility:		
Toscana Park Apartments	<u>3,445</u>	<u>10,000</u>
 Totals - business-type activities	 <u>\$ 9,138,124</u>	 <u>\$ 14,430,112</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2013, is as follows:

Interfund Receivable	Interfund Payable
	Electric
Business-type activities:	
Wastewater	\$ 500,000

Interfund balances resulted from the time lag between the dates that (1) Interfund loans are repaid, (2) Interfund goods and services are provided or reimbursable expenditures occur, (3) transactions are recorded in the accounting system and (4) payments between funds are made.

2. Interfund Transfers

Interfund transfers at December 31, 2013, were as follows:

Transfer From	Transfer To				Total
	General Fund	TIF NW General Fund	Nonmajor Governmental	Wastewater Utility	
Governmental:					
TIF NW General Fund	\$ -	\$ -	\$ 1,106,734	\$ 3,360,000	\$ 4,466,734
Nonmajor Governmental	-	946,183	917,869	-	1,864,052
Business-type:					
Water Utility	632,140	-	-	-	632,140
Wastewater Utility	1,269,334	-	-	-	1,269,334
Electric Utility	1,260,908	-	-	-	1,260,908
Totals	\$ 3,162,382	\$ 946,183	\$ 2,024,603	\$ 3,360,000	\$ 9,493,168

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

F. Leases

Capital Leases

The primary government has entered into capital leases for a fire station and a sewer inspection system. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2013, are as follows:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2014	\$ 337,543	\$ 50,659
2015	332,195	49,620
2016	326,847	-
2017	321,499	-
2018	318,795	-
2019-2023	1,497,892	-
2024-2027	<u>970,810</u>	<u>-</u>
 Total minimum lease payments	 4,105,581	 100,279
 Less amount representing interest	 <u>505,583</u>	 <u>3,039</u>
 Present value of net minimum lease payments	 <u>\$ 3,599,998</u>	 <u>\$ 97,240</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Machinery and equipment	\$ 3,815,830	\$ 242,900
Accumulated depreciation	<u>(76,317)</u>	<u>(145,740)</u>
 Totals	 <u>\$ 3,739,513</u>	 <u>\$ 97,160</u>

G. Short-Term Liabilities

Revolving Line of Credit

The primary government uses a revolving line of credit to finance the First Time Home Buyers Program and the Neighborhood Stabilization Program which is a reimbursement grant program.

Short-term debt activity for the year ended December 31, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Issued/ Draws</u>	<u>Redeemed Repayments</u>	<u>Ending Balance</u>
Line of credit	<u>\$ 120,000</u>	<u>\$ 245,000</u>	<u>\$ 120,165</u>	<u>\$ 244,835</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

H. Long-Term Liabilities

1. General Obligation Bonds

The primary government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the primary government. General obligation bonds currently outstanding at year end, including the amounts of unamortized discount, are as follows:

Purpose	Interest Rates	Balance at December 31	Due Within One Year	Less: Unamortized Discount	Due in More Than One Year
\$2,745,000 2004 Refunding of 1993 police station bonds due in installments of \$120,000 to \$245,000 plus interest through February 1, 2014*	3%	\$ 160,000	\$ 158,916	\$ 1,084	\$ -
\$5,000,000 2005 Communication equipment bonds due in installments of \$155,000 to \$300,000 plus through February 1, 2016	4%	1,450,000	565,000	7,431	877,569
\$3,000,000 2007 Communication equipment bonds due in installments of \$55,000 to \$225,000 plus interest through February 1, 2016	4%	1,080,000	420,000	10,313	649,687
\$1,550,000 2006 Park and recreation bonds due in installments of \$90,000 to \$125,000 plus interest through February 1, 2014**	3.85%	125,000	124,643	357	-
Totals		<u>\$ 2,815,000</u>	<u>\$ 1,268,559</u>	<u>\$ 19,185</u>	<u>\$ 1,527,256</u>

*The amount due within one year included a deduction of \$1,084 for the unamortized discount which will be expensed within one year. The gross amount of the bonds payable is \$160,000.

**The amount due within one year included a deduction of \$357 for the unamortized discount which will be expensed within one year. The gross amount of the bonds payable is \$125,000.

2. Tax Incremental Financing (TIF) Bonds

The primary government issues TIF bonds to be repaid from the property tax revenue generated from the increased assessed valuation of property located within the TIF district.

Purpose	Interest Rates	Balance December 31	Due Within One Year	Less: Unamortized Discount	Due in More Than One Year
\$2,625,000 2005 Redevelopment SS District TIF refunding bonds due in installments of \$115,000 to \$165,000 plus interest through February 1, 2015	4% to 4.1%	\$ 480,000	\$ 315,000	\$ 5,147	\$ 159,853

The primary government has pledged future tax incremental revenues to repay the revenue bonds issued in 2005. Proceeds from the bonds provided financing for infrastructure improvements. The bonds are payable solely from tax revenues and are payable through 2015. Annual principal and interest payments are expected to require less than 2 percent of net revenues.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Energy Improvement Bonds

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

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

Purpose	Interest Rates		Balance December 31	Due Within One Year	Due in More Than One Year
\$1,366,252 2010 energy savings bonds due in annual installments of \$273,250 plus interest through February 1, 2015					
	2.10%	Governmental funds	\$ 446,651	\$ 223,325	\$ 223,326
		Business-type activities	99,850	49,925	49,925
		Combined	<u>\$ 546,501</u>	<u>\$ 273,250</u>	<u>\$ 273,251</u>

Annual debt service requirements to maturity for general obligation, TIF, and the energy improvement bonds are as follows:

	Governmental Activities				Governmental Funds		Business-type Activities	
	General Obligation Bonds*		TIF Bonds		Energy Improvement		Energy Improvement	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,270,000	\$ 97,086	\$ 315,000	\$ 16,265	\$ 223,325	\$ 8,185	\$ 49,925	\$ 1,830
2015	1,020,000	51,700	165,000	3,382	223,326	2,338	49,925	523
2016	525,000	10,500	-	-	-	-	-	-
Totals	<u>\$ 2,815,000</u>	<u>\$ 159,286</u>	<u>\$ 480,000</u>	<u>\$ 19,647</u>	<u>\$ 446,651</u>	<u>\$ 10,523</u>	<u>\$ 99,850</u>	<u>\$ 2,353</u>

*General Obligation Bonds will be paid off to an escrow account in 2014.

4. Revenue Bonds

The primary government issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Balance at December 31	Due Within One Year	Plus: Unamortized Premium	Due in More Than One Year
\$4,475,000 2007 Water refunding revenue bonds due in installments of \$40,000 to \$220,000 plus interest through July 1, 2020	3.9% to 4.25%	\$ 2,540,000	\$ 350,000	\$ 16,380	\$ 2,206,380
\$12,710,000 2013 Water Refunding revenue bonds due in installments of \$580,000 to \$775,000 plus interest through July 1, 2022	2%	12,130,000	1,320,000	-	10,810,000
\$1,875,130 1994 Wastewater capital appreciation bonds due in four installments of \$1,380,000 plus interest through March 1, 2015	5.65%	2,660,612	1,380,000	-	1,280,612
\$8,450,000 2006 Wastewater revenue bonds, Series A, due in installments of \$145,000 to \$290,000 plus interest through September 1, 2026	3.625% to 4.0%	6,085,000	370,000	-	5,715,000
\$350,000 2007 Wastewater revenue bonds, Series A, due in installments of \$45,000 to \$305,000 plus interest through March 1, 2027	4.25%	350,000	-	-	350,000
\$37,225,000 2010 Wastewater revenue bonds, Series B, due in installments of \$975,000 to \$2,775,000 plus interest through September 1, 2030	3% to 5%	33,475,000	1,430,000	-	32,045,000
Totals		<u>\$ 57,240,612</u>	<u>\$ 4,850,000</u>	<u>\$ 16,380</u>	<u>\$ 52,406,992</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

The primary government has pledged future revenues, net of operating expenses, to repay Water and Wastewater Utilities' bonds. Bond ordinances require monthly deposits of a portion of user fee revenues sufficient to meet requirements of the next principal, interest, and bank fiscal charge payments. Water and Wastewater bond ordinances also require monthly deposits of user fee revenues over 60 months to produce a bond reserve to approximate the maximum annual debt service.

During 2013, the Water Utility paid \$1,126,643 in debt payments or approximately 13 percent of operating revenues. The Wastewater Utility paid \$4,893,411 in debt payments or approximately 38 percent of operating revenues.

Revenue bonds debt service requirements to maturity are as follows:

	Business-Type Activities	
	Principal	Interest
2014	\$ 4,850,000	\$ 2,042,109
2015	4,835,612	1,944,645
2016	3,660,000	1,842,165
2017	3,770,000	1,729,751
2018	3,890,000	1,612,349
2019-2023	17,410,000	6,163,789
2024-2028	13,415,000	3,121,800
2029-2033	5,410,000	342,500
Totals	\$ 57,240,612	\$ 18,799,108

5. Bond Refunding

On August 7, 2013, the City of Mishawaka issued \$12,710,000 in refunding waterworks revenue bonds with an average interest rate of 2.03 percent to refund \$11,835,000 of an outstanding 2000 SRF Loan with an average interest rate of 2.90 percent and \$930,000 of an outstanding 2003 SRF loan with an average interest rate of 3.30 percent. The net proceeds of \$12,639,459.50 (after payment of \$70,540.50 in issuance costs) and local contributions of \$256,312 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the remaining \$106,781 of issuance costs and future debt service payments on the 2000 and 2003 SRF loans. As a result, the 2000 SRF loan and the 2003 SRF Loan are considered to be defeased and the liability for those loans have been removed from the Statement of Net Position. The refunding resulted in deferred amount on refunding of \$130,771.50, which has been recognized on the Statement of Net Position as deferred amount on refunding. This amount will be amortized using the straight-line method and charged to interest expense through July 2022 (approximately nine years). The Utility, in effect, reduced its aggregate debt service payment by \$680,478 over the next nine years and realized an economic gain (difference between the present values of the old and new debt service payments) of \$624,728. The Water Utility applied \$344,492 of cash toward the refunding. This results in net annual savings of \$335,986 and net present value savings of \$280,236.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Notes and Loans Payable

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

	Principal	Interest
2014	\$ 1,048,851	\$ 1,351,630
2015	1,674,000	1,317,146
2016	2,439,000	1,242,955
2017	2,528,000	1,153,052
2018	2,621,000	1,059,857
2019-2023	14,636,000	3,773,286
2024-2028	12,148,698	958,238
2029-2031	2,634,000	7,244
Totals	\$ 39,729,549	\$ 10,863,408

7. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

Primary Government	Beginning Balance	Additions	Reductions	GASB 65 Restatements	Ending Balance	Due Within One Year
Governmental activities:						
Bonds payable:						
General obligation	\$ 4,315,000	\$ -	\$ 1,500,000	\$ -	\$ 2,815,000	\$ 1,270,000
TIF	2,420,000	-	1,940,000	-	480,000	315,000
Less deferred amount: For issuance discounts	51,195	-	26,863	-	24,332	1,441
Total bonds payable	6,683,805	-	3,413,137	-	3,270,668	1,583,559
Capital leases	3,866,666	-	266,668	-	3,599,998	266,668
Energy debt payable	669,976	-	223,325	-	446,651	223,325
Net other postemployment benefit obligation	13,702,136	3,262,998	-	-	16,965,134	-
Compensated absences	709,862	612,080	527,744	-	794,198	593,278
Net pension obligation	16,638,805	-	365,839	-	16,272,966	-
Total governmental activities long-term liabilities	<u>\$ 42,271,250</u>	<u>\$ 3,875,078</u>	<u>\$ 4,796,713</u>	<u>\$ -</u>	<u>\$ 41,349,615</u>	<u>\$ 2,666,830</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Primary Government	Beginning Balance	Additions	Reductions	GASB 65 Restatements	Ending Balance	Due Within One Year
Business-type activities:						
Revenue bonds payable:						
Water Utility	\$ 2,875,000	\$ 12,710,000	\$ 915,000	\$ -	14,670,000	\$ 1,670,000
Wastewater Utility	45,536,001	174,611	3,140,000	-	42,570,612	3,180,000
Less deferred amount:						
For issuance discounts/premiums	385,065	-	2,586	(398,859)	(16,380)	-
On refunding	196,595	130,772	28,833	(298,534)	-	-
Total revenue bonds payable	47,829,341	12,753,839	4,023,581	(697,393)	57,256,992	4,850,000
Capital leases	145,740	-	48,500	-	97,240	48,580
Notes and loans payable	54,071,474	-	14,341,925	-	39,729,549	1,048,851
Compensated absences	276,889	74,876	73,500	-	278,265	69,124
Total business-type activities long-term liabilities	<u>\$ 102,323,444</u>	<u>\$ 12,828,715</u>	<u>\$ 18,487,506</u>	<u>\$ (697,393)</u>	<u>\$ 97,362,046</u>	<u>\$ 6,016,555</u>

Compensated absences, net other postemployment benefit obligations and net pension obligations for governmental activities typically have been liquidated from the General fund and special revenue funds. The net pension obligation for business-type activities typically has been liquidated from the Water, Wastewater, and Electric Utility Funds.

I. Restricted Assets

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

Construction	\$ 7,764,107
Customer deposits	2,944,391
Revenue bond covenant accounts	8,904,225
Reserve account	754,000
Repair accounts	11,476,154
Total restricted assets	<u>\$ 31,842,877</u>

J. Restatements and Reclassifications

For the year ended December 31, 2013, certain changes have been made to the financial statements to more appropriately reflect financial activity of the primary government.

The prior period adjustment represents the elimination of deferred charges according to GASB 65.

The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported December 31, 2012	Prior Period Adjustments	Balance as Restated January 1, 2013
Governmental Activities: net position			
GASB 65 eliminate deferred charges	<u>\$ 189,875,929</u>	<u>\$ (71,034)</u>	<u>\$ 189,804,895</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retirees, and Dependents

During 2010, the primary government joined together with three other governmental entities to form the Indiana Association of Cities and Towns (IACT) Medical Trust, a public entity risk pool currently operating as a common risk management and insurance program for eleven member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of Medical Benefits to employees, retirees, and dependents. The primary government pays an annual premium to the risk pool for its Medical Benefits coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per insured event. The IACT Medical Trust issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for the participants. This report may be obtained by contacting the plan administrator at 200 South Meridian Street, Suite 340, Indianapolis, IN 46225.

B. Other Postemployment Benefits

Plan Description

The City of Mishawaka Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the IACT Medical Trust. 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 IACT Medical Trust issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for the participants. This report may be obtained by contacting the plan administrator at 200 South Meridian Street, Suite 340, Indianapolis, IN 46225.

Funding Policy

The contribution requirements of plan members for the City of Mishawaka Retiree Healthcare Plan are established and can be amended by the City's Common Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2013, the primary government contributed \$1,429,425 to the plan for current premiums. For Pre-Medicare retirees, the primary government annually provides \$400 for PERF covered employees with less than 20 years of service and pays the full single-premium cost for employees who retire with 20 or more years of service. For Post-Medicare employees, the primary government provides \$400 annually towards the cost of medical coverage regardless of the years of service.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 4,659,857
Interest on net OPEB obligation	616,596
Adjustment to annual required contribution	<u>(584,030)</u>
Annual OPEB cost	4,692,423
Contributions made	<u>1,429,425</u>
Increase in net OPEB obligation	3,262,998
Net OPEB obligation, beginning of year	<u>13,702,136</u>
Net OPEB obligation, end of year	<u><u>\$ 16,965,134</u></u>

The primary government's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-11	\$ 4,077,905	36.0%	\$ 10,059,677
12-31-12	4,941,936	26.3%	13,702,136
12-31-13	4,692,423	30.5%	16,965,134

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$49,498,424 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$49,498,424. The covered payroll as a percentage of the Actuarial Accrued Liability was (185 percent). Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumption

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2013 actuarial valuation, the projected unit credit with linear proration to decrement method was used. The actuarial assumptions included a discount rate of 4.5 percent unfunded; inflation and salary scale of 3 percent each and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5 percent by 2023. The UAAL is being amortized as a level percentage of projected pay based on an open group. The remaining amortization period at December 31, 2013, was 30 years.

C. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The primary government contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the primary government authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy

PERF members are required to contribute 3 percent of their annual covered salary. The primary government is required to contribute at an actuarially determined rate; the current rate is 10 percent of annual covered payroll. The contribution requirements of plan members and the primary government are established and may be amended by the PERF Board of Trustees.

Annual Pension Cost

For 2013, the primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

b. 1925 Police Officers' Pension Plan

Plan Description

The primary government 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 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.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The Net Pension Obligation (NPO) is considered an obligation of the primary government and is reflected in the Statement of Net Position. As provided by state statute, all administrative costs are paid from the fund. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan. On-behalf contributions from the State of Indiana as shown in the financial statements of \$1,413,162 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 contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established and can be amended by state statute.

Annual Pension Cost

For 2013, the primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

c. 1937 Firefighters' Pension Plan

Plan Description

The primary government 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 plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established and can be amended

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The Net Pension Obligation (NPO) is considered an obligation of the primary government and is reflected in the Statement of Net Position. As provided by state statute, all administrative costs are paid from the fund. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan. On-behalf contributions from the State of Indiana as shown in the financial statements of \$2,340,711 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 contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established and can be amended by state statute.

Annual Pension Cost

For 2013, the primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

d. Utility Pension Plan

Plan Description

The primary government's Utilities (Water, Wastewater, and Electric) contribute to the Utility Pension Plan, a single employer defined benefit pension plan administered by the Indiana Trust & Investment Management Company, as trustee. The plan covers all employees of the three utilities except for sewer employees of the Wastewater Utility who are covered by PERF. The plan is administered by the primary government's Board of Works, as provided by state statute (IC 8-1.5-3-7) and provides retirement, 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.

Funding Policy

The contribution requirements of plan members are established by and can be amended by the plan administrator. Currently, employees are not required to make any contributions to the plan. The Net Pension Obligation (NPO) is considered an obligation of the Primary government and is reflected in the Statement of Net Position. As provided by state statute, all administrative costs are paid from the fund. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan.

Annual Pension Cost

For 2013, the Utilities' annual pension cost and related information for the Utility Pension Plan, as provided by the actuary, is presented in this note.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Utility Pension
Annual required contribution	\$ 716,621	\$ 1,433,400	\$ 2,290,900	\$ 673,502
Interest on net pension obligation	13,626	370,400	615,900	(5,875)
Adjustment to annual required contribution	(15,861)	(512,600)	(852,400)	6,768
Annual pension cost	714,386	1,291,200	2,054,400	674,395
Contributions made	671,952	1,413,162	2,340,711	936,366
Increase (decrease) in net pension obligation	42,434	(121,962)	(286,311)	(261,971)
Net pension obligation, beginning of year	201,871	6,172,529	10,264,405	(78,327)
Net pension obligation, end of year	\$ 244,305	\$ 6,050,567	\$ 9,978,094	\$ (340,298)

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Utility Pension
Contribution rates:				
Government	10.0%	n/a	n/a	14.2%
Plan members	3%	6%	6%	0%
Actuarial valuation date	07-01-13	01-01-13	01-01-13	01-01-13
Actuarial cost method	Entry age normal cost	Entry age normal cost	Entry age normal cost	Entry age, normal cost
Amortization method	Level percentage of payroll	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years	30 years	30 years
Amortization period (from date)	07-01-08	01-01-05	01-01-05	01-01-08
Asset valuation method	4-year smoothed market value with 20% corridor	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital	Smoothed Market Value

Actuarial Assumptions	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Utility Pension
Investment rate of return	6.75%	6.00%	6.00%	7.00%
Projected future salary increases:				
Total	4.50%	3.25%	3.25%	3.50%
Attributed to inflation	3.00%	3.00%	3.00%	2.50%
Attributed to merit/seniority	1.50%	1.00%	1.00%	1.00%
Cost-of-living adjustments	1.00%	2.25%/3.25%*	2.25%/3.25%*	2%^

^2% for retirees that retired by January 1, 1993, 0% for retirees after January 1, 1993

*2.25% converted members, 3.25% nonconverted members

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
PERF	06-30-11	\$ 677,084	65.0%	\$ 30,585
	06-30-12	719,788	76.0%	201,871
	06-30-13	714,386	94.0%	244,305
1925 Police Officers' Pension Plan	12-31-11	1,318,000	120.0%	6,396,107
	12-31-12	1,364,900	116.0%	6,172,529
	12-31-13	1,291,200	123.0%	6,050,567
1937 Firefighters' Pension Plan	12-31-11	2,237,700	109.0%	10,615,492
	12-31-12	2,099,300	117.0%	10,264,405
	12-31-13	2,054,400	114.0%	9,978,094
Utility Pension Plan	01-01-11	595,072	102.6%	(68,674)
	01-01-12	589,148	101.6%	(78,327)
	01-01-13	674,395	138.8%	(340,298)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2013, comprised of the following:

	Utility Pension	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	62	52	85
Terminated employees entitled to but not yet receiving benefits	-	-	-
Current active employees	126	1	-

Funded Status and Funding Progress for the Above Plans

The funded status of each plan as of July 1, 2013, the most recent actuarial valuation date (except the 1925 Police Officers', the 1937 Firefighters', and the Utility Pension Plans which are as of January 1, 2013) is as follows:

Retirement Plan	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL or (Funding Excess) (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL or (Funding Excess) as a Percentage of Covered Payroll ((b-a)/c)
PERF	\$ 4,557,228	\$ 9,637,606	\$ (5,080,378)	47.29%	\$ 7,154,903	(71%)
Utility Pension Plan	14,904,262	18,952,200	(4,047,938)	78.64%	5,919,964	(68%)
1925 Police Officers' Pension Plan	795,393	17,132,600	(16,337,207)	4.64%	51,800	(31,539%)
1937 Firefighters' Pension Plan	1,018,421	27,586,300	(26,567,879)	3.69%	-	(0%)

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Schedule of Funding Progress, presented as RSI for the above plans following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

e. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Position:

<u>Assets</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
Cash and cash equivalents	\$ 782,880	\$ 887,820	\$ 39,849
Receivables:			
Interest and dividends	-	-	14,809
Investments at fair value:			
Municipal bonds	-	-	1,064,084
Mutual funds	-	-	15,773,929
Total investments	-	-	16,838,013
Total assets	\$ 782,880	\$ 887,820	\$ 16,892,671
 <u>Net Assets</u>			
Held in trust for:			
Employees' pension benefits	\$ 782,880	\$ 887,820	\$ 16,892,671

Statements of Changes in Fiduciary Net Position:

<u>Additions</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
Contributions:			
On-behalf Employer	\$ 1,413,162	\$ 2,340,711	\$ -
Total contributions	1,413,162	2,340,711	874,082

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Additions</u>	1925 Police Pension	1937 Firefighters' Pension	Utility Pension
Investment income (loss):			
Net increase in fair value of investments	-	-	1,424,055
Interest	-	-	627,810
Total investment income (loss)	-	-	2,051,865
Less investment expense:			
Investment activity expense	-	-	38,649
Net investment income (loss)	-	-	2,013,216
Total additions	1,413,162	2,340,711	2,887,298
<u>Deductions</u>			
Benefits	1,425,676	2,471,312	817,016
Administrative expense	-	-	1,065
Total deductions	1,425,676	2,471,312	818,081
Changes in net assets	(12,514)	(130,601)	2,069,217
Net assets - beginning	795,394	1,018,421	14,823,454
Net assets - ending	\$ 782,880	\$ 887,820	\$ 16,892,671

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The Primary government contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6 percent of the first-class police officers' and firefighters' salary and the Primary government is to contribute at an actuarially determined rate. The current rate is 19.7 percent of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2013, 2012, and 2011 were \$2,091,903, \$1,961,847, and \$1,846,266, respectively, equal to the required contributions for each year. The contribution requirements of plan members for the 1977 Police Officers' and Firefighters' Pension Plan are established and can be amended by state statute.

D. Net Position – Net Investment in Capital Assets

As of December 31, 2013, Net Position – Net investment in capital assets is calculated as follows:

	Governmental Activities	Business-type Activities	Totals
Net capital assets	\$ 177,686,231	\$ 192,499,538	\$ 370,185,769
Less:			
Total capital leases payable	(3,599,998)	(97,240)	(3,697,238)
Total notes and loans payable	-	(39,729,549)	(39,729,549)
Total general obligation bonds payable, net	(2,795,815)	-	(2,795,815)
Total revenue bonds payable, net	(446,651)	(57,256,992)	(57,703,643)
Total TIF bonds payable, net	(474,853)	-	(474,853)
Add:			
Deferred amount on refunding	-	277,803	277,803
Underwriters discount	-	15,447	15,447
Deferred charges	-	366,020	366,020
Unspent bond/loan proceeds	5,692	7,764,107	7,769,799
Invested in capital assets, net of related debt	\$ 170,374,606	\$ 103,839,134	\$ 274,213,740

E. Subsequent Events

On December 4, 2013, the City of Mishawaka received notification from the Department of Justice that our Long-Term Control Plan received approval from the federal and state agencies involved, and the Consent Decree was signed on May 23, 2014, with an estimated cost of \$133 million. The Long-Term Control Plan requires the City to comprehensively upgrade and expand the City's sewage collection, storage, conveyance, and treatment system with an estimated end of construction date of December 2020.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

In 2014, the City will again become self-funded with its health insurance.

The City plans to advance refund the 2005 and 2007 Communication Bond issues. Since the other general obligation bond issues will also be retired in 2014, the City will have paid off its entire general obligation bonds in 2014.

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-11	\$ 4,961,827	\$ 9,487,093	\$ (4,525,266)	52%	\$ 6,605,323	(69%)
07-01-12	4,242,607	9,905,493	(5,662,886)	43%	6,982,654	(81%)
07-01-13	4,557,228	9,637,606	(5,080,378)	47%	7,154,903	(71%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-08	\$ 368,239	\$ 21,519,500	\$ (21,151,261)	2%	\$ 185,900	(11,378%)
01-01-09	276,566	17,137,900	(16,861,334)	2%	**	**
01-01-10	475,282	17,848,000	(17,372,718)	3%	94,900	(18,306%)
01-01-11	589,540	17,884,600	(17,295,060)	3%	98,700	(17,523%)
01-01-12	655,941	18,211,100	(17,555,159)	4%	101,000	(17,381%)
01-01-13	795,394	17,132,600	(16,337,206)	5%	51,800	(31,539%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-08	\$ 473,089	\$ 29,320,500	\$ (28,847,411)	2%	\$ 138,300	(20,859%)
01-01-09	292,384	35,408,600	(35,116,216)	1%	**	**
01-01-10	829,813	30,278,300	(29,448,487)	3%	94,000	(31,328%)
01-01-11	902,540	30,566,300	(29,663,760)	3%	48,900	(60,662%)
01-01-12	962,372	28,608,400	(27,646,028)	3%	-	0%
01-01-13	1,018,421	27,586,300	(26,567,879)	4%	-	0%

Utility Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-08	\$ 13,977,669	\$ 14,128,822	\$ (151,153)	99%	\$ 6,131,927	(2%)
01-01-09	13,585,001	14,870,175	(1,285,174)	91%	6,624,741	(19%)
01-01-10	13,578,454	15,373,954	(1,795,500)	88%	5,891,118	(30%)
01-01-11	13,660,853	15,651,282	(1,990,429)	87%	5,685,044	(35%)
01-01-12	13,538,820	16,468,645	(2,929,825)	82%	5,797,047	(51%)
01-01-13	14,904,262	18,952,200	(4,047,938)	79%	5,919,964	(68%)

Other Post Employment Benefits (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-11	\$ -	\$ 45,723,694	\$ (45,723,694)	0%	\$ 25,071,329	(182%)
01-01-12	-	51,691,333	(51,691,333)	0%	26,212,073	(197%)
01-01-13	-	49,498,424	(49,498,424)	0%	26,736,315	(185%)

**Information not available

The note to the required supplementary information is an integral part of the required supplementary information.

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CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan			
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-08	\$ 1,630,400	32%	50%
12-31-09	1,280,600	19%	109%
12-31-10	1,381,900	0%	118%
12-31-11	1,448,900	0%	109%
12-31-12	1,501,000	0%	106%
12-31-13	1,433,400	0%	99%

1937 Firefighters' Pension Plan			
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-08	\$ 2,190,200	34%	64%
12-31-09	2,646,100	9%	102%
12-31-10	2,326,100	0%	105%
12-31-11	2,450,600	0%	99%
12-31-12	2,325,200	0%	105%
12-31-13	2,290,900	0%	102%

Employer Contributions - Utility Pension Plan		
Year Ending	Annual Required Contribution (ARC)	Percentage Contributed
01-01-08	490,957	75%
01-01-09	621,882	131%
01-01-10	594,557	103%
01-01-11	588,428	102%
01-01-12	673,502	138%

The note to the required supplementary information is an
 integral part of the required supplementary information.

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 21,083,114	\$ 21,083,114	\$ 16,813,800	\$ (4,269,314)
Licenses and permits	177,650	177,650	417,398	239,748
Intergovernmental	3,586,579	3,586,579	4,592,603	1,006,024
Charges for services	1,140,000	1,140,000	1,743,330	603,330
Fines and forfeits	15,000	15,000	34,591	19,591
Interest	6,000	6,000	32,152	26,152
Sale and use of property	-	-	752	752
Other	280,000	280,000	1,193,885	913,885
Total revenues	26,288,343	26,288,343	24,828,511	(1,459,832)
Expenditures:				
Current:				
General government:				
Mayor				
Personal services	138,188	140,952	140,951	1
Supplies	1,500	1,500	599	901
Other services and charges	12,345	12,416	11,132	1,284
City Clerk				
Personal services	121,036	134,454	134,251	203
Supplies	3,565	3,565	2,639	926
Other services and charges	24,857	21,857	13,053	8,804
Central Motor Pool				
Personal services	630,352	624,255	606,921	17,334
Supplies	1,043,628	1,068,628	1,066,405	2,223
Other services and charges	72,121	69,500	47,365	22,135
Common Council				
Personal services	94,788	96,683	96,683	-
Supplies	250	250	236	14
Other services and charges	10,047	9,135	5,317	3,818
Controller				
Personal services	2,313,330	2,673,089	2,606,323	66,766
Supplies	15,244	15,000	9,292	5,708
Other services and charges	1,922,638	2,228,873	2,157,300	71,573
Human Resources				
Personal services	101,494	102,497	74,666	27,831
Supplies	1,000	1,500	878	622
Other services and charges	37,450	105,450	66,006	39,444
Capital outlay	-	-	-	-
Information Technology				
Personal services	268,066	273,428	255,455	17,973
Supplies	2,173	2,173	2,173	-
Other services and charges	56,000	6,000	5,350	650
Cemetery				
Other services and charges	20,000	20,000	20,000	-
Legal				
Personal services	102,590	104,642	104,642	-
Supplies	1,500	1,500	1,337	163
Other services and charges	16,534	211,500	205,891	5,609
Planning				
Personal services	192,999	196,714	182,820	13,894
Supplies	4,254	3,900	1,799	2,101
Other services and charges	15,400	15,600	12,955	2,645
Total general government	7,223,349	8,145,061	7,832,439	312,622

The note to the required supplementary information is an integral part of the required supplementary information.

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
For the Year Ended December 31, 2013
(Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public safety:				
Police				
Personal services	10,559,624	11,305,525	11,225,693	79,832
Supplies	74,740	71,567	68,587	2,980
Other services and charges	137,864	133,048	127,189	5,859
Fire				
Personal services	10,240,708	11,125,248	11,025,709	99,539
Supplies	171,687	252,687	246,634	6,053
Other services and charges	353,373	334,328	288,664	45,664
Code Enforcement				
Personal services	221,293	225,721	220,746	4,975
Supplies	3,917	3,500	3,126	374
Other services and charges	24,725	24,700	19,208	5,492
Building Department				
Personal services	186,677	190,410	190,410	-
Supplies	3,449	3,000	2,122	878
Other services and charges	3,750	3,750	2,671	1,079
Total public safety	<u>21,981,807</u>	<u>23,673,484</u>	<u>23,420,759</u>	<u>252,725</u>
Highways and streets:				
Engineering				
Personal services	278,066	283,221	283,102	119
Supplies	4,516	4,000	2,521	1,479
Other services and charges	11,047	10,250	8,979	1,271
Total highways and streets	<u>293,629</u>	<u>297,471</u>	<u>294,602</u>	<u>2,869</u>
Sanitation:				
Recycling				
Supplies	5,000	5,000	4,600	400
Other services and charges	15,000	15,000	-	15,000
Total sanitation	<u>20,000</u>	<u>20,000</u>	<u>4,600</u>	<u>15,400</u>
Community development:				
Redevelopment				
Personal services	246,364	251,291	191,290	60,001
Supplies	1,000	1,000	-	1,000
Other services and charges	243,500	243,500	135,843	107,657
Total community development	<u>490,864</u>	<u>495,791</u>	<u>327,133</u>	<u>168,658</u>
Total expenditures	<u>30,009,649</u>	<u>32,631,807</u>	<u>31,879,533</u>	<u>752,274</u>
Excess (deficiency) of revenues over (under) expenditures	(3,721,306)	(6,343,464)	(7,051,022)	(707,558)
Other financing sources:				
Transfers in	<u>3,450,000</u>	<u>3,450,000</u>	<u>3,162,382</u>	<u>(287,618)</u>
Net change in fund balances	(271,306)	(2,893,464)	(3,888,640)	(995,176)
Fund balances - beginning	<u>8,068,031</u>	<u>8,068,031</u>	<u>8,068,031</u>	<u>-</u>
Fund balances - ending	<u>\$ 7,796,725</u>	<u>\$ 5,174,567</u>	<u>\$ 4,179,391</u>	<u>\$ (995,176)</u>

The note to the required supplementary information is an integral part of the required supplementary information.

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET/GAAP RECONCILIATION -
 GENERAL FUND
 For The Year Ended December 31, 2013

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

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

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

	<u>General</u>
Net change in fund balance, budget basis	\$ (3,888,640)
To adjust revenues for accruals	138,309
To adjust expenditures for accruals	155,816
To adjust expenditures for encumbrances	214,718
Net change in fund balance, GAAP basis	<u>\$ (3,379,797)</u>

The note to the required supplementary information is an integral part of the required supplementary information.

CITY OF MISHAWAKA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Note I. Budgets and Budgetary Accounting

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

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

CITY OF MISHAWAKA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

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

Major funds:

General fund

Nonmajor funds:

Special revenue funds:

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

Debt service fund:

Municipal Bond No.1

Capital projects funds:

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

- G. The City's budgetary process is based upon cash outflows, which is a Non-GAAP basis. Appropriations lapse with the expiration of the budgetary period unless encumbered by a purchase order or contract. Encumbered appropriations are carried over and added to the subsequent year's budget.
- H. Budgeted amounts are as originally adopted, or as amended by the Common Council and approved by the Indiana Department of Local Government Finance in the regular legal manner. The net effect of individual amendments to the budget increased the original appropriations by \$3,953,931 in 2013.
- I. Expenditures did not exceed appropriations for any funds or any departments within the General Fund which required legally approved budgets.

**DESCRIPTION -
NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds

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

**DESCRIPTION -
NONMAJOR GOVERNMENTAL FUNDS
(Continued)**

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

**DESCRIPTION -
NONMAJOR GOVERNMENTAL FUNDS**
(Continued)

Capital Projects Funds

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

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2013

	Special Revenue							
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Public Safety	Rainy Day	Rainy Day Public Safety	Police Drug Investigation Assistance
Assets								
Cash and cash equivalents	\$ 1,852,568	\$ 258,460	\$ 862,442	\$ 56,372	\$ 2,400,666	\$ 1,063,965	\$ 2,519	\$ 17,151
Receivables (net of allowances for uncollectibles):								
Interest	-	-	-	-	-	-	-	-
Taxes	18,929	-	102,505	-	-	-	-	-
Accounts	-	-	2,918	13	-	-	-	-
Intergovernmental	324,460	76,605	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Total assets	\$ 2,195,957	\$ 335,065	\$ 967,865	\$ 56,385	\$ 2,400,666	\$ 1,063,965	\$ 2,519	\$ 17,151
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 125,369	\$ -	\$ 50,952	\$ 42	\$ 1,914	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	62,181	-	38,193	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-	-
Short term loan payable	-	-	-	-	-	-	-	-
Energy improvement revenue bond	-	-	-	-	152,752	-	-	-
Deferred inflows of resources	18,929	-	102,505	-	-	-	-	-
Total liabilities	206,479	-	191,650	42	154,666	-	-	-
Fund Balances:								
Non-spendable								
Long-term loans receivable	-	-	-	-	-	-	-	-
Restricted	1,989,478	335,065	776,215	-	2,246,000	-	-	-
Committed	-	-	-	-	-	1,063,965	2,519	-
Assigned	-	-	-	56,343	-	-	-	17,151
Total fund balances	1,989,478	335,065	776,215	56,343	2,246,000	1,063,965	2,519	17,151
Total liabilities and fund balances	\$ 2,195,957	\$ 335,065	\$ 967,865	\$ 56,385	\$ 2,400,666	\$ 1,063,965	\$ 2,519	\$ 17,151

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2013
 (Continued)

	Special Revenue						
	Off-Street Parking	Sidewalk and Curb Repair	Industrial Development	Trash Collection	Mishawaka Gift	Law Enforcement Continuing Education	Bicentennial Gift
<u>Assets</u>							
Cash and cash equivalents	\$ 4,045	\$ 14,922	\$ 58,157	\$ 649,225	\$ 213,657	\$ 77,365	\$ 1,326
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	-	-	-
Taxes	-	-	-	134,179	-	-	-
Accounts	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total assets	\$ 4,045	\$ 14,922	\$ 58,157	\$ 783,404	\$ 213,657	\$ 77,365	\$ 1,326
<u>Liabilities and Fund Balances</u>							
<u>Liabilities:</u>							
Accounts payable	\$ 2,272	\$ -	\$ -	\$ 177,720	\$ 4,961	\$ 60	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-
Short term loan payable	-	-	-	-	-	-	-
Energy improvement revenue bond	-	-	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-	-
Total liabilities	2,272	-	-	177,720	4,961	60	-
<u>Fund Balances:</u>							
Non-spendable							
Long-term loans receivable	-	-	-	-	-	-	-
Restricted	-	-	58,157	-	-	77,305	-
Committed	-	-	-	-	-	-	-
Assigned	1,773	14,922	-	605,684	208,696	-	1,326
Total fund balances	1,773	14,922	58,157	605,684	208,696	77,305	1,326
Total liabilities and fund balances	\$ 4,045	\$ 14,922	\$ 58,157	\$ 783,404	\$ 213,657	\$ 77,365	\$ 1,326

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2013
 (Continued)

	Special Revenue						Totals
	Community Development	Property Rehabilitation Revolving	Park Nonreverting Operating	Criminal Assistance Grant	NSP (3) Grant	State Grant	
<u>Assets</u>							
Cash and cash equivalents	\$ 8,988	\$ 344,883	\$ 355,399	\$ 34,784	\$ 110,745	\$ 70,146	\$ 8,457,785
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	121,434
Accounts	-	-	1,128	-	-	-	138,238
Intergovernmental	44,374	-	-	36,347	23,784	-	505,570
Loans	492,744	-	-	-	-	-	492,744
Total assets	\$ 546,106	\$ 344,883	\$ 356,527	\$ 71,131	\$ 134,529	\$ 70,146	\$ 9,715,771
<u>Liabilities and Fund Balances</u>							
<u>Liabilities:</u>							
Accounts payable	\$ 32,387	\$ 13,263	\$ -	\$ 7,199	\$ 2,685	\$ -	\$ 418,824
Accrued payroll and withholdings payable	-	-	-	-	-	-	100,374
Contracts payable	-	-	-	-	-	-	-
Short term loan payable	-	142,835	-	-	102,000	-	244,835
Energy improvement revenue bond	-	-	-	-	-	-	152,752
Deferred inflows of resources	-	-	-	-	-	-	121,434
Total liabilities	32,387	156,098	-	7,199	104,685	-	1,038,219
<u>Fund Balances:</u>							
Non-spendable							
Long-term loans receivable	448,882	-	-	-	-	-	448,882
Restricted	64,837	188,785	356,527	63,932	29,844	70,146	6,256,291
Committed	-	-	-	-	-	-	1,066,484
Assigned	-	-	-	-	-	-	905,895
Total fund balances	513,719	188,785	356,527	63,932	29,844	70,146	8,677,552
Total liabilities and fund balances	\$ 546,106	\$ 344,883	\$ 356,527	\$ 71,131	\$ 134,529	\$ 70,146	\$ 9,715,771

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2013
 (Continued)

	Debt Service						Totals
	Municipal Bond No. 1	Mishawaka Building Corporation Debt Service	TIF NW Redemption	TIF NW Reserve	TIF SS Redemption	TIF SS Reserve	
<u>Assets</u>							
Cash and cash equivalents	\$ 777,122	\$ -	\$ -	\$ -	\$ 562	\$ 376,552	\$ 1,154,236
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	-	-	-
Taxes	67,263	-	-	-	-	-	67,263
Accounts	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total assets	\$ 844,385	\$ -	\$ -	\$ -	\$ 562	\$ 376,552	\$ 1,221,499
<u>Liabilities and Fund Balances</u>							
<u>Liabilities:</u>							
Accounts payable	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-
Short term loan payable	-	-	-	-	-	-	-
Energy improvement revenue bond	-	-	-	-	-	-	-
Deferred inflows of resources	67,263	-	-	-	-	-	67,263
Total liabilities	67,763	-	-	-	-	-	67,763
<u>Fund Balances:</u>							
Non-spendable							
Long-term loans receivable	-	-	-	-	-	-	-
Restricted	776,622	-	-	-	562	376,552	1,153,736
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Total fund balances	776,622	-	-	-	562	376,552	1,153,736
Total liabilities and fund balances	\$ 844,385	\$ -	\$ -	\$ -	\$ 562	\$ 376,552	\$ 1,221,499

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2013
 (Continued)

	Capital Projects				
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	Local Major Moves Construction	Cumulative Capital Development
Assets					
Cash and cash equivalents	\$ 37,274	\$ 1,248,072	\$ 1,586,926	\$ 2,161,833	\$ 183,584
Receivables (net of allowances for uncollectibles):					
Interest	-	-	-	-	-
Taxes	1,527	-	18,875	-	14,511
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Total assets	\$ 38,801	\$ 1,248,072	\$ 1,605,801	\$ 2,161,833	\$ 198,095
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 5,816	\$ -	\$ 4,100	\$ 450	\$ 1,929
Accrued payroll and withholdings payable	-	-	-	-	-
Contracts payable	-	-	58,204	-	-
Short term loan payable	-	-	-	-	-
Energy improvement revenue bond	-	-	-	-	-
Deferred inflows of resources	1,527	-	18,875	-	14,511
Total liabilities	7,343	-	81,179	450	16,440
Fund Balances:					
Non-spendable					
Long-term loans receivable	-	-	-	-	-
Restricted	31,458	1,248,072	1,524,622	2,161,383	181,655
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	31,458	1,248,072	1,524,622	2,161,383	181,655
Total liabilities and fund balances	\$ 38,801	\$ 1,248,072	\$ 1,605,801	\$ 2,161,833	\$ 198,095

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2013
 (Continued)

	Capital Projects				Total Nonmajor Governmental Funds
	Fire Station Construction	CEDIT	TIF SS General	Totals	
<u>Assets</u>					
Cash and cash equivalents	\$ 5,692	\$ 5,801,031	\$ 3,231,314	\$ 14,255,726	\$ 23,867,747
Receivables (net of allowances for uncollectibles):					
Interest	-	-	4,130	4,130	4,130
Taxes	-	-	119,528	154,441	343,138
Accounts	-	-	-	-	138,238
Intergovernmental	-	-	-	-	505,570
Loans	-	-	-	-	492,744
Total assets	<u>\$ 5,692</u>	<u>\$ 5,801,031</u>	<u>\$ 3,354,972</u>	<u>\$ 14,414,297</u>	<u>\$ 25,351,567</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities:</u>					
Accounts payable	\$ -	\$ 600	\$ 527	\$ 13,422	432,746
Accrued payroll and withholdings payable	-	-	-	-	100,374
Contracts payable	-	45,281	729,195	832,680	832,680
Short term loan payable	-	-	-	-	244,835
Energy improvement revenue bond	-	293,899	-	293,899	446,651
Deferred inflows of resources	-	-	119,528	154,441	343,138
Total liabilities	<u>-</u>	<u>339,780</u>	<u>849,250</u>	<u>1,294,442</u>	<u>2,400,424</u>
<u>Fund Balances:</u>					
Non-spendable					
Long-term loans receivable	-	-	-	-	448,882
Restricted	-	-	-	5,147,190	12,557,217
Committed	5,692	5,461,251	-	5,466,943	6,533,427
Assigned	-	-	2,505,722	2,505,722	3,411,617
Total fund balances	<u>5,692</u>	<u>5,461,251</u>	<u>2,505,722</u>	<u>13,119,855</u>	<u>22,951,143</u>
Total liabilities and fund balances	<u>\$ 5,692</u>	<u>\$ 5,801,031</u>	<u>\$ 3,354,972</u>	<u>\$ 14,414,297</u>	<u>\$ 25,351,567</u>

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2013

	Special Revenue							
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Public Safety	Rainy Day	Rainy Day Public Safety	Police Drug Investigation Assistance
Revenues:								
Taxes:								
Property	\$ 389,519	\$ -	\$ 2,109,240	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	2,346,136	435,193	134,881	-	2,132,644	-	-	955
Charges for services	-	-	463,168	34,519	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Sale and use of property	-	-	212,345	-	-	-	-	-
Gifts and donations	-	-	133	52,613	-	-	-	-
Other	20,184	-	-	-	-	-	-	-
Total Revenues	<u>2,755,839</u>	<u>435,193</u>	<u>2,919,767</u>	<u>87,132</u>	<u>2,132,644</u>	<u>-</u>	<u>-</u>	<u>955</u>
Expenditures:								
Current:								
Public safety	-	-	-	-	1,803,284	-	-	5,450
Highways and streets	4,081,456	509,250	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Culture and recreation	-	-	3,069,941	69,570	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	4,406	-	-	-
Capital Outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total Expenditures	<u>4,081,456</u>	<u>509,250</u>	<u>3,069,941</u>	<u>69,570</u>	<u>1,807,690</u>	<u>-</u>	<u>-</u>	<u>5,450</u>
Excess (deficiency) of revenues								
Over (under) expenditures	<u>(1,325,617)</u>	<u>(74,057)</u>	<u>(150,174)</u>	<u>17,562</u>	<u>324,954</u>	<u>-</u>	<u>-</u>	<u>(4,495)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(342,890)	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(342,890)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(1,325,617)</u>	<u>(74,057)</u>	<u>(150,174)</u>	<u>17,562</u>	<u>(17,936)</u>	<u>-</u>	<u>-</u>	<u>(4,495)</u>
Fund Balances - January 1	<u>3,315,095</u>	<u>409,122</u>	<u>926,389</u>	<u>38,781</u>	<u>2,263,936</u>	<u>1,063,965</u>	<u>2,519</u>	<u>21,646</u>
Fund Balances - December 31	<u>\$ 1,989,478</u>	<u>\$ 335,065</u>	<u>\$ 776,215</u>	<u>\$ 56,343</u>	<u>\$ 2,246,000</u>	<u>\$ 1,063,965</u>	<u>\$ 2,519</u>	<u>\$ 17,151</u>

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2013
 (Continued)

	Special Revenue						
	Off-Street Parking	Sidewalk and Curb Repair	Industrial Development	Trash Collection	Mishawaka Gift	Law Enforcement Continuing Education	Bicentennial Gift
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	7,902	-	-	-	-	20,080	-
Intergovernmental	-	-	-	-	-	11,635	-
Charges for services	-	-	-	2,227,319	-	23,148	-
Fines and forfeits	-	-	-	-	-	5,176	-
Interest	-	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-	-
Gifts and donations	-	-	-	-	52,679	-	-
Other	-	9,452	1,617	170	-	-	-
Total Revenues	<u>7,902</u>	<u>9,452</u>	<u>1,617</u>	<u>2,227,489</u>	<u>52,679</u>	<u>60,039</u>	<u>-</u>
Expenditures:							
Current:							
Public safety	14,551	-	-	-	-	45,995	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	2,134,829	-	-	-
Culture and recreation	-	-	-	-	44,207	-	-
Community development	-	-	1,810	-	-	-	-
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital Outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total Expenditures	<u>14,551</u>	<u>-</u>	<u>1,810</u>	<u>2,134,829</u>	<u>44,207</u>	<u>45,995</u>	<u>-</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>(6,649)</u>	<u>9,452</u>	<u>(193)</u>	<u>92,660</u>	<u>8,472</u>	<u>14,044</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(6,649)	9,452	(193)	92,660	8,472	14,044	-
Fund Balances - January 1	<u>8,422</u>	<u>5,470</u>	<u>58,350</u>	<u>513,024</u>	<u>200,224</u>	<u>63,261</u>	<u>1,326</u>
Fund Balances - December 31	<u>\$ 1,773</u>	<u>\$ 14,922</u>	<u>\$ 58,157</u>	<u>\$ 605,684</u>	<u>\$ 208,696</u>	<u>\$ 77,305</u>	<u>\$ 1,326</u>

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2013
 (Continued)

	Special Revenue						Totals
	Community Development	Property Rehabilitation Revolving	Park Nonreverting Operating	Criminal Assistance Grant	NSP (3) Grant	State Grant	
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,498,759
Licenses and permits	-	-	-	-	-	-	27,982
Intergovernmental	496,001	236,895	-	240,547	327,593	-	6,362,480
Charges for services	-	-	93,855	-	-	-	2,842,009
Fines and forfeits	-	-	-	-	-	-	5,176
Interest	-	-	-	-	-	-	-
Sale and use of property	-	-	55,601	-	-	-	267,946
Gifts and donations	-	-	-	-	-	-	105,425
Other	25,248	500,210	-	-	145,829	-	702,710
Total Revenues	521,249	737,105	149,456	240,547	473,422	-	12,812,487
Expenditures:							
Current:							
Public safety	-	-	-	240,547	-	-	2,109,827
Highways and streets	-	-	-	-	-	-	4,590,706
Sanitation	-	-	-	-	-	-	2,134,829
Culture and recreation	-	-	141,386	-	-	-	3,325,104
Community development	654,879	561,283	-	-	482,626	-	1,700,598
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	537	-	-	-	-	4,943
Capital Outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total Expenditures	654,879	561,820	141,386	240,547	482,626	-	13,866,007
Excess (deficiency) of revenues Over (under) expenditures	(133,630)	175,285	8,070	-	(9,204)	-	(1,053,520)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(342,890)
Total other financing sources and uses	-	-	-	-	-	-	(342,890)
Net change in fund balances	(133,630)	175,285	8,070	-	(9,204)	-	(1,396,410)
Fund Balances - January 1	647,349	13,500	348,457	63,932	39,048	70,146	10,073,962
Fund Balances - December 31	\$ 513,719	\$ 188,785	\$ 356,527	\$ 63,932	\$ 29,844	\$ 70,146	\$ 8,677,552

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2013
 (Continued)

	Debt Service						Totals
	Municipal Bond No. 1	Mishawaka Building Corporation Debt Service	TIF NW Redemption	TIF NW Reserve	TIF SS Redemption	TIF SS Reserve	
Revenues:							
Taxes:							
Property	\$ 1,569,160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,569,160
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	88,509	-	-	-	-	-	88,509
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interest	-	-	213	-	563	-	776
Sale and use of property	-	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenues	1,657,669	-	213	-	563	-	1,658,445
Expenditures:							
Current:							
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Debt Service:							
Principal	1,500,000	266,668	1,635,000	-	305,000	-	3,706,668
Interest and fiscal charges	158,498	76,223	34,955	-	28,565	-	298,241
Capital Outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total Expenditures	1,658,498	342,891	1,669,955	-	333,565	-	4,004,909
Excess (deficiency) of revenues Over (under) expenditures	(829)	(342,891)	(1,669,742)	-	(333,002)	-	(2,346,464)
Other financing sources (uses):							
Transfers in	-	342,891	1,393,644	-	288,068	-	2,024,603
Transfers out	-	-	-	(1,233,094)	-	-	(1,233,094)
Total other financing sources and uses	-	342,891	1,393,644	(1,233,094)	288,068	-	791,509
Net change in fund balances	(829)	-	(276,098)	(1,233,094)	(44,934)	-	(1,554,955)
Fund Balances - January 1	777,451	-	276,098	1,233,094	45,496	376,552	2,708,691
Fund Balances - December 31	\$ 776,622	\$ -	\$ -	\$ -	\$ 562	\$ 376,552	\$ 1,153,736

Continued on next page

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2013
 (Continued)

	Capital Projects				
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	Local Major Moves Construction	Cumulative Capital Development
Revenues:					
Taxes:					
Property	\$ 31,430	\$ -	\$ 388,396	\$ -	\$ 298,593
Licenses and permits	-	-	46,877	-	-
Intergovernmental	2,010	129,532	24,837	-	19,094
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interest	-	-	-	515	-
Sale and use of property	-	-	-	-	-
Gifts and donations	-	-	-	-	-
Other	-	-	18,732	-	-
Total Revenues	<u>33,440</u>	<u>129,532</u>	<u>478,842</u>	<u>515</u>	<u>317,687</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital Outlay:					
General government	-	-	-	-	565,725
Public safety	32,868	-	650,555	-	-
Highways and streets	-	-	-	1,382,481	-
Culture and recreation	-	-	-	-	-
Total Expenditures	<u>32,868</u>	<u>-</u>	<u>650,555</u>	<u>1,382,481</u>	<u>565,725</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>572</u>	<u>129,532</u>	<u>(171,713)</u>	<u>(1,381,966)</u>	<u>(248,038)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	572	129,532	(171,713)	(1,381,966)	(248,038)
Fund Balances - January 1	<u>30,886</u>	<u>1,118,540</u>	<u>1,696,335</u>	<u>3,543,349</u>	<u>429,693</u>
Fund Balances - December 31	<u>\$ 31,458</u>	<u>\$ 1,248,072</u>	<u>\$ 1,524,622</u>	<u>\$ 2,161,383</u>	<u>\$ 181,655</u>

Continued on next page

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2013
 (Continued)

	Capital Projects				Total Nonmajor Governmental Funds
	Fire Station Construction	CEDIT	TIF SS General	Totals	
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ 962,450	\$ 1,680,869	\$ 5,748,788
Licenses and permits	-	-	-	46,877	74,859
Intergovernmental	-	2,932,638	-	3,108,111	9,559,100
Charges for services	-	-	-	-	2,842,009
Fines and forfeits	-	-	-	-	5,176
Interest	80	-	8,198	8,793	9,569
Sale and use of property	-	-	-	-	267,946
Gifts and donations	-	-	-	-	105,425
Other	-	-	-	18,732	721,442
Total Revenues	80	2,932,638	970,648	4,863,382	19,334,314
Expenditures:					
Current:					
Public safety	-	-	-	-	2,109,827
Highways and streets	-	-	-	-	4,590,706
Sanitation	-	-	-	-	2,134,829
Culture and recreation	-	-	-	-	3,325,104
Community development	-	-	-	-	1,700,598
Debt Service:					
Principal	-	-	-	-	3,706,668
Interest and fiscal charges	-	-	-	-	303,184
Capital Outlay:					
General government	-	398,593	-	964,318	964,318
Public safety	8,920	8,780	-	701,123	701,123
Highways and streets	-	1,885,525	2,230,858	5,498,864	5,498,864
Culture and recreation	-	450,788	-	450,788	450,788
Total Expenditures	8,920	2,743,686	2,230,858	7,615,093	25,486,009
Excess (deficiency) of revenues Over (under) expenditures	(8,840)	188,952	(1,260,210)	(2,751,711)	(6,151,695)
Other financing sources (uses):					
Transfers in	-	-	-	-	2,024,603
Transfers out	-	-	(288,068)	(288,068)	(1,864,052)
Total other financing sources and uses	-	-	(288,068)	(288,068)	160,551
Net change in fund balances	(8,840)	188,952	(1,548,278)	(3,039,779)	(5,991,144)
Fund Balances - January 1	14,532	5,272,299	4,054,000	16,159,634	28,942,287
Fund Balances - December 31	<u>\$ 5,692</u>	<u>\$ 5,461,251</u>	<u>\$ 2,505,722</u>	<u>\$ 13,119,855</u>	<u>\$ 22,951,143</u>

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - MOTOR VEHICLE HIGHWAY
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 212,063	\$ 212,063	\$ 389,519	\$ 177,456
Intergovernmental	1,911,548	1,911,548	2,333,063	421,515
Charges for services	5,700	5,700	-	(5,700)
Other	-	-	25,925	25,925
Total revenues	2,129,311	2,129,311	2,748,507	619,196
Expenditures:				
Current:				
Highways and streets:				
Personal services	2,364,794	2,325,519	2,254,154	71,365
Supplies	739,865	784,865	764,159	20,706
Other services and charges	571,433	588,950	534,093	54,857
Capital outlay	298,116	798,116	794,519	3,597
Total expenditures	3,974,208	4,497,450	4,346,925	150,525
Net change in fund balances	(1,844,897)	(2,368,139)	(1,598,418)	769,721
Fund balances - beginning	3,101,966	3,101,966	3,101,966	-
Fund balances - ending	\$ 1,257,069	\$ 733,827	\$ 1,503,548	\$ 769,721
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (1,598,418)	
To adjust revenues for accruals			13,073	
To adjust expenditures for accruals			(89,292)	
To adjust expenditures for encumbrances			349,020	
Net change in fund balance, GAAP basis			\$ (1,325,617)	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - LOCAL ROAD AND STREET
 For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 427,000	\$ 427,000	\$ 432,694	\$ 5,694
Other	-	-	-	-
Total revenues	<u>427,000</u>	<u>427,000</u>	<u>432,694</u>	<u>5,694</u>
Expenditures:				
Current:				
Highways and streets:				
Capital outlay	<u>537,562</u>	<u>537,562</u>	<u>537,312</u>	<u>250</u>
Net change in fund balances	(110,562)	(110,562)	(104,618)	5,944
Fund balances - beginning	<u>363,079</u>	<u>363,079</u>	<u>363,079</u>	<u>-</u>
Fund balances - ending	<u>\$ 252,517</u>	<u>\$ 252,517</u>	<u>\$ 258,461</u>	<u>\$ 5,944</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (104,618)	
To adjust revenues for accruals			2,499	
To adjust expenditures for accruals			<u>28,062</u>	
Net change in fund balance, GAAP basis			<u>\$ (74,057)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - PARK AND RECREATION
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 2,248,582	\$ 2,248,582	\$ 2,109,240	\$ (139,342)
Intergovernmental	122,443	122,443	134,882	12,439
Charges for services	500,000	500,000	459,472	(40,528)
Gifts and donations	-	-	133	133
Other	-	-	227,338	227,338
Total revenues	2,871,025	2,871,025	2,931,065	60,040
Expenditures:				
Current:				
Culture and recreation:				
Personal services	2,148,013	2,347,046	2,124,742	222,304
Supplies	388,296	374,048	310,854	63,194
Other services and charges	722,401	816,200	745,781	70,419
Total expenditures	3,258,710	3,537,294	3,181,377	355,917
Net change in fund balances	(387,685)	(666,269)	(250,312)	415,957
Fund balances - beginning	1,005,331	1,005,331	1,005,331	-
Fund balances - ending	\$ 617,646	\$ 339,062	\$ 755,019	\$ 415,957
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (250,312)	
To adjust revenues for accruals			2,182	
To adjust expenditures for accruals			(9,466)	
To adjust expenditures for encumbrances			107,422	
Net change in fund balance, GAAP basis			\$ (150,174)	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - PUBLIC SAFETY
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,800,000	\$ 1,800,000	\$ 2,132,644	\$ 332,644
Other	-	-	13,207	13,207
Total revenues	<u>1,800,000</u>	<u>1,800,000</u>	<u>2,145,851</u>	<u>345,851</u>
Expenditures:				
Current:				
Public safety:				
Other services and charges	944,776	899,800	823,297	76,503
Capital outlay	<u>1,284,222</u>	<u>1,797,429</u>	<u>1,750,600</u>	<u>46,829</u>
Total expenditures	<u>2,228,998</u>	<u>2,697,229</u>	<u>2,573,897</u>	<u>123,332</u>
Net change in fund balances	(428,998)	(897,229)	(428,046)	469,183
Fund balances - beginning	<u>2,531,465</u>	<u>2,531,465</u>	<u>2,531,465</u>	-
Fund balances - ending	<u>\$ 2,102,467</u>	<u>\$ 1,634,236</u>	<u>\$ 2,103,419</u>	<u>\$ 469,183</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (428,046)	
To adjust expenditures for accruals			36,486	
To adjust expenditures for encumbrances			<u>373,624</u>	
Net change in fund balance, GAAP basis			<u>\$ (17,936)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - RAINY DAY
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Public safety:				
Capital outlay	\$ 185,000	\$ 185,000	\$ 185,000	\$ -
Net change in fund balances	(185,000)	(185,000)	(185,000)	-
Fund balances - beginning	<u>1,063,965</u>	<u>1,063,965</u>	<u>1,063,965</u>	-
Fund balances - ending	<u>\$ 878,965</u>	<u>\$ 878,965</u>	<u>\$ 878,965</u>	<u>\$ -</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (185,000)	
To adjust expenditures for encumbrances			<u>185,000</u>	
Net change in fund balance, GAAP basis			<u>\$ -</u>	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - RAINY DAY PUBLIC SAFETY
 For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Fund balances - beginning	\$ 2,519	\$ 2,519	\$ 2,519	\$ -
Fund balances - ending	\$ 2,519	\$ 2,519	\$ 2,519	\$ -

Budget/GAAP Reconciliation

No reconciliation necessary since budgetary basis equals GAAP basis

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LAW ENFORCEMENT CONTINUING EDUCATION
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 10,000	\$ 10,000	\$ 20,080	\$ 10,080
Intergovernmental	-	-	11,635	11,635
Charges for services	18,000	18,000	23,203	5,203
Fines and forfeits	5,000	5,000	5,386	386
Other	-	-	275	275
	<u>33,000</u>	<u>33,000</u>	<u>60,579</u>	<u>27,579</u>
Expenditures:				
Current:				
Public safety:				
Supplies	21,276	21,276	21,242	34
Other services and charges	20,000	20,275	17,561	2,714
Capital outlay	10,000	14,433	14,396	37
	<u>51,276</u>	<u>55,984</u>	<u>53,199</u>	<u>2,785</u>
Net change in fund balances	(18,276)	(22,984)	7,380	30,364
Fund balances - beginning	62,997	62,997	62,997	-
Fund balances - ending	<u>\$ 44,721</u>	<u>\$ 40,013</u>	<u>\$ 70,377</u>	<u>\$ 30,364</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ 7,380	
To adjust revenues for accruals			(265)	
To adjust expenditures for accruals			(60)	
To adjust expenditures for encumbrances			<u>6,989</u>	
Net change in fund balance, GAAP basis			<u>\$ 14,044</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - PARK NONREVERTING OPERATING
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 91,575	\$ 91,575	\$ 93,013	\$ 1,438
Other	58,425	58,425	55,601	(2,824)
Total revenues	150,000	150,000	148,614	(1,386)
Expenditures:				
Current:				
Culture and recreation:				
Supplies	30,112	30,112	30,011	101
Capital outlay	175,000	175,000	145,982	29,018
Total expenditures	205,112	205,112	175,993	29,119
Net change in fund balances	(55,112)	(55,112)	(27,379)	27,733
Fund balances - beginning	348,284	348,284	348,284	-
Fund balances - ending	<u>\$ 293,172</u>	<u>\$ 293,172</u>	<u>\$ 320,905</u>	<u>\$ 27,733</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (27,379)	
To adjust revenues for accruals			842	
To adjust expenditures for accruals			112	
To adjust expenditures for encumbrances			34,495	
Net change in fund balance, GAAP basis			<u>\$ 8,070</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS - MUNICIPAL BOND NO.1
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 1,605,534	\$ 1,605,534	\$ 1,569,160	\$ (36,374)
Intergovernmental	<u>87,427</u>	<u>87,427</u>	<u>88,509</u>	<u>1,082</u>
Total revenues	<u>1,692,961</u>	<u>1,692,961</u>	<u>1,657,669</u>	<u>(35,292)</u>
Expenditures:				
Debt service:				
Principal	1,500,000	1,500,000	1,500,000	-
Interest and fiscal agent fees	<u>149,617</u>	<u>159,399</u>	<u>159,398</u>	<u>1</u>
Total expenditures	<u>1,649,617</u>	<u>1,659,399</u>	<u>1,659,398</u>	<u>1</u>
Net change in fund balances	43,344	33,562	(1,729)	(35,293)
Fund balances - beginning	<u>778,451</u>	<u>778,451</u>	<u>778,451</u>	<u>-</u>
Fund balances - ending	<u>\$ 821,795</u>	<u>\$ 812,013</u>	<u>\$ 776,722</u>	<u>\$ (35,293)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (1,729)	
To adjust expenditures for accruals			500	
To adjust expenditures for encumbrances			<u>400</u>	
Net change in fund balance, GAAP basis			<u>\$ (829)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE BUILDING AND FIRE FIGHTING EQUIPMENT
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 39,361	\$ 39,361	\$ 31,430	\$ (7,931)
Intergovernmental	<u>2,089</u>	<u>2,089</u>	<u>2,010</u>	<u>(79)</u>
Total revenues	<u>41,450</u>	<u>41,450</u>	<u>33,440</u>	<u>(8,010)</u>
Expenditures:				
Capital outlay:				
Public safety:				
Capital outlay	<u>51,000</u>	<u>51,000</u>	<u>36,741</u>	<u>14,259</u>
Net change in fund balances	(9,550)	(9,550)	(3,301)	6,249
Fund balances - beginning	<u>32,004</u>	<u>32,004</u>	<u>32,004</u>	<u>-</u>
Fund balances - ending	<u>\$ 22,454</u>	<u>\$ 22,454</u>	<u>\$ 28,703</u>	<u>\$ 6,249</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (3,301)	
To adjust expenditures for accruals			(4,698)	
To adjust expenditures for encumbrances			<u>8,571</u>	
Net change in fund balance, GAAP basis			<u>\$ 572</u>	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL IMPROVEMENT
 For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 123,525	\$ 123,525	\$ 129,532	\$ 6,007
Fund balances - beginning	<u>1,118,540</u>	<u>1,118,540</u>	<u>1,118,540</u>	-
Fund balances - ending	<u>\$ 1,242,065</u>	<u>\$ 1,242,065</u>	<u>\$ 1,248,072</u>	<u>\$ 6,007</u>

Budget/GAAP Reconciliation

No reconciliation necessary since budgetary basis equals GAAP basis

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE SEWER
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 481,731	\$ 481,731	\$ 388,396	\$ (93,335)
Intergovernmental	26,231	26,231	24,837	(1,394)
Licenses and permits	-	-	46,877	46,877
Other	-	-	18,732	18,732
Total revenues	507,962	507,962	478,842	(29,120)
Expenditures:				
Capital outlay:				
Public safety:				
Other services and charges	580,683	580,683	375,352	205,331
Capital outlay	859,345	859,345	718,032	141,313
Total expenditures	1,440,028	1,440,028	1,093,384	346,644
Net change in fund balances	(932,066)	(932,066)	(614,542)	317,524
Fund balances - beginning	1,753,151	1,753,151	1,753,151	-
Fund balances - ending	\$ 821,085	\$ 821,085	\$ 1,138,609	\$ 317,524
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (614,542)	
To adjust expenditures for accruals			(5,488)	
To adjust expenditures for encumbrances			448,317	
Net change in fund balance, GAAP basis			\$ (171,713)	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - LOCAL MAJOR MOVES CONSTRUCTION
 For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ -	\$ 515	\$ 515
Expenditures:				
Capital outlay:				
Highways and streets:				
Capital outlay	<u>3,564,021</u>	<u>3,564,021</u>	<u>3,472,991</u>	<u>91,030</u>
Net change in fund balances	(3,564,021)	(3,564,021)	(3,472,476)	91,545
Fund balances - beginning	<u>3,565,616</u>	<u>3,565,616</u>	<u>3,565,616</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,595</u>	<u>\$ 1,595</u>	<u>\$ 93,140</u>	<u>\$ 91,545</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (3,472,476)	
To adjust expenditures for accruals			21,817	
To adjust expenditures for encumbrances			<u>2,068,693</u>	
Net change in fund balance, GAAP basis			<u>\$ (1,381,966)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL DEVELOPMENT
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 463,880	\$ 361,443	\$ 298,593	\$ (62,850)
Intergovernmental	<u>18,567</u>	<u>19,682</u>	<u>19,094</u>	<u>(588)</u>
Total revenues	<u>482,447</u>	<u>381,125</u>	<u>317,687</u>	<u>(63,438)</u>
Expenditures:				
Capital outlay:				
General government:				
Capital outlay	<u>682,125</u>	<u>728,401</u>	<u>677,586</u>	<u>50,815</u>
Net change in fund balances	(199,678)	(347,276)	(359,899)	(12,623)
Fund balances - beginning	<u>443,483</u>	<u>443,483</u>	<u>443,483</u>	<u>-</u>
Fund balances - ending	<u>\$ 243,805</u>	<u>\$ 96,207</u>	<u>\$ 83,584</u>	<u>\$ (12,623)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (359,899)	
To adjust expenditures for accruals			11,861	
To adjust expenditures for encumbrances			<u>100,000</u>	
Net change in fund balance, GAAP basis			<u>\$ (248,038)</u>	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - FIRE STATION CONSTRUCTION
 For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 80	\$ 80
Expenditures:				
Capital outlay:				
General government:				
Capital outlay	133,009	133,009	129,335	3,674
Net change in fund balances	(133,009)	(133,009)	(129,255)	(3,594)
Fund balances - beginning	134,948	134,948	134,948	-
Fund balances - ending	\$ 1,939	\$ 1,939	\$ 5,693	\$ (3,594)
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (129,255)	
To adjust expenditures for accruals			120,415	
Net change in fund balance, GAAP basis			\$ (8,840)	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CREDIT
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,400,000	\$ 2,400,000	\$ 2,932,638	\$ 532,638
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	722,023	722,973	571,381	151,592
Capital outlay	572,406	572,406	467,616	104,790
Public safety:				
Capital outlay	24,000	24,000	15,780	8,220
Highways and streets:				
Capital outlay	2,829,865	2,829,865	2,280,490	549,375
Culture and recreation:				
Capital outlay	1,172,598	1,172,598	1,101,600	70,998
Total expenditures	5,320,892	5,321,842	4,436,867	884,975
Net change in fund balances	(2,920,892)	(2,921,842)	(1,504,229)	1,417,613
Fund balances - beginning	5,885,773	5,885,773	5,885,773	-
Fund balances - ending	\$ 2,964,881	\$ 2,963,931	\$ 4,381,544	\$ 1,417,613
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (1,504,229)	
To adjust expenditures for accruals			126,745	
To adjust expenditures for encumbrances			1,566,436	
Net change in fund balance, GAAP basis			\$ 188,952	

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**DESCRIPTION -
FIDUCIARY FUNDS**

Pension Trust Funds

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

Agency Funds

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

CITY OF MISHAWAKA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION -
 PENSION TRUST FUNDS
 December 31, 2013

<u>Assets</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>	<u>Totals</u>
Cash and cash equivalents	\$ 782,880	\$ 887,820	\$ 39,849	\$ 1,710,549
Receivables:				
Interest and dividends	-	-	14,809	14,809
Investments at fair value:				
Municipal bonds	-	-	1,064,084	1,064,084
Mutual funds	-	-	<u>15,773,929</u>	<u>15,773,929</u>
Total investments	<u>-</u>	<u>-</u>	<u>16,838,013</u>	<u>16,838,013</u>
Total assets	<u>\$ 782,880</u>	<u>\$ 887,820</u>	<u>\$ 16,892,671</u>	<u>\$ 18,563,371</u>
 <u>Net Position</u>				
Held in trust for:				
Employees' pension benefits	<u>\$ 782,880</u>	<u>\$ 887,820</u>	<u>\$ 16,892,671</u>	<u>\$ 18,563,371</u>

CITY OF MISHAWAKA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
 PENSION TRUST FUNDS
 For the Year Ended December 31, 2013

<u>Additions</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>	<u>Totals</u>
Contributions:				
On behalf contributions	\$ 1,413,162	\$ 2,340,711	\$ -	\$ 3,753,873
Employer	-	-	874,082	874,082
Total contributions	<u>1,413,162</u>	<u>2,340,711</u>	<u>874,082</u>	<u>4,627,955</u>
Investment income (loss):				
Net increase in fair value of investments	-	-	1,424,055	1,424,055
Interest	-	-	627,810	627,810
Total investment income (loss)	-	-	2,051,865	2,051,865
Less investment expense:				
Investment activity expense	-	-	38,649	38,649
Net investment income (loss)	-	-	<u>2,013,216</u>	<u>2,013,216</u>
Total additions	<u>1,413,162</u>	<u>2,340,711</u>	<u>2,887,298</u>	<u>6,641,171</u>
<u>Deductions</u>				
Benefits	1,425,676	2,471,312	817,016	4,714,004
Administrative expense	-	-	1,065	1,065
Total deductions	<u>1,425,676</u>	<u>2,471,312</u>	<u>818,081</u>	<u>4,715,069</u>
Changes in net position	(12,514)	(130,601)	2,069,217	1,926,102
Net position - beginning	<u>795,394</u>	<u>1,018,421</u>	<u>14,823,454</u>	<u>16,637,269</u>
Net position - ending	<u>\$ 782,880</u>	<u>\$ 887,820</u>	<u>\$ 16,892,671</u>	<u>\$ 18,563,371</u>

CITY OF MISHAWAKA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
 AGENCY FUNDS
 December 31, 2013

	Special Judgment	Redevelopment Revolving	Totals
<u>Assets</u>			
Cash and cash equivalents	\$ 4	\$ 445	\$ 449
Accounts receivable	-	3,473	3,473
	\$ 4	\$ 3,918	\$ 3,922
Total assets	\$ 4	\$ 3,918	\$ 3,922
<u>Liabilities</u>			
Accounts payable	\$ 4	\$ 2,055	\$ 2,059
Accrued payroll and withholdings payable	-	1,863	1,863
	\$ 4	\$ 3,918	\$ 3,922
Total liabilities	\$ 4	\$ 3,918	\$ 3,922

CITY OF MISHAWAKA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS
 For the Year Ended December 31, 2013

	Special Judgment	Redevelopment Revolving	Totals
Assets:			
Cash and cash equivalents, January 1, 2013	\$ 4	\$ -	\$ 4
Additions	-	136,430	136,430
Deductions	-	(135,985)	(135,985)
Cash and cash equivalents, December 31, 2013	<u>4</u>	<u>445</u>	<u>449</u>
Accounts receivable, January 1, 2013	-	3,527	3,527
Additions	-	3,473	3,473
Deductions	-	(3,527)	(3,527)
Accounts receivable, December 31, 2013	<u>-</u>	<u>3,473</u>	<u>3,473</u>
Total assets, December 31, 2013	<u>\$ 4</u>	<u>\$ 3,918</u>	<u>\$ 3,922</u>
Liabilities:			
Accounts payable, January 1, 2013	\$ 4	\$ 1,691	\$ 1,695
Additions	-	2,055	2,055
Deductions	-	(1,691)	(1,691)
Accounts payable, December 31, 2013	<u>4</u>	<u>2,055</u>	<u>2,059</u>
Accrued payroll and withholdings payable, January 1, 2013	-	1,836	1,836
Additions	-	1,863	1,863
Deductions	-	(1,836)	(1,836)
Accrued payroll and withholdings payable, December 31, 2013	<u>-</u>	<u>1,863</u>	<u>1,863</u>
Total liabilities, December 31, 2013	<u>\$ 4</u>	<u>\$ 3,918</u>	<u>\$ 3,922</u>

STATISTICAL SECTION

(Not Covered by Auditor's Opinion)

CITY OF MISHAWAKA, INDIANA STATISTICAL SECTION

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

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Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
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Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
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**CITY OF MISHAWAKA, INDIANA
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Demographic and Economic Information

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

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Operating Information

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

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 170,374,606	\$ 151,073,920	\$ 134,670,237	\$ 136,795,681	\$ 116,947,337	\$ 97,252,778	\$ 69,230,461	\$ 55,396,506	\$ 43,584,806	\$ 37,867,826
Restricted	1,221,499	2,790,264	2,839,701	2,692,556	-	-	-	993,490	1,184,297	447,219
Unrestricted	23,387,859	36,011,745	47,612,406	34,769,529	44,630,003	31,666,692	33,539,008	25,069,658	22,743,313	22,216,544
Total governmental activities net position assets	<u>\$ 194,983,964</u>	<u>\$ 189,875,929</u>	<u>\$ 185,122,344</u>	<u>\$ 174,257,766</u>	<u>\$ 161,577,340</u>	<u>\$ 128,919,470</u>	<u>\$ 102,769,469</u>	<u>\$ 81,459,654</u>	<u>\$ 67,512,416</u>	<u>\$ 60,531,589</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 103,839,134	\$ 97,739,643	\$ 93,926,064	\$ 66,090,580	\$ 85,021,905	\$ 81,573,161	\$ 76,739,094	\$ 53,687,905	\$ 58,414,662	\$ 49,993,152
Restricted	9,658,225	8,641,187	6,957,189	7,378,580	5,340,800	8,301,530	7,785,873	6,886,627	3,321,019	231,679
Unrestricted	15,343,428	23,573,751	23,538,726	47,432,882	21,755,544	16,551,499	20,939,948	29,319,393	21,037,256	22,141,131
Total business-type activities net position assets	<u>\$ 128,840,787</u>	<u>\$ 129,954,581</u>	<u>\$ 124,421,979</u>	<u>\$ 120,902,042</u>	<u>\$ 112,118,249</u>	<u>\$ 106,426,190</u>	<u>\$ 105,464,915</u>	<u>\$ 89,893,925</u>	<u>\$ 82,772,937</u>	<u>\$ 74,451,075</u>
Primary government										
Invested in capital assets, net of related debt	\$ 274,213,740	\$ 248,813,563	\$ 228,596,301	\$ 202,886,261	\$ 201,969,242	\$ 178,825,939	\$ 145,969,555	\$ 109,084,411	\$ 101,999,468	\$ 87,860,978
Restricted	10,879,724	11,431,451	9,796,890	10,071,136	5,340,800	8,301,530	7,785,873	7,880,117	4,505,316	2,764,011
Unrestricted	38,731,287	59,585,496	71,151,132	82,202,411	66,385,547	48,218,191	54,478,956	54,389,051	43,780,569	44,357,675
Total primary government net position assets	<u>\$ 323,824,751</u>	<u>\$ 319,830,510</u>	<u>\$ 309,544,323</u>	<u>\$ 295,159,808</u>	<u>\$ 273,695,589</u>	<u>\$ 235,345,660</u>	<u>\$ 208,234,384</u>	<u>\$ 171,353,579</u>	<u>\$ 150,285,353</u>	<u>\$ 134,982,664</u>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses										
Governmental activities:										
General government	\$ 7,923,349	\$ 7,938,056	\$ 7,967,985	\$ 7,509,133	\$ 5,675,449	\$ 5,362,211	\$ 4,008,462	\$ 5,220,058	\$ 5,874,794	\$ 5,922,122
Public safety	34,037,887	31,059,510	29,631,615	29,219,741	25,470,868	22,188,373	17,750,725	25,344,096	23,380,191	19,352,725
Highways and streets	5,183,288	10,110,135	6,927,174	1,816,872	5,948,204	3,959,300	7,631,344	4,954,958	4,745,217	3,834,156
Sanitation	2,139,429	1,953,950	1,954,482	1,958,050	1,970,859	4,500	15,000	4,876	20,000	35,725
Community development	2,557,050	7,624,016	2,191,347	1,936,054	862,581	2,723,191	2,337,991	997,139	2,657,176	3,201,954
Culture and recreation	7,595,105	5,354,168	6,062,941	4,939,870	4,084,573	4,786,048	3,352,339	3,452,283	3,595,595	3,148,419
Interest on long-term debt	272,089	476,838	627,328	862,291	1,087,319	1,274,966	873,678	669,642	847,749	795,567
Total governmental activities expenses	\$ 59,708,197	\$ 64,516,673	\$ 55,362,872	\$ 48,242,011	\$ 45,099,853	\$ 40,298,589	\$ 35,969,539	\$ 40,643,052	\$ 41,120,722	\$ 36,290,668
Business type activities:										
Water utility	\$ 6,739,598	\$ 7,037,417	\$ 6,699,816	\$ 6,779,663	\$ 6,933,322	\$ 6,884,829	\$ 6,617,469	\$ 6,794,418	\$ 6,597,036	\$ 6,973,978
Wastwater utility	12,700,064	11,979,193	11,541,256	11,507,526	11,566,254	11,954,930	6,377,448	5,547,712	5,849,788	5,747,658
Electric utility	51,292,510	49,374,050	49,813,781	49,900,996	43,830,644	44,275,026	42,999,782	35,934,114	34,530,146	33,182,687
Total business-type activities expenses	70,732,172	68,390,660	68,054,853	68,188,185	62,330,220	63,114,785	55,994,699	48,276,244	46,976,970	45,904,323
Total primary government expenses	\$ 130,440,369	\$ 132,907,333	\$ 123,417,725	\$ 116,430,196	\$ 107,430,073	\$ 103,413,374	\$ 91,964,238	\$ 88,919,296	\$ 88,097,692	\$ 82,194,991
Program Revenues										
Governmental activities:										
Charges for services:										
General government	453,798	1,034,816	498,317	645,300	714,830	1,049,593	973,326	892,455	941,009	952,684
Public safety	2,017,747	1,577,596	1,702,518	817,492	600,824	643,933	896,332	657,308	344,116	343,324
Highways and streets	1,055,235	1,515,476	132,033	118,354	114,428	28,347	44,617	27,462	343,430	232,955
Sanitation	2,227,489	2,068,575	2,074,781	2,084,642	2,102,200					
Community development	672,904	184,775	586,681	150,539	260,098	535,101	794,695	624,524	156,850	103,228
Culture and recreation	964,913	1,059,334	938,755	1,093,526	995,386	1,023,173	1,033,864	915,956	913,704	811,378
Interest on long-term debt										
Operating grants and contributions	3,581,151	3,256,325	4,411,769	4,490,139	3,283,506	1,191,352	2,400,968	1,257,136	1,661,515	2,143,953
Capital grants and contributions	5,977,949	5,887,808	5,834,032	6,851,310	4,358,580	4,745,714	4,944,558	10,410,884	4,326,826	4,494,949
Total governmental activities revenue	16,951,186	16,584,705	16,178,886	16,251,302	12,429,852	9,217,213	11,088,360	14,785,725	8,687,450	9,082,471
Business type activities:										
Charges for services:										
Water utility	8,651,326	8,476,779	7,721,105	7,881,467	7,574,977	8,037,964	8,356,853	7,804,735	8,074,554	7,516,477
Wastwater utility	12,969,399	12,967,156	13,047,673	11,163,904	9,333,576	9,422,150	9,576,399	8,284,304	7,797,148	6,927,799
Electric utility	46,561,227	51,249,386	50,153,710	50,363,745	46,262,804	43,278,603	47,457,258	37,573,938	37,031,707	38,422,097
Capital grants and contributions	-	87,495	167,104	6,652,868	5,113,577	3,250,069	3,044,903	1,656,673	1,451,446	846,168
Total business-type activities revenue	68,181,952	72,780,816	71,089,592	76,061,984	68,284,934	63,988,786	68,435,413	55,319,650	54,354,855	53,712,541
Total primary government revenue	85,133,138	89,365,521	87,268,478	92,313,286	80,714,786	73,205,999	79,523,773	70,105,375	63,042,305	62,795,012
Net (Expenses) Revenues										
Governmental activities:	(42,757,011)	(47,931,968)	(39,183,986)	(31,990,709)	(32,670,001)	(31,081,376)	(24,881,179)	(25,857,327)	(32,433,272)	(27,208,197)
Business-type activities	(2,550,220)	4,390,156	3,034,739	7,873,799	5,954,714	874,001	12,440,714	7,043,406	7,377,885	7,808,218
Total primary government net expense	\$ (45,307,231)	\$ (43,541,812)	\$ (36,149,247)	\$ (24,116,910)	\$ (26,715,287)	\$ (30,207,375)	\$ (12,440,465)	\$ (18,813,921)	\$ (25,055,387)	\$ (19,399,979)

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

(continued)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General revenues and Other Changes in Net Assets										
Governmental activities:										
Property Taxes	\$ 40,631,587	\$ 43,780,600	\$ 44,782,236	\$ 49,872,423	\$ 40,092,134	\$ 43,572,448	\$ 40,325,388	\$ 34,552,665	\$ 35,172,645	\$ 31,758,286
Grants and Contributions not restricted to specific programs	8,368,776	8,403,833	8,206,595	8,570,832	4,943,387	3,846,190	3,794,657	3,808,209	3,667,444	4,201,761
Unrestricted investment earnings	88,635	119,285	34,289	42,251	13,542	872,964	2,022,465	1,908,162	981,943	278,677
Other	198,281	6,777,151	354,814	115,993	169,346	267,649	2,345	51,568	41,646	268,780
Loss on sale of Assets			-	-	-	-	-	-	(243,984)	
Special Items: Litigation Settlement Transfers	(1,351,199)	(292,598)	(3,578,995)	(762,454)	959,856	517,736	46,139	(79,102)	(205,595)	(90,756)
Total governmental activities	\$ 47,936,080	\$ 58,788,271	\$ 49,798,939	\$ 57,839,045	\$ 46,178,265	\$ 57,231,377	\$ 46,190,994	\$ 40,241,502	\$ 39,414,099	\$ 36,416,748
Business type activities:										
Unrestricted investment earnings	\$ 85,227	\$ 122,082	\$ 112,130	\$ 15,686	\$ 24,935	\$ 605,010	\$ 1,802,870	\$ 1,372,025	\$ 738,382	\$ 204,666
Other			-	-	672,266					
Special Item: Insurance Settlement Transfers	-	727,766	3,578,995	762,454	(959,856)	(517,736)	(46,139)	79,102	205,595	90,756
Total business-type activities	1,436,426	1,142,446	3,691,125	778,140	(262,655)	87,274	1,756,731	1,451,127	943,977	295,422
Total primary government expenses	\$ 49,372,506	\$ 59,930,717	\$ 53,490,064	\$ 58,617,185	\$ 45,915,610	\$ 57,318,651	\$ 47,947,725	\$ 41,692,629	\$ 40,358,076	\$ 36,712,170
Change in Net Position										
Governmental activities:	\$ 5,179,069	\$ 10,856,303	\$ 10,614,953	\$ 25,848,336	\$ 13,508,264	\$ 26,150,001	\$ 21,309,815	\$ 14,384,175	\$ 6,980,827	\$ 9,208,551
Business-type activities	\$ (1,113,794)	\$ 5,532,602	\$ 6,725,864	\$ 8,651,939	\$ 5,692,059	\$ 961,275	\$ 14,197,445	\$ 8,494,533	\$ 8,321,862	\$ 8,103,640
Total primary government	\$ 4,065,275	\$ 16,388,905	\$ 17,340,817	\$ 34,500,275	\$ 19,200,323	\$ 27,111,276	\$ 35,507,260	\$ 22,878,708	\$ 15,302,689	\$ 17,312,191

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund										
Nonspendable										
Restricted										
Committed										
Assigned	16,864	39,099	17,917		77,221	59,968	60,901	407,757	436,498	439,115
Unassigned	<u>4,540,640</u>	<u>7,898,202</u>	<u>6,113,323</u>	<u>5,554,114</u>	<u>6,218,193</u>	<u>5,256,482</u>	<u>1,191,764</u>	<u>2,560,240</u>	<u>1,982,889</u>	<u>1,771,831</u>
Total general fund	<u>\$ 4,557,504</u>	<u>\$ 7,937,301</u>	<u>\$ 6,131,240</u>	<u>\$ 5,554,114</u>	<u>\$ 6,295,414</u>	<u>\$ 5,316,450</u>	<u>\$ 1,252,665</u>	<u>\$ 2,967,997</u>	<u>\$ 2,419,387</u>	<u>\$ 2,210,946</u>
All Other Governmental Funds										
Nonspendable	11,644,722	12,274,727	12,657,121	21,323,691	14,182,700	16,411,776	16,639,539	15,647,856	18,127,410	12,548,773
Restricted	12,557,217	17,258,721	17,555,195							
Committed	6,533,427	6,353,315	6,673,086	36,269,879	35,662,925	40,459,220	51,543,352	35,317,342	29,599,512	26,196,034
Assigned	20,394,326	22,641,653	25,122,449							
Total all other governmental funds	<u>\$ 51,129,692</u>	<u>\$ 58,528,416</u>	<u>\$ 62,007,851</u>	<u>\$ 57,593,570</u>	<u>\$ 49,845,625</u>	<u>\$ 56,870,996</u>	<u>\$ 68,182,891</u>	<u>\$ 50,965,198</u>	<u>\$ 47,726,922</u>	<u>\$ 38,744,807</u>

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

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Taxes	\$ 40,783,183	\$ 44,710,664	\$ 45,201,867	\$ 46,375,159	\$ 40,092,134	\$ 47,591,213	\$ 38,337,107	\$ 35,575,614	\$ 35,083,567	\$ 31,755,211
Licenses and permits	493,314	961,751	418,629	372,368	349,680	607,371	543,226	456,108	313,195	320,811
Intergovernmental	17,927,876	17,547,966	18,452,396	19,912,281	12,585,473	9,932,199	11,083,085	15,239,090	9,626,565	10,839,199
Charges for services	4,737,841	4,031,031	4,191,957	3,536,355	3,412,746	1,565,526	1,712,906	1,645,234	1,795,176	1,491,691
Fines and forfeits	39,767	71,554	55,098	108,165	47,051	48,797	76,695	59,303	88,543	84,243
Interest	88,635	119,285	34,289	42,251	13,542	872,964	2,022,465	1,908,162	981,943	278,677
Sale and use of property	268,698	431,797	276,241	288,654	243,067	275,255	120,004	348,167	108,537	166,146
Gifts and donations	105,425	120,735	120,587	181,674	192,726	140,278	118,607	109,615	90,933	171,127
Other	1,945,322	2,251,822	1,225,387	538,630	711,842	910,569	1,173,741	790,441	344,371	478,331
Total primary government expenses	66,390,061	70,246,605	69,976,451	71,355,537	57,648,261	61,944,172	55,187,836	56,131,734	48,432,830	45,585,436
Expenditures										
General government	6,604,139	5,933,313	5,885,077	4,866,112	4,421,867	4,218,163	3,296,707	4,812,775	5,512,833	4,861,220
Public safety	29,184,282	26,866,758	27,184,126	24,997,945	19,095,252	19,330,286	20,279,335	18,390,523	17,103,962	16,198,407
Highways and streets	4,881,867	4,987,193	3,290,704	3,705,758	3,516,087	4,513,971	4,747,151	3,291,749	4,455,162	4,006,762
Sanitation	2,139,429	1,953,950	1,954,482	1,958,050	1,970,859	4,500	15,000	4,876	20,000	35,725
Culture and recreation	3,325,104	3,232,917	3,146,304	2,799,182	2,811,787	3,340,629	3,223,074	2,970,164	3,108,446	3,524,618
Community development	2,033,358	991,062	2,204,477	1,575,950	1,017,300	1,202,378	1,828,843	1,204,852	2,126,001	3,053,748
Capital outlay	24,792,933	27,121,314	14,229,063	23,447,858	25,026,579	33,975,819	21,217,470	20,352,125	8,199,714	7,613,045
Debt service										
Principal	3,706,668	5,018,334	4,909,254	5,749,757	5,710,522	4,521,647	3,456,429	2,606,451	3,064,530	2,860,884
Interest	303,184	446,887	626,002	852,078	1,084,271	1,203,775	607,737	611,817	586,338	782,120
Total Expenditures	76,970,964	76,551,728	63,429,489	69,952,690	64,654,524	72,311,168	58,671,746	54,245,332	44,176,986	42,936,529
Excess of revenues over (under) expenditures	(10,580,903)	(6,305,123)	6,546,962	1,402,847	(7,006,263)	(10,366,996)	(3,483,910)	1,886,402	4,255,844	2,648,907
Other financing sources(uses):										
Transfers in	6,133,168	7,991,149	6,613,316	7,362,007	6,174,587	7,281,350	3,700,993	3,963,940	5,323,770	2,274,366
Transfers out	(6,330,786)	(7,320,692)	(7,052,244)	(8,124,461)	(5,214,731)	(6,763,614)	(3,654,854)	(4,043,042)	(5,529,365)	(2,365,122)
Bond issuance cost	-	4,000,000	-	-	-	-	(87,079)	(28,619)	(123,612)	(41,035)
Start up contribution for Mishawaka Bond Bank	-	-	-	-	-	(6,000,000)	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-	2,625,000	(2,683,377)
General obligation bond issuance	-	-	-	-	-	-	17,800,000	1,550,000	5,000,000	2,724,412
Discount on bond issuance	-	-	-	-	-	-	(180,977)	(5,000)	(62,332)	-
Capital lease Issuance	-	-	-	-	-	-	817,499	-	-	397,932
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	(2,557,799)	-
Interfund revenue bond issuance	-	-	-	1,366,252	-	-	-	-	-	-
Loan Issuance- short term	-	-	-	-	-	446,760	590,689	499,205	259,050	1,747,272
Total other financing sources and uses	(197,618)	4,670,457	(438,928)	603,798	959,856	(5,035,504)	18,986,271	1,936,484	4,934,712	2,054,448
Special Item: Proceeds from Litigation settlement	-	-	-	-	-	8,154,390	-	-	-	-
Net change in fund balances	\$ (10,778,521)	\$ (1,634,666)	\$ 6,108,034	\$ 2,006,645	\$ (6,046,407)	\$ (7,248,110)	\$ 15,502,361	\$ 3,822,886	\$ 9,190,556	\$ 4,703,355
Debt service as a percentage of non-capital expenditures	7.7%	11.1%	11.3%	14.2%	17.1%	14.9%	10.9%	9.5%	10.1%	10.3%

CITY OF MISHAWAKA, INDIANA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Fiscal Year Ended December 31	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2004	1,208,609,588	346,458,605	1,555,068,193 (1)	1.3313
2005	1,210,835,883	360,559,477	1,571,395,360	1.3382
2006	1,232,572,354	346,777,992	1,579,350,346	1.3899
2007	1,543,475,510	207,350,000	1,750,825,510	1.3326
2008	1,455,483,993	152,870,480	1,608,354,473	1.5283
2009	1,199,456,581	190,860,770	1,390,317,351	1.6557
2010	1,234,269,393	208,951,270	1,443,220,663	1.6741
2011	1,222,738,085	206,998,725	1,429,736,810	1.7362
2012	1,181,242,531	214,088,322	1,395,330,853	1.8186
2013	1,124,566,964	204,911,774	1,329,478,738	1.9086

(1) Net assessed valuation decreased in the tax year payable 2004 because of expansion of the Interstate Commerce Exemption for inventory assessments

Note: Beginning 2008 Shift in personal to real property realized after deleting the inventory tax in Indiana

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

Fiscal Year Ended December 31	City of Mishawaka (Direct)					Overlapping Governments							St Joseph County		Total	
	General Fund	Special Revenue Funds	Trust and Agency Funds	Debt Service Fund	Capital Projects Funds	Total Direct City Rate	Townships	Redevelopment District	Library	School Districts	St. Joseph County	St Joseph Airport	Transpo	State of Indiana		Welfare
2004	0.9586	0.2206	0.0408	0.0450	0.0663	1.3313	0.0172	0.0565	0.1319	1.5932	0.7652	0.0346	0.0827	0.0024	0.0000	4.0150
2005	0.9793	0.2112	0.0466	0.0348	0.0663	1.3382	0.0171	0.0540	0.1277	1.5691	0.7831	0.0297	0.0831	0.0024	0.0000	4.0044
2006	0.9843	0.2148	0.0782	0.0463	0.0663	1.3899	0.0318	0.0520	0.1325	1.6726	0.5002	0.0301	0.0856	0.0024	0.4897	4.3868
2007	0.9708	0.1569	0.0723	0.0666	0.0660	1.3326	0.0268	0.0000	0.1276	1.6892	0.4581	0.0277	0.0821	0.0024	0.4130	4.1595
2008	1.1576	0.1202	0.0819	0.1026	0.0660	1.5283	0.0279	0.0000	0.0943	1.6448	0.4989	0.0292	0.0821	0.0024	0.2587	4.1666
2009	1.2201	0.2126	0.0460	0.1110	0.0660	1.6557	0.0397	0.0000	0.1437	1.0735	0.5693	0.0353	0.0821	0.0000	0.0000	3.5993
2010	1.1377	0.3576	0.0000	0.1148	0.0640	1.6741	0.0288	0.0000	0.1583	1.3221	0.5866	0.0342	0.0821	0.0000	0.0000	3.8862
2011	1.2861	0.2648	0.0000	0.1213	0.0640	1.7362	0.0287	0.0000	0.1462	1.3381	0.5424	0.0297	0.0934	0.0000	0.0000	3.9147
2012	1.4381	0.2065	0.0000	0.1103	0.0637	1.8186	0.0309	0.0000	0.1553	1.3030	0.6212	0.0309	0.0999	0.0000	0.0000	4.0598
2013	1.4987	0.3112	0.0000	0.1233	0.0640	1.9086	0.0123	0.0000	0.3227	1.3493	0.6731	0.0330	0.1042	0.0000	0.0000	4.4032

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

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

<u>Taxpayer</u>	<u>Type of Business</u>	2013			2004		
		<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Edward Rose of Indiana	Real Estate Developer	\$ 97,226,160	1	7.31%	\$ 93,300,400	1	6.11%
University Park Associates	Retail/Management	36,916,560	2	2.78%	33,513,000	3	2.20%
Main Street Village	Rental Multi-Housing	33,151,400	3	2.49%	21,550,400	7	1.41%
Walmart	Retail	25,878,560	4	1.95%	26,914,730	6	1.76%
Garrison Holladay	Developer	23,948,100	5	1.80%			
Meijer	Retail	23,156,960	6	1.74%	32,933,930	4	2.16%
Cressy & Everett Management Corp.	Real Estate	22,208,420	7	1.67%			
WSBT	Communications	20,934,640	8	1.57%			0.00%
St. Indiana Ridge/Wilshire Plaza	Shopping Plaza	20,024,700	9	1.51%			
Bayer	Manufacturing	19,719,035	10	1.48%	58,900,689	2	3.86%
Gurley Leep	Automotive Dealership				18,268,690	8	1.20%
Nyloncraft	Manufacturing				29,001,400	5	1.90%
Carriage House	Rental Multi-Housing				18,189,200	9	1.19%
Amerisource	Merchandising				14,865,540	10	0.97%
Totals		\$ 323,164,535		24.31%	\$ 347,437,979		16.65%

Source: St. Joseph County Auditor

**CITY OF MISHAWAKA, INDIANA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended December 31</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Circuit Breaker Tax Credit</u>	<u>Taxes Levied Net of Circuit Breaker</u>	<u>Current Collection</u>	<u>Percentage of Original Levy</u>	<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Percentage of Total Collections</u>
2004	20,323,476			19,895,560	97.89%	408,162	20,303,722	99.90%
2005	20,786,722			19,320,780	92.95%	466,081	19,786,861	95.19%
2006	22,018,614			20,985,000	95.31%	152,869	21,137,869	96.00%
2007	23,331,502			19,626,678	84.12%	765,184	20,391,862	87.40%
2008	24,580,481			23,050,500	93.78%	279,877	23,330,377	94.91%
2009	23,019,485	(340,519)	22,678,966	20,637,860	89.65%	512,206	21,150,066	93.26%
2010	24,171,640	(1,164,752)	23,006,888	22,546,751	93.28%	299,763	22,846,514	99.30%
2011	24,823,084	(1,406,077)	23,417,007	22,246,157	89.62%	850,723	23,096,880	98.63%
2012	25,375,487	(1,949,897)	23,425,590	22,957,079	90.47%	201,487	23,158,566	98.86%
2013	25,374,431	(3,388,274)	21,986,157	21,150,811	83.35%	439,723	21,590,534	98.20%

Source: St. Joseph County Auditor

Note: City of Mishawaka Corporation collections only

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

Fiscal Year	<u>Governmental Activities</u>					<u>Business Type Activities</u>					Total Primary Government	Percentage of Personal income	Per(1) Capita
	General Obligation Bonds	Tax Increment Revenue Bonds	State Revolving Loan	Capital Leases	Inter Governmental Loan	Water Revenue Bonds	Wastewater Revenue Bonds	State Revolving Loan	Capital Leases				
2004	3,250,000	8,350,000	2,399,936	536,424		4,715,000	10,552,005	22,269,255	523,685.00	52,596,305	3.62%	1129.72	
2005	7,640,000	7,450,000	1,127,082	393,775		4,530,000	9,720,813	42,701,253	356,427.00	73,919,350	4.99%	1587.72	
2006	8,525,000	6,325,000	847,397	247,098		4,330,000	17,330,654	55,361,331	212,419	93,178,899	5.92%	2001.39	
2007	10,745,000	19,945,000	558,753	815,667		4,310,000	16,437,141	56,212,045	51,686	109,075,292	6.72%	2342.83	
2008	9,775,000	17,375,000	263,000	576,533		4,055,000	15,265,945	55,546,339	68,148	102,924,965	6.10%	2210.73	
2009	8,485,000	13,365,000	89,000	340,011		3,785,000	14,088,484	54,637,118	32,224	94,821,837	5.87%	2036.68	
2010	7,145,000	9,210,000	-	174,254	1,366,252	3,495,000	50,053,352	56,575,326	-	128,019,184	7.91%	2653.14	
2011	5,750,000	5,870,000	-	-	1,093,002	3,190,000	48,408,474	55,536,497	194,320	120,042,293	6.81%	2487.82	
2012	4,315,000	2,420,000	-	3,866,666	819,751	2,875,000	45,536,001	54,071,474	145,740	114,049,632	6.47%	2363.62	
2013	2,815,000	480,000	-	3,599,998	546,501	14,670,000	42,570,612	39,729,549	48,580	104,460,240	5.93%	2164.89	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements
(1): See Demographic and Economic Statistics for personal income and population data

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value(1) of Property</u>	<u>Per Capita(2)</u>
2004	3,250,000	638,792	2,611,208	0.2%	56.09
2005	7,640,000	556,263	7,083,737	0.5%	152.15
2006	8,525,000	448,846	8,076,154	0.5%	173.47
2007	10,745,000	471,651	10,273,349	0.6%	220.66
2008	9,775,000	731,989	9,043,011	0.6%	194.24
2009	8,485,000	595,262	7,889,738	0.6%	169.46
2010	7,145,000	689,228	6,455,772	0.4%	133.79
2011	5,750,000	917,276	4,832,724	0.3%	100.16
2012	4,315,000	859,024	3,455,976	0.2%	71.62
2013	2,815,000	844,385	1,970,615	0.1%	40.84

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

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

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

CITY OF MISHAWAKA, INDIANA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2012

<u>Governmental Units(3)</u>	<u>Outstanding Debt at December 31, 2012(1)</u>	<u>Estimated Percentage Applicable \$ (2)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
City Direct Debt (Governmental Activities)	\$ 2,815,000	100.00%	2,815,000
<u>Overlapping Debt:</u>			
School City of Mishawaka	63,620,938	52.44%	33,362,559
Mishawaka-Penn Library	4,030,000	94.69%	3,816,041
Penn-Harris-Madison School Corporation	63,636,332	42.25%	26,887,144
St. Joseph County	46,406,429	17.33%	8,042,646
St. Joseph County Airport Authority	12,790,000	17.33%	2,216,621
St. Joseph County Public Library	8,285,000	5.31%	439,864
South Bend Community School Corporation	<u>168,083,393</u>	5.31%	<u>8,923,823</u>
Subtotal for Overlapping Debt	<u>366,852,092</u>		<u>83,688,697</u>
Total Direct and Overlapping Debt(4)	<u>\$ 366,852,092</u>		<u>\$ 86,503,697</u>

Notes: (1) Includes General Obligation Bonded Debt and Capital Leases

(2) Source: St. Joseph County Auditor

(3) Source: Debt Outstanding provided by each governmental unit.

(4) Overlapping is debt is calculated on the overlapping units assessed value divided by the city's assessed value.

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

	<u>Fiscal Year</u> <u>2004</u>	<u>Fiscal Year</u> <u>2005</u>	<u>Fiscal Year</u> <u>2006</u>	<u>Fiscal Year</u> <u>2007</u>	<u>Fiscal Year</u> <u>2008</u>	<u>Fiscal Year</u> <u>2009</u>	<u>Fiscal Year</u> <u>2010</u>	<u>Fiscal Year</u> <u>2011</u>	<u>Fiscal Year</u> <u>2012</u>	<u>Fiscal Year</u> <u>2013</u>
Assessed Value (2)	\$ 508,862,922	\$ 523,121,667	\$ 526,450,115	\$ 583,608,503	\$ 536,118,157	\$ 463,439,117	\$ 481,073,554	\$ 476,578,937	\$ 465,110,284	\$ 443,159,579
Debt Limit Percentage	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Debt Limit(1)	20,354,517	20,924,867	21,058,005	23,344,340	21,444,726	18,537,565	19,242,942	19,063,157	18,604,411	17,726,383
Bonds Outstanding	<u>3,250,000</u>	<u>7,640,000</u>	<u>8,525,000</u>	<u>10,745,000</u>	<u>9,775,000</u>	<u>8,485,000</u>	<u>7,145,000</u>	<u>5,750,000</u>	<u>4,315,000</u>	<u>2,815,000</u>
Subtotal	17,104,517	13,284,867	12,533,005	12,599,340	11,669,726	10,052,565	12,097,942	13,313,157	14,289,411	14,911,383
Amount Available for Debt Service	<u>638,792</u>	<u>556,263</u>	<u>448,846</u>	<u>471,651</u>	<u>731,989</u>	<u>595,262</u>	<u>689,228</u>	<u>917,276</u>	<u>859,024</u>	<u>844,385</u>
Legal Debt Margin	<u>\$ 17,743,309</u>	<u>\$ 13,841,130</u>	<u>\$ 12,981,851</u>	<u>\$ 13,070,991</u>	<u>\$ 12,401,715</u>	<u>\$ 10,647,827</u>	<u>\$ 12,787,170</u>	<u>\$ 14,230,433</u>	<u>\$ 15,148,435</u>	<u>\$ 15,755,768</u>
Total net debt applicable to the limit as a percentage of debt limit	18.32%	55.20%	65.67%	82.20%	78.82%	79.69%	55.88%	40.41%	28.48%	17.87%

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

(2) Net assessed valuation decreased in the tax year payable 2004 because of expansion of the
Interstate Commerce Exemption for inventory assessments

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

<u>Year</u>	<u>General Obligation Bonds</u>		<u>Tax Incremental Financing Bonds</u>		<u>Total Bonded Debt Service</u>	<u>Total General Government Expenditures</u>	<u>Ratio of Debt Service to Total General Government Expenditures</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>			
2004	405,000	174,030	985,000	464,646	2,028,676	45,660,941	4.4%
2005	610,000	72,851	1,035,000	367,966	2,085,817	44,300,598	4.7%
2006	665,000	229,644	1,125,000	329,627	2,349,271	54,273,951	4.3%
2007	780,000	281,091	1,180,000	272,642	2,513,733	58,758,825	4.3%
2008	970,000	438,940	2,570,000	709,778	4,688,718	72,311,168	6.5%
2009	1,290,000	357,376	4,010,000	689,471	6,346,847	64,654,524	9.8%
2010	1,340,000	311,150	4,155,000	519,348	6,325,498	69,952,690	9.0%
2011	1,395,000	262,409	3,340,000	352,121	5,349,530	63,429,489	8.4%
2012	1,435,000	211,066	3,450,000	210,709	5,306,775	76,551,728	6.9%
2013	1,500,000	156,399	1,940,000	63,309	3,659,708	76,970,964	4.8%

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

<u>Year</u>	<u>Gross Revenue (A)</u>	<u>Direct Operating Expenses (B)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2004	51,163,298	39,915,099	11,248,199	1,180,000	471,727	1,651,727	681.0%
2005	51,696,748	41,056,799	10,639,949	1,210,000	445,885	1,655,885	642.6%
2006	52,336,869	42,827,190	9,509,679	1,245,000	461,096	1,706,096	557.4%
2007	65,462,854	49,998,303	15,464,551	1,655,000	621,380	2,276,380	679.3%
2008	57,798,526	51,847,654	5,950,872	1,710,000	565,949	2,275,949	261.5%
2009	60,925,718	51,057,879	9,867,839	1,785,000	516,422	2,301,422	428.8%
2010	66,378,913	56,937,984	9,440,929	2,220,000	1,529,517	3,749,517	251.8%
2011	68,421,077	57,127,195	11,293,882	3,415,000	1,944,950	5,359,950	210.7%
2012	69,217,905	57,884,047	11,333,858	3,475,000	1,883,724	5,358,724	211.5%
2013	64,375,103	59,799,595	4,575,508	4,850,000	2,042,109	6,892,109	66.4%

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

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

Year	Population(B)	St Joseph County Personal Income (B)	St. Joseph County Median Family Income (B)	St Joseph County Per Capita Income (B)	Median Age (B)	K-12 Public School Enrollment (A)	Labor Force (B)	St. Joseph County Unemployment Rate-B
2004	46,557	8,266,157	39,940	31,246	34.9	5,177	133,412	5.1%
2005	46,557	8,433,861	37,971	31,846	35.0	5,178	133,939	5.2%
2006	46,557	9,289,258	39,046	33,815	35.0	5,242	134,788	5.1%
2007	46,557	9,283,064	44,706	34,857	35.0	5,272	133,337	4.9%
2008	46,557	9,571,597	43,931	36,229	36.0	5,116	133,363	6.5%
2009	46,557	9,148,555	43,544	34,712	35.0	5,043	128,714	11.6%
2010	48,252	8,891,812	42,316	33,322	36.2	5,288	127,611	11.4%
2011	48,252	9,678,196	43,813	36,289	36.3	4,978	126,963	10.1%
2012	48,252	10161658	45,248	38152	36.5	4,908	124,968	9.7%
2013	48,252	(D)	(D)	(D)	(D)	5,035	124,349	8.8%

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

- (A) Source: School City of Mishawaka
- (B) Source: Bureau of Labor Statistics updated previous numbers
- (D) Information not available at this time

Electric Utility Large Users 2013

	<u>Customer</u>	<u>Type of Business</u>	<u>Consumption</u>	<u>Revenue</u>
1	St. Joseph Reg Med Ctr/VNA	Hospital	20,793,209.00	\$1,285,374.20
2	Nyloncraft	Manufacturing	18,588,370.00	\$1,156,484.04
3	Martin's Super Market	Grocery Chain	10,717,480.00	\$594,259.23
4	Patrick Metals	Manufacturing	7,579,529.00	\$479,179.85
5	Standard Motor Products Inc	Manufacturing	7,012,800.00	\$448,645.43
6	Bethel College	Education	6,833,822.00	\$475,150.13
7	School City	Education	6,790,381.00	\$609,350.23
8	Wellpet LLC	Manufacturing	6,714,920.00	\$427,732.62
9	Meijer Stores LP #0121A	Retail	5,805,900.00	\$352,343.65
10	Wastewater Treatment Plant	Utility	<u>5,537,584.00</u>	<u>\$374,048.28</u>
		Total	96,373,995.00	\$6,202,567.66

Water & Sprinkling Utility Large Users 2013

	Customer	Type of Business	Consumption	Revenue
1	Village Green	Mobile Home Park	14,422,220	\$179,239.69
2	Autumn Lakes Apartments	Apartment Complex	7,410,949	\$137,708.17
3	Indian Lakes Apts	Apartment Complex	6,565,710	\$77,866.59
4	School City	Education	5,241,281	\$99,947.52
5	Wastewater Treatment/Biosolids	Utility	5,135,736	\$74,335.71
6	Park & Recreation Dept	City Parks	4,460,746	\$81,128.31
7	St. Joseph Reg Med Ctr/VNA	Hospital	4,134,618	\$61,602.49
8	Hickory Village Apts	Apartment Complex	3,974,750	\$51,364.42
9	Carriage House	Apartment Complex	3,235,973	\$54,923.37
10	AM General	Manufacturing	<u>2,436,897</u>	<u>\$46,175.56</u>
		Total	57,018,880	\$864,291.83

Wastewater Utility Large Users 2013

	Customer	Type of Business	Consumption	Revenue
1	Village Green	Mobile Home Park	14,422,220	\$211,983.87
2	Autumn Lakes Apartments	Apartment Complex	4,827,579	\$147,285.16
3	Indian Lakes Apts	Apartment Complex	4,529,280	\$115,006.44
4	St. Joseph Reg Med Ctr/VNA	Hospital	4,134,618	\$173,432.26
5	Hickory Village Apts	Apartment Complex	3,499,119	\$103,024.51
6	Carriage House	Apartment Complex	3,235,973	\$89,436.95
7	Park & Recreation Dept	City Parks	2,844,498	\$80,400.71
8	Wellpet LLC	Manufacturing	2,147,490	\$46,331.02
9	School City	Education	2,005,184	\$135,497.08
10	Cambridge Square	Apartment Complex	<u>1,830,900</u>	<u>\$46,531.00</u>
		Total	43,476,861	\$1,148,929.00

**CITY OF MISHAWAKA, INDIANA
LARGEST EMPLOYERS
DECEMBER 31, 2013**

<u>Company</u>	<u>Type of Business</u>	<u>2013</u>		<u>2004</u>			
		<u>Number of Employees</u>	<u>Rank of total Employment</u>	<u>Number of Employees</u>	<u>Rank of total Employment</u>	<u>Percentage(B)</u>	<u>Percentage(C)</u>
St. Joseph Regional Medical Center	Acute Healthcare	2,597	1	879	2	0.0208	0.0064
School City of Mishawaka	Public School	968	2	978	1	0.0077	0.0709
Meijer, Inc	Retail	575	3	785	3	0.0046	0.0057
City of Mishawaka	Government	506	4	566	6	0.0040	0.0041
Liberty Mutual	Insurance	650	5	682	4	0.0052	0.0049
Walmart	Retail	445	6	397	8	0.0036	0.0029
Family & Childrens Center	Social Service	425	7	365	9	0.0034	0.0026
Nyloncraft	Manufacturing	357	8	405	7	0.0029	0.0029
Bethel College	College	250	9	302	10	0.0020	0.0022
Bayer Corporation	Manufacturing	134	10	600	5	0.0011	0.0044

Note: (A) Source: Individual Companies

(B) Based on 125,109 employment of St. Joseph County

(C) Based on 137,900 employment of St. Joseph County

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

Full-time Equivalent Employees as of December 31

Function	2013	% of Total Employment	2012	% of Total Employment	2011	% of Total Employment	2010	% of Total Employment	2009	% of Total Employment	2008	% of Total Employment	2007	% of Total Employment	2006	% of Total Employment	2005	% of Total Employment	2004	% of Total Employment
General Government:	60	12%	56	11%	55	11%	53	11%	48	10%	54	10%	57	11%	60	11%	66	12%	63	12%
Public Safety																				
Police																				
Officers	105	21%	105	21%	103	21%	103	21%	103	21%	103	20%	103	20%	103	19%	103	19%	103	19%
Civilians	23	5%	23	5%	23	5%	23	5%	23	5%	31	6%	30	6%	30	6%	28	5%	26	5%
Fire																				
Firefighters	113	22%	111	22%	109	22%	107	22%	107	22%	107	20%	107	20%	107	20%	107	20%	107	20%
Civilians	1	0	1	0	1	0	1	0	1	0	2	0	2	0	2	0	1	0	1	0
Total Public Safety	242	48%	240	48%	236	48%	234	48%	234	48%	243	46%	242	46%	242	45%	239	44%	237	44%
Highways and Streets	35	7%	35	7%	35	7%	32	7%	30	6%	31	6%	34	6%	34	6%	37	7%	33	6%
Culture and Recreation	26	5%	26	5%	26	5%	26	5%	26	5%	33	6%	34	6%	34	6%	35	6%	35	7%
Water	37	7%	37	7%	36	7%	40	8%	37	8%	47	9%	49	9%	48	9%	47	9%	49	9%
Wastewater/Sewer	48	9%	48	9%	47	9%	47	10%	48	10%	46	9%	38	7%	46	9%	46	8%	49	9%
Electric	62	12%	64	13%	64	13%	59	12%	62	13%	70	13%	72	14%	69	13%	71	13%	70	13%
Total City Employees	510		506		499		491		485		524		526		533		543		536	

Source: City Payroll System

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

Function	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Police										
Arrests	1978	1546	1541	1221	2006	1633	2241	2350	2059	2256
Parking Violations	1216	1034	1188	1218	1622	2540	2510	1474	2289	2692
Traffic Violations	6182	6128	5531	4080	9364	7276	4125	4568	4044	4163
Traffic Accident Calls	2078	2013	2060	2037	1969	2382	2424	2453	2717	2832
Cases Reviewed	7570	8110	8028	8135	8675	8207	8093	8114	7812	8106
Fire										
Fire Calls	1310	1394	1207	1260	1026	1066	201	213	253	334
Medical Calls	5115	4877	4804	4467	4157	4384	4352	4123	4191	4108
Inspections	1720	1680	1500	1423	1372	1190	1603	917	1100	964
Streets										
Blocks of Streets Paved	72	79	85	65	73	88	123	136	99	119
Leaf Pickup Cubic Yards	11487	13255	14500	15062	18390	11075	11332	16338	10132	14010
Blocks of Streets Swept	703	900	565	445	637	620	799	833	1092	899
Culture & recreation										
Pool Attendance(patrons)	16946	21008	17131	18014	16810	18860	19573	18512	18176	10740
Community Ctr Attendance	45079	32391	41165	48388	43120	49645	46730	53000	50355	42023
Facility Rentals	1997	1666	1447	1116	1579	1135	544	770	696	404
Plantings	1524	4924	902	166	145	86	129	213	95	502
Water										
New service lines	213	37	54	50	56	42	206	428	419	288
Average daily consumption MGD	8.90	8.48	7.55	7.85	6.6	8.21	10	9	9	9
Wastewater										
Annual Sewage Treatment (billions of gallons)	3.6	4.4	4.2	4.6	4.6	5.2	4.2	4.5	4.5	4.4
Pollutants removed (in mill of lbs.)	5.5	7.4	7.2	7.0	7.0	6.8	6.5	8.5	8.5	8.5
Electric										
Energy consumption (kW) (in thousands)	621372	624569	621122	597728	538572	623032	642779	637903	617257	588830
Unplanned outages	10	9	11	22	11	14	16	7	12	22

Source: Various city departments

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

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	89	89	89	89	89	89	89	89	89	89
Fire										
Stations	4	5	5	5	5	5	5	5	5	5
Streets										
Miles of Streets	177.10	177.04	177.04	175.40	175.13	174.30	174.30	174.30	174.08	174.08
Street Lights	3543	3543	3538	3538	3538	3737	3737	3737	3731	3725
Traffic Signals	60	60	58	58	58	56	55	55	55	54
Culture & recreation										
Park Acreage	318	318	318	318	318	318	318	317	317	307
Number of Parks	29	29	28	28	28	28	28	27	27	26
Golf Courses	1	1	1	1	1	1	1	1	1	1
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	12	12	12	12	12	12	12	12	12	15
Community Centers	1	1	1	1	1	1	1	1	1	1
Water										
Total connections (taps)	17096	16850	17109	17100	17082	17082	17001	15539	15852	16037
Fire Hydrants	2394	2361	2350	2311	2276	2236	2168	2093	2029	1997
Wastewater										
Miles of Sewers	275.91	272.73	272.02	271.37	257.08	254.41	253.23	246.14	245.06	239.85
Electric										
Number of Sub-stations	11	11	11	11	11	11	11	11	11	11
Miles of Service Lines above/below ground	303	303	303	303	303	303	303	303	303	303

Source: Various city departments