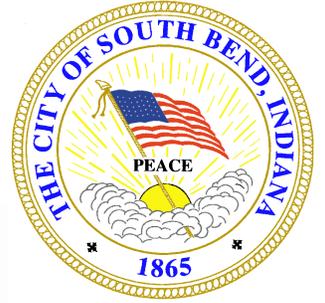


South Bend, IN

Mayor Stephen J. Luecke



B37166



Comprehensive Annual Financial Report

Fiscal Year ending December 31, 2009

FILED
07/01/2010

Prepared By:
Department of Administration and Finance
Gregg D. Zientara, City Controller



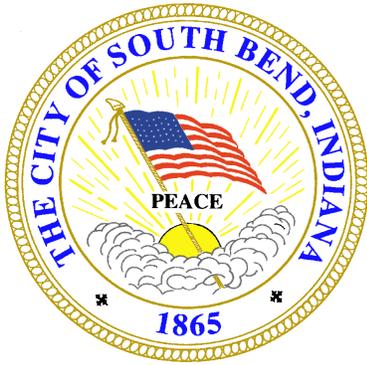
SOUTH BEND. **POWERING THE NEW ECONOMY.**

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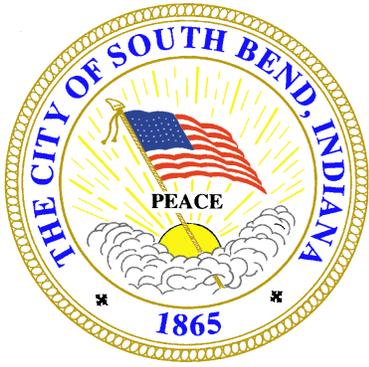
Comprehensive Annual Finance Report

City of South Bend, Indiana

For the year ending December 31, 2009

Prepared by:
Department of Administration & Finance
Gregg D. Zientara, City Controller

Cover Photo: A view of the Morris Performing Arts Center, one of the top 100 theaters worldwide, adjacent to the historic Hotel LaSalle in downtown South Bend. Featured in the foreground on Jon Hunt Plaza is one of ten wind powered kinetic sculptures by world renowned artist and South Bend native, George Rickey, part of a special outdoor exhibit of this unique wind powered art.



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Comprehensive Annual Financial Report
For The Year Ending December 31, 2009
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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Stephen J. Luecke	01-01-08 to 12-31-11
Controller	M. Catherine Fanello Gregg D. Zientara	03-03-08 to 08-16-09 08-17-09 to 12-31-11
City Clerk	John Voorde	01-01-08 to 12-31-11
President of the Board of Public Works	Gary Gilot	01-01-09 to 12-31-10
Common Council Members		
1 st District	Derek D. Dieter	01-01-08 to 12-31-11
2 nd District	Henry Davis, Jr.	01-01-08 to 12-31-11
3 rd District	Tom LaFountain	01-01-08 to 12-31-11
4 th District	Ann Puzzello	01-01-08 to 12-31-11
5 th District	David Varner	01-01-08 to 12-31-11
6 th District	Oliver Davis	01-01-08 to 12-31-11
At Large	Karen L. White	01-01-08 to 12-31-11
At Large	Timothy A. Rouse	01-01-08 to 12-31-11
At Large	Al (Buddy) Kirsits	01-01-08 to 12-31-11



**CITY OF SOUTH BEND STEPHEN J. LUECKE, MAYOR
OFFICE OF ADMINISTRATION & FINANCE
GREGG D. ZIENTARA, CITY CONTROLLER**

June 7, 2010

Honorable Mayor Stephen J. Luecke,
Members of the City of South Bend Common Council,
Residents of the City of South Bend, and
Interested parties:

This Comprehensive Annual Financial Report ("CAFR"), for the City of South Bend, Indiana ("City") for fiscal year ending December 31, 2009 is hereby submitted.

The City is responsible for the accuracy of the information contained herewith, and the completeness and fairness of the presentation, including all disclosures.

To the best knowledge and belief of the City, the information contained in this report is accurate in all material respects, and is reported in a manner designed to fairly present the financial position and results of operations of all funds of the City of South Bend. All notes and disclosures necessary to enable the reader to gain an understanding of the financial activities have been included in this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management Discussion & Analysis ("MD&A").

This letter of transmittal is intended to complement the MD&A and should be read in conjunction with the MD&A. The MD&A can be found in Section II of this CAFR, immediately following the independent auditors report.

The CAFR is presented in eight (8) sections as follows:

- I) introductory information,
- II) financial information,
- III) government funds,
- IV) non major enterprise funds,
- V) internal service funds,
- VI) fiduciary funds,
- VII) statistical information, and
- VIII) Federal awards compliance.

The introductory section includes this transmittal letter, City organizational chart, City officials, and Certificate of Achievement for Excellence in Financial Reporting awarded to the City of South Bend for the year ended December 31, 2008.

The financial section includes the Indiana State Board of Accounts ("SBoA") Independent Auditors' Report, basic financial statements and notes and disclosures to the financial statements, and the combining and individual fund and other financial statements and schedules.

The statistical section includes financial and community demographic facts and data, generally presented on a multi-year comparative basis, in order to provide the reader of this CAFR a broad understanding of trends with respect to City operations and information.

The Federal awards compliance section includes the results of SBoA supplemental audit of the City's federal awards and internal controls with respect to these federal awards, necessary for federal award compliance.

The City is required to undergo an annual single audit in conformity with the provisions of the United States Office of Management and Budget Circular, A-133, Audits of States, Local Governments and Non-Profit Organizations, provisions of Indiana Code section IC 5-11-1-9 and requirements of the Indiana State Board of Accounts.

Independent Auditors' report, including schedule of federal financial assistance, findings and recommendations, report on internal control structure, and compliance with applicable laws and regulations, is included in Section VIII of this CAFR.

Attachments to this letter of transmittal include the following information

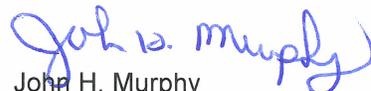
- Attachment 1 General Information
- Attachment 2 Economic demographics, current condition and outlook
- Attachment 3 Financial / Budgetary / Property Tax Controls
- Attachment 4 City Vision, Goals & Objections
- Attachment 5 Other Information
- Attachment 6 Acknowledgments

The source of facts and data contained in the attachments to this letter of transmittal are U.S. Census Bureau and Stats Indiana.

This letter of transmittal and Comprehensive Annual Financial Report for the City of South Bend is respectively submitted for the fiscal year ended December 31, 2009.



Gregg D. Zientara
Controller, City of South Bend



John H. Murphy
Budget Officer, City of South Bend

- attachments:
- 1) General information
 - 2) Economic conditions and outlook
 - 3) Financial / Budgetary / Property Tax Controls
 - 4) City Vision, Mission, Goals & Objections
 - 5) Other Information
 - 6) Acknowledgments

**City of South Bend, Indiana
2009 Comprehensive Annual Financial Report
Letter of Transmittal
Attachment 1**

General Information

The City of South Bend is the county seat of St. Joseph County, Indiana, and is the fourth largest city in the State of Indiana. St. Joseph County is located within the heartland of the manufacturing and metropolitan regions of the Upper Midwest. The City of South Bend is located in the north central region of the State of Indiana, ten (10) miles south of the Indiana / Michigan State boundary line, seventy-seven (77) miles east of the Indiana / Illinois State boundary line and eighty (80) miles west of the Indiana / Ohio State boundary line. The City is approximately ninety (90) miles east of the city of Chicago and one hundred forty (140) miles north of the city of Indianapolis.

The year 2000 U.S. Bureau of the Census population for the City of South Bend was reported as 107,789, whereas the year 2000 Census population for St. Joseph County was reported as 265,559. Accordingly, South Bend is classified as a "City of Second Class" under State of Indiana statutes, defined as cities with a population between 35,000 and 250,000 inhabitants.

South Bend and St. Joseph County is a vibrant and diverse area with a strong local economy based on a mix of agricultural, manufacturing and service, higher education and other commercial and tourism based industries. The diverse economic mix creates varied employment opportunities for residents while providing some level of insulation via diversification from economic downturns.

The City of South Bend provides a full range of general governmental services to citizens. Services include general government, public safety, street construction and maintenance, infrastructure construction and maintenance, parks & recreation services, arts & culture, and sanitation services. In addition, the City provides Water Utility and Wastewater Utility services to commercial and residential properties within the city. City operations also include the Century Center Convention venue, College Football Hall of Fame, Morris Performing Arts Center, Palais Royale Ballroom, South Bend Redevelopment Authority and Public Parking Garages within the city footprint.

The City of South Bend governmental structure includes elected officials as follows with defined management and legislative authority in compliance with Indiana Statute.

Mayor	Chief Executive Officer	4 year term
Common Council	9 member legislative body 6 from defined districts within the City 3 at large members	4 year term
City Clerk	Recording Secretary of the Council	4 year term

All elected official current terms of office expire on December 31, 2011.

The City of South Bend was incorporated in 1865, compliant to Indiana Statute, and remains as such through the period covered by the Management Discussion & Analysis report.

**City of South Bend, Indiana
2009 Comprehensive Annual Financial Report
Letter of Transmittal
Attachment 2**

Economic Demographics, Current Condition & Outlook

The City of South Bend and St. Joseph County, historically and at present, has experienced a strong and vibrant economic profile based on a mix of employment including agricultural, manufacturing and service, higher education, and other commercial and tourism based industries.

Population

The current population for St. Joseph County is estimated at 267,000 inhabitants, thus representing a stable population position when compared to the year 2000 census population of 265,559 inhabitants as previously reported by the U.S. Bureau of Census, whereas, the current population for the City of South Bend is estimated at 107,000 inhabitants, a stable population level in comparison to the year 2000 U.S. Bureau of Census population of 107,789.

The population demographics of St. Joseph County closely resembles' the national profile, albeit with certain divergences. Versus the national profile, current demographics indicate a slightly higher female population, a slightly younger age disbursement, a demographic slightly skewed towards unmarried residents, and a less diverse race demographic with home ownership exceeding the national norm.

The following provides a current demographic profile of the residents of St. Joseph County as compared to the national profile:

		St. Joseph County	National
Gender	Male	48.3 %	49.3 %
	Female	51.7 %	50.7 %
Age	0 – 24 years of age	37.0 %	34.4 %
	25 – 44	25.1 %	27.6 %
	45 – 64	25.0 %	25.4 %
	65 +	12.9 %	12.6 %
Race	Caucasian	78.1 %	65.9 %
	African American	11.3 %	12.1 %
	Hispanic / Latino	6.2 %	15.1 %
	Asian	1.7 %	4.3 %
	Other	2.7 %	2.6 %
Marital status	Married	40 %	48 %
	Widowed / divorced / separated	24 %	20 %
	Single	36 %	32 %
Home ownership	Own	72 %	67 %
	Rent / other	28 %	33 %

Education

Likewise, the educational component of the population demographics of St. Joseph County closely resembles the national profile, again with certain divergences.

The high school graduation rate is slightly higher than the national norm, with population including college experience, associates and bachelors degrees, slightly below the national level. Population with post graduate degrees slightly exceeds the national level.

The following provides a current demographic profile of the residents of St. Joseph County as compared to the national profile:

	St. Joseph County	National
High school graduation	85.5 %	84.5 %
Some college	19.6 %	20.1 %
Associates degree	6.4 %	7.4 %
Bachelors degree	16.3 %	17.3 %
Graduate degree	10.2 %	10.1 %

The South Bend Community School Corporation is the responsible authority for the elementary and secondary school structure within the City of South Bend. The county also has additional school corporations including City of Mishawaka, Penn Harris Madison, New Prairie, John Glenn and Union North United. In addition, Roman Catholic parochial schools are a vibrant part of the primary and secondary educational structure within the City and County.

The City and County region includes eight institutions of higher education including the University of Notre Dame, Indiana University of South Bend, Saint Mary's College, Holy Cross College, Bethel College, Ivy Tech State College, Brown-Mackie College and Trine University (formally Tri-State University).

Employment

The total resident labor force in St. Joseph County as of December 2009 was reported as 123,792 resident workers.

The employment profile for St. Joseph County is comprised of 60.3% service industries, 31.6% manufacturing industries and 8.1% other industries. Education / healthcare / social service is the single largest employment category with 31,443 workers or 25.4% of the workforce population. Manufacturing employs 22,406 workers or 18.1% of the workforce, followed by retail trade at 14,608 workers or 11.8%.

Employment statistics for the County's major economic sectors are as follows:

Economic Sector	Employment	% of Total
Accommodation / food service	9,903	8.0 %
Construction	6,932	5.6 %
Education / healthcare / social services	31,443	25.4 %
Finance / insurance / real estate	6,561	5.3 %
Information technology	2,476	2.0 %
Transportation / warehousing / utilities	5,323	4.3 %
Manufacturing	22,406	18.1 %
Professional / technical service	9,656	7.8 %
Retail trade	14,608	11.8 %
Wholesale trade	4,457	3.6 %
Other	10,027	8.1 %
Total	123,792	100.0 %

The ten (10) largest employers in St. Joseph County are represented in the following chart. Nine (9) of the top ten (10) employers in the county are classified in the service industry economic sector, with one (1) employer, AM General, in the manufacturing sector. Furthermore, eight (8) of the top ten employers are in the education / healthcare / social service economic sector. The top ten employers account for 22,706 workers or 18.3% of the resident labor workforce.

Employer	Employment	
University Notre Dame	4,894	
Memorial Health Systems	3,700	
South Bend Community Schools	3,270	
AM General	2,427	
Saint Joseph Medical	1,771	
Diocese of South Bend	1,770	
Indiana University South Bend	1,285	
St. Joseph County	1,229	
1 st Source Bank	1,200	
City of South Bend	1,160	
Total	22,706	18.3% of total employment

The City of South Bend continues to place high emphasis on a growing and diversified local economy. The City has been historically active in developing ten industrial parks, offering itself as a low-cost alternative to the Chicago metropolitan area to companies engaged in light manufacturing, distribution and services. More than 240 businesses operate in South Bend's industrial parks, including companies engaged in metalworking, plastics, warehousing and distribution, and professional services.

Unemployment

Unemployment statistics as of April, 2010, as reported by the State of Indiana, reflect an unemployment rate of 11.4% in St. Joseph County. The reported unemployment rate is above both the State of Indiana and National levels.

The unemployment rate however, is lower than the level experienced in the surrounding counties of Indiana and Michigan. This is due primarily to the more diverse labor sector available in St. Joseph County as compared to the surrounding locales. Marshall County has a current lower unemployment rate due mainly to a heavier reliance on agricultural employment.

Locale	Unemployment %
St. Joseph County, Indiana	11.4 %
Berrien County, Michigan	13.4 %
Cass County, Michigan	11.6 %
Elkhart County, Indiana	14.1 %
LaGrange County, Indiana	11.6 %
LaPorte County, Indiana	11.9 %
Marshall County, Indiana	10.8 %
State of Indiana	9.8 %
National	9.5 %

Personal Income

St. Joseph County presently has an estimated 99,800 households with an average per capita personal income of \$34,651, which compares to the State of Indiana average per capita income of \$33,702 and the United States per capita income of \$39,392.

The per capita income in St. Joseph County exceeds the State of Indiana level and all surrounding counties in the region. This is due primarily to the employment sector demographics within St. Joseph County, where employment is concentrated in education, medical, social and professional employment fields where per capita income is on average higher than in other economic sectors.

Locale	\$ Per capita income
St. Joseph County, Indiana	34,651
Berrien County, Michigan	24,347
Cass County, Michigan	23,600
Elkhart County, Indiana	23,344
LaGrange County, Indiana	22,843
LaPorte County, Indiana	29,528
Marshall County, Indiana	28,832
State of Indiana	33,702
National	39,392

Cost of Living

The City of South Bend maintains an affordable cost of living currently ranked 29% below the national average and continues to be one of the greatest advantages of living in the community. South Bend ranks favorably when compared to similar locations within the state and region.

	Ranking
National average	100 %
South Bend	71 %
Indianapolis, IN	75 %
Fort Wayne, IN	75 %
Evansville, IN	71 %
Toledo, OH	78 %
Kalamazoo, MI	77 %
Louisville, KY	78 %
Chicago, IL	126 %
New York, NY	165 %

The housing costs in South Bend are below the national and regional averages. Per a report compiled by the National Realtor's Association in the fourth quarter of 2009, the median sales price for a single family home in the South Bend-Mishawaka Statistical Area was \$85,200 as compared to a median sales price of \$199,200 in Chicago and \$114,200 in Indianapolis. The national median sales price is \$172,100.

In addition, the City of South Bend was recognized in March, 2010, as the number 1 community in the United States for affordable housing, according to a report issued by NBC News.

Arts & Culture

The City enjoys many cultural and touristic activities for residents and visitors. Some examples include 1st Friday's, Roof-Top Rendezvous, Friday's by the Fountain, Football Weekends, along with numerous concerts and art festivals. Special attractions within the South Bend area include:

- East Race Waterway (Olympic class kayaking course) and the East Bank area,
- Morris Performing Arts Center, rated in the top 100 venues worldwide based on ticket sales in each of the last 10 years,
- Broadway Theater League,
- South Bend Symphony Orchestra with the Chamber and Pops Orchestras,
- Southold Dance Theater and Patchwork Dance Company,
- award-winning South Bend Civic Theater,
- Studebaker National Museum,
- South Bend Regional Museum of Art,
- Snite Museum of Art at Notre Dame,
- Northern Indiana Center for History,
- Copshaholm / The Oliver Mansion,
- College Football Hall of Fame,
- Century Center Convention Center,
- Potawatomi Zoo,
- Morris Conservatory / Muessel-Ellison Tropical Gardens,
- Healthworks Kids Museum,
- Farmers' Market,
- Belleville Softball Complex,
- Coveleski Regional Baseball Stadium

Economic Condition

The South Bend and St. Joseph County economy is largely a service driven economy, evidenced by the employment statistics reported previously.

South Bend has successfully transitioned to a service based economy, at the present time, from a historical manufacturing based economy which flourished during the 1900's until the closing of certain primary employers including the Studebaker Automotive Company and the Bendix Aviation Corporation.

The transition to a service driven economy has occurred largely by reliance on the higher education and other service based employers as well as establishing South Bend as a regional center for medical, professional, arts & culture, and educational needs of the region.

The University of Notre Dame continues to be an important contributor to the economic profile of the City and St. Joseph County, annually contributing an estimated \$100 million into the economy through various university sponsored activities including educational, cultural, and athletic events.

In addition, the cultural and tourism venues described above inject an estimated \$25 million of economic benefit into the local economy.

Additional miscellaneous information about the City of South Bend can be found in the statistical section within this report.

Economic Outlook

The economic outlook for the City of South Bend is positive when consideration is given to the accomplishments achieved in calendar 2009.

Opening of Eddy Street Commons

A decade ago, the City joined with the University of Notre Dame, other major institutions and neighbors to form the Northeast Neighborhood Revitalization Organization. Years of planning and building consensus has borne fruit with the opening of high-end apartments, restaurants and retail in the area's largest mixed-use development in decades. Work continues on a limited-service hotel, expected to open in the fall of 2010.

New "Champions' Way" homes are taking shape along Angela Boulevard, adjacent to the Notre Dame campus. During the nation's worst job crisis in a generation, we benefited from nearly 800 construction jobs at the site. Another 1,100 jobs are projected to be created over the next decade within the development itself. The City played a key role in the development, investing \$35 million through a TIF bond to construct the parking garage, pave streets and enhance the streetscape, including installation of low-energy LED streetlights.

Opening of Innovation Park at Notre Dame

Just down the street from Eddy Street Commons, another remarkable partnership with Notre Dame will connect innovators, market experts and capital providers to transform research into viable marketplace ventures. This commercialization will also help to shape South Bend's future economy.

Last October, Innovation Park at Notre Dame opened the first of four planned buildings across from campus, in the City of South Bend. This state-of-the-art facility provides first-class space and resources for early-stage companies and culminates years of planning by the University, the City and Project Future.

As the first location of South Bend's two-site, state-certified technology park it has received state grants and qualifies for tax benefits. The City secured a federal grant with the assistance of Congressman Joseph Donnelly, to assist funding of the development.

This development has attracted national attention. The Wall Street Journal highlighted both Innovation Park and City plans for Ignition Park in a special supplement reported in December, 2009. The article described this effort as one way American cities are seeking to "catalyze their economies" with tech parks and "rebuild cities from within."

Total crime reaches its lowest level in at least 40 years

In 2009, reported incidents of major crimes – Part 1 offenses such as murder, burglary and rape – were down 12 percent when compared with 2008. In fact, the total major crime incidents recorded by South Bend Police are at the lowest level in at least 40 years. In five of nine categories – arson, larceny, motor-vehicle thefts, non-residential burglary and rape – the number of reported incidents is at the lowest level since the late 1990's. Compared with 2008, crime decreased in every Part 1 category except aggravated assaults. Those rose by 9.6 percent, but are still 11 percent below levels during the late 1990's. These accomplishments have been achieved through innovative strategies, the use of technology, community outreach and good old-fashioned police work.

Neighborhood Initiatives

Like other communities around the country, South Bend has hundreds of vacant and abandoned homes, which are dangerously deteriorated. These structures are not candidates for restoration; they are a blight on City neighborhoods. We have demolished 382 problem properties since July 2007 – 141 of them in 2009. We remain focused on eliminating the worst of the worst. While the lots still remain in the hands of neglectful owners, at least these structures no longer negatively impact city neighborhoods.

Receiving designation for a second Weed and Seed area

The City received a \$175,000 grant from the U.S. Department of Justice for the City's second Weed and Seed area. The City is working with several partners, including neighborhood associations and residents, to weed out negative influences and seed in positive activities on the northwest side. This grant allows us to increase patrols and enhance Community Oriented Policing. We are grateful for our many partners in this collaboration.

Launch of SELL South Bend and Realtors Certification Classes

City Plan called for better promotion of our neighborhoods. The City hired a residential marketing specialist, and launched a series of Realtor Certification Classes.

In 2009, 46 area Realtors attended sessions on South Bend's history, quality of life, civic amenities and economic development, learning new information about our city. The City is also offering a weekly Lunch & Learn series', open to the public at the downtown library, and special sessions for the business community, universities and area builders. SELL South Bend posts examples of our varied neighborhoods on the City's web site. Through these activities, word is getting out that South Bend has a great variety of excellent housing stock in welcoming neighborhoods.

River-walk extensions and bike lanes

Among the attributes that make City neighborhoods inviting are the expansive river walk and bike lane systems.

In 2009, with 80 percent federal funding, the City completed the extension of Riverside Trail to the city limits. This popular 3.2-mile trail has some of the most scenic vistas in South Bend. The long term City Plan defined greater use of river vistas and established plans for a citywide system of bicycle routes. The City is making great progress on creating the bike path system envisioned. Since 2007 the City has completed 35 miles of trails, marked bike lanes and signed "Share the Road" segments, including more than a dozen during 2009. This is 70 percent toward the goal of 50 miles by 2012. We have had great support and advocacy from our bicycle community to make it easier and safer for residents to choose to travel by bike.

Commitment to the Arts

In early 2010, the City celebrated the 10th anniversary of the restoration of the Morris Performing Arts Center. The investment, ten years ago, in the arts has been a key factor in the revitalization of downtown South Bend. During this decade, more than 1 million tickets were sold to 787 performances, bringing in almost \$34 million in economic proceeds to the City. The Morris has consistently ranked in Pollstar's Top 100 venues for tickets sold and last year, despite the depressed economy, was once again named a Prime Site award winner by Facilities magazine.

Community Connection Project

In 2009, west-side city youth benefitted from a partnership between the Parks and Recreation Department and IU South Bend's Ernestine M. Raclin School of the Arts.

The IU South Bend Community Connection Project brought faculty to the Martin Luther King and Charles Black recreation centers. Summer and fall sessions included experiences in choir, dance, murals and theater improvisation. Youth visited campus for exhibitions, concerts and lectures.

Chris Wilson Outdoor Performing Arts Center

Young, aspiring artists can attend and participate in performances at the new Chris Wilson Outdoor Performing Arts Center at Potawatomi Park.

This results from a partnership among Parks and Recreation, the Rotary Club of South Bend and the Community Foundation of St. Joseph County. This beautiful facility replaces the former band shell, has a larger stage, optimized acoustics and northern exposure, an enlarged backstage and improved, fully accessible seating area.

The South Bend Symphony performed a memorable concert in September, 2009 as part of the dedication. With support from private donors and the Community Foundation's ArtsEverywhere Initiative, this outdoor performing arts center will host an inaugural series of exciting performances during summer, 2010. The effort to improve access at Potawatomi Park received the Indiana Parks and Recreation Association 2009 Park Development Award.

State and National Awards

The Parks Award was one of several state and national awards received last year. The Indiana Parks and Recreation Association gave three other awards to the Parks and Recreation staff.

Potawatomi Zoo received the ultimate recognition in 2009 when it was reaccredited by the Association of Zoos and Aquariums. Fewer than 10 percent of zoos attain this status. With the help of the Zoological Society, and using dollars appropriated by the Council, the City made critical upgrades to the facility to meet the exacting standards of the AZA.

In 2009, the Indiana Association of Cities and Towns named South Bend as the Green Community of the Year among large cities. The presenters noted our innovative green initiatives – from heating our greenhouse with computer exhaust to saving millions with the state's largest conversion of LED traffic signals. Working with residents on our Green Ribbon Commission, South Bend will continue to lead in environmental stewardship.

In 2009, South Bend was selected as one of 30 finalists in the All-America City competition, the most respected national civic award. Our selection recognized the great partnerships in South Bend – public and private, commercial and residential, university and nonprofit – which help our innovative initiatives to succeed.

Preserving a national landmark and supporting a new use

Two years ago South Bend was named a Preserve America Community, highlighting our dedication to preserving our past while finding new uses for historic structures. Recent completion of the American Trust Place project exemplifies this commitment.

The City supported the exterior façade restoration of the 1924 building, listed on the National Register of Historic Places. Local developers built a five-story addition, creating a mixed-use complex for office, residential and commercial uses. The first residents have moved in. American Trust Place is a unique blend of the historic and modern – a symbol to our belief in quality and innovation.

Growth in the Medical Mile

Quality and innovation characterize the five respected medical institutions that joined together in 2009 to form South Bend's Medical Mile. This partnership highlights one of the Midwest's leading healthcare destinations. Promoting the quality and sophistication of care available here, this initiative will draw in more patients from a larger region, keep more patients here for care, and help recruit top level clinicians to be part of our talented and progressive medical community. This campaign will also call attention to the vitality of downtown and help us attract business to South Bend.

The founding partners have all made significant investments in their downtown facilities. Memorial Hospital opened its \$79.4-million surgical suites in 2009; augmenting the region's only Level II Trauma Center with one of the nation's most technologically advanced surgical centers.

In 2009 the South Bend Clinic also completed the largest expansion in its history, doubling the size of its campus. At the north end of the Medical Mile, construction continues on Harper Hall, which will be the home for expanded medical and cancer research initiatives by the IU School of Medicine at South Bend. The project is funded by a \$10 million private gift to the University of Notre Dame, matched by another \$10 million from the State of Indiana. Activity here will complement the research at Innovation Park.

The Medical Mile partners are dedicated to the health and well-being of our entire community. A special partnership was created in 2009 to meet needs on the west side of South Bend. With assistance from the City, St. Joseph Regional Medical Center and Memorial Hospital opened a full-service medical practice and health-education venue for community health programming. Bendix Family Physicians offers affordable healthcare in the LaSalle Square area. The City funded more than \$450,000 in needed renovations to the facility, while local foundations invested \$1.2 million to furnish and equip the facility, and to underwrite operating costs.

Passage of the 2010 City Budget

Perhaps the most difficult and critical accomplishment made in fiscal 2009 was passage of the City budget for 2010 and enacting new local income taxes to support it.

As the City prepared the budget for fiscal 2010, the City planned for the projected loss of \$18 million in property tax revenue compared to 2008. The City had already made significant cuts in 2009 to operating expenses and continued to look for more efficient ways to provide service, but were faced with the likelihood of draconian cuts to essential services and to our quality of life.

Some Indiana cities, even with smaller losses of revenue, have cut firefighters and closed fire stations. They have stopped dispatching fire trucks to nonemergency medical calls and eliminated city ambulance service. Others made deep cuts in both parks and police personnel. One eliminated leaf pickup.

South Bend faced the challenge head on and made the key spending decision to live within its own means. This year, the City has 56 fewer budgeted employees than were budgeted in 2009, part of a 15-percent reduction in the total number of employees since 2000.

The \$18 million shortfall was filled through significant general fund budget reductions (\$4 million) and the enactment of a county wide income tax increase (\$14 million).

The City continues to find and pursue cost savings through new efficiencies, collaboration and innovation, technological change, and just plain common sense. A laundry list of savings is varied and extensive, with a sampling as follows:

- Converting traffic signals to energy-saving LED lights,
- Managing our self-insurance liability program through in-house Legal staff,
- Equipping Code inspectors with handheld data devices for field reports,
- Using bicycles for inspections in warmer weather,
- Joining with the State for purchase of road salt,
- Mixing our own salt brine to get better coverage with the salt,
- Being able to pre-apply the brine before a storm on straight time rather than spreading road salt during and after the storm on overtime,
- Processing yard waste at Organic Resources,
- Using methane gas produced at the wastewater plant to reduce natural gas and electrical costs,
- Capturing waste heat from Notre Dame research computers located on site to reduce heating costs at the Conservatory,

- Establishment of a new Office of Energy intended to create energy efficiencies and cost savings within the City footprint.

The City has actively listened to residents' concerns to determine the top priorities for investing tax dollars. Through surveys, Town Hall meetings and public hearings, City Management is reminded that economic development, public safety, street upkeep and park programs are highly valued by residents.

During fiscal 2009 and into fiscal 2010, the City has several key initiatives that are poised to further positively transform the City in terms of economic and social development.

South Bend named No. 1 U.S. city for home value

The New Year began with some good news for South Bend. Barbara Corcoran, the real-estate expert on NBC-TV's Today Show, named South Bend the best city in the nation to find value, stability and rising prices in a home. Corcoran said it best – "Prices have been rising steadily for almost a full year now. Still, the median price is only half of what it is in the rest of the nation. That's an enormous difference – a lot of house for the dollars."

Serious interest by developers in two key downtown sites

Two of South Bend's most high-profile downtown development sites are the LaSalle Hotel and the former Rink Riverside Printing site across the St. Joseph River. Thus far in 2010, we have had the most promising inquiries related to these two sites in years.

At the LaSalle Hotel, major developers from Chicago and Charlottesville, Virginia, have toured the landmark site. Each has presented exciting development plans that include a mix of residential, commercial and retail space.

Regarding the Rink site, the Redevelopment Commission approved a plan in 2010 for new condominiums on the site. The plan comes from a local developer, who has another successful project in the area. He already has purchase commitments for some of the planned units.

These interactions with developers indicate the spring thaw to challenging economic times may be arriving soon.

Major construction projects planned or under way

Another sure sign of economic activity is the number of major construction projects either under way or planned for the coming year. A shortlist of the key projects includes:

Transpo's new facility (South Bend Regional Public Transportation Authority)

The first facility now under way in Ignition Park is a sign of good things to come. Transpo is building the nation's first LEED Platinum-certified transit facility on Ignition Park's southeast edge. Their construction was delayed by more than a year as the City and Transpo studied the best location for their administrative, maintenance and operations facility. Transpo's commitment to what's best for the community enabled us to find a place that preserved Ignition Park's "sweet spot" ideally suited for nanoelectronics equipment. Transpo's new facility will pave the way for the introduction of alternatively-fueled buses, beginning in 2011.

The Salvation Army's new Kroc Community Center

With key gifts received in 2009, the St. Joseph County Salvation Army broke ground in May, 2010 on its Ray and Joan Kroc Corps Community Center. Located at Western Avenue and Chapin Street, this facility is comparable in size to Century Center. It will feature an indoor water park, climbing wall, recording studio and athletics facility along with centers for performing arts, fitness, family care and teens. With the Salvation Army's credibility and its partnership with other local institutions, the Kroc Center will bring

critical programs to serve those most in need. It is centered in a neighborhood where one-fourth of residents live in poverty. But it also brings something more. This represents an infusion of \$50 million of outside resources into South Bend, matched by local contributions of \$10 million. The Kroc Center will have a direct economic impact of \$23 million in construction costs, jobs and other spending. This will be a key anchor on the western edge of downtown and a social-service counterpart to Ignition Park. There are only 30 Kroc Centers planned nationwide, and the South Bend Kroc Center is the only one in Indiana. This was recognized by the State Legislature which provided \$2 million in economic-development assistance. In these challenging times, it is a testimony to the community and the campaign's leaders that the South Bend project is moving ahead.

WNIT Center for Public Media

WNIT Television, our region's PBS station, is moving from Elkhart to downtown South Bend during 2010. Construction work is nearing completion on the new Center for Public Media in the former WSBT facility at Jefferson and Lafayette boulevards. This will create new excitement with a public atrium and video-screen façade. It's wonderful to have a television station that is investing in so many ways to strengthen the quality of life of the greater South Bend area. We're already in conversation about partnerships that will take advantage of emerging media technology to benefit the public in new ways.

A new Animal Care and Control facility

Each year, the City's Animal Care and Control unit manage more than 4,000 animals. They do so in a century-old former fire station that is extremely limited in space. In 2007, the City developed plans to renovate and expand a City facility near Kennedy Park on Eclipse Place as a new home. The City will use Tax Increment Financing revenue to support the development of this facility in 2010. This represents an example of our increasing attempt to ensure that TIF revenue helps accomplish key General Fund objectives as it simultaneously supports economic development. At the same time, our park staff will proceed with plans to develop an adjacent dog park, the first in the city.

New tenants at Innovation Park

Four promising companies already call Innovation Park home. They value the tech park's support in the rapid commercialization of their technologies and businesses. For those of us on the outside, they also illustrate four ways in which new ventures come to Innovation Park:

- Two professors see strong commercial potential in more than a decade of research drawing on patents obtained through Notre Dame. They are addressing data bottlenecks with enhanced memory utilization hardware and software through a startup known as Emu Solutions.
- Altapure, a Wisconsin-based company with production facilities in Elkhart County Indiana, provides patented high-level sterilization and disinfection technology for health-care and food-processing facilities. They came to Innovation Park to use lab space 24/7 near their production facility to enhance and optimize their product.
- A Notre Dame MBA student is seeking to commercialize technology that uses solar energy to power portable devices like PDAs and cell phones. As co-founder of Unlimited Juice, CEO Landon Spitalnik chose Notre Dame because of the resources Innovation Park offered.
- Finally, a Notre Dame graduate and investor is the founder of the fourth tenant, Graham Allen Partners, a private holding company established to make investments in early-stage, high-growth businesses that locate in Innovation Park.

As a state-certified tech park, Innovation Park is helping companies take appropriate steps to successfully enter the marketplace. In the year to come, we will learn of other new companies and follow Innovation Park's growth as it refines and enhances its capability to deliver exceptional client service and support for its current and future portfolio of clients.

Higher education's impact on our local economy

As previously discussed, the presence of the higher education institutions is a primary economic driver in the region. The following information will highlight several ways in which these institutions impact the local economy.

Ivy Tech growth

As South Bend seeks to power a new economy, the workforce needs the tools to be part of that economy. City Economic Development staff have worked with Ivy Tech Community College to help expand the school's campus along Sample Street. The City's Redevelopment Commission is acquiring key properties, which are being donated to the college. City staff is helping to relocate displaced businesses. Thus far in 2010, the City moved forward with a plan to relocate the Habitat for Humanity Re-Store to the former Kroger Store at Ewing Avenue and Main Street. We also are in conversations with other Sample Street property owners.

Brown Mackie College

Brown Mackie, meanwhile, has moved to a new – and significantly larger – location on nine acres off Douglas Road in South Bend. The new building covers 46,000 square feet and includes six computer labs, more multimedia classrooms, a bigger library and a modern veterinary technology training facility. To accommodate future growth, it also has room to expand. Brown Mackie's enrollment now stands at nearly 1,100 students.

Notre Dame's clean room

Among Notre Dame's on-campus construction, a notable project is the \$70-million, 142,000-square-foot Stinson-Remick Engineering building on Notre Dame Avenue. It includes an 11,800-square-foot clean room and Nanofabrication Facility, the first in the region and a strong magnet for commercial enterprises. Designed for impact and sustainability, the building also houses Notre Dame's new Energy Center.

Major road and sewer projects funded by the federal stimulus

New, private construction jobs will be created in 2010 through the dollars coming to South Bend from the federal government's American Recovery and Reinvestment Act of 2009.

In the Public Works arena alone, the City is receiving more than \$9.3 million of stimulus, about one-third of that total in the form of low-interest loans that will far expand our capacity to improve our infrastructure. Nearly half of the stimulus finds, \$4.6 million, will support wastewater projects, including the full deployment of CSOnet and green solutions to reducing flooding and basement backups. Another \$800,000 will support water projects like replacement of the roof on our North Station reservoir and elements of our master plan to create a pressure zone for water distribution on the south side.

The most visible share, about one-third of these receipts, features \$2.8 million in road funds distributed by formula through the Michiana Council of Area Governments, is available to spend on projects during 2010. More than nine miles of road resurfacing will impact major arteries, including significant segments of Lincolnway West, Main Street, Portage Avenue and Ireland Road. Three intersections – Angela and North Shore, Sample and Mayflower, and Ewing and Fellows – will also receive new traffic signals.

Implementation of our Energy Efficiency and Conservation Strategy

More than \$1 million in stimulus funding will enable us to implement top priorities in our city's Energy Efficiency and Conservation Strategy. After significant analysis, our Green Ribbon Commission has recommended three key projects:

- First, the City will conduct energy audits of municipal buildings. The goal is to achieve a minimum of a 10 percent reduction in energy consumption. Even that minimum level of

achievement could save the City more than \$950,000 annually. That's not just small change. That's the equivalent of the Potawatomi Zoo's annual revenue.

- Second, the City will study the busiest South Bend intersections and optimize traffic signals for those with the most congestion. This reduces engine idling and cuts both fuel consumption and carbon-dioxide emissions. Over the next two years, we will post recommended speeds to let drivers know the optimum speed to continue through all green lights. We expect city drivers to save more than 1.2 million gallons of gas with a corresponding reduction in greenhouse-gas emissions. At the same time, we will optimize routes for City fleets, including street-sweeping, snow-plowing and trash collection. We anticipate decreasing CO2 output by 5 percent.

- Third, the City will study the feasibility of generating hydroelectric power with a new facility at the South Bend dam near Century Center. The St. Joseph River powered this City's industrial growth. There's no reason we can't tap into its energy-producing capacity today. The 1.8-megawatt energy generator would offset the equivalent of more than 10 million kilowatt hours per year of carbon emissions. It has a tremendous potential for renewable, clean-energy benefits over its 40-year service life. That illustrates South Bend's commitment to green solutions. While that study's under way, we will install a 50-kilowatt generator already in the City's possession.

University partnerships for community development

The City's investment into the rehabilitation of the former Engman Natatorium into the Indiana University South Bend Civil Rights Heritage Center is more than simply another construction project. Opened in 1922 and established with tax dollars, the Natatorium was used exclusively by whites. In 1937, African-Americans gained access to the pool one day per week, after which it was drained and refilled before whites used it again. There is no more notorious icon of northern racist injustice in our community. But this artifact of a shameful past is becoming a cornerstone of our city's future hope and opportunity. From its place on West Washington Street, the former Natatorium will become a human-rights hallmark on our "Museum Row." Where waters of affliction once welled up from a pool, a tranquil Peace Garden will inspire reflection. Where children once were barred from activities, they will find a gateway to new learning. Where dialogue once broke down, people will sit and reason together. The stories will connect us, through mystic cords of memory, to the great cloud of witnesses who marched before us. In 2009, IU South Bend and the South Bend Heritage Foundation received a Human Rights Awareness Award for this project. When the Center has its grand opening May 23, it will proclaim that – as a city – we shall overcome. Yes we can.

Just across Washington Street, the expansion of our city's arts and culture will continue. Vacant since 2003, the former Hansel Center will be renovated in 2010 to become the University of Notre Dame's new Center for Arts and Culture and home to the Institute for Latino Studies. Several visual arts programs will find their home in the center, including a fine arts print studio, a visiting artist residency program, gallery space, and artist studio space for visiting artists, faculty, and students. Like the Natatorium partnership, the South Bend Heritage Foundation will oversee construction here, too.

City's bond rating is up, construction costs are down

Despite the economic crisis and the way in which other cities have experienced diminished bonding capacity, the bond rating for the City of South Bend has improved. The City completed in early 2010 a refinancing of a 2001 issued bond on the Street Department garage. That led Standard & Poor's to upgrade the City's bond rating from A+ to AA-. This objective rating increase demonstrates the City's financial stability and creditworthiness. Our expanded bonding capacity helps us secure better interest rates on projects. In the same way, the highly competitive market for jobs has resulted in more favorable bids on construction projects. This is making City tax dollars go further.

City of South Bend, Indiana
2009 Comprehensive Annual Financial Report
Letter of Transmittal
Attachment 3

Financial / Budgetary / Property Tax Controls

The City's Management Team is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal and state financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs.

This internal control structure is subject to periodic evaluation by management of the City. As part of the City's single audit described earlier, tests are performed to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

The results of the City's single audit for the year ended December 31, 2009 disclosed no instances of significant material weaknesses in the internal control structure and no significant violations of applicable laws and regulations.

Budgetary Controls

In accordance with Indiana statutes, the City maintains budgetary controls integrated within the accounting system.

The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget (prepared on a cash basis) which is adopted by the City of South Bend Common Council and then reviewed and approved by the State of Indiana Department of Local Government and Finance ("DLGF").

Activities of the general fund, certain special revenue and capital projects funds, and debt service funds are included in the annual budget. The level of budgetary control, that is, the level at which expenditures cannot legally exceed the appropriated amount, is established by major budget classification within funds. The City Common Council may transfer appropriations from one major budget classification to another within a department by ordinance as long as the total appropriations for that department are not exceeded. Appropriations in excess of the original budget must be submitted to and approved by the State of Indiana Department of Local Government and Finance after these appropriations have been approved by the City Common Council.

Beginning with the 2010 budget year, the City is required to submit the budget to the St. Joseph County Council for a non-binding review and recommendation.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts do not lapse at year end and are carried over to the following year as a part of the subsequent year's budget.

Property Tax Controls

In addition to budgetary and other controls established by Indiana statute, the City must operate within specific and rigid controls governing the amount of property tax it may levy.

The property tax control program, which began in 1973, limits the amount of property tax that may be levied by each unit of government in its legally budgeted funds.

The total amount of property tax levied by the unit may increase by the six year average annual growth in Indiana personal non-farm income, as calculated by the U.S. Bureau of Economic Analysis, with a 6% maximum. In addition, if a unit determines that it cannot maintain basic governmental services for its residents within the property tax "freeze," it may appeal to the State Local Government Tax Control Board for an "excess levy" in certain specific instances. As a part of the property tax control program, the state transfers an amount generally equal to 20% of the total property tax levy (except for debt service levies as described below) to the County Auditor to be distributed to each taxing unit as a replacement for 20% of the property taxes levied. This "property tax replacement" is funded through the state sales tax. These property tax provisions have been repealed beginning in 2009.

The levy for Debt Service funds is controlled via a review and approval process by the Government Tax Control Board (with a subsequent review and approval by the Department of Local Government and Finance) for each issuance of general obligation indebtedness (or lease-purchase) entered into by a taxing unit. In addition, all indebtedness incurred after 1983 no longer receives the 20% state property tax replacement funds mentioned above.

In 2008, the State of Indiana General Assembly enacted property tax reform legislation which made significant changes in the property tax system by capping the amount of property taxes at 1% of grossed assessed value for residential homesteads, 2% for agricultural/rental properties and 3% for all other real and personal property.

This legislation is being phased in over a two year period which began in 2009. The loss of revenue to the City due to this legislation is significant. The General Fund lost an estimated \$9 million of revenue in fiscal 2009 and is projected to lose \$18 million in fiscal 2010. The \$18 million shortfall was filled through significant general fund budget reductions (\$4 million) and the enactment of a county wide income tax increase (\$14 million).

The City of South Bend has responded to this revenue loss with operating cost reduction through proactive management of offered services, cost improvement and efficiency related initiatives throughout city operations, and the continuance of a conservative fiscal behavior implemented under the guidance of the current City Administration and Mayor Stephen J. Luecke.

A historical presentation of the City tax rate and net assessed valuation is included in the statistical section of this CAFR report.

**City of South Bend, Indiana
2009 Comprehensive Annual Financial Report
Letter of Transmittal
Attachment 4**

City Vision, Goals & Objectives

Current & Future Vision for the City of South Bend

South Bend is a vibrant, caring city. Residents and government celebrate our diversity and vitality. Together, we nurture our educational, social, cultural, natural, human, and economic resources.

- Our City Government dedicates itself to civic engagement with open, effective dialogue among citizens and governing bodies.
- We enjoy a high quality of life enriched through our achievements of ethnic and racial harmony, volunteerism, philanthropy, and just and equal access to economic and social opportunities.
- We are a center of learning. Our excellent schools and world-class institutions of higher education, engaged with the community, prepare our youth to compete in the 21st century.
- We are a community that fosters entrepreneurship, and attracts and retains competitive businesses by continually investing in our work force and technology.
- We are a city of safe and unique neighborhoods with diverse housing choices. We have built an environment that embraces our historic heritage while facilitating progressive design and land use, utilizing modern infrastructure.
- We have a dynamic downtown that is a hub for housing, commerce and government, and a regional destination for culture, arts, and entertainment.
- We have an excellent transportation system that offers alternative modes of transport, provides accessibility throughout the community, values pedestrians, and is integrated locally and regionally.
- We are proud stewards of the natural environment, preserving the St. Joseph River as a valuable resource and cherishing our parks and plentiful green spaces.

Goals and Objectives

South Bend has **eight broad goals** that focus on the following areas: economy, safety, quality of life, trust, responsiveness, infrastructure, finance and workforce.

1 The Community's Economy

Improve South Bend's economy to ensure a vigorous local business climate; ample employment, business and investment opportunities for all our customers; and a tax base that is sufficient to meet the needs of the City, its residents and other customers.

2 The Community's Public Safety and Civility

Improve South Bend's public safety and civility to ensure that every resident and other customers can live, work, play, run a business and raise a family in a humane, pleasant and safe environment; have adequate, affordable and timely access to all forms of emergency services; and can contribute and participate in a community where people of different backgrounds live in mutual respect and harmony.

3 The Community's Quality of Life

Improve South Bend's quality of life to ensure that every resident and every family can earn an adequate income; secure adequate housing; live in a safe, pleasant and humane neighborhood; enjoy a wide range of social, cultural and recreational opportunities; and have access to quality educational and medical services within an excellent natural and manmade environment.

4 Trust in City Government

Improve residents' trust in City government to ensure that South Bend has a broad base of consensus and support on which to build the future, a strong foundation for collaborative action and community partnerships; and an increase in resident and customer participation in the daily public life of the community.

5 The City's Responsiveness, Efficiency, and Effectiveness

Improve the responsiveness, efficiency, and effectiveness of City government to ensure that the City's customers get the value they expect and deserve.

6 The City's Infrastructure

Improve the City's infrastructure to ensure that South Bend can support physical growth and economic development; and offer an excellent quality of life to all of its residents and other customers.

7 The City's Financial Condition

Improve the financial condition of City government to ensure that South Bend has the financial resources necessary to achieve all of its goals during the next five years.

8 The City's Workforce

Improve the City government's existing workforce, work environment and human development systems to ensure that South Bend has the human resources necessary to achieve all its goals during the next five years.

Department & Unit Purpose Statements

The City provides service to customers through thirteen (13) administrative departments. These departments have varying purpose and are designed to support the citywide vision, goals & objectives.

Mayor's Office Leading the community to become a model city through formulating policy, directing operations and responding to customer concerns.

Common Council Making certain that our City government is always responsive to the needs of our residents and that the betterment of South Bend is always our highest priority.

City Clerk's Office Preserving all City Ordinances and Council meeting minutes for generations yet to be, and providing fair and consistent treatment of our Ordinance Violations Bureau customers.

Administration & Finance

Provide financial and organizational stability for the City through sound financial and human resources management while ensuring the existence of a safe work environment, quality employee benefits and equal treatment for all City employees.

Legal Department

Providing superior, professional and ethical legal services for our client, the City of South Bend.

Police Department

Protecting the life, property and personal liberties of all individuals; improving the overall quality of life by deterring criminal activity and respecting cultural diversity; delivering fair and impartial law enforcement services to all residents.

Fire Department

Providing the highest level of Fire and Emergency Medical Services possible to all of our customers, saving lives and property, and striving to become a model Fire Department for other cities in an efficient and cost-effective manner.

Code Enforcement

Maintaining and improving the physical quality of life in our neighborhoods.

Parks & Recreation

Offering all residents and guests of South Bend the highest quality of recreational and leisure activities, while providing well-managed parks and recreational facilities with updated programming and friendly productive service.

Community & Economic Development

Creating and expanding opportunities through partnerships in neighborhood revitalization, commercial and industrial development and community enhancement.

Public Works

Providing leadership in the development and delivery of engineering, fleet, transportation, sanitation, wastewater, water and other services as called upon by our customers.

Building Department

Serving our customers by inspecting, informing and ensuring a safe place to work, play and live.

Morris Performing Arts Center & Palais Royale

Provide a state-of-the-art facility with excellent services to customers while generating maximum economic benefit to our community.

Building South Bend

"We're Building South Bend", has been a continuous theme of the present administration of Mayor Stephen Luecke's for the past several years and continues as such as the City moves forward into 2010 and beyond.

- **We're Building Neighborhoods** - Mayor Luecke and the City's elected officials continued their strong commitment to neighborhoods. The City will make a significant investment to fund or leverage state and federal funding for housing assistance, development and home ownership programs, neighborhood public works and parks, neighborhood development for social services and organizations, and public safety initiatives. Committing these resources will help us maintain, improve and support strong neighborhood development.
- **We're Building a Safe City** - Public safety is the foundation of all the City's efforts to build South Bend. Through the targeted and creative use of available resources, the City is working to provide quality police, fire and ambulance services for the community. The crime rate has decreased in

several significant categories over the past year. South Bend has 2.4 police officers and 2.3 firefighters per thousand residents. These ratios are among the highest in the state and well above the national average. We believe that these extra officers are important for officer safety and community safety. The City's Fire Departments is rated one of the best in the State. The Mayor's top initiatives will focus on regional policing, providing in-car cameras for all patrol cars and placing more emphasis on training and recruitment for the Police and Fire Departments.

- ***We're Building an Attractive City*** - We are working to enhance the natural and man-made beauty of our city through effective City programs. For the ninth year in a row we were named a Tree City USA. The Building Block Grant Program helps residents spruce up their neighborhoods, and aggressive Code Enforcement will continue to address deteriorated and nuisance properties. The City has initiated a new procedure to register and monitor vacant and abandoned buildings. The City is funding major programs to renovate the former Studebaker Corridor area and other parts of the City.
- ***We're Building Opportunity*** - A key issue for any city is education and opportunity for young people. The City is committed to keeping schools open in our neighborhoods and to maximizing their use by the community. We are building partnerships that will create new strategies for enhancing our formal education system. Working together with families, student groups, school officials, neighborhoods, the faith community and civic organizations, we can support our local schools and improve the level of individual student performance.
- ***We're Building a Strong Economy*** - Local government plays a key role in economic development. By providing adequate infrastructure and offering targeted assistance, the City can stimulate private investment, creating business opportunities and jobs. The City's policies encourage new start-up businesses, strengthen existing business, attract new jobs, increase assessed value and emphasize direct investment in hard-to-develop areas. Efforts have been and will continue to focus on implementing the comprehensive plans for the areas around Coveleski Stadium and the East Bank. The City has many new economic development projects in progress including Eddy Street Commons, a \$220 million dollar mixed-use development south of Notre Dame, with two hotels, more than 20 stores and restaurants, office space and hundreds of town homes, apartments and condominiums. In addition, the City is taking the lead in creating Indiana's first dual state-certified technology park site known as Innovation Park and Ignition Park.

**City of South Bend, Indiana
2009 Comprehensive Annual Financial Report
Letter of Transmittal
Attachment 5**

Other Information

Independent Audit

In accordance with state statutes, the City is required to be audited annually by the Indiana State Board of Accounts, an agency of the State of Indiana.

In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133.

The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section (section II) of this report.

For each of the past twenty (20) years consecutively, including the year ending December 31, 2009, the City of South Bend has received an unqualified audit opinion from the independent auditors.

The auditors' reports related specifically to the single audit required by the Single Audit Act of 1984, is included in a separately filed report included in section VIII of this CAFR report.

Awards

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 South Bend for its comprehensive annual financial report for the fiscal year ended December 31, 2008.

This was the nineteenth (19th) consecutive year that the City of South Bend has achieved this prestigious award.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government unit 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 South Bend believes that the current comprehensive annual financial report, contained herewith, continues to meet the GFOA Certificate of Achievement Program requirements, and thus, the City of South Bend will submit this CAFR report to the GFOA for consideration.

City of South Bend, Indiana
2009 Comprehensive Annual Financial Report
Letter of Transmittal
Attachment 6

Acknowledgments

The preparation of this comprehensive annual financial report, for the City of South Bend, was made possible by the dedicated service of the City's departmental fiscal officers and the staff of the Department of Administration and Finance.

All contributing members of the City of South Bend receive our sincere appreciation for their contribution in the preparation of this report. In addition, we would like to thank the Field Examiners of the Indiana State Board of Accounts, led by Doug Wiese and Bruce Snyder, for their hard work and dedication in this effort.

Finally, without the leadership and support of Mayor Stephen J. Luecke, City Department Heads, and the members of the City of South Bend Common Council, preparation of this report would not have been possible.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Bend
Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

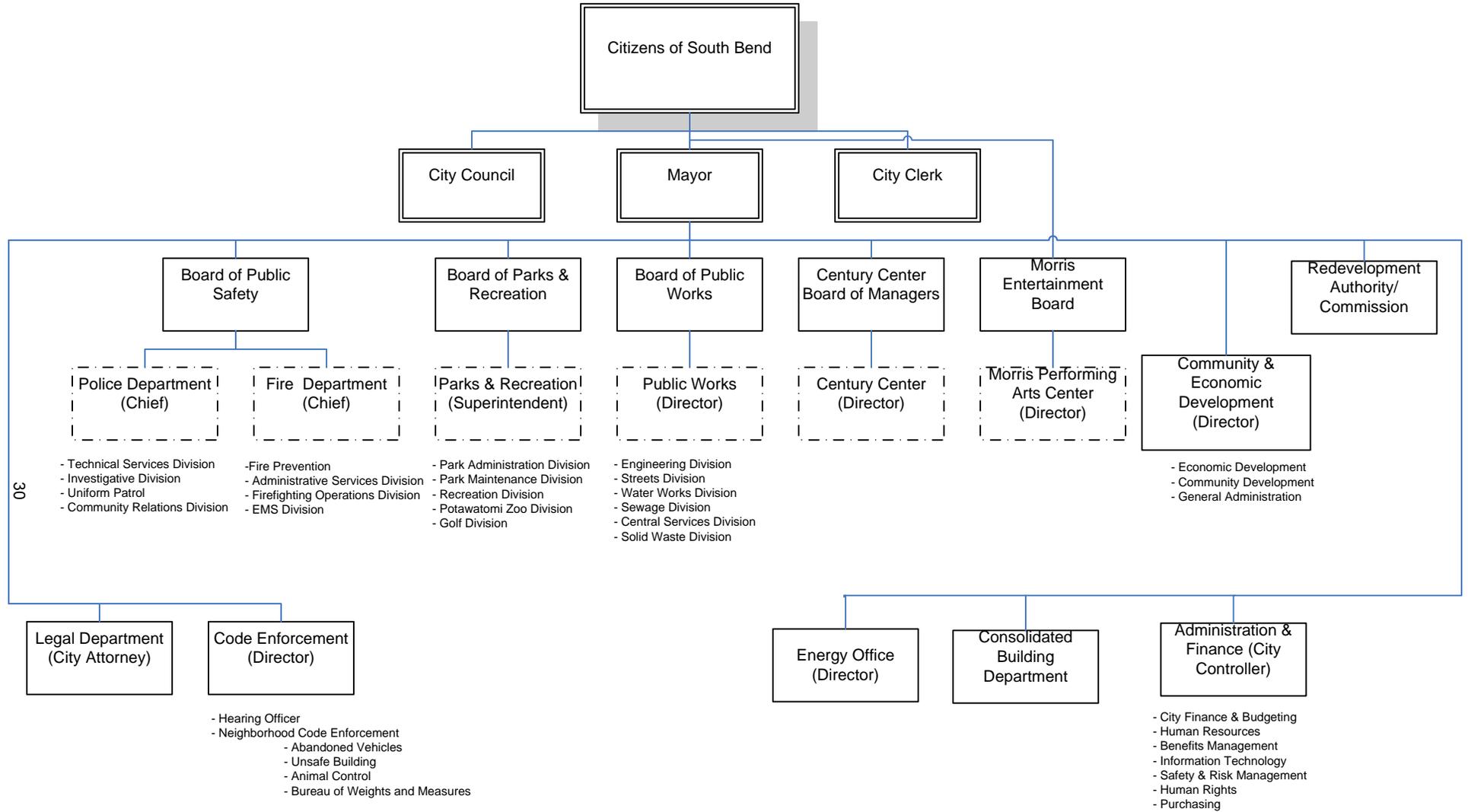
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



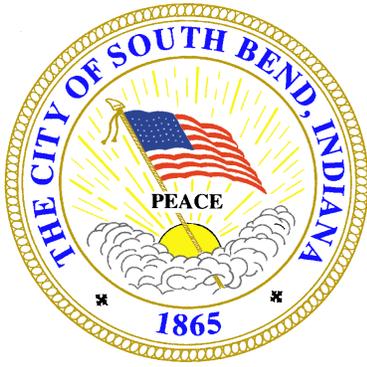
President

Executive Director

City of South Bend, Indiana Organizational Chart



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II Financial Section



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Bend (City), as of and for the year ended December 31, 2009, which collectively comprise the City's primary government basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the respective financial statements referred to above present fairly, in all material respects, 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities and Budgetary Comparison Schedules (General and Major Special Revenue funds), as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining fund financial statements, other budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and other budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued our report June 7, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

STATE BOARD OF ACCOUNTS

June 7, 2010

Management Discussion & Analysis

The Management of the City of South Bend ("City") provides herewith, this Management Discussion & Analysis ("MD&A") of the financial activities and condition of the City of South Bend for the fiscal year ended December 31, 2009.

Readers of the information contained within this Management Discussion & Analysis, and any opinion derived therein, should be considered as a part of the greater whole of the financial statements, notes to the financial statements, supplemental information and letter of transmittal, as contained within this Comprehensive Annual Financial Report ("CAFR").

The City of South Bend is the county seat of St. Joseph County, Indiana, and is the fourth largest city in the State of Indiana. St. Joseph County is located within the heartland of the manufacturing and metropolitan regions of the Upper Midwest. The City of South Bend is located in the north central region of the State of Indiana, ten (10) miles south of the Indiana / Michigan State boundary line. The City is approximately ninety (90) miles east of the city of Chicago and one hundred forty (140) miles north of the city of Indianapolis.

The year 2000 U.S. Bureau of the Census population for the City of South Bend was reported as 107,789, whereas the year 2000 Census population for St. Joseph County was reported as 265,559. Accordingly, South Bend is classified as a "City of Second Class" under State of Indiana statutes, defined as cities with a population between 35,000 and 250,000 inhabitants.

South Bend and St. Joseph County is a vibrant and diverse area with a strong local economy based on a mix of agricultural, manufacturing and service, higher education and other commercial and tourism based industries. The diverse economic mix creates varied employment opportunities for residents while providing insulation via diversification from economic downturns.

The City of South Bend provides a full range of general governmental services to citizens. Services include general government, public safety, street construction and maintenance, infrastructure construction and maintenance, parks & recreation services, arts & culture, and sanitation services. In addition, the City provides Water Utility and Wastewater Utility services to commercial and residential properties within the city. City operations also include the Century Center Convention venue, College Football Hall of Fame, Studebaker Museum, South Bend Redevelopment Authority and Public Parking Garages within the city footprint.

The City of South Bend governmental structure includes elected officials as follows with defined management and legislative authority in compliance with Indiana Statute.

Mayor	Chief Executive Officer	4 year term
Common Council	9 member legislative body 6 from defined districts within the City 3 at large members	4 year term
City Clerk		4 year term

All elected official current terms of office expire on December 31, 2011.

The City of South Bend was incorporated in 1865, compliant to Indiana Statute, and remains as such through the period covered by this Management Discussion & Analysis report.

Management Discussion & Analysis

Financial Highlights

\$ (whole)	Governmental Activities		Business type Activities		Government wide Activities	
	2009	2008	2009	2008	2009	2008
Total Assets	507,888,421	489,055,074	238,665,723	232,442,871	746,554,144	721,497,945
Total Liabilities	173,860,763	181,612,151	92,385,603	89,897,085	266,246,366	271,509,236
Net assets						
Capital net of debt	178,483,535	178,178,047	119,607,643	124,705,327	298,091,178	302,883,374
Restricted	12,825,227	11,077,687	14,075,339	8,630,542	26,900,566	19,708,229
Unrestricted	142,718,896	118,187,189	12,597,138	9,209,917	155,316,034	127,397,106
Total net assets	334,027,658	307,442,923	146,280,120	142,545,786	480,307,778	449,988,709
Change vs. pr. year	26,584,735	(635,094)	3,734,334	3,784,493	30,319,069	3,149,399
Expenses	104,113,362	135,039,863	51,623,898	48,780,128	155,737,260	183,819,991
Revenues	131,344,089	129,907,585	54,712,240	52,599,591	186,056,329	182,507,176

- Government wide net assets (total assets less total liabilities) as of December 31, 2009 are \$480,307,778.
- Government wide net assets increased by \$30,319,069 or 6.7% during fiscal 2009. Governmental activity net assets increased by \$26,584,735 or 8.6% whereas business activity net assets increased by \$3,734,334 or 2.6% during fiscal 2009.
- Total assets as of December 31, 2009 of \$746,554,144 increased \$25,056,199 or 3.4% as compared to total assets as of December 31, 2008.
- Total liabilities as of December 31, 2009 of \$266,246,366, declined by \$5,262,870 or 1.9% as compared to total liabilities as of December 31, 2008.
- Government wide net assets of \$298,091,178, are invested in capital assets net of debt and are therefore, not available for spending. \$155,316,034 is classified as unrestricted net assets and may be used to meet ongoing obligations to creditors. \$26,900,566 is classified as restricted for debt service and capital outlay.
- The cost of government wide programs in 2009 was \$155,737,260, a decrease of \$28,082,731 or 15% from program expense of \$183,819,991 in 2008. City government wide expenses have continued to decline as a result of effective management practices targeted to operating efficiency improvements, cost containment and rationalization of required costs and services.
- Government wide revenue achieved in fiscal 2009 amounted to \$186,056,329, an increase of \$3,549,153 or 1.9% versus revenue achieved in fiscal 2008. Business activity revenue increased \$2,112,649 or 4.0%. Governmental activity revenue increased \$1,436,504 or 1.1%.

Management Discussion & Analysis

Overview of the Financial Statements

The City of South Bend's financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements themselves.

Government wide financial statements

The government wide financial statements are designed to provide readers with a broad overview of the City of South Bend's finances using "accrual based accounting," a method of accounting used by private-sector businesses.

- **Statement of net assets**

This statement reports all assets and liabilities of the City of South Bend as of December 31, 2009. The difference between total assets and total liabilities is reported as "net assets," and can generally be thought of as the net worth of the City. Increases in net assets generally indicate an improvement in financial position while decreases in net assets may indicate a deterioration of financial position.

- **Statement of activities**

This statement serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the City of South Bend for the year ended December 31, 2009. Changes in net assets are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The statement of activities displays the expense of the City's various programs net of the related revenues, as well as a separate presentation of revenue available for general purposes including property and county option income taxes, fees for services and other revenue sources.

The government wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The major governmental activities of the City of South Bend include general government, public safety, street construction and maintenance, infrastructure construction and maintenance, parks & recreation services, and arts & culture. The major business-type activities of the City include the water utility, wastewater utility, solid waste sanitation services, Century Center convention center, and Blackthorn golf course operations.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 South Bend can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the government wide financial statements. However, unlike government wide financial statements, governmental fund financial statements focus on short-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 short-term financing requirements. Governmental funds use modified accrual accounting method. The City maintains

Management Discussion & Analysis

four major governmental funds (General, Parks and Recreation, TIF Airport, County Option Income Tax) and 68 non-major governmental funds.

Proprietary funds

The City of South Bend maintains two types of proprietary funds: enterprise and internal service.

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains seven enterprise funds. Information is presented separately in the proprietary statement of net assets and the proprietary statement of revenues, expense and changes in fund net assets for the Water Utility, Wastewater Utility and Century Center, which are considered major enterprise funds. Data from the other four non-major enterprise funds (Consolidated St. Joseph County/South Bend Building Department, Parking Garage, Solid Waste and Blackthorn Golf Course) are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.
- **Internal service funds** are used to accumulate and allocate costs internally among the City's various functions and funds. The City maintains four internal service funds. The City of South Bend uses internal service funds to account for its self-funded liability insurance program, self-funded employee health benefits program, police take home vehicle program and central services unit (a department that accounts for expenses related to fuel, vehicle repairs, printing and other services provided to City departments on a cost-reimbursement basis). Because these services predominantly benefit governmental rather than business type functions, they have been included within governmental activities in the government wide financial statements but are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government wide financial statement because the resources of those funds are not available to support City programs. The City maintains four fiduciary funds, which consist of two pension trust funds (1925 Police Pension and 1937 Firefighter's Pension), one agency fund (Payroll) and one private-purpose trust fund (Cemetery).

Pension Trust Fund Operations

City employees are covered by the Public Employees Retirement Fund ("PERF") and the 1977 Police Officers' and Firefighters' Pension Fund, both of which are 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 Officer's Pension Fund or the 1937 Firefighters' Pension Fund. These two funds are administered by the City. The number of police officers and firefighters in the City-managed pension trust funds will continue to decline in the future as current participant's demise.

The 1925 and 1937 Pension plans are funded through a combination of property taxes levied by the City, distributions from the State of Indiana Pension Relief Fund, operating transfers and other minor sources of revenue. As a result of the State statutes that created these funds, the City is legally obligated to fund these obligations on a "pay-as-you-go" basis.

Effective in fiscal 2009, due to the passage of State legislation, funding responsibility for the 1925 and 1937 Police and Firefighter's Pension Funds was assumed by the State of Indiana. These

Management Discussion & Analysis

funds will no longer receive property tax revenue distributions beyond 2009. The transfer of pension responsibility to the State of Indiana is on a reimbursement basis and will not provide additional revenue to the City for use in other property tax funded areas. The administration of the pension plans will remain with the City.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential in order to have 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 note & disclosures, this CAFR report presents supplementary information. The combining statements referred to earlier in connection with non-major governmental, enterprise, internal service and fiduciary funds are presented immediately after the basic financial statements within the financial statement section of the CAFR report.

Government wide financial statements

The following financial analysis will focus on the statement of net assets and statement of changes in net assets of the City's governmental and business type activities.

Statement of Net Assets

	Statement of Net Assets					
	Governmental Activities		Business type Activities		Government wide Activities	
\$ (whole)	2009	2008	2009	2008	2009	2008
Assets						
Current & other	225,759,205	236,098,051	50,108,087	52,044,370	275,867,292	288,142,421
Capital assets (net)	282,129,216	252,957,023	188,557,636	180,398,501	470,686,852	433,355,524
Total Assets	507,888,421	489,055,074	238,665,723	232,442,871	746,554,144	721,497,945
Liabilities						
Long term	147,932,633	154,933,728	79,246,038	79,405,969	227,178,671	234,339,697
Other	25,928,130	26,678,423	13,139,565	10,491,116	39,067,695	37,169,539
Total Liabilities	173,860,763	181,612,151	92,385,603	89,897,085	266,246,366	271,509,236
Net assets						
Capital net of debt	178,483,535	178,178,047	119,607,643	124,705,327	298,091,178	302,883,374
Restricted	12,825,227	11,077,687	14,075,339	8,630,542	26,900,566	19,708,229
Unrestricted	142,718,896	118,187,189	12,597,138	9,209,917	155,316,034	127,397,106
Total net assets	334,027,658	307,442,923	146,280,120	142,545,786	480,307,778	449,988,709

Management Discussion & Analysis

Statement of Net Assets (continued)

As of December 31, 2009, City assets exceeded liabilities by \$480,307,778, an increase of \$30,319,069 from the net asset level as of December 31, 2008.

Governmental net assets of \$334,027,658 increased by \$26,584,735 versus the level at December 31, 2008, an increase of 8.6%. Business net assets of \$146,280,120 increased by \$3,734,334 versus the level at December 31, 2008, an increase of 2.6%.

Improvement in the net asset position of the City should be viewed as a favorable development indicative of the conservative and responsible fiscal management policy maintained and followed by City Management, especially in light of the revenue constraints due to state enacted property tax reform and soft economic conditions experienced in fiscal 2009.

Total assets increased \$25,056,199 or 3.5% as compared to the asset level as of December 31, 2008. The increase in assets is largely attributed to an increase in capital assets net of depreciation offset by a decrease in current and other assets.

The increase in capital assets from the level as of December 31, 2008 of \$37,331,328 is the result of several major capital construction projects in process during the period. These projects include the Eddy Street Commons development, Edison Park sewer separation project, and several street and intersection road improvement projects. Construction on these projects commenced in 2009 and are in construction in progress as of December 31, 2009.

Current and other assets decreased \$12,275,129 as compared to the level as of December 31, 2008. Cash & cash equivalents and investments increased \$22,457,759 and \$5,287,916, respectively as compared to December 31, 2008.

The increase in cash and investments can be attributed to improvements in cash flow, due primarily to a resumption of property tax receivable and collection occurring in the same fiscal year. This likewise resulted in a reduction in tax accounts receivable of \$39,650,863 at December 31, 2009 as compared to the receivable as of December 31, 2008.

Total liabilities decreased \$5,262,870 or 1.9% as compared to the liability level as of December 31, 2008. The decrease in liabilities is largely attributed to a reduction in trade payables, and debt obligation payables as of year end.

Government wide net assets of \$298,091,178, are invested in capital assets net of debt and are therefore, not available for spending. \$155,316,034 is classified as unrestricted net assets and may be used to meet ongoing obligations to creditors. \$26,900,566 is classified as restricted for debt service and capital outlay.

Capital net assets of \$298,091,178, represents a reduction of \$4,792,196 from the level as of December 31, 2008.

Restricted net assets increased \$7,192,337 as compared to the level as of December 31, 2008.

Unrestricted net assets increased \$27,918,928 as compared the level as of December 31, 2008.

Management Discussion & Analysis

Statement of Changes in Net Assets

\$ (whole)	Governmental Activities		Business type Activities		Government wide Activities	
	2009	2008	2009	2008	2009	2008
Revenue						
Program Revenue						
Charge for services	17,309,159	17,620,196	50,402,468	49,875,924	67,711,627	67,496,120
Operating grants	12,199,444	11,356,682	-	-	12,199,444	11,356,682
Capital grants	780,137	1,176,783	4,038,412	1,209,380	4,818,549	2,386,163
General Revenue						
Taxes						
Property tax	73,882,128	76,109,499	-	-	73,882,128	76,109,499
Other tax	15,934,835	11,011,183	-	-	15,934,835	11,011,183
Unrestricted grants	7,597,883	5,664,011	-	-	7,597,883	5,664,011
Investment earnings	859,135	4,961,410	271,360	1,514,287	1,130,495	6,475,697
Other revenue	2,781,368	2,007,821	-	-	2,781,368	2,007,821
Total Revenue	131,344,089	129,907,585	54,712,240	52,599,591	186,056,329	182,507,176
Expenses						
General government	7,903,378	10,253,389	-	-	7,903,378	10,253,389
Public safety	50,800,573	49,728,256	-	-	50,800,573	49,728,256
Highways & streets	15,042,344	22,292,012	-	-	15,042,344	22,292,012
Health & welfare	-	75,000	-	-	-	75,000
Culture & recreation	17,981,839	18,311,807	-	-	17,981,839	18,311,807
Economic development	4,335,618	27,299,233	-	-	4,335,618	27,299,233
Interest on long term debt	8,049,610	7,080,166	-	-	8,049,610	7,080,166
Water utility	-	-	12,584,679	13,492,744	12,584,679	13,492,744
Wastewater utility	-	-	27,047,143	23,020,991	27,047,143	23,020,991
Civic center	-	-	3,488,266	3,562,285	3,488,266	3,562,285
Building department	-	-	1,113,867	1,108,940	1,113,867	1,108,940
Parking	-	-	1,471,960	1,466,200	1,471,960	1,466,200
Solid waste	-	-	4,036,001	4,299,846	4,036,001	4,299,846
Golf course	-	-	1,881,982	1,829,122	1,881,982	1,829,122
Total Expense	104,113,362	135,039,863	51,623,898	48,780,128	155,737,260	183,819,991
Change in net assets						
Before transfers / special	27,230,727	(5,132,278)	3,088,342	3,819,463	30,319,069	(1,312,815)
Transfers	(645,992)	34,970	645,992	(34,970)	-	-
Special items	-	4,462,214	-	-	-	4,462,214
Change in net assets	26,584,735	(635,094)	3,734,334	3,784,493	30,319,069	3,149,399
Beginning net assets (restated)	307,442,923	308,078,017	142,545,786	138,761,293	449,988,709	446,839,310
Ending net assets	334,027,658	307,442,923	146,280,120	142,545,786	480,307,778	449,988,709

Management Discussion & Analysis

Statement of Net Assets (continued)

Governmental Activities

Net assets increased \$26,584,735 during fiscal 2009 net of transfers. Revenue of \$131,344,089 increased \$1,436,504 with expenses of \$104,113,362, a decrease of \$30,926,501 when compared to 2008.

The majority of the revenue increase was due to higher collections of other taxes during 2009, as the City received supplemental distributions of county option income tax from Saint Joseph County. Investment earnings decreased significantly as the City earned lower rates of returns on its cash investments due to the soft financial market existing in 2009.

Total expenses decreased primarily due to lower capital project spending in the areas of economic development and highways/streets during 2009 as compared to 2008.

In addition, reductions were achieved in general government and culture & recreation expense through rationalized spending and cost containment actions initiated by City Management.

Public safety expense increased \$1,072,317 or 2%, consistent with City plans to cost effectively fund public safety requirements within the City.

Interest on long term debt of \$8,049,610 increased \$969,444 consistent with existing repayment obligations.

Business Activities

Net assets increased by \$3,734,334 during fiscal 2009 net of transfers. Revenue of \$54,712,240 increased \$2,112,649 while expenses of \$51,623,898 increased \$2,843,770 when compared to 2008.

The majority of the revenue increase was due to higher capital contributions to Century Center (convention center) for capital improvements financed by a governmental activity revenue bond that is being paid from tax increment financing funds. Investment earnings decreased due to lower rates of interest earned on available funds.

Expenses increased primarily from higher wastewater capital spending financed by sewer revenue bonds and the allocation of certain engineering personnel costs to the Water and Wastewater utilities that were formerly paid in the General Fund.

Financial Analysis of Government Funds

The City of South Bend uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of the City are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Management Discussion & Analysis

Governmental funds

Condensed Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balance As of December 31, 2009

\$ (whole)	General	Parks & Rec	TIF Airport	COIT	Other	Total
Total assets	29,004,656	3,986,969	35,085,493	16,543,778	130,249,424	214,870,320
Total liabilities	4,386,201	365,991	344,570	3,054,474	10,668,671	18,819,907
Fund Balances						
Reserved	1,516,159	51,562	10,077,927	2,649,895	44,040,418	58,335,961
Unreserved:						
General fund	23,102,296	-	-	-	-	23,102,296
Special revenue	-	3,569,416	-	-	32,828,608	36,398,024
Capital projects	-	-	24,662,996	10,839,409	42,711,727	78,214,132
Unreserved Total	23,102,296	3,569,416	24,662,996	10,839,409	75,540,335	137,714,452
Total fund balance	24,618,455	3,620,978	34,740,923	13,489,304	119,580,753	196,050,413
Liabilities & fund balance	29,004,656	3,986,969	35,085,493	16,543,778	130,249,424	214,870,320
Revenues	59,063,038	11,564,895	8,001,319	8,336,628	43,966,254	130,932,134
Expenditures	60,698,018	10,317,963	8,401,657	2,242,243	61,302,829	142,962,710
Other sources (uses)	(1,163,149)	(325,580)	(2,082,832)	(1,736,826)	6,133,492	825,105
Change in fund balance	(2,798,129)	921,352	(2,483,170)	4,357,559	(11,203,083)	(11,205,471)
Beginning fund balance	27,416,584	2,699,626	37,224,093	9,131,745	130,783,836	207,255,884
Ending fund balance	24,618,455	3,620,978	34,740,923	13,489,304	119,580,753	196,050,413

As of December 31, 2009, the City governmental funds reported a combined ending fund balance of \$196,050,413.

Reserved fund balance of \$58,335,961 is sequestered for encumbrances, debt service payments, property held for resale, inventory, non current loans receivable and advances to other funds and is therefore not available for new spending.

Unreserved fund balance of \$137,714,452 (70.2% of fund balance) is available for spending at the City's discretion. The majority of this unreserved fund balance is for capital projects (\$78,214,132) that may be designated by the Common Council, the Board of Public Works, Parks Board or the South Bend Redevelopment Commission. The balance of unreserved fund balance not in capital project funds was \$59,500,320, \$23,102,296 in General Fund and \$36,398,024 in Special Revenue Funds.

The General Fund is the primary operating fund for City operations including general government, public safety, highways & streets, certain culture & recreation expenses, and certain debt service obligations.

As of December 31, 2009, the General Fund balance of \$24,618,455, represents a decrease of \$2,798,129 or 10.2% from the general fund balance as of December 31, 2008.

Management Discussion & Analysis

The decrease in General Fund balance was due primarily to lower property tax revenue during 2009 due to the phase-in of “circuit breaker” property tax caps for all municipalities in Indiana. In addition, interest earnings declined significantly during the year on invested funds due to soft market conditions in the financial market.

As of December 31, 2009, the General Fund unreserved balance of \$23,102,296 is 39% of General Fund Revenue in 2009 of \$59,063,038.

The General Fund unreserved fund balance has traditionally been used by the City to fund capital projects and emergency contingencies. In addition, the City will use the unreserved fund balance in 2010 as a cash flow bridge to the receipt of property tax revenues from the County collection authority.

As of the writing of this MD&A, the City has received a draw of 2009 pay 2010 property tax revenue in the amount of \$13,247,000, representing 32% of the expected 2009 pay 2010 tax revenues. Utilization of the December 31, 2009, General Fund unreserved balance will provide sufficient cash to cover City General Fund operating obligations without incurring tax anticipation notes and resultant borrowing costs during fiscal 2010.

As discussed in Governmental Accounting, Auditing, and Financial Reporting (GAAFR), a general fund unreserved fund balance should be either 1) no less than 5 to 15 percent of regular general fund operating revenues, or 2) no less than one to two months of regular general fund operating expenditures. An unreserved fund balance may be higher if varying circumstances require such as a delay in collection of a major revenue source.

The Parks and Recreation Fund experienced an increase in fund balance of \$921,352 during fiscal 2009. The primary revenue source in this fund is property taxes and because of concern regarding the phased-in state enacted property caps on this revenue, the Parks Board and administration were careful not to overextend commitments and reduced operating and capital spending during 2009. As of December 31, 2009, the unreserved fund balance in the Parks and Recreation Fund was \$3,569,416, or 30.9% of 2009 revenue.

The Tax Increment Financing (“TIF”) Airport and County Option Income Tax (“COIT”) funds are used to account for major capital construction projects and certain debt service payments.

The fund balance in the TIF Airport Fund decreased by \$2,483,170 during 2009, while the fund balance in the COIT fund increased by \$4,357,559 during 2009.

The TIF Airport fund balance decreased due to planned capital spending for the relocation of Transpo (public transportation agency) into the City’s Ignition Park Industrial Development, building improvements at the Saint Joseph/Memorial Hospital Family Practice Center and other scheduled projects.

The TIF Airport fund is a major success for the City of South Bend and has generated over 500,000 million dollars in private investment since its inception.

The COIT fund increased due to higher income tax receipts than originally estimated and conservative budgeting of expenses. In addition, a portion of the debt service payments for the 2003 Police and Fire renovation were transferred from COIT to the TIF Airport fund during 2009.

As of December 31, 2009, the unreserved fund balances in the TIF Airport and COIT funds were \$24,662,966 and \$10,839,409, respectively.

These fund balances provide available resources that the City requires to meet future capital construction needs and ongoing debt service obligations in concert with the City vision for economic development in this core City footprint.

Management Discussion & Analysis

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

Governmental Fund Revenue

The following schedule presents a summary of governmental fund revenue for the year ended December 31, 2009 with comparison to the prior year.

\$ (whole)	Governmental Fund Revenue			
	2009	% of	2008	% of
	Actual	Total	Actual	Total
Tax Based				
General property	73,882,128	56.4%	84,572,732	60.5%
County option income	9,983,374	7.6%	6,704,667	4.8%
County economic development	4,145,672	3.2%	4,244,971	3.0%
Professional sports development	522,788	0.4%	453,268	0.3%
Community revitalization district	605,623	0.5%	955,315	0.7%
Total Tax	89,139,585	68.1%	96,930,953	69.3%
Non Tax Based				
Licenses and permits	206,594	0.2%	177,329	0.1%
Intergovernmental	20,577,464	15.7%	18,196,118	13.0%
Charge for services	16,678,584	12.7%	17,030,118	12.2%
Fines and forfeitures	423,981	0.3%	412,707	0.3%
Interest income	859,135	0.7%	4,962,768	3.6%
Donations	295,891	0.2%	116,346	0.1%
Other	2,750,900	2.1%	1,891,475	1.4%
Total Non Tax Based	41,792,549	31.9%	42,786,903	30.7%
Total Revenue	130,932,134	100.0%	139,717,856	100.0%

Tax revenue continues to represent the significant source of revenue required to support services provided by the City. Property Tax revenue is the primary source of revenue funding governmental expenditures. Property Tax revenue is based on a relationship between two variables. The first variable is the assessed property valuation of industrial, commercial and residential parcels for both real and personal property. The second variable is the application of a tax rate to arrive at the total tax levy. Taxable property is assessed at 100% of the true tax value. The amount of property tax levied (billed) is further restricted by State of Indiana enacted property tax legislative reform, or so-called "circuit breaker" property tax caps for 2009 of 1.5% (homestead), 2.5% (other residential/rental) and 3% (nonresidential and personal) of net assessed valuation. Property tax revenue includes taxes collected on behalf of the following funds: General Fund, Park and Recreation Fund, Cumulative Capital Development Fund, Police and Fire Pension Funds, Redevelopment Tax Incremental Financing ("TIF") Funds, and a special levy to cover debt service of the College Football Hall of Fame.

The City recognizes the need to further diversify the revenue stream, and to reduce the dependency on general property taxes to ensure that a broad base of users of city services, including nonresidents who work in the City, share in the funding of basic City services. As a result of the need to diversify the revenue stream, the City of South Bend Common Council and Saint Joseph County Council adopted an additional local option income tax of 0.95% during 2009, increasing the tax rate from 0.8% to 1.75%. The local option income tax increase consisted of three components: 0.2% increase in the economic development income tax, a new 0.25% public safety local option income tax and a new 0.5% property tax relief local option income tax.

The City continues to seek diversified sources of revenue that will reduce its reliance on property and income taxes. The City has supported efforts of the Indiana Association of Cities and Towns

Management Discussion & Analysis

(“IACT”) “Hometown Matters” to lobby the state legislature to legislatively enable alternative revenue sources that best fit the needs of the community. A viable source of revenue is from user fees and/or charges for services currently being performed.

City performed services are priced based at levels representing the full cost of service, taking into consideration fees charged by providers of similar services. The City performs ongoing reviews of user fee costs incurred and revises service fee prices as required.

Government Fund Expenditures

The City accounts for government fund expenditures in seven categories as follows: 1) general government, 2) public safety, 3) highways and streets, 4) economic development, 5) culture and recreation, 6) debt service and 7) capital outlay.

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2009 with comparison to the prior year.

\$ (whole)	Governmental Fund Expenditures			
	2009	% of	2008	% of
	Actual	Total	Actual	Total
General government	5,969,141	4.2%	6,902,426	5.0%
Public safety	48,790,068	34.1%	50,413,055	36.5%
Highways & streets	11,716,810	8.2%	13,369,611	9.7%
Economic development	8,938,134	6.3%	9,726,718	7.0%
Health & welfare	-	-	75,000	0.1%
Culture & recreation	12,733,094	8.9%	14,542,481	10.5%
Debt service	17,330,358	12.1%	16,298,296	11.8%
Capital outlay	37,485,105	26.2%	26,695,208	19.4%
Total Expenditures	142,962,710	100.0%	138,022,795	100.0%

Government fund expenditures in fiscal 2009 of \$142,962,710 increased by \$4,939,915 or 3.6%, in comparison to government fund expenditures in fiscal 2008.

Debt service and capital outlay categories experienced increased expenditure in 2009 when compared to 2008. All other expenditure categories experienced a reduction in 2009 spending when compared to 2008.

Expenditure reductions in general government, public safety, highways & streets, economic development, health & welfare and culture & recreation were achieved through cost of service and activity rationalization and cost based efficiency improvements.

Debt service expenditure increased by \$1,032,062 versus 2008 as the City experienced higher principal payments of \$236,268, higher interest financing costs of \$1,487,872 offset by a reduction in bond issuance costs of \$692,078. The increased principal and interest costs are the result of changes in cash flow debt payments of existing debt instruments.

Capital outlay expenditure increased by \$10,789,897 versus 2008 the result of higher economic development capital spending of \$12,360,213 offset by spending reduction of \$1,570,316 in all remaining expenditure categories. Economic development capital spending increased due primarily to the Eddy Street Commons development project during fiscal 2009.

Public Safety expenditure continues to be the primary use of government fund resources with 34.1% expended for this purpose in fiscal 2009, followed by capital project expenditures of

Management Discussion & Analysis

26.2%, debt service of 12.1%, culture & recreation of 8.9%, highways & streets of 8.2%, and economic development of 6.3%. General government spending of 4.2% is comprised of the executive offices of the Mayor, Common Council, City Clerk, City Attorney, Controller and other administrative offices.

Proprietary funds

Condensed Statement of Net Assets, Revenues, Expenses, and Changes in Fund Net Assets As of December 31, 2009

\$ (whole)	Water Utility	Waste Utility	Century Center	Other	Total Enterprise	Internal Service
Total assets	73,137,859	132,985,732	18,539,849	15,888,949	240,552,389	16,818,894
Total liabilities	22,314,287	65,847,584	845,239	5,265,159	94,272,269	2,692,994
Net assets						
Capital assets net of debt	44,146,457	52,675,831	16,016,585	6,768,770	119,607,643	1,292,126
Restricted for:						
Debt service	1,785,003	4,487,704	-	1,340,508	7,613,215	-
Capital outlay	4,230,368	566,989	1,663,170	1,597	6,462,124	-
Unrestricted	661,744	9,407,624	14,855	2,512,915	12,597,138	12,833,774
Total net assets	50,823,572	67,138,148	17,694,610	10,623,790	146,280,120	14,125,900
Operating revenues	13,471,890	24,313,147	1,526,315	8,359,990	47,671,342	17,975,044
Operating expenses	11,663,579	22,948,288	3,150,680	7,772,731	45,535,278	16,648,951
Operating income (loss)	1,808,311	1,364,859	(1,624,365)	587,259	2,136,064	1,326,093
Non operating rev (exp)	(201,594)	(3,193,749)	1,025,635	(716,426)	(3,086,134)	(10,300)
Income (loss) before contributions & transfers	1,606,717	(1,828,890)	(598,730)	(129,167)	(950,070)	1,315,793
Capital contributions	371,984	480,897	3,179,850	5,681	4,038,412	-
Transfers in	-	-	-	655,000	655,000	152,455
Transfers out	-	-	-	(9,008)	(9,008)	(152,455)
Change in net assets	1,978,701	(1,347,993)	2,581,120	522,506	3,734,334	1,315,793
Net assets beginning	48,844,871	68,486,141	15,113,490	10,101,284	142,545,786	12,810,107
Net assets ending	50,823,572	67,138,148	17,694,610	10,623,790	146,280,120	14,125,900

The City of South Bend maintains two types of proprietary funds; enterprise and internal service.

The City maintains seven enterprise funds. Information is presented separately in the proprietary statement of net assets and the proprietary statement of revenues, expense and changes in fund net assets for the Water Utility, Wastewater Utility and Century Center, which are considered major enterprise funds. Data from the other four non-major enterprise funds (Consolidated St. Joseph County/South Bend Building Department, Parking Garage, Solid Waste and Blackthorn Golf Course) are combined into a single, aggregated presentation.

The City maintains four internal service funds. The City of South Bend uses internal service funds to account for its self-funded liability insurance program, self-funded employee health benefits

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program, police take home vehicle program and central services unit (a department that accounts for expenses related to fuel, vehicle repairs, printing and other services provided to City departments on a cost-reimbursement basis). The internal service funds have been combined into a single, aggregated presentation.

As of December 31, 2009, City enterprise funds reported a net asset position of \$146,280,120, an increase of \$3,734,334 or 2.6% versus the level as of December 31, 2008.

The 2009 net asset position includes capital assets, net of related debt, of \$119,607,643, a decrease of \$5,097,684 as compared to December 31, 2008.

Restricted net assets include \$7,613,215 reserved for debt service, an increase of \$1,415,847 as compared to December 31, 2008, and \$6,462,124 reserved for capital outlay, an increase of \$2,339,200 as compared to December 31, 2008.

Unrestricted net assets as of December 31, 2009 of \$12,597,138 are an increase of \$5,076,971 as compared to December 31, 2008.

Water utility experienced an increase in net assets of \$1,978,701, a slight decline from the net asset increase experienced in fiscal 2008. Utility operating revenues achieved were \$13,471,890, an increase of 1% versus 2008. Utility operating expense in 2009 was \$11,663,579, an increase of \$321,697 or 2.8% versus 2008. Operating income achieved in 2009 amounted to \$1,808,311, a slight decline from the operating income level of \$2,001,328 in fiscal 2008.

Water utility operating income and the increase in net asset position developed consistent with recent year trends.

Wastewater utility experienced a decrease in net assets of \$1,347,993, a significant deterioration from the net asset position improvement of \$1,758,080 in fiscal 2008. Utility operating revenues achieved were \$24,313,147, an increase of \$1,371,413 of 6% versus 2008. The revenue gain included a rate increase of 9.0% from a 2005 ordinance. Utility operating expense in 2009 was \$22,948,288, an increase of \$3,680,939 or 19%. The expense increase is due to higher sewer collection system operating and maintenance expense experienced in fiscal 2009. In addition a reclassification of a previously reported construction in progress item was expensed in fiscal 2009. This resulted in a charge of \$1,721,221 in one time operating expense in fiscal 2009.

Century Center experienced an increase in net assets of \$2,581,120, a \$1,996,839 improvement from the net asset position in fiscal 2008. The improvement in net assets is due to \$3,179,850 in capital contributions to Century Center from other governmental sources (City and County) used to acquire capital assets for the Century Center.

As of December 31, 2009, City internal funds reported a net asset position of \$14,125,900, an increase of \$1,315,793 or 10.3% versus the level as of December 31, 2008.

The 2009 net asset position includes capital assets, net of related debt, of \$1,292,126, a decrease of \$141,805 as compared to December 31, 2008. Unrestricted net assets as of December 31, 2009 of \$12,833,774 are an increase of \$1,457,598 as compared to December 31, 2008.

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Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City maintains four fiduciary funds, which consist of two pension trust funds (1925 Police Pension and 1937 Firefighter's Pension), one private-purpose trust fund (Cemetery) and one agency fund (Payroll).

\$ (whole)	Pension Trust	Private Purpose Trust	Agency
Total assets	4,971,809	40,653	1,198,030
Total liabilities	75	-	1,098,030
Net assets	4,971,734	40,653	-

The net assets in the pension trust fund increased by \$136,864 versus the level as of December 31, 2008. The net assets in the private purpose trust fund decreased by \$1,250, versus the level as of December 31, 2008.

General Fund Budgetary Highlights

The City adopts an annual appropriated budget for its General Fund. The City prepares its budgets using the cash basis of accounting.

\$ (whole)	Original	Final	Actual Budgetary Basis	Variance Pos (Neg)
Revenue	69,710,079	61,381,225	96,281,658	34,900,433
Expenditures	67,247,687	66,123,818	61,983,347	4,140,471

General Fund revenue was originally budgeted at \$69,710,079 for 2009.

During the year, the General Fund revenue budget was reduced by \$8,328,854 (primarily due to a revision of estimated property tax revenue) resulting in an ending revenue budget of \$61,381,225.

During 2009, actual General Fund revenue was \$96,281,658. General Fund revenue exceeded budget due to the collection of \$36,391,709 in property taxes during 2009 that were budgeted for receipt in 2008. This delay in property tax receipts illustrates the need for the City to maintain high fund reserves in its property tax supported funds such as the General Fund and Parks and Recreation Fund.

For 2009, the original General Fund expenditure budget was \$67,247,687. During the year, additional appropriations and a mid-year budget reduction were made resulting in an ending General Fund expenditure budget of \$66,123,818.

The General Fund budget is reviewed on a monthly basis by staff and budget amendments between cost categories (i.e. personnel, supplies, services, capital) are approved as needed by the Common Council. Throughout the year, actual expenditures are monitored and projected and the budget is amended to prevent any budget overruns.

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The City attempts to work within its original budget by increasing categories that will exceed the budget while at the same time decreasing other categories that are under budget.

Actual General Fund expenditures on a budgetary basis (cash expended and outstanding encumbrances at year end) were \$61,983,347 during 2009, which was \$4,140,471 (6.3%) less than the amended budget.

The savings achieved versus budget were due primarily to under spending in personnel costs, primarily the result of staff turnover and budgeted but unfilled positions.

Capital Assets and Debt Administration

Capital assets

Statement of Capital Assets

\$ (whole)	Governmental Activities		Business type Activities		Government wide Activities	
	2009	2008	2009	2008	2009	2008
Assets not depreciated						
Land	12,435,772	11,383,431	4,161,851	3,020,575	16,597,623	14,404,006
Construction in progress	37,633,203	1,966,657	11,549,841	15,117,137	49,183,044	17,083,794
Total	50,068,975	13,350,088	15,711,692	18,137,712	65,780,667	31,487,800
Assets depreciated						
Buildings	97,928,133	98,098,714	100,687,726	99,815,997	198,615,859	197,914,711
Non building improvements	22,553,086	15,282,594	119,527,655	111,977,073	142,080,741	127,259,667
Machinery & equipment	38,447,171	40,741,069	48,793,172	46,034,596	87,240,343	86,775,665
Roads	366,086,462	366,086,462	-	-	366,086,462	366,086,462
Total Cost	525,014,852	520,208,839	269,008,553	257,827,666	794,023,405	778,036,505
Accumulated depreciation						
Buildings	29,041,032	26,813,263	40,290,045	38,926,113	69,331,077	65,739,376
Non building improvements	6,345,292	5,675,071	22,019,591	20,229,727	28,364,883	25,904,798
Machinery & equipment	30,090,162	29,840,142	33,852,973	36,411,037	63,943,135	66,251,179
Roads	227,478,125	218,273,427	-	-	227,478,125	218,273,427
Total	292,954,611	280,601,903	96,162,609	95,566,877	389,117,220	376,168,780
Net Depreciated Assets	232,954,241	239,606,936	172,845,944	162,260,789	404,906,185	401,867,725
Net Assets	282,129,216	252,957,024	188,557,636	180,398,501	470,686,852	433,355,525

The City's investment in capital assets for governmental and business type activities was \$470,686,852 (net of depreciation) at December 31, 2009.

The largest component of investment in capital assets is in streets and roads (\$138,608,337 net of depreciation) and buildings (\$129,284,782 net) at December 31, 2009.

Management Discussion & Analysis

The investment in capital assets includes land and land improvements, buildings and building improvements, vehicles, information technology computers, machinery and equipment, and construction in progress. A detailed explanation of these capital assets can be found in the Notes to the Basic Financial Statements.

Under the category of roads, the cost amount of \$366,086,462 includes estimated costs derived primarily from the City's 2006 implementation of GASB Statement No. 34, which required the retroactive reporting of infrastructure capital assets. All other assets are recorded at historical cost.

Major Capital Asset Projects in 2009

Buildings	Eddy Street Commons parking garage	17,924,116
	Eddy Commons phase 1	13,795,244
	Century Center ballroom renovation	598,044
Improvements	IUSB North side Trail cycle & walk path	233,860
	Century Center Island Park renovation	740,495
	Edison Park sewer separation	4,370,612
	Twyckenham sewer separation	1,040,233
	Fairfax Estates drainage improvements	1,036,814
M&E	Lease / purchase Solid Waste trash trucks (4)	642,612
	Police Fingerprint system	88,250
Roads	Street paving projects	1,887,947
	Ireland Road streetscape improvements	1,120,866
	Douglas Road widening	2,471,177

Capital Assets Analysis

The costs of capital assets not being depreciated increased from \$31,487,800 at December 31, 2008 to \$65,780,667 at December 31, 2009.

This increase was due primarily to large economic development (e.g. Eddy Street Commons) projects and sewer bond projects that were ongoing at year end.

Similarly, the costs of non building improvements increased from \$127,259,667 at December 31, 2008 to \$142,080,741 at December 31, 2009.

The increase in non building improvement cost relates primarily to sewer bond projects completed during the year under the City's long term environmental control plan.

Total depreciation for 2009 was \$20,714,055 as compared to \$21,201,494 during 2008.

Management Discussion & Analysis

Debt Administration

Outstanding debt issue as of December 31, 2009 is \$237,813,272, a decrease of \$8,467,336 or 3.4%. City outstanding debt includes bond issues, notes & loans payable and capital leases.

\$ (whole)	Beginning	Additions	Retirements	Ending
Revenue bonds	186,275,000	12,590,000	16,665,000	182,200,000
Mortgage bonds	25,413,299	-	1,523,132	23,890,167
Notes & loans	26,575,439	1,627,407	3,587,180	24,615,666
Capital leases	8,016,870	720,990	1,630,421	7,107,439
Total Debt	246,280,608	14,938,397	23,405,733	237,813,272

During 2009, the City refinanced the 1998 Morris Performing Arts Center revenue bonds in the amount of \$7,210,000 to take advantage of lower interest rates.

In addition, the City issued a 2009 Water utility revenue bond in the amount of \$5,380,000 and state revolving loans in the amount of \$577,080 to provide funding for needed water and wastewater capital improvement projects.

The City of South Bend entered into an inter-local agreement with the neighboring City of Mishawaka to widen Douglas Road, a road that connects and benefits both cities. A loan in the amount of \$1,050,327 from Mishawaka to South Bend was a part of this agreement.

Finally, the City entered into a capital lease agreement in the amount of \$720,990 to purchase four new solid waste vehicles and other solid waste equipment.

Under the Indiana Constitution and State statute, the City's general obligation bonded debt is subject to a legal limitation based upon 2% of total assessed value of real and personal property. The City had no general obligation bonded debt outstanding at December 31, 2009.

A detailed listing of this debt can be found in the Notes to the Basic Financial Statements. A calculation of the City's legal debt limitation can be found in the statistical section of this document.

Economic Factors and 2011 Budget

Economic Factors

Property tax revenue, historically and at present, is the principal source of revenue for funding of governmental activities within the City of South Bend.

The State of Indiana General Assembly enacted property tax reform legislation in March of 2008. House Enrolled Act 1001 (HEA 1001) limits property taxes paid to 1% of gross assessed value for residential homesteads, 2% for agricultural/rental properties, and 3% for all other real and personal property.

Under current legislation, all Indiana localities assess properties based on market values. Each year properties are trended. This process involves comparing property values to sales activity in the neighborhood and adjusting the current assessed values up or down according to the trended data.

Management Discussion & Analysis

This process, as well as the number of taxpayer appeals, has affected the timely processing of property tax bills and the amount of property taxes received by the City.

This legislation (known as “circuit breaker” legislation) was phased in commencing in fiscal 2009 and has already begun to have a significant negative impact on property tax revenue billed and collected by the City. The reduced property tax revenue will have a subsequent impact on operating and capital budgets funding City operations and services.

In 2009, the primary funds supported by property taxes (General Fund, Parks and Recreation Fund, and Cumulative Capital Development Fund) lost approximately \$8 million dollars due to the circuit breaker caps. In 2010, it is estimated these funds will lose approximately \$13.5 million in property tax revenue.

As a consequence of the state enacted legislation which is negatively impacting property tax revenues, the City enacted a .95% local option income tax increase to partially offset the property tax revenue loss.

Management of the City of South Bend will continue to manage the financial affairs from a posture of fiscal conservatism similar to the management practices engaged during fiscal 2009.

City Management believes that the national economic recovery will continue according to the predictions of governmental economists, with low to no inflation over the next fiscal period. In addition, job creation is the primary engine to drive economic recovery.

2011 Budget

The City will engage to ensure effective delivery of required services to taxpayers and citizens within the constraints of available financial resources.

The City is actively pursuing certain reengineering programs targeted to create efficiency and cost improvements within City operations. These include payroll system reengineering, purchasing process reengineering, back office process improvements, continued water utility customer service improvements and information technology server virtualization efforts. These initiatives, upon successful deployment completion, will achieve the desired results to create efficiency gains in the delivery of services to taxpayers.

The City is committed to creating a budget for fiscal 2011 that will remain fiscally responsible to the effective delivery of required services to city citizens and stakeholders within the revenue constraints available.

Future Economic Development Projects

Executive Management of the City of South Bend continues to pursue economic development and public works opportunities that we believe will have long term favorable impact on the economic prospects for the community as a whole. These projects include:

- **Eddy Street Commons** – a \$220 million dollar mixed-use development including two hotels, more than 20 stores and restaurants, office space and hundreds of town homes, apartments and condominiums. This is the region’s largest single development in decades.
- **Innovation Park & Ignition Park**– Indiana’s first dual-site, state-certified technology park, which is a collaborative effort between the City, the University of Notre Dame and Project Future.

Management Discussion & Analysis

- **Animal Care and Control Facility** – a new \$1.5 million Animal Care and Control facility is being planned for 2010, with funding provided by tax increment financing revenue.
- **Coveleski Stadium improvements** – enhancements to the City's minor league baseball stadium including improved lighting, outfield walls and restrooms as phase one of an overall strategy to develop the stadium and surrounding area in order to attract more commercial development to the downtown.
- **Civil Rights Heritage Center** – sponsored by Indiana University at South Bend, the renovation of the City Natatorium will change a symbol of segregation into a place of celebration of our racial and cultural diversity.
- **WNIT-TV** – a well established and respected public television station is moving into the downtown area with a high-tech façade that will forever change the face of a key downtown intersection.
- **Kroc Center** – a \$30 million dollar world-class youth and family center to be built on the corner of Western Avenue and Chapin Streets in South Bend. The Center will be funded primarily by a grant from the Ray and Joan Kroc Foundation as well as other private donations. This will be the only center of its kind in the State of Indiana. Groundbreaking occurred in May, 2010 and will result in the infusion of more than \$50 million dollars in outside resources into the City.
- **Bike The Bend** – the inaugural "Bike the Bend" non-competitive, 30 mile bicycle race occurred on May 23, 2010 in downtown South Bend. The race highlights over 45 miles of bicycle lanes established in the City since 2007, with 10.6 miles scheduled for 2010.
- **East Bank Townhouses** – the development of 12 townhouse-style condominiums along the East Bank of the Saint Joseph River is scheduled for groundbreaking in May, 2010.
- **Energy Efficiency and Conservation** – supported by a \$1.046 million federal stimulus grant, the City has unveiled a new energy efficiency and conservation strategy which includes the energy audit of 30 municipal buildings, synchronized timing of traffic signals at the 100 busiest intersections in the City and a feasibility study for generating hydroelectric power from the Saint Joseph River at the Century Center dam.

Management Discussion & Analysis

Requests for Information

This Management Discussion & Analysis as contained within the City of South Bend Comprehensive Annual Financial Report is intended to provide readers with a general overview of the financial condition of the City as of December 31, 2009. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

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Controller, City of South Bend
Department of Administration and Finance

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City of South Bend
June 7, 2010

CITY OF SOUTH BEND
STATEMENT OF NET ASSETS
December 31, 2009

<u>Assets</u>	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ 146,760,608	\$ 13,426,571	\$ 160,187,179
Cash with fiscal agent	9,870	-	9,870
Receivables (net of allowances for uncollectibles):			
Interest	35,640	2,090	37,730
Taxes	30,097,614	-	30,097,614
Accounts	1,497,370	2,781,285	4,278,655
Intergovernmental	602,390	-	602,390
Loans	11,023,495	-	11,023,495
Internal balances	1,871,580	(1,871,580)	-
Inventories	687,648	775,056	1,462,704
Prepaid expense	161,435	34,412	195,847
Deferred charges	1,874,216	5,022,746	6,896,962
Restricted assets:			
Cash and cash equivalents	6,222,883	28,562,741	34,785,624
Investments	6,549,882	1,282,000	7,831,882
Interest receivable	742	6,811	7,553
Taxes receivable	1,162,720	-	1,162,720
Accounts receivable	298	85,955	86,253
Property held for resale	17,200,814	-	17,200,814
Capital assets:			
Land and construction in progress	50,068,975	15,711,692	65,780,667
Other capital assets, net of depreciation	232,060,241	172,845,944	404,906,185
Total assets	507,888,421	238,665,723	746,554,144

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

Continued on next page

CITY OF SOUTH BEND
STATEMENT OF NET ASSETS
December 31, 2009
(Continued)

<u>Liabilities</u>	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Accounts payable	5,437,514	1,229,224	6,666,738
Accrued payroll payable	1,738,567	370,855	2,109,422
Unearned revenue	-	274,464	274,464
Contracts payable	459,229	-	459,229
Taxes payable	1,577	55,644	57,221
Customer deposits	1,099,694	98,665	1,198,359
Accrued interest payable	2,044,318	-	2,044,318
Estimate of unfiled claims	1,377,339	-	1,377,339
Other current payables	5,332	-	5,332
Payable from restricted assets:			
Accounts payable	-	244,497	244,497
Contracts payable	-	1,859,001	1,859,001
Customer deposits	-	1,355,061	1,355,061
Accrued interest payable	686,298	269,086	955,384
Noncurrent liabilities:			
Due within one year:			
Mortgage bonds payable	1,522,893	52,275	1,575,168
Compensated absences	3,367,403	510,828	3,878,231
Revenue bonds payable	5,110,000	4,915,000	10,025,000
Capital lease obligations	1,123,410	340,342	1,463,752
Notes and loans payable	1,954,556	1,687,545	3,642,101
Due in more than one year:			
Mortgage bonds payable (net of discounts or premiums)	21,905,670	766,680	22,672,350
Compensated absences	1,177,061	-	1,177,061
Revenue bonds payable (net of discounts or premiums)	109,527,731	63,326,227	172,853,958
Capital lease obligations	5,090,796	552,891	5,643,687
Notes and loans payable	6,515,752	14,457,813	20,973,565
Unamortized gain on sale/leaseback	-	19,505	19,505
Net other postemployment benefits obligation	3,095,203	-	3,095,203
Net pension obligation	620,420	-	620,420
Total liabilities	<u>173,860,763</u>	<u>92,385,603</u>	<u>266,246,366</u>
<u>Net assets</u>			
Invested in capital assets, net of related debt	178,483,535	119,607,643	298,091,178
Restricted for:			
Debt service	12,825,227	7,613,215	20,438,442
Capital outlay	-	6,462,124	6,462,124
Unrestricted	<u>142,718,896</u>	<u>12,597,138</u>	<u>155,316,034</u>
Total net assets	<u>\$ 334,027,658</u>	<u>\$ 146,280,120</u>	<u>\$ 480,307,778</u>

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

CITY OF SOUTH BEND
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	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	\$ 7,903,378	\$ 6,855,830	\$ 537,704	\$ -	\$ (509,844)	\$ -	\$ (509,844)
Public safety	50,800,573	5,051,827	1,656,555	-	(44,092,191)	-	(44,092,191)
Highways and streets	15,042,344	5,152	5,876,434	-	(9,160,758)	-	(9,160,758)
Economic development	4,335,618	332,454	3,433,107	250,000	(320,057)	-	(320,057)
Culture and recreation	17,981,839	5,063,896	695,644	530,137	(11,692,162)	-	(11,692,162)
Interest on long-term debt	8,049,610	-	-	-	(8,049,610)	-	(8,049,610)
Total governmental activities	<u>104,113,362</u>	<u>17,309,159</u>	<u>12,199,444</u>	<u>780,137</u>	<u>(73,824,622)</u>	<u>-</u>	<u>(73,824,622)</u>
Business-type activities:							
Water	12,584,679	14,151,289	-	371,984	-	1,938,594	1,938,594
Wastewater	27,047,143	25,012,163	-	480,897	-	(1,554,083)	(1,554,083)
Civic center	3,488,266	2,873,966	-	3,179,850	-	2,565,550	2,565,550
Building department	1,113,867	977,050	-	5,681	-	(131,136)	(131,136)
Parking	1,471,960	1,070,519	-	-	-	(401,441)	(401,441)
Solid waste	4,036,001	4,759,530	-	-	-	723,529	723,529
Golf course	1,881,982	1,557,951	-	-	-	(324,031)	(324,031)
Total business-type activities	<u>51,623,898</u>	<u>50,402,468</u>	<u>-</u>	<u>4,038,412</u>	<u>-</u>	<u>2,816,982</u>	<u>2,816,982</u>
Total primary government	<u>\$ 155,737,260</u>	<u>\$ 67,711,627</u>	<u>\$ 12,199,444</u>	<u>\$ 4,818,549</u>	<u>(73,824,622)</u>	<u>2,816,982</u>	<u>(71,007,640)</u>
General revenues:							
Property taxes					73,882,128	-	73,882,128
County option income tax					10,270,179	-	10,270,179
Economic development income tax					4,536,245	-	4,536,245
Professional sports development tax					522,788	-	522,788
Community revitalization enhancement district tax					605,623	-	605,623
Grants and contributions not restricted to specific programs					7,597,883	-	7,597,883
Unrestricted investment earnings					859,135	271,360	1,130,495
Other					2,781,368	-	2,781,368
Transfers					(645,992)	645,992	-
Total general revenues and transfers					<u>100,409,357</u>	<u>917,352</u>	<u>101,326,709</u>
Change in net assets					26,584,735	3,734,334	30,319,069
Net assets - beginning (restated)					<u>307,442,923</u>	<u>142,545,786</u>	<u>449,988,709</u>
Net assets - ending					<u>\$ 334,027,658</u>	<u>\$ 146,280,120</u>	<u>\$ 480,307,778</u>

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

CITY OF SOUTH BEND
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009

<u>Assets</u>	<u>General</u>	<u>Park and Recreation</u>	<u>TIF Airport</u>	<u>COIT</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 26,987,950	\$ 3,860,154	\$ 17,845,003	\$ 11,506,616	\$ 78,980,464	\$ 139,180,187
Cash with fiscal agent	-	-	-	-	9,870	9,870
Investments	-	-	-	-	6,549,882	6,549,882
Receivables (net of allowances for uncollectibles):						
Interest	1,409	139	4,620	2,582	25,104	33,854
Taxes	56,048	10,361	9,253,762	2,864,102	19,076,061	31,260,334
Accounts	551,693	23,183	-	-	558,946	1,133,822
Intergovernmental	-	-	-	-	602,338	602,338
Loans	-	-	-	166,667	10,856,828	11,023,495
Interfund receivable:						
Interfund loans	83,016	-	-	31,546	-	114,562
Interfund services provided and used	45,139	41,570	783	91,518	12,512	191,522
Inventories	-	51,562	-	-	-	51,562
Advances to other funds	1,038,969	-	1,689,750	-	4,789,359	7,518,078
Property held for resale	240,432	-	6,291,575	1,880,747	8,788,060	17,200,814
Total assets	\$ 29,004,656	\$ 3,986,969	\$ 35,085,493	\$ 16,543,778	\$ 130,249,424	\$ 214,870,320
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 1,862,973	\$ 133,125	\$ 290,233	\$ 190,372	\$ 2,209,084	\$ 4,685,787
Accrued payroll payable	1,301,989	197,739	-	-	166,699	1,666,427
Contracts payable	-	-	-	-	459,229	459,229
Interfund payable:						
Interfund services provided and used	303,676	32,601	-	-	117,852	454,129
Taxes payable	616	961	-	-	-	1,577
Customer deposits	780,508	1,565	-	-	-	782,073
Deferred revenue	-	-	-	2,864,102	1,755,302	4,619,404
Performance deposits payable	136,439	-	54,337	-	126,845	317,621
Other current payables	-	-	-	-	5,332	5,332
Advances from other funds	-	-	-	-	5,828,328	5,828,328
Total liabilities	4,386,201	365,991	344,570	3,054,474	10,668,671	18,819,907
Fund balances:						
Reserved for:						
Encumbrances	236,758	-	2,096,602	635,815	7,134,697	10,103,872
Noncurrent loans receivable	-	-	-	133,333	9,392,808	9,526,141
Inventory	-	51,562	-	-	-	51,562
Property held for resale	240,432	-	6,291,575	1,880,747	8,788,060	17,200,814
Debt service	-	-	-	-	13,935,494	13,935,494
Advances to other funds	1,038,969	-	1,689,750	-	4,789,359	7,518,078
Unreserved:						
General fund, undesignated	23,102,296	-	-	-	-	23,102,296
Special revenue funds, undesignated	-	3,569,416	-	-	32,828,608	36,398,024
Capital projects funds, undesignated	-	-	24,662,996	10,839,409	42,711,727	78,214,132
Total fund balances	24,618,455	3,620,978	34,740,923	13,489,304	119,580,753	196,050,413
Total liabilities and fund balances	\$ 29,004,656	\$ 3,986,969	\$ 35,085,493	\$ 16,543,778	\$ 130,249,424	

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

Continued on next page

CITY OF SOUTH BEND
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009
(Continued)

	Totals
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	280,837,090
Prepaid expenses (\$161,435) and deferred charges (\$1,874,216) are not available to pay for current period expenditures and, therefore are deferred in the funds.	2,035,651
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.	14,125,900
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Deferred revenues	4,619,404
Compensated absences payable	(1,177,061)
Bonds payable	(137,036,148)
Less: Deferred charge on refunding (to be amortized as interest expense)	815,921
Less: Issuance discount or (premium) (to be amortized as interest expense)	(1,846,067)
Capital leases payable	(6,214,206)
Notes payable	(8,470,308)
Net other postemployment benefits obligation	(3,095,203)
Net pension obligation	(620,420)
Short-term liabilities that are not recognized in governmental funds until due:	
Accrued interest payable	(2,730,616)
Compensated absences payable	(3,266,692)
	\$ 334,027,658
Net assets of governmental activities	

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

CITY OF SOUTH BEND
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009

	General	Park and Recreation	TIF Airport	COIT	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes						
Property	\$ 42,528,853	\$ 7,870,290	\$ 7,862,355	\$ -	\$ 15,620,630	\$ 73,882,128
County option income	-	-	-	8,302,694	1,680,680	9,983,374
County economic development income	-	-	-	-	4,145,672	4,145,672
Professional sports development tax	-	-	-	-	522,788	522,788
Community revitalization enhancement district	-	-	-	-	605,623	605,623
Licenses and permits	206,594	-	-	-	-	206,594
Intergovernmental	5,428,065	611,347	-	-	14,538,052	20,577,464
Charges for services	9,428,964	2,922,634	-	-	4,326,986	16,678,584
Fines and forfeits	397,430	-	-	-	26,551	423,981
Interest	99,890	730	97,720	33,934	626,861	859,135
Donations	277,444	-	-	-	18,447	295,891
Sale of property	28,152	8,551	-	-	228,720	265,423
Other	667,646	151,343	41,244	-	1,625,244	2,485,477
Total revenues	59,063,038	11,564,895	8,001,319	8,336,628	43,966,254	130,932,134
Expenditures:						
Current:						
General government	5,376,175	-	-	-	592,966	5,969,141
Public safety	48,000,682	-	-	-	789,386	48,790,068
Highways and streets	5,751,121	-	-	-	5,965,689	11,716,810
Economic development	24,000	-	-	-	8,914,134	8,938,134
Culture and recreation	1,342,277	10,317,963	-	-	1,072,854	12,733,094
Debt service:						
Principal	141,527	-	1,295,000	388,431	7,451,405	9,276,363
Interest and fiscal charges	62,236	-	827,762	195,348	6,815,989	7,901,335
Bond issuance costs	-	-	-	-	152,660	152,660
Capital outlay:						
General government	-	-	-	645,962	1,756,082	2,402,044
Public safety	-	-	-	-	272,103	272,103
Highway and streets	-	-	-	-	158,810	158,810
Economic development	-	-	6,278,895	832,835	23,484,979	30,596,709
Culture and recreation	-	-	-	179,667	3,875,772	4,055,439
Total expenditures	60,698,018	10,317,963	8,401,657	2,242,243	61,302,829	142,962,710
Excess (deficiency) of revenues over (under) expenditures	(1,634,980)	1,246,932	(400,338)	6,094,385	(17,336,575)	(12,030,576)
Other financing sources (uses):						
Transfers in	250,000	75,000	26,473	-	8,335,699	8,687,172
Transfers out	(1,413,149)	(400,580)	(2,109,305)	(1,736,826)	(3,673,304)	(9,333,164)
Debt issuance	-	-	-	-	1,771,318	1,771,318
Premium on debt issuance	-	-	-	-	80,950	80,950
Issuance of refunding bonds	-	-	-	-	7,210,000	7,210,000
Payment to refunded bond escrow agent	-	-	-	-	(7,591,171)	(7,591,171)
Total other financing sources and uses	(1,163,149)	(325,580)	(2,082,832)	(1,736,826)	6,133,492	825,105
Net change in fund balances	(2,798,129)	921,352	(2,483,170)	4,357,559	(11,203,083)	(11,205,471)
Fund balances - beginning	27,416,584	2,699,626	37,224,093	9,131,745	130,783,836	207,255,884
Fund balances - ending	\$ 24,618,455	\$ 3,620,978	\$ 34,740,923	\$ 13,489,304	\$ 119,580,753	\$ 196,050,413

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

CITY OF SOUTH BEND
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2009

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

Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures, and Changes in Fund Balances).	\$ (11,205,471)
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:	
Capital outlay	44,447,553
Depreciation expense	(14,376,503)
Loss on disposal of assets	(757,053)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	677,378
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 assets. 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.	
Long-term debt incurred during the current period:	
Bonds	(7,210,000)
Premium on bonds	(80,950)
Capital leases	(1,050,327)
Principal debt payments:	
Bonds	5,978,317
Loans	2,123,809
Capital leases	1,174,237
Payment to refunded bond escrow agent	7,591,171
Amortization expenses	(56,232)
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.	
Prepaid expense	7,039
Interest expense	60,618
Compensated absences	8,147
Change in net other postemployment benefits obligation	(2,069,462)
Change in net pension asset and net pension obligation	6,671
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	<u>1,315,793</u>
Change in net assets of governmental activities (statement of activities)	<u>\$ 26,584,735</u>

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

CITY OF SOUTH BEND
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2009

Assets	Business-Type Activities - Enterprise Funds					Governmental
	Water Utility	Wastewater Utility	Century Center	Other	Totals	Internal Service Funds
				Enterprise Funds		
Current assets:						
Cash and cash equivalents	\$ 2,957,543	\$ 8,905,293	\$ 508,896	\$ 1,054,839	\$ 13,426,571	\$ 13,803,304
Interest receivable	707	1,359	-	24	2,090	2,528
Accounts receivable (net of allowance)	812,372	1,487,935	61,573	383,774	2,745,654	363,846
Accounts receivable - other	27,226	5,405	-	3,000	35,631	-
Interfund receivables:						
Interfund loans	-	-	-	-	-	305,815
Interfund services provided and used	10,753	-	-	4,333	15,086	415,137
Intergovernmental receivable	-	-	-	-	-	52
Inventories	397,911	360,731	-	16,414	775,056	636,086
Prepaid items	4,655	3,758	25,999	-	34,412	-
Restricted assets:						
Cash and cash equivalents:						
Repair fund	-	330,963	-	-	330,963	-
Customer deposits	1,348,643	-	-	-	1,348,643	-
Revenue bond covenant accounts	1,785,003	4,716,548	-	1,363,178	7,864,729	-
Capital outlay accounts	4,996,467	13,604,423	415,919	1,597	19,018,406	-
Investments:						
Capital outlay accounts	-	-	1,282,000	-	1,282,000	-
Accounts receivable	-	85,955	-	-	85,955	-
Interest receivable	1,481	4,312	752	266	6,811	-
Total current assets	12,342,761	29,506,682	2,295,139	2,827,425	46,972,007	15,526,768
Noncurrent assets:						
Deferred charges						
Unamortized debt issue costs	899,631	733,497	-	13,729	1,646,857	-
Unamortized loss on sale/leaseback	-	-	-	3,375,889	3,375,889	-
Total deferred charges	899,631	733,497	-	3,389,618	5,022,746	-
Capital assets:						
Land and construction in progress	1,274,436	10,407,565	2,449,202	1,580,489	15,711,692	-
Other capital assets (net of accumulated depreciation)	58,621,031	92,337,988	13,795,508	8,091,417	172,845,944	1,292,126
Total capital assets	59,895,467	102,745,553	16,244,710	9,671,906	188,557,636	1,292,126
Total noncurrent assets	60,795,098	103,479,050	16,244,710	13,061,524	193,580,382	1,292,126
Total assets	73,137,859	132,985,732	18,539,849	15,888,949	240,552,389	16,818,894

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

Continued on next page

CITY OF SOUTH BEND
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2009
(Continued)

Liabilities	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	Internal Service Funds
Current liabilities:						
Accounts payable	435,621	370,845	179,104	243,654	1,229,224	751,727
Interfund payables:						
Interfund loans	-	31,546	-	-	31,546	388,831
Interfund services provided and used	-	55,108	31,164	55,223	141,495	2,246
Accrued payroll payable	111,418	179,691	-	79,746	370,855	72,140
Compensated absences	197,631	218,517	-	94,680	510,828	100,711
Unearned revenue	-	-	274,464	-	274,464	-
Taxes payable	54,860	-	586	198	55,644	-
Customer deposits	3,208	-	95,457	-	98,665	-
Estimate of unfiled claims	-	-	-	-	-	1,377,339
Current liabilities payable from restricted assets:						
Accounts payable	-	208,996	35,501	-	244,497	-
Interfund payables:						
Interfund services provided and used	23,875	-	-	-	23,875	-
Contracts and retainage payable	153,235	1,705,766	-	-	1,859,001	-
Customer deposits	1,355,061	-	-	-	1,355,061	-
Mortgage bonds payable	-	52,275	-	-	52,275	-
Revenue bonds payable	2,465,000	1,910,000	-	540,000	4,915,000	-
Capital leases payable	4,304	44,186	-	291,852	340,342	-
Notes and loans payable	140,840	1,475,205	71,500	-	1,687,545	-
Accrued interest payable	-	228,844	838	39,404	269,086	-
Total current liabilities	<u>4,945,053</u>	<u>6,480,979</u>	<u>688,614</u>	<u>1,344,757</u>	<u>13,459,403</u>	<u>2,692,994</u>
Noncurrent liabilities:						
Advances from other funds	-	-	-	1,689,750	1,689,750	-
Mortgage bonds payable (net of unamortized discount)	-	766,680	-	-	766,680	-
Revenue bonds payable (net of unamortized discounts, premiums, and deferred amount on refunding)	15,785,807	45,847,440	-	1,692,980	63,326,227	-
Capital leases payable	11,987	22,737	-	518,167	552,891	-
Notes and loans payable	1,571,440	12,729,748	156,625	-	14,457,813	-
Unamortized gain on sale/leaseback	-	-	-	19,505	19,505	-
Total noncurrent liabilities	<u>17,369,234</u>	<u>59,366,605</u>	<u>156,625</u>	<u>3,920,402</u>	<u>80,812,866</u>	<u>-</u>
Total liabilities	<u>22,314,287</u>	<u>65,847,584</u>	<u>845,239</u>	<u>5,265,159</u>	<u>94,272,269</u>	<u>2,692,994</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	44,146,457	52,675,831	16,016,585	6,768,770	119,607,643	1,292,126
Restricted for debt service	1,785,003	4,487,704	-	1,340,508	7,613,215	-
Restricted for capital outlay	4,230,368	566,989	1,663,170	1,597	6,462,124	-
Unrestricted	661,744	9,407,624	14,855	2,512,915	12,597,138	12,833,774
Total net assets	<u>\$ 50,823,572</u>	<u>\$ 67,138,148</u>	<u>\$ 17,694,610</u>	<u>\$ 10,623,790</u>	<u>\$ 146,280,120</u>	<u>\$ 14,125,900</u>

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

CITY OF SOUTH BEND
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities	
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:						
Metered revenue:						
Residential	\$ 6,528,666	\$ 13,619,525	\$ -	\$ -	\$ 20,148,191	\$ -
Commercial	3,243,533	6,164,776	-	-	9,408,309	-
Industrial	381,328	3,304,212	-	-	3,685,540	-
Fire protection revenue	1,932,429	-	-	-	1,932,429	-
Leak insurance revenue	890,183	-	-	-	890,183	-
Penalties	69,684	270,397	-	-	340,081	-
Convention fees	-	-	1,116,825	-	1,116,825	-
Licenses and permits	-	-	-	968,804	968,804	-
Parking fees	-	-	178,916	1,066,206	1,245,122	-
Solid waste fees	-	-	-	4,641,741	4,641,741	-
Golf course fees	-	-	-	1,550,695	1,550,695	-
Employee/employer contributions	-	-	-	-	-	14,867,399
Charges for sales and services	-	-	-	-	-	3,101,491
Other	426,067	954,237	230,574	132,544	1,743,422	6,154
Total operating revenues	13,471,890	24,313,147	1,526,315	8,359,990	47,671,342	17,975,044
Operating expenses:						
Source of supply and expense/collection system expense - operations and maintenance	1,050,715	6,359,556	-	-	7,410,271	-
Transmission and distribution/pumping expense - operations and maintenance	3,756,657	-	-	-	3,756,657	-
Treatment and disposal expense - operations and maintenance	774,979	10,665,817	-	-	11,440,796	-
Operations and maintenance	-	-	-	6,216,622	6,216,622	2,593,544
Customer accounts	1,635,605	80,750	-	-	1,716,355	-
Administration and general	2,881,814	2,308,532	2,617,186	922,370	8,729,902	628,238
Insurance claims and premiums	-	-	-	-	-	13,338,342
Depreciation	1,563,809	3,533,633	533,494	633,739	6,264,675	88,827
Total operating expenses	11,663,579	22,948,288	3,150,680	7,772,731	45,535,278	16,648,951
Operating income (loss)	1,808,311	1,364,859	(1,624,365)	587,259	2,136,064	1,326,093
Nonoperating revenues (expenses):						
Interest and investment revenue	40,107	206,090	15,570	9,593	271,360	42,678
Hotel/motel tax	-	-	1,347,651	-	1,347,651	-
Repair fund revenues	-	699,016	-	-	699,016	-
Management fees	668,916	(643,816)	-	-	25,100	-
Miscellaneous revenue	10,483	-	-	-	10,483	-
Interest expense	(801,705)	(2,336,103)	(5,701)	(166,404)	(3,309,913)	-
Amortization expense	(54,443)	(38,875)	-	(564,675)	(657,993)	-
Repair fund expenses	-	(603,231)	-	-	(603,231)	-
Gain (loss) on disposition of assets	(64,952)	(476,830)	(331,885)	5,060	(868,607)	(52,978)
Total nonoperating revenue (expenses)	(201,594)	(3,193,749)	1,025,635	(716,426)	(3,086,134)	(10,300)
Income (loss) before contributions and transfers	1,606,717	(1,828,890)	(598,730)	(129,167)	(950,070)	1,315,793
Capital contributions	371,984	480,897	3,179,850	5,681	4,038,412	-
Transfers in	-	-	-	655,000	655,000	152,455
Transfers out	-	-	-	(9,008)	(9,008)	(152,455)
Change in net assets	1,978,701	(1,347,993)	2,581,120	522,506	3,734,334	1,315,793
Total net assets - beginning	48,844,871	68,486,141	15,113,490	10,101,284	142,545,786	12,810,107
Total net assets - ending	\$ 50,823,572	\$ 67,138,148	\$ 17,694,610	\$ 10,623,790	\$ 146,280,120	\$ 14,125,900

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

CITY OF SOUTH BEND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2009

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	Internal Service Fund
Cash flows from operating activities:						
Receipts from customers and users	\$ 13,416,010	\$ 24,954,452	\$ 1,424,597	\$ 8,306,561	\$ 48,101,620	\$ 470,426
Receipts from interfund services provided	745,411	244,338	-	47,667	1,037,416	17,829,284
Payments to suppliers	(5,678,359)	(11,628,178)	(2,471,727)	(3,720,121)	(23,498,385)	(13,101,709)
Payments to employees	(4,056,870)	(5,366,973)	-	(2,435,054)	(11,858,897)	(2,397,454)
Payments for interfund services used	(110,756)	(3,885,558)	(109,982)	(1,004,062)	(5,110,358)	(435,802)
Net cash provided (used) by operating activities	4,315,436	4,318,081	(1,157,112)	1,194,991	8,671,396	2,364,745
Cash flows from noncapital financing activities:						
Repayments of advances from other funds	-	-	-	(178,158)	(178,158)	-
Interfund loan repaid	-	-	-	-	-	7,595,152
Hotel/motel tax	-	-	1,347,651	-	1,347,651	-
Transfer from other funds	-	-	-	655,000	655,000	152,455
Transfer to other funds	-	-	-	(9,008)	(9,008)	(152,455)
Net cash provided by noncapital financing activities	-	-	1,347,651	467,834	1,815,485	7,595,152
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(1,664,624)	(7,467,604)	(53,620)	(15,950)	(9,201,798)	-
Proceeds from capital debt issued	5,245,500	24,777	-	-	5,270,277	-
Bond issue costs paid	(93,135)	(24,777)	-	-	(117,912)	-
Principal paid on capital debt	(2,485,919)	(3,172,335)	(71,500)	(929,616)	(6,659,370)	-
Interest paid on capital debt	(790,535)	(2,610,179)	(7,361)	(152,595)	(3,560,670)	-
Proceeds from sales of capital assets	12,892	58,144	-	5,060	76,096	-
Net cash provided (used) by capital and related financing activities	224,179	(13,191,974)	(132,481)	(1,093,101)	(14,193,377)	-
Cash flows from investing activities:						
Purchase of investments	-	-	(600,000)	-	(600,000)	-
Interest received	54,128	299,148	21,303	12,554	387,133	72,385
Net cash provided (used) by investing activities	54,128	299,148	(578,697)	12,554	(212,867)	72,385
Net increase (decrease) in cash and cash equivalents	4,593,743	(8,574,745)	(520,639)	582,278	(3,919,363)	10,032,282
Cash and cash equivalents, January 1 (Including \$530,183, \$1,330,520, \$6,474,460, and \$24,618,250 for the repair fund, customer deposits, revenue bond covenants and capital outlays, respectively, reported in restricted accounts)						
	<u>6,493,913</u>	<u>36,131,972</u>	<u>1,445,454</u>	<u>1,837,336</u>	<u>45,908,675</u>	<u>3,771,022</u>
Cash and cash equivalents, December 31 (Including \$330,963, \$1,348,643, \$7,864,729, and \$19,018,406 for the repair fund, customer deposits, revenue bond covenants and capital outlays, respectively, reported in restricted accounts)						
	<u>\$ 11,087,656</u>	<u>\$ 27,557,227</u>	<u>\$ 924,815</u>	<u>\$ 2,419,614</u>	<u>\$ 41,989,312</u>	<u>\$ 13,803,304</u>

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

Continued on next page

CITY OF SOUTH BEND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2009
(Continued)

	Business-Type Activities - Enterprise Funds				Governmental Activities	
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 1,808,311	\$ 1,364,859	\$ (1,624,365)	\$ 587,259	\$ 2,136,064	\$ 1,326,093
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	1,563,809	3,533,633	533,494	633,739	6,264,675	88,827
Bad debt expense	80,875	74,618	-	53,384	208,877	-
Nonoperating revenues (expenses)	679,399	(548,031)	-	-	131,368	-
Lease proceeds used for non capital purchases	-	-	-	78,378	78,378	-
(Increase) decrease in assets:						
Accounts receivable	(84,592)	(70,458)	26,117	(59,103)	(188,036)	(84,154)
Accounts receivable - other	(8,144)	4,349	3,724	4,290	4,219	-
Intergovernmental receivables	-	-	-	-	-	28,217
Interfund receivables	263,974	178,118	-	(4,333)	437,759	74,788
Inventories	(151,232)	(101,391)	-	2,405	(250,218)	(16,796)
Prepaid items	10,365	(3,758)	(3,971)	-	2,636	-
Increase (decrease) in liabilities:						
Customer deposits	21,993	-	(48,226)	-	(26,233)	-
Accounts payable	136,121	228,041	29,074	(108,002)	285,234	(42,670)
Contracts payable	-	(387,818)	-	-	(387,818)	-
Accrued payroll payable	3,865	42,771	-	13,184	59,820	10,178
Interfund loan	-	-	-	(7,205)	(7,205)	306,443
Interfund services provided and used	(2,971)	(10,342)	10,467	-	(2,846)	-
Compensated absence payable	(7,888)	13,490	-	797	6,399	2,125
Taxes payable	1,551	-	(93)	198	1,656	-
Deferred revenue	-	-	(83,333)	-	(83,333)	-
Estimated unfilled claims	-	-	-	-	-	671,694
Total adjustments	2,507,125	2,953,222	467,253	607,732	6,535,332	1,038,652
Net cash provided by operating activities	\$ 4,315,436	\$ 4,318,081	\$ (1,157,112)	\$ 1,194,991	\$ 8,671,396	\$ 2,364,745
Noncash investing, capital and financing activities:						
Capital assets contributed	\$ 367,332	\$ 772,327	\$ 3,179,850	\$ 14,200	\$ 4,333,709	\$ -
Capital assets contributed from other City departments						
- accumulated depreciation	58,179	291,430	-	8,519	358,128	-
Capital assets acquired by capital debt	-	363,283	-	642,612	1,005,895	-
Capital assets purchased on account	163,154	1,387,398	-	-	1,550,552	-
Capital asset disposals	471,495	5,339,583	901,057	259,638	6,971,773	1,019,741
Interest payments added to capital assets	-	300,407	-	-	300,407	-
Bond issue costs contributed	62,831	-	-	-	62,831	-
Bond issue costs paid by capital debt	231,788	83,900	-	-	315,688	-
Transfer from other funds on account	-	-	-	-	-	46,412

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

CITY OF SOUTH BEND
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2009

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>	<u>Agency Fund</u>
Cash and cash equivalents	\$ 4,969,637	\$ 40,642	\$ 1,198,030
Receivables:			
Interest	1,305	11	-
Taxes	<u>867</u>	<u>-</u>	<u>-</u>
Total receivables	<u>2,172</u>	<u>11</u>	<u>-</u>
Total assets	<u>4,971,809</u>	<u>40,653</u>	<u>\$ 1,198,030</u>
 <u>Liabilities</u>			
Current liabilities:			
Accounts payable	75	-	\$ -
Accrued payroll and withholdings payable	<u>-</u>	<u>-</u>	<u>1,198,030</u>
Total liabilities	<u>75</u>	<u>-</u>	<u>\$ 1,198,030</u>
 <u>Net Assets</u>			
Held in trust for:			
Employees' pension benefits	4,971,734	-	
Individuals, organizations, and other governments	<u>-</u>	<u>40,653</u>	
Total net assets	<u>\$ 4,971,734</u>	<u>\$ 40,653</u>	

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

CITY OF SOUTH BEND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For The Year Ended December 31, 2009

<u>Additions</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>
Contributions:		
Employer	\$ 695,628	\$ -
On behalf	11,072,623	-
Plan members	175	-
Other	<u>6,723</u>	<u>-</u>
Total contributions	<u>11,775,149</u>	<u>-</u>
Investment income:		
Interest	<u>11,132</u>	<u>250</u>
Total additions	<u>11,786,281</u>	<u>250</u>
<u>Deductions</u>		
Benefits	11,629,313	1,500
Administrative expense	<u>20,104</u>	<u>-</u>
Total deductions	<u>11,649,417</u>	<u>1,500</u>
Changes in net assets	136,864	(1,250)
Net assets - beginning	<u>4,834,870</u>	<u>41,903</u>
Net assets - ending	<u>\$ 4,971,734</u>	<u>\$ 40,653</u>

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

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CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of South Bend (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, water, sewer, 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.

Blended Component Units

The South Bend Redevelopment Authority, a legally separate entity, is a significant blended component unit of the primary government. The Redevelopment Authority's sole purpose is to finance and construct land, buildings and other improvements for use by the primary government. Financial statements for the Redevelopment Authority are available at the City Controller's Office, City of South Bend, 227 West Jefferson, 1200N County-City Building, South Bend, Indiana, 46601.

The South Bend Building Corporation, Inc., is also 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 South Bend. 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 South Bend, 227 West Jefferson, 1200N, County-City Building, South Bend, Indiana, 46601.

Related Organizations

The primary government's officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointments. The Mayor and the Common Council appoint the board members of the South Bend Housing Authority, South Bend Public Transportation Corporation (TRANSPO), Urban Enterprise Association, and the Special Funds Board of Managers.

During 2009, the Special Funds Board of Managers provided \$1,347,651 to the City's Century Center to finance operations and \$530,137 to the City's Professional Sports Development Fund, to finance capital costs of the College Football Hall of Fame.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Assets 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

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which 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 pension trust and private purpose trust fund financial statements. Agency funds, however, report only assets and liabilities. Since they do not report equity (or changes in equity), they have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The primary government reports the following major governmental funds:

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

The park and recreation fund is used 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.

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

The tax incremental financing (TIF) airport fund is used to account for public improvement projects in the airport economic development area. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment.

The county option income tax (COIT) fund is used to account for the City's share of the county option income tax. Expenditures include land improvements and purchases of motor equipment.

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 Century Center fund accounts for the operation and maintenance of the City's convention center. Financing is received from various rental agreements and a subsidy from the St. Joseph County's Special Funds Board of Managers.

Additionally, the primary government reports the following fund types:

The internal service funds account for liability coverage, employee medical coverage, and central services such as fuel, vehicle repairs and various supplies provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefits cemetery maintenance.

The agency fund accounts for assets held by the primary government as an agent for employee payroll, pension, and payroll deductions.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The primary government has elected not to follow subsequent private-sector guidance.

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 payments of administrative costs. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The primary 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 primary 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 is no material difference between amortized cost and fair value. Other money market investments are reported at fair value.

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

2. Interfund Transactions and Balances

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

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are usually distributed to the primary government in June and in December. State statutes (IC 6-1.1-17-16) require the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively.

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 enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because their use is limited by applicable bond covenants.

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	\$ 50,000	Straight-Line	20 to 30 years
Equipment	5,000	Straight-Line	5 to 20
Roads – collectors and residential	3,000,000	Straight-Line	40 to 50
Utilities' infrastructure (small)	75,000	Straight-Line	30 to 99
Utilities' infrastructure (large)	100,000	Straight-Line	30 to 99

The City has implemented retroactive reporting of its infrastructure as of December 31, 2006.

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.

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

7. Compensated Absences

- a. Sick Leave – primary government employees earn sick leave at the rate of two-thirds of a day for each completed month of service. Sick leave may accumulate to a maximum of ninety days for policemen, one hundred days for firemen, seventy-five days for teamsters, and sixty-five days for all other employees. Accumulated sick leave is paid to firemen, to policemen, and to teamsters, upon termination of employment, at one-half their current pay rate, at a rate of one-half the corporal's rate of pay up to a maximum of sixty days, and \$25 for each accumulated sick leave day, respectively, at the time of retirement.
- b. Vacation Leave – primary government employees earn vacation leave at rates from nine days to twenty-eight days per year based upon the number of years of service, employee classification, and hire date. Vacation leave does not accumulate from year to year, except in instances where special cases are approved. Employees earn vacation leave during the year to be used the following year. Unused vacation leave is paid to employees upon termination of employment.
- c. Personal Leave – primary government policemen earn personal leave at the rate of seven days per year. Personal leave does not accumulate from year to year. Unused personal leave may be rolled into sick leave. City employees under the teamster contract can use their sick leave for personal leave.
- d. Compensatory Leave – policemen and firemen have accumulated overtime-compensatory leave for a variety of reasons.

Unused vacation leave for all City employees, and unused sick leave and compensatory leave of firemen, policemen and teamsters is accrued when incurred and reported as a liability in the statement of net assets. Amounts due and payable at year end are included in the proprietary fund statements. No liability is recognized in the governmental fund statements.

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 Assets. 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. Debt 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.

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Net assets restricted for debt service and for capital outlay shown in the business-type activities and in the enterprise funds are restricted pursuant to state statute and/or local ordinance.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The government-wide statement of net assets reports restricted net assets for debt service and capital outlay, which is restricted by enabling legislation.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

General

Major governmental funds:

Special revenue fund - park and recreation

Capital projects fund - county option income tax (COIT)

Nonmajor governmental funds:

Special revenue funds - motor vehicle highway, recreation nonreverting, community development, local road and street, excess welfare distribution, human rights federal

Debt service fund - college football hall of fame debt service

Capital projects funds - emergency medical services, professional sports development, park nonreverting capital, cumulative capital development, cumulative capital improvement, economic development income tax, major moves

On or before August 31, 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 September 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.

CITY OF SOUTH BEND
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

The primary government's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Common Council. The 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 or within the Park and Recreation Fund, or within any other major or nonmajor governmental fund which required legally, approved budgets.

B. Deficit Fund Equity

At December 31, 2009, the following funds reported deficits in fund equity, which are violations of State statute:

	Deficit
Governmental funds:	
TIF - Northeast Development	\$ 3,293,227
TIF - Douglas Road	710,788

Fund equity deficits arose primarily from expenditures or expenses exceeding revenues due to the underestimate of current requirements. It is anticipated that these deficits will be repaid from future revenues.

III. Detailed Notes on All Funds

A. Deposits and Investments

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, 2009, the bank balances held at Wells Fargo Bank NA, The Bank of New York Trust Company, NA, US Bank National Association, and at 1st Source Bank, in the amounts of \$2,498,248; \$203,295; \$3,539,502; and \$2,044,144; respectively, were collateralized with securities held by the pledging financial institution's trust department or agent in the depositor-City's name. 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. The City has not formally adopted a deposit policy for custodial credit risk.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2009, the City had the following investments:

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Type	Primary Government	Investment Maturities (in Years)		
	Fair Value	Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ 6,549,882	\$ 6,549,882	\$ -	\$ -

Investment Policies

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

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed fifty percent (50%) of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise; or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

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

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 City does not have a formal investment policy for custodial credit risk for investments. At December 31, 2009, the City held investments in U.S. treasuries and securities in the amount of \$6,549,882. These investments were held by the counterparty's trust department or agent but not in the City's name.

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 City does not have a formal investment policy for interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. Treasury securities are guaranteed by the full faith and credit of the U.S. government and are recognized as the safest investment available. The City does not have a formal investment policy for credit risk.

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 City 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.

Foreign Currency Risk

The City does not have a formal policy in regards to foreign currency risk. The City does not have any foreign currency.

B. Receivables

The following receivable accounts have timing and credit characteristics different from typical accounts receivable. As of December 31, 2009, City funds recognized the following loan receivable balances. The schedule shows the total receivable and the portion that is not due within one year. These loans were for economic development projects:

<u>Fund</u>	<u>Receivable</u>	<u>Noncurrent</u>
Major governmental funds:		
County Option Income Tax	\$ 166,667	\$ 133,333
Nonmajor governmental funds:		
Economic Development State Grants	2,201,147	1,773,680
Urban Development Action Grant	3,161,539	2,923,259
Community Development	1,246,689	1,206,973
Industrial Revolving	<u>4,247,453</u>	<u>3,488,896</u>
Totals	<u>\$ 11,023,495</u>	<u>\$ 9,526,141</u>

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,383,431	\$ 1,189,007	\$ 136,666	\$ 12,435,772
Construction in progress	<u>1,966,657</u>	<u>37,633,203</u>	<u>1,966,657</u>	<u>37,633,203</u>
Total capital assets, not being depreciated	<u>13,350,088</u>	<u>38,822,210</u>	<u>2,103,323</u>	<u>50,068,975</u>
Capital assets, being depreciated:				
Buildings	98,098,714	-	170,581	97,928,133
Improvements other than buildings	15,282,594	7,270,492	-	22,553,086
Machinery and equipment	40,741,069	321,508	2,615,406	38,447,171
Roads being depreciated	<u>366,086,462</u>	<u>-</u>	<u>-</u>	<u>366,086,462</u>
Totals	<u>520,208,839</u>	<u>7,592,000</u>	<u>2,785,987</u>	<u>525,014,852</u>
Less accumulated depreciation for:				
Buildings	26,813,263	2,344,149	116,380	29,041,032
Improvements other than buildings	5,675,071	670,221	-	6,345,292
Machinery and equipment	29,840,142	2,246,262	1,996,242	30,090,162
Roads being depreciated	<u>218,273,427</u>	<u>9,204,698</u>	<u>-</u>	<u>227,478,125</u>
Totals	<u>280,601,903</u>	<u>14,465,330</u>	<u>2,112,622</u>	<u>292,954,611</u>
Total capital assets, being depreciated, net	<u>239,606,936</u>	<u>(6,873,330)</u>	<u>673,365</u>	<u>232,060,241</u>
Total governmental activities capital assets, net	<u>\$ 252,957,024</u>	<u>\$ 31,948,880</u>	<u>\$ 2,776,688</u>	<u>\$ 282,129,216</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,020,575	\$ 1,141,276	\$ -	\$ 4,161,851
Construction in progress	<u>15,117,137</u>	<u>9,848,320</u>	<u>13,415,616</u>	<u>11,549,841</u>
Total capital assets, not being depreciated	<u>18,137,712</u>	<u>10,989,596</u>	<u>13,415,616</u>	<u>15,711,692</u>
Capital assets, being depreciated:				
Buildings	99,815,997	2,207,737	1,336,008	100,687,726
Improvements other than buildings	111,977,073	7,914,427	363,845	119,527,655
Machinery and equipment	<u>46,034,596</u>	<u>8,030,495</u>	<u>5,271,919</u>	<u>48,793,172</u>
Totals	<u>257,827,666</u>	<u>18,152,659</u>	<u>6,971,772</u>	<u>269,008,553</u>

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities (continued):				
Capital assets, being depreciated (continued):				
Less accumulated depreciation for:				
Buildings	38,926,113	2,309,688	945,756	40,290,045
Improvements other than buildings	20,229,727	2,073,634	283,770	22,019,591
Machinery and equipment	<u>36,411,037</u>	<u>2,239,481</u>	<u>4,797,545</u>	<u>33,852,973</u>
Totals	<u>95,566,877</u>	<u>6,622,803</u>	<u>6,027,071</u>	<u>96,162,609</u>
Total capital assets, being depreciated, net				
	<u>162,260,789</u>	<u>11,529,856</u>	<u>944,701</u>	<u>172,845,944</u>
Total business-type activities capital assets, net				
	<u>\$ 180,398,501</u>	<u>\$ 22,519,452</u>	<u>\$ 14,360,317</u>	<u>\$ 188,557,636</u>

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

Governmental activities:	
General government	\$ 177,246
Public safety	1,879,949
Highways and streets, including depreciation of general infrastructure assets	9,895,935
Culture and recreation	2,395,979
Economic development	27,394
Internal service funds*	<u>88,827</u>
Total depreciation expense - governmental activities	<u>\$ 14,465,330</u>
Business-type activities:	
Water	\$ 1,563,809
Wastewater	3,533,633
Civic center	533,494
Building permits	21,340
Parking garage	216,232
Solid waste	178,666
Golf course	<u>217,501</u>
Total depreciation expense - business-type activities	<u>\$ 6,264,675</u>

*Capital assets held by the primary government's internal service funds are charged to the various functions based on their usage of the assets.

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2009	Committed	Required Future Funding
Governmental activities:				
Portage Avenue improvements	\$ 1,138,752	\$ 1,138,752	\$ -	\$ -
Eddy/Colfax/LaSalle intersection improvements	256,368	238,252	18,116	-
Eddy Street parking garage	18,391,254	17,924,116	467,138	-
Eddy Commons phase 1	17,771,254	13,795,244	3,976,010	-
Triangle infrastructure	1,727,397	5,369	1,722,028	-
Douglas Road added travel lanes	2,592,860	2,471,177	121,683	-
WNIT façade renovation	1,010,984	340,233	670,751	-
Ireland Road streetscape improvements	1,149,450	1,120,866	28,584	-
Ewing Avenue	180,000	145,969	34,031	-
Miami Road	1,283,859	364,974	918,885	-
AFIS palm system installation	353,000	88,250	264,750	-
Total - Governmental activities	\$ 45,855,179	\$ 37,633,203	\$ 8,221,976	\$ -
Business-type activities:				
Water Utility:				
Edison WTP filter cell 3 W media replacement	\$ 107,265	\$ 99,265	\$ 8,000	\$ -
Ireland booster station	363,143	78,534	284,609	-
North Station roof replacement	201,101	58,400	142,701	-
Ironwood main	358,600	123,369	235,231	-
Radio telemetry project	188,527	75,632	112,895	-
Kern main	433,782	115,683	318,099	-
Main line valve replacement	123,674	86,842	36,832	-
Other projects	327,854	263,767	64,087	-
Wastewater Utility:				
Radio telemetry project	289,625	202,710	86,915	-
Twyckenham Drive storm sewer	5,454,340	1,040,233	4,414,107	-
Eddy Street Commons - phase III	1,070,000	1,067,078	2,922	-
North Bendix Park sewer separation	581,753	495,775	85,978	-
Edison Park sewer separation - phase II	4,972,194	4,370,612	601,582	-
Primary scum and final clarifier gates	227,000	230,940	(3,940)	-
CSO net phase II	611,000	367,023	243,977	-
Pleasant Street sewer separation phase II	131,038	90,813	40,225	-
Diamond Avenue storm sewer	725,238	382,556	342,682	-
Kennedy Park sewer	2,084,487	360,408	1,724,080	-
Pump station replacement	286,000	255,081	30,919	-
Dewatering bldh. HVAC replacement	194,756	318	194,438	-
Raw sewage pump #1 upgrade/refurbish	316,000	1,519	314,482	-
Other projects	96,260	37,016	59,244	-
Century Center				
Security and fire alarm systems	550,901	524,282	26,619	-
C hall renovation	788,802	598,044	190,758	-
Chiller project	692,699	623,942	68,757	-
Totals - Business-type activities	\$ 21,176,039	\$ 11,549,841	\$ 9,626,198	\$ -

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2009, is as follows:

Payable	Receivable								Totals
	Governmental Funds					Enterprise Funds			
	General	Park and Recreation	TIF Airport	COIT	Nonmajor	Water	Nonmajor	Internal Service	
Governmental funds:									
General	\$ 476	\$ 41,570	\$ -	\$ -	\$ -	\$ 5,421	\$ 4,333	\$251,876	\$ 303,676
Park and recreation	2,090	-	-	-	-	2,566	-	27,945	32,601
Nonmajor	8,662	-	516	91,518	12,512	420	-	4,224	117,852
Enterprise funds:									
Water	1,948	-	-	-	-	-	-	21,927	23,875
Wastewater	30	-	-	31,546	-	1,312	-	53,766	86,654
Century Center	31,164	-	-	-	-	-	-	-	31,164
Nonmajor	260	-	267	-	-	353	-	54,343	55,223
Internal service	83,525	-	-	-	-	681	-	306,871	391,077
Totals	<u>\$ 128,155</u>	<u>\$ 41,570</u>	<u>\$ 783</u>	<u>\$ 123,064</u>	<u>\$ 12,512</u>	<u>\$ 10,753</u>	<u>\$ 4,333</u>	<u>\$720,952</u>	<u>\$ 1,042,122</u>

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. Advances Between Funds

The advances between funds record noncurrent portions of long-term loans from one fund to another. Advances at December 31, 2009, were as follows:

Advance from	Advance to		Totals
	Nonmajor Governmental	Nonmajor Enterprise	
General	\$ 1,038,969	\$ -	\$ 1,038,969
TIF - Airport	-	1,689,750	1,689,750
Nonmajor governmental	<u>4,789,359</u>	<u>-</u>	<u>4,789,359</u>
Totals	<u>\$ 5,828,328</u>	<u>\$ 1,689,750</u>	<u>\$ 7,518,078</u>

3. Interfund Transfers

Interfund transfers at December 31, 2009, were as follows:

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Transfer From	Transfer To						Totals
	General	Park and Recreation	TIF - Airport	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
General	\$ -	\$ -	\$ -	\$ 1,413,149	\$ -	\$ -	\$ 1,413,149
Park and recreation	-	-	-	400,580	-	-	400,580
TIF - Airport	-	-	-	1,454,305	655,000	-	2,109,305
COIT	-	-	-	1,736,826	-	-	1,736,826
Nonmajor governmental	250,000	75,000	17,465	3,330,839	-	-	3,673,304
Nonmajor enterprise	-	-	9,008	-	-	-	9,008
Internal service	-	-	-	-	-	152,455	152,455
Totals	\$ 250,000	\$ 75,000	\$ 26,473	\$ 8,335,699	\$ 655,000	\$ 152,455	\$ 9,494,627

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

F. Leases

1. Operating Leases

The primary government has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for golf cart global positioning systems, vehicles, copiers, and office space. Rental expenditures for these leases were \$264,771. The following is a schedule by years of future minimum rental payments as of December 31, 2009:

Year Ended December 31	Annual Payment
2010	\$ 185,118
2011	179,563
2012	179,563
2013	179,563
2014	<u>91,156</u>
Total	\$ <u>814,963</u>

2. Capital Leases

The primary government has entered into various capital leases for various types of equipment, and two parking garages. The parking garage capital leases are being repaid from governmental funds. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2009, are as follows:

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2010	\$ 1,399,943	\$ 366,805
2011	1,211,379	187,598
2012	871,345	164,419
2013	707,279	161,827
2014	600,580	79,617
2015-2019	1,801,740	-
2020-2024	1,000,000	-
2025-2029	<u>200,000</u>	<u>-</u>
 Total minimum lease payments	 7,792,266	 960,266
 Less amount representing interest	 <u>1,578,060</u>	 <u>67,033</u>
 Present value of net minimum lease payments	 <u>\$ 6,214,206</u>	 <u>\$ 893,233</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings	\$ -	\$ 4,115,612
Machinery and equipment	<u>5,546,512</u>	<u>1,440,480</u>
 Totals	 5,546,512	 5,556,092
 Accumulated depreciation	 <u>1,671,994</u>	 <u>1,872,131</u>
 Totals	 <u>\$ 3,874,518</u>	 <u>\$ 3,683,961</u>

G. Long-Term Liabilities

1. Mortgage Bonds

Mortgage Bonds outstanding at year end are as follows:

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Interest Rates	Original Issue	Outstanding 12-31-09
<u>Governmental Activities</u>			
2001 Public Works Service Center - maturity February 1, 2021 - installments of \$425,000 to \$735,000 plus interest	4.63% to 5.3%	\$ 8,112,250	\$ 5,910,980
2003 New Fire Station/Police renovations - maturity February 1, 2023 - installments of \$470,000 to \$840,000 plus interest	2% to 5%	21,335,000	16,950,000
2005 Park Fitness Center renovations - maturity February 1, 2010	3.61%	<u>920,000</u>	<u>200,168</u>
Total - governmental activities		<u>\$ 30,367,250</u>	<u>\$ 23,061,148</u>
<u>Business-Type Activities</u>			
2001 Public Works Service Center - maturity February 1, 2021 - installments of \$425,000 to \$735,000 plus interest	4.63% to 5.3%	<u>\$ 1,137,750</u>	<u>\$ 829,020</u>

Mortgage bonds at year end include the following amounts of unamortized bond discount (premium):

Purpose	Balance at December 31	Unamortized Discount (Premium)	Adjusted Balance
<u>Governmental Activities</u>			
2001 Public Works Service Center	\$ 5,910,980	\$ 46,645	\$ 5,864,335
2003 New Fire Station/Police renovations	16,950,000	(414,060)	17,364,060
2005 Park Fitness Center renovations	<u>200,168</u>	<u>-</u>	<u>200,168</u>
Total Governmental Activities	<u>\$ 23,061,148</u>	<u>\$ (367,415)</u>	<u>\$23,428,563</u>
<u>Business-Type Activities</u>			
2001 Public Works Service Center	<u>\$ 829,020</u>	<u>\$ 10,065</u>	<u>\$ 818,955</u>

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Mortgage debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 1,522,893	\$ 1,064,546	\$ 52,275	\$ 41,112
2011	1,375,265	1,007,431	54,735	38,570
2012	1,437,805	944,661	57,195	35,883
2013	1,495,345	881,312	59,655	33,020
2014	1,562,270	816,835	62,730	29,975
2015-2019	8,963,460	2,928,291	366,540	96,766
2020-2024	6,704,110	626,022	175,890	9,453
Totals	<u>\$ 23,061,148</u>	<u>\$ 8,269,098</u>	<u>\$ 829,020</u>	<u>\$ 284,779</u>

2. Revenue Bonds

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

Purpose	Interest Rates	Original Issue	Outstanding 12-31-09
<u>Governmental Activities</u>			
Tax Incremental Financing Revenue Bonds:			
2002 TJX Special Taxing District	3.0% to 4.75%	\$ 6,620,000	\$ 4,715,000
- maturity January 1, 2022			
- installments of \$295,000 to \$500,000 plus interest			
2003 Airport TIF	1.6% to 5.20%	14,420,000	11,585,000
- maturity February 1, 2025			
- installments of \$280,000 to \$530,000 plus interest			
2003 SB Downtown Central Development TIF	1.6% to 5.20%	19,795,000	19,020,000
- maturity February 1, 2025			
- installments of \$240,000 to \$935,000 plus interest			
2005 Southside TIF	6.1% to 6.75%	5,485,000	5,185,000
- maturity February 1, 2027			
- installments of \$165,000 to \$465,000 plus interest			
2005 Erskine Commons	8%	3,500,000	3,395,000
- maturity February 1, 2025			
- installments of \$110,000 to \$355,000 plus interest			
2006 Erskine Commons	4.50% to 5.40%	2,440,000	2,440,000
- maturity February 1, 2025			
- installments of \$105,000 to \$215,000 plus interest			
Redevelopment Authority Revenue Bonds:			
1996 Central Development Area Refinancing	4% to 5.85%	3,790,000	1,245,000
- maturity February 1, 2012			
- installments of \$235,000 to \$265,000 plus interest			
2000 Hall of Fame Refinancing	4.45% to 6.0%	15,370,000	9,390,000
- maturity February 1, 2018			
- installments of \$445,000 to \$680,000 plus interest			
2001 Century Center Refinancing	2.9% to 5.0%	6,825,000	4,085,000
- maturity February 1, 2018			
- installments of \$200,000 to \$290,000 plus interest			

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Interest Rates	Original Issue	Outstanding 12-31-09
<u>Governmental Activities</u>			
Redevelopment Authority Revenue Bonds (continued):			
2008 Eddy Street Common Improvements	4.0% to 6.0%	36,000,000	36,000,000
- maturity February 15, 2033			
- installments of \$145,000 to \$1,420,000 plus interest			
2008 Century Center Improvements	4.0% to 5.63%	4,655,000	4,655,000
- maturity May 1, 2028			
- installments of \$155,000 to \$375,000 plus interest			
2009 Morris Performing Arts Center Refinancing	3.0% to 4.0%	7,210,000	6,760,000
- maturity February 1, 2017			
- installments of \$400,000 to \$515,000 plus interest			
CEDIT Revenue Bonds:			
2006 CEDIT Refinancing Bonds	3.75% to 4%	<u>7,440,000</u>	<u>5,500,000</u>
- maturity February 1, 2017			
- installments of \$310,000 to \$430,000 plus interest			
Total Governmental Activities		<u>\$ 133,550,000</u>	<u>\$ 113,975,000</u>
<u>Business-Type Activities:</u>			
1997 Water Works Improvement	4.35% to 4.75%	\$ 22,500,000	\$ 4,180,000
- maturity January 1, 2012			
- installments of \$2,040,000 to \$2,140,000 plus interest			
2002 Water Works Improvement	3.5% to 5.0%	5,975,000	4,465,000
- maturity January 1, 2023			
- installments of \$255,000 to \$460,000 plus interest			
2006 Water Works Improvement	4.25% to 4.50%	4,710,000	4,235,000
- maturity January 1, 2027			
- installments of \$170,000 to \$350,000 plus interest			
2009 Water Works Improvement	3.8% to 5.89%	5,380,000	5,380,000
- maturity January 1, 2030			
- installments of \$195,000 to \$455,000 plus interest			
2004 Sewage Works Improvement	2.5% to 4.75%	11,425,000	9,380,000
- maturity December 1, 2024			
- installments of \$450,000 to \$860,000 plus interest			
2006 Sewage Works Improvement	3.6% to 4.625%	7,630,000	7,345,000
- maturity December 1, 2026			
- installments of \$295,000 to \$630,000 plus interest			
2007A Sewage Works Improvement	4.0% to 4.5%	16,600,000	15,500,000
- maturity December 1, 2027			
- installments of \$585,000 to \$1,225,000 plus interest			
2007B Sewage Works Improvement	4.0% to 4.5%	16,515,000	15,425,000
- maturity December 1, 2027			
- installments of \$580,000 to \$1,230,000 plus interest			
1998 Blackthorn Golf Course Refinancing	3.25% to 4.8%	<u>6,135,000</u>	<u>2,315,000</u>
- maturity March 1, 2013			
- installments of \$540,000 to \$620,000 plus interest			
Total Business-Type Activities		<u>\$ 96,870,000</u>	<u>\$ 68,225,000</u>

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City 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 payment. Water and wastewater bond ordinances also require monthly deposits of user fee revenues over 60 months to produce a bond reserve equal to approximately the maximum annual debt service.

During 2009, the water utility paid \$3,276,454 in debt payments or approximately 24 percent of operating revenues. The wastewater utility paid \$5,782,514 in debt payments or approximately 24 percent of operating revenues.

The City has pledged tax incremental financing revenues to meet tax incremental financing and Redevelopment Authority, including the Blackthorn Golf Course, debt requirements. The City has pledged economic development income taxes to meet the CEDIT revenue bond debt requirements.

Purpose	Balance at December 31	Unamortized Discount (Premium)	Unamortized Loss (Gain) on Refunding	Adjusted Balance
<u>Governmental Activities</u>				
Tax Incremental Financing Revenue Bonds:				
2002 TJX Special Taxing District	\$ 4,715,000	\$ 42,436	\$ -	\$ 4,672,564
2003 Airport TIF	11,585,000	-	-	11,585,000
2003 SB Downtown Central Development TIF	19,020,000	-	40,779	18,979,221
2005 Southside TIF	5,185,000	55,673	-	5,129,327
2005 Erskine Commons	3,395,000	-	-	3,395,000
2006 Erskine Commons	2,440,000	-	-	2,440,000
Redevelopment Authority Revenue Bonds:				
1996 Central Development Area Refinancing	1,245,000	1,791	-	1,243,209
2000 Hall of Fame Refinancing	9,390,000	29,337	(8,539)	9,369,202
2001 Century Center Refinancing	4,085,000	29,062	217,291	3,838,647
2008 Eddy Street Common Improvements	36,000,000	(1,613,153)	-	37,613,153
2008 Century Center Improvements	4,655,000	85,322	-	4,569,678
2009 Morris Performing Arts Center Refinancing	6,760,000	(75,891)	281,431	6,554,460
CEDIT Revenue Bonds:				
2006 CEDIT Refinancing Bonds	5,500,000	(33,229)	284,959	5,248,270
Total Governmental Activities	\$ 113,975,000	\$ (1,478,652)	\$ 815,921	\$ 114,637,731
<u>Business-Type Activities</u>				
1997 Water Works Improvement	\$ 4,180,000	\$ 1,290	\$ -	\$ 4,178,710
2002 Water Works Improvement	4,465,000	(20,524)	-	4,485,524
2006 Water Works Improvement	4,235,000	28,427	-	4,206,573
2009 Water Works Improvement	5,380,000	-	-	5,380,000
2004 Sewage Works Improvement	9,380,000	(128,366)	-	9,508,366
2006 Sewage Works Improvement	7,345,000	(14,495)	-	7,359,495
2007A Sewage Works Improvement	15,500,000	31,106	-	15,468,894
2007B Sewage Works Improvement	15,425,000	4,315	-	15,420,685
1998 Blackthorn Golf Course Refinancing	2,315,000	14,981	67,039	2,232,980
Total Business-Type Activities	\$ 68,225,000	\$ (83,266)	\$ 67,039	\$ 68,241,227

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 5,110,000	\$ 5,770,646	\$ 4,915,000	\$ 2,894,748
2011	5,735,000	5,541,925	5,135,000	2,792,873
2012	6,215,000	5,284,594	3,115,000	2,569,846
2013	6,730,000	5,006,128	3,455,000	2,438,015
2014	7,155,000	4,697,428	2,960,000	2,311,029
2015-2019	33,125,000	18,325,368	16,940,000	9,609,173
2020-2024	27,255,000	10,814,632	20,410,000	5,507,716
2025-2029	13,530,000	4,691,169	10,415,000	1,159,526
2030-2034	9,120,000	1,126,650	880,000	52,716
Totals	<u>\$ 113,975,000</u>	<u>\$ 61,258,540</u>	<u>\$ 68,225,000</u>	<u>\$ 29,335,642</u>

3. Notes and Loans Payable

The primary government has entered into various notes/loans. Annual debt service requirements to maturity for the notes/loans are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 1,954,556	\$ 317,131	\$ 1,687,545	\$ 464,750
2011	1,802,414	249,162	1,734,009	416,393
2012	1,047,830	181,529	1,799,797	366,694
2013	1,050,194	143,704	1,713,114	315,382
2014	1,079,444	103,478	1,681,835	265,991
2015-2019	996,934	212,759	7,529,058	566,362
2020-2024	497,007	66,343	-	-
2025-2029	41,929	1,048	-	-
Totals	<u>\$ 8,470,308</u>	<u>\$ 1,275,154</u>	<u>\$ 16,145,358</u>	<u>\$ 2,395,572</u>

4. Bond Refunding

On April 17, 2009, the City of South Bend issued \$7,210,000 in refunding revenue bonds with an average interest rate of 3.37% to refund \$7,470,000 of outstanding Lease Rental Revenue Bonds of 1998 (Morris Performing Arts Center Project) with an average interest rate of 4.95%. The net proceeds of \$7,134,293 (after payment of \$156,657 in issuance costs and local contributions of \$456,878) were used to retire the 1998 series bonds. As a result, the 1998 bonds are considered to be defeased and the liability for those bonds has been removed from the statement of net assets. The refunding resulted in the accounting loss of

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

\$300,193, which has been recognized on the statement of net assets as deferral of loss on refunding. This amount will be amortized using the straight line method and charged to interest expense over the next eight years. The City, in effect, reduced its aggregate debt service payment by \$424,625 over the next eight years and realized an economic gain (difference between the present values of the old and new debt service payments) of \$302,947.

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2009, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Revenue	\$ 118,740,000	\$ 7,210,000	\$ 11,975,000	\$ 113,975,000	\$ 5,110,000
Mortgage	24,534,464	-	1,473,317	23,061,147	1,522,893
Total bonds payable	143,274,464	7,210,000	13,448,317	137,036,147	6,632,893
Notes and loans payable	9,543,790	1,050,327	2,123,809	8,470,308	1,954,556
Capital leases	7,388,443	-	1,174,237	6,214,206	1,123,410
Compensated absences	4,550,486	3,367,403	3,373,425	4,544,464	3,367,403
Net other postemployment benefits obligation	1,025,741	2,069,462	-	3,095,203	-
Net pension obligation	627,091	-	6,671	620,420	-
Total governmental activities long-term liabilities	<u>\$ 166,410,015</u>	<u>\$ 13,697,192</u>	<u>\$ 20,126,459</u>	<u>\$ 159,980,748</u>	<u>\$ 13,078,262</u>

* - Net pension obligation beginning balance has been restated to exclude the 1925 Police Officers' Pension and 1937 Firefighters' Pension obligations, \$35,662,230 and \$25,738,745, respectively.

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Revenue bonds payable:					
Water Utility	\$ 15,225,000	\$ 5,380,000	\$ 2,345,000	\$ 18,260,000	\$ 2,465,000
Wastewater Utility	49,475,000	-	1,825,000	47,650,000	1,910,000
Blackthorn Golf Course	2,835,000	-	520,000	2,315,000	540,000
Total revenue bonds payable	67,535,000	5,380,000	4,690,000	68,225,000	4,915,000
Mortgage bonds payable	878,835	-	49,815	829,020	52,275
Capital leases payable	628,427	720,990	456,184	893,233	340,342
Notes and loans payable	17,031,649	577,080	1,463,371	16,145,358	1,687,545
Total business-type activities long-term liabilities	<u>\$ 86,073,911</u>	<u>\$ 6,678,070</u>	<u>\$ 6,659,370</u>	<u>\$ 86,092,611</u>	<u>\$ 6,995,162</u>

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Compensated absences for governmental activities typically have been liquidated from the general fund and special revenue funds. All of the December 31, 2009, business-type activities' compensated absences are due within one year.

H. Segment Information

The primary government issued revenue bonds to finance Blackthorn Golf Course improvements. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the Blackthorn Golf Course is presented below.

Condensed Statement of Net Assets	
Assets:	
Current assets	\$ 152,102
Deferred charges	13,729
Restricted assets	1,363,444
Capital assets	2,894,905
Total assets	\$ 4,424,180
Liabilities:	
Current liabilities	\$ 25,658
Current liabilities payable from restricted assets	576,665
Noncurrent liabilities	3,382,730
Total liabilities	\$ 3,985,053
Net assets:	
Invested in capital assets, net of related debt	\$ 661,925
Restricted	1,340,508
Unrestricted	(1,563,306)
Total net assets	\$ 439,127

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

Operating revenues	\$ 1,557,951
Depreciation expense	217,501
Other operating expenses	<u>1,519,262</u>
Operating income	<u>(178,812)</u>
Nonoperating revenues (expenses):	
Investment earnings	9,189
Interest expense	(140,884)
Amortization	(4,335)
Transfers in	655,000
Transfers out	<u>(9,008)</u>
Change in net assets	331,150
Beginning net assets	<u>107,977</u>
Ending net assets	<u>\$ 439,127</u>

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$ 49,395
Noncapital financing activities	645,992
Capital and related financing activities	(659,458)
Investing activities	<u>11,879</u>
Net decrease	47,808
Beginning cash and cash equivalents	<u>1,448,058</u>
Ending cash and cash equivalents	<u>\$ 1,495,866</u>

I. Restricted Assets

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

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Cash, cash equivalents, and investments		
Repair funds	\$	330,963
Customer deposits		1,348,643
Revenue bond covenant accounts		7,864,729
Capital outlay accounts		19,018,406
Investments - capital outlay accounts		1,282,000
Repair fund receivable		85,955
Interest receivable		<u>6,811</u>
Total restricted assets	\$	<u><u>29,937,507</u></u>

J. Restatements and Reclassifications

For the year ended December 31, 2009, certain changes have been made to the financial statements to more appropriately reflect financial activity of the primary government. The following schedule presents a summary of restated beginning balances. Prior period adjustments include eliminating pension obligations, adjusting capital asset costs, recognizing a previously omitted bonds payable, recognizing a previously omitted loan receivable, eliminating a previously reported blended component unit, and eliminating a portion an interfund advance.

Indiana Code 5-10.3-11-4.7 states: "(a) In 2009 and each year thereafter, the state board shall distribute from the pension relief fund to each unit of local government the total amount of pension, disability, and survivor benefit payments from the 1925 police pension fund (IC 36-8-6), and the 1937 firefighters' pension fund (IC 36-8-7), and the 1953 police pension fund (IC 36-8-7.5) to be made by the unit in the calendar year, as estimated by the state board under section 4 of this chapter, after subtracting any distributions to the unit from the public deposit insurance fund that will be used for benefit payments." Therefore, the pension obligation for the 1925 Police Pension and the 1937 Firefighters' Pension is no longer a liability to the city.

Governmental Activities:

Net assets balances as reported, December 31, 2009	\$	252,520,716
Eliminate fire and police pension obligation		61,400,975
Adjust capital assets costs		(4,361,057)
Omitted revenues bonds payable		(3,500,000)
Omitted loan receivable		3,181,320
Adjust for uncollectible interfund loan		(1,689,750)
Component unit status change		<u>(109,281)</u>
Net assets balances as restated, January 1, 2009	\$	<u><u>307,442,923</u></u>

Business Type Activities:

Net assets balances as reported, December 31, 2009	\$	140,045,983
Establish allowance for interfund loan		1,689,750
Adjust capital assets costs		<u>810,053</u>
Net assets balances as restated, January 1, 2009	\$	<u><u>142,545,786</u></u>

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

K. Loss on Sale/Leaseback of Leighton Parking Garage

During 2000, the City completed construction of the Leighton Parking Garage and capitalized the cost of the garage, \$11,439,712, in the Parking Garage Fund, an enterprise fund. On December 1, 2000, the City sold the garage to the South Bend Transportation Company (TRANSPO) for \$3,000,000 as part of a sale/leaseback agreement. The proceeds were receipted into the County Option Income Tax Fund. This fund is also making the future lease payments to TRANSPO.

The present value of the lease, \$1,960,044, was the new basis for the parking garage. As part of this sale/leaseback, the Parking Garage Fund recognized a deferred loss of \$8,439,712, which is being amortized over the fifteen year life of the lease.

L. Property Held For Resale

The City's Redevelopment Commission has purchased properties in blighted areas for redevelopment and subsequent resale. At December 31, 2009, the market value of these properties was not known. These properties are recognized as assets in the funds that purchased the property.

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; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; 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.

Liability Insurance

The primary government has chosen to establish a risk financing fund for risks associated with job related illnesses or injuries to employees, automobile liability, and comprehensive liability. The risk financing fund is accounted for in the Liability Insurance Premium Reserve Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$300,000 per year for job related illnesses or injuries to employees and \$50,000 per year for damage to and destruction of assets. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. A premium is charged to each fund based on a study of paid claims and based on the number of employees and percent of the total budget. Provisions are also made for unexpected and unusual claims.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of pay outs and other economic and social factors.

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Changes in the balance of claim liabilities during the past two years are as follows:

	2008	2009
Unpaid claims, beginning of fiscal year	\$ 579,795	\$ 555,645
Incurred claims and changes in estimates	1,880,285	2,591,676
Claim payments	1,904,435	1,919,982
Unpaid claims, end of fiscal year	\$ 555,645	\$ 1,227,339

Group Health Insurance

The primary government has chosen to establish a risk financing fund for risks associated with medical benefits of employees and their covered dependents. The risk financing fund is accounted for in the Self-Funded Employee Benefits Fund, an internal service fund, where assets are set aside for benefit costs. An excess policy through commercial insurance covers individual claims in excess of \$300,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. A premium is charged to each fund based on the number of employees and estimated costs exceeding the employees' contributions. Provisions are also made for unexpected and unusual claims.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of pay outs and other economic and social factors.

Changes in the balance of claim liabilities during the past two years are as follows:

	2008	2009
Unpaid claims, beginning of fiscal year	\$ 723,168	\$ 793,152
Incurred claims and changes in estimates	9,963,360	10,746,666
Claim payments	9,893,376	10,798,162
Unpaid claims, end of fiscal year	\$ 793,152	\$ 741,656

The December 31, 2009, unpaid claims include \$591,656 reported as current accounts payable and are expected to be paid within the current

During 2005, the City's former employee medical benefits' administrator, Healthcare Resources Group (HRG), failed to pay \$1,111,899 in health care claims for City employees. The City had paid HRG for the claims. HRG was purchased by another business that has filed bankruptcy. The City has been notified by the bankruptcy court and the City's legal department has estimated that the City may receive approximately 25% of the total claims and the City has recognized a receivable for this percent of the total claims.

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Subsequent Events

During 2009, the City's Industrial Revolving Fund approved three loans totaling \$1,868,000 that are anticipated to be disbursed in 2010. The Industrial Revolving Fund is an other governmental special revenue fund.

During 2010, the City approved early pay-off of an outstanding Century Center loan with an outstanding December 31, 2009 balance of \$228,125. Century Center is a major enterprise fund.

On February 24, 2010, the City issued \$6,250,000 in revenue bond to refund \$6,315,000 in outstanding 2001 Public Works Service Center mortgage bonds.

C. Contingent Liabilities

College Football Hall of Fame Operations

During 2001, the City turned over the operations of the Hall of Fame to the National Football Foundation and College Football Hall of Fame, Inc. (NFF). The second interim agreement authorizing the NFF to operate the Hall of Fame shows that NFF has contributed \$1,900,000 to cover operating deficits of the Hall of Fame during the period prior to December 31, 2000.

Under the second interim agreement, the City is obligated to provide the NFF \$600,000 in 2006 and in 2007, \$550,000 in 2008 and in 2009, and \$500,000 in 2010 in operating subsidies. The City is also obligated to pay capital expenditures and to maintain a \$1,000,000 capital reserve fund.

The second interim agreement is in effect until December 31, 2010. At that time, the NFF can terminate their participation in the operations and the City shall reimburse the NFF the full amount of the NFF contributions towards operations during the period prior to December 31, 2000. The reimbursement will be made in five annual installments beginning December 31, 2010. If the NFF elects to continue their participation, then the City will resume operating the Hall of Fame as it had done from 1996 to 2001. The \$1,900,000 contingent liability to the NFF is not recognized on the financial statements. The agreement states that this \$1,900,000 will be reduced by the opening balance.

Community Center Project Costs

During 2007, the City approved Ordinance 9796-07, authorizing \$1,000,000 as local share to finance Kroc Center, a community center. Financing will be provided from existing funds. The City estimates these funds will be expended during 2010.

D. Conduit Debt Obligation

From time to time, the primary government has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the primary government, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

As of December 31, 2009, there were several series of industrial revenue bonds outstanding. The aggregate principal amount payable is not available to the City. During 2009, the City approved no new series of industrial revenue bonds.

E. Other Postemployment Benefits (OPEB)

Plan Description

The City of South Bend Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the City of South Bend, Department of Administration and Finance, through the City's self insurance fund. The plan provides for medical insurance benefits to eligible retirees and their spouses. Indiana Code 5-10-8 gives the unit the authority to establish and amend the plan.

The City issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report is available by contacting the City Controller's office: 227 West Jefferson Blvd. Rm. 1200N, South Bend, IN 46601, Ph. (574) 235-9216.

Funding Policy

The contribution requirements of plan members for the City of South Bend 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, 2009, the date of the most recently completed actuarial study, the City contributed \$790,886 to the plan for current premiums. Police and Fire members receiving benefits contributed approximately 30% of the total premiums, through their required contribution of \$133 per month for retiree-only coverage and \$395 for retiree and spouse coverage. General employee members receiving benefits contributed approximately 100% of the total premiums, through their required contribution of \$481 per month for retiree-only coverage and \$1,250 for retiree and spouse coverage.

Annual OPEB Cost and Net OPEB Obligation

The City'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 thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan:

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Annual Required Contribution	\$ 1,884,772
Interest on net OPEB obligation	91,560
Adjustment to annual required contribution	<u>(124,911)</u>
Annual OPEB cost	1,851,421
Contributions made	<u>(790,886)</u>
Increase in net OPEB obligation	1,060,535
Net OPEB obligation – beginning of year	<u>2,034,668</u>
Net OPEB obligation – end of year	<u><u>\$ 3,095,203</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-07	\$ 1,781,915	42.4%	\$ 1,025,741
12-31-08	1,765,101	42.8%	2,034,668
12-31-09	1,851,421	42.7%	3,095,203

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$17,009,698, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$17,009,698. 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.

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, 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the

CITY OF SOUTH BEND
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

valuation date, and an annual healthcare cost trend rate of 10.0% initially, reduced by decrements to an ultimate rate of 4.5% after 10 years. Both rates included a 4.5% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 30 years.

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2009, was as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-07	\$ 1,781,915	42.4%	\$ 1,025,741
12-31-08	1,765,101	42.8%	2,034,668
12-31-09	1,851,421	42.7%	3,095,203

F. 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 three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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:

Public Employees' Retirement Fund
 Harrison Building, Room 800
 143 West Market Street
 Indianapolis, IN 46204
 Ph. (317) 233-4162

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the primary government and the Utilities is not available. Therefore, the Net Pension Asset is considered an obligation of the primary government and is presented in the governmental activities of the financial statements and is not presented as an asset of the proprietary funds.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established 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

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to six percent (6%) of the salary of a first class patrolman. The contribution requirements of plan members are established by state statute. The State of Indiana has contributed \$5,156,784 on behalf of the City. On behalf contributions from the State of Indiana are approximately equal to the amount paid out for benefits.

The Net Pension Obligation (NPO) is considered an obligation of the State of Indiana and is reflected in the Statement of Net Assets for the State of Indiana.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to six percent (6%) of the salary of a first class patrolman. The contribution requirements of plan members are established by state statute. The State of Indiana has contributed \$5,915,839 on behalf of the City. On behalf contributions from the State of Indiana are approximately equal to the amount paid out for benefits.

The Net Pension Obligation (NPO) is considered an obligation of the State of Indiana and is reflected in the Statement of Net Assets for the State of Indiana.

Actuarial Information for the Above Plans

	PERF		
Annual required contribution	\$ 1,521,120		
Interest on net pension obligation	45,464		
Adjustment to annual required contribution	(51,810)		
Annual pension cost	1,514,774		
Contributions made	1,521,445		
Decrease in net pension obligation	(6,671)		
Net pension obligation, beginning of year	627,091		
Net pension obligation, end of year	\$ 620,420		
	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	6.0 %	n/a	n/a
Plan Members	3%	6%	6%
Actuarial valuation date	07-01-09	01-01-08	01-01-08
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years	30 years
Amortization period (from date)	07-1-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Actuarial Assumptions</u>	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighter' Pension</u>
Investment rate of return	7.25%	7%	7%
Projected future salary increases:			
Total	4%	5%	5%
Cost-of-living adjustments	1.5%	.00%	.00%

For financial reporting purposes the projection of benefits for these plans does not explicitly incorporate the potential effects of the legal limit on employer contributions disclosed.

Three Year Trend Information

<u>Year Ending</u>	<u>PERF</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06-30-07	\$ 1,673,431	75%	\$ 647,120
06-30-08	1,410,926	101%	627,091
06-30-09	1,514,774	100%	620,420

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2008, was comprised of the following:

	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Retirees and beneficiaries currently receiving benefits	224	226
Terminated employees entitled to but not yet receiving benefits	-	-
Current active employees	1	1

Funded Status and Funding Progress for the Above Plans

The funded status of each plan as of July 1, 2009, the most recent actuarial valuation date (except 1925 Police Officers' and 1937 Firefighters' pension funds which is as of January 1, 2009) is as follows:

<u>Retirement Plan</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
PERF	\$ 32,063,532	\$37,732,769	\$(5,669,237)	85.0%	\$25,423,994	(22%)
1925 Police Officers'	2,549,705	80,233,300	(77,683,595)	3.18%	-	n/a
1937 Firefighters'	2,285,165	70,369,900	(68,084,735)	3.25%	-	n/a

CITY OF SOUTH BEND
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.

d. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Assets

	1925 Police Officers' Pension	1937 Firefighters' Pension
<u>Assets</u>		
Cash and cash equivalents	\$ 2,808,231	\$ 2,161,406
Receivables:		
Interest	761	544
Taxes	535	332
Total assets	2,809,527	2,162,282
<u>Liabilities</u>		
Accounts payable	-	75
<u>Net Assets</u>		
Held in trust for pension benefit obligations	\$ 2,809,527	\$ 2,162,207

Statements of Changes in Fiduciary Net Assets:

	1925 Police Officers' Pension	1937 Firefighters' Pension
<u>Additions</u>		
Contributions:		
Employer	\$ 431,821	\$ 263,807
On behalf	5,915,839	5,156,784
Plan members	175	-
Other	4,847	1,876
Total contributions	6,352,682	5,422,467
Investment income:		
Interest	6,453	4,679
Total additions	6,359,135	5,427,146

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Statements of Changes in Fiduciary Net Assets:

<u>Deductions</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Benefits and refunds paid to plan members and beneficiaries	6,088,202	5,541,111
Administrative expenses	<u>11,111</u>	<u>8,993</u>
Total deductions	<u>6,099,313</u>	<u>5,550,104</u>
Changes in net assets	259,822	(122,958)
Net assets - beginning	<u>2,549,705</u>	<u>2,285,165</u>
Net assets – ending	<u>\$ 2,809,527</u>	<u>\$ 2,162,207</u>

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 and IC 36-8-8.5) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age fifty-five with twenty years of service. An employee with twenty years of service may leave service, but will not receive benefits until reaching age fifty-five. 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

CITY OF SOUTH BEND
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% 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, 2009, 2008, and 2007 were \$4,024,540, \$4,310,369, and \$3,928,912, respectively, equal to the required contributions for each year.

CITY OF SOUTH BEND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

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)
07-01-07	\$ 34,028,630	\$ 34,211,809	\$ (183,179)	99%	\$ 24,467,397	(1%)
07-01-08	36,054,620	36,499,821	(445,201)	99%	24,337,925	(2%)
07-01-09	32,063,532	37,732,769	(5,669,237)	85%	25,423,994	(22%)

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)
01-01-04	\$ 1,969,813	\$ 80,550,800	\$ (78,580,987)	2.45%	\$ 1,050,150	(7,455%)
01-01-05	914,732	81,009,600	(80,094,868)	1.13%	1,048,933	(7,636%)
01-01-06	83,559	81,958,600	(81,875,041)	0.10%	531,733	(15,398%)
01-01-07	1,188,997	87,910,800	(86,721,803)	1.35%	350,667	(24,731%)
01-01-08	3,522,332	85,203,100	(81,680,768)	4.13%	86,733	(94,175%)
01-01-09	2,549,705	80,233,300	(77,683,595)	3.18%	-	n/a

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)
01-01-04	\$ 2,057,175	\$ 67,862,200	\$ (65,805,025)	3.03%	\$ 761,000	(8,593%)
01-01-05	840,644	69,468,900	(68,628,256)	1.21%	648,183	(10,588%)
01-01-06	549,455	69,066,200	(68,516,745)	0.80%	326,833	(20,964%)
01-01-07	1,624,421	66,072,400	(64,447,979)	2.46%	300,133	(21,473%)
01-01-08	2,968,691	58,489,000	(55,520,309)	5.08%	124,600	(44,559%)
01-01-09	2,285,165	70,369,900	(68,084,735)	3.25%	-	n/a

Other Postemployment Benefits

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)
01-01-07	\$ -	\$ 16,130,343	\$ (16,130,343)	0.00%	\$ -	n/a
01-01-08 *	-	16,130,343	(16,130,343)	0.00%	-	n/a
01-01-09	-	17,009,698	(17,009,698)	0.00%	42,080,990	(40.4%)

* - The 2008 numbers are set to be equal to 2007. No GASB valuation was done for the fiscal year ending December 31, 2008 period

n/a = not applicable

CITY OF SOUTH BEND
 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
12-31-04	\$ 9,623,400	43%
12-31-05	6,135,100	70%
12-31-06	6,255,300	100%
12-31-07	6,722,800	71%
12-31-08	6,421,500	79%
12-31-09	5,995,700	106%

1937 Firefighters' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12-31-04	\$ 8,172,300	49%
12-31-05	5,384,500	77%
12-31-06	5,369,400	108%
12-31-07	5,104,800	132%
12-31-08	4,436,200	106%
12-31-09	5,258,600	103%

CITY OF SOUTH BEND
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2009

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 52,174,381	\$ 43,900,000	\$ 79,162,937	\$ 35,262,937
Licenses and permits	224,175	427,186	479,771	52,585
Intergovernmental	8,899,407	9,442,231	9,221,307	(220,924)
Charges for services	4,071,652	3,914,776	3,835,577	(79,199)
Fines and forfeits	638,350	577,065	543,395	(33,670)
Other	3,702,114	3,119,967	3,038,671	(81,296)
Total revenues	69,710,079	61,381,225	96,281,658	34,900,433
Expenditures:				
Current:				
General Government:				
Mayor				
Personal services	613,075	544,592	524,812	19,780
Supplies	14,371	11,458	8,274	3,184
Other services and charges	253,728	231,931	163,660	68,271
Capital outlay	-	2,045	2,068	(23)
Other uses	16,703	16,703	15,322	1,381
City Clerk				
Personal services	256,676	269,676	268,678	998
Supplies	8,900	8,900	4,599	4,301
Other services and charges	62,038	60,306	38,700	21,606
Other uses	943	2,675	2,675	-
Common Council				
Personal services	254,534	254,534	198,517	56,017
Supplies	7,205	7,205	4,440	2,765
Other services and charges	142,387	140,387	88,990	51,397
Capital outlay	28,000	28,000	21,705	6,295
Other uses	564	2,564	2,462	102
Administration/Finance				
Personal services	1,244,845	1,134,420	1,067,095	67,325
Supplies	29,523	30,538	21,181	9,357
Other services and charges	236,561	287,730	215,672	72,058
Other uses	9,620	13,820	10,762	3,058
City Attorney				
Personal services	874,102	715,288	709,738	5,550
Supplies	16,300	15,319	12,249	3,070
Other services and charges	64,617	56,367	43,316	13,051
Other uses	1,878	1,878	1,246	632

Continued on next page

CITY OF SOUTH BEND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2009
(Continued)

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
Expenditures (continued):				
Current (continued):				
General Government (continued):				
Building Maintenance				
Personal services	264,890	231,252	207,520	23,732
Supplies	41,131	41,131	34,245	6,886
Other services and charges	246,389	246,389	136,607	109,782
Other uses	747	747	708	39
Human Rights				
Personal services	266,973	266,973	249,775	17,198
Supplies	2,700	2,700	2,214	486
Other services and charges	31,558	30,958	26,445	4,513
Other uses	646	1,246	1,237	9
Energy Office				
Personal services	-	15,000	-	15,000
Supplies	-	1,500	-	1,500
Other services and charges	-	154,250	45,000	109,250
Capital outlay	-	7,000	-	7,000
Neighborhood Code Enforcement				
Personal services	944,596	853,252	838,774	14,478
Supplies	101,949	70,452	49,780	20,672
Other services and charges	390,433	511,398	308,091	203,307
Other uses	57,816	57,816	53,319	4,497
Code Hearing Officer				
Other services and charges	<u>56,976</u>	<u>16,718</u>	<u>15,844</u>	<u>874</u>
Total General Government	<u>6,543,374</u>	<u>6,345,118</u>	<u>5,395,720</u>	<u>949,398</u>
Public Safety:				
Board of Safety				
Personal services	18,301	451	450	1
Police Department				
Personal services	23,659,577	22,560,385	21,492,546	1,067,839
Supplies	1,228,635	898,729	853,439	45,290
Other services and charges	2,520,702	2,736,484	2,532,913	203,571
Capital outlay	-	429,343	424,887	4,456
Other uses	21,679	21,679	19,298	2,381
Communication Center				
Personal services	1,594,111	1,540,111	1,445,979	94,132
Supplies	6,029	6,029	1,257	4,772
Other services and charges	30,833	30,833	27,838	2,995
Other uses	73	73	72	1

Continued on next page

CITY OF SOUTH BEND
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public Safety (continued):				
Fire Department				
Personal services	19,979,771	19,539,627	19,075,833	463,794
Supplies	466,820	374,793	332,871	41,922
Other services and charges	1,505,140	1,505,906	1,367,748	138,158
Other uses	13,120	13,120	11,761	1,359
Weights and Measures				
Other services and charges	43,000	43,000	41,668	1,332
Junk Vehicle				
Personal services	49,463	48,671	46,099	2,572
Supplies	3,833	2,834	1,526	1,308
Other services and charges	13,199	14,199	12,149	2,050
Animal Control				
Personal services	367,026	361,578	363,298	(1,720)
Supplies	70,156	63,713	51,900	11,813
Other services and charges	77,062	87,047	66,866	20,181
Other uses	3,948	3,963	3,962	1
Total Public Safety	<u>51,672,478</u>	<u>50,282,568</u>	<u>48,174,360</u>	<u>2,108,208</u>
Highways and Streets:				
Engineering				
Personal services	1,039,464	646,551	637,545	9,006
Supplies	209,200	153,575	13,165	140,410
Other services and charges	2,703,208	2,726,736	2,559,738	166,998
Capital outlay	-	661,245	518,487	142,758
Other uses	6,419	6,504	6,504	-
Street Department				
Personal services	460,635	389,802	388,600	1,202
Supplies	349,611	415,192	404,407	10,785
Other services and charges	50,938	160,938	154,988	5,950
Other uses	1,381,115	1,321,115	1,300,234	20,881
Total Highways and Streets	<u>6,200,590</u>	<u>6,481,658</u>	<u>5,983,668</u>	<u>497,990</u>
Health and Welfare:				
Youth Service Bureau				
Other services and charges	50,250	50,250	-	50,250
Total Health and Welfare	<u>50,250</u>	<u>50,250</u>	<u>-</u>	<u>50,250</u>

Continued on next page

CITY OF SOUTH BEND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2009
(Continued)

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
Expenditures (continued):				
Current (continued):				
Culture and Recreation:				
Art Association				
Other services and charges	65,000	-	-	-
Studebaker Museum				
Other services and charges	195,527	195,527	68,721	126,806
Palais Royale Ballroom				
Personal services	249,109	200,979	180,649	20,330
Supplies	18,395	15,825	8,446	7,379
Other services and charges	231,744	229,401	220,578	8,823
Capital outlay	-	1,728	1,728	-
Other uses	280	1,325	1,321	4
Morris Performing Arts Center				
Personal services	548,802	538,670	520,237	18,433
Supplies	30,900	28,074	20,457	7,617
Other services and charges	349,403	378,006	356,935	21,071
Other uses	2,458	2,458	2,158	300
Total Culture and Recreation	<u>1,691,618</u>	<u>1,591,993</u>	<u>1,381,230</u>	<u>210,763</u>
Community and Economic Development:				
Economic Development				
Other services and charges	953,300	997,036	867,911	129,125
Leighton Plaza Parking Garage				
Capital outlay	-	7,550	7,550	-
Wayne Street Parking Garage				
Capital outlay	-	16,450	16,450	-
Unsafe Building				
Other services and charges	<u>136,077</u>	<u>351,195</u>	<u>156,458</u>	<u>194,737</u>
Total Community and Economic Development	<u>1,089,377</u>	<u>1,372,231</u>	<u>1,048,369</u>	<u>323,862</u>
Total expenditures	<u>67,247,687</u>	<u>66,123,818</u>	<u>61,983,347</u>	<u>4,140,471</u>
Net change in fund balances	2,462,392	(4,742,593)	34,298,311	39,040,904
Fund balances - beginning	<u>10,037,239</u>	<u>10,037,239</u>	<u>10,037,239</u>	<u>-</u>
Fund balances - ending	<u>\$ 12,499,631</u>	<u>\$ 5,294,646</u>	<u>\$ 44,335,550</u>	<u>\$ 39,040,904</u>

Continued on next page

CITY OF SOUTH BEND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2009
(Continued)

	Park and Recreation Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 8,804,427	\$ 7,518,000	\$ 13,919,096	\$ 6,401,096
Intergovernmental	612,378	602,700	611,347	8,647
Charges for services	3,433,116	3,335,643	3,005,794	(329,849)
Fines and forfeits	100	2,700	2,930	230
Other	5,000	3,219	14,632	11,413
Total revenues	<u>12,855,021</u>	<u>11,462,262</u>	<u>17,553,799</u>	<u>6,091,537</u>
Expenditures:				
Current:				
Culture and recreation:				
Personal services	7,743,531	7,543,987	7,210,998	332,989
Supplies	1,499,585	1,414,871	1,226,846	188,025
Other services and charges	2,079,592	2,072,090	1,871,352	200,738
Other uses	518,970	518,970	410,166	108,804
Capital outlay	-	29,081	23,097	5,984
Total expenditures	<u>11,841,678</u>	<u>11,578,999</u>	<u>10,742,459</u>	<u>836,540</u>
Other sources/(uses)				
Operating Transfers In	-	75,000	75,000	-
Net change in fund balances	1,013,343	(41,737)	6,886,340	6,928,077
Fund balances - beginning	<u>1,470,683</u>	<u>1,470,683</u>	<u>1,470,683</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,484,026</u>	<u>\$ 1,428,946</u>	<u>\$ 8,357,023</u>	<u>\$ 6,928,077</u>

CITY OF SOUTH BEND
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET/GAAP RECONCILIATION
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For the Year Ended December 31, 2009

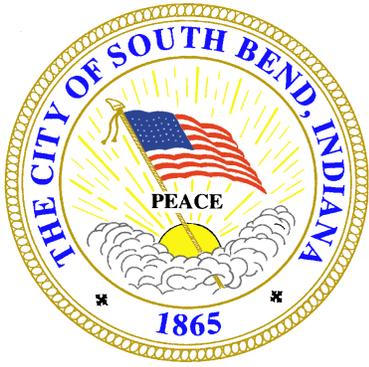
The major differences between budgetary (Non-GAAP) basis and GAAP basis are:

- 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. Encumbrances are recorded as expenditures for budgetary purposes when purchase orders are issued.

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

	General	Park and Recreation
Net change in fund balances (budgetary basis)	\$ 34,298,311	\$ 6,886,340
Adjustments:		
To adjust revenues for accruals	(36,968,620)	(5,988,904)
To adjust expenditures for accruals	(783,299)	(8,636)
To adjust expenditures for encumbrances	655,479	32,552
Net change in fund balances (GAAP basis)	\$ (2,798,129)	\$ 921,352

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III Government Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Motor Vehicle Highway -	To account for street construction and the operations of the street maintenance department. Financing is provided by state motor vehicle highway distributions.
Recreation Nonreverting -	To account for fees and related expenses from park department activities.
Studebaker/Oliver Revitalization Grants -	To account for expenditures related to the Studebaker and Oliver revitalization projects. Financing is provided by federal and state grants and loans from other organizations.
Economic Development State Grants -	To account for expenditures related to projects promoting economic development. Financing is provided by state grants and loan payments. Expenditures include grants and related expenses.
Community Development -	To account for revenues received from the U.S. Department of Housing and Urban Development related to community improvement.
Police Federal Grant -	To account for expenditures relating to federal and state grants.
Police State Seizure -	To account for law enforcement expenditures financed by the authorized state or local agencies' sale of confiscated property.
Juvenile Positive Assistance -	To account for monies received from penalties paid for curfew violations. Expenditures include Drug Abuse Resistance Education and Juvenile Aid Bureau.
Law Enforcement Continuing Education -	To account for police fees collected to finance police officers' continuing education, training, and supplies and equipment.
Loss Recovery -	To account for compensatory or exemplary damage payments from third parties arising from loss or damage to City tangible or intangible property.
General Grant -	To account for grants and donations used solely for the purposes specified in the grant application or by the donor.
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.
Excess Welfare Distribution -	To account for a special distribution from the County that can only be spent on public safety expenditures.

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Human Rights - Federal -	To account for expenditures to prevent discrimination and to promote human rights. Financing is provided by federal grants.
East Race Waterway -	To account for donations for the promotion and development of the East Race Waterway.
Morris and Palais Marketing -	To account for marketing and promotion expenditures financed by sponsorship solicitations and donations.
Police Block Grants -	To account for federal grants which provide financing for police activities.
Economic Development Commission -	To account for administrative expenditures of the Economic Development Commission. Financing is provided by fees from businesses applying for Economic Development Revenue Bonds.
Hazmat -	To account for monies generated by the South Bend Fire Department's response to hazardous materials incidents. Funds are used to purchase, repair, or replace haz-mat equipment, or for training and supplies.
Indiana River Rescue -	To account for expenditures related to river rescue training. Financing is provided by registration fees.
COPS Block Grant II -	To account for federal grants which provide financing for police activities.
Regional Police Academy -	To account for revenues (tuition) and expenditures (seminars, travel, lectures, and career days) related to the advancement of present and future police officers.
COPS MORE Grant -	To account for a COPS MORE grant which provides financing for police activities.
Federal Drug Enforcement -	To account for expenditures for drug enforcement. Financing is provided by distributions from the authorized federal agencies' confiscated property sale.
Gift -	To account for donations, gifts, or bequeaths for purposes designated by the donor.
Urban Development Action Grant -	To account for economic development expenditures which are financed by federal grants and loan repayments.
Leaf Collection and Removal -	To account for the expenditures of a program to remove leaves from the City each fall. Financing is provided by a monthly service fee charged to all City residents.
Police K-9 Unit -	To account for donations for development and maintenance of the K-9 unit.

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Rainy Day - To account for unused and unencumbered funds that are transferred from a fund that has a tax levy. Revenues in this fund also include special distributions of county option income tax (COIT) and county economic development income tax (CEDIT).

Industrial Revolving - To account for the revenue and expenditures of providing special loans to qualifying local firms. Financing was originally provided by a \$5,000,000 Economic Adjustment Assistance Grant from the U.S. Department of Commerce.

Debt Service Funds

College Football Hall of Fame Debt Service - To accumulate monies for the payment of Redevelopment Authority bonds issued to refinance bonds issued for construction of the College Football Hall of Fame. Financing is to be provided by an annual property tax levy.

Redevelopment Bond - Central Development - To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the central development project.

Redevelopment Bond – Airport Taxable - To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the airport taxable project.

Redevelopment Bond – Palais Royale To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the Palais Royale project.

Redevelopment Authority Debt Service - To accumulate monies for the payment of Redevelopment Authority bonds issued to refinance bonds issued for construction of a parking garage facility, bonds issued for central development area land acquisition and construction of public improvements, bonds issued to purchase the Palais Royale, bonds issued to refinance bonds issued for construction of Century Center improvements, and bonds issued to refinance bonds issued for renovations to the Morris Performing Art Center.

Erskine Commons TIF Debt Service - To account for Erskine Commons project debt retirement of the south side tax incremental financing (TIF) district. Financing is provided by transfers from the TIF south side development fund.

South Bend 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.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

TIF Erskine Village
Debt Service - To account for Erskine Village project debt retirement of the south side tax incremental financing (TIF) district. Financing is provided by transfers from the TIF south side development fund.

Capital Projects Funds

Emergency Medical
Services - To account for purchases of necessary equipment for the Fire Department and Emergency Medical Services Department. Financing is provided by ambulance fees.

Central Development Area
Bond Proceeds - To account for expenses financed by a 2003 revenue bond issue.

Professional Sports
Development - To account for Hotel/Motel Tax and Professional Sports Development Tax revenues dedicated towards the College Football Hall of Fame. Based on an agreement with the National Football Foundation (NFF), the City pays the NFF to assist with the operation and capital costs.

Coveleski Stadium
Capital- To account for expenditures related to the maintenance and improvement of the baseball stadium. Financing is provided by a rental paid by the semi-pro baseball team.

Zoo Endowment - To account for construction projects at the City's zoo. Financing is provided by gifts and donations.

Park Nonreverting Capital - To account for specific revenues used to finance capital improvements at the City parks.

Cumulative Capital
Development - To account for expenditures relating to the purchase or lease of capital improvements in the City. Financing is provided by a specific property tax levy.

Cumulative Capital
Improvement - To account for state cigarette tax distributions used for improvement projects.

Economic Development
Income Tax - To account for the City's share of the County Economic Development Tax. Expenditures include construction, acquisition and related costs for economic development projects.

Cumulative Sewer - To account for financial resources for the construction or repairing of storm sewers or sewage disposal plants and sanitary sewers.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Morris Performing Art Center Capital -	To accumulate monies for major repairs and capital improvements to the Morris Civic Auditorium. Financing is provided by a surcharge on ticket sales for events held at the auditorium.
Tax Incremental Financing (TIF) - Downtown -	To account for expenditures for public improvements in the central business tax incremental district. Also, transfers are made to debt service funds to meet debt obligations as they mature. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) – Leighton Plaza -	To account for expenditures for public improvement projects in the Leighton Plaza tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment.
Tax Incremental Financing (TIF) – West Washington -	To account for expenditures for public improvement projects in the West Washington Economic Development Area. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment.
Redevelopment General -	To account for eligible redevelopment activities in the Studebaker Corridor financed by proceeds from land sales or leases.
Community Revitalization Enhancement District -	To account for public improvements in the Studebaker/Oliver Community Revitalization Enhancement District. Financing is provided by income tax and gross retail tax increments in the district.
Tax Incremental Financing (TIF) No. 1 – Southside Development -	To account for expenditures for improvements in the southside development tax incremental district no. 1. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) No. 2 – Southside Development -	To account for expenditures for improvements in the southside development tax incremental district no. 2. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Tax Incremental Financing (TIF) No. 3 – Southside Development -	To account for expenditures for improvements in the southside development tax incremental district no. 3. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Redevelopment District Allocation Area Capital -	To account for local public improvements in the Airport Economic Development District. Financing is provided by a 2003 bond issue.
Tax Incremental Financing (TIF) - Central Medical Service Area -	To account for expenditures for public improvements in the central business tax incremental district, medical service area. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Football Hall of Fame Capital -	To account for capital expenditures for the College Football Hall of Fame. Financing was provided by a transfer from the City's Professional Sports Development Fund. This fund also accounts for the advance from the General Fund which may be repaid from future operating surpluses.
Major Moves -	To account for state distributions used for road construction and other uses authorized by Indiana statute.
Tax Incremental Financing (TIF) – Northeast Development -	To account for expenditures for improvements in the northeast development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) – Douglas Road -	To account for expenditures for improvements in the Douglas Road development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Palais Royale Historic Preservation -	To account for expenditures financed by a two percent fee charged for all Palais Royale services.
Airport Urban Enterprise Zone -	To account expenditures for improvements in the Zone area, financed by property taxes on qualifying properties in the Zone.

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Equipment Leasing -	To account for proceeds from capital lease-purchase agreements used to finance major equipment needs of the City.
Erskine Commons TIF Project -	To account for construction and related costs of the Erskine Commons project public improvements. Financing was provided by a 2006 bond issue.
Century Center Construction -	To account for construction and related costs of the Century Center renovations. Financing was provided by a 2008 Redevelopment Authority bond issue.
Eddy Street Commons Construction -	To account for construction and related costs of the Eddy Street Commons project public improvements. Financing was provided by a 2008 Redevelopment Authority bond issue.

CITY OF SOUTH BEND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2009

	Special Revenue							
	Motor Vehicle Highway	Recreation Nonreverting	Studebaker Oliver Revitalization Grants	Economic Development State Grants	Community Development	Police State Seizure	Juvenile Positive Assistance	
<u>Assets</u>								
Cash and cash equivalents	\$ 2,882,227	\$ 679,363	\$ 2,007,330	\$ 997,357	\$ 1,470,646	\$ 111,089	\$ 8,015	\$ 858,115
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):								
Interest	707	177	470	5,576	163	-	-	217
Taxes	-	-	-	-	-	-	-	-
Accounts	-	5,938	-	12,671	10,120	924	-	18,351
Intergovernmental	392,340	-	-	-	-	-	-	2,025
Loans	-	-	-	2,201,147	1,246,689	-	-	-
Interfund receivable:								
Interfund services provided and used	-	-	-	-	11,997	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Property held for sale	-	-	3,550	-	2,125,422	-	-	-
Total assets	\$ 3,275,274	\$ 685,478	\$ 2,011,350	\$ 3,216,751	\$ 4,865,037	\$ 112,013	\$ 8,015	\$ 878,708
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 41,085	\$ 12,207	\$ 128,558	\$ -	\$ 656,569	\$ 5,555	\$ -	\$ 107,422
Accrued payroll payable	106,101	10,798	-	-	47,112	-	-	-
Contracts payable	-	-	-	-	-	-	-	-
Interfund payable:								
Interfund services provided and used	4,685	-	-	-	6,666	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	21,991	-	-	-
Other current payables	-	-	-	-	5,332	-	-	-
Advances from other funds	-	-	-	448,352	-	-	-	-
Total liabilities	151,871	23,005	128,558	448,352	737,670	5,555	-	107,422
Fund balances:								
Reserved for:								
Encumbrances	-	8,022	-	-	1,040,442	-	-	427
Noncurrent loans receivable	-	-	-	1,773,680	1,206,973	-	-	-
Property held for resale	-	-	3,550	-	2,125,422	-	-	-
Debt service	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	3,123,403	654,451	1,879,242	994,719	(245,470)	106,458	8,015	770,859
Capital projects funds	-	-	-	-	-	-	-	-
Total fund balances	3,123,403	662,473	1,882,792	2,768,399	4,127,367	106,458	8,015	771,286
Total liabilities and fund balances	\$ 3,275,274	\$ 685,478	\$ 2,011,350	\$ 3,216,751	\$ 4,865,037	\$ 112,013	\$ 8,015	\$ 878,708

Continued on next page

CITY OF SOUTH BEND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2009
 (Continued)

	Special Revenue							
	Loss Recovery	General Grant	Local Road and Street	Excess Welfare Distribution	Human Rights Federal	East Race Waterway	Morris and Palais Marketing	Police Block Grants
<u>Assets</u>								
Cash and cash equivalents	\$ 4,639,512	\$ 5,398	\$ 2,691,883	\$ 2,922,079	\$ 427,572	\$ 32,156	\$ 19,803	\$ 591,987
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):								
Interest	1,087	1	652	794	109	-	4	136
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	8	-	-
Intergovernmental	-	-	86,289	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Interfund receivable:								
Interfund services provided and used	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-	-	-
Total assets	\$ 4,640,599	\$ 5,399	\$ 2,778,824	\$ 2,922,873	\$ 427,681	\$ 32,164	\$ 19,807	\$ 592,123
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 181,089	\$ -	\$ 29,300	\$ -	\$ 2,009	\$ -	\$ -	\$ -
Accrued payroll payable	-	-	-	-	2,688	-	-	-
Contracts payable	-	-	-	-	-	-	-	-
Interfund payable:								
Interfund services provided and used	-	-	-	-	34	-	1,921	-
Deferred revenue	-	-	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
Total liabilities	181,089	-	29,300	-	4,731	-	1,921	-
Fund balances:								
Reserved for:								
Encumbrances	-	5,250	981,610	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	4,459,510	149	1,767,914	2,922,873	422,950	32,164	17,886	592,123
Capital projects funds	-	-	-	-	-	-	-	-
Total fund balances	4,459,510	5,399	2,749,524	2,922,873	422,950	32,164	17,886	592,123
Total liabilities and fund balances	\$ 4,640,599	\$ 5,399	\$ 2,778,824	\$ 2,922,873	\$ 427,681	\$ 32,164	\$ 19,807	\$ 592,123

Continued on next page

CITY OF SOUTH BEND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2009
 (Continued)

	Special Revenue							
	Economic Development Commission	Hazmat	Indiana River Rescue	COPS Block Grant II	Regional Police Academy	COPS MORE Grant	Federal Drug Enforcement	Gift
<u>Assets</u>								
Cash and cash equivalents	\$ 25,888	\$ 8,631	\$ 67,184	\$ 1,125	\$ 67,241	\$ 141,298	\$ 300,606	\$ 26,271
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):								
Interest	-	-	-	-	17	-	78	-
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	420	170	-	(50)
Intergovernmental	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Interfund receivable:								
Interfund services provided and used	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-	-	-
Total assets	\$ 25,888	\$ 8,631	\$ 67,184	\$ 1,125	\$ 67,678	\$ 141,468	\$ 300,684	\$ 26,221
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ -	\$ 489	\$ 726	\$ -	\$ 459	\$ 4,127	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-	-
Interfund payable:								
Interfund services provided and used	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
Total liabilities	-	489	726	-	459	4,127	-	-
Fund balances:								
Reserved for:								
Encumbrances	-	164	-	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	25,888	7,978	66,458	1,125	67,219	137,341	300,684	26,221
Capital projects funds	-	-	-	-	-	-	-	-
Total fund balances	25,888	8,142	66,458	1,125	67,219	137,341	300,684	26,221
Total liabilities and fund balances	\$ 25,888	\$ 8,631	\$ 67,184	\$ 1,125	\$ 67,678	\$ 141,468	\$ 300,684	\$ 26,221

CITY OF SOUTH BEND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2009
 (Continued)

	Special Revenue						Debt Service	
	Urban Development Action Grant	Leaf Collection and Removal	Police K-9 Unit	Rainy Day	Industrial Revolving	Totals	College Football Hall of Fame Debt Service	Redevelopment Bond - Central Development
Assets								
Cash and cash equivalents	\$ 3,534,115	\$ 594,783	\$ 1,115	\$ 6,510,493	\$ 2,044,144	\$ 33,667,426	\$ 247,229	\$ 822,500
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):								
Interest	815	-	-	174	4,969	16,146	-	217
Taxes	-	-	-	1,982,440	-	1,982,440	1,162,720	-
Accounts	-	34,414	-	-	-	82,966	-	-
Intergovernmental	-	-	-	-	-	480,654	-	-
Loans	3,161,539	-	-	-	4,247,453	10,856,828	-	-
Interfund receivable:								
Interfund services provided and used	-	-	-	-	-	11,997	-	-
Advances to other funds	-	-	-	-	448,352	448,352	-	-
Property held for sale	-	-	-	-	339,300	2,468,272	-	-
Total assets	\$ 6,696,469	\$ 629,197	\$ 1,115	\$ 8,493,107	\$ 7,084,218	\$ 50,015,081	\$ 1,409,949	\$ 822,717
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ -	\$ 71	\$ -	\$ -	\$ 3,783	\$ 1,173,449	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-	166,699	-	-
Contracts payable	-	-	-	-	-	-	-	-
Interfund payable:								
Interfund services provided and used	-	-	-	-	11,997	25,303	-	217
Deferred revenue	-	-	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	21,991	-	-
Other current payables	-	-	-	-	-	5,332	-	-
Advances from other funds	-	-	-	-	-	448,352	-	-
Total liabilities	-	71	-	-	15,780	1,841,126	-	217
Fund balances:								
Reserves for:								
Encumbrances	1,000,000	-	-	-	-	3,035,915	-	-
Noncurrent loans receivable	2,923,259	-	-	-	3,488,896	9,392,808	-	-
Property held for resale	-	-	-	-	339,300	2,468,272	-	-
Debt service	-	-	-	-	-	-	1,409,949	822,500
Advances to other funds	-	-	-	-	448,352	448,352	-	-
Unreserved, reported in:								
Special revenue funds	2,773,210	629,126	1,115	8,493,107	2,791,890	32,828,608	-	-
Capital projects funds	-	-	-	-	-	-	-	-
Total fund balances	6,696,469	629,126	1,115	8,493,107	7,068,438	48,173,955	1,409,949	822,500
Total liabilities and fund balances	\$ 6,696,469	\$ 629,197	\$ 1,115	\$ 8,493,107	\$ 7,084,218	\$ 50,015,081	\$ 1,409,949	\$ 822,717

Continued on next page

CITY OF SOUTH BEND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2009
 (Continued)

	Debt Service						Capital Projects	
	Redevelopment Bond - Airport Taxable	Redevelopment Bond - Palais Royale	Redevelopment Authority Debt Service	Erskine Commons TIF Debt Service	South Bend Building Corporation Debt Service	TIF Erskine Village Debt Service	Totals	Emergency Medical Services
Assets								
Cash and cash equivalents	\$ 1,919,606	\$ 1,095,048	\$ 183,491	\$ 103,527	\$ 959,558	\$ 891,924	\$ 6,222,883	\$ 4,321,397
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	-	-	6,549,882	-	-	-	6,549,882	-
Receivables (net of allowances for uncollectibles):								
Interest	516	-	-	-	9	-	742	1,019
Taxes	-	-	-	-	-	-	1,162,720	-
Accounts	-	298	-	-	-	-	298	475,637
Intergovernmental	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Interfund receivable:								
Interfund services provided and used	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-	-	-
Total assets	\$ 1,920,122	\$ 1,095,346	\$ 6,733,373	\$ 103,527	\$ 959,567	\$ 891,924	\$ 13,936,525	\$ 4,798,053
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	-	-	-	-	-	-	-	193,094
Accrued payroll payable	-	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-	-
Interfund payable:								
Interfund services provided and used	516	298	-	-	-	-	1,031	-
Deferred revenue	-	-	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
Total liabilities	516	298	-	-	-	-	1,031	193,094
Fund balances:								
Reserved for:								
Encumbrances	-	-	-	-	-	-	-	590,889
Noncurrent loans receivable	-	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-
Debt service	1,919,606	1,095,048	6,733,373	103,527	959,567	891,924	13,935,494	-
Advances to other funds	-	-	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	4,014,070
Total fund balances	1,919,606	1,095,048	6,733,373	103,527	959,567	891,924	13,935,494	4,604,959
Total liabilities and fund balances	\$ 1,920,122	\$ 1,095,346	\$ 6,733,373	\$ 103,527	\$ 959,567	\$ 891,924	\$ 13,936,525	\$ 4,798,053

CITY OF SOUTH BEND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2009
 (Continued)

	Capital Projects							Economic Development Income Tax
	Central Development Area Bond Proceeds	Professional Sports Development	Coveleski Stadium Capital	Zoo Endowment	Park Nonreverting Capital	Cumulative Capital Development	Cumulative Capital Improvement	
<u>Assets</u>								
Cash and cash equivalents	\$ 3,104,508	\$ 813,737	\$ 106,742	\$ 29,783	\$ 435,581	\$ 1,322,514	\$ 236,908	\$ 3,525,558
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):								
Interest	815	190	29	8	95	178	45	625
Taxes	-	43,354	-	-	-	1,939	-	1,755,302
Accounts	-	-	-	-	5	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Interfund receivable:								
Interfund services provided and used	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Property held for sale	749,904	-	-	-	-	-	-	76,256
Total assets	\$ 3,855,227	\$ 857,281	\$ 106,771	\$ 29,791	\$ 435,681	\$ 1,324,631	\$ 236,953	\$ 5,357,741
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 191,095	\$ -	\$ -	\$ -	\$ 7,897	\$ 2,047	\$ -	\$ 30,527
Accrued payroll payable	-	-	-	-	-	-	-	-
Contracts payable	16,275	-	-	-	-	-	-	-
Interfund payable:								
Interfund services provided and used	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	1,755,302
Performance deposits payable	-	-	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
Total liabilities	207,370	-	-	-	7,897	2,047	-	1,785,829
Fund balances:								
Reserved for:								
Encumbrances	613,597	-	9,828	-	18,720	35,179	-	55,080
Noncurrent loans receivable	-	-	-	-	-	-	-	-
Property held for resale	749,904	-	-	-	-	-	-	76,256
Debt service	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	-	-	-	-	-	-	-	-
Capital projects funds	2,284,356	857,281	96,943	29,791	409,064	1,287,405	236,953	3,440,576
Total fund balances	3,647,857	857,281	106,771	29,791	427,784	1,322,584	236,953	3,571,912
Total liabilities and fund balances	\$ 3,855,227	\$ 857,281	\$ 106,771	\$ 29,791	\$ 435,681	\$ 1,324,631	\$ 236,953	\$ 5,357,741

CITY OF SOUTH BEND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2009
 (Continued)

	Capital Projects							
	Cumulative Sewer	Morris Performing Arts Center Capital	TIF Downtown	TIF Leighton Plaza	TIF - West Washington	Redevelopment General	Community Revitalization Enhancement District	TIF No. 1 - Southside Development
<u>Assets</u>								
Cash and cash equivalents	\$ 80,224	\$ 439,571	\$ 1,998,135	\$ 132,137	\$ 301,984	\$ 75,382	\$ 1,154,465	\$ 555,206
Cash with fiscal agent	-	-	-	9,870	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):								
Interest	-	95	510	34	75	20	230	136
Taxes	-	-	3,244,386	-	235,947	-	-	1,782,267
Accounts	-	-	40	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Interfund receivable:								
Interfund services provided and used	-	-	515	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Property held for sale	-	-	4,541,929	-	284,690	-	105,000	-
Total assets	\$ 80,224	\$ 439,666	\$ 9,785,515	\$ 142,041	\$ 822,696	\$ 75,402	\$ 1,259,695	\$ 2,337,609
<u>Liabilities and Fund Balances</u>								
<u>Liabilities:</u>								
Accounts payable	\$ -	\$ -	\$ 33,260	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-	-
Interfund payable:								
Interfund services provided and used	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Performance deposits payable	-	-	104,854	-	-	-	-	-
Other current payables	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	138,114	-	-	-	-	-
<u>Fund balances:</u>								
Reserved for:								
Encumbrances	-	15,000	455,078	-	-	6,212	-	24,492
Noncurrent loans receivable	-	-	-	-	-	-	-	-
Property held for resale	-	-	4,541,929	-	284,690	-	105,000	-
Debt service	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	-	-	-	-	-	-	-	-
Capital projects funds	80,224	424,666	4,650,394	142,041	538,006	69,190	1,154,695	2,313,117
Total fund balances	80,224	439,666	9,647,401	142,041	822,696	75,402	1,259,695	2,337,609
Total liabilities and fund balances	\$ 80,224	\$ 439,666	\$ 9,785,515	\$ 142,041	\$ 822,696	\$ 75,402	\$ 1,259,695	\$ 2,337,609

Continued on next page

CITY OF SOUTH BEND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2009
 (Continued)

	Capital Projects							
	TIF No. 2 - Southside Development	TIF No. 3 - Southside Development	Redevelopment District Allocation Area Capital	TIF-Central Medical Service Area	Football Hall of Fame Capital	Major Moves	TIF - Northeast Development	TIF Douglas Road
Assets								
Cash and cash equivalents	\$ 765,480	\$ 1,294,808	\$ 403,375	\$ 2,536,874	\$ 1,038,704	\$ 10,435,973	\$ 34,769	\$ 123,701
Cash with fiscal agent	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):								
Interest	190	272	95	625	265	2,650	8	-
Taxes	2,622,655	2,550,182	-	3,324,890	-	-	13,003	201,118
Accounts	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	121,684
Loans	-	-	-	-	-	-	-	-
Interfund receivable:								
Interfund services provided and used	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	4,341,007	-	-
Property held for sale	-	-	562,009	-	-	-	-	-
Total assets	\$ 3,388,325	\$ 3,845,262	\$ 965,479	\$ 5,862,389	\$ 1,038,969	\$ 14,779,630	\$ 47,780	\$ 446,503
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 366,762	\$ -	\$ 157,291
Accrued payroll payable	-	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	201,037	-	-
Interfund payable:								
Interfund services provided and used	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	1,038,969	-	3,341,007	1,000,000
Total liabilities	-	-	-	-	1,038,969	567,799	3,341,007	1,157,291
Fund balances:								
Reserved for:								
Encumbrances	-	-	-	108,750	-	2,165,957	-	-
Noncurrent loans receivable	-	-	-	-	-	-	-	-
Property held for resale	-	-	562,009	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	4,341,007	-	-
Unreserved, reported in:								
Special revenue funds	-	-	-	-	-	-	-	-
Capital projects funds	3,388,325	3,845,262	403,470	5,753,639	-	7,704,867	(3,293,227)	(710,788)
Total fund balances	3,388,325	3,845,262	965,479	5,862,389	-	14,211,831	(3,293,227)	(710,788)
Total liabilities and fund balances	\$ 3,388,325	\$ 3,845,262	\$ 965,479	\$ 5,862,389	\$ 1,038,969	\$ 14,779,630	\$ 47,780	\$ 446,503

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CITY OF SOUTH BEND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2009
 (Continued)

	Capital Projects						Totals	Total Nonmajor Governmental Funds
	Palais Royale Historic Preservation	Airport Urban Enterprise Zone	Equipment Leasing	Erskine Commons TIF Project	Century Center Construction	Eddy Street Commons Construction		
<u>Assets</u>								
Cash and cash equivalents	\$ 29,307	\$ 238,141	\$ -	\$ 99,768	\$ 132,664	\$ 3,322,759	\$ 39,090,155	\$ 78,980,464
Cash with fiscal agent	-	-	-	-	-	-	9,870	9,870
Investments	-	-	-	-	-	-	-	6,549,882
Receivables (net of allowances for uncollectibles):								
Interest	7	-	-	-	-	-	8,216	25,104
Taxes	-	155,858	-	-	-	-	15,930,901	19,076,061
Accounts	-	-	-	-	-	-	475,682	558,946
Intergovernmental	-	-	-	-	-	-	121,684	602,338
Loans	-	-	-	-	-	-	-	10,856,828
Interfund receivable:								
Interfund services provided and used	-	-	-	-	-	-	515	12,512
Advances to other funds	-	-	-	-	-	-	4,341,007	4,789,359
Property held for sale	-	-	-	-	-	-	6,319,788	8,788,060
Total assets	\$ 29,314	\$ 393,999	\$ -	\$ 99,768	\$ 132,664	\$ 3,322,759	\$ 66,297,818	\$ 130,249,424
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ -	\$ 51,922	\$ -	\$ -	\$ 1,740	\$ -	\$ 1,035,635	\$ 2,209,084
Accrued payroll payable	-	-	-	-	-	-	-	166,699
Contracts payable	-	-	-	-	90,340	151,577	459,229	459,229
Interfund payable:								
Interfund services provided and used	-	-	-	91,518	-	-	91,518	117,852
Deferred revenue	-	-	-	-	-	-	1,755,302	1,755,302
Performance deposits payable	-	-	-	-	-	-	104,854	126,845
Other current payables	-	-	-	-	-	-	-	5,332
Advances from other funds	-	-	-	-	-	-	5,379,976	5,828,328
Total liabilities	-	51,922	-	91,518	92,080	151,577	8,826,514	10,668,671
Fund balances:								
Reserved for:								
Encumbrances	-	-	-	-	-	-	4,098,782	7,134,697
Noncurrent loans receivable	-	-	-	-	-	-	-	9,392,808
Property held for resale	-	-	-	-	-	-	6,319,788	8,788,060
Debt service	-	-	-	-	-	-	-	13,935,494
Advances to other funds	-	-	-	-	-	-	4,341,007	4,789,359
Unreserved, reported in:								
Special revenue funds	-	-	-	-	-	-	-	32,828,608
Capital projects funds	29,314	342,077	-	8,250	40,584	3,171,182	42,711,727	42,711,727
Total fund balances	29,314	342,077	-	8,250	40,584	3,171,182	57,471,304	119,580,753
Total liabilities and fund balances	\$ 29,314	\$ 393,999	\$ -	\$ 99,768	\$ 132,664	\$ 3,322,759	\$ 66,297,818	\$ 130,249,424

CITY OF SOUTH BEND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009

	Special Revenue							
	Motor Vehicle Highway	Recreation Nonreverting	Studebaker Oliver Revitalization Grants	Economic Development State Grants	Community Development	Police State Seizure	Juvenile Positive Assistance	Law Enforcement Continuing Education
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County option income	-	-	-	-	-	-	-	-
County economic development income	-	-	-	-	-	-	-	-
Professional sports development	-	-	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-	-	-
Intergovernmental	4,774,361	-	146,207	-	3,088,400	-	-	80,018
Charges for services	-	1,026,014	-	-	280,736	-	-	228,630
Fines and forfeits	-	-	-	-	-	-	1,530	-
Interest	14,994	4,410	11,747	100,875	10,720	-	-	4,379
Donations	-	-	-	-	-	-	-	3,684
Sale of property	32,062	-	-	-	-	-	-	-
Other	429	-	-	12,670	63,268	39,495	-	22,126
Total revenues	<u>4,821,846</u>	<u>1,030,424</u>	<u>157,954</u>	<u>113,545</u>	<u>3,443,124</u>	<u>39,495</u>	<u>1,530</u>	<u>338,837</u>
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	13,136	1,777	301,971
Highways and streets	4,740,909	-	-	-	-	-	-	-
Economic development	-	-	276,410	220,201	7,824,146	-	-	-
Culture and recreation	-	1,054,677	-	-	-	-	-	-
Debt service:								
Principal	782	-	-	127,046	-	-	-	-
Interest and fiscal charges	214	-	-	40,488	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	<u>4,741,905</u>	<u>1,054,677</u>	<u>276,410</u>	<u>387,735</u>	<u>7,824,146</u>	<u>13,136</u>	<u>1,777</u>	<u>301,971</u>
Excess (deficiency) of revenues over (under) expenditures	<u>79,941</u>	<u>(24,253)</u>	<u>(118,456)</u>	<u>(274,190)</u>	<u>(4,381,022)</u>	<u>26,359</u>	<u>(247)</u>	<u>36,866</u>
Other financing sources (uses):								
Transfers in	200,000	-	-	-	1,144,127	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,144,127</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	279,941	(24,253)	(118,456)	(274,190)	(3,236,895)	26,359	(247)	36,866
Fund balances - beginning	2,843,462	686,726	2,001,248	3,042,589	7,364,262	80,099	8,262	734,420
Fund balances - ending	<u>\$ 3,123,403</u>	<u>\$ 662,473</u>	<u>\$ 1,882,792</u>	<u>\$ 2,768,399</u>	<u>\$ 4,127,367</u>	<u>\$ 106,458</u>	<u>\$ 8,015</u>	<u>\$ 771,286</u>

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CITY OF SOUTH BEND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	Special Revenue							
	Loss Recovery	General Grant	Local Road and Street	Excess Welfare Distribution	Human Rights Federal	East Race Waterway	Morris and Palais Marketing	Police Block Grants
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County option income	-	-	-	-	-	-	-	-
County economic development income	-	-	-	-	-	-	-	-
Professional sports development	-	-	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-	-	-
Intergovernmental	-	-	945,688	2,922,079	115,050	-	-	810,555
Charges for services	-	-	-	-	-	-	18,607	-
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	11,487	173	15,941	794	1,971	198	62	418
Donations	-	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-	-
Other	419,748	-	-	-	15,624	-	-	-
Total revenues	431,235	173	961,629	2,922,873	132,645	198	18,669	810,973
Expenditures:								
Current:								
General government	188,269	54,786	-	-	146,085	-	-	-
Public safety	-	-	-	-	-	-	-	218,850
Highways and streets	-	-	1,224,780	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	1,503	16,674	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	188,269	54,786	1,224,780	-	146,085	1,503	16,674	218,850
Excess (deficiency) of revenues over (under) expenditures	242,966	(54,613)	(263,151)	2,922,873	(13,440)	(1,305)	1,995	592,123
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	242,966	(54,613)	(263,151)	2,922,873	(13,440)	(1,305)	1,995	592,123
Fund balances - beginning	4,216,544	60,012	3,012,675	-	436,390	33,469	15,891	-
Fund balances - ending	\$ 4,459,510	\$ 5,399	\$ 2,749,524	\$ 2,922,873	\$ 422,950	\$ 32,164	\$ 17,886	\$ 592,123

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CITY OF SOUTH BEND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	Special Revenue							
	Economic Development Commission	Hazmat	Indiana River Rescue	COPS Block Grant II	Regional Police Academy	COPS MORE Grant	Federal Drug Enforcement	Gift
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County option income	-	-	-	-	-	-	-	-
County economic development income	-	-	-	-	-	-	-	-
Professional sports development	-	-	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	55,056	-	-	-	-
Charges for services	-	-	15,351	-	14,990	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	-	-	-	-	351	-	1,915	-
Donations	-	-	-	-	-	5,125	-	9,538
Sale of property	-	-	-	-	-	-	-	-
Other	-	-	-	-	420	44,378	45,516	-
Total revenues	-	-	15,351	55,056	15,761	49,503	47,431	9,538
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	20,617
Public safety	-	3,493	17,245	111,629	18,433	58,817	42,535	-
Highways and streets	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	-	3,493	17,245	111,629	18,433	58,817	42,535	20,617
Excess (deficiency) of revenues over (under) expenditures	-	(3,493)	(1,894)	(56,573)	(2,672)	(9,314)	4,896	(11,079)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	-	(3,493)	(1,894)	(56,573)	(2,672)	(9,314)	4,896	(11,079)
Fund balances - beginning	25,888	11,635	68,352	57,698	69,891	146,655	295,788	37,300
Fund balances - ending	\$ 25,888	\$ 8,142	\$ 66,458	\$ 1,125	\$ 67,219	\$ 137,341	\$ 300,684	\$ 26,221

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CITY OF SOUTH BEND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	Special Revenue					Debt Service		
	Urban Development Action Grant	Leaf Collection and Removal	Police K-9 Unit	Rainy Day	Industrial Revolving	Totals	College Football Hall of Fame Debt Service	Redevelopment Bond - Central Development
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,363,642	\$ -
County option income	-	-	-	1,680,680	-	1,680,680	-	-
County economic development income	-	-	-	301,760	-	301,760	-	-
Professional sports development	-	-	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	12,937,414	84,297	-
Charges for services	-	431,017	-	-	-	2,015,345	-	-
Fines and forfeits	-	-	-	-	-	1,530	-	-
Interest	22,454	-	-	9,736	187,614	400,239	83	4,996
Donations	-	-	-	-	-	18,347	-	-
Sale of property	-	-	-	-	-	32,062	-	-
Other	602,504	-	-	-	14,109	1,280,287	-	-
Total revenues	624,958	431,017	-	1,992,176	201,723	18,667,664	2,448,022	4,996
Expenditures:								
Current:								
General government	-	163,238	-	-	-	572,995	-	-
Public safety	-	-	1,500	-	-	789,386	-	-
Highways and streets	-	-	-	-	-	5,965,689	-	-
Economic development	260,701	-	-	-	116,155	8,697,613	-	-
Culture and recreation	-	-	-	-	-	1,072,854	-	-
Debt service:								
Principal	-	-	-	-	-	127,828	850,000	-
Interest and fiscal charges	-	-	-	-	-	40,702	550,495	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	260,701	163,238	1,500	-	116,155	17,267,067	1,400,495	-
Excess (deficiency) of revenues over (under) expenditures	364,257	267,779	(1,500)	1,992,176	85,568	1,400,597	1,047,527	4,996
Other financing sources (uses):								
Transfers in	-	-	-	-	-	1,344,127	-	2,500
Transfers out	-	(200,000)	-	-	-	(200,000)	-	(7,354)
Debt issuance	-	-	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	(200,000)	-	-	-	1,144,127	-	(4,854)
Net change in fund balances	364,257	67,779	(1,500)	1,992,176	85,568	2,544,724	1,047,527	142
Fund balances - beginning	6,332,212	561,347	2,615	6,500,931	6,982,870	45,629,231	362,422	822,358
Fund balances - ending	\$ 6,696,469	\$ 629,126	\$ 1,115	\$ 8,493,107	\$ 7,068,438	\$ 48,173,955	\$ 1,409,949	\$ 822,500

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CITY OF SOUTH BEND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	Debt Service						Capital Projects	
	Redevelopment Bond - Airport Taxable	Redevelopment Bond - Palais Royale	Redevelopment Authority Debt Service	Erskine Commons TIF Debt Service	South Bend Building Corporation Debt Service	TIF Erskine Village Debt Service	Totals	Emergency Medical Services
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,363,642	\$ -
County option income	-	-	-	-	-	-	-	-
County economic development income	-	-	-	-	-	-	-	-
Professional sports development	-	-	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-	-	-
Intergovernmental	-	-	198,500	-	-	-	282,797	-
Charges for services	-	-	-	-	-	-	-	2,010,070
Fines and forfeits	-	-	-	-	-	-	-	25,021
Interest	11,865	6,839	11,698	137	402	496	36,516	18,838
Donations	-	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-	575
Other	-	-	-	-	1	-	1	18,586
Total revenues	11,865	6,839	210,198	137	403	496	2,682,956	2,073,090
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	1,665,000	-	1,473,317	155,000	4,143,317	122,878
Interest and fiscal charges	-	-	2,788,632	66,761	1,152,430	336,548	4,894,866	15,313
Bond issuance costs	-	-	152,660	-	-	-	152,660	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	272,103
Highways and streets	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	-	-	4,606,292	66,761	2,625,747	491,548	9,190,843	410,294
Excess (deficiency) of revenues over (under) expenditures	11,865	6,839	(4,396,094)	(66,624)	(2,625,344)	(491,052)	(6,507,887)	1,662,796
Other financing sources (uses):								
Transfers in	-	-	2,221,436	-	2,587,423	243,614	5,054,973	-
Transfers out	(17,465)	(10,066)	(3,860)	-	-	-	(38,745)	(250,000)
Debt issuance	-	-	-	-	-	-	-	-
Premium on debt issuance	-	-	80,950	-	-	-	80,950	-
Issuance of refunding bonds	-	-	7,210,000	-	-	-	7,210,000	-
Payment to refunded bond escrow agent	-	-	(7,591,171)	-	-	-	(7,591,171)	-
Total other financing sources and uses	(17,465)	(10,066)	1,917,355	-	2,587,423	243,614	4,716,007	(250,000)
Net change in fund balances	(5,600)	(3,227)	(2,478,739)	(66,624)	(37,921)	(247,438)	(1,791,880)	1,412,796
Fund balances - beginning	1,925,206	1,098,275	9,212,112	170,151	997,488	1,139,362	15,727,374	3,192,163
Fund balances - ending	<u>\$ 1,919,606</u>	<u>\$ 1,095,048</u>	<u>\$ 6,733,373</u>	<u>\$ 103,527</u>	<u>\$ 959,567</u>	<u>\$ 891,924</u>	<u>\$ 13,935,494</u>	<u>\$ 4,604,959</u>

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CITY OF SOUTH BEND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	Capital Projects							Economic Development Income Tax
	Central Development Area Bond Proceeds	Professional Sports Development	Coveleski Stadium Capital	Zoo Endowment	Park Nonreverting Capital	Cumulative Capital Development	Cumulative Capital Improvement	
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 736,213	\$ -	\$ -
County option income	-	-	-	-	-	-	-	-
County economic development income	-	-	-	-	-	-	-	3,843,912
Professional sports development	-	522,788	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-	-	-
Intergovernmental	-	530,137	-	-	-	57,187	480,517	-
Charges for services	-	-	-	-	2,775	-	-	150,000
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	23,198	3,595	1,033	175	1,860	5,046	102	7,720
Donations	-	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-	-
Other	-	-	1,529	-	-	130,920	50,000	-
Total revenues	23,198	1,056,520	2,562	175	4,635	929,366	530,619	4,001,632
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	687,382	-	605,000
Interest and fiscal charges	-	-	-	-	-	72,931	-	272,136
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	422,248	-	629,341
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	78,853
Economic development	1,881,778	-	-	-	-	-	-	-
Culture and recreation	-	666,095	63,288	-	243,731	-	-	-
Total expenditures	1,881,778	666,095	63,288	-	243,731	1,182,561	-	1,585,330
Excess (deficiency) of revenues over (under) expenditures	(1,858,580)	390,425	(60,726)	175	(239,096)	(253,195)	530,619	2,416,302
Other financing sources (uses):								
Transfers in	-	-	-	-	194,983	-	-	-
Transfers out	-	(200,000)	(75,000)	-	-	-	(584,936)	(1,527,009)
Debt issuance	-	-	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	(200,000)	(75,000)	-	194,983	-	(584,936)	(1,527,009)
Net change in fund balances	(1,858,580)	190,425	(135,726)	175	(44,113)	(253,195)	(54,317)	889,293
Fund balances - beginning	5,506,437	666,856	242,497	29,616	471,897	1,575,779	291,270	2,682,619
Fund balances - ending	\$ 3,647,857	\$ 857,281	\$ 106,771	\$ 29,791	\$ 427,784	\$ 1,322,584	\$ 236,953	\$ 3,571,912

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CITY OF SOUTH BEND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	Capital Projects							
	Cumulative Sewer	Morris Performing Arts Center Capital	TIF Downtown	TIF Leighton Plaza	TIF - West Washington	Redevelopment General	Community Revitalization Enhancement District	TIF No. 1 - Southside Development
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ 2,677,147	\$ -	\$ 109,867	\$ -	\$ -	\$ 1,749,985
County option income	-	-	-	-	-	-	-	-
County economic development income	-	-	-	-	-	-	-	-
Professional sports development	-	-	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	605,623	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	82,115	51,718	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	-	2,186	9,658	731	896	468	5,611	1,921
Donations	-	-	-	-	-	-	-	-
Sale of property	-	-	196,083	-	-	-	-	-
Other	-	-	365	143,465	-	-	-	-
Total revenues	-	84,301	2,934,971	144,196	110,763	468	611,234	1,751,906
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	216,521	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	485,000	-	-	-	1,175,000	-
Interest and fiscal charges	-	-	914,775	-	-	-	233,898	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Economic development	-	-	1,385,867	159,799	-	2,595	-	34,527
Culture and recreation	-	48,916	-	-	-	-	-	-
Total expenditures	-	48,916	2,785,642	159,799	216,521	2,595	1,408,898	34,527
Excess (deficiency) of revenues over (under) expenditures	-	35,385	149,329	(15,603)	(105,758)	(2,127)	(797,664)	1,717,379
Other financing sources (uses):								
Transfers in	-	-	17,420	-	-	-	-	-
Transfers out	-	-	(554,000)	-	-	-	-	-
Debt issuance	-	-	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	(536,580)	-	-	-	-	-
Net change in fund balances	-	35,385	(387,251)	(15,603)	(105,758)	(2,127)	(797,664)	1,717,379
Fund balances - beginning	80,224	404,281	10,034,652	157,644	928,454	77,529	2,057,359	620,230
Fund balances - ending	\$ 80,224	\$ 439,666	\$ 9,647,401	\$ 142,041	\$ 822,696	\$ 75,402	\$ 1,259,695	\$ 2,337,609

Continued on next page

CITY OF SOUTH BEND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	Capital Projects							
	TIF No. 2 - Southside Development	TIF No. 3 - Southside Development	Redevelopment District Allocation Area Capital	TIF-Central Medical Service Area	Football Hall of Fame Capital	Major Moves	TIF - Northeast Development	TIF Douglas Road
Revenues:								
Taxes:								
Property	\$ 2,436,719	\$ 2,367,909	\$ -	\$ 2,689,644	\$ -	\$ -	\$ 7,234	\$ 326,412
County option income	-	-	-	-	-	-	-	-
County economic development income	-	-	-	-	-	-	-	-
Professional sports development	-	-	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	250,000
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	1,837	2,509	1,936	10,915	4,626	76,773	345	-
Donations	-	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	2,438,556	2,370,418	1,936	2,700,559	4,626	76,773	7,579	576,412
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	105,000	-	-	-	-	-	-	-
Interest and fiscal charges	371,368	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Economic development	-	-	-	947	-	-	3,166,612	2,204,770
Culture and recreation	-	-	-	-	51,713	-	-	-
Total expenditures	476,368	-	-	947	51,713	-	3,166,612	2,204,770
Excess (deficiency) of revenues over (under) expenditures	<u>1,962,188</u>	<u>2,370,418</u>	<u>1,936</u>	<u>2,699,612</u>	<u>(47,087)</u>	<u>76,773</u>	<u>(3,159,033)</u>	<u>(1,628,358)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	911,031	-	-	-
Transfers out	-	(243,614)	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-	-	1,050,328
Premium on debt issuance	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	(243,614)	-	-	911,031	-	-	1,050,328
Net change in fund balances	1,962,188	2,126,804	1,936	2,699,612	863,944	76,773	(3,159,033)	(578,030)
Fund balances - beginning	1,426,137	1,718,458	963,543	3,162,777	(863,944)	14,135,058	(134,194)	(132,758)
Fund balances - ending	\$ 3,388,325	\$ 3,845,262	\$ 965,479	\$ 5,862,389	\$ -	\$ 14,211,831	\$ (3,293,227)	\$ (710,788)

Continued on next page

CITY OF SOUTH BEND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	Capital Projects						Totals	Total Nonmajor Governmental Funds
	Palais Royale Historic Preservation	Airport Urban Enterprise Zone	Equipment Leasing	Erskine Commons TIF Project	Century Center Construction	Eddy Street Commons Construction		
Revenues:								
Taxes:								
Property	\$ -	\$ 155,858	\$ -	\$ -	\$ -	\$ -	\$ 13,256,988	\$ 15,620,630
County option income	-	-	-	-	-	-	-	1,680,680
County economic development income	-	-	-	-	-	-	3,843,912	4,145,672
Professional sports development	-	-	-	-	-	-	522,788	522,788
Community revitalization enhancement district	-	-	-	-	-	-	605,623	605,623
Intergovernmental	-	-	-	-	-	-	1,317,841	14,538,052
Charges for services	14,963	-	-	-	-	-	2,311,641	4,326,986
Fines and forfeits	-	-	-	-	-	-	25,021	26,551
Interest	103	-	254	91	1,319	6,360	190,106	626,861
Donations	100	-	-	-	-	-	100	18,447
Sale of property	-	-	-	-	-	-	196,658	228,720
Other	-	-	-	-	91	-	344,956	1,625,244
Total revenues	15,166	155,858	254	91	1,410	6,360	22,615,634	43,966,254
Expenditures:								
Current:								
General government	-	-	19,971	-	-	-	19,971	592,966
Public safety	-	-	-	-	-	-	-	789,386
Highways and streets	-	-	-	-	-	-	-	5,965,689
Economic development	-	-	-	-	-	-	216,521	8,914,134
Culture and recreation	-	-	-	-	-	-	-	1,072,854
Debt service:								
Principal	-	-	-	-	-	-	3,180,260	7,451,405
Interest and fiscal charges	-	-	-	-	-	-	1,880,421	6,815,989
Bond issuance costs	-	-	-	-	-	-	-	152,660
Capital outlay:								
General government	-	-	704,493	-	-	-	1,756,082	1,756,082
Public safety	-	-	-	-	-	-	272,103	272,103
Highways and streets	-	-	79,957	-	-	-	158,810	158,810
Economic development	-	623,086	-	91,541	-	13,933,457	23,484,979	23,484,979
Culture and recreation	3,967	-	-	-	2,798,062	-	3,875,772	3,875,772
Total expenditures	3,967	623,086	804,421	91,541	2,798,062	13,933,457	34,844,919	61,302,829
Excess (deficiency) of revenues over (under) expenditures	11,199	(467,228)	(804,167)	(91,450)	(2,796,652)	(13,927,097)	(12,229,285)	(17,336,575)
Other financing sources (uses):								
Transfers in	-	809,305	-	-	769	3,091	1,936,599	8,335,699
Transfers out	-	-	-	-	-	-	(3,434,559)	(3,673,304)
Debt issuance	-	-	720,990	-	-	-	1,771,318	1,771,318
Premium on debt issuance	-	-	-	-	-	-	-	80,950
Issuance of refunding bonds	-	-	-	-	-	-	-	7,210,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(7,591,171)
Total other financing sources and uses	-	809,305	720,990	-	769	3,091	273,358	6,133,492
Net change in fund balances	11,199	342,077	(83,177)	(91,450)	(2,795,883)	(13,924,006)	(11,955,927)	(11,203,083)
Fund balances - beginning	18,115	-	83,177	99,700	2,836,467	17,095,188	69,427,231	130,783,836
Fund balances - ending	\$ 29,314	\$ 342,077	\$ -	\$ 8,250	\$ 40,584	\$ 3,171,182	\$ 57,471,304	\$ 119,580,753

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - COIT
For The Year Ended December 31, 2009

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
County option income	\$ 6,266,381	\$ 8,952,424	\$ 8,302,694	\$ (649,730)
Other	<u>150,000</u>	<u>60,000</u>	<u>82,362</u>	<u>22,362</u>
Total revenues	<u>6,416,381</u>	<u>9,012,424</u>	<u>8,385,056</u>	<u>(627,368)</u>
Expenditures:				
Current:				
General government:				
Other services and charges	3,603,975	4,234,055	2,861,515	1,372,540
Capital outlay	<u>-</u>	<u>2,269,653</u>	<u>2,096,973</u>	<u>172,680</u>
Total expenditures	<u>3,603,975</u>	<u>6,503,708</u>	<u>4,958,488</u>	<u>1,545,220</u>
Net change in fund balances	2,812,406	2,508,716	3,426,568	917,852
Fund balances - beginning	<u>4,774,105</u>	<u>4,774,105</u>	<u>4,774,105</u>	<u>-</u>
Fund balances - ending	<u>\$ 7,586,511</u>	<u>\$ 7,282,821</u>	<u>\$ 8,200,673</u>	<u>\$ 917,852</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 3,426,568	
To adjust revenues for accruals			(48,428)	
To adjust expenditures for accruals			153,476	
To adjust expenditures for encumbrances			<u>825,943</u>	
Net change in fund balance, GAAP basis			<u>\$ 4,357,559</u>	

CITY OF SOUTH BEND
SCHEDULES 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, 2009

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 4,990,321	\$ 4,679,518	\$ 4,848,068	\$ 168,550
Charges for services	8,940	8,940	-	(8,940)
Other	1,000	21,000	53,556	32,556
Total revenues	5,000,261	4,709,458	4,901,624	192,166
Expenditures:				
Current:				
Highways and streets:				
Personal services	2,893,753	2,761,547	2,552,478	209,069
Supplies	1,908,963	2,217,485	2,079,773	137,712
Other services and charges	120,072	120,072	109,144	10,928
Other uses	134,712	134,712	85,044	49,668
Total expenditures	5,057,500	5,233,816	4,826,439	407,377
Other sources/(uses):				
Operating transfers in	160,000	200,000	200,000	-
	160,000	200,000	200,000	-
Net change in fund balances	102,761	(324,358)	275,185	599,543
Fund balances - beginning	2,603,140	2,603,140	2,603,140	-
Fund balances - ending	<u>\$ 2,705,901</u>	<u>\$ 2,278,782</u>	<u>\$ 2,878,325</u>	<u>\$ 599,543</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 275,185	
To adjust revenues for accruals			(79,778)	
To adjust expenditures for accruals			82,315	
To adjust expenditures for encumbrances			2,219	
Net change in fund balance, GAAP basis			<u>\$ 279,941</u>	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - RECREATION NONREVERTING
For The Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,327,365	\$ 1,327,365	\$ 1,021,242	\$ (306,123)
Other	<u>16,000</u>	<u>16,000</u>	<u>6,223</u>	<u>(9,777)</u>
Total revenues	<u>1,343,365</u>	<u>1,343,365</u>	<u>1,027,465</u>	<u>(315,900)</u>
Expenditures:				
Current:				
Culture and recreation:				
Personal services	630,961	645,961	610,005	35,956
Supplies	251,420	279,880	197,642	82,238
Other services and charges	297,430	261,625	169,445	92,180
Other uses	30,887	30,887	22,763	8,124
Capital outlay	<u>-</u>	<u>102,934</u>	<u>68,934</u>	<u>34,000</u>
Total expenditures	<u>1,210,698</u>	<u>1,321,287</u>	<u>1,068,789</u>	<u>252,498</u>
Net change in fund balances	132,667	22,078	(41,324)	(63,402)
Fund balances - beginning	<u>700,458</u>	<u>700,458</u>	<u>700,458</u>	<u>-</u>
Fund balances - ending	<u>\$ 833,125</u>	<u>\$ 722,536</u>	<u>\$ 659,134</u>	<u>\$ (63,402)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (41,324)	
To adjust revenues for accruals			2,959	
To adjust expenditures for accruals			(6,117)	
To adjust expenditures for encumbrances			<u>20,229</u>	
Net change in fund balance, GAAP basis			<u>\$ (24,253)</u>	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - COMMUNITY DEVELOPMENT
For The Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 846,926	\$ 12,649,721	\$ 3,420,687	\$ (9,229,034)
Other	<u>150,288</u>	<u>150,288</u>	<u>107,938</u>	<u>(42,350)</u>
Total revenues	<u>997,214</u>	<u>12,800,009</u>	<u>3,528,625</u>	<u>(9,271,384)</u>
Expenditures:				
Current:				
Urban redevelopment and housing:				
Personal services	1,937,970	1,782,724	1,716,291	66,433
Supplies	29,538	32,509	23,691	8,818
Other services and charges	327,419	15,459,960	5,797,947	9,662,013
Other uses	33,661	33,661	9,853	23,808
Capital outlay	<u>-</u>	<u>2,207,385</u>	<u>1,507,696</u>	<u>699,689</u>
Total expenditures	<u>2,328,588</u>	<u>19,516,239</u>	<u>9,055,478</u>	<u>10,460,761</u>
Other financing sources:				
Operating transfers in	<u>1,571,410</u>	<u>1,571,410</u>	<u>1,144,127</u>	<u>(427,283)</u>
Net change in fund balances	240,036	(5,144,820)	(4,382,726)	762,094
Fund balances - beginning	<u>4,157,889</u>	<u>4,157,889</u>	<u>4,157,889</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,397,925</u>	<u>\$ (986,931)</u>	<u>\$ (224,837)</u>	<u>\$ 762,094</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (4,382,726)	
To adjust revenues for accruals			(85,501)	
To adjust expenditures for accruals			(472,345)	
To adjust expenditures for encumbrances			<u>1,703,677</u>	
Net change in fund balance, GAAP basis			<u>\$ (3,236,895)</u>	

CITY OF SOUTH BEND
SCHEDULES 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, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,114,372	\$ 1,062,574	\$ 1,045,477	\$ (17,097)
Other	<u>50,000</u>	<u>40,000</u>	<u>23,395</u>	<u>(16,605)</u>
Total revenues	<u>1,164,372</u>	<u>1,102,574</u>	<u>1,068,872</u>	<u>(33,702)</u>
Expenditures:				
Current:				
Highways and streets:				
Capital outlay	<u>-</u>	<u>2,638,402</u>	<u>2,456,015</u>	<u>182,387</u>
Net change in fund balances	1,164,372	(1,535,828)	(1,387,143)	148,685
Fund balances - beginning	<u>3,068,118</u>	<u>3,068,118</u>	<u>3,068,118</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,232,490</u>	<u>\$ 1,532,290</u>	<u>\$ 1,680,975</u>	<u>\$ 148,685</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (1,387,143)	
To adjust revenues for accruals			(107,243)	
To adjust expenditures for accruals			220,325	
To adjust expenditures for encumbrances			<u>1,010,910</u>	
Net change in fund balance, GAAP basis			<u>\$ (263,151)</u>	

CITY OF SOUTH BEND
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - EXCESS WELFARE DISTRIBUTION
 For The Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 2,922,079	\$ 2,922,079	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 2,922,079</u>	<u>\$ 2,922,079</u>	<u>\$ -</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 2,922,079	
To adjust revenues for accruals			<u>794</u>	
Net change in fund balance, GAAP basis			<u>\$ 2,922,873</u>	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - HUMAN RIGHTS FEDERAL
For The Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 140,500	\$ 140,500	\$ 116,717	\$ (23,783)
Other	<u>30,800</u>	<u>30,800</u>	<u>18,371</u>	<u>(12,429)</u>
Total revenues	<u>171,300</u>	<u>171,300</u>	<u>135,088</u>	<u>(36,212)</u>
Expenditures:				
Current:				
General government:				
Personal services	90,847	90,847	89,247	1,600
Supplies	3,200	3,200	3,114	86
Other services and charges	68,100	68,130	47,601	20,529
Capital outlay	3,000	3,000	1,753	1,247
Other uses	<u>3,357</u>	<u>3,357</u>	<u>2,532</u>	<u>825</u>
Total expenditures	<u>168,504</u>	<u>168,534</u>	<u>144,247</u>	<u>24,287</u>
Net change in fund balances	2,796	2,766	(9,159)	(11,925)
Fund balances - beginning	<u>436,698</u>	<u>436,698</u>	<u>436,698</u>	<u>-</u>
Fund balances - ending	<u>\$ 439,494</u>	<u>\$ 439,464</u>	<u>\$ 427,539</u>	<u>\$ (11,925)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (9,159)	
To adjust revenues for accruals			(2,443)	
To adjust expenditures for accruals			<u>(1,838)</u>	
Net change in fund balance, GAAP basis			<u>\$ (13,440)</u>	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS - COLLEGE FOOTBALL HALL OF FAME DEBT SERVICE
For The Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 1,600,000	\$ 1,600,000	\$ 2,362,057	\$ 762,057
Intergovernmental	<u>63,136</u>	<u>89,701</u>	<u>84,297</u>	<u>(5,404)</u>
Total revenues	<u>1,663,136</u>	<u>1,689,701</u>	<u>2,446,354</u>	<u>756,653</u>
Expenditures:				
Debt service:				
Principal	1,403,500	1,403,500	1,403,500	-
Interest and fiscal agent fees	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total expenditures	<u>1,406,000</u>	<u>1,406,000</u>	<u>1,406,000</u>	<u>-</u>
Net change in fund balances	257,136	283,701	1,040,354	756,653
Fund balances - beginning	<u>364,287</u>	<u>364,287</u>	<u>364,287</u>	<u>-</u>
Fund balances - ending	<u>\$ 621,423</u>	<u>\$ 647,988</u>	<u>\$ 1,404,641</u>	<u>\$ 756,653</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 1,040,354	
To adjust revenues for accruals			1,668	
To adjust expenditures for accruals			<u>5,505</u>	
Net change in fund balance, GAAP basis			<u>\$ 1,047,527</u>	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - EMERGENCY MEDICAL SERVICES
For The Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,313,800	\$ 1,673,800	\$ 2,162,842	\$ 489,042
Other	<u>20,000</u>	<u>20,000</u>	<u>25,466</u>	<u>5,466</u>
Total revenues	<u>1,333,800</u>	<u>1,693,800</u>	<u>2,188,308</u>	<u>494,508</u>
Expenditures:				
Public safety:				
Supplies	-	185,000	81,252	103,748
Other services and charges	457,175	457,175	303,047	154,128
Capital outlay	<u>-</u>	<u>1,129,303</u>	<u>811,509</u>	<u>317,794</u>
Total expenditures	<u>457,175</u>	<u>1,771,478</u>	<u>1,195,808</u>	<u>575,670</u>
Other financing uses:				
Operating transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Net change in fund balances	626,625	(327,678)	742,500	1,070,178
Fund balances - beginning	<u>2,920,995</u>	<u>2,920,995</u>	<u>2,920,995</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,547,620</u>	<u>\$ 2,593,317</u>	<u>\$ 3,663,495</u>	<u>\$ 1,070,178</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 742,500	
To adjust revenues for accruals			(115,218)	
To adjust expenditures for accruals			32,023	
To adjust expenditures for encumbrances			<u>753,491</u>	
Net change in fund balance, GAAP basis			<u>\$ 1,412,796</u>	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - PROFESSIONAL SPORTS DEVELOPMENT
For The Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Professional sports development	\$ 530,658	\$ 530,658	\$ 530,137	\$ (521)
Intergovernmental	385,000	385,000	617,304	232,304
Other	<u>13,000</u>	<u>13,000</u>	<u>4,878</u>	<u>(8,122)</u>
Total revenues	<u>928,658</u>	<u>928,658</u>	<u>1,152,319</u>	<u>223,661</u>
Expenditures:				
Culture and recreation:				
Other uses	<u>850,000</u>	<u>866,095</u>	<u>866,095</u>	<u>-</u>
Net change in fund balances	78,658	62,563	286,224	223,661
Fund balances - beginning	<u>527,513</u>	<u>527,513</u>	<u>527,513</u>	<u>-</u>
Fund balances - ending	<u>\$ 606,171</u>	<u>\$ 590,076</u>	<u>\$ 813,737</u>	<u>\$ 223,661</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 286,224	
To adjust revenues for accruals			<u>(95,799)</u>	
Net change in fund balance, GAAP basis			<u>\$ 190,425</u>	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - PARK NONREVERTING CAPITAL
For The Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 2,500	\$ 2,500	\$ 2,770	\$ 270
Other	<u>12,000</u>	<u>12,000</u>	<u>2,502</u>	<u>(9,498)</u>
Total revenues	<u>14,500</u>	<u>14,500</u>	<u>5,272</u>	<u>(9,228)</u>
Expenditures:				
Culture and recreation:				
Other services and charges	-	200	45	155
Capital outlay	<u>-</u>	<u>302,311</u>	<u>264,205</u>	<u>38,106</u>
Total expenditures	<u>-</u>	<u>302,511</u>	<u>264,250</u>	<u>38,261</u>
Other sources/(uses):				
Operating transfers in	<u>240,500</u>	<u>240,500</u>	<u>194,983</u>	<u>(45,517)</u>
	240,500	240,500	194,983	(45,517)
Net change in fund balances	255,000	(47,511)	(63,995)	(16,484)
Fund balances - beginning	<u>472,960</u>	<u>472,960</u>	<u>472,960</u>	<u>-</u>
Fund balances - ending	<u>\$ 727,960</u>	<u>\$ 425,449</u>	<u>\$ 408,965</u>	<u>\$ (16,484)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (63,995)	
To adjust revenues for accruals			(637)	
To adjust expenditures for accruals			(6,098)	
To adjust expenditures for encumbrances			<u>26,617</u>	
Net change in fund balance, GAAP basis			<u>\$ (44,113)</u>	

CITY OF SOUTH BEND
SCHEDULES 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, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 1,160,880	\$ 783,100	\$ 1,420,833	\$ 637,733
Intergovernmental	77,093	69,192	57,187	(12,005)
Other	<u>142,453</u>	<u>103,453</u>	<u>138,293</u>	<u>34,840</u>
Total revenues	<u>1,380,426</u>	<u>955,745</u>	<u>1,616,313</u>	<u>660,568</u>
Expenditures:				
General government:				
Supplies	5,000	5,000	-	5,000
Other services and charges	1,217,239	1,290,729	1,145,176	145,553
Capital outlay	<u>-</u>	<u>152,373</u>	<u>144,139</u>	<u>8,234</u>
Total expenditures	<u>1,222,239</u>	<u>1,448,102</u>	<u>1,289,315</u>	<u>158,787</u>
Net change in fund balances	158,187	(492,357)	326,998	819,355
Fund balances - beginning	<u>958,320</u>	<u>958,320</u>	<u>958,320</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,116,507</u>	<u>\$ 465,963</u>	<u>\$ 1,285,318</u>	<u>\$ 819,355</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 326,998	
To adjust expenditures for accruals			(686,947)	
To adjust expenditures for encumbrances			69,557	
To adjust expenditures for encumbrances			<u>37,197</u>	
Net change in fund balance, GAAP basis			<u>\$ (253,195)</u>	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - FUND 407
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL IMPROVEMENT
For The Year Ended December 31, 2009

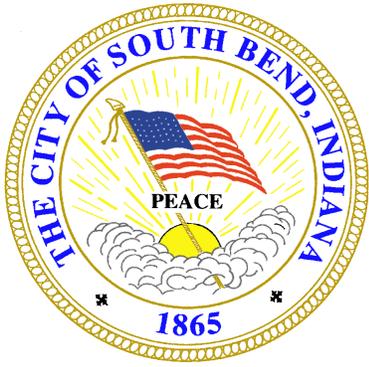
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 344,925	\$ 494,925	\$ 480,517	\$ (14,408)
Other	200,000	50,000	50,057	57
Total revenues	544,925	544,925	530,574	(14,351)
Other sources/(uses):				
Operating transfers out	594,000	594,000	584,936	9,064
Net change in fund balances	(49,075)	(49,075)	(54,362)	(5,287)
Fund balances - beginning	291,270	291,270	291,270	-
Fund balances - ending	\$ 242,195	\$ 242,195	\$ 236,908	\$ (5,287)
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (54,362)	
To adjust expenditures for accruals			45	
Net change in fund balance, GAAP basis			\$ (54,317)	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - ECONOMIC DEVELOPMENT INCOME TAX
For The Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
County economic development income tax	\$ 3,997,997	\$ 4,612,694	\$ 3,843,912	\$ (768,782)
Other	175,000	165,400	159,600	(5,800)
Total revenues	<u>4,172,997</u>	<u>4,778,094</u>	<u>4,003,512</u>	<u>(774,582)</u>
Expenditures:				
General government:				
Personal services	-	18,000	18,758	(758)
Supplies	-	15,500	10,822	4,678
Other services and charges	185,000	421,673	247,741	173,932
Capital outlay	-	150,814	129,285	21,529
Debt service:				
Principal	2,458,860	2,421,604	2,164,945	256,659
Interest and fiscal agent fees	279,237	279,237	273,136	6,101
Total expenditures	<u>2,923,097</u>	<u>3,306,828</u>	<u>2,844,687</u>	<u>462,141</u>
Other financing uses:				
Operating transfers in	-	-	56,500	56,500
Operating transfers out	(618,110)	(618,110)	(498,509)	119,601
Total other financing sources and uses	<u>(618,110)</u>	<u>(618,110)</u>	<u>(442,009)</u>	<u>176,101</u>
Net change in fund balances	631,790	853,156	716,816	(136,340)
Fund balances - beginning	<u>2,723,135</u>	<u>2,723,135</u>	<u>2,723,135</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,354,925</u>	<u>\$ 3,576,291</u>	<u>\$ 3,439,951</u>	<u>\$ (136,340)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 716,816	
To adjust revenues for accruals			(58,380)	
To adjust expenditures for accruals			145,250	
To adjust expenditures for encumbrances			<u>85,607</u>	
Net change in fund balance, GAAP basis			<u>\$ 889,293</u>	

CITY OF SOUTH BEND
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - MAJOR MOVES
 For The Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ 600,000	\$ 190,000	\$ 113,908	\$ (76,092)
Expenditures:				
General government:				
Capital outlay	<u>-</u>	<u>6,518,265</u>	<u>6,174,191</u>	<u>344,074</u>
Net change in fund balances	600,000	(6,328,265)	(6,060,283)	267,982
Fund balances - beginning	<u>13,963,536</u>	<u>13,963,536</u>	<u>13,963,536</u>	<u>-</u>
Fund balances - ending	<u>\$ 14,563,536</u>	<u>\$ 7,635,271</u>	<u>\$ 7,903,253</u>	<u>\$ 267,982</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (6,060,283)	
To adjust revenues for accruals			(37,135)	
To adjust expenditures for accruals			3,641,472	
To adjust expenditures for encumbrances			<u>2,532,719</u>	
Net change in fund balance, GAAP basis			<u>\$ 76,773</u>	



IV Non Major Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

Consolidated Building -	To account for the operation of the consolidated St. Joseph County/ South Bend Building Department.
Parking Garage -	To account for the operation and maintenance of the City's parking gar- ages.
Solid Waste -	To account for the provision of solid waste services.
Blackthorn Golf Course -	To account for the operation and maintenance of the City's Blackthorn Golf Course.

CITY OF SOUTH BEND
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS
 December 31, 2009

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 95,364	\$ 168,090	\$ 658,697	\$ 132,688	\$ 1,054,839
Interest receivable	24	-	-	-	24
Accounts receivable (net of allowance)	-	994	382,780	-	383,774
Accounts receivable - other	-	-	-	3,000	3,000
Interfund receivables:					
Interfund services provided and used	-	-	4,333	-	4,333
Inventories	-	-	-	16,414	16,414
Restricted assets:					
Cash, cash equivalents and investments:					
Revenue bond covenant accounts	-	-	-	1,363,178	1,363,178
Capital outlay accounts	-	-	1,597	-	1,597
Interest receivable	-	-	-	266	266
Total current assets	<u>95,388</u>	<u>169,084</u>	<u>1,047,407</u>	<u>1,515,546</u>	<u>2,827,425</u>
Noncurrent assets:					
Deferred charges					
Unamortized debt issue costs	-	-	-	13,729	13,729
Unamortized loss on sale/leaseback	-	3,375,889	-	-	3,375,889
Total deferred charges	<u>-</u>	<u>3,375,889</u>	<u>-</u>	<u>13,729</u>	<u>3,389,618</u>
Capital assets:					
Land and construction in progress	-	1,132,020	-	448,469	1,580,489
Other capital assets (net of accumulated depreciation)	39,561	4,301,641	1,303,779	2,446,436	8,091,417
Total capital assets	<u>39,561</u>	<u>5,433,661</u>	<u>1,303,779</u>	<u>2,894,905</u>	<u>9,671,906</u>
Total noncurrent assets	<u>39,561</u>	<u>8,809,550</u>	<u>1,303,779</u>	<u>2,908,634</u>	<u>13,061,524</u>
Total assets	<u>134,949</u>	<u>8,978,634</u>	<u>2,351,186</u>	<u>4,424,180</u>	<u>15,888,949</u>

Continued on next page

CITY OF SOUTH BEND
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS
 December 31, 2009
 (Continued)

<u>Liabilities</u>	<u>Consolidated Building</u>	<u>Parking Garage</u>	<u>Solid Waste</u>	<u>Blackthorn Golf Course</u>	<u>Totals</u>
Current liabilities:					
Accounts payable	273	76,073	142,544	24,764	243,654
Interfund payables:					
Interfund services provided and used	2,885	-	51,642	696	55,223
Accrued payroll payable	31,039	-	48,707	-	79,746
Compensated absences payable	43,951	-	50,729	-	94,680
Taxes Payable	-	-	-	198	198
Current liabilities payable from restricted assets:					
Revenue bonds payable	-	-	-	540,000	540,000
Capital leases payable	-	-	291,852	-	291,852
Accrued interest payable	-	-	2,739	36,665	39,404
Total current liabilities	<u>78,148</u>	<u>76,073</u>	<u>588,213</u>	<u>602,323</u>	<u>1,344,757</u>
Noncurrent liabilities:					
Advances from other funds	-	-	-	1,689,750	1,689,750
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	-	-	-	1,692,980	1,692,980
Capital leases payable	-	-	518,167	-	518,167
Unamortized gain on sale/leaseback	-	19,505	-	-	19,505
Total noncurrent liabilities	<u>-</u>	<u>19,505</u>	<u>518,167</u>	<u>3,382,730</u>	<u>3,920,402</u>
Total liabilities	<u>78,148</u>	<u>95,578</u>	<u>1,106,380</u>	<u>3,985,053</u>	<u>5,265,159</u>
<u>Net Assets</u>					
Invested in capital assets, net of related debt	39,561	5,433,661	633,623	661,925	6,768,770
Restricted for debt service	-	-	-	1,340,508	1,340,508
Reserved for capital asset outlays	-	-	1,597	-	1,597
Unrestricted	<u>17,240</u>	<u>3,449,395</u>	<u>609,586</u>	<u>(1,563,306)</u>	<u>2,512,915</u>
Total net assets	<u>\$ 56,801</u>	<u>\$ 8,883,056</u>	<u>\$ 1,244,806</u>	<u>\$ 439,127</u>	<u>\$ 10,623,790</u>

CITY OF SOUTH BEND
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 For the Year Ended December 31, 2009

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
Operating revenues:					
Licenses and permits	\$ 968,804	\$ -	\$ -	\$ -	\$ 968,804
Parking fees	-	1,066,206	-	-	1,066,206
Solid waste fees	-	-	4,641,741	-	4,641,741
Golf course fees	-	-	-	1,550,695	1,550,695
Other	8,246	4,313	112,729	7,256	132,544
Total operating revenues	977,050	1,070,519	4,754,470	1,557,951	8,359,990
Operating expenses:					
Operating and maintenance	1,078,391	-	3,671,065	1,467,166	6,216,622
Administrative and general expense:	14,136	695,388	160,750	52,096	922,370
Depreciation	21,340	216,232	178,666	217,501	633,739
Total operating expenses	1,113,867	911,620	4,010,481	1,736,763	7,772,731
Operating income (loss)	(136,817)	158,899	743,989	(178,812)	587,259
Nonoperating revenues (expenses):					
Interest and investment revenue	404	-	-	9,189	9,593
Interest expense	-	-	(25,520)	(140,884)	(166,404)
Amortization expense	-	(560,340)	-	(4,335)	(564,675)
Gain on disposition of assets	-	-	5,060	-	5,060
Total nonoperating revenue (expenses)	404	(560,340)	(20,460)	(136,030)	(716,426)
Income (loss) before contributions and transfers	(136,413)	(401,441)	723,529	(314,842)	(129,167)
Contributions	5,681	-	-	-	5,681
Transfers in	-	-	-	655,000	655,000
Transfers out	-	-	-	(9,008)	(9,008)
Change in net assets	(130,732)	(401,441)	723,529	331,150	522,506
Total net assets - beginning	187,533	9,284,497	521,277	107,977	10,101,284
Total net assets - ending	\$ 56,801	\$ 8,883,056	\$ 1,244,806	\$ 439,127	\$ 10,623,790

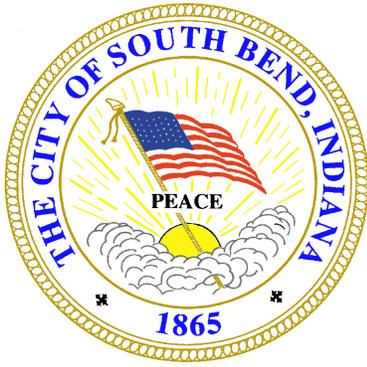
CITY OF SOUTH BEND
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
 For the Year Ended December 31, 2009

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
Cash flows from operating activities:					
Receipts from customers and users	\$ 981,340	\$ 1,070,565	\$ 4,695,326	\$ 1,559,330	\$ 8,306,561
Receipts from interfund services provided	-	-	47,667	-	47,667
Payments to suppliers	(60,443)	(688,673)	(1,492,432)	(1,478,573)	(3,720,121)
Payments to employees	(966,213)	-	(1,468,841)	-	(2,435,054)
Payments for interfund services used	(61,609)	(35,644)	(875,447)	(31,362)	(1,004,062)
Net cash provided (used) by operating activities	<u>(106,925)</u>	<u>346,248</u>	<u>906,273</u>	<u>49,395</u>	<u>1,194,991</u>
Cash flows from noncapital financing activities:					
Repayment of advances from other funds	-	(178,158)	-	-	(178,158)
Transfers from other funds	-	-	-	655,000	655,000
Transfers to other funds	-	-	-	(9,008)	(9,008)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(178,158)</u>	<u>-</u>	<u>645,992</u>	<u>467,834</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	-	-	(15,950)	(15,950)
Principal paid on capital debt	-	-	(409,616)	(520,000)	(929,616)
Interest paid on capital debt	-	-	(29,087)	(123,508)	(152,595)
Proceeds from sales of capital assets	-	-	5,060	-	5,060
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(433,643)</u>	<u>(659,458)</u>	<u>(1,093,101)</u>
Cash flows from investing activities:					
Interest received	675	-	-	11,879	12,554
Net increase (decrease) in cash and cash equivalents	(106,250)	168,090	472,630	47,808	582,278
Cash and cash equivalents, January 1 (Including \$1,351,505 and \$1,219 for the revenue bond covenants and capital outlays, respectively, reported in restricted accounts)					
	<u>201,614</u>	<u>-</u>	<u>187,664</u>	<u>1,448,058</u>	<u>1,837,336</u>
Cash and cash equivalents, December 31 (Including \$1,363,178 and \$1,597 for the revenue bond covenants and capital outlays, respectively, reported in restricted accounts)					
	<u>\$ 95,364</u>	<u>\$ 168,090</u>	<u>\$ 660,294</u>	<u>\$ 1,495,866</u>	<u>\$ 2,419,614</u>

Continued on next page

CITY OF SOUTH BEND
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (136,817)	\$ 158,899	\$ 743,989	\$ (178,812)	\$ 587,259
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	21,340	216,232	178,666	217,501	633,739
Bad debt expense	-	-	53,384	-	53,384
Lease proceeds used for non capital purchases	-	-	78,378	-	78,378
(Increase) decrease in assets:					
Accounts receivable	-	46	(60,528)	1,379	(59,103)
Other accounts receivable	4,290	-	-	-	4,290
Interfund receivable	-	-	(4,333)	-	(4,333)
Inventories	-	-	-	2,405	2,405
Increase (decrease) in liabilities:					
Accounts payable	(1,841)	(28,929)	(83,591)	6,359	(108,002)
Interfund payable	33	-	(7,603)	365	(7,205)
Accrued payroll payable	6,164	-	7,020	-	13,184
Compensated absence payable	(94)	-	891	-	797
Taxes payable	-	-	-	198	198
Total adjustments	<u>29,892</u>	<u>187,349</u>	<u>162,284</u>	<u>228,207</u>	<u>607,732</u>
Net cash provided by operating activities	<u>\$ (106,925)</u>	<u>\$ 346,248</u>	<u>\$ 906,273</u>	<u>\$ 49,395</u>	<u>\$ 1,194,991</u>
Noncash investing, capital and financing activities:					
Capital assets contributed	\$ 14,200	\$ -	\$ -	\$ -	\$ 14,200
Capital assets contributed from other City departments					
-accumulated depreciation	8,519	-	-	-	8,519
Capital assets acquired by capital debt	-	-	642,612	-	642,612
Capital asset disposals	-	-	259,638	-	259,638



V Internal Service Funds

INTERNAL SERVICE FUNDS

Liability Insurance Premium Reserve -	To account for expenses related to maintaining the City's self-funded liability insurance including administrative costs, claims and premiums. Funding is provided by assessments to certain other City funds.
Self-Funded Employee Benefits -	To account for employer and employees' contributions for a medical insurance plan.
Central Services -	To account for expenses related to fuel, vehicle repairs and various supplies provided to City departments on a cost-reimbursement basis.
Police Take Home Vehicle -	To account for expenses associated with claims arising from use of program vehicles occurring while officers are not on duty. Funding is provided by officers participating in the program.

CITY OF SOUTH BEND
 COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS
 December 31, 2009

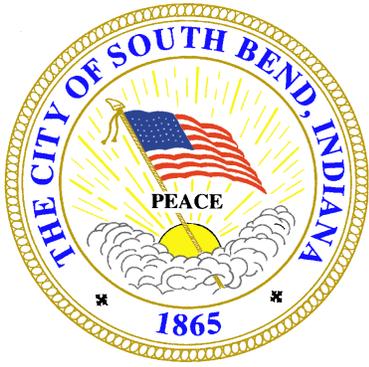
	Liability Insurance Premium Reserve	Self- Funded Employee Benefits	Central Services	Police Take Home Vehicle	Totals
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 3,724,030	\$ 9,559,099	\$ -	\$ 520,175	\$ 13,803,304
Interest receivable	897	1,631	-	-	2,528
Accounts receivable	-	280,829	83,017	-	363,846
Interfund receivables:					
Interfund loans	305,815	-	-	-	305,815
Interfund services provided and used	-	-	415,137	-	415,137
Intergovernmental receivables	-	-	52	-	52
Inventories	-	-	636,086	-	636,086
	<u>4,030,742</u>	<u>9,841,559</u>	<u>1,134,292</u>	<u>520,175</u>	<u>15,526,768</u>
Total current assets					
Capital assets:					
Other capital assets (net of accumulated depreciation)	-	-	1,292,126	-	1,292,126
	<u>4,030,742</u>	<u>9,841,559</u>	<u>2,426,418</u>	<u>520,175</u>	<u>16,818,894</u>
Total assets					
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	46,972	600,711	104,044	-	751,727
Interfund payables:					
Interfund loans	-	-	83,016	305,815	388,831
Interfund services provided and used	609	-	1,637	-	2,246
Accrued payroll payable	6,989	398	64,753	-	72,140
Compensated absences	5,910	622	94,179	-	100,711
Estimate of unfiled claims	1,227,339	150,000	-	-	1,377,339
	<u>1,287,819</u>	<u>751,731</u>	<u>347,629</u>	<u>305,815</u>	<u>2,692,994</u>
Total liabilities					
<u>Net Assets</u>					
Invested in capital assets, net of related debt	-	-	1,292,126	-	1,292,126
Unrestricted	2,742,923	9,089,828	786,663	214,360	12,833,774
	<u>2,742,923</u>	<u>9,089,828</u>	<u>786,663</u>	<u>214,360</u>	<u>12,833,774</u>
Total net assets					
	<u>\$ 2,742,923</u>	<u>\$ 9,089,828</u>	<u>\$ 2,078,789</u>	<u>\$ 214,360</u>	<u>\$ 14,125,900</u>

CITY OF SOUTH BEND
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 For the Year Ended December 31, 2009

	Liability Insurance Premium Reserve	Self- Funded Employee Benefits	Central Services	Police Take Home Vehicle	Totals
Operating revenues:					
Employee/employer contributions	\$ 2,322,261	\$ 12,483,233	\$ -	\$ 61,905	\$ 14,867,399
Charges for sales and services	-	-	3,101,491	-	3,101,491
Other	6,154	-	-	-	6,154
Total operating revenues	<u>2,328,415</u>	<u>12,483,233</u>	<u>3,101,491</u>	<u>61,905</u>	<u>17,975,044</u>
Operating expenses:					
Operation and maintenance	-	-	2,593,544	-	2,593,544
Administration	278,740	302,483	47,015	-	628,238
Insurance claims and premiums	2,591,676	10,746,666	-	-	13,338,342
Depreciation	-	-	88,827	-	88,827
Total operating expenses	<u>2,870,416</u>	<u>11,049,149</u>	<u>2,729,386</u>	<u>-</u>	<u>16,648,951</u>
Operating income (loss)	<u>(542,001)</u>	<u>1,434,084</u>	<u>372,105</u>	<u>61,905</u>	<u>1,326,093</u>
Nonoperating revenues:					
Interest and investment revenue	12,647	30,031	-	-	42,678
Loss on disposition of assets	-	-	(52,978)	-	(52,978)
Total nonoperating revenue (expenses)	<u>12,647</u>	<u>30,031</u>	<u>(52,978)</u>	<u>-</u>	<u>(10,300)</u>
Income (loss) before contributions and transfers	<u>(529,354)</u>	<u>1,464,115</u>	<u>319,127</u>	<u>61,905</u>	<u>1,315,793</u>
Transfers in	-	-	-	152,455	152,455
Transfers out	(152,455)	-	-	-	(152,455)
Change in net assets	<u>(681,809)</u>	<u>1,464,115</u>	<u>319,127</u>	<u>214,360</u>	<u>1,315,793</u>
Total net assets - beginning	<u>3,424,732</u>	<u>7,625,713</u>	<u>1,759,662</u>	<u>-</u>	<u>12,810,107</u>
Total net assets - ending	<u>\$ 2,742,923</u>	<u>\$ 9,089,828</u>	<u>\$ 2,078,789</u>	<u>\$ 214,360</u>	<u>\$ 14,125,900</u>

CITY OF SOUTH BEND
 COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
 For the Year Ended December 31, 2009

	Liability Insurance Premium Reserve	Self- Funded Employee Benefits	Central Services	Police Take Home Vehicle	Totals
Cash flows from operating activities:					
Receipts from customers and users	\$ 6,249	\$ 47,926	\$ 48,531	\$ 367,720	\$ 470,426
Receipts from interfund services provided	2,322,261	12,434,024	3,072,999	-	17,829,284
Payments to suppliers	(1,902,759)	(10,887,222)	(311,728)	-	(13,101,709)
Payments to employees	(204,463)	(13,837)	(2,179,154)	-	(2,397,454)
Payments for interfund services used	(41,389)	(213,798)	(180,615)	-	(435,802)
Net cash provided by operating activities	<u>179,899</u>	<u>1,367,093</u>	<u>450,033</u>	<u>367,720</u>	<u>2,364,745</u>
Cash flows from noncapital financing activities:					
Interfund loan repaid	2,345,185	5,700,000	(450,033)	-	7,595,152
Transfers from other funds	-	-	-	152,455	152,455
Transfers to other funds	(152,455)	-	-	-	(152,455)
Net cash provided (used) by noncapital financing activities	<u>2,192,730</u>	<u>5,700,000</u>	<u>(450,033)</u>	<u>152,455</u>	<u>7,595,152</u>
Cash flows from investing activities:					
Interest received	21,770	50,615	-	-	72,385
Net increase in cash and cash equivalents	2,394,399	7,117,708	-	520,175	10,032,282
Cash and cash equivalents, January 1	<u>1,329,631</u>	<u>2,441,391</u>	<u>-</u>	<u>-</u>	<u>3,771,022</u>
Cash and cash equivalents, December 31	<u>\$ 3,724,030</u>	<u>\$ 9,559,099</u>	<u>\$ -</u>	<u>\$ 520,175</u>	<u>\$ 13,803,304</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (542,001)	\$ 1,434,084	\$ 372,105	\$ 61,905	\$ 1,326,093
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	-	88,827	-	88,827
(Increase) decrease in assets:					
Accounts receivable	95	(1,283)	(82,966)	-	(84,154)
Intergovernmental receivables	-	-	28,217	-	28,217
Interfund receivables	-	-	74,788	-	74,788
Inventories	-	-	(16,796)	-	(16,796)
Increase (decrease) in liabilities:					
Accounts payable	40,113	(65,737)	(17,046)	-	(42,670)
Interfund payables	595	(16)	49	305,815	306,443
Accrued payroll payable	5,874	45	4,259	-	10,178
Compensated absences payable	3,529	-	(1,404)	-	2,125
Estimated unfiled claims	671,694	-	-	-	671,694
Total adjustments	<u>721,900</u>	<u>(66,991)</u>	<u>77,928</u>	<u>305,815</u>	<u>1,038,652</u>
Net cash provided by operating activities	<u>\$ 179,899</u>	<u>\$ 1,367,093</u>	<u>\$ 450,033</u>	<u>\$ 367,720</u>	<u>\$ 2,364,745</u>
Noncash investing, capital and financing activities:					
Capital asset disposals	\$ -	\$ -	\$ 1,019,741	\$ -	\$ 1,019,741
Transfer from other funds on account	-	-	-	46,412	46,412



VI Fiduciary Funds

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 mandatory contributions by active members, and 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 mandatory contributions by active members and state pension relief distributions.

Agency Fund

- Payroll - To account for the payroll of City employees and pension benefits of the Police and Firefighters' Pension Funds. Gross payroll and pension benefits are treated as expenditures in other City funds and transferred into this fund, which serves as a clearing account.

CITY OF SOUTH BEND
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS - PENSION TRUST FUNDS
 December 31, 2009

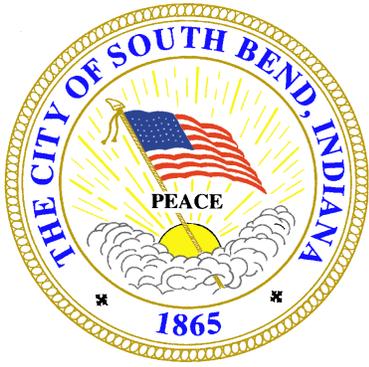
	1925 Police Pension	1937 Firefighters' Pension	Total Pension Trust Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 2,808,231	\$ 2,161,406	\$ 4,969,637
Receivables:			
Interest	761	544	1,305
Taxes	535	332	867
Total assets	<u>2,809,527</u>	<u>2,162,282</u>	<u>4,971,809</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	-	75	75
<u>Net Assets</u>			
Held in trust for:			
Employees' pension benefits	<u>\$ 2,809,527</u>	<u>\$ 2,162,207</u>	<u>\$ 4,971,734</u>

CITY OF SOUTH BEND
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 For the Year Ended December 31, 2009

	1925 Police Pension	1937 Firefighters' Pension	Total Pension Trust Funds
<u>Additions</u>			
Contributions:			
Employer	\$ 431,821	\$ 263,807	\$ 695,628
On behalf	5,915,839	5,156,784	11,072,623
Plan members	175	-	175
Other	<u>4,847</u>	<u>1,876</u>	<u>6,723</u>
Total contributions	<u>6,352,682</u>	<u>5,422,467</u>	<u>11,775,149</u>
Net investment income:			
Interest	<u>6,453</u>	<u>4,679</u>	<u>11,132</u>
Total additions	<u>6,359,135</u>	<u>5,427,146</u>	<u>11,786,281</u>
<u>Deductions</u>			
Benefits	6,088,202	5,541,111	11,629,313
Administrative expense	<u>11,111</u>	<u>8,993</u>	<u>20,104</u>
Total deductions	<u>6,099,313</u>	<u>5,550,104</u>	<u>11,649,417</u>
Changes in net assets	259,822	(122,958)	136,864
Net assets - beginning	<u>2,549,705</u>	<u>2,285,165</u>	<u>4,834,870</u>
Net assets - ending	<u>\$ 2,809,527</u>	<u>\$ 2,162,207</u>	<u>\$ 4,971,734</u>

CITY OF SOUTH BEND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
AGENCY FUND
For the Year Ended December 31, 2009

	Payroll
Assets:	
Cash and cash equivalents, January 1	\$ 1,159,498
Additions	90,061,810
Deductions	(90,023,278)
Total assets, December 31	\$ 1,198,030
Liabilities	
Accrued payroll and withholdings payable, January 1	\$ 1,159,498
Additions	90,061,810
Deductions	(90,023,278)
Total liabilities, December 31	\$ 1,198,030



VII Statistical Section

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City of South Bend's financial position and performance have changed over time.

**City of South Bend, Indiana
Net Assets by Component
Last Ten Fiscal Years (\$'s whole)**

	<u>2002 (1)</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006 (2)</u>	<u>2007</u>	<u>2008 (3)</u>	<u>2009</u>
Governmental activities								
Invested in capital assets, net of related debt	31,654,852	31,254,629	7,383,902	35,777,247	208,509,577	200,634,954	178,178,047	178,483,535
Restricted	7,167,628	6,381,082	1,966,388	6,138,257	5,225,642	5,370,627	11,077,687	12,825,227
Unrestricted	16,463,922	31,095,490	59,250,281	26,957,659	24,900,036	47,150,229	118,187,189	142,718,896
Total governmental activities net assets	55,286,402	68,731,201	68,600,571	68,873,163	238,635,255	253,155,810	307,442,923	334,027,658
Business-type activities								
Invested in capital assets, net of related debt	49,514,614	102,466,792	93,370,899	94,833,960	97,670,533	112,194,451	124,705,327	119,607,643
Restricted	44,235,716	14,456,725	13,254,447	17,942,700	22,535,858	8,273,257	8,630,542	14,075,339
Unrestricted	37,874,655	12,837,127	19,015,375	8,751,584	7,168,852	15,793,782	9,209,917	12,597,138
Total business-type activities net assets	131,624,985	129,760,644	125,640,721	121,528,244	127,375,243	136,261,490	142,545,786	146,280,120
Primary government								
Invested in capital assets, net of related debt	81,169,466	133,721,421	100,754,801	130,611,207	306,180,110	312,829,405	302,883,374	298,091,178
Restricted	51,403,344	20,837,807	15,220,835	24,080,957	27,761,500	13,643,884	19,708,229	26,900,566
Unrestricted	54,338,577	43,932,617	78,265,656	35,709,243	32,068,888	62,944,011	127,397,106	155,316,034
Total primary government net assets	186,911,387	198,491,845	194,241,292	190,401,407	366,010,498	389,417,300	449,988,709	480,307,778

Source - City of South Bend Comprehensive Annual Financial Reports

(1) The City implemented GASB 34 during 2002. Information on net assets by component is not available prior to 2002.

(2) The City implemented the retroactive reporting of infrastructure assets required by GASB Statement No. 34 during 2006.

(3) Retroactive to December 31, 2008, unrestricted net assets from governmental activities increased in part due to the restatement of the net pension obligation balance due to the exclusion of the 1925 Police Officers' Pension and 1937 Firefighter's Pension obligations in the amounts of \$35,662,230 and \$25,738,745, respectively. Funding for these pension programs has been assumed by the State of Indiana.

Net assets is defined as the difference between total assets and total liabilities and can generally be thought of as the net worth of the City.

City of South Bend, Indiana
Changes in Net Assets
Last Ten Fiscal Years (\$'s whole)

	Fiscal Year							
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses								
Governmental activities:								
General government	(18,940,766)	(12,857,643)	(17,523,559)	(15,033,018)	(17,194,920)	(13,680,203)	(10,253,389)	(7,903,378)
Public safety	(38,925,286)	(48,254,995)	(45,799,395)	(72,450,941)	(56,600,175)	(52,751,974)	(49,728,256)	(50,800,573)
Highways and streets	(10,359,307)	(6,370,307)	(9,855,890)	(9,010,971)	(21,813,189)	(17,904,129)	(22,292,012)	(15,042,344)
Health and welfare	(75,000)	(99,586)	(102,314)	(75,352)	(114,131)	(75,000)	(75,000)	0
Culture and recreation	(7,488,084)	(10,899,340)	(13,689,893)	(8,840,970)	(14,994,300)	(16,454,667)	(18,311,807)	(17,981,839)
Economic development	(16,670,062)	(17,708,054)	(18,102,343)	(22,436,802)	(18,813,636)	(18,206,948)	(27,299,233)	(4,335,618)
Interest on long-term debt	(3,988,586)	(3,979,222)	(6,209,012)	(5,943,021)	(5,841,032)	(5,859,102)	(7,080,166)	(8,049,610)
Total governmental activities expenses	(96,447,091)	(100,169,147)	(111,282,406)	(133,791,075)	(135,371,383)	(124,932,023)	(135,039,863)	(104,113,362)
Business-type activities:								
Water	(11,003,062)	(11,676,058)	(12,275,029)	(12,447,141)	(11,916,504)	(13,061,750)	(13,492,744)	(12,584,679)
Wastewater	(13,681,575)	(14,402,563)	(16,125,258)	(18,452,785)	(16,972,401)	(18,295,813)	(23,020,991)	(27,047,143)
Civic Center	(3,395,569)	(3,460,137)	(3,592,627)	(3,478,359)	(3,355,531)	(3,490,103)	(3,562,285)	(3,488,266)
Building department	(1,038,341)	(1,052,861)	(1,134,986)	(1,047,007)	(1,102,164)	(1,090,327)	(1,108,940)	(1,113,867)
Parking	(1,378,563)	(1,451,385)	(1,739,235)	(1,165,502)	(1,261,942)	(1,444,146)	(1,466,200)	(1,471,960)
Solid waste	(3,715,963)	(3,775,137)	(4,015,831)	(4,920,464)	(4,187,706)	(4,072,910)	(4,299,846)	(4,036,001)
Golf course	(1,655,435)	(1,706,537)	(1,778,107)	(1,736,939)	(1,811,757)	(1,811,801)	(1,829,122)	(1,881,982)
Total business-type activities net expenses	(35,868,508)	(37,524,678)	(40,661,073)	(43,248,197)	(40,608,005)	(43,266,850)	(48,780,128)	(51,623,898)
Total primary government net assets	(132,315,599)	(137,693,825)	(151,943,479)	(177,039,272)	(175,979,388)	(168,198,873)	(183,819,991)	(155,737,260)

Changes in net assets is defined as the incremental difference between total assets and total liabilities as a result of operations during the fiscal year.

City of South Bend, Indiana
Changes in Net Assets
Last Ten Fiscal Years (\$'s whole) (continued)

	Fiscal Year							
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:								
Charges for services:								
General government	5,200,416	10,979,276	6,054,637	148,150	6,883,104	6,553,121	6,647,223	6,855,830
Public safety	3,595,877	2,070,815	2,075,522	2,239,368	5,132,285	4,228,405	5,035,433	5,051,827
Highways and streets	159,853	0	0	135,313	44,250	0	0	5,152
Economic development	883,576	192,135	168,523	516,570	562,807	604,873	636,722	332,454
Culture and recreation	3,788,266	1,327,538	1,044,512	3,784,176	4,940,629	5,057,076	5,300,818	5,063,896
Operating grants and contributions	14,826,421	14,813,675	10,718,149	12,916,362	12,452,463	15,628,287	11,356,682	12,199,444
Capital grants and contributions	3,842,673	1,790,912	10,326,795	9,447,723	13,793,363	960,502	1,176,783	780,137
Total governmental activities program revenues	32,297,082	31,174,351	30,388,138	29,187,662	43,808,901	33,032,264	30,153,661	30,288,740
Business-type activities:								
Charges for services:								
Water	12,953,580	13,021,168	12,513,333	12,130,549	14,757,819	15,336,891	14,926,833	14,151,289
Wastewater	12,665,696	13,076,885	14,773,651	14,830,607	18,725,903	21,349,401	23,567,973	25,012,163
Civic Center	1,848,097	1,704,787	1,837,763	1,604,352	3,113,264	3,371,553	3,370,802	2,873,966
Building Department	979,781	1,020,325	983,102	1,125,312	1,039,405	1,078,258	1,169,788	977,050
Parking	731,007	1,211,222	768,503	763,581	799,350	861,307	1,003,889	1,070,519
Solid Waste	4,029,171	3,987,183	3,964,487	3,764,229	4,177,897	4,187,821	4,343,120	4,759,530
Golf Course	1,541,311	1,630,975	1,689,984	1,546,244	1,565,649	1,512,150	1,493,519	1,557,951
Operating grants and contributions	1,020,628	1,130,575	1,165,243	1,282,780	0	0	0	0
Capital grants and contributions	850,967	72,390	118,953	1,479,581	1,413,861	1,253,332	1,209,380	4,038,412
Total business-type activities program revenues	36,620,238	36,855,510	37,815,019	38,527,235	45,593,148	48,950,713	51,085,304	54,440,880
Total primary government program revenues	68,917,320	68,029,861	68,203,157	67,714,897	89,402,049	81,982,977	81,238,965	84,729,620
Net (Expense)/Revenue								
Governmental activities	(64,150,009)	(68,994,796)	(80,894,268)	(104,603,413)	(91,562,482)	(91,899,759)	(104,886,202)	(73,824,622)
Business-type activities	751,730	(669,168)	(2,846,054)	(4,720,962)	4,985,143	5,683,863	2,305,176	2,816,982
Total primary government net expense	(63,398,279)	(69,663,964)	(83,740,322)	(109,324,375)	(86,577,339)	(86,215,896)	(102,581,026)	(71,007,640)

City of South Bend, Indiana
Changes in Net Assets
Last Ten Fiscal Years (\$'s whole) (continued)

	Fiscal Year							
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	58,552,988	67,965,063	62,279,784	72,743,697	68,256,602	77,120,683	76,109,499	73,882,128
County Option Income Tax	7,750,067	7,374,318	7,001,198	5,695,618	6,410,405	8,072,623	5,813,846	10,270,179
Economic Development Income Tax	3,077,665	3,512,369	3,448,688	3,464,152	4,013,475	4,681,134	3,788,754	4,536,245
Professional Sports Development Tax	316,173	341,093	378,099	385,553	336,281	435,791	453,268	522,788
Community Revitalization District Tax	0	0	655,269	965,052	1,000,000	1,000,000	955,315	605,623
Unrestricted grants and contributions	4,989,809	5,286,477	5,133,838	5,160,298	5,063,541	4,032,300	5,664,011	7,597,883
Unrestricted Investment earnings	1,559,320	1,124,825	1,660,720	3,543,469	4,762,484	6,247,113	4,961,410	859,135
Other	785,900	903,574	598,600	10,790,170	3,520,138	5,016,902	2,007,821	2,781,368
Loss on Sale of Redevelopment Properties	(1,083,637)	0	0	0	0	0	0	0
Net Pension Obligation	(5,324,182)	0	0	0	0	0	0	0
Transfers	(60,033)	12,533	14,873	33,589	44,200	3,735	34,970	(645,992)
Total governmental activities	<u>70,564,070</u>	<u>86,520,252</u>	<u>81,171,069</u>	<u>102,781,598</u>	<u>93,407,126</u>	<u>106,610,281</u>	<u>99,788,894</u>	<u>100,409,357</u>
Business-type activities:								
Unrestricted Investment earnings	462,674	266,610	362,676	745,966	906,056	1,301,348	1,514,287	271,360
Other	0	0	0	1,990,515	0	0	0	0
Transfers	60,033	(12,533)	(14,873)	(33,589)	(44,200)	(3,735)	(34,970)	645,992
Total business-type activities	<u>522,707</u>	<u>254,077</u>	<u>347,803</u>	<u>2,702,892</u>	<u>861,856</u>	<u>1,297,613</u>	<u>1,479,317</u>	<u>917,352</u>
Total primary government	<u>71,086,777</u>	<u>86,774,329</u>	<u>81,518,872</u>	<u>105,484,490</u>	<u>94,268,982</u>	<u>107,907,894</u>	<u>101,268,211</u>	<u>101,326,709</u>
Special Item (Governmental activities):								
Well field contamination settlement	0	0	0	0	0	0	4,462,214	0
Change in Net Assets								
Governmental activities	6,414,061	17,525,456	276,801	(1,821,815)	1,844,644	14,710,522	(635,094)	26,584,735
Business-type activities	1,274,437	(415,091)	(2,498,251)	(2,018,070)	5,846,999	6,981,476	3,784,493	3,734,334
Total primary government	<u>7,688,498</u>	<u>17,110,365</u>	<u>(2,221,450)</u>	<u>(3,839,885)</u>	<u>7,691,643</u>	<u>21,691,998</u>	<u>3,149,399</u>	<u>30,319,069</u>

Excludes prior period adjustments

Source : City of South Bend Comprehensive Annual Financial Reports

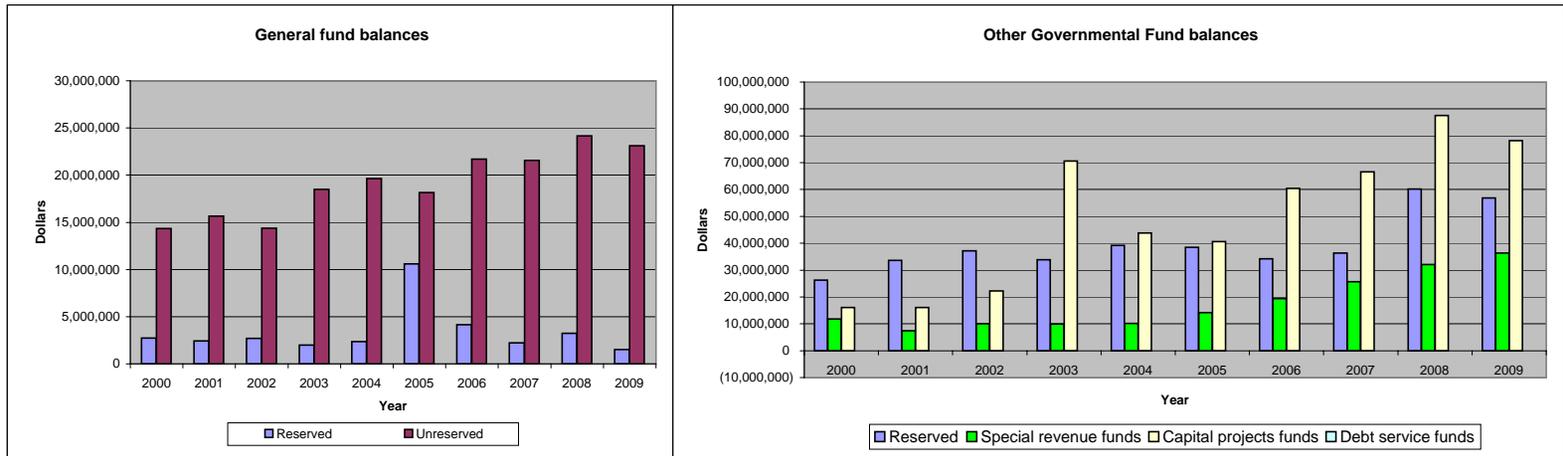
The City implemented GASB Statement No. 34 during 2002. Information on Changes in Net Assets is not available prior to 2002.

**City of South Bend, Indiana
Fund Balances, Governmental Funds
Last Ten Fiscal Years (\$'s whole)**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund										
Reserved	2,736,411	2,415,282	2,695,612	2,002,641	2,365,669	10,581,739	4,162,853	2,213,970	3,245,271	1,516,159
Unreserved	14,342,776	15,672,609	14,359,310	18,503,386	19,656,024	18,162,455	21,688,442	21,546,783	24,171,313	23,102,296
Total - General Fund	17,079,187	18,087,891	17,054,922	20,506,027	22,021,693	28,744,194	25,851,295	23,760,753	27,416,584	24,618,455
Other Governmental Funds										
Reserved	26,302,929	33,676,079	37,163,342	33,911,725	39,224,425	38,498,351	34,251,520	36,374,517	60,213,915	56,819,802
Unreserved, reported in:										
Special revenue funds	11,820,311	7,389,639	9,981,610	9,881,359	10,159,432	14,134,371	19,348,846	25,703,180	32,054,329	36,398,024
Capital projects funds	16,088,256	16,111,900	22,299,698	70,656,781	43,815,737	40,624,644	60,447,079	66,593,906	87,571,056	78,214,132
Debt service funds	0	0	0	0	0	0	(7,828)	0	0	0
Total - Other Governmental Funds	54,211,496	57,177,618	69,444,650	114,449,865	93,199,594	93,257,366	114,039,617	128,671,603	179,839,300	171,431,958
Grand Total - Governmental Funds	71,290,683	75,265,509	86,499,572	134,955,892	115,221,287	122,001,560	139,890,912	152,432,356	207,255,884	196,050,413

Source: City of South Bend Comprehensive Annual Financial Reports

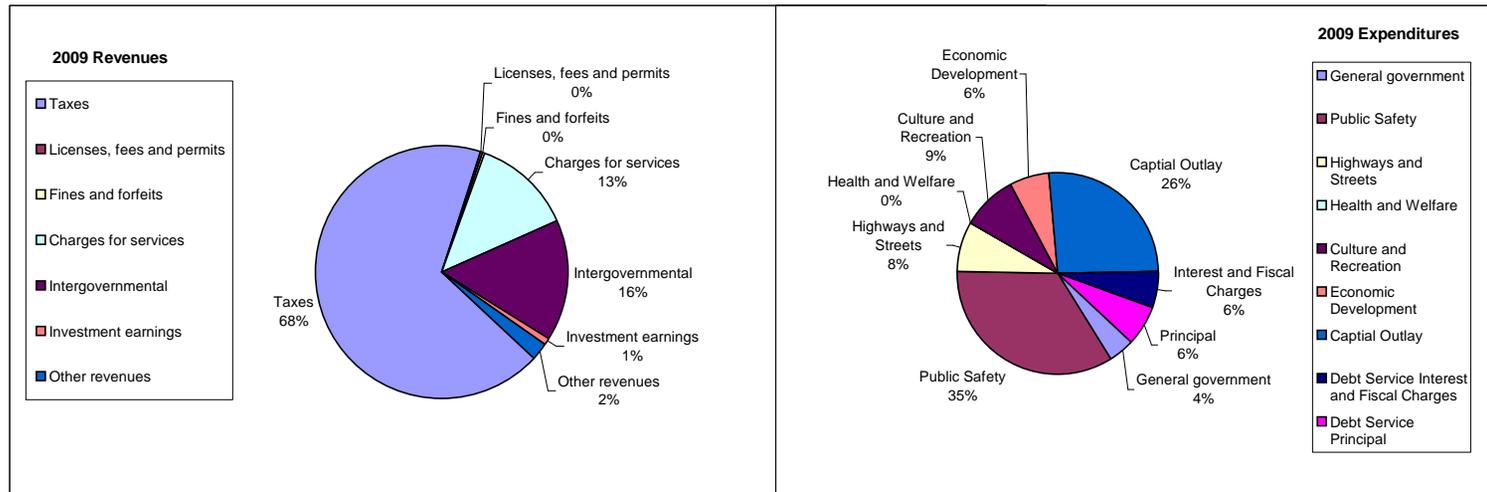
In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.



**City of South Bend, Indiana
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (\$'s whole)**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	61,112,886	68,572,472	73,697,617	80,533,464	75,289,946	78,650,044	84,049,414	88,695,023	96,930,953	89,139,585
Licenses, fees and permits	307,343	245,894	236,267	212,261	223,006	246,780	186,470	173,604	177,329	206,594
Fines and forfeits	245,093	126,515	203,837	264,704	302,376	245,680	444,861	437,732	412,707	423,981
Charges for services	11,421,491	12,716,474	13,187,884	14,030,134	15,187,711	15,293,779	16,931,744	15,832,139	17,030,160	16,678,584
Intergovernmental	13,050,812	11,987,614	20,859,845	19,873,378	17,968,454	18,665,828	31,275,541	21,400,166	18,196,118	20,577,464
Investment earnings	3,870,574	2,569,725	1,559,320	1,124,825	1,668,050	3,543,469	4,762,484	6,248,605	4,962,768	859,135
Other revenues	6,102,643	3,711,786	3,287,910	2,977,325	2,732,127	10,791,555	3,414,731	5,039,373	2,007,821	3,046,791
Total revenues	96,110,842	99,930,480	113,032,680	119,016,091	113,371,670	127,437,135	141,065,245	137,826,642	139,717,856	130,932,134
Expenditures										
General government	7,005,016	6,938,489	7,530,213	5,798,497	6,814,675	7,828,275	11,244,734	9,611,354	6,902,426	5,969,141
Public Safety	36,129,147	38,687,286	38,896,338	45,498,413	44,371,673	49,010,645	51,050,640	53,203,005	50,413,055	48,790,068
Highways and Streets	13,933,251	14,064,377	12,366,777	7,499,367	12,638,026	9,874,281	13,583,761	13,257,781	13,369,611	11,716,810
Health and Welfare	65,000	65,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	0
Culture and Recreation	11,173,165	12,864,397	12,352,525	12,855,102	14,347,497	14,226,463	13,849,622	13,469,798	14,542,481	12,733,094
Economic Development	6,809,340	8,269,097	9,755,980	14,518,827	13,208,131	7,531,650	9,752,254	7,710,242	9,726,718	8,938,134
Capital Outlay	18,423,497	14,937,077	24,217,175	23,264,716	30,722,396	29,299,053	16,391,192	17,293,302	26,695,208	37,485,105
Debt Service										
Interest and Fiscal Charges	3,420,574	4,075,031	3,938,296	4,417,477	5,287,658	5,793,386	6,144,611	5,718,572	7,258,201	8,053,995
Principal	3,430,872	3,841,439	4,883,106	10,197,689	5,597,717	7,074,887	7,435,722	7,870,166	9,040,095	9,276,363
Total expenditures	100,389,862	103,742,193	114,015,410	124,125,088	133,062,773	130,713,640	129,527,536	128,209,220	138,022,795	142,962,710

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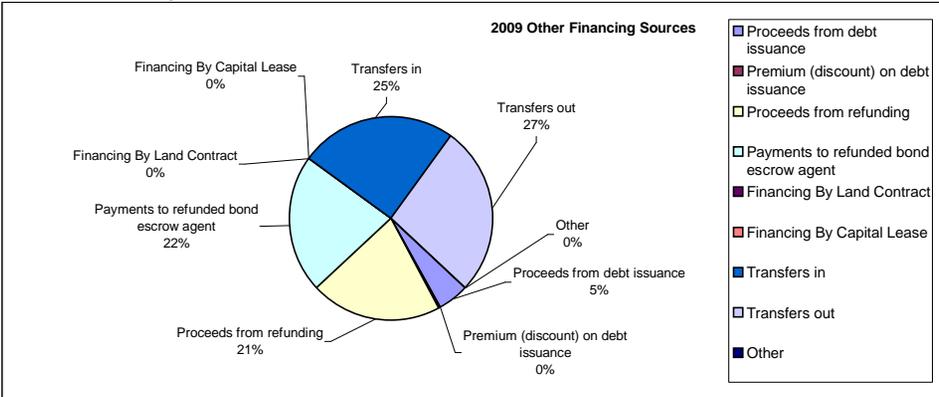
City of South Bend, Indiana
Changes in Fund Balances, Governmental Funds (continued)
Last Ten Fiscal Years (\$'s whole)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Excess of revenues over (under) expenditures	-3,811,713	-982,730	-5,108,997	-19,691,103	-3,276,505	11,537,709	9,617,422	1,695,061	-12,030,576
Other Financing Sources (Uses)									
Proceeds from debt issuance	8,579,363	12,016,706	55,953,290	613,767	10,023,189	14,050,557	2,920,287	45,622,808	1,771,318
Premium (discount) on debt issuance	0	0	0	0	0	0	0	1,626,186	80,950
Proceeds from refunding	6,123,340	0	598,086	0	0	0	0	0	7,210,000
Payments to refunded bond escrow agent	-6,123,340	0	-1,793,917	0	0	-8,371,711	0	0	-7,591,171
Financing By Land Contract	0	0	0	0	0	0	0	0	0
Financing By Capital Lease	1,040,000	755,000	795,325	0	0	0	0	0	0
Transfers in	8,263,022	6,864,298	8,201,665	6,571,247	8,332,742	8,928,540	7,872,575	10,574,625	8,687,172
Transfers out	-9,209,695	-7,724,331	-10,189,132	-6,556,374	-8,299,153	-8,884,340	-7,868,840	-10,539,655	-9,333,164
Other	0	455,120	0	0	0	0	0	0	0
Total other financing sources (uses)	8,672,690	12,366,793	53,565,317	628,640	10,056,778	5,723,046	2,924,022	47,283,964	825,105
Special Item:									
Well field contamination settlement	0	0	0	0	0	0	0	4,462,214	0
Net change in fund balances	4,860,977	11,384,063	48,456,320	-19,062,463	6,780,273	17,260,755	12,541,444	53,441,239	-11,205,471
Debt service as a percentage of noncapital expenditures (1)	8.9%	8.6%	13.5%	9.8%	11.1%	10.8%	11.4%	12.1%	17.4%

(1) For 1998-2001, debt service payments divided by total expenditures, net of capital expenditures.
 For 2002-2009, debt service payments divided by total expenditures, net of capital asset additions recorded on government-wide statements.

Excludes prior period adjustments

Source: City of South Bend Comprehensive Annual Financial Reports



REVENUE CAPACITY

These schedules contain information to help the reader assess the factors affecting the City of South Bend's ability to generate and maintain revenue.

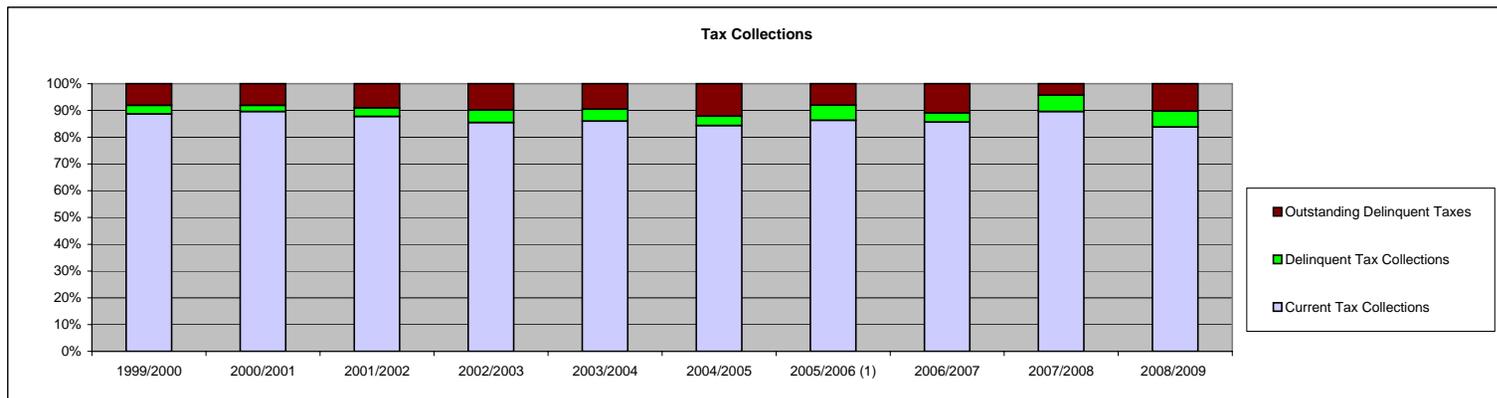
**CITY OF SOUTH BEND, INDIANA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS (\$'s whole)**

Tax Year/ Collection Year	Current Tax Levy	Estimated Circuit Breaker Levy Reduction	Adjusted Current Tax Levy	Current Tax Collections	Current Tax Collections as a Percent of Tax Levy	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as a Percent of Current Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Tax Levy
1999/2000	\$47,658,495	\$0	\$47,658,495	\$44,930,534	94.28%	\$1,638,076	\$46,568,610	97.71%	\$4,101,099	8.61%
2000/2001	53,823,245	0	53,823,245	50,904,463	94.58%	1,332,888	52,237,351	97.05%	4,582,962	8.51%
2001/2002	52,762,157	0	52,762,157	49,330,749	93.50%	1,789,947	51,120,696	96.89%	5,083,451	9.63%
2002/2003	58,326,066	0	58,326,066	53,726,528	92.11%	2,928,994	56,655,522	97.14%	6,203,521	10.64%
2003/2004	59,875,358	0	59,875,358	56,031,449	93.58%	2,914,419	58,945,868	98.45%	6,189,942	10.34%
2004/2005	60,833,109	0	60,833,109	56,114,865	92.24%	2,335,278	58,450,143	96.08%	8,093,237	13.30%
2005/2006 (1)	62,058,519	0	62,058,519	58,849,337	94.83%	3,847,872	62,697,209	101.03%	5,495,442	8.86%
2006/2007	62,723,113	0	62,723,113	57,979,187	92.44%	2,289,138	60,268,325	96.09%	7,411,505	11.82%
2007/2008	65,534,282	0	65,534,282	59,589,537	90.93%	4,113,095	63,702,632	97.21%	2,831,650	4.32%
2008/2009	64,546,050	7,863,846	56,682,204	47,497,697	83.80%	3,355,161	50,852,858	89.72%	5,810,503	10.25%

Source - St. Joseph County Auditor's Settlement Worksheets. Calculations by City of South Bend Department of Administration and Finance.

(1) The sum of current tax collections and delinquent tax collections exceeds 100%. Information is not available to break out delinquent tax collections by year of levy.

Data provided for General Fund, Parks & Recreation, Cumulative Capital Development, Fire Pension and Police Pension funds. Excludes College Football Hall of Fame and Tax Increment Financing Funds.



**City of South Bend, Indiana
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of net assessed value)**

Tax Year/ Collection Year	City Direct Rates					Overlapping Rates							Grand Total
	General Fund	Parks/ Recreation	Firefighters' Pension	Police Pension	Cumulative Capital Development	Total Direct	St. Joseph County	Schools Districts	Township	Library	Other (2)	Total Overlapping	
1999/2000	\$5.8440	\$0.9906	\$0.1825	\$0.1636	\$0.1500	\$7.3307	\$3.1142	\$5.9365	\$0.2256	\$0.7059	\$0.5267	\$10.5089	\$17.8396
2000/2001	6.1877	1.0442	0.1948	0.1746	0.1500	7.7513	3.1402	6.3673	0.1123	0.7366	0.7561	11.1125	18.8638
2001/2002 (1)	2.1304	0.3591	0.0669	0.0600	0.0287	2.6451	0.9473	2.1725	0.0382	0.2496	0.2501	3.6577	6.3028
2002/2003	1.5668	0.2647	0.0493	0.0442	0.0356	1.9606	0.7366	1.4792	0.1122	0.1686	0.2240	2.7206	4.6812
2003/2004	1.6871	0.2859	0.0532	0.0477	0.0376	2.1115	0.7652	1.6201	0.0923	0.1830	0.2209	2.8815	4.9930
2004/2005	1.6845	0.2902	0.0540	0.0485	0.0376	2.1148	0.7831	1.5969	0.0276	0.1854	0.1828	2.7758	4.8906
2005/2006	1.7386	0.2981	0.0554	0.0498	0.0376	2.1795	0.9899	1.6033	0.0269	0.2027	0.1501	2.9729	5.1524
2006/2007	1.6838	0.2858	0.0531	0.0477	0.0342	2.1046	0.8711	1.5419	0.0285	0.1957	0.1737	2.8109	4.9155
2007/2008	1.7924	0.2979	0.0579	0.0572	0.0342	2.2396	0.7576	1.5417	0.0482	0.2216	0.1944	2.7635	5.0031
2008/2009	1.9777	0.3656	0.0117	0.0189	0.0342	2.4081	0.5693	1.0297	0.0537	0.2257	0.1733	2.0517	4.4598

Source: St. Joseph County Auditor's Office

(1) The 2001 pay 2002 tax rates were converted by State of Indiana tax legislation from 33% to 100% of assessed valuation. This conversion had no effect on tax dollars collected. Assessed values increased and tax rates decreased.

(2) Includes State of Indiana, Redevelopment Commission, South Bend Transportation and South Bend Regional Airport.

Information provided for Portage Township in the City of South Bend.

CITY OF SOUTH BEND, INDIANA
DETAIL OF NET ASSESSED VALUATION
(Assessment For the Year 2008 Payable in 2009)

	<u>South Bend Centre Twp</u>	<u>South Bend Clay Twp</u>	<u>South Bend German Twp</u>	<u>South Bend Penn Twp</u>	<u>South Bend Warren Twp</u>	<u>South Bend Portage Twp</u>	<u>Totals</u>	<u>Percent</u>
Value of land	\$118,605,000	\$15,121,800	\$54,839,100	\$16,276,500	\$659,700	\$402,414,830	\$607,916,930	
Value of improvements	653,315,500	126,033,500	422,869,400	87,723,800	17,855,200	2,783,274,910	4,091,072,310	
Total value of real estate	771,920,500	141,155,300	477,708,500	104,000,300	18,514,900	3,185,689,740	4,698,989,240	
Less: Mortgage, veterans, blind, age 65 & other exemptions	(232,767,056)	(37,150,068)	(83,544,533)	(24,339,967)	0	(1,177,783,787)	(1,555,585,411)	
Tax-exempt property	(44,915,750)	(6,326,720)	(15,002,800)	(9,774,900)	0	(245,940,954)	(321,961,124)	
Investment Deduction	0	0	0	0	0	(528,360)	(528,360)	
Tax increment financing	(187,642,615)	(5,948,577)	(221,240,697)	0	(12,187,280)	(181,629,756)	(608,648,925)	
Tax abatements	(15,568,250)	(76,875)	(28,714,071)	(3,845,570)	(6,327,620)	(20,603,792)	(75,136,178)	
Net value of real estate	291,026,829	91,653,060	129,206,399	66,039,863	0	1,559,203,091	2,137,129,242	80.08%
Gross personal property assessments	30,154,200	7,069,370	167,044,090	1,911,910	5,916,900	380,442,480	592,538,950	
Less: Tax abatements	(409,230)	0	(13,061,230)	0	0	(9,825,030)	(23,295,490)	
Tax-exempt property	(1,462,780)	(208,830)	(2,434,350)	(773,180)	0	(110,020,763)	(114,899,903)	
Investment deduction	(31,420)	(49,240)	(23,480)	(72,520)	(304,390)	(734,960)	(1,216,010)	
Tax increment financing	0	0	0	0	0	(17,261,140)	(17,261,140)	
Net value of personal property	28,250,770	6,811,300	151,525,030	1,066,210	5,612,510	242,600,587	435,866,407	16.33%
Net value of utilities	6,705,200	2,951,260	13,247,590	831,530	103,820	72,052,370	95,891,770	3.59%
Total net assessed valuation	325,982,799	101,415,620	293,979,019	67,937,603	5,716,330	1,873,856,048	2,668,887,419	100.00%
Percentage of Total	12.21%	3.80%	11.02%	2.55%	0.21%	70.21%	100.00%	

Summary

	<u>Real Property</u>	<u>Personal Property/ Utilities</u>	<u>Total</u>	<u>Percent</u>
Total value	4,698,989,240	688,430,720	5,387,419,960	100.00%
Deductions & exemptions	(1,556,113,771)	(23,295,490)	(1,579,409,261)	-29.32%
Tax exempt property	(321,961,124)	(114,899,903)	(436,861,027)	-8.11%
Tax increment financing	(608,648,925)	(1,216,010)	(609,864,935)	-11.32%
Tax abatements	(75,136,178)	(17,261,140)	(92,397,318)	-1.72%
Total net assessed valuation	2,137,129,242	531,758,177	2,668,887,419	49.54%
Percent	80.08%	19.92%	100.00%	

Source: St. Joseph County Auditor's Office

City of South Bend, Indiana
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

<u>Tax Year/ Collection Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities Property</u>	<u>Total Value</u>	<u>Less: Non-Taxed Property (1)</u>	<u>Total Net Taxable Value</u>	<u>Total City Tax Rate</u>	<u>% Taxable</u>
1999/2000	\$638,496,180	\$269,152,472	\$25,550,230	\$933,198,882	\$286,566,286	\$646,632,596	7.3307	69.29%
2000/2001	647,889,690	270,484,158	26,148,300	944,522,148	295,246,339	649,275,809	7.7513	68.74%
2001/2002 (2)	1,970,940,960	809,870,700	85,998,130	2,866,809,790	907,974,963	1,958,834,827	2.6451	68.33%
2002/2003	3,849,091,300	816,672,723	74,065,200	4,739,829,223	1,771,726,609	2,968,102,614	1.9606	62.62%
2003/2004	3,731,377,160	659,263,940	103,129,310	4,493,770,410	1,685,920,064	2,807,850,346	2.1115	62.48%
2004/2005	3,764,507,180	689,419,365	105,604,270	4,559,530,815	1,740,625,997	2,818,904,818	2.1148	61.82%
2005/2006	3,789,447,190	655,066,401	98,165,420	4,542,679,011	1,707,413,121	2,835,265,890	2.1795	62.41%
2006/2007	4,374,431,415	544,460,152	90,443,780	5,009,335,347	1,986,978,200	3,022,357,147	2.1046	60.33%
2007/2008	4,420,513,240	527,383,785	92,736,090	5,040,633,115	2,064,552,317	2,976,080,798	2.2396	59.04%
2008/2009	4,698,989,240	592,538,950	95,891,770	5,387,419,960	2,718,532,541	2,668,887,419	2.4081	49.54%

(1) Includes mortgage exemptions, tax-exempt property, tax increment financing, tax abatements, enterprise zones.

(2) The 2001 pay 2002 and subsequent tax rates were converted by current state legislation from 33% to 100% of assessed valuation. This conversion had no effect on total dollars collected. Assessed values increased and tax rates decreased.

Source: St. Joseph County Auditor's Office

CITY OF SOUTH BEND, INDIANA
NET ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS (\$'s whole)

Tax Year/ Collection Year	Real Property		Personal Property		Utilities		Total	
	Net Assessed Value	Estimated Value						
1999/2000	\$417,107,034	\$1,251,321,102	\$203,975,332	\$611,925,996	\$25,550,230	\$76,650,690	\$646,632,596	\$1,939,897,788
2000/2001	421,717,995	1,265,153,985	201,409,514	604,228,542	26,148,300	78,444,900	649,275,809	1,947,827,427
2001/2002 (1)	1,272,814,731	1,272,814,731	600,021,966	600,021,966	85,998,130	85,998,130	1,958,834,827	1,958,834,827
2002/2003	2,320,892,057	2,320,892,057	573,145,357	573,145,357	74,065,200	74,065,200	2,968,102,614	2,968,102,614
2003/2004	2,215,693,906	2,215,693,906	489,027,130	489,027,130	103,129,310	103,129,310	2,807,850,346	2,807,850,346
2004/2005	2,179,070,901	2,179,070,901	534,229,647	534,229,647	105,604,270	105,604,270	2,818,904,818	2,818,904,818
2005/2006	2,200,118,689	2,200,118,689	536,981,781	536,981,781	98,165,420	98,165,420	2,835,265,890	2,835,265,890
2006/2007	2,520,098,365	2,520,098,365	411,815,002	411,815,002	90,443,780	90,443,780	3,022,357,147	3,022,357,147
2007/2008	2,493,481,003	2,493,481,003	389,863,705	389,863,705	92,736,090	92,736,090	2,976,080,798	2,976,080,798
2008/2009	2,137,129,242	2,137,129,242	435,866,407	435,866,407	95,891,770	95,891,770	2,668,887,419	2,668,887,419

Source: St. Joseph County Auditor's office.

Real property was reassessed effective in 1989 payable in 1990, 1995 payable in 1996 and again in 2002 payable 2003.

(1) The 2001 pay 2002 tax rates were converted by state legislation from 33% to 100% of assessed valuation.

This conversion had no impact on total dollars. Assessed values increased and tax rates decreased.

City of South Bend, Indiana
Property Tax Collections - Cash Basis
2003-2009 (\$'s whole)

Fund Name	Fund Number	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual (2)	2009 Actual (3)
General Fund	101	\$44,986,015	\$44,149,333	\$44,999,550	\$48,768,150	\$48,720,726	\$14,574,480	\$79,162,937
Parks & Recreation	201	7,602,784	7,479,711	7,754,973	8,363,955	8,271,741	2,461,101	13,919,096
Redevelopment Bonds Studebaker Corridor	310	673,281	609,732	565,420	0	11,590	0	0
College Football Hall of Fame Debt Service	313	1,301,840	1,300,588	1,246,067	899,472	1,127,140	360,682	2,362,057
Airport TIF District (1)	324	6,546,484	5,588,045	6,246,028	7,515,744	8,851,077	33,400	10,808,912
Cumulative Capital Development	406	1,022,511	984,945	1,004,779	1,054,963	989,824	291,600	1,420,833
Sample-Ewing TIF District (1)	414	685,925	533,304	525,671	732,356	778,093	0	0
South Bend Central Development Area TIF District	420	3,018,424	2,606,365	2,359,430	3,283,075	3,276,169	12,696	3,870,188
West Washington Street TIF District	422	254,555	216,948	193,911	255,510	287,095	1,785	358,844
Central Medical Service Area TIF District	426	318,653	337,721	329,269	333,585	928,113	2,793	919,174
Northeast TIF District	429	0	0	0	0	13,468	0	22,191
Southside Development Area TIF District	430	0	0	25,351	28,565	457,985	1,756	355,596
Erskine Commons TIF District	431	0	0	548	2,585	2,891	10	1,240,184
Erskine Village TIF District	432	0	0	109,248	305,399	775,622	2,713	1,531,403
Douglas Road TIF District	435	0	0	0	0	13,941	0	125,294
Fire Department Employees Pension	701	1,416,008	1,293,471	1,443,033	1,554,387	1,536,839	462,375	1,437,539
Police Department Employees Pension	702	<u>1,269,527</u>	<u>1,128,733</u>	<u>1,296,055</u>	<u>1,397,265</u>	<u>1,380,555</u>	<u>425,760</u>	<u>1,609,905</u>
Total		<u>\$69,096,006</u>	<u>\$66,228,896</u>	<u>\$68,099,332</u>	<u>\$74,495,010</u>	<u>\$77,422,867</u>	<u>\$18,631,150</u>	<u>\$119,144,153</u>

Source - City Accounting System

(1) Fund 414 closed out during 2008 into Fund 324.

(2) Delays in sending out property tax bills until December 19, 2008 (with an on-time due date of February 20, 2009) resulted in interfund borrowing in the General Fund (101), Parks and Recreation Fund (201) and the College Football Hall of Fame Debt Service Fund (313) at year end. The remainder of property tax revenue was received during the first half of 2009 with final settlement with the St. Joseph County Auditor in July, 2009

(3) Includes collections of 2008 taxes as noted above. Tax Increment Financing (TIF) 2009 property tax collections were received from the County Auditor on January 21, 2010.

City of South Bend, Indiana
Principal Real Property Taxpayers - Current and Nine Years Ago
December 31, 2009 (\$'s whole)

Taxpayer	Type of Business	2009			2000		
		Net Assessed Real Value	Rank	Percent of Total	Net Assessed Value	Rank	Percent of Total
Memorial Health Systems, Inc.	Health Care	86,638,050	1	3.25%	-	-	-
Edward Rose of Indiana	Apartments & Real Estate	75,137,200	2	2.82%	25,959,210	5	1.34%
Wal Mart	Retail Store	62,991,000	3	2.36%	-	-	-
Meijer	Retail Store	42,931,200	4	1.61%	-	-	-
Park Jefferson Realty, LLC	Apartments & Real Estate	32,950,000	5	1.23%	-	-	-
Castle Point Apartments	Apartments & Real Estate	26,070,600	6	0.98%	-	-	-
Indiana and Michigan Electric	Electric Utility	25,288,400	7	0.95%	27,291,990	3	1.41%
1st Source Bank	Financial Institution	22,311,475	8	0.84%	-	-	-
Maple Lane Apartments	Apartments & Real Estate	15,033,500	9	0.56%	-	-	-
Indiana Bell	Telephone Utility	8,249,100	10	0.31%	29,039,520	2	1.50%
Honeywell	Airplane & Auto Parts	-	-	-	76,929,180	1	3.97%
Holy Cross Health System	Health Care	-	-	-	26,318,190	4	1.36%
Northern Indiana Public Service Corporation	Gas Utility	-	-	-	21,932,220	6	1.13%
Ameritech	Telephone Utility	-	-	-	18,894,630	7	0.97%
New Energy Company	Ethanol Plant	-	-	-	16,260,270	8	0.84%
Massachusetts Mutual Life Insurance Co.	Insurance	-	-	-	11,979,060	9	0.62%
Federal Mogul	Manufacturing	-	-	-	11,793,840	10	0.61%
Total Net Assessed Value - Ten Largest Taxpayers		<u>\$397,600,525</u>		14.90%	<u>\$266,398,110</u>		13.73%
Total Net Assessed Value		<u>\$2,668,887,419</u>		100.00%	<u>\$1,939,897,788</u>		100.00%

The net asset values for 2000 were restated to reflect the state legislation for tax year 2001 pay 2002 that changed the tax rates from 33% to 100% of assessed valuation. This conversion had no impact on total tax dollars. Assessed values increased and tax rates decreased. Data for Edward Rose of Indiana is for Saint Joseph County.

The above schedule is for real property taxpayers only. Separate data files are maintained by the Saint Joseph County Auditor for real and personal \ property taxpayers.

Source: St. Joseph County Auditor's Office and 2000 City of South Bend Comprehensive Annual Financial Report

**City of South Bend, Indiana
Ten Largest Taxpayers - Personal Property
December 31, 2009 (\$'s whole)**

Taxpayer	Type of Business	Net Assessed Personal Value	Percent of Total	Rank
American Electric Power	Electric Utility	\$102,451,980	19.27%	1
Indiana Bell	Telephone Company	46,988,100	8.84%	2
Honeywell	Airplane & Auto Parts	35,691,490	6.71%	3
Comcast	Cable Televison	21,300,990	4.01%	4
Federal Mogul Powertrain Systems	Automotive Supplier	20,143,960	3.79%	5
United Parcel Service	Parcel Delivery	11,713,040	2.20%	6
Robert Bosch Corporation	Automotive Supplier	10,812,980	2.03%	7
New Energy Corporation	Ethanol Production	10,523,920	1.98%	8
South Bend Tribune Company	Newspaper Publishing	8,556,400	1.61%	9
Northern Indiana Public Service Company	Natural Gas Utility	2,018,740	0.38%	10
Total Net Assessed Value - Ten Largest Taxpayers		<u>\$270,201,600</u>	50.81%	
Total Net Assessed Value (Personal and Utilities)		<u>\$531,758,177</u>	100.00%	

Information on the ten largest personal property taxpayers is not available for 2000.

Source: St. Joseph County Auditor's office

**CITY OF SOUTH BEND, INDIANA
LOCAL OPTION INCOME TAX REVENUE
LAST TEN YEARS**

ECONOMIC DEVELOPMENT INCOME TAX (EDIT) REVENUE

<u>Distribution Year</u>	<u>EDIT Tax Rate (1)</u>	<u>Total Est County EDIT Collections</u>	<u>Rate of Growth</u>	<u>South Bend EDIT Distribution*</u>	<u>Rate of Growth</u>	<u>South Bend as a Percent of Total</u>	<u>Actual City Collections During Year</u>
2000	0.20%	\$8,717,424	5.62%	\$3,105,473	-1.61%	35.62%	\$3,105,473
2001	0.20%	9,240,470	6.00%	3,430,327	10.46%	37.12%	3,417,763
2002	0.20%	14,687,146 (2)	58.94%	5,462,867 (2)	59.25%	37.19%	5,462,867
2003	0.20%	9,378,695	-36.14%	3,689,202	-32.47%	39.34%	3,689,202
2004	0.20%	9,106,517	-2.90%	3,448,688	-6.52%	37.87%	3,448,688
2005	0.20%	8,984,150	-1.34%	3,464,152	0.45%	38.56%	3,464,152
2006	0.20%	10,610,460	18.10%	4,013,475	15.86%	37.83%	4,013,475
2007	0.20%	10,558,004	-0.49%	3,702,467	-7.75%	35.07%	3,702,467
2008	0.20%	11,136,493	5.48%	3,997,997	7.98%	35.90%	3,997,997
2009	0.20%	<u>11,938,605</u>	7.20%	<u>4,612,694</u>	15.38%	38.64%	<u>3,843,912</u>
Total - 10 years		\$104,357,964		\$38,927,342		37.30%	\$38,145,996

(1) This tax was first enacted as of July 1, 1995 at the rate of 0.1% of City residents' adjusted gross income. The rate was increased to 0.2% effective July 1, 1997.

(2) This years estimate includes a "catch-up" amount as a result of prior years conservative estimates. This increase is one time amount. Future years distributions will be closer to 2001 amounts.

**Source - State of Department of Local Government Finance CEDIT Distribution Reports
Actual City Collections During Year per City Accounting System**

COUNTY OPTION INCOME TAX (COIT) REVENUE

<u>Distribution Year</u>	<u>COIT Tax Rate (3)</u>	<u>Total County COIT Distributions</u>	<u>Rate of Growth</u>	<u>South Bend COIT Distribution</u>	<u>Rate of Growth</u>	<u>South Bend as a Percent of Total</u>	<u>Actual City Collections During Year</u>
2000	0.40%	\$7,326,809	32.29%	\$2,378,487	40.02%	32.46%	\$2,363,156
2001	0.60%	14,268,358	94.74%	4,556,922	91.59%	31.94%	4,491,922
2002	0.60%	28,930,003	102.76%	9,458,584	107.57%	32.69%	9,531,190
2003	0.60%	19,386,147	-32.99%	6,576,985	-30.47%	33.93%	8,015,302
2004	0.60%	21,977,497	13.37%	7,089,689	7.80%	32.26%	7,001,198
2005	0.60%	16,628,131	-24.34%	5,490,218	-22.56%	33.02%	5,695,618
2006	0.60%	21,276,623	27.96%	6,950,396	26.60%	32.67%	6,410,405
2007	0.60%	16,993,346	-20.13%	5,160,903	-25.75%	30.37%	5,816,766
2008	0.60%	20,689,958	21.75%	6,382,478	23.67%	30.85%	6,192,452
2009	0.60%	<u>26,973,887</u>	30.37%	<u>8,952,424</u>	40.27%	33.19%	<u>8,302,694</u>
Total - 10 years		\$194,450,759		\$62,997,086		32.40%	\$63,820,703

(3) This tax was first enacted as of July 1, 1997 at the rate of 0.2% of City residents' adjusted gross income. The COIT rate increased 0.1% each year until it reached 0.6% as of July 1, 2001. The above collections/distribution amounts are net of the additional homestead credits that accompanied the passage of this income tax.

**Source - State of Indiana Department of Local Government Finance COIT Distribution Reports
Actual City Collections During Year per City Accounting System**

Note: During 2009, the City of South Bend Common Council and Saint Joseph Common Council adopted additional local income taxes of .95% in response to State imposed property tax caps. The increased income tax rates consisted of the following: 2% increase in Economic Development Income Tax, a new 25% Public Safety local option income tax and a new .5% local option income for property tax relief. These additional taxes are not included in the above schedule as the City will not receive revenue from them until 2010.

CITY OF SOUTH BEND, INDIANA
TOTAL COUNTY OPTION INCOME TAX DISTRIBUTIONS BY TAXING UNIT
2001-2009 (\$'s whole)

Unit of Government	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total County Certified Distribution	22,452,248	37,769,988	28,136,084	26,536,784	26,484,316	31,044,322	30,859,812	32,574,042	34,801,729
Less: Homestead Credit (1)	(8,183,890)	(8,839,985)	(8,749,937)	(4,559,287)	(9,856,185)	(9,767,699)	(13,866,466)	(11,884,084)	(7,827,842)
Total Distributive Shares	14,268,358	28,930,003	19,386,147	21,977,497	16,628,131	21,276,623	16,993,346	20,689,958	26,973,887
Distributive Shares/Total County Distribution	63.55%	76.60%	68.90%	82.82%	62.78%	68.54%	55.07%	63.52%	77.51%
<u>Amount</u>									
St. Joseph County	5,910,247	11,721,648	7,245,150	8,578,046	6,427,640	8,440,988	7,376,623	8,825,206	10,358,300
Townships	550,072	1,039,887	783,227	1,002,449	759,050	834,727	648,364	820,241	1,180,913
City of South Bend - Civil City	4,498,381	9,100,110	6,342,861	6,849,450	5,306,680	6,733,129	5,077,450	6,266,381	8,748,506
City of South Bend - Redevelopment	58,541	358,474	234,124	240,239	183,538	217,267	83,453	116,097	203,918
Other Cities & Towns	1,753,467	3,644,267	2,536,818	2,658,984	2,028,358	2,616,698	1,982,192	2,367,929	3,592,330
Libraries	999,502	2,051,510	1,555,407	1,699,459	1,319,023	1,706,495	1,285,029	1,646,819	2,007,809
Special Districts	498,148	1,014,107	688,560	948,870	603,842	727,319	540,235	647,285	882,111
Total	14,268,358	28,930,003	19,386,147	21,977,497	16,628,131	21,276,623	16,993,346	20,689,958	26,973,887
<u>Percentage of Distribution</u>									
St. Joseph County	41.42%	40.52%	37.37%	39.03%	38.66%	39.67%	43.41%	42.65%	38.40%
Townships	3.86%	3.59%	4.04%	4.56%	4.56%	3.92%	3.82%	3.96%	4.38%
City of South Bend - Civil City	31.53%	31.46%	32.72%	31.17%	31.91%	31.65%	29.88%	30.29%	32.43%
City of South Bend - Redevelopment	0.41%	1.24%	1.21%	1.09%	1.10%	1.02%	0.49%	0.56%	0.76%
Other Cities & Towns	12.29%	12.60%	13.09%	12.10%	12.20%	12.30%	11.66%	11.44%	13.32%
Libraries	7.01%	7.09%	8.02%	7.73%	7.93%	8.02%	7.56%	7.96%	7.44%
Special Districts	3.49%	3.51%	3.55%	4.32%	3.63%	3.42%	3.18%	3.13%	3.27%
Total	100.00%								

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(1) A portion of the county option income tax is used for property tax relief through homestead credits for residential property owners.

Source - State of Indiana Department of Local Government Finance COIT Distribution Reports

**CITY OF SOUTH BEND, INDIANA
TEN LARGEST WATER CUSTOMERS
DECEMBER 31, 2009 (\$'s whole)**

<u>Name</u>	<u>2009 Revenue</u>	<u>Percentage of Total Water Operating Revenue</u>	<u>Usage CCF*</u>
South Bend Community Schools	\$ 134,845	1.00%	152,933
Allied Signal Aerospace Company	111,542	0.83%	112,980
Memorial Health Systems	154,097	1.14%	75,202
Irish Hills Apartments	60,581	0.45%	6,493
St. Joseph Medical System	72,342	0.54%	57,978
Park Jefferson LLC	52,524	0.39%	48,304
St. Joseph County Maintenance Dept.	36,310	0.27%	46,050
Amarak Uniform Services, Inc.	32,349	0.24%	40,400
BOC Gases	28,856	0.21%	35,417
Bosch Braking System	<u>25,958</u>	0.19%	31,283
Total of Ten Largest Water Customers	\$ <u>709,404</u>	5.27%	
Total for Operating Revenue for Water Works	\$ <u>13,471,890</u>	100.00%	

*Hundreds of Cubic Feet

**CITY OF SOUTH BEND, INDIANA
TEN LARGEST SEWAGE WORKS CUSTOMERS
DECEMBER 31, 2009 (\$'s whole)**

<u>Name</u>	<u>2009 Revenue</u>	<u>Percentage of Total Water Operating Revenue</u>	<u>Usage CCF*</u>
I/N TEK Plant	\$ 983,924	4.05%	552,977
University of Notre Dame	802,881	3.30%	515,001
New Energy Company of Indiana	622,451	2.56%	333,286
Allied Signal Aerospace	361,354	1.49%	149,888
Memorial Health System	290,146	1.19%	112,980
Town of New Carlisle	144,563	0.59%	76,756
South Bend Community School Corp	385,623	1.59%	73,852
Sister of the Holy Cross	132,973	0.55%	67,003
St. Joseph Medical System	155,023	0.64%	48,304
Aramark Uniform Services Inc	<u>88,052</u>	0.36%	40,412
Total of Ten Largest Sewer Customers	\$ <u><u>3,966,990</u></u>	16.32%	
Total Operating Revenue for Wastewater	\$ <u><u>24,313,147</u></u>	100.00%	

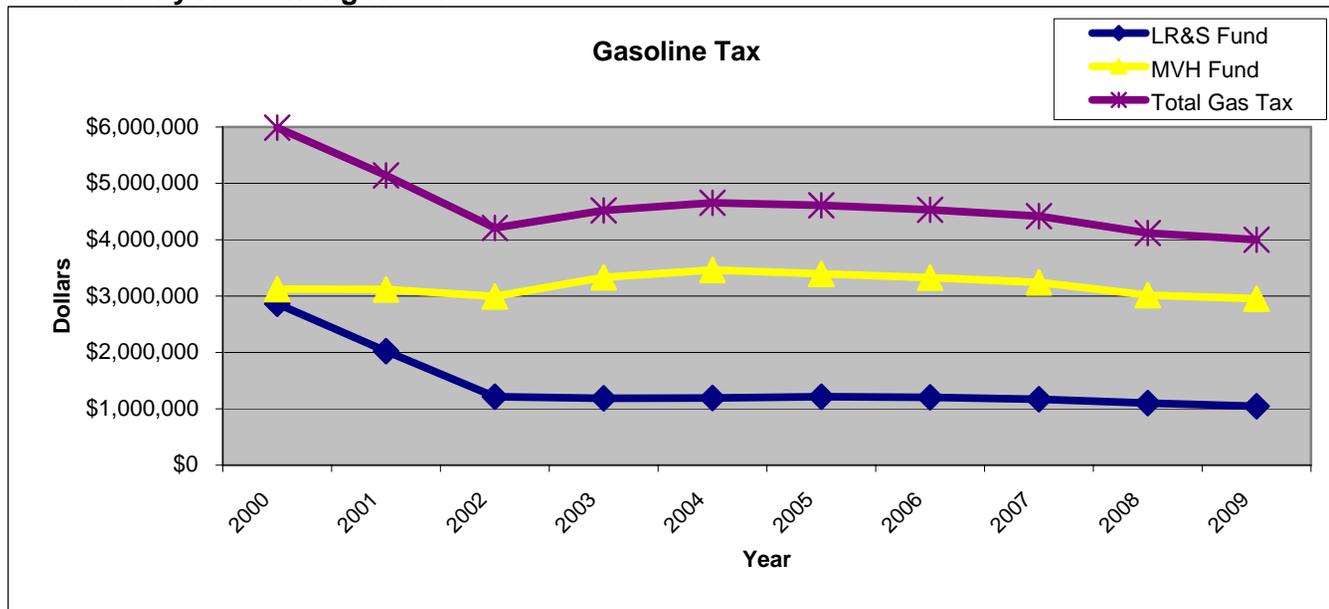
*Hundreds of Cubic Feet

**City of South Bend, Indiana
Gasoline Tax Collections - Cash Basis
Last Ten Fiscal Years (\$'s whole)**

Year	LR&S Fund	MVH Fund	Total Gas Tax	% Change
2000	\$2,865,756.91	\$3,124,541.57	\$5,990,298.48	10.11%
2001	2,023,141.61	3,116,993.62	5,140,135.23	-14.19%
2002	1,213,105.72	2,996,406.58	4,209,512.30	-18.11%
2003	1,186,193.43	3,334,297.66	4,520,491.09	7.39%
2004	1,192,573.83	3,461,562.94	4,654,136.77	2.96%
2005	1,212,413.47	3,397,432.68	4,609,846.15	-0.95%
2006	1,201,538.02	3,327,313.56	4,528,851.58	-1.76%
2007	1,171,731.65	3,243,817.60	4,415,549.25	-2.50%
2008	1,104,259.89	3,016,198.49	4,120,458.38	-6.68%
2009	1,045,476.64	2,954,085.66	3,999,562.30	-2.93%

Distributions of gas tax revenue are made monthly by the Indiana Department of Revenue to the Local Road and Street (LR&S) and Motor Vehicle Highway (MVH) funds for use in construction and maintenance of streets and highways. Distributions are based on a complex formula developed by the state which takes into account population, road and street mileage and other factors. Gas tax revenue has been declining in recent years.

Source: City Accounting Records



City of South Bend, Indiana
Wheel and Excise Surtax Collections - Cash Basis
Last Ten Fiscal Years (\$'s whole)

Year	LR&S Fund	MVH Fund	Total Wheel Tax	% Change
2004	\$1,953,078.55	\$0.00	\$1,953,078.55	100.00%
2005	1,914,529.56	0.00	1,914,529.56	-1.97%
2006	1,849,924.31	0.00	1,849,924.31	-3.37%
2007	1,966,003.49	0.00	1,966,003.49	6.27%
2008	0.00	2,040,750.95	2,040,750.95	3.80%
2009	0.00	1,893,982.22	1,893,982.22	-7.19%

Effective January 1 2004, St. Joseph County enacted a wheel tax and annual license excise surtax as allowed by State law to provide additional funding for road maintenance and repair. State law allows an annual wheel tax of \$5-40 per vehicle and an annual license excise surtax of 2-10%. St. Joseph County has enacted a \$25 County Excise surtax. The tax applies to all passenger cars, trucks less than 11,000 pounds, buses, tractors and motorcycles registered in the County. (Other rates apply to recreational vehicles, semitrailers and trucks exceeding 11,000 pounds.) The tax is collected by the Indiana Bureau of Motor Vehicles, remitted to the County and distributed monthly to the local units based on population and road miles.

During 2004-2007, the City of South Bend deposited the wheel tax and excise surtax in its Local Road and Street (LR&S) fund. During 2008 and thereafter, the City will deposit the taxes in its Motor Vehicle Highway (MVH) fund.

Source: City Accounting Records

DEBT CAPACITY

These schedules present information to help the reader to assess the affordability of the City of South Bend's current level of outstanding debt and the ability of the City of South Bend to issue additional debt in the future.

**CITY OF SOUTH BEND, INDIANA
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2009 (\$'s whole)**

Civil City

Net Assessed Valuation (2008 pay 2009) of Taxable Property in South Bend	\$2,668,887,419
Debt limit: 2% of one third thereof	17,792,583
Less Bonds subject to limitation:	
County Economic Development Income Tax Refunding Revenue Bonds, Series 2006 A	(2,880,000)
County Economic Development Income Tax Refunding Revenue Bonds, Series 2006 B	<u>(2,620,000)</u>
Issuance Margin	<u>\$12,292,583</u>
Amount of debt subject to limit/debt limit	<u>30.91%</u>

Redevelopment District

Net Assessed Valuation (2008 pay 2009) of Taxable Property in South Bend	\$2,668,887,419
Debt limit: 2% of one third thereof	17,792,583
Less Bonds subject to limitation:	
Special Taxing District Bonds of 2002	<u>(5,010,000)</u>
Issuance Margin	<u>\$12,782,583</u>
Amount of debt subject to limit/debt limit	<u>28.16%</u>

A 2% debt limit is established by the Constitution of the State of Indiana. This limit is established for general obligation bonds, Economic Development Income Tax revenue bonds, tax revenue notes and other types of indebtedness. This limitation does not include revenue bonds payable from governmental funds (excluding EDIT bonds) shown in the general long term debt account group. Indiana law allows the creation of separate municipal corporations to provide vital governmental functions. Each of these municipal corporations (including the Redevelopment Authority and Redevelopment Commission) has its own 2% debt limit, even if they have the same or similar boundaries.

**City of South Bend, Indiana
Legal Debt Margin Information
Last Ten Fiscal Years (\$'s whole)**

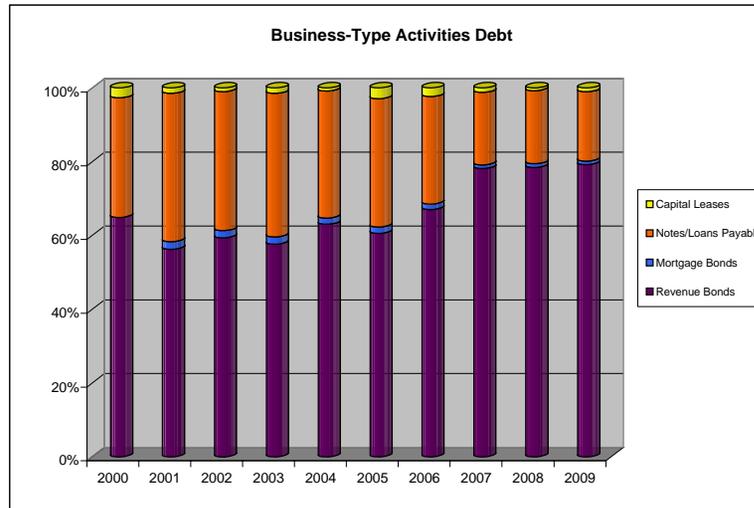
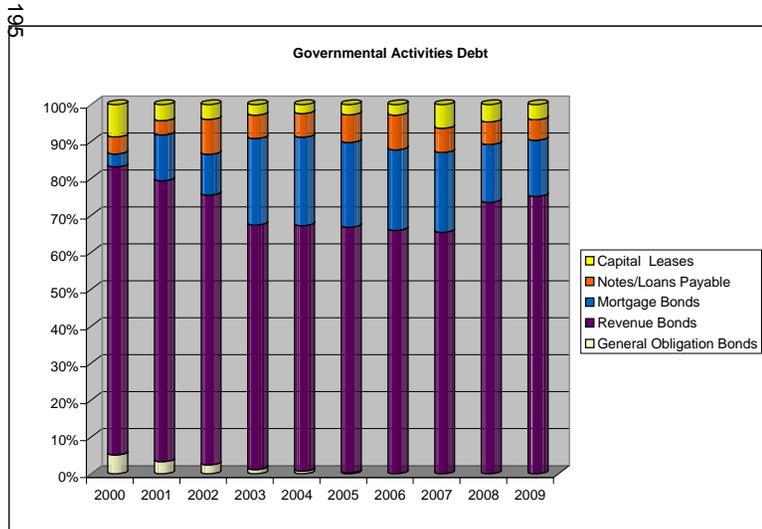
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Civil City</u>										
Debt Limit (1)	\$38,797,956	\$38,956,549	\$13,058,899	\$19,787,351	\$18,719,002	\$18,792,699	\$18,901,773	\$20,149,048	\$19,840,538	\$17,792,583
Total Net Debt Applicable To Limit	10,750,000	10,330,000	9,882,500	9,412,500	8,937,500	8,395,000	7,367,825	6,685,000	6,105,000	5,500,000
Legal Debt Margin	28,047,956	28,626,549	3,176,399	10,374,851	9,781,502	10,397,699	11,533,948	13,464,048	13,735,538	12,292,583
Percentage of Debt Limit	27.71%	26.52%	75.68%	47.57%	47.75%	44.67%	38.98%	33.18%	30.77%	30.91%
<u>Redevelopment District</u>										
Debt Limit (1)	\$38,797,956	\$38,956,549	\$13,058,899	\$19,787,351	\$18,719,002	\$18,792,699	\$18,901,773	\$20,149,048	\$19,840,538	\$17,792,583
Total Net Debt Applicable To Limit	2,880,000	2,355,000	1,810,000	7,855,000	6,998,000	6,115,000	5,850,000	5,580,000	5,300,000	5,010,000
Legal Debt Margin	35,917,956	36,601,549	11,248,899	11,932,351	11,721,002	12,677,699	13,051,773	14,569,048	14,540,538	12,782,583
Percentage of Debt Limit	7.42%	6.05%	13.86%	39.70%	37.38%	32.54%	30.95%	27.69%	26.71%	28.16%

(1) A 2% of net assessed value debt limit has been established by the Constitution of the State of Indiana for certain type of debt including general obligation bonds, Economic Development Income Tax bonds and tax revenue notes. This limitation does not apply to revenue bonds payable from governmental or proprietary funds.

**City of South Bend, Indiana
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (\$'s whole)**

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Estimated Population	Debt Per Capita	South Bend Estimated Personal Income	South Bend Debt Percent of Income
	General Obligation Bonds	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases					
2000	\$3,135,000	\$47,425,000	\$2,112,792	\$2,815,705	\$5,315,127	\$33,970,000	\$0	\$16,987,125	\$1,386,997	\$113,147,746	107,789	1,050	2,858,133,124	3.96%
2001	2,620,000	60,565,000	9,903,603	3,040,000	3,471,901	31,380,000	1,137,000	22,411,957	814,025	135,343,486	107,789	1,256	3,013,672,651	4.49%
2002	2,085,000	63,175,000	9,565,497	8,172,424	3,455,652	34,675,000	1,137,000	21,999,758	578,455	144,843,786	106,558	1,359	3,080,485,222	4.70%
2003	1,525,000	85,070,000	30,112,808	8,131,984	3,659,322	31,625,000	1,099,005	21,338,647	794,885	183,356,651	105,540	1,737	3,143,825,520	5.83%
2004	935,000	82,135,000	29,525,289	7,948,868	2,971,007	39,815,000	1,058,415	21,730,271	520,389	186,639,239	105,206	1,774	3,297,156,040	5.66%
2005	320,000	84,225,000	28,994,057	9,539,771	3,454,627	35,990,000	1,015,980	20,659,864	1,710,033	185,909,332	105,743	1,758	3,418,459,704	5.44%
2006	0	82,445,000	27,337,124	11,758,552	3,533,187	44,345,000	972,315	19,258,433	1,523,594	191,173,205	104,457	1,830	3,450,632,538	5.54%
2007	0	78,570,000	25,957,839	7,900,658	7,695,487	73,145,000	926,805	18,380,491	1,127,394	213,703,674	104,069	2,053	3,511,183,991	6.09%
2008	0	115,240,000	24,534,464	9,543,790	7,388,443	67,535,000	878,835	17,031,649	628,427	242,780,608	104,905	2,314	3,709,126,085	6.55%
2009	0	113,975,000	23,061,148	8,470,308	6,214,206	68,225,000	829,020	16,145,358	893,233	237,813,273	106,192	2,239	3,679,658,992	6.46%
Percent of Total Debt	0.00%	47.47%	10.11%	3.93%	3.04%	27.82%	0.36%	7.02%	0.26%	100.00%				

Sources: City of South Bend Comprehensive Annual Financial Reports
 Population statistics obtained from the U.S. Census Bureau.
 City of South Bend estimated personal income is computed as estimated City population x South Bend Metro Area Per Capita Income (see Demographic Statistics)



**CITY OF SOUTH BEND, INDIANA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2009 (\$'s whole)**

	<u>Gross Debt</u>	<u>Percentage Applicable to South Bend</u>	<u>Amount Applicable to South Bend</u>	<u>Debt Per Capita</u>	<u>Ratio of Debt/ Net Assessted Value</u>	<u>Ratio of Debt/ Personal Income</u>
<u>Direct Debt:</u>						
City of South Bend						
General Obligation Bonds	\$0	100.00%	\$0			
Revenue Bonds - Governmental Activities	113,975,000	100.00%	113,975,000			
Revenue Bonds - Business-Type Activities	68,225,000	100.00%	68,225,000			
Mortgage Bonds - Governmental Activities	23,061,148	100.00%	23,061,148			
Mortgage Bonds - Business-Type Activities	829,020	100.00%	829,020			
Notes Payable - Governmental Activities	8,470,308	100.00%	8,470,308			
Notes Payable - Business-Type Activities	16,145,358	100.00%	16,145,358			
Capital Leases - Governmental Activities	6,214,206	100.00%	6,214,206			
Capital Leases - Business-Type Activities	893,233	100.00%	<u>893,233</u>			
Total Direct Debt and Lease Obligation Debt			<u>237,813,273</u>	\$2,239	8.9%	6.5%
<u>Overlapping Debt (3)(4)</u>						
South Bend Community School Corporation	243,820,000	54.63%	133,198,866			
St. Joseph County Public Library	13,730,000	51.82%	7,114,886			
South Bend Regional Airport Authority	1,370,000	31.59%	432,783			
St. Joseph County	55,900,000	31.59%	17,658,810			
Penn-Harris-Madison School Corporation	66,684,500	2.94%	1,960,524			
Mishawaka-Penn-Harris Public Library	7,090,000	2.31%	<u>163,779</u>			
Total Overlapping and Underlying Direct Debt and Lease Obligations			160,529,648	1,512	6.0%	4.4%
Total Direct Debt and Lease Obligation Debt and Overlapping and Underlying Direct Debt and Lease Obligations			<u>\$398,342,921</u>	<u>\$3,751</u>	<u>14.9%</u>	<u>10.8%</u>
<u>Ratio Factors</u>						
Net Assessed Valuation (2008 payable 2009)	2,668,887,419					
Population - 2008 US Census Bureau	106,192 (1)					
South Bend Metropolitan Area Per Capita Income	34,651 (2)					
Estimated South Bend Total Personal Income (1 x 2)	3,679,658,992					

(1) Population statistics obtained from the U.S. Census Bureau (<http://factfinder.census.gov/servlet>).

(2) South Bend-Mishawaka, IN_Metropolitan area Profile (www.stats.indiana.edu).

(3) Overlapping debt information and schedule preparation by Crowe Horwath LLP, Indianapolis, Indiana.

(4) Overlapping debt percentages are based the net assessed value of South Bend properties in proportion to the total net assessed value.

CITY OF SOUTH BEND, INDIANA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS (\$'s whole)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Government Expenditures	Ratio of Debt Service To Total General Govt. Expenditures
2000	\$485,000	\$168,120	\$653,120	\$100,389,862	0.65%
2001	515,000	145,830	660,830	103,772,221	0.64%
2002	535,000	121,778	656,778	114,015,410	0.58%
2003	560,000	96,260	656,260	124,125,088	0.53%
2004	590,000	66,260	656,260	133,062,773	0.49%
2005	615,000	39,445	654,445	130,713,640	0.50%
2006	320,000	8,160	328,160	129,527,536	0.25%
2007	0	0	0	128,209,220	0.00%
2008	0	0	0	138,022,795	0.00%
2009	0	0	0	142,962,710	0.00%

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The City of South Bend has no General Obligation Bonds outstanding. The 1977 Studebaker Corridor bonds were paid off during 2006.

Source - City of South Bend Comprehensive Annual Financial Reports

CITY OF SOUTH BEND, INDIANA
RATIO OF NET GENERAL BONDED DEBT TO NET ASSESSED VALUATION AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS (\$'s whole)

<u>Tax Year/ Collection Year</u>	<u>Population (1)</u>	<u>Net Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Debt Service Monies Available</u>	<u>Net Bonded Debt</u>	<u>Percent of Net Bonded Debt To Net Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1999/2000	107,789	\$646,632,596	\$3,135,000	\$255,000	\$2,880,000	0.45%	26.72
2000/2001	107,789	649,275,809	2,620,000	265,000	2,355,000	0.36%	21.85
2001/2002	106,558	1,948,862,000 (2)	2,085,000	275,000	1,810,000	0.09%	16.99
2002/2003	105,540	2,968,102,614	1,525,000	290,000	1,235,000	0.04%	11.70
2003/2004	105,206	2,807,850,346	935,000	305,000	630,000	0.02%	5.99
2004/2005	105,743	2,818,940,818	320,000	320,000	0	0.00%	0.00
2005/2006	104,457	2,835,265,890	0	0	0	0.00%	0.00
2006/2007	104,069	3,022,157,147	0	0	0	0.00%	0.00
2007/2008	104,905	2,976,080,798	0	0	0	0.00%	0.00
2008/2009	106,192	2,668,887,419	0	0	0	0.00%	0.00

(1) Population statistics obtained from the U.S. Census Bureau (<http://factfinder.census.gov/servlet>). Most recent estimate was for January, 2007.

(2) The 2001 pay 2002 tax rates were converted by state legislation from 33% to 100% of net assessed valuation. This conversion had no effect on total dollars. Assessed values increased and tax rates decreased.

**CITY OF SOUTH BEND, INDIANA
SCHEDULE OF REVENUE BOND COVERAGE
WATER UTILITY BONDS
LAST TEN YEARS (\$'s whole)**

Year	Gross Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage
				Principal	Interest	Total	
1999	\$10,873,836	\$6,431,774	\$4,442,062	\$1,535,000	\$1,168,185	\$2,703,185	164%
2000	10,162,297	6,174,716	3,987,581	1,605,000	1,100,993	2,705,993	147%
2001	9,987,425	6,421,198	3,566,227	1,675,000	1,031,523	2,706,523	132%
2002	11,756,071	6,317,766	5,438,305	1,755,000	956,443	2,711,443	201%
2003	11,745,196	6,637,856	5,107,340	1,845,000	878,570	2,723,570	188%
2004	11,323,882	7,256,695	4,067,187	1,935,000	795,540	2,730,540	149%
2005	11,926,479	7,770,464	4,156,015	2,040,000	708,030	2,748,030	151%
2006	13,166,166	7,369,035	5,797,131	2,485,622	1,042,309	3,527,931	164%
2007	13,748,213	8,296,075	5,452,138	2,764,265	1,015,524	3,779,789	144%
2008	13,343,210	8,528,933	4,814,277	2,908,014	888,199	3,796,213	127%
2009	13,471,890	8,838,405	4,633,485	2,481,871	754,108	3,235,979	143%

(1) Operating expenses exclude depreciation and payment in lieu of taxes.

Operating revenue used to make debt service payments is obtained primarily through monthly user charges to water customers.

**Source - City of South Bend Comprehensive Annual Financial Report and Annual Report (CTAR-2).
2009 Debt service requirements provided by Crowe Horwath LLP.**

**CITY OF SOUTH BEND, INDIANA
SCHEDULE OF REVENUE BOND COVERAGE
WASTEWATER UTILITY BONDS
LAST TEN YEARS (\$'s whole)**

Year	Gross Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage
				Principal	Interest	Total	
2000	\$12,625,139	\$7,626,129	\$4,999,010	\$575,000	\$341,463	\$916,463	545%
2001	12,388,161	7,801,488	4,586,673	0 (2)	682,782	682,782	672%
2002	12,096,411	7,618,883	4,477,528	655,000	238,963	893,963	501%
2003	12,415,376	8,175,595	4,239,781	680,000	185,175	865,175	490%
2004	14,124,695	9,337,324	4,787,371	705,000	266,586	971,586	493%
2005	14,639,963	11,200,692	3,439,271	1,180,000	577,943	1,757,943	196%
2006	18,058,615	9,650,301	8,408,314	2,481,626	1,273,423	3,755,049	224%
2007	20,685,490	10,389,691	10,295,799	2,863,218	1,364,272	4,227,490	244%
2008 (3)	22,941,734	14,079,734	8,862,000	3,701,524	2,647,324	6,348,848	140%
2009	24,313,147	17,504,825	6,808,322	3,130,000	2,557,940	5,687,940	120%

(1) Operating expenses exclude depreciation and payment in lieu of taxes.

(2) The Sewage Works Revenue Bonds were refunded during 2001.

(3) Two large Sewage Works revenue bonds were issued during 2007 with principal and interests payments beginning in 2008. These bonds are part of the City of South Bend's long term combined sewer overflow (CSO) control plan.

Operating revenue used to make debt service payments is obtained primarily through monthly user charges to sewer customers.

**Source - City of South Bend Comprehensive Annual Financial Report and Annual Report (CTAR-2)
2009 debt service requirements provided by Crowe Horwath LLP.**

SOUTH BEND MUNICIPAL SEWAGE WORKS

South Bend, Indiana

Annual Wastewater Flow Data

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Capacity (MGD)	48	48	48	48	48
Average Daily Flow	38.42	37.80	32.45	31.67	32.80
Peak Flow	68.8	75.0	60.3	50.7	50.7
Annual Flow (MG)	14,024	13,835	11,845	11,559	11,972

Number of Customers - South Bend Municipal Sewage Works

<u>Year</u>	<u>Total Number Of Customers</u>
2009	36,664
2008	38,282
2007	37,018
2006	39,124
2005	39,185

Source - City of South Bend Environmental Services Department

SOUTH BEND MUNICIPAL SEWAGE WORKS

South Bend, Indiana (\$'s whole)

Statement of City-Owned Utility Debt

South Bend Municipal Sewage Works

Sewage Works Revenue Bonds of 1998	
State Revolving Fund (SRF) Loan	\$ 13,590,000
Public Works Building Corporation	
Sewage Works Portion of Bonds	829,020
Sewage Works Portion of 2003 - Lease, do not include	
Sewage Works Revenue Bonds of 2004	9,380,000
Sewage Works Revenue Bonds of 2006	7,345,000
Sewage Works Revenue Bonds of 2007	15,500,000
Sewage Works Revenue Bonds of 2007 B	15,425,000
Sewage Works Revenue Bonds of 2009	3,297,000
Total Sewage Utility Debt	<u><u>\$ 65,366,020</u></u>

South Bend Municipal Waterworks

Waterworks Revenue Bonds of 1997	\$ 6,120,000
Waterworks Revenue Bonds of 2000	
State Revolving Fund (SRF) Loan	1,744,031
Waterworks Revenue Bonds of 2002	4,705,000
Waterworks Revenue Bonds of 2006	4,400,000
Waterworks Revenue Bonds of 2009, Series A	
State Revolving Fund (SRF) Loan	429,000
Waterworks Revenue Bonds of 2009, Series B	
Indiana Bond Bank	5,380,000
Total Water Utility Debt	<u><u>\$ 22,778,031</u></u>
Total Utility Debt	<u><u>\$ 88,144,051</u></u>

SOUTH BEND MUNICIPAL SEWAGE WORKS

South Bend, Indiana (\$'s whole)

Estimated Debt Service Coverage Calculation

Operating Revenues	\$ 24,313,147
Less: Operation and Maintenance Expenses	<u>(17,504,825)</u>
Net Revenues Available for Debt Service	6,808,322
Estimated Annual Debt Service	<u>5,895,493</u>
Coverage - \$	<u><u>\$ 912,829</u></u>
Coverage - %	<u><u>115%</u></u>

SOUTH BEND MUNICIPAL WATER UTILITY

South Bend, Indiana (\$'s whole)

Estimated Debt Service Coverage Calculation

Operating Revenues	\$ 13,471,890
Less: Operation and Maintenance Expenses	<u>(8,838,405)</u>
Net Revenues Available for Debt Service	4,633,485
Estimated Combined Maximum Annual Debt Service	<u>2,858,925</u>
Coverage - \$	<u><u>\$ 1,774,560</u></u>
Coverage - %	<u><u>162%</u></u>

CITY OF SOUTH BEND BUILDING CORPORATION

Projected City of South Bend COIT Revenues (\$'s whole)
 .6% COIT Tax Rate
 Levy is used to Distribute COIT

<u>Year of Collection</u>	<u>St. Joseph County Projected Distribution (1)</u>	<u>Projected COIT Ratio (1)</u>	<u>Projected COIT Amount Available For Debt Service (1)</u>
2009	\$ 26,973,887	32.43%	\$ 8,747,632
2010	26,973,887	32.43%	8,747,632
2011	26,973,887	32.43%	8,747,632
2012	26,973,887	32.43%	8,747,632
2013	26,973,887	32.43%	8,747,632
2014	26,973,887	32.43%	8,747,632
2015	26,973,887	32.43%	8,747,632
2016	26,973,887	32.43%	8,747,632
2017	26,973,887	32.43%	8,747,632
2018	26,973,887	32.43%	8,747,632
2019	26,973,887	32.43%	8,747,632
2020	26,973,887	32.43%	8,747,632
2021	26,973,887	32.43%	8,747,632
2022	26,973,887	32.43%	8,747,632
		Total	<u>\$ 122,466,848</u>

(1) Kept constant based on 2009.

CITY OF SOUTH BEND BUILDING CORPORATION

Statement of Estimated Cash Flow and Debt Service Coverage (\$'s whole)

<u>Year</u>	Projected City of South Bend COIT <u>Revenues</u>	COIT Lease Revenue Bonds of 2001 Debt <u>Service</u> *	First Mortgage Revenue Bonds, Series 2003 Debt <u>Service</u>	Estimated Excess <u>Funds</u>	Estimated <u>Coverage</u>
2009	\$ 8,747,632	\$ 769,335	\$ 1,714,659	\$ 6,263,638	3.52
2010	8,747,632	769,148	1,716,015	6,262,469	3.52
2011	8,747,632	768,010	1,720,260	6,259,362	3.52
2012	8,747,632	765,458	1,718,210	6,263,964	3.52
2013	8,747,632	766,450	1,714,172	6,267,010	3.53
2014	8,747,632	765,950	1,720,253	6,261,429	3.52
2015	8,747,632	769,200	1,718,103	6,260,329	3.52
2016	8,747,632	769,820	1,719,005	6,258,807	3.51
2017	8,747,632	768,583	1,719,250	6,259,799	3.52
2018	8,747,632	770,770	1,713,750	6,263,112	3.52
2019	8,747,632	770,790	1,715,125	6,261,717	3.52
2020	8,747,632	773,955	1,718,000	6,255,677	3.51
2021	8,747,632		1,717,000	7,030,632	5.09
2022	8,747,632		1,717,375	7,030,257	5.09
Total	\$ 122,466,848	\$ 9,227,469	\$ 24,041,177	\$ 89,198,202	3.74

*Note: 2001 Bonds refunded in February of 2010

CITY OF SOUTH BEND, INDIANA

Erskine Village Project (\$'s whole)

Estimated Tax Increment Revenues

<u>Year</u>	<u>Estimated Tax Increment</u>	<u>09/10 Net Tax Rate (1)</u>	<u>Estimated Tax Increment Revenue</u>
09/10	\$ 48,508,500	\$ 3.6195	\$ 1,755,765
10/11	48,508,500	3.6195	1,755,765
11/12	48,508,500	3.6195	1,755,765
12/13	48,508,500	3.6195	1,755,765
13/14	48,508,500	3.6195	1,755,765
14/15	48,508,500	3.6195	1,755,765
15/16	48,508,500	3.6195	1,755,765
16/17	48,508,500	3.6195	1,755,765
17/18	48,508,500	3.6195	1,755,765
18/19	48,508,500	3.6195	1,755,765
19/20	48,508,500	3.6195	1,755,765
20/21	48,508,500	3.6195	1,755,765
21/22	48,508,500	3.6195	1,755,765
22/23	48,508,500	3.6195	1,755,765
23/24	48,508,500	3.6195	1,755,765
24/25	48,508,500	3.6195	1,755,765
25/26	48,508,500	3.6195	1,755,765

(1) Circuit Breaker rate of \$3.00 and exempt rate of .6195

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules present various demographic and economic indicators to help the reader understand the environment within the City of South Bend that affects the City's financial activities.

**CITY OF SOUTH BEND, INDIANA
DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

Year	City of South Bend Population (1)	Percent Increase/ (Decrease)	South Bend Metropolitan Area Median Family Income (4)	Percent Increase/ (Decrease)	South Bend Metro Area Total Personal Income (3) (Millions)	Percent Increase/ (Decrease)	South Bend Metro Area Per Capita Income (3)	Percent Increase/ (Decrease)	City of South Bend Median Age (4)	City of South Bend Public School Enrollment (2)	Percent Increase/ (Decrease)
2000	107,789	8.4%	34,702	1.5%	7,049	4.5%	26,516	4.2%	32.7	21,327	0.6%
2001	107,789	0.0%	40,816	17.6%	7,426	5.3%	27,959	5.4%	32.7	21,362	0.2%
2002	106,558	-1.1%	40,816	0.0%	7,671	3.3%	28,909	3.4%	32.7	21,059	-1.4%
2003	105,540	-1.0%	37,140	-9.0%	7,887	2.8%	29,788	3.0%	32.7	21,981	4.4%
2004	105,206	-0.3%	39,940	7.5%	8,295	5.2%	31,340	5.2%	32.7	22,140	0.7%
2005	105,743	0.5%	37,971	-4.9%	8,565	3.3%	32,328	3.2%	34.5	22,100	-0.2%
2006	104,457	-1.2%	39,046	2.8%	8,958	4.6%	33,034	2.2%	34.6	21,926	-0.8%
2007	104,069	-0.4%	44,400	13.7%	8,978	0.2%	33,739	2.1%	34.6	21,715	-1.0%
2008	104,905	0.8%	40,684	-8.4%	9,396	4.7%	35,357	4.8%	34.6	21,595	-0.6%
2009	106,192	1.2%	Unavailable	N/A	9,466	0.7%	34,651	-2.0%	32.3	21,261	-1.5%

Sources:

- (1) U.S. Census Bureau (<http://factfinder.census.gov/servlet>). Most recent estimate was for Jan 1, 2008.
- (2) South Bend Community School Corporation Administration office for enrollment on October 1, 2009
- (3) South Bend-Mishawaka, IN_MI Metropolitan Area Profile (<http://www.stats.indiana.edu>). Labor and employment statistics for December of each year.
- (4) U.S. Census Bureau (<http://factfinder.census.gov>).

**CITY OF SOUTH BEND, INDIANA
DEMOGRAPHIC STATISTICS (CONTINUED)
LAST TEN YEARS**

Year	December South Bend Metropolitan Area Labor Force (3)	Percent Increase/ (Decrease)	December South Bend Metropolitan Area Unemployment (3)	Percent Increase/ (Decrease)	December South Bend Metropolitan Unemployment Rate (3)
2000	133,715	-2.5%	3,863	-8.2%	2.9%
2001	132,779	-0.7%	7,331	89.8%	5.5%
2002	133,240	0.3%	6,496	-11.4%	4.9%
2003	131,283	-1.5%	6,288	-3.2%	4.8%
2004	132,981	1.3%	6,669	6.1%	5.0%
2005	134,033	0.8%	6,956	4.3%	5.2%
2006	134,651	0.5%	6,501	-6.5%	4.8%
2007	132,693	-1.5%	6,291	-3.2%	4.7%
2008	133,433	0.6%	12,476	98.3%	9.4%
2009	123,792	-7.2%	13,474	8.0%	10.9%

**CITY OF SOUTH BEND, INDIANA
COMPARISON OF GROWTH RATES IN PERSONAL INCOME FOR ST. JOSEPH COUNTY,
THE STATE OF INDIANA AND U.S. PERSONAL INCOME
LAST TEN YEARS**

Calendar Year	Amount in Millions		Amount in Billions	Annual Percentage of Increase		
	St. Joseph Co. Personal Income	Indiana Personal Income	U.S. Personal Income	St. Joseph Co. Personal Income	Indiana Personal Income	U.S. Personal Income
2000	7,049	165,285	8,422	4.52%	6.74%	8.03%
2001	7,426	167,881	8,717	5.35%	1.57%	3.50%
2002	7,671	172,474	8,873	3.30%	2.74%	1.79%
2003	7,887	178,675	9,150	2.82%	3.60%	3.12%
2004	8,295	186,210	9,711	5.17%	4.22%	6.13%
2005	8,565	193,348	10,284	3.25%	3.83%	5.90%
2006	8,958	203,502	10,968	4.59%	5.25%	6.65%
2007	8,978	204,877	11,074	0.22%	0.68%	0.97%
2008	9,396	210,447	11,634	4.66%	2.72%	5.06%
2009	9,466	220,670	12,225	0.74%	4.86%	5.08%
	Average Annual Growth - Most Recent 5 Years			2.69%	3.47%	4.73%
	Average Annual Growth - Most Recent 10 Years			3.45%	3.63%	4.67%

Obtained from STATS Indiana, a website sponsored by the Indiana Business Research Center at Indiana University's Kelley School of Business. Website address: www.stats.indiana.edu. Accessed May 26, 2010. Information is updated through 2008.

**City of South Bend, Indiana
Principal Employers - Current and Nine Years Ago
December 31, 2009**

Employer	Type of Business	2009	Percent	Rank	2000	Percent
		Number of Employees FTE's	of Total Labor		Number of Employees FTE's	of Total Labor
University of Notre Dame	College/University	4,894	3.95%	1	4,174	3.12%
Memorial Health System	Health Care	3,700	2.99%	2	3,094	2.31%
South Bend Community School Corporation	Public Schools	3,270	2.64%	3	3,400	2.54%
AM General	Manufacturing/Assembly	2,427	1.96%	4	1,001	0.75%
St. Joseph Regional Medical Center, Inc.	Health Care	1,771	1.43%	5	3,960	2.96%
The Diocese of Fort Wayne/South Bend	Parochial Schools	1,770	1.43%	6	n/a	0.00%
Indiana University at South Bend	College/University	1,285	1.04%	7	1,481	1.11%
St. Joseph County	Government	1,229	0.99%	8	1,631	1.22%
1st Source Corporation	Financial Institution	1,200	0.97%	9	969	0.72%
City of South Bend	Government	1,116	0.90%	10	1,342	1.00%
South Bend Metropolitan Area Labor Force (1)		123,792			133,715	

Source - City of South Bend Department of Administration and Finance
2000 CAFR, and telephone calls to individuals employers.
(Information not available for The Diocese of Fort Wayne/South Bend)

(1) South Bend-Mishawaka, IN Metropolitan Area Profile (<http://www.stats.indiana.edu>)

OPERATING AND OTHER INFORMATION

These schedules contain information about the City of South Bend's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. Included in this section is other non-required information that the City has determined is relevant and useful to the reader of the financial statements.

**City of South Bend, Indiana
Operating Indicators by Function/Program
Last Ten Fiscal Years**

<u>Function/program</u>	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police										
Physical arrests	4,889	4,873	4,990	5,003	5,041	5,056	5,932	4,589	4,091	3,785
Parking violations	751	760	623	655	688	722	515	1,820	1,672	1,479
Traffic violations	14,212	13,317	13,936	13,873	14,052	13,411	16,583	1,626	5,901	11,746
Fire										
Emergency responses	18,935	20,224	20,112	19,429	19,031	20,438	21,815	21,942	23,282	25,563
Fires extinguished	742	422	485	541	407	564	601	543	520	627
Inspections	8,954	8,906	10,332	5,375	4,820	5,584	4,875	4,302	4,467	4,205
Refuse collection										
Refuse collected (tons per day) (1)	169	243	266	284	266	238	269	267	137	70
Other public works										
Street resurfacing (miles)	26.30	22.10	28.00	27.50	30.20	29.30	15.00	16.50	14.70	14.50
Potholes repaired (tonnage)	577.20	653.83	389.10	341.87	560.41	372.06	239.88	923.00	898.00	629.22
Parks and recreation										
Athletic field permits issued	N/A	N/A	N/A	700	700	750	700	1,000	738	700
Fitness Center Admissions	0	871	16,773	33,361	35,426	37,247	61,452	63,088	70,193	74,438
Water										
New billable housing starts	388	401	407	439	427	445	471	321	299	194
Water mains breaks	90	76	72	90	78	80	54	105	72	87
Average daily consumption (thousands of gallons)	20,848	20,939	22,678	20,269	19,461	20,071	17,704	19,042	18,280	16,100
Wastewater										
Average daily sewage treatment (thousands of gallons)	44,100	44,100	44,100	38,200	31,800	31,800	32,800	35,970	37,800	41,200

Sources: Various city departments

N/A - information not available

(1) 2007 and prior years were in cubic yards

City of South Bend, Indiana
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/program</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	2	2	2	2	2	2	2	2	2	2
Patrol units	24	24	24	24	25	25	25	25	25	25
Fire										
Stations	11	11	11	11	11	11	11	11	11	11
Rescue units	31	31	31	31	31	31	31	32	32	33
Refuse collection										
Collection trucks	25	25	24	24	21	23	22	22	22	21
Other public works										
Streets (miles)	494	494	496	496	498	498	500	500	500	532
Streetlights	915	915	931	950	963	966	1,060	1,170	1,242	2,500
Traffic signals	160	161	161	162	163	164	167	160	160	162
Parks and recreation										
Acreage	1,278	1,278	1,278	1,292	1,292	1,292	1,292	1,292	1,292	1,292
Playgrounds	47	47	47	47	47	47	47	47	47	47
Baseball/softball diamonds	26	26	26	26	26	26	26	27	27	27
Soccer/football fields	17	17	17	17	17	17	17	17	17	17
Swimming pools	2	2	2	2	2	2	2	2	2	2
Community center	5	5	5	5	5	5	5	5	5	5
Water										
Water mains (miles)	510	520	527	529	538	547	553	558	560	560
Fire hydrants	4,547	*4,354	4,481	4,669	4,819	4,914	5,013	4,000	5,081	5,317
Storage capacity (thousands of gallons)	15,800	15,800	15,800	17,300	17,300	17,300	17,300	17,300	17,300	17,300
Wastewater										
Sanitary sewers (miles)	540	540	540	540	540	540	540	540	540	534
Storm sewers (miles)	200	200	200	200	200	200	200	200	200	200
Treatment capacity (thousands of gallons)	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000

* No longer includes Clay hydrants

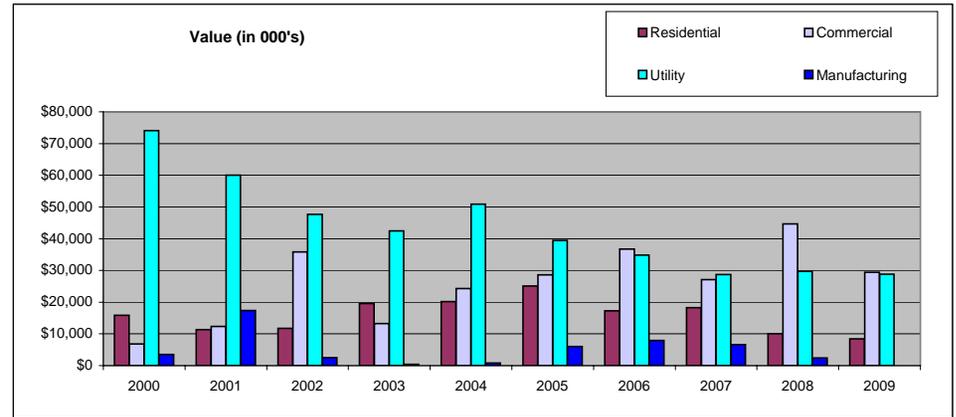
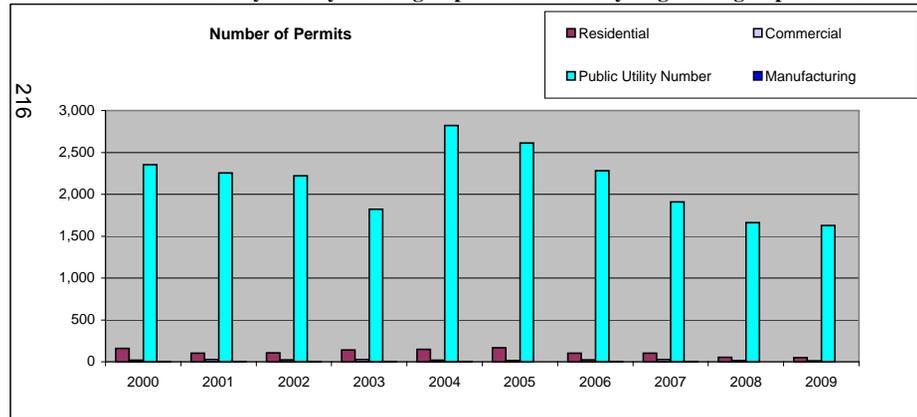
Sources: Various city departments

N/A - information not available

**CITY OF SOUTH BEND, INDIANA
NEW CONSTRUCTION - NUMBER OF PERMITS AND PROPERTY VALUES
Last Ten Fiscal Years
(Dollar Amounts in 000's)**

Year	Residential Number of Permits	Residential Value (in 000's)	Residential Value Increase/ (Decrease)	Commercial Number of Permits	Commercial Value (in 000's)	Public Utility Number of Permits	Public Utility Value (in 000's)	Manufacturing Number of Permits	Manufact Value (in 000's)	Public Utility and Manufacturing Total Value (in 000's)	Total Value Increase/ (Decrease)
2000	160	15,833	-17.2%	18	6,792	2,355	74,127	2	3,490	84,409	4.8%
2001	101	11,316	-28.5%	28	12,307	2,253	60,035	5	17,362	89,704	6.3%
2002	107	11,707	3.5%	24	35,810	2,222	47,710	2	2,475	85,995	-4.1%
2003	140	19,573	67.2%	28	13,280	1,822	42,435	2	375	56,090	-34.8%
2004	147	20,203	3.2%	20	24,340	2,823	50,910	3	847	76,097	35.7%
2005	166	25,123	24.4%	17	28,578	2,611	39,435	1	6,000	74,013	-2.7%
2006	102	17,241	-31.4%	21	36,749	2,282	34,836	2	7,927	79,512	7.4%
2007	103	18,314	6.3%	28	27,082	1,907	28,720	5	6,612	62,414	-21.5%
2008	55	10,032	-45.2%	15	44,678	1,662	29,685	1	2,416	76,779	23.0%
2009	48	8,467	-15.6%	10	29,451	1,627	28,785	0	0	58,236	-24.2%

Source - Consolidated City/County Building Department and City Engineering Department.



City of South Bend, Indiana
Full-Time Equivalent City Government Employees by Department
Last Ten Fiscal Years

<u>Department</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>General Government</u>										
Mayor's Office	9.00	9.00	10.00	10.00	10.00	10.00	10.00	10.00	9.00	8.00
City Clerk's Office	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Common Council (elected officials, part-time)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Administration and Finance	27.00	27.00	28.00	28.00	29.00	31.00	32.00	31.00	29.00	26.00
City Attorney's Office	14.00	13.00	13.00	14.00	15.00	15.00	15.00	15.00	15.00	9.00
Code Enforcement	26.00	26.00	27.00	27.00	28.00	28.00	28.00	27.00	27.00	27.00
Engineering	32.25	32.00	21.00	21.00	20.00	19.00	19.00	18.50	18.50	16.00
<u>Public Safety</u>										
Police Department	314.33	315.33	317.00	316.00	315.00	317.00	317.00	320.00	317.00	279.00
Communication Center	28.00	28.00	28.00	29.00	31.00	31.00	31.00	30.00	30.00	37.00
Fire Department	257.00	257.00	257.00	257.00	257.00	255.00	255.00	254.00	254.00	246.00
Building Maintenance for Fire & Police Dept	5.00	5.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	4.00
<u>Culture and Recreation</u>										
Parks and Recreation	127.00	132.00	132.00	126.00	124.00	123.00	122.00	122.00	121.00	111.00
Convention and Events Management (1)	52.00	44.00	48.33	49.00	50.00	50.00	49.00	16.00	15.00	13.00
<u>Economic Development</u>										
Community and Economic Development	44.50	44.50	45.00	44.00	42.00	42.00	42.00	35.00	33.00	26.00
<u>Highways and Streets</u>										
Street Department	83.00	82.00	81.00	77.00	71.00	71.00	66.00	54.00	54.00	51.00
Traffic & Lighting	0.00	0.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00	6.00
<u>Enterprise Funds</u>										
Water Works	96.00	97.00	95.00	87.00	87.00	86.00	86.00	86.00	80.00	82.00
Wastewater	61.00	60.00	59.00	55.00	55.00	51.00	53.00	54.50	56.50	48.00
Sewer	30.00	30.00	30.00	30.00	30.00	30.00	29.00	28.00	28.00	33.00
Solid Waste	45.00	45.00	42.00	35.00	31.00	31.00	31.00	26.00	26.00	26.00
Building Department	20.00	20.00	20.00	20.00	22.00	22.00	22.00	22.00	22.00	15.00
<u>Internal Service Fund</u>										
Central Services	56.00	53.00	53.00	53.00	50.00	50.00	49.00	49.00	46.00	39.00
Total Positions	1,341.08	1,333.83	1,338.33	1,309.00	1,298.00	1,294.00	1,288.00	1,230.00	1,213.00	1116.00

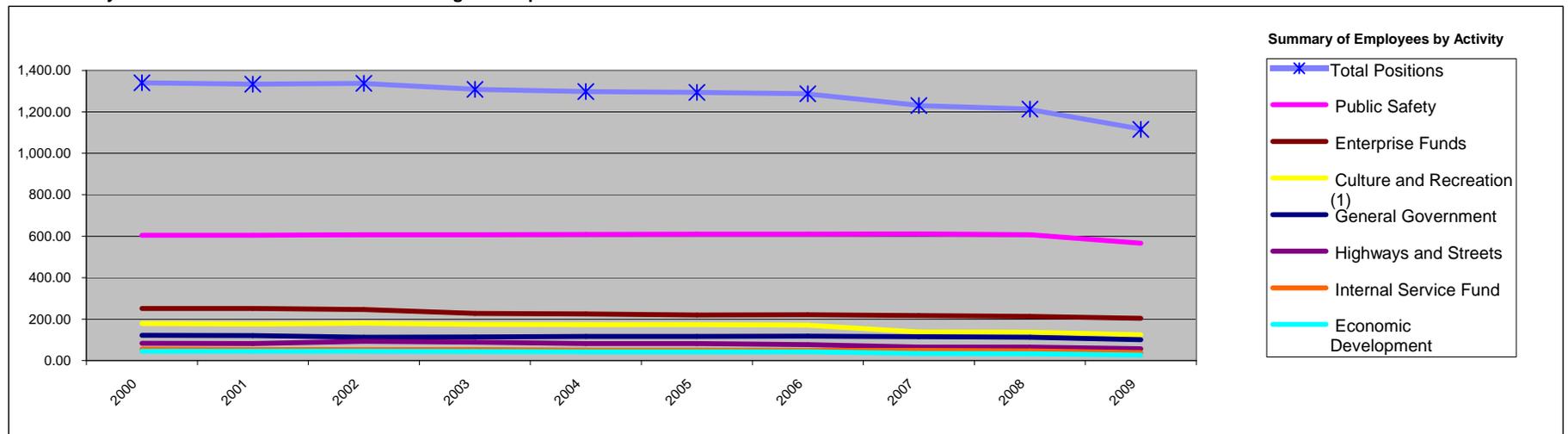
**City of South Bend, Indiana
Full-Time Equivalent City Government Employees by Department
Last Ten Fiscal Years**

<u>Department</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Summary by Activity										
General Government	122.25	121.00	113.00	114.00	116.00	117.00	118.00	115.50	112.50	100.00
Public Safety	604.33	605.33	608.00	608.00	609.00	610.00	610.00	611.00	608.00	566.00
Culture and Recreation (1)	179.00	176.00	180.33	175.00	174.00	173.00	171.00	138.00	136.00	124.00
Economic Development	44.50	44.50	45.00	44.00	42.00	42.00	42.00	35.00	33.00	26.00
Highways and Streets	83.00	82.00	93.00	88.00	82.00	82.00	77.00	65.00	65.00	57.00
Enterprise Funds	252.00	252.00	246.00	227.00	225.00	220.00	221.00	216.50	212.50	204.00
Internal Service Fund	56.00	53.00	53.00	53.00	50.00	50.00	49.00	49.00	46.00	39.00
Total Positions	1,341.08	1,333.83	1,338.33	1,309.00	1,298.00	1,294.00	1,288.00	1,230.00	1,213.00	1116.00

Excludes seasonal, part-time and temporary positions

(1) Includes reduction of 34 positions in the City's convention facility (Century Center) during 2007. Century Center is being managed by a private company under an agreement with the City of South Bend.

Source: City of South Bends Performance Based Budgets and personnel records



**CITY OF SOUTH BEND, INDIANA
INSURANCE COVERAGE
2009**

<u>Type of Coverage</u>		<u>Limits of Liability</u>	<u>Estimated Annual Premium</u>
<u>LIABILITY</u>			
Comprehensive General Liability		Statutory	Self-Insured
Police Professional Liability		Statutory	Self-Insured
Ambulance Malpractice Liability		Statutory	Self-Insured
Premises Liability (Clay Utilities, Century Center, Parking Garages)		Statutory	Self-Insured
CGL - Stadium		Statutory	Self-Insured
Liquor Liability	4/26/09 - 10	\$1,000,000	\$1,980 Premium
<u>CRIME</u>			
Public Employee Dishonesty	12/31/08 - 09	\$1,000,000	\$9,589 Premium
<u>PROPERTY</u>			
All risk blanket building & contents	1/15/09 - 10	\$300,000,000	\$286,801 Premium
Business Income		\$10,000,000	Included in above
Machinery Breakdown		100,000,000	Included in above
Fine Arts		\$5,000,000	Included in above
Valuable Papers & Records		\$10,000,000	Included in above
Inland Marine Property Coverage:	1/15/09 - 10		
Contractors Equipment		\$5,000,000	\$15,350 Premium
Flood Insurance - Pump station & contents	1/15/09 - 10	\$500,000	\$3,966 Premium
<u>OTHER</u>			
Workers Compensation	1/15/09 - 10	Statutory	Self-Insured
Third Party Fee		Statutory	\$65,000 Fee
Excess Over Self-insured \$300,000 Retention Each Accident		Statutory	\$99,237 Premium/Fee

**Source: City of South Bend Finance Department
Gibson Insurance Company**

City of South Bend, Indiana
Miscellaneous Statistics
December 31, 2009

<u>Police Department</u>		
	<u>2008</u>	<u>2009</u>
Authorized Officers	256	260
Vehicles	339	336
<u>Special Officer Groups:</u>		
K-9 Patrols	10	10
SWAT Team	17	17
Metro Drug Task Force (of 20 total)	18	18
NEST - Special Neighborhood Unit	8	8
Bicycle Patrol Officers	4	4
Motorcycle Patrol Officers	2	3
Community Relations Officers	4	4
Bomb Squad	7	7
Crime Prevention Officers	4	4
<u>2009 Crime Data:</u>		
Murders	15	14
Rapes	73	56
Robbery	409	346
Aggravated Assault	322	353
Residential Burglary	1,683	1,533
Non-residential Burglary	601	553
Larceny	4,179	3,702
Auto Theft	502	325
Arson	75	43
Calls for Service	198,429	196,819
Dispatches	119,802	105,665
Miles Driven	3,641,235	3,543,113
Arrests	4,091	3,786

<u>Fire Department</u>		
Paid Department established 1887		
	<u>2008</u>	<u>2009</u>
Sworn Firefighters		
(59 of which are Paramedics)	244	239
Fire Apparatus	20	20
Hazardous Materials Truck	1	1
Reserve Pumper Trucks	3	3
Reserve Ladder Trucks	2	2
River Rescue Boats	3	3
Ambulances	8	7
Neonatal (Newborn) Units	4	4
Fire Runs	34,428	25,563
Ambulance Runs	18,423	14,996

<u>Department of Public Works</u>		
	<u>2008</u>	<u>2009</u>
Traffic Signals	160	162
Street Lights (City maintained)	2,250	2,500
Miles of Streets	500	532
Miles of Sidewalks	685	695
Miles of Alleys	398	398
Miles of Sanitary Sewers and Storm Drains	511	664
City Owned Vehicles	867	465
Trash Picked Up Per Week (in tons)	556	492 /wk

<u>Sign Shop</u>		
	<u>2008</u>	<u>2009</u>
Work orders for sign maintenance, installation or removal	1,100	2,180
Miles of yellow and white paint	259	785
Pre-formed plastic arrows used for street markings	28	58
Crosswalk painting at intersections	36	42
Turn arrows in turn lanes	34	56
Detour routes	25	41
Temporary No Parking postings	150	175
Built Portables	0	0
Railroad Crossings	39	39
Built Barricades	0	0
Special Signs Built	545	600+
Barricades set up for 2008 events (# of events):		
Block Parties	58	68

<u>Sewer Utility</u>		
	<u>2008</u>	<u>2009</u>
Customers	32,282	36,664
Dry Tons of Sludge produced per year	20,271	18,592
Miles of Sanitary Sewer Lines	540	534
Miles of Storm Sewer Lines	200	130

<u>Water Utility</u>		
	<u>2008</u>	<u>2009</u>
Customers/Meters	39,247	39,250
Irrigation Customers	2,815	2,800
Wells/Pumps in service	29	30
Pumping Capacity	65 m.g.d.	80 m.g.d.
Daily Consumption	18.3 m.g.d.	16.1 m.g.d.
Peak Demand	35.9 m.g.d.	29.0 m.g.d.
Miles of Distribution Systems	560	570
Fire Hydrants	5,081	5,317

**City of South Bend, Indiana
Miscellaneous Statistics
December 31, 2009**

South Bend Regional Airport

<u>Year</u>	<u>Passenger Volume</u>
1999	955,232
2000	857,740
2001	739,407
2002	812,080
2003	802,191
2004	780,033
2005	693,675
2006	729,619
2007	779,356
2008	704,418

The South Bend Regional Airport had 43,650 take-offs and landings during 2008. Approximately 30 commercial airline flights per day fly to 10 hub airports.

Commercial airlines with operations at South Bend Regional Airport (market share):

	<u>2008</u>	<u>2009</u>
Allegiant Air	13.56%	19.94%
Cape Air	0.82%	0.00%
Continental Connection	7.80%	6.80%
Delta Connection	29.76%	24.99%
Northwest/KLM Airlines	24.36%	24.37%
United Express	23.70%	23.90%
Total	100.00%	100.00%
Bus Passengers	61,496	47,116
Train Passengers (South Shore)	292,391	285,435

Transpo

	<u>2008</u>	<u>2009</u>
South Bend Public Transportation Corporation		
Route Miles	252	259.8
Ridership	2.8 million	2,470,120
Miles of Service	2.1 million	1,826,827

Convention Facilities

Century Center	75,000 square feet of exhibit space 2,590 available seating 750 seat theater
Morris Performing Arts Center	2,500 available seating
Motels	31 motels/hotels 7 Bed and Breakfasts Over 4,300 available rooms
Major motels and meeting rooms:	
Marriott	facilities to seat 700
Ramada Plaza	facilities to seat 250

Other Transportation

43 Trucking Lines, 33 Terminals
2 Interstate Bus Lines
4 Major Rail Systems (freight and passenger)

Health Care

The City of South Bend has excellent health care access at costs below the national average and the lowest in the midwest region. The City has two major hospitals:

St. Joseph Regional Medical Center	310 beds
Memorial Health Systems	526 beds

Other

- Incorporated in 1865
- County Seat of St. Joseph County
- South Bend officially began under the name South Hold but the name was changed by the Post Office in 1830 to avoid confusion with other communities that used that name. The name South Bend was used because the City is located at the southernmost point of the St. Joseph River.
- Average High Temperature:
January 31 degrees Farenheit
July 83 degrees Farenheit

Colleges and Universities

<u>Universities and Colleges</u>	<u>Enrollment</u>	
	<u>2008</u>	<u>2009</u>
The University of Notre Dame	11,731	11,816
Indiana University at South Bend	7,712	8,300
Bethel College	2,075	2,163
St. Mary's College	1,628	1,664
Holy Cross College	481	444
Davenport University	299	N/A
Tri-State University - South Bend	58	75
<u>Technical Colleges</u>	<u>Enrollment</u>	
	<u>2008</u>	<u>2009</u>
IVY Tech Community College	4,385	5,601
Brown Mackie College - South Bend	739	1,100

Communications

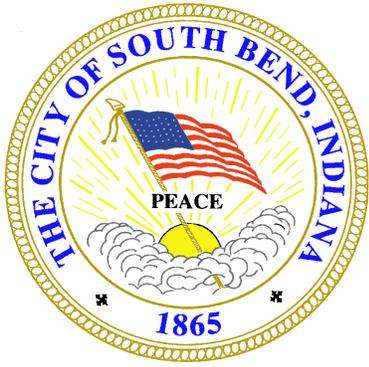
Access to:
4 Major Television Networks (WNDU, WSJV, WSBT, WBND)
1 Public Broadcasting Television Station (WNIT)
1 Local Television Station (WHME)
1 Major Newspaper (The South Bend Tribune)
24 Radio Stations

Famous Residents

South Bend has been the home to the many distinguished individuals including the following persons:

Ryan Newman, racecar driver
John Fogerty, singer
Michael Warren, actor
Chad Everett, actor
Sidney Pollack, actor/director
Knut Rockne, football coach
John Wooden, basketball coach
Joe Kernan, former South Bend Mayor and Indiana Governor

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VIII Compliance Section

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Bend (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 7, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

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

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 7, 2010



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of South Bend (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 7, 2010

CITY OF SOUTH BEND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Direct Grant			
Public Works and Economic Development Cluster Economic Adjustment Assistance	11.307	06-19-01251	\$ 1,141,155
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
CDBG-Entitlement and (HUD Administered) Small Cities Cluster Community Development Block Grants/Entitlement Grants	14.218	B-08-MC-180-011 B-09-MC-180-011	2,572,011 <u>214,532</u>
Total for Cluster			<u>2,786,543</u>
Emergency Shelter Grants Program	14.231	S-08-MC-180-011 S-09-MC-180-011	1,625 <u>105,740</u>
Total for program			<u>107,365</u>
Shelter Plus Care	14.238	IN36-C400-001 MAD IN36-C700-013 MAD IN36-C700-014 MAD	43,290 12,114 <u>86,813</u>
Total for program			<u>142,217</u>
Community Development Block Grants-Section 108 Loan Guarantees Section 108 # 8 Loan	14.248		<u>2,570,949</u>
Economic Development Initiative-Special Projects, Neighborhood Initiative and Miscellaneous Grants	14.251	B-06-SP-IN-0350	<u>118,942</u>
ARRA-Community Development Block Grant ARRA Entitlement Grants	14.253	B-09-MY-180-011	<u>3,283</u>
ARRA-Neighborhood Stabilization Program	14.256	B-08-MN-180-011	<u>96,709</u>
Fair Housing Assistance Program-State and Local	14.401		<u>46,350</u>
Total for federal grantor agency			<u>5,872,358</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant:			
Community Capacity Development Office	16.595	2007-W SQ-70204 2008-W SQx-0238	21,976 <u>73,554</u>
Total for program			<u>95,530</u>
Public Safety Partnership and Community Policing Grants	16.710	08CKWX0390	<u>158,850</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	06DJBX1184 07DJBX0340	21,241 <u>11,775</u>
Total for program			<u>33,016</u>
ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-1280	<u>218,850</u>
Pass-through Indiana Criminal Justice Institute: Motor Vehicle Theft Protection Act Program	16.597	04GP002	<u>68,348</u>
Bulletproof Vest Partnership Program	16.607	09BOBX08045670	<u>3,988</u>
Community Prosecution and Project Safe Neighborhoods	16.609	06GPN001	<u>21,537</u>
Anti-Gang Initiative	16.744	06AGN005	<u>26,235</u>
Total for federal grantor agency			<u>626,354</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF SOUTH BEND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Governor's Council on Impaired and Dangerous Driving:			
Highway Safety Cluster			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PT-09-04-01-26	62,750
Pass-Through City of Mishawaka:			
Highway Safety Cluster			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-09-03-03-26	14,662
		K8-10-03-03-26	6,514
		K8-09-08-01-17	11,702
		K8-10-08-01-18	<u>15,032</u>
Total for federal grantor agency			<u>110,660</u>
<u>U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u>			
Direct Grant:			
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002		<u>61,700</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-965-645-01	25,922
		BF-965-597-01	<u>1,343</u>
Total for program			<u>27,265</u>
Pass-Through Indiana Finance Authority:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	WW09547102	<u>188,784</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW09087102	<u>42,048</u>
ARRA-Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW09087102	<u>175,479</u>
Total for federal grantor agency			<u>433,576</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Direct Grant:			
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-SC0002273	<u>11,109</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Criminal Justice Institute:			
State Homeland Security Program (SHSP)	97.073		7,017
Law Enforcement Terrorism Prevention Program (LETPP)	97.074		<u>21,781</u>
Total for federal grantor agency			<u>28,798</u>
Total federal awards expended			<u>\$ 8,285,710</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF SOUTH BEND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of South Bend (primary government) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2009:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
CDBG – Entitlement and (HUD Administered) Small Cities Cluster	14.218	\$1,195,320
Shelter Plus Care	14.238	114,786
ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.804	218,850

CITY OF SOUTH BEND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.248	Community Development Block Grants-Section 108 Loan Guarantees
16.804	ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF SOUTH BEND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

South Bend has impact!

- ✓ **No. 1 City for Value, Stability and Rising Prices in a Home**

NBC-TV's "Today Show," 2010

- ✓ **Green Community of the Year**

Indiana Association of Cities and Towns, 2009

- ✓ **6th lowest cost of living of U.S. metropolitan areas**

Forbes magazine, 2009

- ✓ **All-America City finalist**

National Civic League, 2009

- ✓ **Preserve America Community**

Designated in 2008 by the White House



- ✓ **No. 1 City in Indiana for Bicycle Commuting (6th in the Midwest)**

2008 U.S. Census figures

- ✓ **Top 10 Affordable Places to Retire**

U.S. News & World Report magazine, 2009

- ✓ **Blackthorn Golf Course: 39th best municipal course in U.S.**

Golf Week magazine, 2008-09

- ✓ **Potawatomi Zoo: 20 Best Zoos for Kids**

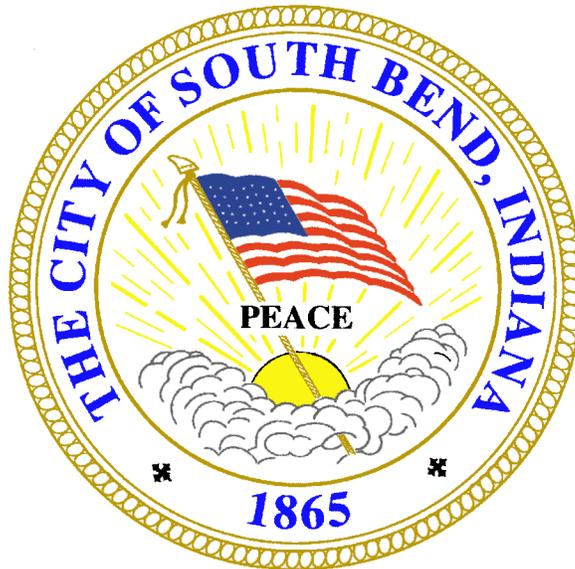
www.Child.com

- ✓ **Morris Performing Arts Center: Top 100 venues worldwide**

Pollstar magazine



www.SouthBendIN.gov



City of South Bend

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