



**COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT**

**CITY OF MISHAWAKA  
YEAR ENDED DECEMBER 31, 2012**

**DAVID A. WOOD, MAYOR**

**FILED**  
07/10/2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MISHAWAKA

Year Ended December 31, 2012



PREPARED BY

CITY CONTROLLER'S OFFICE

Yvonne Milligan, City Controller

## **INTRODUCTORY SECTION**

CITY OF MISHAWAKA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR DECEMBER 31, 2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
<b>I. INTRODUCTORY SECTION</b>	
Table of Contents .....	i-ii
City Officials .....	iii
Mayor's Letter of Transmittal .....	iv-v
Controller's Letter of Transmittal .....	vi-x
Organization Chart .....	xi
Certificate of Achievement .....	xii
<b>II. FINANCIAL SECTION</b>	
Independent Auditor's Report .....	1-3
Management's Discussion and Analysis .....	5-15
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position .....	16
Statement of Activities .....	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	19
Statement of Revenues, Expenditures, and Other Changes in Fund Balances – Governmental Funds .....	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ....	21
Statement of Net Position – Proprietary Funds .....	22-23
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds .....	25
Statement of Cash Flows – Proprietary Funds .....	26-27
Statement of Fiduciary Net Position – Fiduciary Funds .....	28
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	29
Notes to Financial Statements .....	30-62
Required Supplementary Information:	
Schedules of Funding Progress .....	63
Schedules of Contributions from the Employer and Other Contributing Entities.	64
Budgetary Comparison Schedule – General Fund .....	65-66
Budget/GAAP Reconciliation- General Fund .....	67
Combining and Individual Fund Statements and Schedules:	
Description – Nonmajor Governmental Funds .....	69-71
Combining Balance Sheet – Nonmajor Governmental Funds .....	72-78
Combining Statement of Revenues, Expenditures, and Other Changes in Fund Balances – Nonmajor Governmental Funds .....	79-85
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Nonmajor Governmental Funds.....	86-101

CITY OF MISHAWAKA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR DECEMBER 31, 2011

TABLE OF CONTENTS  
 (Continued)

<u>Description</u>	<u>Page</u>
<b>II. FINANCIAL SECTION (continued)</b>	
Combining and individual Fund Statements and Schedules (continued):	
Description - Fiduciary Funds .....	103
Combining Statement of Fiduciary Net Position - Pension Trust Funds .....	104
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds...	105
Combining Statement of Fiduciary Net Position – Agency Fund .....	106
Combining Statement of Changes in Assets and Liabilities – Agency Fund .....	107
 <b>III. STATISTICAL SECTION:</b>	
Table of Contents Statistical Section .....	108-109
Net Position by Component.....	110
Changes in Net Position.....	111-112
Fund Balances, Governmental Funds.....	113
Changes in Fund Balances, Governmental Funds .....	114
Assessed and Estimated Actual Value of Taxable Property .....	115
Direct and Overlapping Property Tax Rates.....	116
Principal Property Tax Payers .....	117
Property Tax Levies and Collection.....	118
Ratio of Outstanding Debt by Type.....	119
Ratio of General Bonded Debt Outstanding.....	120
Direct and Overlapping Governmental Activities Debt .....	121
Legal Debt Margin Information.....	122
General Obligation and Tax Incremental Financing Bond Coverage.....	123
Revenue Bond Coverage.....	124
Demographic and Economic Statistics .....	125
Largest Employers .....	126
Full-time Equivalent City Government Employees.....	127
Operating Indicators by Function.....	128
Capital Asset Statistics by Function.....	129

CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Yvonne Milligan	01-01-11 to 05-31-13
Mayor	David A. Wood	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Gary E. West	01-01-12 to 12-31-13
Members of the Common Council	Matt Mommolenti Mary C. Wilson (Kate Voelker) Marsha G. McClure Dale E. Emmons Ronald S. Banicki John J. Roggeman Michael S. Compton Michael A. Bellovich John Reisdorf Dan Bilancio	01-01-12 to 12-31-15 01-01-13 to 12-31-15 01-01-12 to 12-31-12 01-01-12 to 12-31-15 01-01-12 to 12-31-15 01-01-12 to 12-31-15 01-01-12 to 12-31-15 01-01-12 to 12-31-15 01-01-12 to 12-31-15 01-01-12 to 12-31-15



# CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

OFFICE OF THE MAYOR

June 25, 2013

Members of the Common Council  
Mishawaka, Indiana

Dear Council Members:

In accordance with Indiana statute, I hereby transmit to you the annual financial report of the City of Mishawaka as of December 31, 2012.

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

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

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

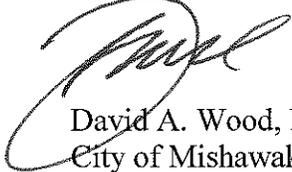
The preparation of this annual financial report could not have been accomplished without the professional competence and dedication of City Controller Yvonne Milligan and her entire staff. Their efforts over the years to upgrade the accounting and financial reporting systems of the city have substantially improved the quality of information being reported to Mishawaka citizens, the Common Council and Indiana oversight boards.

All of us in Mishawaka can take great pride that for the twenty fourth consecutive year Mishawaka earned the Certificate of Achievement for Excellence in Financial Reporting from the Government Financial Officers Association. This is the highest form of recognition in the area of governmental financial reporting. Few municipalities in the State of Indiana ever receive this prestigious award.

In closing, I publicly thank the Controller and her staff for the capable and competent manner in which they perform their many duties. The Controller's Office has enhanced public respect, confidence and trust in local government. The personnel in this office continue to be a tremendous source of assistance and support for every city employee and resident.

Therefore, it is with great pride and satisfaction that I transmit this financial report and assure you and our community that the fiscal management and reporting of our city government meets every recognized standard of excellence!

Sincerely,

A handwritten signature in black ink, appearing to read "D. Wood", written in a cursive style.

David A. Wood, Mayor  
City of Mishawaka



# CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

DEPARTMENT OF FINANCE  
Yvonne Milligan, Controller  
Rebecca Miller, Deputy Controller

June 25, 2013

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

The Comprehensive Annual Financial Report of the City of Mishawaka, Indiana for the fiscal year ended December 31, 2012 is hereby submitted.

This report was prepared by the City Controller's Office in conjunction with the State Board of Accounts of the State of Indiana. Responsibility for the accuracy, completeness and fairness of the presentation rests with the city. We believe the data as presented is accurate in all material respects and is presented fairly as set forth in the financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the city as of December 31, 2012 and that all disclosures necessary to enable the reader to gain the maximum understanding of the city's financial affairs have been included. The financial statements of the City of Mishawaka for the year-ended December 31, 2012 are fairly presented in conformity with GAAP.

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

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

The State Board of Accounts of the State of Indiana, have issued an unqualified opinion on the City of Mishawaka's financial statements for the year ended December 31, 2012. The independent auditor's opinion is located at the front of the financial section of this report.

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

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City of Mishawaka's MD&A can be found immediately following the report of the independent auditors.

The following pages of this transmittal letter include a general overview of the City of Mishawaka with discussion on the economic condition of the city also including present and future goals of the city.

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Telephone: (574) 258-1622 • FAX (574) 258-1724

## CITY PROFILE

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

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

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

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

	Starting Page
Governmental Major Funds	65
Governmental Non-Major Funds	69

## ECONOMIC CONDITION

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

The City of Mishawaka has made hard choices in the last six years to position ourselves for the downturn in the economy that occurred in 2009. The City of Mishawaka has continued to grow in a steady and orderly fashion. We continue to make the long-term investments in our infrastructure and to then maintain those investments over time. Despite recent staff reductions the City of Mishawaka continues to maintain such services as street sweeping and leaf collections to keep our neighborhoods clean and an attractive place to live.

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

Because of the geographically central location, traffic counts on arterial streets reach 28,000 vehicles per day. The transportation plan is an important facet of the comprehensive plan adopted in 1992 entitled "Mishawaka 2000."

Mishawaka's 2000 Census population was 46,557 the population of Mishawaka increased to 48,252 or 3.6% according to the 2010 U.S. Census. Steady job growth and population growth have contributed to the stability of the community. As of December 2012 the South Bend/Mishawaka area unemployment rate was 9.4% compared to 9.6% in 2011. The South Bend/Mishawaka area overall resident employment stands at 127,602 for 2012 compared to 129,438 in 2011.

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

The largest employers in Mishawaka are in the Health, Education and Retail fields. The St. Joseph Regional Medical Center employs approximately 2556 people, the School City of Mishawaka employs an estimate of 1010 people and Meijer Retail employs approximately 654 people.

The total estimated value of new construction in Mishawaka during 2012 was \$51.6 million. Residential permits totaled \$6.9 million, multi-family permits totaled \$10.0 million and the commercial permits totaled \$34.7 million. Highlighting the 2012 completed projects was the new Golden Corral Restaurant (\$2,000,000), Cheddars Restaurant(\$1,930,500),Damon Products addition(\$1,343,400)a new building at the Heritage Square Outlet Mall (\$1,099,000), and a remodel of an existing building for a Whole Foods market (\$2,595,000).

In 2012, 10 new commercial permits, and 128 commercial alterations/additions were issued with a value of \$34.7 million. New single family housing was up in 2012 from 22(2011) to 28 with a \$6.9 million value. Although the City of Mishawaka is benefiting from long-term strategic planning, the housing market is still significantly lower than the numbers from 2007. Over the next few years, we anticipate the City will continue a transformation of longstanding retail centers, as well as, scattered new-site construction.

Three voluntary annexations occurred in 2012. These annexations added a total of 308.0 acres to the City of Mishawaka.

Retail sales in Mishawaka totaled \$1.8 billion according to a 2007 survey of market data by the U.S. Census Bureau.

In 2012 the City of Mishawaka continues to experience business retention and neighborhood revitalization.

49 tax abatements have been issued by the City of Mishawaka since 1986. 42 of the 49 abatements issued have been in the industrial-manufacturing area and 33 of the 49 were issued to different companies. The City of Mishawaka awarded one tax abatement in 2012 and at the end of 2012, only 5 tax abatements were outstanding.

#### ECONOMIC INDICATORS

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Population	48252	48252	48252	46557	46557	46557	46557	46557
Assessed Value (in billions)	1.4	1.4	1.4	1.4	1.6	1.7	1.6	1.5
Dollar Value of Building Permits (in millions)	51.6	45	42.	53.	316.	116.	108.	90.
Building Permits- New Construction	46	26	31	40	67	136	125	162
Labor Force (St. Joseph County)	127,602	129,438	125,853	123,867	133,363	133,337	134,788	133,939

Sources: Stats Indiana, Indiana Employment and Security adjusted in 2012.

#### MAJOR INITIATIVES/PROGRAMS

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

Maintaining the city's long term financial health is the number one priority for the year 2012 and beyond. Trying to control property taxes and still maintaining the services that are required will be a difficult process in the years to come. In 2007 legislation was passed to cap residential property tax at one percent by the year 2010. This legislation has put a burden on municipalities to spend tax dollars wisely. In 2009 St Joseph County implemented a new Local Option Income Tax, this tax helped to fund Public Safety Capital needs in 2012 and will also help fund any future capital needs for public safety.

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

The city's neighborhood stabilization plan continues to be implemented in 2012. The Mishawaka Code Enforcement Department continues to assist the Community Development Department in providing them with the locations of vacant properties. This information has been valuable as they progress with the Neighborhood Stabilization Program. Many vacant properties have been demolished and replaced with single family homes. The overall appearance in older neighborhoods has greatly improved and will continue to improve.

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

One of the largest projects under construction is the Capital Avenue/SR 331 urban expressway. This highway will connect two major roadways, the Indiana Toll Road (Interstate 80/90) and US Highway 20. This roadway will open up important economic development opportunities in the corridor. Several acres of land have been annexed bordering the Capital Avenue corridor for future development. This project will most likely be completed in 2013.

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

The Mishawaka River Walk continues to be constructed. The City of Mishawaka River Walk connects neighborhoods and parks while also taking advantage of the view of the St. Joseph River. The city has applied for future funding and expansion of the River Walk through Merrifield Park.

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

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

#### INDEPENDENT AUDIT

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

#### AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mishawaka for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2011. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of a state and local government financial report.

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

A Certificate of Achievement is valid for a period of one year only. The City of Mishawaka has received a Certificate of Achievement for the last twenty six consecutive years (years ended December 31, 1986-2011). We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report was made possible by the dedicated service of the staff of the Controller's Office. Appreciation is extended to Deputy Controller Rebecca Miller. I would like to thank Doug Wiese Area Supervisor for the State Board of Accounts and the Area Field Examiners Martha Harper and John Rucano for their assistance and encouragement. They have our sincere appreciation for the preparation of this report. Acknowledgment should also go to Mayor David A. Wood and the members of the Mishawaka Common Council for their interest and support in planning and conducting the financial operations of the City.

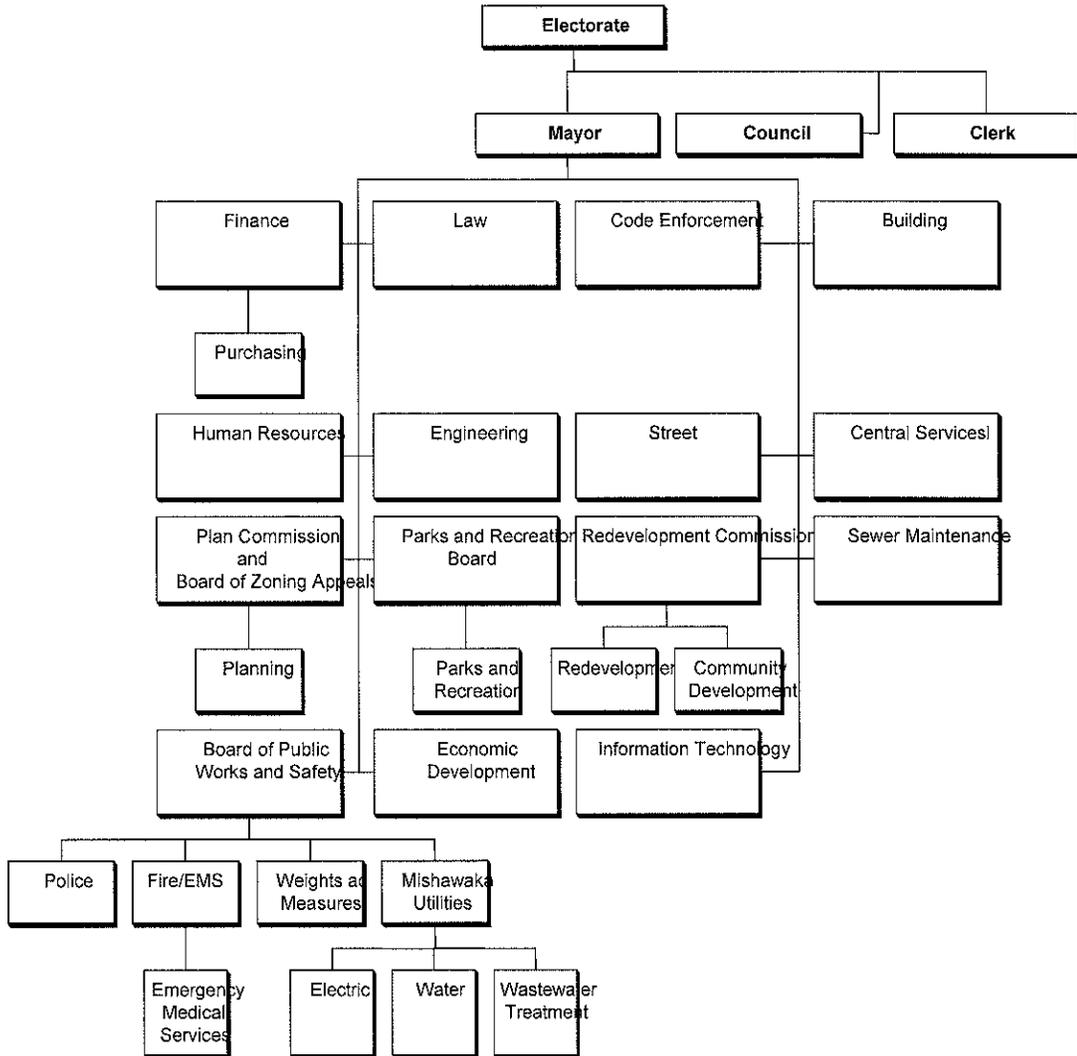
Respectfully submitted



Yvonne Milligan  
City Controller

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

# Mishawaka City Government



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mishawaka  
Indiana

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

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.



*Christopher P. Moynell*

President

*Jeffrey R. Enos*

Executive Director

**FINANCIAL SECTION**



**STATE OF INDIANA**  
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Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Mishawaka (City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Opinions**

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

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

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

Included in the financial statements are the revenues and expenses from emergency telephone system fees (IC 36-8-16), enhanced wireless emergency telephone fees (IC 36-8-16.5), and statewide 911 services fees (IC 36-8-16.7). In accordance with Indiana Code 36-8-16-14, Indiana Code 36-8-16.5-41, and Indiana Code 36-8-16.7-38, these fees have been subject to an annual audit performed by the Indiana State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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 do not express an opinion or provide any assurance on it.

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

In accordance with Government Auditing Standards, we have also issued our report dated May 29, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Bruce Hartman  
State Examiner

May 29, 2013

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City of Mishawaka, Indiana  
Management Discussion and Analysis  
For the year ended December 31, 2012

As management of the City of Mishawaka, we offer the readers of the City of Mishawaka's financial statements this narrative overview and analysis of the financial activities of the City of Mishawaka for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our basic financial statements and notes to the financial statements to enhance their understanding of Mishawaka's financial performance.

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

**Financial Highlights**

- The assets of the City of Mishawaka exceeded its liabilities at the close of the fiscal year (2012) by \$319,830,510. Of this amount, \$59,585,496 (unrestricted net position) may be used to meet the City of Mishawaka's ongoing obligations to citizens and creditors.
- The government's total assets increased by \$16,388,905. Of this amount governmental activities assets increased by \$10,856,303 and business type activities increased by \$5,532,602. The beginning balances for governmental activities have been restated from the 2011 CAFR.
- As of the close of fiscal year 2012, the City of Mishawaka's governmental funds reported combined ending fund balances of \$66,465,717, a decrease of \$1,634,666 after a restatement of fund balances.
- At the end of 2012, the unassigned fund balance for the General fund was \$7,898,202 (24.9% of General Fund Expenditures) compared to \$6,113,323 for 2011 which was about 20.4% of total general fund expenditures for that year.
- The City of Mishawaka's total debt outstanding for General, Revenue and Special Obligation Bonds decreased during the current fiscal year by a net of \$8,072,473.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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

**General Government Revenues**

The following schedule presents a summary of general revenues for the year ended December 31, 2012.

<u>Revenues</u>	<u>2012 Amount</u>	<u>% of Total</u>
Taxes: General Property	\$ 44,710,664	63.65%
Licenses and permits	961,751	1.37%
Intergovernmental	17,547,966	24.98%
Charges for services	4,031,031	5.74%
Fines and forfeits	71,554	.10%
Interest	119,285	.17%
Sales and Use of Property	431,797	.61%
Gifts and Donations	120,735	.17%
Other	<u>2,251,822</u>	<u>3.21%</u>
Total	<u>\$ 70,246,605</u>	<u>100.00%</u>

As shown above, the City of Mishawaka's single largest source of revenue is generated by property taxation. This revenue is based on a relationship between assessed property valuation of industrial, commercial and residential parcels, both real and personal and the application of a tax rate to arrive at the total levy. Taxable property is assessed at 100% of the true tax value.

The City of Mishawaka has the ability through the State of Indiana to increase its general property tax levy by a maximum of 5%. In 2012 the increase was 2.9%. The above property tax revenue includes taxes collected on behalf of the following funds: General Fund, Park and Recreation Fund, Motor Vehicle Highway Fund, Cumulative Capital Development Fund, Cumulative Sewer Fund, Cumulative Fire Equipment and Building Fund, various capital funds for the City of Mishawaka's Redevelopment Tax Incremental Financing (TIF) Funds and a special levy to cover debt service on general obligation bonds. Approximately 61.9% of the General Funds 2012 total revenue was derived from property taxes, the TIF NW General derived 92.9% of its revenue from property tax and the Other Governmental Funds property tax percentage was 31.8% of total revenue.

EDIT, COIT and LOIT were established to support the purpose of taking the tax burden away from homeowners. The years of distribution listed are on a cash basis not accrual. Intergovernmental revenue primarily consists of Economic Development Income Tax (EDIT), County Option Income Tax (COIT) and Public Safety Local Option Income Tax (LOIT). Economic Development Income Tax was enacted July 1, 1995 at one-tenth of a percent (0.1%) but was then increased by ordinance beginning in 1998 to two-tenths of a percent (0.2%) and in 2009 it was increased to its maximum of (0.4%). The city received \$3,531,576, \$2,636,726 and \$3,278,317 of CEDIT distributions for the years 2010, 2011 and 2012 respectively. County Option Income Tax was enacted in July of 1997 at two-tenths of a percent (0.2%) and increased yearly by one-tenth of a percent (0.1%) to a maximum of six-tenths of a percent (0.6%). The city received \$2,891,687, \$2,537,616 and \$2,968,395 of COIT distributions for the years 2010, 2011 and 2012 respectively. In October of 2009 a Public Safety Local Option Income Tax was enacted at .25%. The city received \$2,432,036, \$1,911,804 and \$2,387,887 of LOIT distributions for the years 2010, 2011 and 2012. Other intergovernmental revenue includes alcoholic beverage tax, wheel tax, vehicle excise tax and cigarette tax. User fees are analyzed each year with future increases to be implemented to help shift some of the burden of taxation.

**General Government Expenditures**

The following schedule presents a summary of general government expenditures for the year ended December 31, 2012.

<u>Expenditures</u>	<u>2012 Amount</u>	<u>% of Total</u>
General Government	\$ 6,877,477	8.98%
Public Safety	31,241,129	40.82%
Highways and Streets	18,934,415	24.73%
Sanitation	1,953,950	2.55%
Culture and Recreation	4,463,293	5.83%
Community Development	7,616,243	9.95%
Debt service	<u>5,465,221</u>	<u>7.14%</u>
Total	<u>\$ 76,551,728</u>	<u>100.00%</u>

The City of Mishawaka breaks its general government expenditures into six categories: general government, public safety, highways and streets, sanitation, culture and recreation, and community development. Combined in the expenditure totals are also capital outlay which is listed separately on the statement of revenues, expenditures, and changes in fund balances for governmental funds. Debt service is also listed separately in the report. As you can see in the above summary, Public Safety has the highest total of expenditures at \$31,241,129 or 40.82% of the total expenditures while Highways and Streets and General Government are at 24.73% and 8.98% respectively. Data for each non-major fund is provided in the form of combining statements elsewhere in this report.

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

The City of Mishawaka maintains 47 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General and TIF NW General funds all of which are considered to be major funds. Data from the other funds are combined and presented in one column labeled Other Governmental Funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Mishawaka adopts an annual appropriated budget for the majority of its funds. A budgetary comparison statement has been provided for the major funds to demonstrate compliance with the budgets as required supplementary information.

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

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

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

#### **Pension Trust Fund Operations**

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

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

#### **Notes to the financial statements**

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

#### **Other information**

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

## Government-Wide Financial Statement Analysis

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

### City of Mishawaka Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 73,328,596	\$ 74,391,494	\$ 55,856,516	\$ 61,763,123	\$129,185,112	\$136,154,617
Capital assets	<u>162,279,835</u>	<u>146,195,152</u>	<u>185,412,156</u>	<u>178,446,825</u>	<u>347,691,991</u>	<u>324,641,977</u>
Total assets	<u>235,608,431</u>	<u>220,586,646</u>	<u>241,268,672</u>	<u>240,209,948</u>	<u>476,877,103</u>	<u>460,796,594</u>
Long-term liabilities	42,271,250	39,273,885	102,323,444	106,570,001	144,594,694	145,843,886
Other liabilities	<u>3,461,252</u>	<u>2,293,135</u>	<u>8,990,647</u>	<u>9,217,968</u>	<u>12,451,899</u>	<u>11,511,103</u>
Total liabilities	<u>45,732,502</u>	<u>41,567,020</u>	<u>111,314,091</u>	<u>115,787,969</u>	<u>157,046,593</u>	<u>157,354,989</u>
Net position:						
Net Investment						
In capital assets	151,073,920	128,567,519	97,739,643	93,926,064	248,813,563	222,493,583
Restricted	2,790,264	2,839,701	8,641,187	6,957,189	11,431,451	9,796,890
Unrestricted	<u>36,011,745</u>	<u>47,612,406</u>	<u>23,573,751</u>	<u>23,538,726</u>	<u>59,585,496</u>	<u>71,151,132</u>
Total net position	<u>\$189,875,929</u>	<u>\$179,019,626</u>	<u>\$129,954,581</u>	<u>\$124,421,979</u>	<u>\$319,830,510</u>	<u>\$303,441,605</u>

### Normal Impacts

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Current and other assets consist mainly of cash, investments, and receivables from property taxes, intergovernmental sources, and interest. Capital assets include land, improvements to land, construction in progress, buildings and improvements, equipment, and infrastructure such as roads, and sidewalks and curbs. Long-term liabilities consist mainly of notes and loans payable, bonds payable and capital leases. Other liabilities include mainly accounts payable, accrued payroll, customer deposits and taxes payable.

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

### Current Year Impacts

At December 31, 2012, the City of Mishawaka's assets exceeded liabilities by \$319,830,510 an increase of \$16.4 million from the previous year (based on restated values). The largest portion of the City of Mishawaka's net position reflects its net investment in capital assets (78%), less any related debt used to acquire those assets that are still outstanding.

At the end of 2012, the City of Mishawaka was able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same held true for the prior year 2011.

At year end the City of Mishawaka's net position was \$319,830,510. This amount is made up of \$248,813,563 net investment in capital assets (e.g., land, buildings, machinery, and equipment), \$11,431,451 assets with external restrictions upon its use, and \$59,585,496 of unrestricted assets that are available for future use as directed by management.

### Summary of Changes in Net Position

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

<b>City of Mishawaka</b>						
<b>Changes in Net Position</b>						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$7,440,572	\$5,933,085	\$72,693,321	\$70,922,488	\$80,133,893	\$76,855,573
Operating grants and contributions	3,256,325	4,373,061			3,256,325	4,373,061
Capital grants and contributions	5,887,808	5,834,032	87,495	167,104	5,975,303	6,001,136
General revenues:						
Property taxes	43,780,600	44,782,236			43,780,600	44,782,236
Grants and contributions not restricted to specific programs	8,403,833	8,206,595			8,403,833	8,206,595
Unrestricted investment earnings	119,285	34,289	122,082	112,130	241,367	146,419
Other revenue	6,777,151	315,108			6,777,151	315,108
Special items:						
Insurance Settlement						
			727,766		727,766	
<b>Total revenues</b>	<b>\$75,665,574</b>	<b>\$69,478,406</b>	<b>\$73,630,664</b>	<b>\$71,201,722</b>	<b>\$149,296,238</b>	<b>\$140,680,128</b>
<b>EXPENSES</b>						
General government	7,938,056	7,967,985			7,938,056	7,967,985
Public safety	31,059,510	29,631,615			31,059,510	29,631,615
Highways and streets	10,110,135	6,927,174			10,110,135	6,927,174
Sanitation	1,953,950	1,954,482			1,953,950	1,954,482
Community development	7,624,016	2,191,347			7,624,016	2,191,347
Culture and recreation	5,354,168	6,062,941			5,354,168	6,062,941
Interest on long-term debt	476,838	627,328			476,838	627,328
Water utility			7,037,417	6,699,816	7,037,417	6,699,816
Wastewater utility			11,979,193	11,541,256	11,979,193	11,541,256
Electric utility			49,374,050	49,813,781	49,374,050	49,813,781
<b>Total expenses</b>	<b>\$64,516,673</b>	<b>\$55,362,872</b>	<b>\$68,390,660</b>	<b>\$68,054,853</b>	<b>\$132,907,333</b>	<b>\$123,417,725</b>
Changes in net position before transfers	11,148,901	14,115,534	5,240,004	3,146,869	16,388,905	17,262,403
Transfers	(292,598)	(3,578,995)	292,598	3,578,995		
Change in net position	10,856,303	10,536,539	5,532,602	6,725,864	16,388,905	17,262,403
Net Position-Beginning, restated	179,019,626	168,483,087	124,421,979	117,696,115	303,441,605	286,179,202
Net Position-Ending	\$189,875,929	\$179,019,626	\$129,954,581	\$124,421,979	\$319,830,510	\$303,441,605

### Normal Impacts

#### Revenue:

When comparing revenue, economic conditions can reflect a declining, stable or growing environment and may have a great impact on property, sales, gas and other taxes as well as public spending for building permits, user fees and volumes of consumption. While certain tax rates are set by statute, the City Council has authority to impose and increase or decrease rates (utility charges, user fees, permits, etc.). Certain recurring revenues (block grants, state sharing, etc.) may experience changes periodically while others (or one-time) grants are less predictable and may often distort revenue comparisons from year to year.

Expenses:

Within certain expense categories (Police, Fire, Parks and Recreation, etc.), programs added or deleted from year to year may change to meet community needs. Staffing needs may change from year to year to meet the changes in services. Staffing costs (salaries and benefits) represent 69.7% of the city's primary government operating cost. Some functions may experience unusual changes due to the specific cost (fuel, chemicals, etc.)

**Current Year Impacts  
Governmental Activities:**

Net position of the governmental activities increased from 2011 to 2012 by \$16.4 million after the restatement.

Charges for services revenue increased \$1.5 million or 25.4%. Highways and Streets charges for services increased \$1.3 million.

Operating grants and contributions decreased \$1.1 million from 2011. NSP Grant funding and HUD grant funding was down \$1 million in 2012. An NSP 1 grant was finalized in 2011 which lowered grant reimbursement by \$950 thousand and CBDG grant reimbursements were down \$ 201 thousand from 2011.

Capital grants and contributions decreased by \$53 thousand from 2011.

Property Taxes decreased due to a loss in collections for 2012. The tax collection rate in 2012 was 90.8%.

Grants and contributions not restricted to specific programs increased from 2011 by \$197 thousand.

Unrestricted investment earnings increased by \$94 thousand. The city has been working with a cash advisory group on investing for a longer period of time this increased the amount of interest income received by the city in 2012.

Governmental expenses increased by \$9.1 million or 16.5%.

Additional capital funding was used in Public Safety, Highways and Streets and Community Development in 2012. TIF funds have been appropriated for several large Highway and Street and Community Development Projects. The City of Mishawaka constructed a new Fire Station with a value of \$4 million in 2012. Main Street Improvements had a construction cost of \$5.6 million in 2012. The City of Mishawaka rehabilitated an old school for senior citizens apartments using TIF funds of \$5.3 million in 2012. The City of Mishawaka continues to program funds for infrastructure through out the city annually.

**Business Type Activities:**

Business Type Activities net position increased by \$5.5 million.

The electric and water utility saw increases in revenue for 2012 (\$1,000,000), (\$755,674) respectively due to a very warm and dry summer. The wastewater utility had a revenue decrease over fiscal year 2011 of (\$80,517). In 2013 the Electric and the Water utility will implement rates increases. It has been several years since these utilities have seen rate increases.

The expenses of the Business Type activities increased slightly \$335 thousand from 2011.

**Fund Financial Statement Analysis**

As noted earlier, the City of Mishawaka uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Mishawaka can be divided into three categories: government funds, proprietary funds, and fiduciary funds.

**Governmental Funds:**

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

As of the end of the current fiscal year, the City of Mishawaka's governmental funds reported combined ending fund balances of \$66,465,717 a decrease of \$1,634,666 after restatement from the prior year.

The General fund had an increase in fund balance of \$1.8 million and the NWTIF had a decrease of \$3.1 million. Conservative estimates of miscellaneous revenue and prudent spending helped to keep the General Fund cash balance on track. Ongoing projects have an effect on the NW TIF balance. The NW TIF is a Capital Improvements fund so when projects are in progress the fund balance will decrease.

Several funds had lower fund balances at 2012 year end for example the Motor Vehicle Fund went from \$3.2 million to \$1.4 million and Park and Recreation from \$1.3 million to \$436 thousand. A loss of property tax revenue had an effect on the fund balances as a whole. The 2012 final tax settlement was a 90% collection rate with a shortage of \$2.2 million. Overall the City of Mishawaka has very prudent spending philosophies and will continue this in the future. Individual fund data for each of the non-major governmental funds is provided in the form of the combining statements in the Supplemental Information portion.

The general fund is also the chief operating fund of the City of Mishawaka. As of December 31, 2012, the unassigned balance was \$7,898,202 and the total balance in the general fund was \$7,937,301 an increase of \$1.8 million from 2011. Each year the City of Mishawaka works hard at staying within our budget and being prudent spenders.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 24.88% of the total general fund expenditures, while total fund balance represents 25.00% of the same amount.

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

#### **Proprietary Funds:**

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

All three utilities of the City of Mishawaka saw an increase in total net position for 2012. Total net position for the City of Mishawaka proprietary funds increased by \$5.5 million, of this, net investment in capital assets increased by \$3.8 million, restricted for debt service increased \$1.7 million and unrestricted net position increased \$35 thousand. Overall cash and cash equivalents decreased by \$6.3 million and total capital assets increased \$6.9 million. The total liabilities for the proprietary funds had a decrease from 2011 of \$4.9 million..

The basic proprietary fund financial statements can be found later in this report.  
The internal service fund unrestricted net position was \$177,205.

#### **Fiduciary Funds:**

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

#### **General Fund Budgetary Highlights**

The City of Mishawaka adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The final budget was more than the original budget by \$451,971. An amended original budget can be explained by an encumbrance rollover, a current year budget increase or a reduction in budget by the state. In 2012 the submitted budget to the state was increased with encumbrances from 2012 (\$119,395), and additional appropriations of \$248,300 added additional funds for personal services in overlapping of employees (\$13,300), claims expense of (\$35,000), overtime and other expenses for public safety (\$200,000). The general fund budget is reviewed throughout the year and amended from time to time with the approval of the City Council. The City of Mishawaka tries to maintain its original budget by transferring funds from one account line to another. If this does not cover expenses then the City of Mishawaka appropriates from its fund balance. At the end of the fiscal year the actual expenditures are projected and the following financial information is condensed from the required supplementary information and the budget comparison schedules.

The actual revenues in 2012 were \$1,602,076 over budget and expenditures were \$1.8 million under the final budget amount.

Only one revenue category was under budget in 2012. The Taxes category was under budget by \$2,293,977 this was due to a low collection rate in 2012. In 2012 the Payment in Lieu of Taxes came in over budget by \$1.4 million and County Option Income Tax came in higher by \$1.4 million than the budget.

In 2012 expenditures under budget can be explained by frugal spending on the city's part. The City of Mishawaka continues to do more with less. Not filling all positions budgeted, quoting on all purchases over \$500.00 and keeping summer help wages at a minimum are just a few of the processes that the city uses to save taxpayer money.

### Capital Assets and Long Term Debt Liability:

#### Capital Assets

The City of Mishawaka's investment in capital assets for its governmental and business type activities at December 31, 2012 amounts to \$347,691,991 (net of accumulated depreciation), which represents a net increase (additions less retirements and depreciation) of \$23 million. This investment in capital assets includes land, construction in progress, buildings, improvements, equipment, vehicles and roads. A detailed note of these capital assets can be found in the Notes to the Financial Statements (Note III C).

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

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$13,358,580	\$12,684,266	\$1,513,541	\$1,508,260	\$14,872,121	\$14,192,526
Construction in progress	21,547,605	42,356,492	16,692,068	16,708,335	38,239,673	59,064,827
Buildings	18,044,224	8,760,181	37,129,531	38,057,518	55,173,755	46,817,699
Improvements other than buildings	13,040,620	13,722,221	111,926,448	102,362,458	124,967,068	116,084,679
Machinery and equipment	8,653,948	9,893,185	17,652,544	19,361,318	26,306,492	29,254,503
Transportation equipment			498,024	448,935	498,024	448,935
Infrastructure being depreciated	87,634,858	58,778,807	-0-		87,634,858	58,778,807
<b>Total</b>	<b>\$162,279,835</b>	<b>\$146,195,152</b>	<b>\$185,412,156</b>	<b>\$178,446,824</b>	<b>\$347,691,991</b>	<b>\$324,641,976</b>

#### Change in Capital Assets

	Governmental Activities	Business Type Activities	Total
Beginning Balance	\$146,195,152	\$178,446,824	\$324,641,976
Additions	52,816,012	22,633,283	75,449,295
Retirements:			
CIP	28,153,625	8,555,588	36,709,213
Other	573,766	513,137	1,086,903
Depreciation	8,500,586	6,909,115	15,409,701
Retirements	496,648	309,889	806,537
Ending Balance	\$162,279,835	\$185,412,156	\$347,691,991

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

- Hospice Site Infrastructure-\$1.5 million
- North Main Improvements PH V-\$5.5 million completion 2013
- First and Hill St Improvements-\$1.2 million
- Major Milburn Area Sewer Separation -\$3.5 million
- 2012 Summer Street, Sidewalk and Curb Program- \$793,731
- Merrifield Avenue Sidewalk and Curb installation-\$197,285
- Major extension of Bennington Dr.-\$728,801

**Debt Outstanding**

At December 31, 2012, the City had a number of debt issues outstanding. These issues included \$4,315,000 of general obligation bonds, \$2,420,000 of revenue bonds payable from governmental funds, and \$48,411,001 of revenue bonds payable from enterprise funds. Under the Indiana Constitution and state statute the City of Mishawaka's general obligation bonded debt issuances are subject to a legal limitation based upon 2% of assessed value of real and personal property.

The City's bonded debt decreased by \$8,072,473 from the prior year.

**Outstanding Bonded Debt at Year-end**

	<u>2012</u>	<u>2011</u>
<b>Governmental:</b>		
General Obligation	\$ 4,315,000	\$ 5,750,000
Tax Increment	<u>2,420,000</u>	<u>5,870,000</u>
Sub-total	\$ 6,735,000	\$11,620,000
<b>Business Type:</b>		
Water Utility	\$ 2,875,000	\$3,190,000
Wastewater Utility	<u>45,536,001</u>	<u>48,408,474</u>
Sub-total	<u>48,411,001</u>	<u>51,598,474</u>
Total	\$55,146,001	\$63,218,474

Principal payments of \$4,885,000 and \$3,187,473 (on bonds) were made in the governmental and business type activities, respectively.

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

The latest rating of Utility Revenue Bonds was with the Sewage Utility Revenue Bond of 2010 which was an A+.

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

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

**Economic Factors and next year's budgets and rates**

The City of Mishawaka is located in the north central part of the State of Indiana. The City of Mishawaka is approximately 140 miles north of Indianapolis and 100 miles east of Chicago. 2012 was another year of economic strain across the country with Mishawaka being no exception. The City of Mishawaka's building permit total dollar amount was \$51.6 million in 2012. Most areas of construction were up in 2012 in comparison to 2011. We are optimistic that Mishawaka will continue to grow in a slow and orderly fashion. The City of Mishawaka tends to be an affordable place to live as the median home cost, obtained by Sterling Best Places, is \$91,240.00. Steady population growth has always contributed to the stability of the community. Although the City of Mishawaka is benefiting from its long-term strategic planning, such as the relocation of the new St. Joseph Regional Medical Center the actual lingering effects of the national economic recession will continue to be a drag on new construction for years to come. The City of Mishawaka's 2000 census number was 46,557 the 2010 census number was 48,252 a 3.6% increase in the last ten years. Unemployment in St Joseph County Indiana decreased from 9.6% in December of 2011 to 9.4% in December of 2012. Labor force for St. Joseph County decreased in 2012 to 127,602 (December 2012) compared to 129,438 in 2011 (December).

In 2005 the State of Indiana enacted a phase in of a circuit breaker. The circuit breaker legislation (amended in 2008) had its greatest reduction of all residential property tax in 2010 (1%). Fee structure is always an area to revisit for additional funding for a municipality. As a city, in 2013 we will still have to keep our spending at a minimum, the city's health insurance program will be adjusted, and costs of services will be analyzed to best prepare the city for any future legislative changes in the property tax laws. In 2013 the City of Mishawaka submitted another balanced budget. The City of Mishawaka has had to make difficult decisions to be able to provide the best services to its citizens at the best cost possible. In 2012 we received a 90.8% distribution of our property tax which left us short \$2.2 million in funds but with cautious spending and fiscal management we can make it through uncertain times.

The adopted FY2013 Civil City Budget is \$52,312,050 which is 9.63% higher than in FY2012. The General Fund budget for FY2013 is \$31,365,904 which is 5.4% higher than FY2012.

In 2012 the city moved forward working on an Electric and Water rate study for eventual rates increases to go into affect in 2013. The City of Mishawaka opted out of the Indiana Utility Regulatory Commission for our water rates in 2012. Due to a couple issues in the law, the Electric Utility will opt out of the IURC in 2013.

#### City Highlights:

- In 2012 the Community Development Department again partnered with Habitat for Humanity to build four new homes in Mishawaka.
- The Redevelopment Department's First Time Homebuyer Program continues to be a success in 2012. Since 2004 the Redevelopment Department has built 32 new homes through this program.
- In 2012 the city completed the renovation of an existing building built in 1924. The building was converted into a 32 unit apartment development for senior citizens. The apartments will provide independent housing for low to moderate income citizens at least 55 years of age.
- In 2006, the City of Mishawaka began a partnership with Rivervalley Church and Vineyard Community Church to create the program known as Summer in Service. In 2012, the city again joined efforts with local faith-based organizations to complete service and repair projects on eight homes in Mishawaka.
- In the summer of 2012 the Redevelopment Commission entered into a Memorandum of Understanding to allow for the construction of a 40,000 square foot Center for Hospice Care.
- For the last six years the City of Mishawaka Code Enforcement Department has highlighted 100 structures that they feel need attention and in 2012 91% of those highlighted were brought into code compliance.
- The Code Enforcement Department continues to assist the department of Community Development in providing locations of vacant properties. Through the Neighborhood Stabilization Program many blighted properties have been purchased, demolished and replaced with new single family homes.
- The City of Mishawaka milled and resurfaced 34,000 linear feet of street in 2012.
- In 2012 the city continues to provide funding for the Park Improvement plan. The city has 31 parks that will need updating over the next several years.
- In 2012 the city purchased a 144 thousand square foot building to house our Central Services Department. The building is situated on 11.5 acres of property.

#### Requests for information

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

CITY OF MISHAWAKA  
STATEMENT OF NET POSITION  
December 31, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	
<b>Assets</b>				
Cash and cash equivalents	\$ 53,909,849	\$ 7,234,465	\$ 61,144,314	\$ 1,283,463
Receivables (net of allowances for uncollectibles):				
Interest	46,537	14	46,551	-
Taxes	2,066,996	-	2,066,996	-
Accounts	666,949	4,634,051	5,301,000	-
Other	-	229,803	229,803	-
Intergovernmental	774,330	-	774,330	-
Loans	5,587,462	-	5,587,462	4,832,157
Inventories	-	2,739,673	2,739,673	-
Prepaid expense	471,338	437,303	908,641	-
Deferred charges	71,034	1,230,160	1,301,194	-
Restricted assets:				
Cash and cash equivalents	2,709,691	39,272,720	41,982,411	-
Taxes receivable	80,573	-	80,573	-
Assets held for resale	6,943,837	-	6,943,837	-
Capital assets:				
Land and construction in progress	34,906,185	18,205,609	53,111,794	-
Other capital assets, net of depreciation	127,373,650	167,206,547	294,580,197	-
Net pension asset	-	78,327	78,327	-
<b>Total assets</b>	<b>235,608,431</b>	<b>241,268,672</b>	<b>476,877,103</b>	<b>6,115,620</b>
<b>Liabilities</b>				
Accounts payable	835,783	3,883,008	4,718,791	-
Accrued payroll and withholdings payable	523,447	361,055	884,502	-
Contracts payable	1,845,527	-	1,845,527	-
Short-term loans payable	120,000	-	120,000	-
Taxes payable	-	229,880	229,880	-
Accrued interest payable	38,383	1,053,602	1,091,985	-
Payable from restricted assets:				
Customer deposits	-	2,835,208	2,835,208	-
Accounts payable	1,000	-	1,000	-
Contracts payable	-	627,894	627,894	-
Interest payable	97,112	-	97,112	-
Noncurrent liabilities:				
Due within one year:				
General obligation bonds payable	1,500,000	-	1,500,000	-
Revenue bonds payable	223,325	3,475,000	3,698,325	-
TIF bonds payable	1,926,548	-	1,926,548	-
Compensated absences	527,744	73,500	601,244	-
Capital lease obligations	266,668	48,580	315,248	-
Notes and loans payable	-	2,196,925	2,196,925	-
Due in more than one year:				
General obligation bonds payable (net of unamortized discounts)	2,785,836	-	2,785,836	-
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	446,651	44,354,341	44,800,992	-
TIF bonds payable (net of unamortized discounts)	471,421	-	471,421	-
Compensated absences	182,118	203,389	385,507	-
Capital lease obligations	3,599,998	97,160	3,697,158	-
Notes and loans payable	-	51,874,549	51,874,549	-
Net other postemployment benefits obligation	13,702,136	-	13,702,136	-
Net pension obligation	16,638,805	-	16,638,805	-
<b>Total liabilities</b>	<b>45,732,502</b>	<b>111,314,091</b>	<b>157,046,593</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	151,073,920	97,739,643	248,813,563	-
Restricted for:				
Debt service	2,790,264	8,641,187	11,431,451	-
Component unit	-	-	-	6,115,620
Unrestricted	36,011,745	23,573,751	59,585,496	-
<b>Total net position</b>	<b>\$ 189,875,929</b>	<b>\$ 129,954,581</b>	<b>\$ 319,830,510</b>	<b>\$ 6,115,620</b>

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

CITY OF MISHAWAKA  
STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Unit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		Totals
<b>Primary government:</b>								
<b>Governmental activities:</b>								
General government	\$ 7,938,056	\$ 1,034,816	\$ -	\$ 952,245	\$ (5,950,995)	\$ -	\$ (6,950,995)	\$ -
Public safety	31,059,510	1,577,596	2,498,525	25,284	(26,958,105)	-	(26,958,105)	-
Highways and streets	10,110,135	1,515,476	-	4,327,749	(4,266,910)	-	(4,266,910)	-
Sanitation	1,953,950	2,068,575	-	-	114,625	-	114,625	-
Community development	7,624,016	184,775	665,995	-	(6,773,246)	-	(6,773,246)	-
Culture and recreation	5,354,168	1,059,334	91,805	582,530	(3,620,499)	-	(3,620,499)	-
Interest on long-term debt	476,838	-	-	-	(476,838)	-	(476,838)	-
<b>Total governmental activities</b>	<b>64,516,673</b>	<b>7,440,572</b>	<b>3,256,325</b>	<b>5,887,808</b>	<b>(47,931,968)</b>	<b>-</b>	<b>(47,931,968)</b>	<b>-</b>
<b>Business-type activities:</b>								
Water	7,037,417	8,476,779	-	87,495	-	1,526,857	1,526,857	-
Wastewater	11,979,193	12,967,156	-	-	-	987,963	987,963	-
Electric	49,374,050	51,249,386	-	-	-	1,875,336	1,875,336	-
<b>Total business-type activities</b>	<b>68,390,660</b>	<b>72,693,321</b>	<b>-</b>	<b>87,495</b>	<b>-</b>	<b>4,390,156</b>	<b>4,390,156</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 132,907,333</b>	<b>\$ 80,133,893</b>	<b>\$ 3,256,325</b>	<b>\$ 5,975,303</b>	<b>(47,931,968)</b>	<b>4,390,156</b>	<b>(43,541,812)</b>	<b>\$ -</b>
<b>General revenues:</b>								
Property taxes				43,780,600	-	43,780,600	-	-
Grants and contributions not restricted to specific programs				8,403,833	-	8,403,833	-	-
Unrestricted investment earnings				119,285	122,082	241,367	-	3,417
Other				6,777,151	-	6,777,151	-	48,193
<b>Special Items:</b>								
Insurance settlement				-	727,766	727,766	-	-
Transfers				(292,598)	292,598	-	-	-
<b>Total general revenues and transfers</b>				<b>58,788,271</b>	<b>1,142,446</b>	<b>59,930,717</b>		<b>51,610</b>
Change in net position				10,856,303	5,532,602	16,388,905		51,610
Net position - beginning, restated				179,019,626	124,421,979	303,441,605		6,064,010
<b>Net position - ending</b>				<b>\$ 189,875,929</b>	<b>\$ 129,954,581</b>	<b>\$ 319,830,510</b>		<b>\$ 6,115,620</b>

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

CITY OF MISHAWAKA  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
December 31, 2012

	General	TIF NW General	Nonmajor Governmental Funds	Totals
<u>Assets</u>				
Cash and cash equivalents	\$ 8,087,780	\$ 19,105,082	\$ 29,269,473	\$ 56,442,335
Receivables (net of allowances for uncollectibles):				
Interest	16,288	25,595	4,654	46,537
Taxes	1,050,520	718,762	378,287	2,147,569
Accounts	534,491	-	132,458	666,949
Intergovernmental	93,685	-	680,645	774,330
Interfund	-	125,000	-	125,000
Loans	-	5,055,651	531,811	5,587,462
Assets held for resale	-	6,943,837	-	6,943,837
<b>Total assets</b>	<u>\$ 9,762,764</u>	<u>\$ 31,973,927</u>	<u>\$ 30,997,328</u>	<u>\$ 72,734,019</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 212,816	\$ 61,410	\$ 562,557	\$ 836,783
Accrued payroll and withholdings payable	437,127	-	86,320	523,447
Contracts payable	-	1,607,626	237,901	1,845,527
Interfund payable	125,000	-	-	125,000
Short-term loans payable	-	-	120,000	120,000
Energy improvement revenue bond	-	-	669,976	669,976
Deferred revenue	1,050,520	718,762	378,287	2,147,569
<b>Total liabilities</b>	<u>1,825,463</u>	<u>2,387,798</u>	<u>2,055,041</u>	<u>6,268,302</u>
<u>Fund balances:</u>				
<u>Nonspendable:</u>				
Long-term loans receivable	-	4,843,532	487,358	5,330,890
Assets held for resale	-	6,943,837	-	6,943,837
<u>Restricted</u>				
Restricted	-	-	17,258,721	17,258,721
<u>Committed</u>				
Committed	-	-	6,353,315	6,353,315
<u>Assigned</u>				
Assigned	39,099	17,798,760	4,842,893	22,680,752
<u>Unassigned</u>				
Unassigned	7,898,202	-	-	7,898,202
<b>Total fund balances</b>	<u>7,937,301</u>	<u>29,586,129</u>	<u>28,942,287</u>	<u>66,465,717</u>
<b>Total liabilities and fund balances</b>	<u>\$ 9,762,764</u>	<u>\$ 31,973,927</u>	<u>\$ 30,997,328</u>	<u>\$ 72,734,019</u>

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

CITY OF MISHAWAKA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
For The Year Ended December 31, 2012

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

Total fund balances	\$	-	\$ 66,465,717
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Governmental capital assets			203,689,157
Less accumulated depreciation			<u>(41,409,322)</u>
			162,279,835
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Prepaid expenses			471,338
Deferred charges			<u>71,034</u>
			542,372
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.			
			177,205
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligation bonds payable			(4,315,000)
TIF bonds payable			(2,420,000)
Capital lease payable			(3,866,666)
Bond discount			51,195
Accrued interest payable			(135,495)
Compensated absences			(709,862)
Net other postemployment benefits obligation			(13,702,136)
Net pension obligation			<u>(16,638,805)</u>
			(41,736,769)
Unearned revenue in governmental fund is susceptible to full accrual on the entity-wide statements			
			<u>2,147,569</u>
Net position of governmental activities			<u>\$ 189,875,929</u>

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

CITY OF MISHAWAKA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2012

	General	TIF NW General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 18,216,149	\$ 20,541,469	\$ 5,953,046	\$ 44,710,664
Licenses and permits	858,075	-	103,676	961,751
Intergovernmental	8,403,833	-	9,144,133	17,547,966
Charges for services	1,420,052	-	2,610,979	4,031,031
Fines and forfeits	49,596	-	21,958	71,554
Interest	28,641	70,580	20,064	119,285
Sale and use of property	4,781	-	427,016	431,797
Gifts and donations	-	-	120,735	120,735
Other	428,118	1,500,000	323,704	2,251,822
<b>Total revenues</b>	<b>29,409,245</b>	<b>22,112,049</b>	<b>18,725,311</b>	<b>70,246,605</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	5,906,205	-	27,108	5,933,313
Public safety	25,358,440	-	1,508,318	26,866,758
Highways and streets	294,291	-	4,692,902	4,987,193
Sanitation	-	-	1,953,950	1,953,950
Culture and recreation	-	-	3,232,917	3,232,917
Community development	183,592	-	807,470	991,062
<b>Debt service:</b>				
Principal	-	-	5,018,334	5,018,334
Interest	-	-	446,887	446,887
<b>Capital outlay:</b>				
General government	-	12,159	932,005	944,164
Public safety	-	-	4,374,371	4,374,371
Highways and streets	-	11,156,404	2,790,818	13,947,222
Culture and recreation	-	747,056	483,320	1,230,376
Community development	-	6,625,181	-	6,625,181
<b>Total expenditures</b>	<b>31,742,528</b>	<b>18,540,800</b>	<b>26,268,400</b>	<b>76,551,728</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,333,283)</b>	<b>3,571,249</b>	<b>(7,543,089)</b>	<b>(6,305,123)</b>
<b>Other financing sources (uses):</b>				
Debt issuance	-	-	4,000,000	4,000,000
Transfers in	4,139,344	5,700	3,846,105	7,991,149
Transfers out	-	(6,685,425)	(635,267)	(7,320,692)
<b>Total other financing sources and uses</b>	<b>4,139,344</b>	<b>(6,679,725)</b>	<b>7,210,838</b>	<b>4,670,457</b>
<b>Net change in fund balances</b>	<b>1,806,061</b>	<b>(3,108,476)</b>	<b>(332,251)</b>	<b>(1,634,666)</b>
<b>Fund balances - beginning restated</b>	<b>6,131,240</b>	<b>32,694,605</b>	<b>29,274,538</b>	<b>68,100,383</b>
<b>Fund balances - ending</b>	<b>\$ 7,937,301</b>	<b>\$ 29,586,129</b>	<b>\$ 28,942,287</b>	<b>\$ 66,465,717</b>

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

CITY OF MISHAWAKA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2012

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

Net change in fund balances - total governmental funds	\$	-	\$ (1,634,666)
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.			
Expenditures for capital assets			18,313,354
Contributions of capital assets			6,349,033
Less current year depreciation expense			(8,500,586)
Loss on disposal of assets			(77,118)
			16,084,683
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			
			(930,064)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Capital lease issuance			(4,000,000)
Principal debt payments			5,018,334
			1,018,334
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.			
Amortization of current year bond discount			(43,890)
Amortization of current year bond issuance cost			(34,078)
Accrued interest			48,017
Prepaid expenses			13,322
Change in compensated absences			(62,753)
Change in net other postemployment benefits obligation			(3,642,459)
Change in net pension obligation			403,379
			(3,318,462)
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.			
			(363,522)
Change in net position of governmental activities (Statement of Activities)			\$ 10,856,303

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

CITY OF MISHAWAKA  
STATEMENT OF NET POSITION -  
PROPRIETARY FUNDS  
December 31, 2012

	Business-Type Activities - Enterprise Funds				Governmental Activities -
	Water Utility	Wastewater Utility	Electric Utility	Totals	Internal Service Fund
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 2,176,593	\$ 1,675,172	\$ 3,382,700	\$ 7,234,465	\$ 177,205
Interest receivable	-	14	-	14	-
Accounts receivable (net of allowance)	409,251	820,694	3,404,106	4,634,051	-
Accounts receivable - other (net of allowance)	84,248	75	145,480	229,803	-
Inventories	226,305	-	2,513,368	2,739,673	-
Prepaid items	113,935	146,326	177,042	437,303	-
<b>Restricted cash and cash equivalents:</b>					
Construction	-	14,374,042	-	14,374,042	-
Customer deposits	458,505	3,330	2,360,125	2,821,960	-
Revenue bond covenant accounts	1,468,368	7,172,819	-	8,641,187	-
Reserve account	-	-	754,000	754,000	-
Repair account	1,468,498	11,171,730	41,303	12,681,531	-
<b>Total current assets</b>	<b>6,405,703</b>	<b>35,364,202</b>	<b>12,778,124</b>	<b>54,548,029</b>	<b>177,205</b>
<b>Noncurrent assets:</b>					
Net pension asset	19,583	19,581	39,163	78,327	-
Deferred charges	74,498	377,434	778,228	1,230,160	-
<b>Total noncurrent assets</b>	<b>94,081</b>	<b>397,015</b>	<b>817,391</b>	<b>1,308,487</b>	<b>-</b>
<b>Capital assets:</b>					
Land and construction in progress	684,281	17,213,596	307,732	18,205,609	-
Other capital assets (net of accumulated depreciation)	40,719,236	92,140,662	34,346,649	167,206,547	-
<b>Total capital assets</b>	<b>41,403,517</b>	<b>109,354,258</b>	<b>34,654,381</b>	<b>185,412,156</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>41,497,598</b>	<b>109,751,273</b>	<b>35,471,772</b>	<b>186,720,643</b>	<b>-</b>
<b>Total assets</b>	<b>47,903,301</b>	<b>145,115,475</b>	<b>48,249,896</b>	<b>241,268,672</b>	<b>177,205</b>

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

Continued on next page

CITY OF MISHAWAKA  
STATEMENT OF NET POSITION -  
PROPRIETARY FUNDS  
December 31, 2012  
(Continued)

	Business-Type Activities - Enterprise Funds				Governmental
	Water Utility	Wastewater Utility	Electric Utility	Totals	Activities - Internal Service Fund
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	364,723	262,024	3,256,261	3,883,008	-
Accrued payroll and withholdings payable	86,248	119,262	155,545	361,055	-
Taxes payable	-	-	229,880	229,880	-
Accrued interest payable	200	1,053,402	-	1,053,602	-
Compensated absences	12,100	10,000	51,400	73,500	-
Current liabilities payable from restricted assets:					
Customer deposits	471,723	3,360	2,360,125	2,835,208	-
Contract payable	-	627,894	-	627,894	-
Capital lease obligations	-	48,580	-	48,580	-
Notes and loans payable	1,245,976	940,465	10,484	2,196,925	-
Revenue bonds payable	335,000	3,140,000	-	3,475,000	-
Total current liabilities	<u>2,515,970</u>	<u>6,204,987</u>	<u>6,063,695</u>	<u>14,784,652</u>	<u>-</u>
Noncurrent liabilities:					
Compensated absences	64,768	59,447	79,174	203,389	-
Capital lease obligations	-	97,160	-	97,160	-
Notes and loans payable	12,175,366	39,680,629	18,554	51,874,549	-
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	2,344,718	42,009,623	-	44,354,341	-
Total noncurrent liabilities	<u>14,584,852</u>	<u>81,846,859</u>	<u>97,728</u>	<u>96,529,439</u>	<u>-</u>
Total liabilities	<u>17,100,822</u>	<u>88,051,846</u>	<u>6,161,423</u>	<u>111,314,091</u>	<u>-</u>
<u>Net Position</u>					
Net investment in capital assets	25,302,457	37,811,843	34,625,343	97,739,643	-
Restricted for debt service and other purposes	1,468,368	7,172,819	-	8,641,187	-
Unrestricted	4,031,654	12,078,967	7,463,130	23,573,751	177,205
Total net position	<u>\$ 30,802,479</u>	<u>\$ 57,063,629</u>	<u>\$ 42,088,473</u>	<u>\$ 129,954,581</u>	<u>\$ 177,205</u>

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

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CITY OF MISHAWAKA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Water Utility	Wastewater Utility	Electric Utility	Totals	Internal Service Fund
Operating revenues:					
Unmetered water revenue	\$ 3,335	\$ -	\$ -	\$ 3,335	\$ -
Metered revenue:					
Residential	5,342,297	-	17,712,229	23,054,526	-
Commercial	1,393,239	-	32,448,160	33,841,399	-
Public street and highway lighting	-	-	372,847	372,847	-
Fire protection revenue	1,151,277	-	-	1,151,277	-
Penalties	40,814	182,209	212,596	435,619	-
Employee/employer contributions	-	-	-	-	9,665,103
Measured revenue:					
Residential	-	7,926,552	-	7,926,552	-
Commercial	-	4,555,707	-	4,555,707	-
Other	487,645	302,688	501,529	1,291,862	-
<b>Total operating revenues</b>	<b>8,418,607</b>	<b>12,967,156</b>	<b>51,247,361</b>	<b>72,633,124</b>	<b>9,665,103</b>
Operating expenses:					
Source of supply and expense - operations and maintenance	1,266,372	1,419,473	-	2,685,845	-
Transmission and distribution	1,492,503	-	3,764,256	5,256,759	-
Treatment and disposal expense - operations and maintenance	822,952	713,631	-	1,536,583	-
Customer accounts	335,909	16,864	835,889	1,188,662	-
Administration and general	983,288	1,776,116	3,325,669	6,085,073	-
Insurance claims and premiums	-	-	-	-	10,028,625
Purchased power	-	-	39,014,806	39,014,806	-
Sewer - operation and maintenance	-	1,820,626	-	1,820,626	-
Pre treatment - operation and maintenance	-	99,080	-	99,080	-
Chemicals	-	196,613	-	196,613	-
Depreciation	1,516,698	3,012,506	2,379,911	6,909,115	-
<b>Total operating expenses</b>	<b>6,417,722</b>	<b>9,054,909</b>	<b>49,320,531</b>	<b>64,793,162</b>	<b>10,028,625</b>
<b>Operating income (loss)</b>	<b>2,000,885</b>	<b>3,912,247</b>	<b>1,926,830</b>	<b>7,839,962</b>	<b>(363,522)</b>
Nonoperating revenues (expenses):					
Interest and investment revenue	4,948	115,695	1,439	122,082	-
Miscellaneous revenue	58,172	-	2,025	60,197	-
Interest expense	(547,853)	(2,898,612)	(858)	(3,447,323)	-
Amortization expense	(32,397)	(25,672)	(27,358)	(85,427)	-
Loss on disposal of assets	(39,445)	-	(25,303)	(64,748)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(556,575)</b>	<b>(2,808,589)</b>	<b>(50,055)</b>	<b>(3,415,219)</b>	<b>-</b>
<b>Income (loss) before contributions and transfers</b>	<b>1,444,310</b>	<b>1,103,658</b>	<b>1,876,775</b>	<b>4,424,743</b>	<b>(363,522)</b>
Capital contributions	87,495	963,055	-	1,050,550	-
Special item	-	-	727,766	727,766	-
Transfers in	-	3,360,000	-	3,360,000	-
Transfers out	(839,551)	(1,605,530)	(1,585,376)	(4,030,457)	-
<b>Change in net position</b>	<b>692,254</b>	<b>3,821,183</b>	<b>1,019,165</b>	<b>5,532,602</b>	<b>(363,522)</b>
<b>Total net position - beginning, restated</b>	<b>30,110,225</b>	<b>53,242,446</b>	<b>41,069,308</b>	<b>124,421,979</b>	<b>540,727</b>
<b>Total net position - ending</b>	<b>\$ 30,802,479</b>	<b>\$ 57,063,629</b>	<b>\$ 42,088,473</b>	<b>\$ 129,954,581</b>	<b>\$ 177,205</b>

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

CITY OF MISHAWAKA  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Water Utility	Wastewater Utility	Electric Utility	Totals	Activities - Internal Service Fund
Cash flows from operating activities:					
Receipts from customers and users	\$ 8,412,353	\$ 12,926,222	\$ 50,908,349	\$ 72,246,924	\$ -
Receipts from interfund services provided	-	-	-	-	9,665,103
Payments to suppliers	(2,225,725)	(2,637,934)	(44,480,268)	(49,343,927)	-
Payments to employees	(2,736,089)	(3,250,173)	(4,464,287)	(10,450,549)	-
Payments for interfund services used	-	-	-	-	(10,028,625)
Other receipts (payments)	58,172	-	2,025	60,197	-
Net cash provided (used) by operating activities	<u>3,508,711</u>	<u>7,038,115</u>	<u>1,965,819</u>	<u>12,512,645</u>	<u>(363,522)</u>
Cash flows from noncapital financing activities:					
Transfer from other funds	-	3,360,000	-	3,360,000	-
Transfer to other funds	(839,551)	(1,605,530)	(1,585,376)	(4,030,457)	-
Net cash provided (used) by noncapital financing activities	<u>(839,551)</u>	<u>1,754,470</u>	<u>(1,585,376)</u>	<u>(670,457)</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Capital contributions	87,495	-	-	87,495	-
Acquisition and construction of capital assets	(399,872)	(8,632,614)	(1,203,391)	(10,235,877)	-
Principal paid on bonds	(315,000)	(3,100,000)	-	(3,415,000)	-
Principal paid on capital leases	-	(48,580)	-	(48,580)	-
Principal paid on loans	(1,215,976)	(907,465)	(10,484)	(2,133,925)	-
Interest paid on bonds	(130,313)	(1,802,334)	-	(1,932,647)	-
Interest paid on capital leases	-	(4,158)	-	(4,158)	-
Interest paid on loans	(416,428)	(1,406,687)	(858)	(1,823,973)	-
Proceeds from special item	-	-	727,766	727,766	-
Net cash provided (used) by capital and related financing activities	<u>(2,390,094)</u>	<u>(15,901,838)</u>	<u>(486,967)</u>	<u>(18,778,899)</u>	<u>-</u>
Cash flows from investing activities:					
Interest received	4,948	123,952	1,439	130,339	-
Net increase (decrease) in cash and cash equivalents	284,014	(6,985,301)	(105,085)	(6,806,372)	(363,522)
Cash and cash equivalents, January 1 (including \$754,000, \$2,687,415, \$6,203,189, \$14,929,738, and \$22,176,378 for the reserve account, customer deposits, revenue bond covenant account, repair account, and construction, respectively, reported in restricted accounts)	<u>5,287,950</u>	<u>41,382,394</u>	<u>6,643,213</u>	<u>53,313,557</u>	<u>540,727</u>
Cash and cash equivalents, December 31 (including \$754,000, \$2,821,960, \$8,641,187, \$12,681,531, and \$14,374,042 for the reserve account, customer deposits, revenue bond covenant account, repair account, and construction, respectively, reported in restricted accounts)	<u>\$ 5,571,964</u>	<u>\$ 34,397,093</u>	<u>\$ 6,538,128</u>	<u>\$ 46,507,185</u>	<u>\$ 177,205</u>

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

Continued on next page

CITY OF MISHAWAKA  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2012  
(Continued)

	Business-Type Activities - Enterprise Funds				Governmental
	Water Utility	Wastewater Utility	Electric Utility	Totals	Internal Service Fund
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 2,000,885	\$ 3,912,247	\$ 1,926,830	\$ 7,839,962	\$ (363,522)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,516,698	3,012,506	2,379,911	6,909,115	-
Nonoperating revenue	58,172	-	2,025	60,197	-
(Increase) decrease in assets:					
Accounts receivable	(6,254)	(40,934)	(339,012)	(386,200)	-
Interfund services provided or used	-	-	72,541	72,541	-
Inventories	(175,450)	-	(1,723,608)	(1,899,058)	-
Prepaid items	(22,433)	(18,944)	(4,710)	(46,087)	-
Increase (decrease) in liabilities:					
Customer deposits	43,437	645	92,631	136,713	-
Accounts payable	164,084	208,438	(466,515)	(93,993)	-
Accrued payroll and withholdings payable	(27,658)	2,051	(5,134)	(30,741)	-
Interfund payables	(36,270)	(36,270)	-	(72,540)	-
Taxes payables	(4,467)	-	26,849	22,382	-
Compensated absences payable	382	788	8,837	10,007	-
Net pension obligation payable	(2,415)	(2,412)	(4,826)	(9,653)	-
Total adjustments	1,507,826	3,125,868	38,989	4,672,683	-
Net cash provided (used) by operating activities	\$ 3,508,711	\$ 7,038,115	\$ 1,965,819	\$ 12,512,645	\$ (363,522)
Noncash investing, capital and financing activities:					
Accreted value on capital appreciation bonds	\$ -	\$ 227,527	\$ -	\$ 227,527	\$ -
Work in progress on account	-	627,894	-	627,894	-
Work in progress financed through debt (SRF loan)	-	668,902	-	668,902	-
Transfer of work in progress to depreciated capital assets	-	8,555,588	-	8,555,588	-
Capitalized interest added to capital assets	-	585,737	-	585,737	-
Material and supply inventory converted to capital items	214,406	-	1,639,611	1,854,017	-
Contributed capital assets from government	-	963,055	-	963,055	-
Purchase of capital assets on account	41,561	6,658	-	48,219	-
Disposal of capital assets	210,202	-	253,280	463,482	-
Reclassified capital assets from improvements other than buildings to buildings.	-	49,655	-	49,655	-

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

CITY OF MISHAWAKA  
STATEMENT OF FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
December 31, 2012

	Pension Trust Funds	Agency Funds
<u>Assets</u>		
Cash and cash equivalents	\$ 1,845,152	\$ 4
Receivables:		
Interest and dividends	15,302	-
Accounts	-	3,527
Total receivables	15,302	3,527
Investments at fair value:		
Municipal bonds	1,265,973	-
Mutual funds	13,519,968	-
Total investments	14,785,941	-
Total assets	16,646,395	\$ 3,531
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	9,126	\$ 1,695
Accrued payroll and withholdings payable	-	1,836
Total liabilities	9,126	\$ 3,531
<u>Net Position</u>		
Net position held in trust for:		
Employees' pension benefits and other purposes	16,637,269	
Total net position	\$ 16,637,269	

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

CITY OF MISHAWAKA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2012

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
On behalf	\$ 4,038,865
Employer	<u>936,366</u>
Total contributions	<u>4,975,231</u>
Investment income:	
Net decrease in fair value of investments	1,146,919
Interest	<u>433,886</u>
Total investment income	1,580,805
Less investment expense:	
Investment activity expense	<u>34,624</u>
Net investment income	<u>1,546,181</u>
Total additions	<u>6,521,412</u>
<u>Deductions</u>	
Benefits	4,722,544
Administrative expense	<u>19,281</u>
Total deductions	<u>4,741,825</u>
Changes in net position	1,779,587
Net position - beginning	<u>14,857,682</u>
Net position - ending	<u>\$ 16,637,269</u>

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Blended Component Unit

The City of Mishawaka Building Corporation, Inc., is a legally separate nonprofit corporation, and is a significant blended component unit of the primary government. The Building Corporation's main purpose is to finance construction and remodeling of City buildings for the City of Mishawaka. Debt of the Building Corporation is repaid through lease payments from the City. Financial statements for the Building Corporation are available at the City Controller's Office, City of Mishawaka, 600 East Third Street, Mishawaka, IN, 46546.

Discretely Presented Component Unit

The Mishawaka Local Public Improvement Bond Bank is a significant discretely presented component unit of the primary government. Created in 2008 the Bond Bank is governed by a Board of Directors composed of five members. The primary government appoints all members of the board in accordance with Indiana Code 5-1.4-2-2. The City of Mishawaka created the Bond Bank to issue revenue bonds and other obligations to finance projects and purchase equipment.

The financial statement of the component unit may be obtained from the Controller, City of Mishawaka at 600 East Third Street, Mishawaka, IN, 46546.

Related Organizations

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

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

The primary government reports the following major governmental funds:

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

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The primary government reports the following major enterprise funds:

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

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

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

Additionally, the primary government reports the following fund types:

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

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

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

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

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

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

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

Open-end mutual funds are reported at fair value.

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

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

2. Interfund Transactions and Balances

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

3. Property Taxes

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

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.

CITY OF MISHAWAKA  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

5. Restricted Assets

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

6. Capital Assets

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

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

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

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

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.

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. The total interest expense incurred by the City in its business-type activities during the current year was \$4,033,060. Of the amount, \$585,737 was included as part of the cost of capital assets under construction in connection with wastewater facilities construction project.

7. Compensated Absences

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

CITY OF MISHAWAKA  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

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

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

8. Long-Term Obligations

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

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

9. Encumbrances

Contracts and purchasing commitments are reported as encumbrances when the contract or purchase order is executed. When the terms of the purchase order or contract have been fulfilled and payment to the contracting party is due, the encumbrance is liquidated and the liability and expenditure are recorded. Encumbrances remaining at fiscal year end are reported within the restricted, committed, or assigned fund balances of the governmental funds. The following shows encumbrances at December 31, 2012:

	Amount
General	\$ 39,100
Other governmental funds	7,146,354
Total	\$ 7,185,454

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

10. Fund Balances

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

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

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

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

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

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

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

The detail of the fund balance classifications of the governmental funds for the year ended December 31, 2012, is as follows:

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	General Fund	<u>Major Capital Project Fund</u> TIF NW General	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Long-term loans receivable	\$ -	\$ 4,843,532	\$ 487,358	\$ 5,330,890
Assets held for resale	<u>-</u>	<u>6,943,837</u>	<u>-</u>	<u>6,943,837</u>
Total nonspendable	<u>-</u>	<u>11,787,369</u>	<u>487,358</u>	<u>12,274,727</u>
Restricted:				
General government	-	-	1,548,233	1,548,233
Public safety	-	-	4,188,496	4,188,496
Highways and streets	-	-	7,267,566	7,267,566
Culture and recreation	-	-	1,274,846	1,274,846
Community development	-	-	270,889	270,889
Debt service	<u>-</u>	<u>-</u>	<u>2,708,691</u>	<u>2,708,691</u>
Total restricted	<u>-</u>	<u>-</u>	<u>17,258,721</u>	<u>17,258,721</u>
Committed:				
General government	-	-	2,258,141	2,258,141
Public safety	-	-	780,678	780,678
Highways and streets	-	-	2,668,978	2,668,978
Culture and recreation	<u>-</u>	<u>-</u>	<u>645,518</u>	<u>645,518</u>
Total committed	<u>-</u>	<u>-</u>	<u>6,353,315</u>	<u>6,353,315</u>
Assigned:				
General government	39,099	-	-	39,099
Public safety	-	-	30,068	30,068
Highways and streets	-	16,298,760	4,059,470	20,358,230
Sanitation	-	-	513,024	513,024
Culture and recreation	-	-	240,331	240,331
Community development	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>
Total assigned	<u>39,099</u>	<u>17,798,760</u>	<u>4,842,893</u>	<u>22,680,752</u>
Unassigned	<u>7,898,202</u>	<u>-</u>	<u>-</u>	<u>7,898,202</u>
Total fund balance	<u>\$ 7,937,301</u>	<u>\$ 29,586,129</u>	<u>\$ 28,942,287</u>	<u>\$ 66,465,717</u>

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Stewardship, Compliance, and Accountability

Budgetary Information

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

General

Nonmajor governmental funds:

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

Debt service fund – Municipal Bond No. 1

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

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

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

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

III. Detailed Notes on All Funds

A. Deposits and Investments

Primary Government

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The primary government does not have a deposit policy for custodial credit risk. At December 31, 2012, the primary government had deposit balances in the amount of \$105,347,263. Of this amount, the following was exposed to custodial credit risk:

	Amount
Uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent, but not in the depositor-government's name	\$ 136,146
Total	\$ 136,146

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.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Utilities Pension Fund Board of Trustees has established an investment policy for the Utility's Retirement Plan. This investment policy outlines parameters for investment activity for the pension plan. As of December 31, 2012, the City's Utility Pension Fund had the following investments:

Primary Government:

Investment Type	Market Value	Investment Maturities (in Years)		
		Less Than 1	1-2	More Than 2
Utility Pension Fund:				
Municipal bonds	\$ 1,265,973	\$ -	\$ -	\$ 1,265,973
Mutual funds	13,519,968	13,519,968	-	-
Totals	\$ 14,785,941	\$ 13,519,968	\$ -	\$ 1,265,973

Statutory Authorization for Investments

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

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

Investment Custodial Credit Risk

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

At December 31, 2012, the following investments held by the Utility's Pension Plan were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, but not in the government's name:

Primary Government:

<u>Investment Type</u>	<u>Not in the Government's Name</u>
Utility Pension Plan:	
Municipal bonds	\$ 1,265,973
Mutual funds	<u>13,519,968</u>
<b>Total</b>	<b><u>\$ 14,785,941</u></b>

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

Credit Risk

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

Primary Government:

Standard & Poor's Rating	Moody's Rating	Utility Pension Plan	
		Municipal Bonds	Mutual Funds
AAA	Aaa	\$ 410,068	\$ -
AA	Aa	748,085	-
A	A	107,820	-
Unrated	Unrated	-	13,519,968
Totals		<u>\$ 1,265,973</u>	<u>\$ 13,519,968</u>

Concentration of Credit Risk

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

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

Issuer	2012
Utility Pension Plan:	
Russell Investment Grade Bond	\$ 1,788,036
American Beacon Intl Equity Instl	870,621
Fidelity Spartan International Index	861,602
Vanguard Large Cap Index Signal	1,298,956
Vanguard Morgan Growth	1,046,169
Vanguard Windsor II	<u>1,078,975</u>
Total	<u>\$ 6,944,359</u>

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Discretely Presented Component Unit

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, 2012, the discretely presented component unit had deposit balances in the amount of \$1,283,463 all of which were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories. The discretely presented component unit does not have a policy covering deposit custodial credit risk.

B. Loans Receivables

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

<u>Fund</u>	<u>Receivable</u>	<u>Noncurrent</u>
Governmental funds:		
Major fund:		
TIF NW General	\$ 5,055,651	\$ 4,843,532
Nonmajor governmental fund:		
Special revenue funds:		
Community Development	<u>531,811</u>	<u>487,358</u>
Total governmental funds	<u>\$ 5,587,462</u>	<u>\$ 5,330,890</u>
 <u>Discretely Presented Component Unit</u>		
Mishawaka Bond Bank	<u>\$ 4,832,157</u>	<u>\$ 4,243,658</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activity:				
Capital assets, not being depreciated:				
Land	\$ 12,684,266	\$ 674,314	\$ -	\$ 13,358,580
Construction in progress	<u>42,356,492</u>	<u>7,344,738</u>	<u>28,153,625</u>	<u>21,547,605</u>
Total capital assets, not being depreciated	<u>55,040,758</u>	<u>8,019,052</u>	<u>28,153,625</u>	<u>34,906,185</u>

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activity (continued):				
Capital assets, being depreciated:				
Buildings	14,952,032	9,680,013	-	24,632,045
Improvements other than buildings	19,617,305	88,711	-	19,706,016
Machinery and equipment	24,292,728	1,562,609	573,766	25,281,571
Infrastructure being depreciated	<u>65,697,713</u>	<u>33,465,627</u>	<u>-</u>	<u>99,163,340</u>
Totals	<u>124,559,778</u>	<u>44,796,960</u>	<u>573,766</u>	<u>168,782,972</u>
Less accumulated depreciation for:				
Buildings	6,191,851	395,970	-	6,587,821
Improvements other than buildings	5,895,084	770,312	-	6,665,396
Machinery and equipment	14,399,543	2,724,728	496,648	16,627,623
Infrastructure being depreciated	<u>6,918,906</u>	<u>4,609,576</u>	<u>-</u>	<u>11,528,482</u>
Totals	<u>33,405,384</u>	<u>8,500,586</u>	<u>496,648</u>	<u>41,409,322</u>
Total capital assets, being depreciated, net	<u>91,154,394</u>	<u>36,296,374</u>	<u>77,118</u>	<u>127,373,650</u>
Total governmental activity capital assets, net	<u>\$ 146,195,152</u>	<u>\$ 44,315,426</u>	<u>\$ 28,230,743</u>	<u>\$ 162,279,835</u>
Business-type activity:				
Capital assets, not being depreciated:				
Land	\$ 1,508,260	\$ 5,281	\$ -	\$ 1,513,541
Construction in progress	<u>16,708,335</u>	<u>8,539,321</u>	<u>8,555,588</u>	<u>16,692,068</u>
Total capital assets, not being depreciated	<u>18,216,595</u>	<u>8,544,602</u>	<u>8,555,588</u>	<u>18,205,609</u>
Capital assets, being depreciated: *				
Buildings	51,286,833	145,610	-	51,432,443
Improvements other than buildings	144,528,623	13,629,406	465,019	157,693,010
Machinery and equipment	47,099,506	55,953	-	47,155,459
Transportation	<u>3,698,892</u>	<u>257,712</u>	<u>48,118</u>	<u>3,908,486</u>
Totals	<u>246,613,854</u>	<u>14,088,681</u>	<u>513,137</u>	<u>260,189,398</u>
Less accumulated depreciation for:				
Buildings	13,229,315	1,073,597	-	14,302,912
Improvements other than buildings	42,166,165	3,862,168	261,771	45,766,562
Machinery and equipment	27,738,188	1,764,727	-	29,502,915
Transportation	<u>3,249,957</u>	<u>208,623</u>	<u>48,118</u>	<u>3,410,462</u>
Totals - restated	<u>86,383,625</u>	<u>6,909,115</u>	<u>309,889</u>	<u>92,982,851</u>
Total capital assets, being depreciated, net	<u>160,230,229</u>	<u>7,179,566</u>	<u>203,248</u>	<u>167,206,547</u>
Total business-type activity capital assets, net	<u>\$ 178,446,824</u>	<u>\$ 15,724,168</u>	<u>\$ 8,758,836</u>	<u>\$ 185,412,156</u>

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Governmental activities:	
General government	\$ 208,911
Public safety	2,301,306
Highways and streets	4,932,172
Culture and recreation	1,055,868
Community development	<u>2,329</u>
 Total depreciation expense - governmental activities	 <u>\$ 8,500,586</u>
 Business-type activities:	
Water	\$ 1,516,698
Wastewater	3,012,506
Electric	<u>2,379,911</u>
 Total depreciation expense - business-type activities	 <u>\$ 6,909,115</u>

D. Construction Commitments

Construction work in progress is composed of the following:

Project	Expended to December 31, 2012	Committed
Governmental activities:		
Main Street projects	\$ 6,652,473	\$ 666,839
Church/Main Connector	3,117,659	1,183,775
Douglas Road Medical Park	1,604,273	270
First Street	1,036,244	677,345
Bennington Drive extension	527,488	212,369
Other street projects	2,699,819	119,355
Riverfront Park	3,880,903	100,649
Riverwalk	670,933	100
Other park projects	<u>1,357,813</u>	<u>50,000</u>
 Totals - governmental activities	 <u>\$ 21,547,605</u>	 <u>\$ 3,010,702</u>

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

<u>Project</u>	<u>Expended to December 31, 2012</u>	<u>Committed</u>
Business-type activities:		
Wastewater Utility:		
Milburn improvements	\$ 7,535,542	\$ 7,180,228
Treatment plant expansion	2,913,924	2,599,234
Northwest trunk sewer rehab	987,178	257,290
Juday Creek force main	4,611,585	2,316,620
Other projects (4)	<u>643,839</u>	<u>172,128</u>
Totals - business-type activities	<u>\$ 16,692,068</u>	<u>\$ 12,525,500</u>

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2012, is as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>
	<u>General</u>
Governmental activities:	
TIF NW General	<u>\$ 125,000</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. Interfund Transfers

Interfund transfers at December 31, 2012, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>				<u>Totals</u>
	<u>General Fund</u>	<u>TIF NW General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Wastewater Utility</u>	
Governmental:					
TIF NW General Fund	\$ -	\$ -	\$ 3,325,425	\$ 3,360,000	\$ 6,685,425
Nonmajor Governmental	108,887	5,700	520,680	-	635,267
Business-type:					
Water Utility	839,551	-	-	-	839,551
Wastewater Utility	1,605,530	-	-	-	1,605,530
Electric Utility	<u>1,585,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,585,376</u>
Totals	<u>\$ 4,139,344</u>	<u>\$ 5,700</u>	<u>\$ 3,846,105</u>	<u>\$ 3,360,000</u>	<u>\$ 11,351,149</u>

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

F. Leases

Capital Leases

The primary government has entered into a capital lease for a fire station and a sewer inspection system. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2012, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2013	\$ 342,891	\$ 51,699
2014	337,543	50,659
2015	332,195	49,620
2016	326,847	-
2017	321,499	-
2018-2022	1,527,275	-
2023-2027	<u>1,260,222</u>	<u>-</u>
 Total minimum lease payments	 4,448,472	 151,978
 Less amount representing interest	 <u>581,806</u>	 <u>6,238</u>
 Present value of net minimum lease payments	 <u>\$ 3,866,666</u>	 <u>\$ 145,740</u>

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

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

G. Short-Term Liabilities

Revolving Line of Credit:

The primary government uses a revolving line of credit to finance the first-time home-buyers program and the Neighborhood Stabilization Program which is a reimbursement grant program.

Short-term debt activity for the year ended December 31, 2012, was as follows:

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	Beginning Balance	Issued/ Draws	Redeemed Repayments	Ending Balance
Line of credit	\$ 236,881	\$ 120,000	\$ 236,881	\$ 120,000

H. Long-Term Liabilities

1. General Obligation Bonds

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

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

Purpose	Interest Rates	Balance at December 31	Due Within One Year	Less: Unamortized Discount	Due in More Than One Year
\$2,745,000 2004 Refunding of 1993 police station bonds due in installments of \$120,000 to \$245,000 plus interest through February 1, 2014	3%	\$ 470,000	\$ 310,000	\$ 3,251	\$ 156,749
\$5,000,000 2005 Communication equipment bonds due in installments of \$155,000 to \$300,000 plus interest through February 1, 2016	4%	1,990,000	540,000	10,404	1,439,596
\$3,000,000 2007 Communication equipment bonds due in installments of \$55,000 to \$225,000 plus interest through February 1, 2016	3.9% to 4%	1,485,000	405,000	14,438	1,065,562
\$1,550,000 2006 Park and recreation bonds due in installments of \$90,000 to \$125,000 plus interest through February 1, 2014	3.85%	370,000	245,000	1,071	123,929
Totals		\$ 4,315,000	\$ 1,500,000	\$ 29,164	\$ 2,785,836

2. Tax Incremental Financing (TIF) Bonds

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

Purpose	Interest Rates	Balance December 31	Due Within One Year	Less Unamortized Discount	Due in More Than One Year
\$14,800,000 2007 Redevelopment NW District TIF bond due in installments of \$1,335,000 to \$1,635,000 plus interest through February 1, 2013 *	4.25%	\$ 1,635,000	\$ 1,621,548	\$ -	\$ -
\$2,625,000 2005 Redevelopment SS District TIF refunding bonds due in installments of \$115,000 to \$165,000 plus interest through February 1, 2015	4% to 4.1%	785,000	305,000	8,579	471,421
Totals		\$ 2,420,000	\$ 1,926,548	\$ 8,579	\$ 471,421

\*The amount due within one year included a deduction of \$13,452 for the unamortized discount which will be expensed within one year. The gross amount of the bonds payable is \$1,635,000.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The primary government has pledged future tax incremental revenues to repay the revenue bonds issued in 2005 and 2007. Proceeds from the bonds provided financing for infrastructure improvements. The bonds are payable solely from tax revenues and are payable through 2015. Annual principal and interest payments are expected to require less than 9 percent of net revenues.

3. Energy Improvement Bonds

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

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

Purpose	Interest Rates	Balance December 31	Due Within One Year	Due in More Than One Year
\$1,366,252 2010 energy savings bonds due in annual installments of \$273,250 plus interest through February 1, 2015	2.10% Governmental funds	\$ 669,976	\$ 223,325	\$ 446,651
	Business-type activities	149,775	49,925	99,850
	Combined	<u>\$ 819,751</u>	<u>\$ 273,250</u>	<u>\$ 546,501</u>

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

	Governmental Activities				Governmental Funds		Business-type Activities	
	General Obligation Bonds		TIF Bonds		Energy Improvement		Energy Improvement	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 1,500,000	\$ 156,399	\$ 1,940,000	\$ 63,309	\$ 223,325	\$ 12,862	\$ 49,925	\$ 2,875
2014	1,270,000	97,086	315,000	16,265	223,325	8,185	49,925	1,830
2015	435,000	51,700	165,000	3,382	223,326	2,338	49,925	523
2015	<u>1,110,000</u>	<u>10,500</u>	-	-	-	-	-	-
Totals	<u>\$ 4,315,000</u>	<u>\$ 315,685</u>	<u>\$ 2,420,000</u>	<u>\$ 82,956</u>	<u>\$ 669,976</u>	<u>\$ 23,385</u>	<u>\$ 149,775</u>	<u>\$ 5,228</u>

4. Revenue Bonds

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Purpose	Interest Rates	Balance at December 31	Due Within One Year	Plus: Unamortized Premium	Less: Unamortized Discount	Less: Deferral on Refunding	Due in More Than One Year
\$4,475,000 2007 Water refunding revenue bonds due in installments of \$40,000 to \$220,000 plus interest through July 1, 2020	3.9% to 5.0%	\$ 2,875,000	\$ 335,000	\$ 18,968	\$ 17,655	\$ 196,595	\$ 2,344,718
\$1,875,130 1994 Wastewater capital appreciation bonds due in four installments of \$1,380,000 plus interest through March 1, 2015	5.55% to 5.65%	3,866,001	1,380,000	-	3,987	-	2,482,014
\$8,450,000 2006 Wastewater revenue bonds, Series A due in installments of \$145,000 to \$290,000 plus interest through September 1, 2026	3.625% to 4.0%	6,445,000	360,000	-	49,041	-	6,035,959
\$350,000 2007 Wastewater revenue bonds, Series A due in installments of \$45,000 to \$305,000 plus interest through March 1, 2027	4.25%	350,000	-	-	-	-	350,000
\$37,225,000 2010 Wastewater revenue bonds, Series B, due in installments of \$975,000 to \$2,775,000 plus interest through September 1, 2030	2% to 5%	<u>34,875,000</u>	<u>1,400,000</u>	-	<u>333,350</u>	-	<u>33,141,650</u>
<b>Totals</b>		<u>\$ 48,411,001</u>	<u>\$ 3,475,000</u>	<u>\$ 18,968</u>	<u>\$ 404,033</u>	<u>\$ 196,595</u>	<u>\$ 44,354,341</u>

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

During 2012, the Water Utility paid \$445,313 in debt payments or approximately 5 percent of operating revenues. The Wastewater Utility paid \$4,902,334 in debt payments or approximately 38 percent of operating revenues.

Revenue bonds debt service requirements to maturity are as follows:

	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 3,475,000	\$ 1,883,724
2014	3,530,000	1,802,518
2015	3,311,001	1,732,001
2016	2,285,000	1,657,080
2017	2,365,000	1,572,730
2018-2022	12,115,000	6,443,657
2023-2027	13,410,000	3,745,706
2028-2032	<u>7,920,000</u>	<u>707,500</u>
<b>Totals</b>	<u>\$ 48,411,001</u>	<u>\$ 19,544,916</u>

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. Notes and Loans Payable

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

	Principal	Interest
2013	\$ 2,196,925	\$ 1,773,257
2014	2,273,925	1,701,593
2015	3,033,925	1,627,559
2016	3,789,000	1,513,230
2017	3,913,000	1,383,600
2018-2022	20,939,000	4,809,098
2023-2027	15,140,699	1,485,965
2028-2030	2,785,000	17,904
<b>Totals</b>	<b>\$ 54,071,474</b>	<b>\$ 14,312,206</b>

6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2012, was as follows:

Primary Government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 5,750,000	\$ -	\$ 1,435,000	\$ 4,315,000	\$ 1,500,000
TIF	5,870,000	-	3,450,000	2,420,000	1,926,548
Less deferred amount:					
For issuance discounts	95,085	-	43,890	51,195	-
Total bonds payable	11,524,915	-	4,841,110	6,683,805	3,426,548
Capital leases	-	4,000,000	133,334	3,866,666	266,668
Energy debt payable*	893,302	-	223,326	669,976	223,325
Net other postemployment benefit obligation	10,059,677	3,642,459	-	13,702,136	-
Compensated absences	647,109	527,744	464,991	709,862	527,744
Net pension obligation	17,042,184	-	403,379	16,638,805	-
Total governmental activities long-term liabilities	<u>\$ 40,167,187</u>	<u>\$ 8,170,203</u>	<u>\$ 6,066,140</u>	<u>\$ 42,271,250</u>	<u>\$ 4,444,285</u>

\*Restated to include in schedule after reclassification of Mishawaka Bond Bank.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Primary Government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds payable:					
Water Utility	\$ 3,190,000	\$ -	\$ 315,000	\$ 2,875,000	\$ 335,000
Wastewater Utility	48,408,474	227,527	3,100,000	45,536,001	3,140,000
Less deferred amount:					
For issuance discounts/ premiums	408,750	-	23,685	385,065	-
On refunding	223,402	-	26,807	196,595	-
 Total revenue bonds payable	 50,966,322	 227,527	 3,364,508	 47,829,341	 3,475,000
Capital leases	194,320	-	48,580	145,740	48,580
Notes and loans payable	55,536,497	668,902	2,133,925	54,071,474	2,196,925
Compensated absences	266,882	83,507	73,500	276,889	73,500
 Total business-type activities long-term liabilities	 <u>\$ 106,964,021</u>	 <u>\$ 979,936</u>	 <u>\$ 5,620,513</u>	 <u>\$ 102,323,444</u>	 <u>\$ 5,794,005</u>

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

I. Restricted Assets

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

Construction	\$ 14,374,042
Customer deposits	2,821,960
Revenue bond covenant accounts	8,641,187
Reserve account	754,000
Repair accounts	<u>12,681,531</u>
 Total restricted assets	 <u>\$ 39,272,720</u>

J. Restatements and Reclassifications

For the year ended December 31, 2012, certain changes have been made to the financial statements to more appropriately reflect financial activity of the primary government.

The prior period adjustments represents the reclassification of the Mishawaka Bond Bank from an Internal Service Fund to a Discretely Presented Component Unit to more appropriately reflect financial activity of the City of Mishawaka and the Mishawaka Bond Bank; and the exclusion of a previously included receivable from the governmental activities.

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Opinion Unit	Balance as Reported December 31, 2011	Fund Reclassification	Prior Period Adjustments	Balance as Restated January 1, 2012
Governmental activities:				
Net Position	\$ 185,122,344	\$ (6,064,010)	\$ (38,708)	\$ 179,019,626
Governmental Funds:				
Nonmajor Governmental Fund Balances	68,139,091	-	(38,708)	68,100,383
Proprietary funds:				
Internal Service:				
Net Position (Mishawaka Bond Bank)	6,604,737	(6,064,010)	-	540,727
Discrete Component Unit				
Net Position	-	6,064,010	-	6,064,010

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retiree, and Dependents

During 2010, the primary government joined together with three other governmental entities to form the Indiana Association of Cities and Towns (IACT) Medical Trust, a public entity risk pool currently operating as a common risk management and insurance program for 11 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of Medical Benefits to employees, retirees, and dependents. The primary government pays an annual premium to the risk pool for its Medical Benefits coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per insured event.

B. Other Postemployment Benefits

Plan Description

The City of Mishawaka Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the IACT Medical Trust. The plan provides for medical insurance benefits to eligible retirees and their spouses. Indiana Code 5-10-8 gives the primary government the authority to establish the plan. The IACT Medical Trust issues a publicly available financial report that includes

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

financial statements and required supplementary information for the plan as a whole and for the participants. This report may be obtained by contacting the plan administrator at 200 South Meridian Street, Suite 340, Indianapolis, IN 46225.

Funding Policy

The contribution requirements of plan members for the City of Mishawaka Retiree Healthcare Plan are established and can be amended by the City's Common Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2012, the primary government contributed \$1,299,477 to the plan for current premiums. For Pre-Medicare retirees, the primary government annually provides \$400 for PERF covered employees with less than 20 years of service and pays the full single premium cost for employees who retire with 20 or more years of service. For Post-Medicare employees, the primary government provides \$400 annually towards the cost of medical coverage regardless of the years of service.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 4,918,027
Interest on net OPEB obligation	452,685
Adjustment to annual required contribution	<u>(428,776)</u>
Annual OPEB cost	4,941,936
Contributions made	<u>1,299,477</u>
Increase in net OPEB obligation	3,642,459
Net OPEB obligation, beginning of year	<u>10,059,677</u>
Net OPEB obligation, end of year	<u><u>\$ 13,702,136</u></u>

The primary government's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-10	\$ 3,861,837	35.0%	\$ 7,448,737
12-31-11	4,077,905	36.0%	10,059,677
12-31-12	4,941,936	26.3%	13,702,136

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$51,691,333, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$51,691,333. Since the covered payroll was not available, the covered payroll as a percentage of the Actuarial Accrued Liability was not available. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumption

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

In the December 31, 2012 actuarial valuation, the projected unit credit with linear proration to decrement method was used. The actuarial assumptions included a discount rate of 4.5 percent unfunded; inflation and salary scale of 3 percent each and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 5 percent by 2023. The UAAL is being amortized as a level percentage of projected pay based on an open group. The remaining amortization period at December 31, 2012, was 30 years.

C. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

Funding Policy

PERF members are required to contribute 3 percent of their annual covered salary. The primary government is required to contribute at an actuarially determined rate; the current rate is 7.5 percent of annual covered payroll. The contribution requirements of plan members and the primary government are established and may be amended by the PERF Board of Trustees.

Annual Pension Cost

For 2012, the primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The Net Pension Obligation (NPO) is considered an obligation of the primary government and is reflected in the Statement of Net Position. As provided by state statute, all administrative costs are paid from the fund. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan. On-behalf contributions from the State of Indiana as shown in the financial statements of \$1,588,478 approximate an equal amount paid out for benefits. The primary government has recognized these on-behalf payments as intergovernmental revenue and public safety expenditures in the General Fund. The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established and can be amended by state statute.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Annual Pension Cost

For 2012, the primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

c. 1937 Firefighters' Pension Plan

Plan Description

The primary government contributes to the 1937 Firefighters' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established and can be amended by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The Net Pension Obligation (NPO) is considered an obligation of the primary government and is reflected in the Statement of Net Position. As provided by state statute, all administrative costs are paid from the fund. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan. On-behalf contributions from the State of Indiana as shown in the financial statements of \$2,450,387 approximate an equal amount paid out for benefits. The primary government has recognized these on-behalf payments as intergovernmental revenue and public safety expenditures in the General Fund. The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established and can be amended by state statute.

Annual Pension Cost

For 2012, the primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

d. Utility Pension Plan

Plan Description

The primary government's Utilities (Water, Wastewater and Electric) contribute to the Utility Pension Plan, a single-employer defined benefit pension plan administered by the Indiana Trust & Investment Management Company, as trustee. The plan covers all employees of the three utilities except for sewer employees of the Wastewater Utility who are covered by PERF. The plan is administered by the primary government's Board of Works, as provided by state statute (IC 8-1.5-3-7) and provides retirement, disability, and death benefits to plan members and beneficiaries. The trustee does not issue a publicly available financial report that includes financial statements and supplementary information of the plan.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy

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

Annual Pension Cost

For 2012, the Utilities' annual pension cost and related information for the Utility Pension Plan, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Utility Pension
Annual required contribution	\$ 720,112	\$ 1,501,000	\$ 2,325,200	\$ 588,428
Interest on net pension obligation	2,141	383,800	636,900	(5,151)
Adjustment to annual required contribution	(2,465)	(519,900)	(862,800)	5,871
Annual pension cost	719,788	1,364,900	2,099,300	589,148
Contributions made	548,502	1,588,478	2,450,387	598,801
Increase (decrease) in net pension obligation	171,286	(223,578)	(351,087)	(9,653)
Net pension obligation, beginning of year	30,585	6,396,107	10,615,492	(68,674)
Net pension obligation, end of year	\$ 201,871	\$ 6,172,529	\$ 10,264,405	\$ (78,327)
Contribution rates:				
Government	7.5%	N/A	N/A	10.4%
Plan members	3%	6%	6%	0%
Actuarial valuation date	07-01-12	01-01-12	01-01-12	01-01-12
Actuarial cost method	Entry age normal cost	Entry age normal cost	Entry age normal cost	Entry age, normal cost
Amortization method	Level percentage of payroll	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years	30 years	30 years
Amortization period (from date)	07-01-08	01-01-05	01-01-05	01-01-08
Asset valuation method	4-year smoothed market value with 20% corridor	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital	Smoothed market value

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Assumptions	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Utility Pension
Investment rate of return	6.75%	6.00%	6.00%	7.50%
Projected future salary increases:				
Total	4.00%	3.25%	3.25%	3.50%
Attributed to inflation	3.00%	3.00%	3.00%	2.50%
Attributed to merit/seniority	1.00%	1.00%	1.00%	1.00%
Cost-of-living adjustments	1.00%	2.25%/3.25%*	2.25%/3.25%*	2%^

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

\*2.25% converted members; 3.25% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
PERF	06-30-10	\$ 574,800	75.0%	\$ (203,578)
	06-30-11	677,084	65.0%	30,585
	06-30-12	719,788	76.0%	201,871
1925 Police Officers' Pension Plan	12-31-10	1,253,800	130.0%	6,654,357
	12-31-11	1,318,000	120.0%	6,396,107
	12-31-12	1,364,900	116.0%	6,172,529
1937 Firefighters' Pension Plan	12-31-10	2,123,100	115.0%	10,815,498
	12-31-11	2,237,700	109.0%	10,615,492
	12-31-12	2,099,300	117.0%	10,264,405
Utility Pension Plan	01-01-10	620,456	79.2%	53,218
	01-01-11	595,072	102.6%	(68,674)
	01-01-12	589,148	101.6%	(78,327)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2012, was comprised of the following:

	Utility Pension	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	62	52	84
Terminated employees entitled to but not yet receiving benefits	-	-	-
Current active employees	124	1	1

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funded Status and Funding Progress for the Above Plans

The funded status of each plan as of July 1, 2012, the most recent actuarial valuation date (except the 1925 Police Officers', the 1937 Firefighters', and the Utility Pension Plans which are as of January 1, 2012) is as follows:

<u>Retirement Plan</u>	<u>Actuarial Value of Plan Assets</u> (a)	<u>Actuarial Accrued Liability (AAL) Entry Age</u> (b)	<u>Unfunded AAL or (Funding Excess)</u> (b-a)	<u>Funded Ratio</u> (a/b)	<u>Annual Covered Payroll</u> (c)	<u>Unfunded AAL or (Funding Excess) as a Percentage of Covered Payroll</u> ((b-a)/c)
PERF	\$ 4,242,607	\$ 9,905,493	\$ 5,662,886	42.83%	\$6,982,654	81%
Utility Pension Plan	13,538,820	16,468,645	2,929,825	82.21%	5,797,047	51%
1925 Police Officers' Pension Plan	655,941	18,211,100	17,555,159	3.60%	101,000	(17,381%)
1937 Firefighters' Pension Plan	962,372	28,608,400	27,646,028	3.36%	-	N/A

N/A = Not applicable

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

e. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Position:

<u>Assets</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
Cash and cash equivalents	\$ 795,394	\$ 1,018,421	\$ 31,337
Receivables:			
Interest and dividends	-	-	15,302
Investments at fair value:			
Municipal bonds	-	-	1,265,973
Mutual funds	-	-	13,519,968
Total investments	-	-	14,785,941
Total assets	<u>\$ 795,394</u>	<u>\$ 1,018,421</u>	<u>\$ 14,832,580</u>

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
<u>Liabilities</u>			
Accounts payable	-	-	9,126
<u>Net Position</u>			
Net position held in trust for:			
Employees' pension benefits	<u>\$ 795,394</u>	<u>\$ 1,018,421</u>	<u>\$ 14,823,454</u>

Statements of Changes in Fiduciary Net Position:

	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
<u>Additions</u>			
Contributions:			
On-behalf Employer	\$ 1,588,478	\$ 2,450,387	\$ -
	-	-	936,366
Total contributions	<u>1,588,478</u>	<u>2,450,387</u>	<u>936,366</u>
Investment income (loss):			
Net increase in fair value of investments	-	-	1,146,919
Interest	-	-	433,886
Total investment income (loss)	-	-	1,580,805
Less investment expense:			
Investment activity expense	-	-	34,624
Net investment income (loss)	-	-	1,546,181
Total additions	<u>1,588,478</u>	<u>2,450,387</u>	<u>2,482,547</u>

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	1925 Police Pension	1937 Firefighters' Pension	Utility Pension
<u>Deductions</u>			
Benefits	1,449,025	2,394,338	879,181
Administrative expense	-	-	19,281
Total deductions	1,449,025	2,394,338	898,462
Changes in net position	139,453	56,049	1,584,085
Net position - beginning	655,941	962,372	13,239,369
Net position - ending	\$ 795,394	\$ 1,018,421	\$ 14,823,454

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6 percent of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate is 19.5 percent of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2012, 2011, and 2010, were \$1,961,847, \$1,846,266, and \$1,770,001, respectively, equal to the required contributions for each year. The contribution requirements of plan members for the 1977 Police Officers' and Firefighters' Pension Plan are established and can be amended by state statute.

D. Net Position – Investment in Capital Assets

As of December 31, 2012, Net Position – Investment in capital assets is calculated as follows:

	Governmental Activities	Business-type Activities	Totals
Net capital assets	\$ 162,279,835	\$ 185,412,156	\$ 347,691,991
Less:			
Total capital leases payable	(3,866,666)	(145,740)	(4,012,406)
Total notes and loans payable	-	(54,071,474)	(54,071,474)
Total general obligation bonds payable, net	(4,285,836)	-	(4,285,836)
Total revenue bonds payable, net	(669,976)	(47,829,341)	(48,499,317)
Total TIF bonds payable, net	(2,397,969)	-	(2,397,969)
Add:			
Unspent bond/loan proceeds	14,532	14,374,042	14,388,574
Investment in capital assets	\$ 151,073,920	\$ 97,739,643	\$ 248,813,563

E. Subsequent Events

In 2013 or 2014, the City expects to sign a consent decree with the Environmental Protection Agency (EPA) to resolve claims against the City for alleged violations of the Clean Water Act. The decree includes several provisions, including a long-term control plan that requires the City to complete a construction program over 20 years at a cost of approximately \$140 to 160 million to comprehensively upgrade and expand the City's sewage collection, storage, conveyance, and treatment system.

F. Special Item

Insurance Settlement

In 2012, the Electric Utility received a significant insurance settlement for a fire in 2010 at the Virgil Street Substation.

CITY OF MISHAWAKA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-10	\$ 5,698,283	\$ 9,121,439	\$ (3,423,156)	62%	\$ 6,370,061	(54%)
07-01-11	4,961,827	9,487,093	(4,525,266)	52%	6,605,323	(69%)
07-01-12	4,242,607	9,905,493	(5,662,886)	43%	6,982,654	(81%)

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)
01-01-07	\$ 502,195	\$ 21,441,100	\$ (20,938,905)	2%	\$ 182,000	(11,505%)
01-01-08	368,239	21,519,500	(21,151,261)	2%	185,900	(11,378%)
01-01-09	276,566	17,137,900	(16,861,334)	2%	**	**
01-01-10	475,282	17,848,000	(17,372,718)	3%	94,900	(18,306%)
01-01-11	589,540	17,884,800	(17,295,060)	3%	98,700	(17,523%)
01-01-12	655,941	18,211,100	(17,555,159)	4%	101,000	(17,381%)

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)
01-01-07	\$ 656,068	\$ 29,188,400	\$ (28,532,332)	2%	\$ 225,700	(12,642%)
01-01-08	473,089	29,320,500	(28,847,411)	2%	138,300	(20,859%)
01-01-09	292,384	35,408,600	(35,116,216)	1%	**	**
01-01-10	829,813	30,278,300	(29,448,487)	3%	94,000	(31,328%)
01-01-11	902,540	30,566,300	(29,663,760)	3%	48,900	(60,662%)
01-01-12	962,372	28,608,400	(27,646,028)	3%	-	0%

Utility Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-07	\$ 12,979,939	\$ 12,979,939	\$ -	100%	\$ 5,587,670	0%
01-01-08	13,977,669	14,128,822	(151,153)	99%	6,131,927	(2%)
01-01-09	13,585,001	14,870,175	(1,285,174)	91%	6,624,741	(19%)
01-01-10	13,578,454	15,373,954	(1,795,500)	88%	5,891,118	(30%)
01-01-11	13,660,853	15,651,282	(1,990,429)	87%	5,665,044	(35%)
01-01-12	13,538,820	16,468,645	(2,929,825)	82%	5,797,047	(51%)

Other Post Employment Benefits (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-10	\$ -	\$ 43,153,157	\$ (43,153,157)	0%	\$ 24,341,096	(177%)
01-01-11	-	45,723,694	(45,723,694)	0%	25,071,329	(182%)
01-01-12	-	51,691,333	(51,691,333)	0%	**	**

\*\*Information not available

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

1925 Police Officers' Pension Plan			
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-07	\$ 1,602,900	34%	46%
12-31-08	1,630,400	32%	50%
12-31-09	1,280,600	19%	109%
12-31-10	1,381,900	0%	118%
12-31-11	1,448,900	0%	109%
12-31-12	1,501,000	0%	106%

1937 Firefighters' Pension Plan			
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-07	\$ 2,170,600	35%	61%
12-31-08	2,190,200	34%	64%
12-31-09	2,646,100	9%	102%
12-31-10	2,326,100	0%	105%
12-31-11	2,450,600	0%	99%
12-31-12	2,325,200	0%	105%

Employer Contributions - Utility Pension Plan		
Year Ending	Annual Required Contribution (ARC)	Percentage Contributed
01-01-07	404,526	153%
01-01-08	490,957	75%
01-01-09	621,882	131%
01-01-10	594,557	103%
01-01-11	588,428	102%

CITY OF MISHAWAKA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE -  
 GENERAL FUND  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property	\$ 20,510,126	\$ 20,510,126	\$ 18,216,149	\$ (2,293,977)
Licenses and permits	128,250	128,250	381,115	252,865
Intergovernmental	3,017,548	3,017,548	4,898,457	1,880,909
Charges for services	525,000	525,000	1,377,997	852,997
Fines and forfeits	15,000	15,000	39,648	24,648
Interest	7,000	7,000	12,353	5,353
Sale and use of property	-	-	7,931	7,931
Other	763,000	763,000	1,634,350	871,350
<b>Total revenues</b>	<b>24,965,924</b>	<b>24,965,924</b>	<b>26,568,000</b>	<b>1,602,076</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
<b>Mayor:</b>				
Personal services	138,188	138,188	137,346	842
Supplies	1,500	1,500	1,482	18
Other services and charges	12,126	12,227	10,339	1,888
<b>City Clerk:</b>				
Personal services	121,036	122,806	121,440	1,366
Supplies	3,945	3,945	2,991	954
Other services and charges	31,413	29,643	22,731	6,912
<b>Central Motor Pool:</b>				
Personal services	628,699	628,699	588,461	40,238
Supplies	1,059,049	1,025,543	1,003,037	22,506
Other services and charges	73,131	73,131	31,989	41,142
<b>Common Council:</b>				
Personal services	94,788	94,788	94,788	-
Supplies	250	250	-	250
Other services and charges	9,278	9,278	5,195	4,083
<b>Controller:</b>				
Personal services	2,313,545	2,313,648	2,032,490	281,158
Supplies	15,518	15,519	12,797	2,722
Other services and charges	1,850,345	1,877,042	1,784,470	92,572
<b>Human Resources:</b>				
Personal services	101,184	101,184	83,673	17,511
Supplies	1,000	1,000	942	58
Other services and charges	37,484	37,484	25,678	11,806
Capital outlay	-	-	-	-
<b>Information Technology:</b>				
Personal services	268,066	268,066	259,570	8,496
Supplies	2,000	2,000	1,310	690
Other services and charges	56,000	56,000	18,641	37,359
<b>Cemetery:</b>				
Other services and charges	20,000	20,000	20,000	-
<b>Legal:</b>				
Personal services	102,590	107,090	106,818	272
Supplies	1,500	1,500	761	739
Other services and charges	16,500	51,500	50,319	1,181
<b>Planning:</b>				
Personal services	192,999	192,999	179,379	13,620
Supplies	4,492	4,492	2,387	2,105
Other services and charges	15,400	15,400	1,662	13,738
<b>Total general government</b>	<b>7,172,026</b>	<b>7,204,922</b>	<b>6,600,696</b>	<b>604,226</b>

Continued on next page

CITY OF MISHAWAKA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND  
For The Year Ended December 31, 2012  
(Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public safety:				
Police:				
Personal services	10,545,358	10,709,334	10,515,670	193,664
Supplies	76,359	76,551	74,729	1,822
Other services and charges	133,145	162,716	129,999	32,717
Fire:				
Personal services	10,215,372	10,331,147	9,780,153	550,994
Supplies	174,735	236,735	212,976	23,759
Other services and charges	359,941	398,667	308,329	90,338
Code Enforcement:				
Personal services	221,293	221,293	221,152	141
Supplies	3,500	3,500	2,326	1,174
Other services and charges	24,700	24,700	18,854	5,846
Building Department:				
Personal services	186,677	186,677	182,698	3,981
Supplies	3,000	3,000	632	2,368
Other services and charges	3,867	3,867	3,265	602
Total public safety	<u>21,947,947</u>	<u>22,358,187</u>	<u>21,450,781</u>	<u>907,406</u>
Highways and streets:				
Engineering:				
Personal services	277,699	286,499	286,402	97
Supplies	4,000	4,000	3,982	18
Other services and charges	10,000	10,035	5,433	4,602
Total highways and streets	<u>291,699</u>	<u>300,534</u>	<u>295,817</u>	<u>4,717</u>
Sanitation:				
Recycling:				
Supplies	5,000	5,000	-	5,000
Other services and charges	15,000	15,000	-	15,000
Total sanitation	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Community development:				
Redevelopment:				
Personal services	246,364	246,364	183,592	62,772
Supplies	1,000	1,000	-	1,000
Other services and charges	243,500	243,500	-	243,500
Total community development	<u>490,864</u>	<u>490,864</u>	<u>183,592</u>	<u>307,272</u>
Total expenditures	<u>29,922,536</u>	<u>30,374,507</u>	<u>28,530,886</u>	<u>1,843,621</u>
Excess (deficiency) of revenues over (under) expenditures	(4,956,612)	(5,408,583)	(1,962,886)	3,445,697
Other financing sources:				
Transfers in	<u>2,562,000</u>	<u>2,562,000</u>	<u>4,030,457</u>	<u>1,468,457</u>
Net change in fund balances	(2,394,612)	(2,846,583)	2,067,571	4,914,154
Fund balances - beginning	<u>5,753,617</u>	<u>5,753,617</u>	<u>5,753,617</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,359,005</u>	<u>\$ 2,907,034</u>	<u>\$ 7,821,188</u>	<u>\$ 4,914,154</u>

CITY OF MISHAWAKA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGET/GAAP RECONCILIATION -  
 GENERAL FUND  
 For The Year Ended December 31, 2012

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

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

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

	<u>General</u>
Net change in fund balance, budget basis	\$ 2,067,571
To adjust revenues for accruals	(271,239)
To adjust expenditures for accruals	(236,863)
To adjust expenditures for encumbrances	<u>246,592</u>
Net change in fund balance, GAAP basis	<u>\$ 1,806,061</u>

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## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

**NONMAJOR GOVERNMENTAL FUNDS**  
(Continued)

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

**NONMAJOR GOVERNMENTAL FUNDS**  
(Continued)

TIF (Tax Incremental Financing) SS Redemption and Reserve -	To account for debt retirement for the Southside (SS) District bond issue. Financing is provided by transfers from the Tax Incremental Financing SS General Fund.
 <u>Capital Projects Funds</u>	
Cumulative Building and Fire Fighting Equipment -	To account for financial resources for the purchase of fire equipment. Financing is provided by a specific property tax levy.
Cumulative Capital Improvement -	To account for financial resources related to improvement projects financed by state cigarette tax distributions. Transfers may be made to the General Fund.
Cumulative Sewer -	To account for financial resources for the construction or repairing of storm sewers or sewage disposal plants and sanitary sewers. Financing is provided by a specific property tax levy.
General Improvement -	To account for revenue and expenditures for public improvement projects. Project costs are assessed against property owners benefitted by the improvement projects. The time period for payment of the assessments cannot exceed 5 years. All interest and penalties collected on assessments are receipted to the General Fund.
Local Major Moves Construction -	To account for financial resources related to construction of highways, roads, and bridges. Financing was provided by a one-time distribution from the proceeds of a 75-year lease of the state's toll road.
Cumulative Capital Development -	To account for financial resources related to development projects. Financing is provided by a specific property tax levy.
Fire Station Construction -	To account for expenditures made for construction of Fire Station #4. Financing is provided from the proceeds of a capital lease with the Mishawaka Building Corporation.
Park Bond Capital -	To account for expenditures made for various improvements to park properties. Financing is provided from proceeds of a general obligation bond issue.
County Economic Development Income Tax (CEDIT) -	To account for financial resources related to development projects. Financing is provided by a tax on income.
Tax Incremental Financing (TIF) SS General -	To account for expenditures made for public improvement projects in the Southside (SS) property tax incremental financing district. Financing is provided by incremental taxes collected on property located in this district. Amounts needed for bond retirement are transferred annually to the proper debt service fund.

CITY OF MISHAWAKA  
COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2012

	Special Revenue							
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Public Safety	Rainy Day	Rainy Day Public Safety	Police Drug Investigation Assistance
<b>Assets</b>								
Cash and cash equivalents	\$ 3,101,966	\$ 363,078	\$ 1,005,332	\$ 38,887	\$ 2,531,464	\$ 1,063,965	\$ 2,519	\$ 21,646
Receivables (net of allowances for uncollectibles):								
Interest	-	-	-	-	-	-	-	-
Taxes	51,646	-	99,201	-	-	-	-	-
Accounts	-	-	736	144	-	-	-	-
Intergovernmental	311,387	74,106	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b><u>\$ 3,464,999</u></b>	<b><u>\$ 437,184</u></b>	<b><u>\$ 1,105,269</u></b>	<b><u>\$ 39,031</u></b>	<b><u>\$ 2,531,464</u></b>	<b><u>\$ 1,063,965</u></b>	<b><u>\$ 2,519</u></b>	<b><u>\$ 21,646</u></b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 52,113	\$ 28,062	\$ 39,504	\$ 250	\$ 38,400	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	46,145	-	40,175	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-	-
Short-term loan payable	-	-	-	-	-	-	-	-
Energy improvement revenue bond payable	-	-	-	-	229,128	-	-	-
Deferred revenue	51,646	-	99,201	-	-	-	-	-
<b>Total liabilities</b>	<b><u>149,904</u></b>	<b><u>28,062</u></b>	<b><u>178,880</u></b>	<b><u>250</u></b>	<b><u>267,528</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>								
Nonspendable:								
Long-term loans receivable	-	-	-	-	-	-	-	-
Restricted	3,315,095	409,122	926,389	-	2,263,936	-	-	-
Committed	-	-	-	-	-	1,063,965	2,519	-
Assigned	-	-	-	38,781	-	-	-	21,646
<b>Total fund balances</b>	<b><u>3,315,095</u></b>	<b><u>409,122</u></b>	<b><u>926,389</u></b>	<b><u>38,781</u></b>	<b><u>2,263,936</u></b>	<b><u>1,063,965</u></b>	<b><u>2,519</u></b>	<b><u>21,646</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 3,464,999</u></b>	<b><u>\$ 437,184</u></b>	<b><u>\$ 1,105,269</u></b>	<b><u>\$ 39,031</u></b>	<b><u>\$ 2,531,464</u></b>	<b><u>\$ 1,063,965</u></b>	<b><u>\$ 2,519</u></b>	<b><u>\$ 21,646</u></b>

Continued on next page

CITY OF MISHAWAKA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2012  
 (Continued)

	Special Revenue						
	Off-Street Parking	Alley Paving	Sidewalk and Curb Repair	Industrial Development	Unsafe Building	Trash Collection	Mishawaka Gift
<b>Assets</b>							
Cash and cash equivalents	\$ 8,556	\$ -	\$ 5,470	\$ 58,350	\$ -	\$ 544,554	\$ 200,544
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	131,027	-
Intergovernmental	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 8,556</b>	<b>\$ -</b>	<b>\$ 5,470</b>	<b>\$ 58,350</b>	<b>\$ -</b>	<b>\$ 675,581</b>	<b>\$ 200,544</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 134	\$ -	\$ -	\$ -	\$ -	\$ 162,557	\$ 320
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-
Short-term loan payable	-	-	-	-	-	-	-
Energy improvement revenue bond payable	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>162,557</b>	<b>320</b>
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Long-term loans receivable	-	-	-	-	-	-	-
Restricted	-	-	-	58,350	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	8,422	-	5,470	-	-	513,024	200,224
<b>Total fund balances</b>	<b>8,422</b>	<b>-</b>	<b>5,470</b>	<b>58,350</b>	<b>-</b>	<b>513,024</b>	<b>200,224</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,556</b>	<b>\$ -</b>	<b>\$ 5,470</b>	<b>\$ 58,350</b>	<b>\$ -</b>	<b>\$ 675,581</b>	<b>\$ 200,544</b>

Continued on next page

CITY OF MISHAWAKA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2012  
 (Continued)

	Special Revenue					
	Law Enforcement Continuing Education	Local Law Enforcement Block Grant	Insurance Recovery	Bicentennial Gift	Community Development	Property Rehabilitation Revolving
<b>Assets</b>						
Cash and cash equivalents	\$ 62,996	\$ -	\$ -	\$ 1,326	\$ 44,098	\$ 3,943
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Accounts	265	-	-	-	-	-
Intergovernmental	-	-	-	-	77,777	25,796
Loans receivable	-	-	-	-	531,811	-
<b>Total assets</b>	<b>\$ 63,261</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,326</b>	<b>\$ 653,686</b>	<b>\$ 29,739</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 6,337	\$ 16,239
Accrued payroll and withholdings payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Short-term loan payable	-	-	-	-	-	-
Energy improvement revenue bond payable	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,337</b>	<b>16,239</b>
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Long-term loans receivable	-	-	-	-	487,358	-
Restricted	63,261	-	-	-	159,991	13,500
Committed	-	-	-	-	-	-
Assigned	-	-	-	1,326	-	-
<b>Total fund balances</b>	<b>63,261</b>	<b>-</b>	<b>-</b>	<b>1,326</b>	<b>647,349</b>	<b>13,500</b>
<b>Total liabilities and fund balances</b>	<b>\$ 63,261</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,326</b>	<b>\$ 653,686</b>	<b>\$ 29,739</b>

Continued on next page

CITY OF MISHAWAKA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2012  
 (Continued)

	Special Revenue					Totals
	Park Nonreverting Operating	Criminal Assistance Grant	NSP (1) Grant	NSP (3) Grant	State Grant	
<b>Assets</b>						
Cash and cash equivalents	\$ 348,283	\$ 63,932	\$ -	\$ 8,257	\$ 70,146	\$ 9,549,312
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	-	-	-
Taxes	-	-	-	-	-	150,847
Accounts	286	-	-	-	-	132,458
Intergovernmental	-	40,755	-	150,824	-	680,645
Loans receivable	-	-	-	-	-	531,811
<b>Total assets</b>	<b>\$ 348,569</b>	<b>\$ 104,687</b>	<b>\$ -</b>	<b>\$ 159,081</b>	<b>\$ 70,146</b>	<b>\$ 11,045,073</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 112	\$ 40,755	\$ -	\$ 33	\$ -	\$ 384,816
Accrued payroll and withholdings payable	-	-	-	-	-	86,320
Contracts payable	-	-	-	-	-	-
Short-term loan payable	-	-	-	120,000	-	120,000
Energy improvement revenue bond payable	-	-	-	-	-	229,128
Deferred revenue	-	-	-	-	-	150,847
<b>Total liabilities</b>	<b>112</b>	<b>40,755</b>	<b>-</b>	<b>120,033</b>	<b>-</b>	<b>971,111</b>
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Long-term loans receivable	-	-	-	-	-	487,358
<b>Restricted</b>	<b>348,457</b>	<b>63,932</b>	<b>-</b>	<b>39,048</b>	<b>70,146</b>	<b>7,731,227</b>
<b>Committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,066,484</b>
<b>Assigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>788,893</b>
<b>Total fund balances</b>	<b>348,457</b>	<b>63,932</b>	<b>-</b>	<b>39,048</b>	<b>70,146</b>	<b>10,073,962</b>
<b>Total liabilities and fund balances</b>	<b>\$ 348,569</b>	<b>\$ 104,687</b>	<b>\$ -</b>	<b>\$ 159,081</b>	<b>\$ 70,146</b>	<b>\$ 11,045,073</b>

Continued on next page

CITY OF MISHAWAKA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2012  
 (Continued)

	Debt Service						Totals
	Municipal Bond No. 1	Mishawaka Building Corporation Debt Service	TIF NW Redemption	TIF NW Reserve	TIF SS Redemption	TIF SS Reserve	
<b>Assets</b>							
Cash and cash equivalents	\$ 778,451	\$ -	\$ 276,098	\$ 1,233,094	\$ 45,496	\$ 376,552	\$ 2,709,691
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	-	-	-
Taxes	80,573	-	-	-	-	-	80,573
Accounts	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 859,024</b>	<b>\$ -</b>	<b>\$ 276,098</b>	<b>\$ 1,233,094</b>	<b>\$ 45,496</b>	<b>\$ 376,552</b>	<b>\$ 2,790,264</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-
Short-term loan payable	-	-	-	-	-	-	-
Energy improvement revenue bond payable	-	-	-	-	-	-	-
Deferred revenue	80,573	-	-	-	-	-	80,573
<b>Total liabilities</b>	<b>81,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,573</b>
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Long-term loans receivable	-	-	-	-	-	-	-
Restricted	777,451	-	276,098	1,233,094	45,496	376,552	2,708,691
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>777,451</b>	<b>-</b>	<b>276,098</b>	<b>1,233,094</b>	<b>45,496</b>	<b>376,552</b>	<b>2,708,691</b>
<b>Total liabilities and fund balances</b>	<b>\$ 859,024</b>	<b>\$ -</b>	<b>\$ 276,098</b>	<b>\$ 1,233,094</b>	<b>\$ 45,496</b>	<b>\$ 376,552</b>	<b>\$ 2,790,264</b>

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CITY OF MISHAWAKA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2012  
 (Continued)

	Capital Projects					
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	General Improvement	Local Major Moves Construction	Cumulative Capital Development
<b>Assets</b>						
Cash and cash equivalents	\$ 32,004	\$ 1,118,540	\$ 1,753,151	\$ -	\$ 3,565,616	\$ 443,483
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	-	-	-
Taxes	2,045	-	25,275	-	-	19,212
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 34,049</b>	<b>\$ 1,118,540</b>	<b>\$ 1,778,426</b>	<b>\$ -</b>	<b>\$ 3,565,616</b>	<b>\$ 462,695</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 1,118	-	-	-	-	\$ 13,790
Accrued payroll and withholdings payable	-	-	-	-	-	-
Contracts payable	-	-	56,816	-	22,267	-
Short-term loan payable	-	-	-	-	-	-
Energy improvement revenue bond payable	-	-	-	-	-	-
Deferred revenue	2,045	-	25,275	-	-	19,212
<b>Total liabilities</b>	<b>3,163</b>	<b>-</b>	<b>82,091</b>	<b>-</b>	<b>22,267</b>	<b>33,002</b>
<b>Fund Balances:</b>						
Nonspendable:						
Long-term loans receivable	-	-	-	-	-	-
Restricted	30,886	1,118,540	1,696,335	-	3,543,349	429,693
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>30,886</b>	<b>1,118,540</b>	<b>1,696,335</b>	<b>-</b>	<b>3,543,349</b>	<b>429,693</b>
<b>Total liabilities and fund balances</b>	<b>\$ 34,049</b>	<b>\$ 1,118,540</b>	<b>\$ 1,778,426</b>	<b>\$ -</b>	<b>\$ 3,565,616</b>	<b>\$ 462,695</b>

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CITY OF MISHAWAKA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2012  
 (Continued)

	Capital Projects					Total Nonmajor Governmental Funds
	Fire Station Construction	Park Bond Capital	CEDIT	TIF SS General	Totals	
<b>Assets</b>						
Cash and cash equivalents	\$ 134,947	\$ -	\$ 5,885,773	\$ 4,076,956	\$ 17,010,470	\$ 29,269,473
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	4,654	4,654	4,654
Taxes	-	-	-	100,335	146,867	378,287
Accounts	-	-	-	-	-	132,458
Intergovernmental	-	-	-	-	-	680,645
Loans receivable	-	-	-	-	-	531,811
<b>Total assets</b>	<b>\$ 134,947</b>	<b>\$ -</b>	<b>\$ 5,885,773</b>	<b>\$ 4,181,945</b>	<b>\$ 17,161,991</b>	<b>\$ 30,997,328</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 120,415	\$ -	\$ 13,808	\$ 27,610	\$ 176,741	\$ 562,557
Accrued payroll and withholdings payable	-	-	-	-	-	86,320
Contracts payable	-	-	158,818	-	237,901	237,901
Short-term loan payable	-	-	-	-	-	120,000
Energy improvement revenue bond payable	-	-	440,848	-	440,848	669,976
Deferred revenue	-	-	-	100,335	146,867	378,287
<b>Total liabilities</b>	<b>120,415</b>	<b>-</b>	<b>613,474</b>	<b>127,945</b>	<b>1,002,357</b>	<b>2,055,041</b>
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Long-term loans receivable	-	-	-	-	-	487,358
<b>Restricted</b>						
Restricted	-	-	-	-	6,818,803	17,258,721
<b>Committed</b>						
Committed	14,532	-	5,272,299	-	5,286,831	6,353,315
<b>Assigned</b>						
Assigned	-	-	-	4,054,000	4,054,000	4,842,893
<b>Total fund balances</b>	<b>14,532</b>	<b>-</b>	<b>5,272,299</b>	<b>4,054,000</b>	<b>16,159,634</b>	<b>28,942,287</b>
<b>Total liabilities and fund balances</b>	<b>\$ 134,947</b>	<b>\$ -</b>	<b>\$ 5,885,773</b>	<b>\$ 4,181,945</b>	<b>\$ 17,161,991</b>	<b>\$ 30,997,328</b>

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2012

	Special Revenue							
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Public Safety	Rainy Day	Rainy Day Public Safety	Police Drug Investigation Assistance
Revenues:								
Taxes:								
Property	\$ 895,827	\$ -	\$ 1,720,698	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	2,155,354	432,015	91,805	-	2,205,335	-	-	7,055
Charges for services	5,700	-	405,840	12,100	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Sale and use of property	6,500	-	333,287	-	-	-	-	-
Gifts and donations	-	-	250	67,610	-	-	-	-
Other	3,276	-	2,286	-	-	80,644	-	-
<b>Total revenues</b>	<b>3,066,657</b>	<b>432,015</b>	<b>2,554,166</b>	<b>79,710</b>	<b>2,205,335</b>	<b>80,644</b>	<b>-</b>	<b>7,055</b>
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	999,945	-	141,672	-
Highways and streets	3,126,712	721,208	-	-	-	785,000	-	-
Sanitation	-	-	-	-	-	-	-	-
Culture and recreation	-	-	2,906,061	108,557	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital Outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,126,712</b>	<b>721,208</b>	<b>2,906,061</b>	<b>108,557</b>	<b>999,945</b>	<b>785,000</b>	<b>141,672</b>	<b>-</b>
Excess (deficiency) of revenues								
Over (under) expenditures	(60,055)	(289,193)	(351,895)	(28,847)	1,205,390	(704,356)	(141,672)	7,055
Other financing sources (uses):								
Debt issuance	-	-	-	-	-	-	-	-
Transfers in	6,075	-	2,242	-	-	-	-	-
Transfers out	-	-	-	-	(155,909)	-	-	-
<b>Total other financing sources and uses</b>	<b>6,075</b>	<b>-</b>	<b>2,242</b>	<b>-</b>	<b>(155,909)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(53,980)</b>	<b>(289,193)</b>	<b>(349,653)</b>	<b>(28,847)</b>	<b>1,049,481</b>	<b>(704,356)</b>	<b>(141,672)</b>	<b>7,055</b>
Fund balances - January 1	3,369,075	698,315	1,276,042	67,628	1,214,455	1,768,321	144,191	14,591
Fund balances - December 31	<u>\$ 3,315,095</u>	<u>\$ 409,122</u>	<u>\$ 926,389</u>	<u>\$ 38,781</u>	<u>\$ 2,263,936</u>	<u>\$ 1,063,965</u>	<u>\$ 2,519</u>	<u>\$ 21,646</u>

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CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2012  
 (Continued)

	Special Revenue						
	Off-Street Parking	Alley Paving	Sidewalk and Curb Repair	Industrial Development	Unsafe Building	Trash Collection	Mishawaka Gift
Revenues:							
Taxes:							
Property	\$	-	\$	-	\$	-	\$
Licenses and permits	4,987	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	2,066,435	-
Fines and forfeits	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-	52,875
Other	-	-	5,470	113	-	2,140	-
<b>Total revenues</b>	<b>4,987</b>	<b>-</b>	<b>5,470</b>	<b>113</b>	<b>-</b>	<b>2,068,575</b>	<b>52,875</b>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	6,820	-	-	-	-	-	-
Highways and streets	-	1,631	58,351	-	-	-	-
Sanitation	-	-	-	-	-	1,953,950	-
Culture and recreation	-	-	-	-	-	-	49,325
Community development	-	-	-	-	-	-	-
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital Outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>6,820</b>	<b>1,631</b>	<b>58,351</b>	<b>-</b>	<b>-</b>	<b>1,953,950</b>	<b>49,325</b>
Excess (deficiency) of revenues							
Over (under) expenditures	(1,833)	(1,631)	(52,881)	113	-	114,625	3,550
Other financing sources (uses):							
Debt issuance	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(259)	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(259)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,833)</b>	<b>(1,631)</b>	<b>(52,881)</b>	<b>113</b>	<b>(259)</b>	<b>114,625</b>	<b>3,550</b>
Fund balances - January 1	10,255	1,631	58,351	58,237	259	398,399	196,674
Fund balances - December 31	<u>\$ 8,422</u>	<u>\$ -</u>	<u>\$ 5,470</u>	<u>\$ 58,350</u>	<u>\$ -</u>	<u>\$ 513,024</u>	<u>\$ 200,224</u>

Continued on next page

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2012  
 (Continued)

	Special Revenue					
	Law Enforcement Continuing Education	Local Law Enforcement Block Grant	Insurance Recovery	Bicentennial Gift	Community Development	Property Rehabilitation Revolving
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	20,790	-	-	-	-	-
Intergovernmental	4,986	-	-	-	302,437	25,796
Charges for services	23,027	-	-	-	20	-
Fines and forfeits	21,958	-	-	-	-	-
Interest	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Other	-	-	36,250	-	128,560	28,768
<b>Total revenues</b>	<b>70,761</b>	<b>-</b>	<b>36,250</b>	<b>-</b>	<b>431,017</b>	<b>54,564</b>
Expenditures:						
Current:						
General government	-	-	27,108	-	-	-
Public safety	51,116	928	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	423,129	56,732
Debt Service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	537
Capital Outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
<b>Total expenditures</b>	<b>51,116</b>	<b>928</b>	<b>27,108</b>	<b>-</b>	<b>423,129</b>	<b>57,269</b>
Excess (deficiency) of revenues Over (under) expenditures	19,645	(928)	9,142	-	7,888	(2,705)
Other financing sources (uses):						
Debt issuance	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(67,078)	-	-	(20,582)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>(67,078)</b>	<b>-</b>	<b>-</b>	<b>(20,582)</b>
<b>Net change in fund balances</b>	<b>19,645</b>	<b>(928)</b>	<b>(57,936)</b>	<b>-</b>	<b>7,888</b>	<b>(23,287)</b>
Fund balances - January 1	43,616	928	57,936	1,326	639,461	36,787
Fund balances - December 31	<u>\$ 63,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,326</u>	<u>\$ 647,349</u>	<u>\$ 13,500</u>

Continued on next page

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2012  
 (Continued)

	Special Revenue					Totals
	Park Nonreverting Operating	Criminal Assistance Grant	NSP (1) Grant	NSP (3) Grant	State Grant	
<b>Revenues:</b>						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,616,525
Licenses and permits	-	-	-	-	-	25,777
Intergovernmental	-	281,149	-	337,762	-	5,843,694
Charges for services	97,857	-	-	-	-	2,610,979
Fines and forfeits	-	-	-	-	-	21,958
Interest	-	-	-	-	-	-
Sale and use of property	87,229	-	-	-	-	427,016
Gifts and donations	-	-	-	-	-	120,735
Other	-	-	35	27,279	-	314,821
<b>Total revenues</b>	<b>185,086</b>	<b>281,149</b>	<b>35</b>	<b>365,041</b>	<b>-</b>	<b>11,981,505</b>
<b>Expenditures:</b>						
Current:						
General government	-	-	-	-	-	27,108
Public safety	-	307,837	-	-	-	1,508,318
Highways and streets	-	-	-	-	-	4,692,902
Sanitation	-	-	-	-	-	1,953,950
Culture and recreation	168,974	-	-	-	-	3,232,917
Community development	-	-	1,117	326,492	-	807,470
Debt Service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	537
Capital Outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
<b>Total expenditures</b>	<b>168,974</b>	<b>307,837</b>	<b>1,117</b>	<b>326,492</b>	<b>-</b>	<b>12,223,202</b>
Excess (deficiency) of revenues Over (under) expenditures	16,112	(26,688)	(1,082)	38,549	-	(241,697)
<b>Other financing sources (uses):</b>						
Debt issuance	-	-	-	-	-	-
Transfers in	-	-	20,582	-	-	28,899
Transfers out	-	-	-	-	-	(243,828)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>20,582</b>	<b>-</b>	<b>-</b>	<b>(214,929)</b>
<b>Net change in fund balances</b>	<b>16,112</b>	<b>(26,688)</b>	<b>19,500</b>	<b>38,549</b>	<b>-</b>	<b>(456,626)</b>
Fund balances - January 1	332,345	90,820	(19,500)	499	70,146	10,530,588
Fund balances - December 31	\$ 348,457	\$ 63,932	\$ -	\$ 39,048	\$ 70,146	\$ 10,073,962

Continued on next page

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2012  
 (Continued)

	Debt Service						Totals
	Municipal Bond No. 1	Mishawaka Building Corporation Debt Service	TIF NW Redemption	TIF NW Reserve	TIF SS Redemption	TIF SS Reserve	
Revenues:							
Taxes:							
Property	\$ 1,513,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,513,000
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	80,118	-	-	-	-	-	80,118
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interest	-	-	6,898	955	729	233	8,815
Sale and use of property	-	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>1,593,118</u>	<u>-</u>	<u>6,898</u>	<u>955</u>	<u>729</u>	<u>233</u>	<u>1,601,933</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Debt Service:							
Principal	1,435,000	133,334	3,155,000	-	295,000	-	5,018,334
Interest and fiscal charges	213,066	22,575	170,425	-	40,284	-	446,350
Capital Outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Total expenditures	<u>1,648,066</u>	<u>155,909</u>	<u>3,325,425</u>	<u>-</u>	<u>335,284</u>	<u>-</u>	<u>5,464,684</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>(54,948)</u>	<u>(155,909)</u>	<u>(3,318,527)</u>	<u>955</u>	<u>(334,555)</u>	<u>233</u>	<u>(3,862,751)</u>
Other financing sources (uses):							
Debt issuance	-	-	-	-	-	-	-
Transfers in	588	155,909	3,325,425	-	335,284	-	3,817,206
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	<u>588</u>	<u>155,909</u>	<u>3,325,425</u>	<u>-</u>	<u>335,284</u>	<u>-</u>	<u>3,817,206</u>
Net change in fund balances	(54,360)	-	6,898	955	729	233	(45,545)
Fund balances - January 1	831,811	-	269,200	1,232,139	44,767	376,319	2,754,236
Fund balances - December 31	<u>\$ 777,451</u>	<u>\$ -</u>	<u>\$ 276,098</u>	<u>\$ 1,233,094</u>	<u>\$ 45,496</u>	<u>\$ 376,552</u>	<u>\$ 2,708,691</u>

Continued on next page

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2012  
 (Continued)

	Capital Projects					
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	General Improvement	Local Major Moves Construction	Cumulative Capital Development
Revenues:						
Taxes:						
Property	\$ 35,478	\$ -	\$ 438,410	\$ -	\$ -	\$ 333,243
Licenses and permits	-	-	77,899	-	-	-
Intergovernmental	1,893	127,977	23,391	-	-	57,406
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	-	-	-	-	2,139	-
Sale and use of property	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Other	-	-	8,883	-	-	-
<b>Total revenues</b>	<b>37,371</b>	<b>127,977</b>	<b>548,583</b>	<b>-</b>	<b>2,139</b>	<b>390,649</b>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital Outlay:						
General government	-	-	-	-	-	362,220
Public safety	96,328	-	290,637	-	-	-
Highways and streets	-	-	-	-	992,022	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
<b>Total expenditures</b>	<b>96,328</b>	<b>-</b>	<b>290,637</b>	<b>-</b>	<b>992,022</b>	<b>362,220</b>
Excess (deficiency) of revenues Over (under) expenditures	<u>(58,957)</u>	<u>127,977</u>	<u>257,946</u>	<u>-</u>	<u>(989,883)</u>	<u>28,429</u>
Other financing sources (uses):						
Debt issuance	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(55,567)	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(55,567)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(58,957)</b>	<b>127,977</b>	<b>257,946</b>	<b>(55,567)</b>	<b>(989,883)</b>	<b>28,429</b>
Fund balances - January 1	<u>89,843</u>	<u>990,563</u>	<u>1,438,389</u>	<u>55,567</u>	<u>4,533,232</u>	<u>401,264</u>
Fund balances - December 31	<u>\$ 30,886</u>	<u>\$ 1,118,540</u>	<u>\$ 1,696,335</u>	<u>\$ -</u>	<u>\$ 3,543,349</u>	<u>\$ 429,693</u>

Continued on next page

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2012  
 (Continued)

	Capital Projects					Total Nonmajor Governmental Funds
	Fire Station Construction	Park Bond Capital	CEDIT	TIF SS General	Totals	
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ 1,016,390	\$ 1,823,521	\$ 5,953,046
Licenses and permits	-	-	-	-	77,899	103,676
Intergovernmental	-	-	3,009,654	-	3,220,321	9,144,133
Charges for services	-	-	-	-	-	2,610,979
Fines and forfeits	-	-	-	-	-	21,958
Interest	1,938	-	-	7,172	11,249	20,064
Sale and use of property	-	-	-	-	-	427,016
Gifts and donations	-	-	-	-	-	120,735
Other	-	-	-	-	8,883	323,704
<b>Total revenues</b>	<b>1,938</b>	<b>-</b>	<b>3,009,654</b>	<b>1,023,562</b>	<b>5,141,873</b>	<b>18,725,311</b>
Expenditures:						
Current:						
General government	-	-	-	-	-	27,108
Public safety	-	-	-	-	-	1,508,318
Highways and streets	-	-	-	-	-	4,692,902
Sanitation	-	-	-	-	-	1,953,950
Culture and recreation	-	-	-	-	-	3,232,917
Community development	-	-	-	-	-	807,470
Debt Service:						
Principal	-	-	-	-	-	5,018,334
Interest and fiscal charges	-	-	-	-	-	446,887
Capital Outlay:						
General government	-	-	569,785	-	932,005	932,005
Public safety	3,987,406	-	-	-	4,374,371	4,374,371
Highways and streets	-	-	1,443,977	354,819	2,790,818	2,790,818
Culture and recreation	-	-	483,320	-	483,320	483,320
Community development	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,987,406</b>	<b>-</b>	<b>2,497,082</b>	<b>354,819</b>	<b>8,580,514</b>	<b>26,268,400</b>
Excess (deficiency) of revenues Over (under) expenditures	(3,985,468)	-	512,572	668,743	(3,438,641)	(7,543,089)
Other financing sources (uses):						
Debt issuance	4,000,000	-	-	-	4,000,000	4,000,000
Transfers in	-	-	-	-	-	3,846,105
Transfers out	-	(588)	-	(335,284)	(391,439)	(635,267)
<b>Total other financing sources and uses</b>	<b>4,000,000</b>	<b>(588)</b>	<b>-</b>	<b>(335,284)</b>	<b>3,608,561</b>	<b>7,210,838</b>
Net change in fund balances	14,532	(588)	512,572	333,459	169,920	(332,251)
Fund balances - January 1	-	588	4,759,727	3,720,541	15,989,714	29,274,538
Fund balances - December 31	\$ 14,532	\$ -	\$ 5,272,299	\$ 4,054,000	\$ 16,159,634	\$ 28,942,287

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - MOTOR VEHICLE HIGHWAY  
For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Property	\$ 887,007	\$ 887,007	\$ 895,827	\$ 8,820
Intergovernmental	1,287,599	1,287,599	2,068,094	780,495
Charges for services	5,700	5,700	5,700	-
Other	-	-	52,361	52,361
<b>Total revenues</b>	<b>2,180,306</b>	<b>2,180,306</b>	<b>3,021,982</b>	<b>841,676</b>
<b>Expenditures:</b>				
Current:				
Highways and streets:				
Personal services	2,350,828	2,364,207	1,960,236	403,971
Supplies	737,049	743,011	574,442	168,569
Other services and charges	580,140	595,140	497,054	98,086
Capital outlay	355,540	355,540	322,225	33,315
<b>Total expenditures</b>	<b>4,023,557</b>	<b>4,057,898</b>	<b>3,353,957</b>	<b>703,941</b>
<b>Net change in fund balances</b>	<b>(1,843,251)</b>	<b>(1,877,592)</b>	<b>(331,975)</b>	<b>1,545,617</b>
Fund balances - beginning	3,220,420	3,220,420	3,220,420	-
<b>Fund balances - ending</b>	<b>\$ 1,377,169</b>	<b>\$ 1,342,828</b>	<b>\$ 2,888,445</b>	<b>\$ 1,545,617</b>
<b><u>Budget/GAAP Reconciliation</u></b>				
Net change in fund balance, budget basis			\$ (331,975)	
To adjust revenues for accruals			87,260	
To adjust expenditures for accruals			(22,786)	
To adjust expenditures for encumbrances			213,521	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ (53,980)</b>	

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - LOCAL ROAD AND STREET  
For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 428,000	\$ 428,000	\$ 430,051	\$ 2,051
Other	-	-	59,981	59,981
Total revenues	<u>428,000</u>	<u>428,000</u>	<u>490,032</u>	<u>62,032</u>
Expenditures:				
Current:				
Highways and streets:				
Capital outlay	<u>868,297</u>	<u>868,297</u>	<u>868,297</u>	-
Net change in fund balances	(440,297)	(440,297)	(378,265)	62,032
Fund balances - beginning	<u>703,781</u>	<u>703,781</u>	<u>703,781</u>	-
Fund balances - ending	<u>\$ 263,484</u>	<u>\$ 263,484</u>	<u>\$ 325,516</u>	<u>\$ 62,032</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (378,265)	
To adjust revenues for accruals			1,964	
To adjust expenditures for accruals			49,546	
To adjust expenditures for encumbrances			<u>37,562</u>	
Net change in fund balance, GAAP basis			<u>\$ (289,193)</u>	

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - PARK AND RECREATION  
For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 1,794,000	\$ 1,794,000	\$ 1,720,698	\$ (73,302)
Intergovernmental	80,466	80,466	91,805	11,339
Charges for services	450,000	450,000	406,238	(43,762)
Gifts and donations	-	-	250	250
Other	-	-	337,815	337,815
	<u>-</u>	<u>-</u>	<u>337,815</u>	<u>337,815</u>
Total revenues	<u>2,324,466</u>	<u>2,324,466</u>	<u>2,556,806</u>	<u>232,340</u>
Expenditures:				
Current:				
Culture and recreation:				
Personal services	2,150,079	2,128,098	1,986,078	142,020
Supplies	380,744	412,244	337,139	75,105
Other services and charges	704,872	699,873	632,590	67,283
	<u>3,235,695</u>	<u>3,240,215</u>	<u>2,955,807</u>	<u>284,408</u>
Total expenditures	<u>3,235,695</u>	<u>3,240,215</u>	<u>2,955,807</u>	<u>284,408</u>
Net change in fund balances	(911,229)	(915,749)	(399,001)	516,748
Fund balances - beginning	<u>1,348,228</u>	<u>1,348,228</u>	<u>1,348,228</u>	-
Fund balances - ending	<u>\$ 436,999</u>	<u>\$ 432,479</u>	<u>\$ 949,227</u>	<u>\$ 516,748</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (399,001)	
To adjust revenues for accruals			(398)	
To adjust expenditures for accruals			(6,359)	
To adjust expenditures for encumbrances			<u>56,105</u>	
Net change in fund balance, GAAP basis			<u>\$ (349,653)</u>	

CITY OF MISHAWAKA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - PUBLIC SAFETY  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,200,000	\$ 1,200,000	\$ 2,403,637	\$ 1,203,637
Other	-	-	344,366	344,366
Total revenues	<u>1,200,000</u>	<u>1,200,000</u>	<u>2,748,003</u>	<u>1,548,003</u>
Expenditures:				
Current:				
Public safety:				
Other services and charges	811,815	864,815	656,832	207,983
Capital outlay	<u>1,167,888</u>	<u>1,200,888</u>	<u>1,000,977</u>	<u>199,911</u>
Total expenditures	<u>1,979,703</u>	<u>2,065,703</u>	<u>1,657,809</u>	<u>407,894</u>
Net change in fund balances	(779,703)	(865,703)	1,090,194	1,955,897
Fund balances - beginning	<u>1,333,449</u>	<u>1,333,449</u>	<u>1,333,449</u>	-
Fund balances - ending	<u>\$ 553,746</u>	<u>\$ 467,746</u>	<u>\$ 2,423,643</u>	<u>\$ 1,955,897</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 1,090,194	
To adjust expenditures for accruals			(198,302)	
To adjust expenditures for accruals			(28,609)	
To adjust expenditures for encumbrances			<u>184,198</u>	
Net change in fund balance, GAAP basis			<u>\$ 1,049,481</u>	

CITY OF MISHAWAKA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - RAINY DAY  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 80,644	\$ 80,644
Expenditures:				
Current:				
Public safety:				
Capital outlay	-	970,000	970,000	-
Net change in fund balances	-	(970,000)	(889,356)	80,644
Fund balances - beginning	1,768,321	1,768,321	1,768,321	-
Fund balances - ending	<u>\$ 1,768,321</u>	<u>\$ 798,321</u>	<u>\$ 878,965</u>	<u>\$ 80,644</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (889,356)	
To adjust expenditures for encumbrances			<u>185,000</u>	
Net change in fund balance, GAAP basis			<u>\$ (704,356)</u>	

CITY OF MISHAWAKA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - RAINY DAY PUBLIC SAFETY  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Public safety:				
Other services and charges	\$ 156,491	\$ 156,490	\$ 156,490	\$ -
Capital outlay	-	-	-	-
Total expenditures	<u>156,491</u>	<u>156,490</u>	<u>156,490</u>	<u>-</u>
Fund balances - beginning	<u>159,009</u>	<u>159,009</u>	<u>159,009</u>	<u>-</u>
Fund balances - ending	<u>\$ 471,991</u>	<u>\$ 471,989</u>	<u>\$ 471,989</u>	<u>\$ -</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (156,490)	
To adjust expenditures for accruals			14,818	
To adjust expenditures for encumbrances			-	
Net change in fund balance, GAAP basis			<u>\$ (141,672)</u>	

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - LAW ENFORCEMENT CONTINUING EDUCATION  
For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses and permits	\$ 10,000	\$ 10,000	\$ 20,850	\$ 10,850
Intergovernmental	-	-	4,740	4,740
Charges for services	16,000	16,000	23,007	7,007
Fines and forfeits	5,000	5,000	21,749	16,749
Other	-	-	245	245
<b>Total revenues</b>	<b>31,000</b>	<b>31,000</b>	<b>70,591</b>	<b>39,591</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Public safety:</b>				
Supplies	22,265	22,265	22,265	-
Other services and charges	20,000	20,000	19,966	34
Capital outlay	18,690	18,690	18,583	107
<b>Total expenditures</b>	<b>60,955</b>	<b>60,955</b>	<b>60,814</b>	<b>141</b>
<b>Net change in fund balances</b>	<b>(29,955)</b>	<b>(29,955)</b>	<b>9,777</b>	<b>39,732</b>
<b>Fund balances - beginning</b>	<b>51,943</b>	<b>51,943</b>	<b>51,943</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ 21,988</b>	<b>\$ 21,988</b>	<b>\$ 61,720</b>	<b>\$ 39,732</b>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ 9,777	
To adjust revenues for accruals			170	
To adjust expenditures for accruals			8,422	
To adjust expenditures for encumbrances			1,276	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ 19,645</b>	

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - PARK NONREVERTING OPERATING  
For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 80,000	\$ 80,000	\$ 97,707	\$ 17,707
Other	45,000	45,000	87,229	42,229
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>184,936</u>	<u>59,936</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation:				
Supplies	30,000	30,000	29,130	870
Capital outlay	284,046	284,046	142,388	141,658
Total expenditures	<u>314,046</u>	<u>314,046</u>	<u>171,518</u>	<u>142,528</u>
Net change in fund balances	(189,046)	(189,046)	13,418	202,464
Fund balances - beginning	<u>334,753</u>	<u>334,753</u>	<u>334,753</u>	-
Fund balances - ending	<u>\$ 145,707</u>	<u>\$ 145,707</u>	<u>\$ 348,171</u>	<u>\$ 202,464</u>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ 13,418	
To adjust revenues for accruals			150	
To adjust expenditures for accruals			2,432	
To adjust expenditures for encumbrances			112	
Net change in fund balance, GAAP basis			<u>\$ 16,112</u>	

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
DEBT SERVICE FUNDS - MUNICIPAL BOND NO.1  
For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 1,540,138	\$ 1,540,138	\$ 1,513,000	\$ (27,138)
Intergovernmental	71,023	71,023	80,118	9,095
Total revenues	<u>1,611,161</u>	<u>1,611,161</u>	<u>1,593,118</u>	<u>(18,043)</u>
Expenditures:				
Debt service:				
Principal	1,435,000	1,435,000	1,435,000	-
Interest and fiscal agent fees	213,617	213,617	213,566	51
Total expenditures	<u>1,648,617</u>	<u>1,648,617</u>	<u>1,648,566</u>	<u>51</u>
Excess (deficiency) of revenues over (under) expenditures	(37,456)	(37,456)	(55,448)	(17,992)
Other financing sources:				
Transfers in	-	-	588	588
Net change in fund balances	(37,456)	(37,456)	(54,860)	(17,404)
Fund balances - beginning	832,311	832,311	832,311	-
Fund balances - ending	<u>\$ 794,855</u>	<u>\$ 794,855</u>	<u>\$ 777,451</u>	<u>\$ (17,404)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (54,860)	
To adjust expenditures for accruals			(500)	
To adjust expenditures for encumbrances			1,000	
Net change in fund balance, GAAP basis			<u>\$ (54,360)</u>	

CITY OF MISHAWAKA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - CUMULATIVE BUILDING AND FIRE FIGHTING EQUIPMENT  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 41,000	\$ 41,000	\$ 35,478	\$ (5,522)
Intergovernmental	<u>2,154</u>	<u>2,154</u>	<u>1,893</u>	<u>(261)</u>
Total revenues	<u>43,154</u>	<u>43,154</u>	<u>37,371</u>	<u>(5,783)</u>
Expenditures:				
Capital outlay:				
Public safety:				
Capital outlay	<u>104,742</u>	<u>104,742</u>	<u>103,728</u>	<u>1,014</u>
Net change in fund balances	(61,588)	(61,588)	(66,357)	(4,769)
Fund balances - beginning	<u>97,361</u>	<u>97,361</u>	<u>97,361</u>	-
Fund balances - ending	<u>\$ 35,773</u>	<u>\$ 35,773</u>	<u>\$ 31,004</u>	<u>\$ (4,769)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (66,357)	
To adjust expenditures for accruals			6,400	
To adjust expenditures for encumbrances			<u>1,000</u>	
Net change in fund balance, GAAP basis			<u>\$ (58,957)</u>	

CITY OF MISHAWAKA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL IMPROVEMENT  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 130,762	\$ 130,762	\$ 127,977	\$ (2,785)
Fund balances - beginning	990,563	990,563	990,563	-
Fund balances - ending	\$ 1,121,325	\$ 1,121,325	\$ 1,118,540	\$ (2,785)

Budget/GAAP Reconciliation

No reconciliation necessary since budgetary basis equals GAAP basis

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - CUMULATIVE SEWER  
For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 495,000	\$ 495,000	\$ 438,386	\$ (56,614)
Intergovernmental	22,038	22,038	23,391	1,353
Charges for services	-	-	77,899	77,899
Other	-	-	8,883	8,883
Total revenues	<u>517,038</u>	<u>517,038</u>	<u>548,559</u>	<u>31,521</u>
Expenditures:				
Capital outlay:				
Public safety:				
Other services and charges	510,184	510,183	506,483	3,700
Capital outlay	<u>1,060,463</u>	<u>1,060,462</u>	<u>1,024,263</u>	<u>36,199</u>
Total expenditures	<u>1,570,647</u>	<u>1,570,645</u>	<u>1,530,746</u>	<u>39,899</u>
Net change in fund balances	(1,053,609)	(1,053,607)	(982,187)	71,420
Fund balances - beginning	<u>1,795,310</u>	<u>1,795,310</u>	<u>1,795,310</u>	-
Fund balances - ending	<u>\$ 741,701</u>	<u>\$ 741,703</u>	<u>\$ 813,123</u>	<u>\$ 71,420</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (982,187)	
To adjust expenditures for accruals			300,105	
To adjust expenditures for encumbrances			<u>940,028</u>	
Net change in fund balance, GAAP basis			<u>\$ 257,946</u>	

CITY OF MISHAWAKA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - LOCAL MAJOR MOVES CONSTRUCTION  
 For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ -	\$ 2,139	\$ 2,139
Expenditures:				
Capital outlay:				
Highways and streets:				
Capital outlay	<u>948,685</u>	<u>4,563,021</u>	<u>4,563,021</u>	<u>-</u>
Net change in fund balances	(948,685)	(4,563,021)	(4,560,882)	2,139
Fund balances - beginning	<u>4,562,477</u>	<u>4,562,477</u>	<u>4,562,477</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,613,792</u>	<u>\$ (544)</u>	<u>\$ 1,595</u>	<u>\$ 2,139</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (4,560,882)	
To adjust expenditures for accruals			6,978	
To adjust expenditures for encumbrances			<u>3,564,021</u>	
Net change in fund balance, GAAP basis			<u>\$ (989,883)</u>	

CITY OF MISHAWAKA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL DEVELOPMENT  
 For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 463,880	\$ 381,000	\$ 333,243	\$ (47,757)
Intergovernmental	18,567	19,483	57,406	37,923
Total revenues	<u>482,447</u>	<u>400,483</u>	<u>390,649</u>	<u>(9,834)</u>
Expenditures:				
Capital outlay:				
General government:				
Capital outlay	<u>678,401</u>	<u>678,401</u>	<u>678,401</u>	<u>-</u>
Net change in fund balances	(195,954)	(277,918)	(287,752)	(9,834)
Fund balances - beginning	<u>499,110</u>	<u>499,110</u>	<u>499,110</u>	<u>-</u>
Fund balances - ending	<u>\$ 303,156</u>	<u>\$ 221,192</u>	<u>\$ 211,358</u>	<u>\$ (9,834)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (287,752)	
To adjust expenditures for accruals			84,056	
To adjust expenditures for encumbrances			<u>232,125</u>	
Net change in fund balance, GAAP basis			<u>\$ 28,429</u>	

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - FIRE STATION CONSTRUCTION  
For The Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
Revenues:				
Interest	\$ -	\$ -	\$ 1,938	\$ 1,938
Expenditures:				
Capital outlay:				
General government:				
Capital outlay	-	4,000,000	4,000,000	-
Excess (deficiency) of revenues over (under) expenditures	-	(4,000,000)	(3,998,062)	1,938
Other financing sources:				
Capital lease proceeds	-	4,000,000	4,000,000	-
Net change in fund balances	-	-	1,938	1,938
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,938</u>	<u>\$ 1,938</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 1,938	
To adjust expenditures for accruals			(120,415)	
To adjust expenditures for encumbrances			<u>133,009</u>	
Net change in fund balance, GAAP basis			<u>\$ 14,532</u>	

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - CREDIT  
For The Year Ended December 31, 2012

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,100,000	\$ 2,100,000	\$ 3,278,318	\$ 1,178,318
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	529,548	729,548	519,353	210,195
Capital outlay	207,000	1,161,613	1,136,713	24,900
Highways and streets:				
Capital outlay	900,000	1,489,190	1,489,190	-
Culture and recreation:				
Capital outlay	615,000	1,195,546	1,192,706	2,840
Total expenditures	2,251,548	4,575,897	4,337,962	237,935
Net change in fund balances	(151,548)	(2,475,897)	(1,059,644)	1,416,253
Fund balances - beginning	5,108,714	5,108,714	5,108,714	-
Fund balances - ending	\$ 4,957,166	\$ 2,632,817	\$ 4,049,070	\$ 1,416,253
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (1,059,644)	
To adjust expenditures for accruals			(268,664)	
To adjust expenditures for accruals			(142,772)	
To adjust expenditures for encumbrances			1,983,652	
Net change in fund balance, GAAP basis			\$ 512,572	

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## FIDUCIARY FUNDS

### Pension Trust Funds

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

### Agency Funds

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

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION -  
 PENSION TRUST FUNDS  
 December 31, 2012

<u>Assets</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>	<u>Totals</u>
Cash and cash equivalents	\$ 795,394	\$ 1,018,421	\$ 31,337	\$ 1,845,152
Receivables:				
Interest and dividends	-	-	15,302	15,302
Investments at fair value:				
Municipal bonds	-	-	1,265,973	1,265,973
Mutual funds	-	-	13,519,968	13,519,968
Total investments	-	-	14,785,941	14,785,941
Total assets	<u>\$ 795,394</u>	<u>\$ 1,018,421</u>	<u>\$ 14,832,580</u>	<u>\$ 16,646,395</u>
<u>Liabilities</u>				
Accounts payable	-	-	9,126	9,126
<u>Net Position</u>				
Net position held in trust for:				
Employees' pension benefits	<u>\$ 795,394</u>	<u>\$ 1,018,421</u>	<u>\$ 14,823,454</u>	<u>\$ 16,637,269</u>

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2012

<u>Additions</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>	<u>Totals</u>
Contributions:				
On behalf contributions Employer	\$ 1,588,478	\$ 2,450,387	\$ -	\$ 4,038,865
	<u>-</u>	<u>-</u>	<u>936,366</u>	<u>936,366</u>
Total contributions	<u>1,588,478</u>	<u>2,450,387</u>	<u>936,366</u>	<u>4,975,231</u>
Investment income:				
Net increase in fair value of investments	-	-	1,146,919	1,146,919
Interest	<u>-</u>	<u>-</u>	<u>433,886</u>	<u>433,886</u>
Total investment income	<u>-</u>	<u>-</u>	<u>1,580,805</u>	<u>1,580,805</u>
Less investment expense:				
Investment activity expense	<u>-</u>	<u>-</u>	<u>34,624</u>	<u>34,624</u>
Net investment income	<u>-</u>	<u>-</u>	<u>1,546,181</u>	<u>1,546,181</u>
Total additions	<u>1,588,478</u>	<u>2,450,387</u>	<u>2,482,547</u>	<u>6,521,412</u>
<u>Deductions</u>				
Benefits	1,449,025	2,394,338	879,181	4,722,544
Administrative expense	<u>-</u>	<u>-</u>	<u>19,281</u>	<u>19,281</u>
Total deductions	<u>1,449,025</u>	<u>2,394,338</u>	<u>898,462</u>	<u>4,741,825</u>
Changes in net position	139,453	56,049	1,584,085	1,779,587
Net position - beginning	<u>655,941</u>	<u>962,372</u>	<u>13,239,369</u>	<u>14,857,682</u>
Net position - ending	<u>\$ 795,394</u>	<u>\$ 1,018,421</u>	<u>\$ 14,823,454</u>	<u>\$ 16,637,269</u>

CITY OF MISHAWAKA, INDIANA  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION -  
 AGENCY FUNDS  
 December 31, 2012

	<u>Special Judgment</u>	<u>Redevelopment Revolving</u>	<u>Totals</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 4	\$ -	\$ 4
Accounts receivable	-	3,527	3,527
	<u>4</u>	<u>3,527</u>	<u>3,531</u>
Total assets	<u>\$ 4</u>	<u>\$ 3,527</u>	<u>\$ 3,531</u>
<u>Liabilities</u>			
Accounts payable	\$ 4	\$ 1,691	\$ 1,695
Accrued payroll and withholdings payable	-	1,836	1,836
	<u>4</u>	<u>3,527</u>	<u>3,531</u>
Total liabilities	<u>\$ 4</u>	<u>\$ 3,527</u>	<u>\$ 3,531</u>

CITY OF MISHAWAKA, INDIANA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS  
 For The Year Ended December 31, 2012

	Special Judgment	Redevelopment Revolving	Totals
<b>Assets:</b>			
Cash and cash equivalents, January 1, 2012	\$ 71,941	\$ -	\$ 71,941
Additions	58	109,240	109,298
Deductions	(71,995)	(109,240)	(181,235)
	<u>4</u>	<u>-</u>	<u>4</u>
Cash and cash equivalents, December 31, 2012			
Accounts receivable, January 1, 2012	-	-	-
Additions	-	3,527	3,527
	<u>-</u>	<u>3,527</u>	<u>3,527</u>
Accounts receivable, December 31, 2012			
Total assets, December 31, 2012	<u>\$ 4</u>	<u>\$ 3,527</u>	<u>\$ 3,531</u>
<b>Liabilities:</b>			
Accounts payable, January 1, 2012	\$ 71,941	\$ -	\$ 71,941
Additions	58	1,691	1,749
Deductions	(71,995)	-	(71,995)
	<u>4</u>	<u>1,691</u>	<u>1,695</u>
Accounts payable, December 31, 2012			
Accrued payroll and withholdings payable, January 1, 2012	-	322	322
Additions	-	1,836	1,836
Deductions	-	(322)	(322)
	<u>-</u>	<u>1,836</u>	<u>1,836</u>
Accrued payroll and withholdings payable, December 31, 2012			
Total liabilities, December 31, 2012	<u>\$ 4</u>	<u>\$ 3,527</u>	<u>\$ 3,531</u>

# **STATISTICAL SECTION**

(Not Covered by Auditor's Opinion)

## CITY OF MISHAWAKA, INDIANA STATISTICAL SECTION

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

### CONTENTS

	<u>Page(s)</u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Net Position by Component	110
Changes in Net Position	111-112
Fund Balances, Governmental Funds	113
Changes in Fund Balances, Governmental Funds	114
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Assessed Value and Estimated Actual Value of Taxable Property	115
Direct and Overlapping Property Tax Rates	116
Principal Property Tax Payers	117
Property Tax Levies and Collections	118
<b>Debt Capacity</b>	
These Schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Ratios of Outstanding Debt by Type	119
Ratios of General Bonded Debt Outstanding	120
Direct and Overlapping Governmental Activities Debt	121
Legal Debt Margin	122
General Obligation and TIF Bond Coverage	123
Revenue Bond Coverage	124

**CITY OF MISHAWAKA, INDIANA  
CONTENTS (CONTINUED)**

**Demographic and Economic Information**

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

Demographic and Economic Statistics 125

Largest Employers 126

**Operating Information**

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

Full-time Equivalent City Government Employees by Function 127

Operating Indicators by Function 128

Capital Asset Statistics by Function 129

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 151,073,920	\$ 134,670,237	\$ 136,795,681	\$ 116,947,337	\$ 97,252,778	\$ 69,230,461	\$ 55,396,506	\$ 43,584,806	\$ 37,867,826	\$ 31,127,147
Restricted	2,790,264	2,839,701	2,692,555	-	-	-	993,490	1,184,297	447,219	177,669
Unrestricted	<u>36,011,745</u>	<u>47,612,406</u>	<u>34,769,529</u>	<u>44,630,003</u>	<u>31,666,692</u>	<u>33,539,008</u>	<u>25,069,658</u>	<u>22,743,313</u>	<u>22,216,544</u>	<u>18,422,222</u>
Total governmental activities net position assets	<u>\$ 189,873,929</u>	<u>\$ 185,122,344</u>	<u>\$ 174,257,766</u>	<u>\$ 161,577,340</u>	<u>\$ 128,919,470</u>	<u>\$ 102,769,469</u>	<u>\$ 81,459,654</u>	<u>\$ 67,512,416</u>	<u>\$ 60,531,589</u>	<u>\$ 51,323,038</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 97,739,643	\$ 93,926,064	\$ 66,090,580	\$ 85,021,905	\$ 81,573,161	\$ 76,739,094	\$ 53,687,905	\$ 58,414,662	\$ 49,993,152	\$ 49,875,935
Restricted	8,641,187	6,957,189	7,378,580	5,340,800	8,301,530	7,785,873	6,886,627	3,321,019	231,679	192,147
Unrestricted	<u>23,573,751</u>	<u>23,538,726</u>	<u>47,432,882</u>	<u>21,755,544</u>	<u>16,551,499</u>	<u>20,939,948</u>	<u>29,319,393</u>	<u>21,037,256</u>	<u>22,141,131</u>	<u>14,550,025</u>
Total business-type activities net position assets	<u>\$ 129,954,581</u>	<u>\$ 124,421,979</u>	<u>\$ 120,902,042</u>	<u>\$ 112,118,249</u>	<u>\$ 106,426,190</u>	<u>\$ 105,464,915</u>	<u>\$ 89,893,925</u>	<u>\$ 82,772,937</u>	<u>\$ 74,451,075</u>	<u>\$ 66,347,435</u>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 248,813,563	\$ 228,596,301	\$ 202,886,261	\$ 201,969,242	\$ 178,825,939	\$ 145,969,555	\$ 109,084,411	\$ 101,999,468	\$ 87,860,978	\$ 81,003,082
Restricted	11,431,451	9,796,890	10,071,136	5,340,800	8,301,530	7,785,873	7,880,117	4,505,316	2,764,011	3,695,144
Unrestricted	<u>59,585,496</u>	<u>71,151,132</u>	<u>82,202,411</u>	<u>66,385,547</u>	<u>48,218,191</u>	<u>54,478,956</u>	<u>54,389,051</u>	<u>43,780,569</u>	<u>44,357,675</u>	<u>32,972,247</u>
Total primary government net position assets	<u>\$ 319,830,510</u>	<u>\$ 309,544,323</u>	<u>\$ 295,159,808</u>	<u>\$ 273,695,589</u>	<u>\$ 235,345,660</u>	<u>\$ 208,234,384</u>	<u>\$ 171,353,579</u>	<u>\$ 150,285,353</u>	<u>\$ 134,982,664</u>	<u>\$ 117,670,473</u>

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 7,938,056	\$ 7,967,985	\$ 7,509,133	\$ 5,675,449	\$ 5,362,211	\$ 4,008,462	\$ 5,220,058	\$ 5,874,794	\$ 5,922,122	\$ 9,493,699
Public safety	31,059,510	29,631,615	29,219,741	25,470,868	22,188,373	17,750,725	25,344,096	23,380,191	19,352,725	14,025,776
Highways and streets	10,110,135	6,927,174	1,816,872	5,948,204	3,959,300	7,631,344	4,954,958	4,745,217	3,834,156	3,477,535
Sanitation	1,953,950	1,954,482	1,958,050	1,970,859	4,500	15,000	4,876	20,000	35,725	115,742
Community development	7,624,016	2,191,347	1,936,054	862,581	2,723,191	2,337,991	997,139	2,657,176	3,201,954	1,984,448
Culture and recreation	5,354,168	6,062,941	4,939,870	4,084,573	4,786,048	3,352,339	3,452,283	3,595,595	3,148,419	4,626,859
Interest on long-term debt	476,838	627,328	862,291	1,087,319	1,274,966	873,678	669,642	847,749	795,567	1,231,273
Total governmental activities expenses	\$ 64,516,673	\$ 55,362,872	\$ 48,242,011	\$ 45,099,853	\$ 40,298,589	\$ 35,969,539	\$ 40,643,052	\$ 41,120,722	\$ 36,290,668	\$ 34,955,332
Business type activities:										
Water utility	\$ 7,037,417	\$ 6,699,816	\$ 6,779,663	\$ 6,933,322	\$ 6,884,829	\$ 6,617,469	\$ 6,794,418	\$ 6,597,036	\$ 6,973,978	\$ 6,553,431
Wastewater utility	11,979,193	11,541,256	11,507,526	11,566,254	11,954,930	6,377,448	5,547,712	5,849,788	5,747,658	5,705,703
Electric utility	49,374,050	49,813,781	49,900,996	43,830,644	44,275,026	42,999,782	35,934,114	34,530,146	33,182,687	33,809,655
Total business-type activities expenses	68,390,660	68,054,853	68,188,185	62,330,220	63,114,785	55,994,699	48,276,244	46,976,970	45,904,323	46,068,789
Total primary government expenses	\$ 132,907,333	\$ 123,417,725	\$ 116,430,196	\$ 107,430,073	\$ 103,413,374	\$ 91,964,238	\$ 88,919,296	\$ 88,097,692	\$ 82,194,991	\$ 81,024,121
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	1,034,816	498,317	645,300	714,830	1,049,593	973,326	892,455	941,009	952,684	3,355,867
Public safety	1,577,596	1,702,518	817,492	600,824	643,933	896,332	657,308	344,116	343,324	493,067
Highways and streets	1,515,476	132,033	118,354	114,428	28,347	44,617	27,462	343,430	232,955	1,216,084
Sanitation	2,068,575	2,074,781	2,084,642	2,102,200						
Community development	184,775	586,681	150,539	260,098	535,101	794,695	624,524	156,850	103,228	235,297
Culture and recreation	1,059,334	938,755	1,093,526	995,386	1,023,173	1,033,864	915,956	913,704	811,378	788,792
Interest on long-term debt										
Operating grants and contributions	3,256,325	4,411,769	4,490,139	3,283,506	1,191,352	2,400,968	1,257,136	1,661,515	2,143,953	1,823,220
Capital grants and contributions	5,887,808	5,834,032	6,851,310	4,358,580	4,745,714	4,944,558	10,410,884	4,326,826	4,494,949	3,750,172
Total governmental activities revenue	16,584,705	16,178,886	16,251,302	12,429,852	9,217,213	11,088,360	14,785,725	8,687,450	9,082,471	11,662,499
Business type activities:										
Charges for services:										
Water utility	8,476,779	7,721,105	7,881,467	7,574,977	8,037,964	8,356,853	7,804,735	8,074,554	7,516,477	7,693,485
Wastewater utility	12,967,156	13,047,673	11,163,904	9,333,576	9,422,150	9,576,399	8,284,304	7,797,148	6,927,799	6,355,832
Electric utility	51,249,386	50,153,710	50,363,745	46,262,804	43,278,603	47,457,258	37,573,938	37,031,707	38,422,097	34,720,277
Capital grants and contributions	87,495	167,104	6,652,868	5,113,577	3,250,069	3,044,903	1,656,673	1,451,446	846,168	567,998
Total business-type activities revenue	72,780,816	71,089,592	76,061,984	68,284,934	63,988,786	68,435,413	55,319,650	54,354,855	53,712,541	49,337,592
Total primary government revenue	89,365,521	87,268,478	92,313,286	80,714,786	73,205,999	79,523,773	70,105,375	63,042,305	62,795,012	61,000,091
<b>Net (Expenses) Revenues</b>										
Governmental activities:	(47,931,968)	(39,183,986)	(31,990,709)	(32,670,001)	(31,081,376)	(24,881,179)	(25,857,327)	(32,433,272)	(27,208,197)	(23,292,833)
Business-type activities	4,390,156	3,034,739	7,873,799	5,954,714	874,001	12,440,714	7,043,406	7,377,885	7,808,218	3,268,803
Total primary government net expense	\$ (43,541,812)	\$ (36,149,247)	\$ (24,116,910)	\$ (26,715,287)	\$ (30,207,375)	\$ (12,440,465)	\$ (18,813,921)	\$ (25,055,387)	\$ (19,399,979)	\$ (20,024,030)

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

(continued)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>General revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property Taxes	\$ 43,780,600	\$ 44,782,236	\$ 49,872,423	\$ 40,092,134	\$ 43,572,448	\$ 40,325,388	\$ 34,552,665	\$ 35,172,645	\$ 31,758,286	\$ 32,066,343
Grants and Contributions not restricted to specific programs	8,403,833	8,206,595	8,570,832	4,943,387	3,846,190	3,794,657	3,808,209	3,667,444	4,201,761	4,033,427
Unrestricted investment earnings	119,285	34,289	42,251	13,542	872,964	2,022,465	1,908,162	981,943	278,677	196,261
Other	6,777,151	354,814	115,993	169,346	267,649	2,345	51,568	41,646	268,780	171,491
Loss on sale of Assets	-	-	-	-	-	-	-	(243,984)	-	-
Special Items: Litigation Settlement Transfers	(292,598)	(3,578,995)	(762,454)	959,856	517,736	46,139	(79,102)	(205,595)	(90,756)	-
<b>Total governmental activities</b>	<b>\$ 58,788,271</b>	<b>\$ 49,798,939</b>	<b>\$ 57,839,045</b>	<b>\$ 46,178,265</b>	<b>\$ 57,231,377</b>	<b>\$ 46,190,994</b>	<b>\$ 40,241,502</b>	<b>\$ 39,414,099</b>	<b>\$ 36,416,748</b>	<b>\$ 36,467,522</b>
Business-type activities:										
Unrestricted investment earnings	\$ 122,082	\$ 112,130	\$ 15,686	\$ 24,935	\$ 605,010	\$ 1,802,870	\$ 1,372,025	\$ 738,382	\$ 204,666	\$ 198,056
Other	-	-	-	672,266	-	-	-	-	-	-
Special Item: Insurance Settlement Transfers	727,766	3,578,995	762,454	(959,856)	(517,736)	(46,139)	79,102	205,595	90,756	-
<b>Total business-type activities</b>	<b>\$ 1,142,446</b>	<b>\$ 3,691,125</b>	<b>\$ 778,140</b>	<b>\$ (262,655)</b>	<b>\$ 87,274</b>	<b>\$ 1,756,731</b>	<b>\$ 1,451,127</b>	<b>\$ 943,977</b>	<b>\$ 295,422</b>	<b>\$ 198,056</b>
<b>Total primary government expenses</b>	<b>\$ 59,930,717</b>	<b>\$ 53,490,064</b>	<b>\$ 58,617,185</b>	<b>\$ 45,915,610</b>	<b>\$ 57,318,651</b>	<b>\$ 47,947,725</b>	<b>\$ 41,692,629</b>	<b>\$ 40,358,076</b>	<b>\$ 36,712,170</b>	<b>\$ 36,665,578</b>
<b>Change in Net Position</b>										
Governmental activities:	\$ 10,856,303	\$ 10,614,953	\$ 25,848,336	\$ 13,508,264	\$ 26,150,001	\$ 21,309,815	\$ 14,384,175	\$ 6,980,827	\$ 9,208,551	\$ 13,174,689
Business-type activities	\$ 5,532,602	\$ 6,725,864	\$ 8,651,939	\$ 5,692,059	\$ 961,275	\$ 14,197,445	\$ 8,494,533	\$ 8,321,862	\$ 8,103,640	\$ 3,466,859
<b>Total primary government</b>	<b>\$ 16,388,905</b>	<b>\$ 17,340,817</b>	<b>\$ 34,500,275</b>	<b>\$ 19,200,323</b>	<b>\$ 27,111,276</b>	<b>\$ 35,507,260</b>	<b>\$ 22,878,708</b>	<b>\$ 15,302,689</b>	<b>\$ 17,312,191</b>	<b>\$ 16,641,548</b>

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

	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund										
Nonspendable										
Restricted										
Committed										
Assigned	39,099	17,917		77,221	59,968	60,901	407,757	436,498	439,115	190,847
Unassigned	<u>7,898,202</u>	<u>6,113,323</u>	<u>5,554,114</u>	<u>6,218,193</u>	<u>5,256,482</u>	<u>1,191,764</u>	<u>2,560,240</u>	<u>1,982,889</u>	<u>1,771,831</u>	<u>2,177,804</u>
Total general fund	<u>\$ 7,937,301</u>	<u>\$ 6,131,240</u>	<u>\$ 5,554,114</u>	<u>\$ 6,295,414</u>	<u>\$ 5,316,450</u>	<u>\$ 1,252,665</u>	<u>\$ 2,967,997</u>	<u>\$ 2,419,387</u>	<u>\$ 2,210,946</u>	<u>\$ 2,368,651</u>
All Other Governmental Funds										
Nonspendable	12,274,727	12,657,121	21,323,691	14,182,700	16,411,776	16,639,539	15,647,856	18,127,410	12,548,773	14,452,166
Restricted	17,258,721	17,555,195								
Committed	6,353,315	6,673,086	36,269,879	35,662,925	40,459,220	51,543,352	35,317,342	29,599,512	26,196,034	19,431,581
Assigned	22,641,653	25,122,449								
Total all other governmental funds	<u>\$ 58,528,416</u>	<u>\$ 62,007,851</u>	<u>\$ 57,593,570</u>	<u>\$ 49,845,625</u>	<u>\$ 56,870,996</u>	<u>\$ 68,182,891</u>	<u>\$ 50,965,198</u>	<u>\$ 47,726,922</u>	<u>\$ 38,744,807</u>	<u>\$ 33,883,747</u>

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

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Revenues</b>										
Taxes	\$ 44,710,664	\$ 45,201,867	\$ 46,375,159	\$ 40,092,134	\$ 47,591,213	\$ 38,337,107	\$ 35,575,614	\$ 35,083,567	\$ 31,755,211	\$ 32,034,284
Licenses and permits	961,751	418,629	372,368	349,680	607,371	543,226	456,108	313,195	320,811	306,397
Intergovernmental	17,547,966	18,452,396	19,912,281	12,585,473	9,932,199	11,083,085	15,239,090	9,626,565	10,839,199	10,679,742
Charges for services	4,031,031	4,191,957	3,536,355	3,412,746	1,565,526	1,712,906	1,645,234	1,795,176	1,491,691	2,830,702
Fines and forfeits	71,554	55,098	108,165	47,051	48,797	76,695	59,303	88,543	84,243	106,222
Interest	119,285	34,289	42,251	13,542	872,964	2,022,465	1,908,162	981,943	278,677	196,261
Sale and use of property	431,797	276,241	288,654	243,067	275,255	120,004	348,167	108,537	166,146	803,226
Gifts and donations	120,735	120,587	181,674	192,726	140,278	118,607	109,615	90,933	171,127	126,139
Other	<u>2,251,822</u>	<u>1,225,387</u>	<u>538,630</u>	<u>711,842</u>	<u>910,569</u>	<u>1,173,741</u>	<u>790,441</u>	<u>344,371</u>	<u>478,331</u>	<u>1,020,898</u>
Total primary government revenues	<u>70,246,605</u>	<u>69,976,451</u>	<u>71,355,537</u>	<u>57,648,261</u>	<u>61,944,172</u>	<u>55,187,836</u>	<u>56,131,734</u>	<u>48,432,830</u>	<u>45,585,436</u>	<u>48,103,871</u>
<b>Expenditures</b>										
General government	5,933,313	5,885,077	4,866,112	4,421,867	4,218,163	3,296,707	4,812,775	5,512,833	4,861,220	8,695,207
Public safety	26,866,758	27,184,126	24,997,945	19,095,252	19,330,286	20,279,335	18,390,523	17,103,962	16,198,407	12,300,290
Highways and streets	4,987,193	3,290,704	3,705,758	3,516,087	4,513,971	4,747,151	3,291,749	4,455,162	4,006,762	3,596,912
Sanitation	1,953,950	1,954,482	1,958,050	1,970,859	4,500	15,000	4,876	20,000	35,725	115,742
Culture and recreation	3,232,917	3,146,304	2,799,182	2,811,787	3,340,629	3,223,074	2,970,164	3,108,446	3,524,618	3,205,792
Community development	991,062	2,204,477	1,575,950	1,017,300	1,202,378	1,828,843	1,204,852	2,126,001	3,053,748	1,365,347
Capital outlay	27,121,314	14,229,063	23,447,858	25,026,579	33,975,819	21,217,470	20,352,125	8,199,714	7,613,045	9,733,795
Debt service										
Principal	5,018,334	4,909,254	5,749,757	5,710,522	4,521,647	3,456,429	2,606,451	3,064,530	2,860,884	8,122,845
Interest	446,887	626,002	852,078	1,084,271	1,203,775	607,737	611,817	586,338	782,120	1,194,427
Total Expenditures	<u>76,551,728</u>	<u>63,429,489</u>	<u>69,952,690</u>	<u>64,654,524</u>	<u>72,311,168</u>	<u>58,671,746</u>	<u>54,245,332</u>	<u>44,176,986</u>	<u>42,936,529</u>	<u>48,330,357</u>
Excess of revenues over (under) expenditures	(6,305,123)	6,546,962	1,402,847	(7,006,263)	(10,366,996)	(3,483,910)	1,886,402	4,255,844	2,648,907	(226,486)
<b>Other financing sources(uses):</b>										
Transfers in	7,991,149	6,613,316	7,362,007	6,174,587	7,281,350	3,700,993	3,963,940	5,323,770	2,274,366	1,916,446
Transfers out	(7,320,692)	(7,052,244)	(8,124,461)	(5,214,731)	(6,763,614)	(3,654,854)	(4,043,042)	(5,529,365)	(2,365,122)	(1,916,446)
Bond issuance cost	4,000,000	-	-	-	-	(87,079)	(28,619)	(123,612)	(41,035)	-
Start up contribution for Mishawaka Bond Bank	-	-	-	-	(6,000,000)	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	2,625,000	(2,683,377)	-
General obligation bond issuance	-	-	-	-	-	17,800,000	1,550,000	5,000,000	2,724,412	-
Discount on bond issuance	-	-	-	-	-	(180,977)	(5,000)	(62,332)	-	-
Capital lease Issuance	-	-	-	-	-	817,499	-	-	397,932	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(2,557,799)	-	-
Interfund revenue bond issuance	-	-	1,366,252	-	-	-	-	-	-	-
Loan Issuance- short term	-	-	-	-	446,760	590,689	499,205	259,050	1,747,272	600,000
Total other financing sources and uses	<u>4,670,457</u>	<u>(438,928)</u>	<u>603,798</u>	<u>959,856</u>	<u>(5,035,504)</u>	<u>18,986,271</u>	<u>1,936,484</u>	<u>4,934,712</u>	<u>2,054,448</u>	<u>600,000</u>
Special Item: Proceeds from Litigation settlement	-	-	-	-	8,154,390	-	-	-	-	-
Net change in fund balances	<u>\$ (1,634,666)</u>	<u>\$ 6,108,034</u>	<u>\$ 2,006,645</u>	<u>\$ (6,046,407)</u>	<u>\$ (7,248,110)</u>	<u>\$ 15,502,361</u>	<u>\$ 3,822,886</u>	<u>\$ 9,190,556</u>	<u>\$ 4,703,355</u>	<u>\$ 373,514</u>
<b>Debt service as a percentage of non-capital expenditures</b>										
	9.4%	9.9%	16.0%	14.4%	14.9%	11.5%	8.0%	10.1%	17.2%	22.8%

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

Fiscal Year Ended <u>December 31</u>	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2003	1,253,760,445	394,264,475	1,648,024,920	1.2476
2004	1,208,609,588	346,458,605	1,555,068,193 (1)	1.3313
2005	1,210,835,883	360,559,477	1,571,395,360	1.3382
2006	1,232,572,354	346,777,992	1,579,350,346	1.3899
2007	1,543,475,510	207,350,000	1,750,825,510	1.3326
2008	1,455,483,993	152,870,480	1,608,354,473	1.5283
2009	1,199,456,581	190,860,770	1,390,317,351	1.6557
2010	1,234,269,393	208,951,270	1,443,220,663	1.6741
2011	1,222,738,085	206,998,725	1,429,736,810	1.7362
2012	1,181,242,531	214,088,322	1,395,330,853	1.8186

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

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

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

Fiscal Year Ended December 31	City of Mishawaka (Direct)					Overlapping Governments								Total		
	General Fund	Special Revenue Funds	Trust and Agency Funds	Debt Service Fund	Capital Projects Funds	City Rate	Townships	Redevelopment District	Library	School Districts	St. Joseph County	St Joseph Airport	Transpo		State of Indiana	St Joseph County Welfare
2003	0.9030	0.1871	0.0397	0.0545	0.0633	1.2476	0.0163	0.0502	0.1325	1.4205	0.7366	0.0472	0.0768	0.0033	0.0000	3.7310
2004	0.9586	0.2206	0.0408	0.0450	0.0663	1.3313	0.0172	0.0565	0.1319	1.5932	0.7652	0.0346	0.0827	0.0024	0.0000	4.0150
2005	0.9793	0.2112	0.0466	0.0348	0.0663	1.3382	0.0171	0.0540	0.1277	1.5691	0.7831	0.0297	0.0831	0.0024	0.0000	4.0044
2006	0.9843	0.2148	0.0782	0.0463	0.0663	1.3899	0.0318	0.0520	0.1325	1.6726	0.5002	0.0301	0.0856	0.0024	0.4897	4.3868
2007	0.9708	0.1569	0.0723	0.0666	0.0660	1.3326	0.0268	0.0000	0.1276	1.6892	0.4581	0.0277	0.0821	0.0024	0.4130	4.1595
2008	1.1576	0.1202	0.0819	0.1026	0.0660	1.5283	0.0279	0.0000	0.0943	1.6448	0.4989	0.0292	0.0821	0.0024	0.2587	4.1666
2009	1.2201	0.2126	0.0460	0.1110	0.0660	1.6557	0.0397	0.0000	0.1437	1.0735	0.5693	0.0353	0.0821	0.0000	0.0000	3.5993
2010	1.1377	0.3576	0.0000	0.1148	0.0640	1.6741	0.0288	0.0000	0.1583	1.3221	0.5866	0.0342	0.0821	0.0000	0.0000	3.8862
2011	1.2861	0.2648	0.0000	0.1213	0.0640	1.7362	0.0287	0.0000	0.1462	1.3381	0.5424	0.0297	0.0934	0.0000	0.0000	3.9147
2012	1.4381	0.2065	0.0000	0.1103	0.0637	1.8186	0.0309	0.0000	0.1553	1.3030	0.6212	0.0309	0.0999	0.0000	0.0000	4.0598

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

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

<u>Taxpayer</u>	<u>Type of Business</u>	2012			2003		
		<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Edward Rose of Indiana	Real Estate Developer	\$ 102,865,540	1	7.37%	\$ 133,631,500	1	8.11%
University Park Associates	Retail/Management	33,331,300	2	2.39%	31,012,800	4	1.88%
Main Street Village	Rental Multi-Housing	31,153,300	3	2.23%	21,550,400	7	1.31%
Garrison Holladay	Developer	23,927,900	4	1.71%			
Meijer	Retail	21,857,060	5	1.57%	32,933,930	3	2.00%
Bayer	Manufacturing	19,440,750	6	1.39%	59,147,950	2	3.59%
WSBT	Communications	19,225,780	7	1.38%			0.00%
Walmart	Retail	17,197,650	8	1.23%	24911650	6	1.51%
IBM Realty	Real Estate Developer	14,684,800	9	1.05%			
Candlewood	Rental Multi-Housing	13,293,500	10	0.95%			
Gurley Leep	Automotive Dealership				16,141,380	9	0.98%
Nyloncraft	Manufacturing				29,001,400	5	1.76%
Carriage House	Rental Multi-Housing				18,189,200	8	1.10%
Amerisource	Merchandising				14,865,540	10	0.90%
<b>Totals</b>		<b>\$ 296,977,580</b>		<b>18.80%</b>	<b>\$ 381,385,750</b>		<b>23.14%</b>

Source: St. Joseph County Auditor

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

<u>Fiscal Year Ended December 31</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Current Collection</u>	<u>Percentage of Original Levy</u>
2003	\$ 19,628,694	\$ 18,050,220	91.96%
2004	20,323,476	19,895,560	97.89%
2005	20,786,722	19,320,780	92.95%
2006	22,018,614	20,985,000	95.31%
2007	23,331,502	19,626,678	84.12%
2008	24,580,481	23,050,500	93.78%
2009	23,019,485	18,860,821	81.93%
2010	24,171,640	22,412,887	92.72%
2011	24,823,084	23,104,358	93.08%
2012	25,375,487	22,838,714	90.00%

Source: St. Joseph County Auditor

Note: City of Mishawaka Corporation collections only

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

Fiscal Year	<u>Governmental Activities</u>					<u>Business Type Activities</u>					Total Primary Government	Percentage of Personal income	Per(1) Capita
	General Obligation Bonds	Tax Increment Revenue Bonds	State Revolving Loan	Capital Leases	Inter Governmental Loan	Water Revenue Bonds	Wastewater Revenue Bonds	State Revolving Loan	Capital Leases				
2003	3,500,000	9,335,000	1,670,000	596,067		4,890,000	11,373,611	21,872,895	599,562.00	53,837,135	3.85%	1156.37	
2004	3,250,000	8,350,000	2,399,936	536,424		4,715,000	10,552,005	22,269,255	523,685.00	52,596,305	3.70%	1129.72	
2005	7,640,000	7,450,000	1,127,082	393,775		4,530,000	9,720,813	42,701,253	356,427.00	73,919,350	4.99%	1587.72	
2006	8,525,000	6,325,000	847,397	247,098		4,330,000	17,330,654	55,361,331	212,419	93,178,899	5.92%	2001.39	
2007	10,745,000	19,945,000	558,753	815,667		4,310,000	16,437,141	56,212,045	51,686	109,075,292	6.72%	2342.83	
2008	9,775,000	17,375,000	263,000	576,533		4,055,000	15,265,945	55,546,339	68,148	102,924,965	6.10%	2210.73	
2009	8,485,000	13,365,000	89,000	340,011		3,785,000	14,088,484	54,637,118	32,224	94,821,837	5.87%	2036.68	
2010	7,145,000	9,210,000	-	174,254	1,366,252	3,495,000	50,053,352	56,575,326	-	128,019,184	7.91%	2653.14	
2011	5,750,000	5,870,000	-	-	1,093,002	3,190,000	48,408,474	55,536,497	194,320	120,042,293	6.81%	2487.82	
2012	4,315,000	2,420,000	-	-	819,751	2,875,000	45,536,001	54,071,474	145,740	110,182,966	6.25%	2283.49	

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

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value(1) of Property</u>	<u>Per Capita(2)</u>
2003	3,500,000	691,743	2,808,257	0.2%	60.32
2004	3,250,000	638,792	2,611,208	0.2%	56.09
2005	7,640,000	556,263	7,083,737	0.5%	152.15
2006	8,525,000	448,846	8,076,154	0.5%	173.47
2007	10,745,000	471,651	10,273,349	0.6%	220.66
2008	9,775,000	731,989	9,043,011	0.6%	194.24
2009	8,485,000	595,262	7,889,738	0.6%	169.46
2010	7,145,000	689,228	6,455,772	0.4%	133.79
2011	5,750,000	917,276	4,832,724	0.3%	100.16
2012	4,315,000	859,024	3,455,976	0.2%	71.62

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

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

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

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

<u>Governmental Units(3)</u>	<u>Outstanding Debt at December 31, 2012(1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
City Direct Debt (Governmental Activities)	\$ 6,735,000	100.00%	6,735,000
<b><u>Overlapping Debt:</u></b>			
School City of Mishawaka	696,960,382	97.32%	678,266,255
Mishawaka-Penn Library	4,775,000	89.60%	4,278,611
Penn-Harris-Madison School Corporation	59,001,279	6.47%	3,815,156
St. Joseph County	53,455,873	17.44%	9,323,722
St. Joseph County Airport Authority	13,445,000	17.44%	2,345,064
St. Joseph County Public Library	9,545,000	3.27%	311,959
South Bend Community School Corporation	<u>182,697,271</u>	3.69%	<u>6,740,853</u>
Subtotal for Overlapping Debt	<u>1,019,879,805</u>		<u>705,081,620</u>
Total Direct and Overlapping Debt(4)	<u>\$ 1,019,879,805</u>		<u>\$ 711,816,620</u>

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

(2) Source: St. Joseph County Auditor

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

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

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

	<u>Fiscal Year</u> 2003	<u>Fiscal Year</u> 2004	<u>Fiscal Year</u> 2005	<u>Fiscal Year</u> 2006	<u>Fiscal Year</u> 2007	<u>Fiscal Year</u> 2008	<u>Fiscal Year</u> 2009	<u>Fiscal Year</u> 2010	<u>Fiscal Year</u> 2011	<u>Fiscal Year</u> 2012
Assessed Value (2)	\$ 549,341,640	\$ 508,862,922	\$ 523,121,667	\$ 526,450,115	\$ 583,608,503	\$ 536,118,157	\$ 463,439,117	\$ 481,073,554	\$ 476,578,937	\$ 465,110,284
Debt Limit Percentage	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Debt Limit(1)	21,973,666	20,354,517	20,924,867	21,058,005	23,344,340	21,444,726	18,537,565	19,242,942	19,063,157	18,604,411
Bonds Outstanding	3,500,000	3,250,000	7,640,000	8,525,000	10,745,000	9,775,000	8,485,000	7,145,000	5,750,000	4,315,000
Subtotal	18,473,666	17,104,517	13,284,867	12,533,005	12,599,340	11,669,726	10,052,565	12,097,942	13,313,157	14,289,411
Amount Available for Debt Service	691,743	638,792	556,263	448,846	471,651	731,989	595,262	689,228	917,276	859,024
Legal Debt Margin	<u>\$ 19,165,409</u>	<u>\$ 17,743,309</u>	<u>\$ 13,841,130</u>	<u>\$ 12,981,851</u>	<u>\$ 13,070,991</u>	<u>\$ 12,401,715</u>	<u>\$ 10,647,827</u>	<u>\$ 12,787,170</u>	<u>\$ 14,230,433</u>	<u>\$ 15,148,435</u>
Total net debt applicable to the limit as a percentage of debt limit	18.26%	18.32%	55.20%	65.67%	82.20%	78.82%	79.69%	55.88%	40.41%	28.48%

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

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

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

<u>Year</u>	<u>General Obligation Bond</u>		<u>Tax Incremental Financing Bonds</u>		<u>Total Bonded Debt Service</u>	<u>Total General Government Expenditures</u>	<u>Ratio of Debt Service to Total General Government Expenditures</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>			
2003	380,000	193,435	935,000	512,105	2,020,540	48,330,357	4.2%
2004	405,000	174,030	985,000	464,646	2,028,676	45,660,941	4.4%
2005	610,000	72,851	1,035,000	367,966	2,085,817	44,300,598	4.7%
2006	665,000	229,644	1,125,000	329,627	2,349,271	54,273,951	4.3%
2007	780,000	281,091	1,180,000	272,642	2,513,733	58,758,825	4.3%
2008	970,000	438,940	2,570,000	709,778	4,688,718	72,311,168	6.5%
2009	1,290,000	357,376	4,010,000	689,471	6,346,847	64,654,524	9.8%
2010	1,340,000	311,150	4,155,000	519,348	6,325,498	69,952,690	9.0%
2011	1,395,000	262,409	3,340,000	352,121	5,349,530	63,429,489	8.4%
2012	1,435,000	211,066	3,450,000	210,709	5,306,775	76,551,728	6.9%

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

<u>Year</u>	<u>Gross Revenue (A)</u>	<u>Direct Operating Expenses (B)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2003	46,510,389	43,611,528	2,898,861	825,000	415,403	1,240,403	233.7%
2004	51,163,298	39,915,099	11,248,199	1,180,000	471,727	1,651,727	681.0%
2005	51,696,748	41,056,799	10,639,949	1,210,000	445,885	1,655,885	642.6%
2006	52,336,869	42,827,190	9,509,679	1,245,000	461,096	1,706,096	557.4%
2007	65,462,854	49,998,303	15,464,551	1,655,000	621,380	2,276,380	679.3%
2008	57,798,526	51,847,654	5,950,872	1,710,000	565,949	2,275,949	261.5%
2009	60,925,718	51,057,879	9,867,839	1,785,000	516,422	2,301,422	428.8%
2010	66,378,913	56,937,984	9,440,929	2,220,000	1,529,517	3,749,517	251.8%
2011	68,421,077	57,127,195	11,293,882	3,415,000	1,944,950	5,359,950	210.7%
2012	69,217,905	57,884,047	11,333,858	3,450,000	1,883,724	5,333,724	212.5%

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

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

<b>Year</b>	<b>Population(B)</b>	<b>St Joseph County Personal Income (B)</b>	<b>St. Joseph County Median Family Income (B)</b>	<b>St Joseph County Per Capita Income (B)</b>	<b>Median Age (B)</b>	<b>K-12 Public School Enrollment (A)</b>	<b>Labor Force (B)</b>	<b>St. Joseph County Unemployment Rate-B</b>
2003	46,557	7,946,402	37,140	30,019	34.9	5,102	131,756	5.3%
2004	46,557	8,266,157	39,940	31,246	34.9	5,177	132,550	5.1%
2005	46,557	8,433,861	37,971	31,846	35.0	5,178	133,939	5.2%
2006	46,557	9,289,258	39,046	33,815	35.0	5,242	134,788	5.1%
2007	46,557	9,283,064	44,706	34,857	35.0	5,272	133,337	4.9%
2008	46,557	9,571,597	43,931	36,229	36.0	5,116	133,363	6.5%
2009	46,557	9,148,555	43,544	34,712	35.0	5,043	123,867	11.6%
2010	48,252	8,891,812	42,316	33,322	36.2	5,288	125,853	11.4%
2011	48,252	9,678,196	43,813	36,289	36.3	4,978	129,438	9.6%
2012	48,252	(D)	(D)	(D)	(D)	4,908	127,602	9.4%

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

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

**CITY OF MISHAWAKA, INDIANA  
LARGEST EMPLOYERS  
DECEMBER 31, 2012**

<u>Company</u>	<u>Type of Business</u>	<u>2012</u>			<u>2003</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage(B) of total Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage(C) of total Employment</u>
St. Joseph Regional Medical Center	Acute Healthcare	2,556	1	0.0199	879	2	0.0072
School City of Mishawaka	Public School	986	2	0.0078	978	1	0.0061
Meijer, Inc	Retail	575	3	0.0051	785	3	0.0070
City of Mishawaka	Government	506	4	0.0042	566	6	0.0043
Liberty Mutual	Insurance	450	5	0.0035	682	4	0.0045
Walmart	Retail	445	6	0.0040	397	8	0.0027
Family & Childrens Center	Social Service	425	7	0.0033	365	9	0.0027
Bayer Corporation	Manufacturing	335	8	0.0041	600	5	0.0053
Nyloncraft	Manufacturing	303	9	0.0016	405	7	0.0034
Bethel College	College	291	10	0.0033	302	10	0.0023

Note: (A) Source: Individual Companies

(B) Based on 127,602 employment of St. Joseph County

© Based on 131,756 employment of St. Joseph County

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

Full-time Equivalent Employees as of December 31

Function	2012		2011		2010		2009		2008		2007		2006		2005		2004		2003	
	Total Employment	% of Total Employment																		
General Government:	56	11%	55	11%	53	11%	48	10%	54	10%	57	11%	60	11%	66	12%	63	12%	68	12%
Public Safety:																				
Police:																				
Offices:	105	21%	103	21%	103	21%	103	21%	103	20%	100	20%	103	19%	103	19%	103	19%	103	19%
Clubs:	23	5%	23	5%	23	5%	23	5%	31	6%	30	6%	30	6%	28	5%	26	5%	28	5%
Fire:																				
Firefighters:	111	22%	109	22%	107	22%	107	22%	107	20%	107	20%	107	20%	107	20%	107	20%	107	20%
Civilian:	1	0%	1	0%	1	0%	1	0%	2	0%	2	0%	2	0%	1	0%	1	0%	1	0%
Total Public Safety:	240	48%	236	48%	234	48%	234	48%	243	46%	242	46%	242	45%	239	44%	237	44%	239	44%
Highways and Streets:	35	7%	35	7%	32	7%	30	6%	31	6%	34	6%	34	6%	37	7%	33	6%	38	7%
Culture and Recreation:	26	5%	26	5%	26	5%	26	5%	33	6%	34	6%	34	6%	35	6%	35	6%	35	6%
Water:	37	7%	36	7%	40	8%	37	8%	47	9%	49	9%	48	9%	47	9%	49	9%	49	9%
Wastewater/Sewer:	48	9%	47	9%	47	10%	48	10%	46	9%	34	7%	46	9%	46	9%	48	9%	47	9%
Electric:	54	11%	61	13%	59	13%	62	13%	70	14%	73	14%	69	13%	73	14%	70	13%	71	14%
Total City Employees:	505		499		491		485		524		520		513		543		516		548	

Source: City Payroll System

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

<b>Function</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Police</b>										
Arrests	1546	1541	1221	2006	1633	2241	2350	2059	2256	2293
Parking Violations	1034	1188	1218	1622	2540	2510	1474	2289	2692	3111
Traffic Violations	6128	5531	4080	9364	7276	4125	4568	4044	4163	3987
Traffic Accident Calls	2013	2060	2037	1969	2382	2424	2453	2717	2832	2820
Cases Reviewed	8110	8028	8135	8675	8207	8093	8114	7812	8106	8911
<b>Fire</b>										
Fire Calls	1394	1207	1260	1026	1066	201	213	253	334	244
Medical Calls	4877	4804	4467	4157	4384	4352	4123	4191	4108	4131
Inspections	1680	1500	1423	1372	1190	1603	917	1100	964	875
<b>Streets</b>										
Blocks of Streets Paved	79	85	65	73	88	123	136	99	119	85
Leaf Pickup Cubic Yards	13255	14500	15062	18390	11075	11332	16338	10132	14010	11850
Blocks of Streets Swept	900	565	445	637	620	799	833	1092	899	1365
<b>Culture &amp; recreation</b>										
Pool Attendance(patrons)	21008	17131	18014	16810	18860	19573	18512	18176	10740	13664
Community Ctr Attendance	32391	41165	48388	43120	49645	46730	53000	50355	42023	55961
Facility Rentals	1666	1447	1116	1579	1135	544	770	696	404	428
Plantings	4924	902	166	145	86	129	213	95	502	69
<b>Water</b>										
New service lines	37	54	50	56	42	206	428	419	288	527
Average daily consumption MGD	8.48	7.55	7.85	6.6	8.21	10	9	9	9	9
<b>Wastewater</b>										
Annual Sewage Treatment ( billions of gallons)	4.4	4.2	4.6	4.6	5.2	4.2	4.5	4.5	4.4	3.9
Pollutants removed (in mill of lbs.)	7.4	7.2	7.0	7.0	6.8	6.5	8.5	8.5	8.5	8.4
<b>Electric</b>										
Energy consumption (kW) (in thousands)	624569	621122	597728	538572	623032	642779	637903	617257	588830	574000
Unplanned outages	9	11	22	11	14	16	7	12	22	21

Source: Various city departments

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

<u>Function</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	89	89	89	89	89	89	89	89	89	89
<b>Fire</b>										
Stations	5	5	5	5	5	5	5	5	5	5
<b>Streets</b>										
Miles of Streets	177.04	177.04	175.40	175.13	174.30	174.30	174.30	174.08	174.08	174.08
Street Lights	3543	3538	3538	3538	3737	3737	3737	3731	3725	3709
Traffic Signals	60	58	58	58	56	55	55	55	54	54
<b>Culture &amp; recreation</b>										
Park Acreage	318	318	318	318	318	318	317	317	307	307
Number of Parks	29	28	28	28	28	28	27	27	26	26
Golf Courses	1	1	1	1	1	1	1	1	1	1
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	12	12	12	12	12	12	12	12	15	15
Community Centers	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Total connections (taps)	16850	17109	17100	17082	17082	17001	15539	15852	16037	16150
Fire Hydrants	2823	2812	2773	2738	2698	2630	2555	2491	2459	2279
<b>Wastewater</b>										
Miles of Sewers	272.73	272.02	271.37	257.08	254.41	253.23	246.14	245.06	239.85	236.89
<b>Electric</b>										
Number of Sub-stations	11	11	11	11	11	11	11	11	11	11
Miles of Service Lines above/below ground	303	303	303	303	303	303	303	303	303	303

Source: Various city departments

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

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS

2012

CITY OF MISHAWAKA

ST. JOSEPH COUNTY, INDIANA



**FILED**

07/10/2013



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
City Officials .....	2
Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	3-4
Supplemental Audit of Federal Awards	
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133.....	7-9
Schedule of Expenditures of Federal Awards .....	10-11
Notes to Schedule of Expenditures of Federal Awards.....	12
Schedule of Findings and Questioned Costs .....	13-15
Auditee Prepared Schedule:	
Corrective Action Plan.....	16-17
Exit Conference.....	18

CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Yvonne Milligan Rebecca S. Miller	01-01-12 to 05-31-13 06-01-13 to 12-31-15
Mayor	David A. Wood	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Gary E. West	01-01-12 to 12-31-13
President of the Common Council	John J. Roggeman S. Michael Compton	01-01-12 to 12-31-12 01-01-13 to 12-31-13



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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mishawaka (City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 29, 2013.

***Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in item 2012-2 the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

(Continued)

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

***City of Mishawaka's Response to Findings***

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of This Report***

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



Bruce A. Hartman  
State Examiner

May 29, 2013

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

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

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

We have audited the City of Mishawaka (City) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended December 31, 2012. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Basis for Qualified Opinion on CDBG – State Administered CDBG Cluster***

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding CFDA 14.228 CDBG-State Administered CDBG Cluster as described in finding 2012-1 for Reporting. Compliance with such requirements is necessary, in our opinion, for City to comply with the requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133  
(Continued)

***Qualified Opinion on CDBG – State Administered CDBG Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CDBG – State Administered CDBG Cluster for the year ended December 31, 2012.

***Other Matters***

The City's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be a material weakness.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying Official Response and Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133  
(Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. 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.

***Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

We have audited the financial statements of governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated May 29, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Bruce A. Hartman  
State Examiner

May 29, 2013

CITY OF MISHAWAKA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/ Entitlement Grants	Direct Grant			
Community Development		14.218	B12MC180017	\$ 237,551
Community Development		14.218	B11MC180017	<u>81,549</u>
Total - CDBG - Entitlement Grants Cluster				<u>319,100</u>
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non Entitlement Grants in Hawaii (State Administered Small Cities Program) Neighborhood Stabilization	Indiana Housing and Community Development Authority			
		14.228	NSP3	<u>428,277</u>
HOME Investment Partnerships Program				
Home Rehabilitation	St. Joseph County Housing Consortium			
Home Rehabilitation		14.239	HO10840	12,365
		14.239	HO11840	<u>13,431</u>
Total - HOME Investment Partnership Program				<u>25,796</u>
Total - Department of Housing and Urban Development				<u>773,173</u>
<u>Department of Justice</u>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program Police Equipment	Direct Grant			
		16.738	2011DJBX3359	<u>13,728</u>
Bulletproof Vest Partnership Program				
Vest	Direct Grant			
		16.607		<u>8,890</u>
Public Safety Partnership and Community Policing Grants				
Manpower	Direct Grant			
		16.710	2010UMWX0116	<u>117,742</u>
Equitable Sharing Program				
Confiscated Funds	Direct Grant			
		16.922		<u>7,055</u>
Total - Department of Justice				<u>147,415</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction Highway Planning	Indiana Department of Transportation			
		20.205	900856	<u>695</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF MISHAWAKA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2012  
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
ARRA- Highway Planning and Construction, Recovery	Indiana Department of Transportation			
ARRA Highway Planning		20.205	900857	<u>38,933</u>
Total - Highway Planning and Construction Cluster				<u>39,628</u>
Highway Safety Cluster				
State and Community Highway Safety	Indiana Criminal Justice Institute			
Highway Safety		20.600	Administration	21,260
Highway Safety		20.600	PT12040419	131,179
Highway Safety		20.600	D3-13-7370	<u>29,008</u>
Total - State and Community Highway Safety				<u>181,447</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I	Indiana Criminal Justice Institute			
Highway Safety		20.601	KB12030327	82,790
Highway Safety		20.601	D3-13-7264	16,911
Alcohol Impaired Driving Countermeasures Incentive Grants I	St Joseph County Prosecutor			
Highway Safety		20.601	FACTD3104122	<u>35,531</u>
Total - Alcohol Impaired Driving Countermeasures Incentive Grants I				<u>135,232</u>
Total - Highway Safety Cluster				<u>316,679</u>
Total - Department of Transportation				<u>356,307</u>
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority			
Clean Water Act		66.458	CS18232701	<u>14,063</u>
ARRA - Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority			
Clean Water Act		66.458	WW09367103	<u>190,135</u>
Total - Environmental Protection Agency				<u>204,198</u>
Total federal awards expended				<u>\$ 1,481,093</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF MISHAWAKA  
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 Mishawaka (City) and is presented in conformity with accounting principles generally accepted in the United States of America which is the basis of accounting used in the presentation of the financial statements. 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 City provided federal awards to subrecipients as follows for the year ended December 31, 2012:

Program Title	Amount Provided to Subrecipients
CDBG-Entitlement and (HUD-Administered) Small Cities Cluster	\$ 57,417
Highway Safety Cluster	194,515



CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the City's audited financial statements and then determining how those identified risks should be managed. The City has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Section III – Federal Award Findings and Questioned Costs

***FINDING 2012-01 - REPORTING***

Federal Agency: Housing and Urban Development  
Federal Program: Community Development Block Grant/State's Program Non-Entitlements  
Grants in Hawaii (State-Administered Small Cities Program)  
CFDA Number: 14.228  
Federal Award Number and Year (or Other Identifying Number): NSP 3  
Pass-Through Entity: Indiana Housing and Community Development Authority

As part of the grant agreement between the City and the Indiana Housing and Community Development Authority (IHCDA), the City files periodic claims for reimbursement. These claims include information on each project including the budget, prior expenditures, current expenditures and cumulative expenditures to date along with any amount that might be remaining in the budget. Claim #5 was filed in early 2013 for grant activity through December 31, 2012, and the cumulative grant expenditures on the claim were \$479,456.55. Information from this claim was used by IHCDA to compile the quarterly report for all grant expenditures throughout the state. All activity for this grant should be accounted for in Fund 277 in the City's accounting software system. This fund was set up for that purpose as required by IHCDA. Cumulative grant disbursements for that fund beginning with the start of the grant in 2011 through December 31, 2012, totaled \$431,183.37. The total disbursements for the project did not reconcile with the disbursements for fund 277. In fact, some of the disbursements included as grant expenditures reported to IHCDA were actually paid from other funds and there were also some disbursements reported twice. Information for the claim for reimbursement was generated by information processed by the CDBG Director without confirmation through the City's accounting software system. Therefore, the grant expenditures reported to IHCDA did not agree to the fund expenditures and were also in excess of grant expenditures. The discrepancy is due to a lack of internal control related to the reconciliation of grant expenditures reported to IHCDA to fund activity.

CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Award Agreement – CDBG 8 (i) states:

"No information or statement furnished by it to the Authority contains, and no report required to be or otherwise delivered by it to the Authority will contain, any untrue statement of a material fact or will omit to state a material fact necessary to make such information, statements, or reports not misleading."

Failure to file accurate claims for reimbursement could cause the City to request reimbursements for incorrect expenditures.

We recommended that officials establish procedures to ensure that expenditure reports (claims for reimbursement) are accurate and reconcile to the City's accounting system.



# CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

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

## CORRECTIVE ACTION PLAN

### FINDING NUMBER 2012-2

Rebecca S. Miller  
City Controller  
574-258-1622

June 14, 2013

The City of Mishawaka has been made aware of Governmental Accounting Standards Board (GASB) pronouncements 62 and 63 relating to financial reporting. These pronouncements were not implemented in the initial draft of the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending December 31, 2012, but have been corrected at this time.

The City of Mishawaka will take the necessary steps to provide adequate internal control over financial reporting and implement all new pronouncements in the correct time frame. In addition to reviewing the literature produced by the Government Finance Officers Association (GFOA) the Controller will work closely with the State auditor to research any changes to the requirements.

Sincerely,

Rebecca S. Miller  
City Controller



# CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

Department of Community Development

## Corrective Action Plan

April 22, 2013

Finding Number 2012-1

Auditee Contact Person: David B. Thomas

Title of Contact Person: Director, Community Development

Phone Number: 574-258-1668

The Department of Community Development has taken the following actions to correct finding 2012-1. Claim no. 5 was reimbursed twice by IHCDA. The Department contacted IHCDA and agreed to reduce the amount that was overpaid on the following eligible claim to be submitted. A NSP3 Federal Cash control register was started and all disbursements were entered into the report to reconcile the City's and IHCDA's expenditures for NSP3 account 277. The City is also taking necessary steps to ensure claims are being paid out of the correct funding account. IHCDA Representative completed and interim monitoring on March 8, 2013 utilizing the completed Federal Cash Control register and found no findings or concerns.

Thank you,

David B. Thomas

Director

COMMUNITY DEVELOPMENT • REDEVELOPMENT • ECONOMIC DEVELOPMENT

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Phone: (574) 258-1668 FAX: (574) 968-6999

E-mail: [community.development@mishawaka.in.gov](mailto:community.development@mishawaka.in.gov)

CITY OF MISHAWAKA  
EXIT CONFERENCE

The contents of this report were discussed on May 29, 2013, with Yvonne Milligan, Controller; David A. Wood, Mayor; and Rebecca S. Miller, Deputy Controller.