



**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

**CITY OF MISHAWAKA
YEAR ENDED DECEMBER 31, 2007**

JEFFREY L. REA, MAYOR

FILED

09/15/2008

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MISHAWAKA

Year Ended December 31, 2007



PREPARED BY

CITY CONTROLLER'S OFFICE

Yvonne Milligan, City Controller

INTRODUCTORY SECTION

CITY OF MISHAWAKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR DECEMBER 31, 2007

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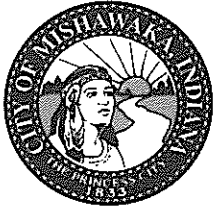
CITY OF MISHAWAKA
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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Yvonne Milligan	02-14-04 to 12-31-11
Mayor	Jeffrey L. Rea	01-01-04 to 12-31-11
Clerk	Deborah S. Block	01-01-04 to 12-31-11
President of the Board of Public Works and Safety	Gary E. West	01-01-07 to 12-31-08
Members of the Common Council	John Gleissner Gregg A. Hixenbaugh David A. Wood Marsha G. McClure Dale E. Emmons Jason J. Mazurkiewicz Ronald S. Banicki John J. Roggeman Michael S. Compton Ross J. Deal	01-01-04 to 12-31-11 01-01-04 to 12-31-11 01-01-04 to 12-31-11 01-01-04 to 12-31-11 01-01-04 to 12-31-11 01-01-04 to 12-31-07 01-01-04 to 12-31-11 01-01-04 to 12-31-11 01-01-07 to 12-31-11 01-01-08 to 12-31-11



CITY OF MISHAWAKA

JEFFREY L. REA, MAYOR

OFFICE OF THE MAYOR

June 20, 2008

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, 2007.

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.

In accordance with the above-mentioned guidelines the accompanying report consists of four parts:

- 1) Introductory section, including the Controller's letter of transmittal;
- 2) Financial section, including Management Discussion and Analysis, the financial statements and supplemental data of the city accompanied by our independent auditor's opinion;
- 3) Statistical section, including a number of tables of unaudited data depicting the financial history of the city for the past ten years, information on overlapping governments, and demographic and other miscellaneous information.
- 4) Compliance section, including audit reports, federal financial assistance schedules and notes.

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.

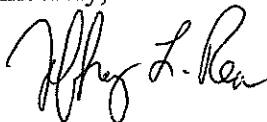
The preparation of this annual financial report could not have been accomplished without the professional competence and dedication of City Controller Yvonne Milligan and her entire staff. Their efforts over the years to upgrade the accounting and financial reporting systems of the city have substantially 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 twentieth 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 "Jeffrey L. Rea". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jeffrey L. Rea, Mayor



CITY OF MISHAWAKA

JEFFREY L. REA, MAYOR

DEPARTMENT OF FINANCE
YVONNE MILLIGAN, CITY CONTROLLER
REBECCA MILLER, DEPUTY CONTROLLER

June 20, 2008

To the Honorable Mayor Jeffrey L. Rea,
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, 2007 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, 2007, 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, 2007 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 updated in 2005. 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 and 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. Many policies and procedures have been put in to place at the City of Mishawaka to assure the best possible performance. Key items: (cash handling, periodic inventories) of 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, 2007. The independent auditor's opinion is located at the front of the financial section of this report.

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

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

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

CITY PROFILE

The City of Mishawaka, incorporated, as a city in 1899 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 square miles and serves a population of an estimated 48,912. 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. 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
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ECONOMIC CONDITION

The City's major challenges are to provide the infrastructure, services and public safety needed to maintain the quality of life, which has attracted considerable growth to our city. The economic condition and outlook of the government continues to show stable growth and vitality. 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 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 in 2006 the estimated population of Mishawaka increased to 48,912 according to the U.S. Census Bureau. Steady job growth and population growth have contributed to the stability of the community. As of December 2007 the South Bend/Mishawaka area unemployment rate remains low at 5.2%. The South Bend/Mishawaka area overall resident employment stands at 135,505 for 2007.

Locally there are ten colleges, universities and technical schools including Bethel College in Mishawaka, the University of Notre Dame, Indiana University South Bend, Saint Mary's College and Ivy Tech State College.

The largest employers in Mishawaka are in the Industry, Insurance and Education fields. The Bayer Healthcare Corporation employs approximately 555 people, Liberty Mutual Insurance Company employs approximately 860 people and the School City of Mishawaka employs an estimate of 978 people.

The total estimated value of new construction in Mishawaka during 2007 was \$116,227,947, which was the highest

annual amount in the City's history. Highlighting the 2007 completed projects were the new Ruth Chris Steak House (\$2.3million) and the new Aldi's grocery store (\$1.1 million). Several new projects were started but not completed in 2007, the new WSBT news station first permit (\$21.9 million), St. Joseph Regional Medical Center first permit (14.9 million) and a First Federal Bank (\$1.9 million).

Retail sales in Mishawaka totaled \$1.9 billion according to a 2002 survey of market data by the U.S. Census Bureau.

In 2007, 24 new commercial permits were issued at a cost of \$48.1 million and 187 commercial alterations/additions for an estimate of \$37.4 million. New single-family home construction was up in 2007 (112) \$15.7 million dollar value compared to (95) \$14 million dollar value in 2006.

46 tax abatements have been issued by the City of Mishawaka since 1985. 40 of the 47 abatements issued have been in the industrial-manufacturing area. In 2007 the city granted one tax abatement to Nyloncraft, Inc. At the end of 2007, only 11 tax abatements were outstanding.

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 2007 and beyond. Trying to control property taxes and still maintaining the services that are required will be 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 new legislation will put a burden on municipalities to spend tax dollars wisely.

In 2004 the City of Mishawaka initiated a comprehensive plan update. The completion of the plan was broken into six elements and all six have been completed. One crucial element was a housing inventory survey mailed to every Mishawaka Municipal Utility Customer and every applicable department within the city.

The Mishawaka Riverwalk continues to be constructed in 2007. The Riverwalk will run east from the boat landing at Lincoln Park across a pedestrian bridge to Kamm Island, across Kamm Island to the east end where a second pedestrian bridge will return the walkway to the mainland of Mishawaka River Center. The Riverwalk project when completed will provide a ten-foot wide concrete pedestrian trail system along the riverfront connecting the central business district with four adjacent neighborhoods and three parks.

The City of Mishawaka and St. Joseph County entered into an intergovernmental agreement in November 2004 for the design and construction of an underpass to replace the at-grade crossing of Main Street and the Canadian National Railroad. Main Street is a major north-south arterial route through the city, connecting the City's Central Business District to major commercial development on the north and the U.S. 20 bypass on the south of the city. Construction was started on this project in 2007 with an estimated completion date in 2009.

In 2007, implementation of a \$13 million communication system was completed. This new system allows each department better and faster access to information that will ultimately improve efficiency and accuracy relating to crucial situations.

In 2006, plans were unveiled for a new \$30 million 85,000 sq ft building that will be the new home for WSBT-TV, WSBT Radio Group and Schurz Communications corporate offices. This project should be completed in 2008.

In 2007, construction began on the St. Joseph Regional Medical Center a 633,000 square foot state of the art medical facility on 90 acres of land south of Douglas Rd on the north side of Mishawaka. This project will cost as estimated \$55 million with plans to open in the fall of 2009.

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 in consideration 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. We have yet to receive a definitive time schedule from the State of Indiana for the completion of this project.

In 2007 the City intends to begin the process of making Wi-Fi available to the downtown area. Wi-Fi is the cutting-edge communications infrastructure that will enhance technology in Mishawaka.

The City is continuing to develop a countywide Geographic Information System (GIS). The GIS computer technology combines mapping and information stored as data that can be collated and retrieved by location, etc. 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.

FINANCIAL INFORMATION

The Management Discussion and Analysis (MD&A) (starting on page 3) summarizes the Statement of Net Assets and Statement of Activities and reviews the changes from the prior year. The actual statements are presented on pages 16-19. The Government-Wide Financial Statements are intended to present the City in a more corporate-style basis and provide a view of the whole picture. Additionally, the Fund Financial Statements starting on page 20 are designed to address the Major individual funds by category (governmental and proprietary, as well as the fiduciary by category). An explanation of these presentations can be found on page 3 of this report within the MD&A and in the Notes to the Financial Statements starting on page 32.

CASH MANAGEMENT

Due to fluctuating market conditions, cash temporarily idle during the year was invested according to Indiana Code 5-13-1 in certificates of deposit and repurchase agreements. Investment is authorized by the city according to state statutes. All of the city's checking accounts are interest bearing and/ or invested overnight in repurchase agreements. The city, in cooperation with other local governmental entities participates in bidding banking services including using concentration accounts and daily repurchase agreement provisions. It is the city's policy to invest funds with local federally insured banks that have an office located within the city limits of Mishawaka, and have been designated depositories by the State of Indiana.

RISK MANAGEMENT

In 2007, the City-wide Safety Coordinator in partnership with the Human Resources Department continued a program to encourage on-the-job safety and recognize employees with accident free work records. An accident review committee has been set up to review all on-the-job injuries. The Departments follow a procedure for risk management that includes data collection, tracking trends, and safety committees. The department also administers an employee assistance program.

The city continued self-insurance for medical benefits for employees with specific and aggregate stop loss provisions. Medical claims exceeding \$125,000 per insured on an annual basis are covered through a private carrier.

The city is covered by commercial insurance from independent third parties for the risk of torts, theft, damage to and destruction of assets, emissions and errors, job related illnesses or injuries to employees and natural disasters. 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.

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

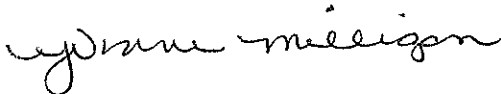
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mishawaka for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2005. The Certificate of Achievement 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 governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfied 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 one consecutive years (years ended December 31, 1986-2006). We believe our current CAFR 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, Alex Flores, John Pajakowski 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 Jeffrey L. Rea and the members of the Mishawaka Common Council for their interest and support in planning and conducting the financial operations of the City.

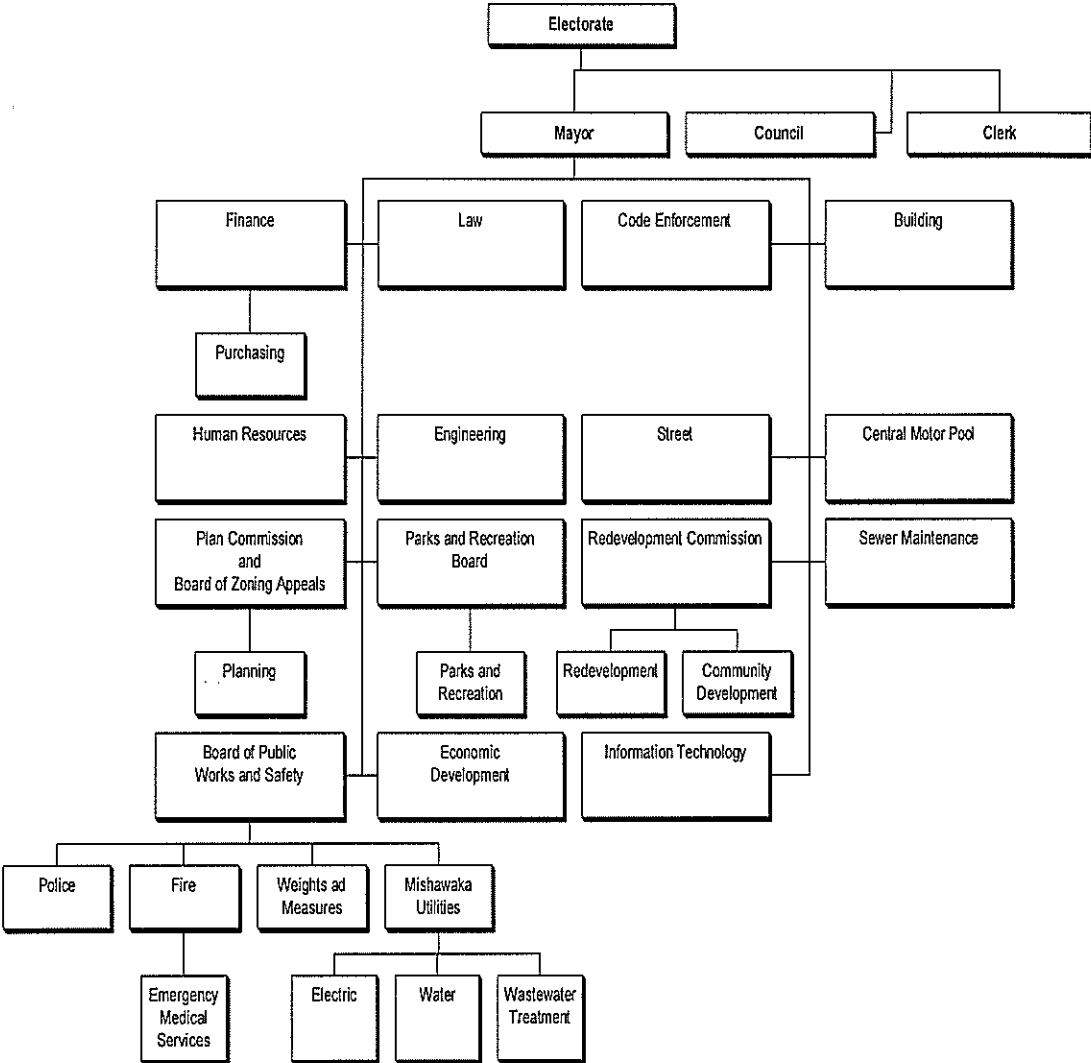
Respectfully submitted



Yvonne Milligan
City Controller

Staff: Rebecca Miller, Deputy Controller
Janet Weber
Deena Dipert
Kim Hill
Misti Horvath
Amber Robinett

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, 2006

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.



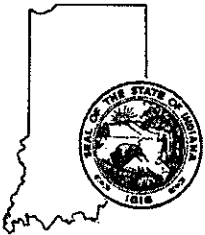
Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mishawaka (City), as of and for the year ended December 31, 2007, which collectively comprise the City's primary government basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the respective financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was performed 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 tables are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual nonmajor fund statements and other budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued a report dated May 22, 2008, on our consideration of the City's internal control structure and a report dated May 22, 2008, on its compliance with laws and regulations.

STATE BOARD OF ACCOUNTS

May 22, 2008

City of Mishawaka, Indiana
Management Discussion and Analysis
For the year ended December 31, 2007

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, 2007. 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 by \$208,234,384. Of this amount, \$54,647,923 (unrestricted net assets) may be used to meet the City of Mishawaka's ongoing obligations to citizens and creditors.
- The government's total assets increased by \$35,507,260. Of this amount governmental activities assets increased by \$21,309,815 and business type activities increased by \$14,197,445.
- As of the close of fiscal year 2007, the City of Mishawaka's governmental funds reported combined ending fund balances of \$69,435,556, an increase of \$15,502,361.
- At the end of 2007, unreserved fund balance for the General fund was \$1,191,764 (5.0% of General Fund Expenditures) compared to \$2,560,240 for 2006 which was about 11.0% of total general fund expenditures for that year.
- At the end of 2007, unreserved fund balance for TIF NW General was \$35,770,143 (which was 228% of TIF NW General expenditures for the same year) compared to \$20,675,069 for 2006 which was about 163% of total TIF NW General expenditures for that year.
- At the end of 2007, unreserved fund balance for Local Major Moves Construction was \$5,940,270 compared to \$5,631,810 for 2006.
- At the end of 2007, unreserved fund balance for Other Governmental Funds was \$9,832,939 (which was 50% of Other Governmental Funds expenditures) compared to \$9,010,463 for 2006 which was about 49% of total Other Governmental Funds expenditures for that year.
- The City of Mishawaka's total bonded debt increased during the current fiscal year by a net of \$14,926,487.

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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, TIF NW General and Local Major Moves Construction funds.

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, 2007.

<u>Revenues</u>	<u>2007 Amount</u>	<u>% of Total</u>
Taxes: General Property	\$ 38,337,107	69.5%
Licenses and permits	543,226	1.0%
Intergovernmental	11,083,085	20.1%
Charges for services	1,712,906	3.1%
Fines and forfeits	76,695	.1%
Interest	2,022,465	3.7%
Sales and Use of Property	120,004	.2%
Gifts and Donations	118,607	.2%
Other	1,173,741	2.1%
Total	<u>\$ 55,187,836</u>	<u>100.0%</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 2007 the increase was 3.7%. 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, Fire Pension Fund, Police Pension 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 73.6% of the General Funds 2007 total revenue was derived from property taxes, the TIF NW General derived 94.6% of its revenue from property tax and the Other Governmental Funds property tax percentage was 35.2% of total revenue. EDIT and COIT were established to support the purpose of taking the tax burden away from homeowners. Intergovernmental revenue primarily consists of Economic Development Income Tax (EDIT) and County Option Income Tax (COIT). 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%). The city received, \$1,218,998, 1,418,236, and 1,303,670 of CEDIT distributions for the years 2005, 2006 and 2007 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 \$1,922,927, 2,193,706, and 2,015,234 of COIT distributions for the years 2005, 2006 and 2007 respectively. Other intergovernmental revenue includes alcoholic beverage tax, wheel tax, vehicle excise tax and cigarette tax. User fees have been analyzed each year with some increases but future increases or new user fees will need to be implemented to shift the burden of taxation.

General Government Expenditures

The following schedule presents a summary of general government expenditures for the year ended December 31, 2007.

<u>Expenditures</u>	<u>2007 Amount</u>	<u>% of Total</u>
General Government	\$ 3,712,916	6.3%
Public Safety	23,338,107	39.7%
Highways and Streets	17,011,385	28.9%
Sanitation	15,000	.1%
Culture and Recreation	7,998,119	13.6%
Community Development	2,532,053	4.3%
Debt service	<u>4,151,245</u>	<u>7.1%</u>
Total	<u>\$ 58,758,825</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 for general government \$23,338,107 or 39.7% while Highways and Streets and Culture and Recreation are at 28.9% and 13.6% 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 over 40 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, TIF NW General, and the Local Major Moves Construction 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 assets and the proprietary statement of revenues, expense and changes in fund net assets 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 this service predominantly benefits governmental rather than business-type activities, it has been included within the governmental activities in the government-wide financial statements but is combined into a single, 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 (explained below). The one Agency fund is the Redevelopment Revolving 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 will continue to decline in the future, 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. The 1925 and 1937 Police and Fire Pension Plans are funded through a combination of property taxes levied by the City and distributions from the State of Indiana Pension Relief Fund. As a result of the requirements of the state statute that created these funds, the City is legally prevented from funding them in any other way than a "pay as you go" basis.

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, TIF NW General Fund and the Local Major Moves Construction Fund which are major funds.

Government-Wide Financial Statement Analysis

Summary of Net Assets

The following table reflects a summary of Net Assets compared to the prior year

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
	Current and other assets	\$66,526,128	\$ 81,803,704	\$43,163,942	\$43,667,565	\$109,690,070
Capital assets	<u>58,023,001</u>	<u>77,917,881</u>	<u>131,738,784</u>	<u>145,081,461</u>	<u>189,761,785</u>	<u>222,999,342</u>
Total assets	<u>124,549,129</u>	<u>159,721,585</u>	<u>174,902,726</u>	<u>88,749,026</u>	<u>299,451,855</u>	<u>348,470,611</u>
Long-term liabilities	35,407,148	51,483,590	77,373,079	76,848,846	112,780,227	128,332,436
Other liabilities	<u>7,682,327</u>	<u>5,468,526</u>	<u>6,262,177</u>	<u>6,435,265</u>	<u>13,944,504</u>	<u>11,903,791</u>
Total liabilities	<u>43,089,475</u>	<u>56,952,116</u>	<u>83,635,256</u>	<u>83,284,111</u>	<u>126,724,731</u>	<u>140,236,227</u>
Net assets:						
Invested in capital assets, net of related debt	55,396,506	69,230,461	55,061,450	76,570,127	110,457,956	145,800,588
Restricted	993,490		6,886,627	7,785,873	7,880,117	7,785,873
Unrestricted	<u>25,069,658</u>	<u>33,539,008</u>	<u>29,319,393</u>	<u>21,108,915</u>	<u>54,389,051</u>	<u>54,647,923</u>
Total net assets	<u>\$81,459,654</u>	<u>\$102,769,469</u>	<u>\$91,267,470</u>	<u>\$105,464,915</u>	<u>\$172,727,124</u>	<u>208,234,384</u>

*2006 information restated

Normal Impacts

As noted earlier, net assets 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 assets and increase invested in capital assets, net of related debt. Principal payment on debt will reduce current assets and reduce long-term debt and reduce unrestricted net assets and increase invested in capital assets, net of related debt. Reduction of Capital Assets through depreciation will reduce capital assets and invested in capital assets, net of related debt.

Current Year Impacts

At December 31, 2007, the City of Mishawaka's assets exceeded liabilities by \$208,234,384 an increase of \$35.5 million from the previous year. The largest portion of the City of Mishawaka's net assets reflects its investment in capital assets (70%), less any related debt used to acquire those assets that are still outstanding.

At the end of 2007, the City of Mishawaka was able to report positive balances in all categories of net assets, 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 2006.

At year end the City of Mishawaka's net assets were \$208,234,384. This amount is made up of \$145,800,588 invested in capital assets (e.g., land, buildings, machinery, and equipment) net of related debt, \$7,785,873 assets with external restrictions upon its use, and \$54,647,923 of unrestricted assets that are available for future use as directed by management.

There was a decrease of \$94 thousand in restricted net assets reported in connection with the City of Mishawaka's governmental type activities.

Summary of Changes in Net Assets

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

City of Mishawaka Changes in Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
REVENUES						
Program revenues:						
Charges for services	\$ 3,117,705	\$3,742,834	\$53,662,977	\$65,390,510	\$56,780,682	69,133,344
Operating grants and contributions	1,257,136	2,400,968			1,257,136	2,400,968
Capital grants and contributions	10,410,884	4,944,558	1,656,673	3,044,903	12,067,557	7,989,461
General revenues:						
Property taxes	34,552,665	40,325,388			34,552,665	40,325,388
Grants and contributions not restricted to specific programs	3,808,209	3,794,657			3,808,209	3,794,657
Unrestricted investment earnings	1,908,162	2,022,465	1,372,025	1,802,870	3,280,187	3,825,335
Other revenue	51,568	2,345			51,568	2,345
Total revenues	\$55,106,329	\$57,233,215	\$56,691,675	\$ 70,238,283	\$111,798,004	\$127,471,498
EXPENSES						
General government	5,220,058	4,008,462			5,220,058	4,008,462
Public safety	25,344,096	17,750,725			25,344,096	17,750,725
Highways and streets	4,954,958	7,631,344			4,954,958	7,631,344
Sanitation	4,876	15,000			4,876	15,000
Community development	997,139	2,337,991			997,139	2,337,991
Culture and recreation	3,452,283	3,352,339			3,452,283	3,352,339
Interest on long-term debt	669,642	873,678			669,642	873,678
Water utility			6,794,418	6,617,469	6,794,418	6,617,469
Wastewater utility			5,547,712	6,377,448	5,547,712	6,377,448
Electric utility			35,934,114	42,999,782	35,934,114	42,999,782
Total expenses	\$40,643,052	\$35,969,539	\$48,276,244	\$55,994,699	\$91,267,470	\$91,964,238
Changes in net assets before transfers	14,463,277	21,263,676	8,415,431	14,243,584	22,878,708	35,507,260
Transfers	(79,102)	46,139	79,102	(46,139)		
Change in net assets	14,384,175	21,309,815	8,494,533	14,197,445	22,878,708	35,507,260
Net assets-Beginning	67,075,479	81,459,654	82,772,937	91,267,470	149,848,416	172,727,124
Net assets-Ending*	\$81,459,654	\$102,769,469	\$91,267,470	\$105,464,915	\$172,727,124	\$ 208,234,384

* 2006 Net assets ending restated

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 74.6% 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 assets of the governmental activities increased by \$21.3 million.

Charges for services revenue increased by \$625 thousand. The increase in charges for services is primarily attributed to additional fees in licenses and permits (\$49,000) which include building permits, ambulances fees, excavating fees, etc., ordinance violation increases (\$64,000), park fees (\$118,000), and overtime reimbursements for public safety (\$103,000).

Operating grants and contributions saw an increase of \$1.1 million. This increase was from a distribution of excess COIT and CEDIT (income taxes) from 2005.

Capital grants and contributions decreased by \$5.5 million. In 2006, the State of Indiana leased the toll road and the city's contribution received from this sale was \$5.8 million this was a one time contribution from the sale which is reflected in the 2007 decrease in revenue in this category.

Unrestricted investment earnings increased \$545 thousand. The increase in contributions from the sale of the toll road, and the market rate had a positive effect on the City's interest earnings.

Business Type Activities:

Business Type Activities change in net assets from 2006 increased by \$14.1 million

The electric utility completed its first full year of the new wholesale purchased power agreement. The new 20 year agreement stipulates a formula based on wholesale cost of power. The Mishawaka Utility has instituted what is called a tracker which is a measurement of change in wholesale energy cost above or below that which is already included in base rates. This tracker helps the electric utility pass on the increases in generation and transmission costs. The tracker has had a large impact on the revenue in electric utility (\$9.9 million). An increase in wastewater revenue (\$1.3 million) was due to a rate increase. Water consumption was up in 2007 by approximately 10%.

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 \$69,435,556 an increase of \$15.5 million from the prior year. The larger part of the increase in fund balances was in unreserved fund balance (\$14.8 million), which is available for spending at the City of Mishawaka's discretion. The majority of the unreserved balance (\$52.7 million) is for capital projects (\$47.2 million). The remainder of the fund balances (\$16.7 million) is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$4.8 million), for loans receivable (\$362 thousand), to pay debt service (\$3.2 million) and for capital assets held for resale (\$8.25 million).

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, 2007, the unreserved balance was \$1,191,764 and the total balance in the general fund was \$1,252,665 a decrease of \$1,715,332 from 2006. The decrease in the unreserved balance in the General Fund was due to delinquencies in property tax payments which were due December of 2007.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 5.0% of the total general fund expenditures, while total fund balance represents 5.3% of the same amount.

Another major fund is TIF NW General. As of December 31, 2007, the unreserved balance was \$35,770,143 and the total balance in the TIF NW General was \$44,021,643, an increase of \$15.1 million from 2006. TIF NW General is a capital project fund and the increase in fund balance is due to the purchase of a bond for \$14.8 million to construct an underpass to be completed in 2009.

As a measure of the TIF NW General's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 228% of the total TIF NW General fund expenditures while total fund balance represents 281% of the same amount.

Another major fund is Local Major Moves. As of December 31, 2007, the unreserved fund balance is \$5,940,270 million with a fund balance of the same amount. This is a fairly new fund which had yet to be used in 2007.

As a measure of the Local Major Moves liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. This fund is only one year old and has no expenditures to compare fund balances to.

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.

Unrestricted net assets of the water, wastewater and electric funds at the end of 2007 amounted to \$20,108,915 which is a decrease of \$8.2 million from 2006. The decrease was due to the completion of the Wastewater Treatment Plant Expansion in 2007. All proprietary funds had increases in net assets during the year. The basic proprietary fund financial statements can be found later in this report. The internal service funds unrestricted assets were \$2,066,620.

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 \$719,533. 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 2007 the submitted budget to the state was increased with additional appropriations during 2007. These additional funds were necessary for overtime costs and higher fuel costs in 2007. 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 2007 were \$1,112,066 under budget and expenditures were \$1,770,962 under budget. Most categories in revenue were up in 2007 but delinquencies in property tax payments (\$2,147,666) netted an under budget of revenue for 2007. 2007 was the best year in Mishawaka’s history for building permits issued. EMS run charges had a slight increase in 2007. The 2007 budget had employee positions in place but not filled which created a savings in salary along with the benefits that would have been charged to these positions. Other savings were seen from frugal spending, and expenditures being less than originally anticipated.

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, 2007 amounts to \$222,999,345(net of accumulated depreciation), which represents a net increase (additions less retirements and depreciation) of \$33.2 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	
	2006	2007	2006	2007	2006	2007
Land	\$10,849,388	\$10,993,462	\$1,079,568	1,120,192	\$11,928,956	\$12,113,654
Construction in progress	12,775,140	28,465,829	41,011,454	4,330,315	53,786,594	32,796,144
Buildings	8,840,658	9,810,287	25,205,575	41,854,229	34,046,233	51,664,516
Improvements other than buildings	6,737,857	6,757,177	55,279,198	65,366,181	62,017,055	72,123,358
Machinery and equipment	5,314,002	5,248,406	8,495,422	31,646,169	13,809,424	36,894,575
Transportation equipment	-	-	667,567	764,378	667,567	764,378
Infrastructure being depreciated	13,505,956	16,642,720	-0-	-0-	13,505,956	16,642,720
Total#	\$ 58,023,001	\$ 77,917,881	\$131,738,784	\$145,081,464	\$189,761,785	\$222,999,345

Change in Capital Assets

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Beginning Balance	\$58,023,001	\$131,738,784	\$189,761,785
Additions	23,979,056	59,525,623	83,504,679
Retirements:			
CIP	1,316,851	41,855,614	43,172,465
Other	1,445,124	494,639	1,939,763
Depreciation	2,500,075	4,265,870	6,765,945
Retirements *	<u>1,177,874</u>	<u>433,180</u>	<u>1,611,054</u>
Ending Balance	<u>\$ 77,917,881</u>	<u>\$ 145,081,464</u>	<u>\$222,999,245</u>

* Reduction in accumulated depreciation related to retirements.

2006 Capital assets ending restated

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

- Stanley Street Improvements-\$332,000
- Front Street Extension-\$1,281,000
- 2007 Summer Street, Sidewalk and Curb Program- \$1,043,000
- Riverwalk Extension Logan Bridge- \$354,400
- Borley Avenue Improvements- \$320,000
- Battell Center Improvement-\$1,159,000
- Wastewater Treatment Plant Expansion- \$42,000,000

Debt Outstanding

At December 31, 2007, the City had a number of debt issues outstanding. These issues included \$10,745,000 of general obligation bonds, \$19,945,000 of revenue bonds payable from governmental funds, and \$20,747,141 of revenue bonds payable from enterprise funds. Under the Indiana Constitution and state statute the City of Mishawaka's general obligation bonded debt issuances are subject to a legal limitation based upon 2% of assessed value of real and personal property.

The City's bonded debt increased by \$15,679,293 from the prior year. This increase was due to the City of Mishawaka issuing a General Obligation Bond of \$3,000,000 for a radio system upgrade, a TIF bond of \$14,800,000 for construction of an underpass, and a Sewage Works Revenue Bond for \$350,000 for plant upgrades.

Outstanding Bonded Debt at Year-end

	<u>2006</u>	<u>2007</u>
Governmental:		
General Obligation	\$8,525,000	\$10,745,000
Tax Increment	<u>6,325,000</u>	<u>19,945,000</u>
Sub-total	\$14,850,000	\$30,690,000
Business Type:		
Water Utility	\$4,330,000	\$4,310,000
Wastewater Utility	<u>17,330,654</u>	<u>16,437,141</u>
Sub-total	<u>21,660,654</u>	<u>20,747,141</u>
Total	<u>\$36,510,654</u>	<u>\$51,347,141</u>

Principal payments of \$1,960,000 and 1,670,000 (on bonds) were made in the governmental and business type activities, respectively.

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 economic condition and outlook of the government continues to show stable growth and vitality. Steady job growth and population growth have contributed to the stability of the community. The City of Mishawaka's 2005 estimated census population was 48,497 this is about a 4.2% increase from the 2000 census number. Unemployment in the State of Indiana remains low at 5.2%* for December 2007. Labor force for St. Joseph County decreased in 2007 to 131,934* compared to 135,477* in 2006.

***These statistics are seasonally adjusted**

New construction in Mishawaka was valued at \$116 million which was an increase of approximately \$8 million from 2006 and the largest construction year in the history of Mishawaka.

In 2005 state law enacted a phase in of a circuit breaker to Saint Joseph County, Indiana. The circuit breaker legislation (amended in 2008) will reduce all residential property tax by the year 2010 to no more than 1% of property assessed valuation. In 2008 as a city we will again revisit our fee structure. Spending will have to be at a minimum and a new look at health insurance will have to be done to help alleviate the loss in revenue to the City of Mishawaka. An increase in income tax will probably be on the table some time in 2008.

The adopted FY2008 Civil City Budget is \$40,352,069 which is .3% higher than in FY 2007. The General Fund budget for FY2008 is \$25,046,390 which is .7% higher than FY2007. Electric, Water, and Wastewater rates will stay steady for FY2008.

City Highlights

- The Mishawaka Wastewater Treatment Plant was awarded the Indiana Water Environment Associations Laboratory of Excellence Award for the 6th consecutive year.
- The city negotiated a reciprocal agreement with St. Joseph Valley Metronet to provide a fiber optic network connection for Mishawaka.
- In 2007 training was completed on our new \$13 million communication system.
- The city has continued to construct the uninterrupted connection of its Riverwalk between Central Park and Battell Park.
- A three story commercial restaurant/office building adjacent to Beutter Park in Downtown Mishawaka has broken ground in 2007.
- The Redevelopment Department's First Time Homebuyer Program continues to be a success in 2007.
- The city continued to see growth with Heritage Square, Toscana Park and City Plaza (three commercial developments)

Requests for information

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

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CITY OF MISHAWAKA
STATEMENT OF NET ASSETS
December 31, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<u>Assets</u>			
Cash and cash equivalents	\$ 62,363,172	\$ 14,577,870	\$ 76,941,042
Receivables (net of allowances for uncollectibles):			
Interest	161,043	52,097	213,140
Taxes	3,926,768	-	3,926,768
Accounts	371,543	4,260,121	4,631,664
Other	-	73,223	73,223
Intergovernmental	1,678,286	-	1,678,286
Loans	598,010	-	598,010
Inventories	-	1,930,859	1,930,859
Prepaid expense	447,390	361,908	809,298
Deferred charges	269,943	1,322,045	1,591,988
Restricted assets:			
Cash and cash equivalents	3,236,514	21,072,062	24,308,576
Interest	-	17,380	17,380
Taxes receivable	91,997	-	91,997
Intergovernmental receivable	5,136	-	5,136
Assets held for resale	8,251,500	-	8,251,500
Capital assets:			
Land and construction in progress	39,459,291	5,450,507	44,909,798
Other capital assets, net of depreciation	38,458,590	139,630,954	178,089,544
Net pension asset	402,402	-	402,402
Total assets	159,721,585	188,749,026	348,470,611

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

Continued on next page

CITY OF MISHAWAKA
STATEMENT OF NET ASSETS
December 31, 2007
(Continued)

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Liabilities			
Accounts payable	1,152,243	3,614,761	4,767,004
Accrued payroll and withholdings payable	332,390	142,505	474,895
Contracts payable	2,824,315	-	2,824,315
Taxes payable	-	299,245	299,245
Accrued interest payable	8,167	689,200	677,367
Deferred revenue	26,726	-	26,726
Estimate for unfilled claims	677,911	-	677,911
Notes and loans payable	-	-	-
Payable from restricted assets:			
Customer deposits	-	-	-
Accounts payable	-	1,709,554	1,709,554
Interest payable	500	-	500
Noncurrent liabilities:			
Due within one year:			
General obligation bonds payable	970,000	-	970,000
Revenue bonds payable	-	1,655,000	1,655,000
TIF bonds payable	2,570,000	-	2,570,000
Compensated absences	491,585	52,761	544,346
Capital lease obligations	232,309	98,913	331,222
Notes and loans payable	295,753	1,893,000	2,188,753
Due in more than one year:			
General obligation bonds payable (net of unamortized discounts)	9,700,617	-	9,700,617
Revenue bonds payable (net of unamortized discounts)	-	-	-
and deferred amount on refunding	17,162,422	18,535,322	18,535,322
TIF bonds payable (net of unamortized discounts)	238,292	-	17,162,422
Compensated absences	583,358	200,959	439,251
Capital lease obligations	263,000	70,054	653,412
Notes and loans payable	18,976,254	54,319,045	54,582,045
Net pension obligation	-	23,792	19,000,046
Total liabilities	<u>56,952,116</u>	<u>83,284,111</u>	<u>140,236,227</u>
Net Assets			
Invested in capital assets, net of related debt	69,230,461	76,570,127	145,800,588
Restricted for:			
Debt service	-	7,785,873	7,785,873
Unrestricted	33,539,008	21,108,915	54,647,923
Total net assets	<u>\$ 102,769,469</u>	<u>\$ 105,464,915</u>	<u>\$ 208,234,384</u>

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

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CITY OF MISHAWAKA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2007

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 4,008,462	\$ 973,326	\$ 1,126,395	\$ 283,470	\$ (1,625,271)	\$ -	\$ (1,625,271)
Public safety	17,750,725	896,332	223,101	1,040,039	(15,591,253)	-	(15,591,253)
Highways and streets	7,631,344	44,617	-	3,444,791	(4,141,936)	-	(4,141,936)
Sanitation	15,000	-	-	-	(15,000)	-	(15,000)
Community development	2,337,991	794,695	921,579	-	(621,717)	-	(621,717)
Culture and recreation	3,352,339	1,033,864	129,893	176,258	(2,012,324)	-	(2,012,324)
Interest on long-term debt	873,678	-	-	-	(873,678)	-	(873,678)
Total governmental activities	35,969,539	3,742,834	2,400,968	4,944,558	(24,881,179)	-	(24,881,179)
Business-type activities:							
Water	6,617,469	8,356,853	-	1,661,573	-	3,400,957	3,400,957
Wastewater	6,377,448	9,576,399	-	1,383,330	-	4,582,281	4,582,281
Electric	42,999,782	47,457,258	-	-	-	4,457,476	4,457,476
Total business-type activities	55,994,699	65,390,510	-	3,044,903	-	12,440,714	12,440,714
Total primary government	\$ 91,964,238	\$ 69,133,344	\$ 2,400,968	\$ 7,989,461	(24,881,179)	12,440,714	(12,440,465)
General revenues:							
Property taxes					40,325,388	-	40,325,388
Grants and contributions not restricted to specific programs					3,794,657	-	3,794,657
Unrestricted investment earnings					2,022,465	1,802,870	3,825,335
Other					2,345	-	2,345
Transfers					46,139	(46,139)	-
Total general revenues and transfers					46,190,994	1,756,731	47,947,725
Change in net assets					21,309,815	14,197,445	35,507,260
Net assets - beginning					81,459,654	91,267,470	172,727,124
Net assets - ending					\$ 102,769,469	\$ 105,464,915	\$ 208,234,384

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

CITY OF MISHAWAKA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007

Assets	General	TIF NW General	Local Major Moves Construction	Other Governmental Funds	Totals
Cash and cash equivalents	\$ 1,950,838	\$ 37,915,273	\$ 5,925,223	\$ 17,164,050	\$ 62,855,384
Receivables (net of allowances for uncollectibles):					
Interest	35,328	96,283	15,047	14,385	161,043
Taxes	1,671,238	1,885,977	-	461,550	4,018,765
Accounts	360,324	-	-	10,662	370,986
Intergovernmental	164,863	-	-	1,518,559	1,683,422
Loans	-	-	-	598,010	598,010
Assets held for resale	-	8,251,500	-	-	8,251,500
Total assets	\$ 4,082,591	\$ 48,149,033	\$ 5,940,270	\$ 19,767,216	\$ 77,939,110

Liabilities and Fund Balances

Liabilities:					
Accounts payable	\$ 765,273	\$ 67,024	\$ -	\$ 320,118	\$ 1,152,415
Accrued payroll and withholdings payable	281,230	-	-	51,160	332,390
Contracts payable	-	2,174,389	-	649,926	2,824,315
Deferred revenue	1,783,423	1,885,977	-	525,034	4,194,434
Total liabilities	2,829,926	4,127,390	-	1,546,238	8,503,554
Fund balances:					
Reserved for:					
Encumbrances	60,901	-	-	4,789,888	4,850,789
Noncurrent loans receivable	-	-	-	362,137	362,137
Debt service	-	-	-	3,236,014	3,236,014
Assets held for resale	-	8,251,500	-	-	8,251,500
Unreserved, reported in:					
General fund	1,191,764	-	-	-	1,191,764
Special revenue funds	-	-	-	4,271,864	4,271,864
Capital projects funds	-	35,770,143	5,940,270	5,561,075	47,271,488
Total fund balances	1,252,665	44,021,643	5,940,270	18,220,978	69,435,556
Total liabilities and fund balances	\$ 4,082,591	\$ 48,149,033	\$ 5,940,270	\$ 19,767,216	

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

Continued on next page

CITY OF MISHAWAKA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007
(Continued)

	Totals
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Governmental capital assets	98,749,767
Less accumulated depreciation	<u>(20,831,886)</u>
	77,917,881
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Prepaid expenses	447,390
Deferred charges	269,943
Net pension asset	<u>402,402</u>
	1,119,735
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	2,066,620
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	(10,745,000)
TIF bonds payable	(19,945,000)
Bond discount	286,961
Accrued interest payable	(454,441)
Compensated absences	(729,877)
Capital lease obligations	(815,667)
Notes and loans payable	(558,753)
Net pension obligation	<u>(18,976,254)</u>
	(51,938,031)
Unearned revenue in governmental fund is susceptible to full accrual on the entity-wide statements	<u>4,167,708</u>
Net assets of governmental activities	<u>\$ 102,769,469</u>

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

CITY OF MISHAWAKA
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

	General	TIF NW General	Local Major Moves Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 14,849,348	\$ 17,927,793	-	\$ 5,559,966	\$ 38,337,107
Licenses and permits	517,106	-	-	26,120	543,226
Intergovernmental	3,742,616	-	-	7,340,469	11,083,085
Charges for services	712,941	-	-	999,965	1,712,906
Fines and forfeits	64,980	-	-	11,715	76,695
Interest	268,430	980,766	308,460	464,809	2,022,465
Sale and use of property	10,233	-	-	109,771	120,004
Gifts and donations	-	-	-	118,607	118,607
Other	2,345	24,613	-	1,146,783	1,173,741
Total revenues	20,167,999	18,933,172	308,460	15,778,205	55,187,836
Expenditures:					
Current:					
General government	3,188,427	-	-	108,280	3,296,707
Public safety	20,032,854	-	-	246,381	20,279,335
Highways and streets	316,511	-	-	4,430,640	4,747,151
Sanitation	15,000	-	-	-	15,000
Culture and recreation	-	-	-	3,223,074	3,223,074
Community development	36,578	-	-	1,792,265	1,828,843
Debt service:					
Principal	-	-	-	3,456,429	3,456,429
Interest	-	-	-	607,737	607,737
Bond issuance costs	-	-	-	33,786	33,786
Capital outlay:					
General government	-	215,594	-	200,615	416,209
Public safety	-	-	-	3,058,772	3,058,772
Highways and streets	-	11,662,325	-	601,909	12,264,234
Culture and recreation	-	3,021,984	-	1,753,061	4,775,045
Community development	-	695,835	-	7,375	703,210
Total expenditures	23,589,470	15,649,031	-	19,520,324	58,758,825
Excess (deficiency) of revenues over (under) expenditures	(3,421,471)	3,284,141	308,460	(3,742,119)	(3,570,989)
Other financing sources (uses):					
Transfers in	1,706,139	120,554	-	1,874,300	3,700,993
Transfers out	-	(2,951,644)	-	(693,210)	(3,654,854)
General obligation bond issuance	-	14,800,000	-	3,000,000	17,800,000
Discount on bond issuance	-	(147,977)	-	(33,000)	(180,977)
Capital lease issuance	-	-	-	817,499	817,499
Loan issuance	-	-	-	590,689	590,689
Total other financing sources and uses	1,706,139	11,810,933	-	5,556,278	19,073,350
Net change in fund balances	(1,715,332)	15,095,074	308,460	1,814,159	15,502,361
Fund balances - beginning	2,967,997	28,926,569	5,631,810	16,406,819	53,933,195
Fund balances - ending	\$ 1,252,665	\$ 44,021,643	\$ 5,940,270	\$ 18,220,978	\$ 69,435,556

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, 2007

Amounts reported for governmental activities in the Statement of Activities are different because:		\$ - \$ 15,502,361
Net change in fund balances - total governmental funds		19,894,880
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.		22,662,566
Expenditures for capital assets		(2,500,075)
Less current year depreciation expense		(287,611)
Loss on disposal of assets		19,894,880
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		2,045,379
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Loan issuance	(590,889)	
Lease issuance	(817,499)	
Issuance of general obligation bonds	(3,000,000)	
Less discounts	33,000	
Issuance of TIF bonds	(14,800,000)	
Less discounts	147,877	
Bond issuance costs	87,079	
Principal debt payments	3,456,429	(15,483,703)
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	(20,270)	
Accrued interest	(29,860)	
Prepaid expenses	(216,011)	
Change in compensated absences	(34,546)	
Change in net pension obligation	(99,891)	
	(603,164)	
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.		(145,838)
Change in net assets of governmental activities (Statement of Activities)		<u>\$ 21,309,815</u>

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

CITY OF MISHAWAKA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2007

	Business-Type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Electric Utility	Internal Service Fund
<u>Assets</u>	<u>Totals</u>			
Current assets:				
Cash and cash equivalents	\$ 3,342,858	\$ 2,411,402	\$ 8,823,610	\$ 14,577,870
Interest receivable	8,363	16,597	27,137	52,097
Accounts receivable (net of allowance)	450,360	521,560	3,288,201	4,260,121
Accounts receivable - other (net of allowance)	5,210	-	68,073	73,223
Interfund receivables:				
Interfund loans	-	-	120,042	120,042
Inventories	142,744	-	1,788,115	1,930,859
Prepaid items	118,978	114,895	128,035	361,908
Restricted cash and cash equivalents:				
Customer deposits	289,328	1,640	1,402,955	1,693,923
Revenue bond covenant accounts	1,420,581	5,611,292	754,000	7,785,873
Repair account	10,381	4,397,864	240,885	4,649,130
Capital outlay accounts	99,094	6,844,042	-	6,943,136
Interest receivable	-	17,380	-	17,380
Total current assets:	<u>5,887,897</u>	<u>19,936,672</u>	<u>16,640,993</u>	<u>42,465,562</u>
Noncurrent assets:				
Deferred charges	<u>98,824</u>	<u>308,201</u>	<u>915,020</u>	<u>1,322,045</u>
Capital assets:				
Land and construction in progress	1,007,129	3,321,366	1,122,012	5,450,507
Other capital assets (net of accumulated depreciation)	<u>43,260,247</u>	<u>67,016,292</u>	<u>29,354,415</u>	<u>139,630,954</u>
Total capital assets	<u>44,267,376</u>	<u>70,337,658</u>	<u>30,476,427</u>	<u>145,081,461</u>
Total noncurrent assets	<u>44,366,200</u>	<u>70,645,859</u>	<u>31,391,447</u>	<u>146,403,506</u>
Total assets	<u>50,254,097</u>	<u>90,582,531</u>	<u>48,032,440</u>	<u>188,869,068</u>

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

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CITY OF MISHAWAKA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2007
(Continued)

Liabilities	Business-Type Activities - Enterprise Funds				Totals	Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility			
Current liabilities:						
Accounts payable	200,954	249,005	3,164,802		3,614,761	328
Accrued payroll and withholdings payable	40,662	39,226	62,617		142,505	-
Interfund payables:						
Interfund services provided and used	60,021	60,021	-		120,042	-
Estimate for unfilled claims	-	-	-		-	677,911
Taxes payable	24,834	-	274,411		299,245	-
Accrued interest payable	12,736	600,242	56,222		669,200	-
Compensated absences	14,013	12,555	26,193		52,761	-
Current liabilities payable from restricted assets:						
Customer deposits	304,879	1,640	1,403,035		1,709,554	-
Deferred revenue	-	-	-		-	-
Capital leases payable	42,940	55,973	-		98,913	-
Notes and loans payable	1,070,000	823,000	-		1,893,000	-
Revenue bonds payable	255,000	1,400,000	-		1,655,000	-
Total current liabilities	2,026,039	3,241,662	4,987,280		10,254,981	678,239
Noncurrent liabilities:						
Compensated absences	85,124	41,560	74,275		200,959	-
Capital leases payable	38,865	31,199	-		70,064	-
Notes and loans payable	17,887,271	36,431,774	-		54,319,045	-
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	3,726,572	14,808,750	-		18,535,322	-
Net pension obligation	7,565	4,975	11,252		23,792	-
Total noncurrent liabilities	21,745,397	51,318,248	85,527		73,149,172	-
Total liabilities	23,771,436	54,559,910	5,072,807		83,404,153	678,239
<u>Net Assets</u>						
Invested in capital assets, net of related debt	21,246,728	24,846,972	30,476,427		76,570,127	-
Restricted for debt service	1,420,581	5,611,292	794,000		7,786,873	-
Unrestricted	3,815,352	5,564,357	11,729,206		21,108,915	2,066,620
Total net assets	\$ 26,482,661	\$ 36,022,621	\$ 42,999,633		\$ 105,464,915	\$ 2,066,620

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 OTHER CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2007

	Enterprise Funds			Totals	Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility		
Operating revenues:	\$ 7,400	\$ -	\$ -	\$ 7,400	\$ -
Unmetered water revenue:					
Metered water revenue:					
Residential	5,274,287	-	16,305,619	21,579,906	-
Commercial	1,544,151	-	30,074,031	31,618,182	-
Public street and highway lighting	-	-	363,598	363,598	-
Fire protection revenue	1,120,956	-	-	1,120,956	-
Penalties	42,002	132,860	191,976	366,838	-
Employee/employer contributions	-	-	-	-	6,152,655
Measured revenue:					
Residential	-	4,062,100	-	4,062,100	-
Commercial	-	5,127,954	-	5,127,954	-
Other	312,832	252,530	516,297	1,081,659	104,563
Total operating revenues	8,301,628	9,575,444	47,451,521	65,328,593	6,257,218
Operating expenses:					
Source of supply and expense - operations and maintenance	1,167,364	1,333,883	-	2,501,247	-
Transmission and distribution	1,479,740	-	3,548,058	5,027,798	-
Treatment and disposal expense - operations and maintenance	624,380	669,470	-	1,293,850	-
Customer accounts	381,493	-	667,394	1,048,887	-
Administration and general	765,215	1,274,367	2,440,134	4,479,716	-
Insurance claims and premiums	-	-	-	-	6,403,156
Purchased power	-	-	34,236,813	34,236,813	-
Sewer - operation and maintenance	-	998,825	-	998,825	-
Pre treatment - operation and maintenance	-	60,643	-	60,643	-
Chemicals	-	198,692	-	198,692	-
Bad debt expense	19,290	6,528	124,014	149,832	-
Depreciation	1,393,149	1,031,412	1,841,309	4,265,870	-
Total operating expenses	5,830,631	5,575,820	42,857,722	54,264,173	6,403,156
Operating income	2,470,997	3,999,624	4,593,799	11,064,420	(145,938)
Nonoperating revenues (expenses):					
Interest and investment revenue	276,522	942,931	583,417	1,802,870	-
Miscellaneous revenue	55,225	955	5,737	61,917	-
Interest expense	(760,672)	(724,109)	(56,222)	(1,541,003)	-
Amortization expense	(25,304)	(76,017)	(27,356)	(128,677)	-
Loss on disposal of assets	(862)	(1,502)	(58,480)	(60,844)	-
Total nonoperating revenues (expenses)	(455,091)	142,258	447,094	134,261	-
Income before contributions and transfers	2,015,906	4,141,882	5,040,893	11,198,681	(145,938)
Capital contributions	1,661,573	1,383,330	-	3,044,903	-
Transfers in	-	1,660,000	-	1,660,000	-
Transfers out	(454,009)	(228,292)	(1,023,838)	(1,706,139)	-
Change in net assets	3,223,470	6,956,920	4,017,055	14,197,445	(145,938)
Total net assets - beginning	23,259,191	29,065,701	38,942,578	91,267,470	2,212,558
Total net assets - ending	\$ 26,482,661	\$ 36,022,621	\$ 42,959,633	\$ 105,464,915	\$ 2,066,620

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, 2007

	Enterprise Funds			Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	
Cash flows from operating activities:				
Receipts from customers and users	\$ 8,211,232	\$ 9,539,958	\$ 46,608,443	\$ 64,359,633
Receipts from interfund services provided	(1,595,355)	(2,017,528)	(37,169,283)	(40,782,166)
Payments to employees	(2,724,553)	(2,616,372)	(3,945,423)	(9,286,348)
Payments for interfund services used	-	-	-	(6,258,701)
Other receipts (payments)	55,225	1,315	5,737	104,563
Net cash provided by operating activities	3,946,549	4,907,373	5,499,474	14,353,396
Cash flows from noncapital financing activities:				
Interfund loans	-	-	-	-
Transfer from other funds	(454,009)	(1,660,000)	(1,023,838)	(1,706,139)
Transfer to other funds	(454,009)	(228,292)	(1,023,838)	(1,706,139)
Net cash provided (used) by noncapital financing activities	(454,009)	1,431,708	(1,023,838)	(46,139)
Cash flows from capital and related financing activities:				
Issuance of capital debt	-	350,000	-	350,000
Bond issue costs and cash paid at refunding	(154,607)	-	-	(154,607)
Capital contributions	1,117,837	-	-	1,117,837
Proceeds of sale of capital assets	615	-	-	615
Acquisition and construction of capital assets	(2,330,831)	(2,679,700)	(6,753,258)	(11,763,789)
Principal paid on bonds	(165,000)	(1,460,000)	-	(1,625,000)
Principal paid on capital leases	(11,975)	(66,857)	-	(78,832)
Principal paid on loans	(1,040,000)	(794,000)	-	(1,834,000)
Interest paid on bonds	(111,114)	(402,192)	-	(513,306)
Interest paid on capital leases	(2,348)	(4,669)	-	(7,017)
Interest paid on loans	(577,692)	(1,288,532)	-	(1,866,224)
Interest paid on customer deposits	(10,481)	-	(49,789)	(60,270)
Net cash provided (used) by capital and related financing activities	(3,285,596)	(6,345,950)	(6,803,047)	(16,434,593)
Cash flows from investing activities:				
Interest received	288,639	970,054	588,951	1,847,644
Net increase in cash and cash equivalents	495,583	963,165	(1,738,460)	(279,692)
Cash and cash equivalents, January 1 (including \$1,520,660, \$6,886,627, \$2,902,519, and \$8,442,454 for the customer deposits, revenue bond covenant account, repair account and capital outlay account, respectively, reported in restricted accounts)	4,666,659	18,303,055	12,959,910	35,929,624
Cash and cash equivalents, December 31 (including \$1,693,923, \$7,785,873, \$4,649,130 and \$6,943,136 for the customer deposits, revenue bond covenant account, repair account and capital outlay account, respectively, reported in restricted accounts)	\$ 5,162,242	\$ 19,266,240	\$ 11,221,450	\$ 35,649,932
				\$ 2,744,302

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, 2007
(Continued)

	Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Totals	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 2,470,987	\$ 3,999,624	\$ 4,593,799	\$ 11,064,420	\$ (145,938)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	1,393,149	1,031,412	1,841,309	4,265,870	-
Bad debt expense	19,250	6,528	124,014	149,832	-
Nonoperating revenue	55,225	955	5,737	61,917	-
(Increase) decrease in assets:					
Accounts receivable	(90,356)	(35,486)	(843,078)	(968,960)	(657)
Interfund services provided or used	31,026	-	(63,838)	(63,838)	-
Inventories	6,256	1,054	(218,016)	(186,990)	-
Prepaid items	-	-	14,710	22,020	-
Increase (decrease) in liabilities:					
Customer deposits	43,994	360	137,609	181,963	-
Accounts payable	35,757	(83,629)	(156,809)	(214,681)	(427,456)
Accrued payroll and withholdings payable	10,237	9,893	19,560	39,690	-
Interfund payables	31,919	31,919	-	63,838	-
Taxes payables	4,906	-	139,223	144,129	-
Estimate for unfilled claims	-	-	-	-	571,911
Compensated absences payable	5,784	(320)	10,647	16,111	-
Net pension obligation payable	(71,595)	(44,937)	(105,393)	(221,925)	-
Total adjustments	1,475,552	907,749	905,675	3,288,976	143,698
Net cash provided (used) by operating activities	\$ 3,946,549	\$ 4,907,373	\$ 5,499,474	\$ 14,353,396	\$ (2,040)
Noncash investing, capital and financing activities:					
Accreted value on capital appreciation bonds	-	216,487	-	216,487	-
Issuance costs paid from bond issuance	107,108	105,876	450,549	663,533	-
Purchase of capital assets on account	7,893	47,241	27,490	82,624	-
Work in progress on account	-	2,684,714	456,843	2,884,714	-
Work in progress financed through debt (SRF loan)	3,027	34,769	-	494,639	-
Disposal of capital assets	146,940	1,383,330	-	1,530,270	-
Contributed capital assets from government	801,067	41,064,547	-	41,855,614	-
Transfer of work in progress to depreciated capital assets	-	1,306,054	-	1,306,054	-
Interest capitalized	35,380	-	-	35,380	-
Capital assets acquired through lease	-	-	54,375	54,375	-
Material and supply inventory converted to capital assets	-	-	-	-	-

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

CITY OF MISHAWAKA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2007

<u>Assets</u>	Pension Trust Funds	Agency Funds
Cash and cash equivalents	\$ 1,144,262	\$ 31,335
Receivables:		
Accounts	-	28,656
Interest and dividends	37,176	-
Taxes	99,871	-
Intergovernmental	5,575	-
Total receivables	<u>142,622</u>	<u>28,656</u>
Investments at fair value:		
Government sponsored enterprise	2,250,205	-
Corporate obligations	125,245	-
Mutual funds	11,193,839	-
Total investments	<u>13,569,289</u>	<u>-</u>
Total assets	<u>14,856,173</u>	<u>\$ 59,991</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	-	\$ 59,793
Accrued payroll and withholdings payable	-	198
Total liabilities	<u>-</u>	<u>\$ 59,991</u>
<u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits and other purposes	<u>14,856,173</u>	
Total net assets	<u>\$ 14,856,173</u>	

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

CITY OF MISHAWAKA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For The Year Ended December 31, 2007

		Pension Trust Funds
<u>Additions</u>		
Contributions:		
State	\$ 2,258,157	
Employer	1,727,256	
Plan members	3,501	
		<u>3,988,914</u>
Total contributions		
Investment income:		
Net increase in fair value of investments	(356,844)	
Interest	1,300,971	
		<u>944,127</u>
Total investment income		
Less investment expense:		
Investment activity expense	32,866	
		<u>911,261</u>
Net investment income		
Total additions		<u>4,900,175</u>
<u>Deductions</u>		
Benefits	4,194,908	
Administrative expense	22,170	
		<u>4,217,078</u>
Total deductions		
Changes in net assets		683,097
Net assets - beginning		<u>14,173,076</u>
Net assets - ending		<u>\$ 14,856,173</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. There are no significant component units which require inclusion.

Related Organizations

The primary government's officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointments. The primary government appoints the board members 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 Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Agency funds, however, report only assets and liabilities. Since they do not report equity or changes in equity, they have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, and claims and judgments, are recorded only when payment is due.

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

The primary government reports the following major governmental funds:

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

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

The local major moves construction fund accounts for expenditures made for construction of highways, roads and bridges. Financing was provided by a distribution from the proceeds of the 75 year lease of the state's toll road.

The primary government reports the following major proprietary funds:

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

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

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

Additionally, the primary government reports the following fund types:

The internal service fund accounts for employee medical coverage provided to other departments or to other governments 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.

The agency fund accounts for assets held by the primary government as an agent for administrative costs of the Redevelopment Department.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and 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.

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

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

Open-end mutual funds are reported at fair value.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. 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

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 Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the primary government prior to December 31 of the year collected. Delinquent property taxes outstanding at year end for governmental and/or proprietary funds, net of allowances for uncollectible accounts, are recorded as a receivable with an offset to deferred 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.

5. Restricted Assets

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

6. Capital Assets

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life (Years)
Buildings and improvements	\$ 100,000	Straight-line	20-50
Equipment	5,000	Straight-line	3-15
Roads – collectors and residential	3,000,000	Straight-line	10-35
Water collection systems	500	Straight-line	5-50
Wastewater distribution and collection systems	500	Straight-line	4-50
Electric distribution system	500	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.

7. Compensated Absences

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

8. Long-Term Obligations

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

General

Major governmental funds:

Capital projects fund – Local Major Moves Construction

Nonmajor governmental funds:

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

Debt service fund – Municipal Bond No. 1

Capital projects funds – Cumulative Building and Fire Fighting Equipment, Cumulative Capital Improvements, Cumulative Sewer, Cumulative Capital Development, Park Bond Capital, Radio Bond Capital, CEDIT

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

On or before August 31, the City Controller submits to the Common Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Common Council to obtain taxpayer comments. In September of each year, the Common Council through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Department of Local Government Finance. The budget becomes legally enacted after the City Controller receives approval of the 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 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

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2007, the City had a deposit balance in the amount of \$116,010,948. Of this amount, the following was exposed to custodial credit risk:

	2007
Uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent, but not in the depositor-government's name	<u>\$ 573,537</u>

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, 2007, the City had the following investments:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Type	Primary Government	Investment Maturities (in Years)		
	Fair Value	Less Than 1	1-2	More Than 2
Utility Pension Fund:				
Government sponsored enterprise	\$ 2,250,205	\$ 105,494	\$ 554,228	\$ 1,590,483
Corporate bonds	125,245	-	125,245	-
Mutual funds	11,193,839	11,193,839	-	-
Totals	<u>\$ 13,569,289</u>	<u>\$ 11,299,333</u>	<u>\$ 679,473</u>	<u>\$ 1,590,483</u>

Statutory Authorization for Investments

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

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

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 City does not have a formal investment policy for custodial credit risk. The Utility's Pension Plan does not have a formal investment policy for custodial credit risk for investments. At December 31, 2007, the following investments held by the Utility's Pension Plan were exposed to custodial credit risk:

Investment Type	Uninsured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the government's name
Government sponsored enterprises	\$ 2,250,205
Corporate bonds	125,245
Mutual funds	11,193,839
Total	\$ 13,569,289

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The City does not have a formal investment policy for interest rate risk. The Utility's Pension Plan does not have a formal investment policy that limits investment maturities as a means of managing its 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 City does not have a formal investment policy for credit risk. The Utility's Pension Plan does not have a formal investment policy for credit risk. The distribution of securities with credit ratings is summarized below:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Standard and Poor's Rating	Moody's Rating	City's Investments		
		Mutual Funds	Corporate Bonds	Government Sponsored Enterprise
AAA	Aaa	\$ -	\$ -	\$ 2,250,205
AA	Aa	-	125,245	-
Unrated	Unrated	11,193,839	-	-
Totals		<u>\$ 11,193,839</u>	<u>\$ 125,245</u>	<u>\$ 2,250,205</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 City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement. The Utility Pension Board has not adopted a policy for the concentration of credit risk. More than 5% of the Pension's investments are in Federal Home Loan Bank in the amount of \$1,081,704. These investments represent 8% of the total investment for the Plan.

B. Loans Receivables

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

Fund	Receivable	Noncurrent
Special revenue funds:		
Industrial Development	\$ 29,545	\$ 17,177
Community Development	568,465	508,743
Totals	<u>\$ 598,010</u>	<u>\$ 525,920</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,849,388	\$ 250,900	\$ 106,826	\$ 10,993,462
Construction in progress	12,775,140	17,007,540	1,316,851	28,465,829
Total capital assets, not being depreciated	<u>23,624,528</u>	<u>17,258,440</u>	<u>1,423,677</u>	<u>39,459,291</u>
Capital assets, being depreciated:				
Buildings	13,535,068	1,309,757	10,626	14,834,199
Improvements other than buildings	10,111,258	461,886	15,845	10,557,299
Machinery and equipment	15,411,305	1,189,564	1,311,827	15,289,042
Infrastructure being depreciated	14,850,527	3,759,409	-	18,609,936
Totals	<u>53,908,158</u>	<u>6,720,616</u>	<u>1,338,298</u>	<u>59,290,476</u>
Less accumulated depreciation for:				
Buildings	4,694,410	337,907	8,405	5,023,912
Improvements other than buildings	3,373,401	442,566	15,845	3,800,122
Machinery and equipment	10,097,303	1,096,957	1,153,624	10,040,636
Infrastructure being depreciated	1,344,571	622,645	-	1,967,216
Totals	<u>19,509,685</u>	<u>2,500,075</u>	<u>1,177,874</u>	<u>20,831,886</u>
Total capital assets, being depreciated, net	<u>34,398,473</u>	<u>4,220,541</u>	<u>160,424</u>	<u>38,458,590</u>
Total governmental activities capital assets, net	<u>\$ 58,023,001</u>	<u>\$ 21,478,981</u>	<u>\$ 1,584,101</u>	<u>\$ 77,917,881</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,079,568	\$ 40,624	\$ -	\$ 1,120,192
Construction in progress	41,011,454	5,174,475	41,855,614	4,330,315
Total capital assets, not being depreciated	<u>42,091,022</u>	<u>5,215,099</u>	<u>41,855,614</u>	<u>5,450,507</u>
Capital assets, being depreciated:				
Buildings	34,241,149	17,425,065	-	51,666,214
Improvements other than buildings	83,043,933	12,527,252	231,718	95,339,467
Machinery and equipment	22,896,540	24,038,706	122,444	46,812,802
Transportation	3,163,465	319,498	140,477	3,342,486
Totals	<u>143,345,087</u>	<u>54,310,521</u>	<u>494,639</u>	<u>197,160,969</u>
Less accumulated depreciation for:				
Buildings	9,035,574	776,411	-	9,811,985
Improvements other than buildings	27,764,735	2,383,964	175,413	29,973,286
Machinery and equipment	14,401,118	886,460	120,942	15,166,636
Transportation	2,495,898	219,035	136,825	2,578,108
Totals	<u>53,697,325</u>	<u>4,265,870</u>	<u>433,180</u>	<u>57,530,015</u>
Total capital assets, being depreciated, net	<u>89,647,762</u>	<u>50,044,651</u>	<u>61,459</u>	<u>139,630,954</u>
Total business-type activities capital assets, net	<u>\$ 131,738,784</u>	<u>\$ 55,259,750</u>	<u>\$ 41,917,073</u>	<u>\$ 145,081,461</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	\$ 161,639
Public safety	760,631
Highways and streets	919,947
Culture and recreation	652,854
Community development	<u>5,004</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 2,500,075</u></u>
 Business-type activities:	
Water	\$ 1,393,149
Wastewater	1,031,412
Electric	<u>1,841,309</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 4,265,870</u></u>

D. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Expended to December 31, 2007</u>	<u>Committed</u>
Governmental activities:		
Main Street Underpass	\$ 6,520,601	\$ 3,560,032
Main Street at Catalpa	310,794	55,463
Jefferson Blvd improvements	812,808	320,221
Front Street extension	2,321,175	3,003,958
SJRCM Construction	451,886	72,364
Holycross Parkway Construction	739,550	3,197,009
Other street projects	1,060,900	739,907
Riverfront Park	4,203,240	-
Riverwalk	4,687,996	2,166,354
Park projects	-	-
Communication System	7,346,113	7,685,548
Other police projects	<u>10,766</u>	<u>-</u>
 Totals - governmental activities	 <u><u>\$ 28,465,829</u></u>	 <u><u>\$ 20,800,856</u></u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Project</u>	<u>Expended to December 31, 2007</u>	<u>Committed</u>
Business-type activities:		
Water Utility:		
South Bend Orthopedics/Elm Road campus	\$ 276,633	\$ 298,804
Riverwood minor subdivision	14,707	42,461
St. Joseph Hospital	65,222	149,180
Wastewater Utility:		
Milburn improvements	953,658	18,110,050
Northeast trunk phase I	1,316,336	25,036,929
Wilson Blvd sewer project	46,008	50,000
Highland Village river crossing	831,888	943,907
River crossing to Central Park	11,583	16,514
Electric Utility:		
Fiber optics	394,000	875,541
St. Joseph Medical Center	420,280	425,000
Totals - business-type activities	<u>\$ 4,330,315</u>	<u>\$ 45,948,386</u>

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2007, is as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Business-type:		
Electric Utility	Water Utility	\$ 60,021
Electric Utility	Wastewater Utility	<u>60,021</u>
Total		<u>\$ 120,042</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/transfers between funds are made.

2. Interfund Transfers

Interfund transfers for the year ended December 31, 2007, were as follows:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Governmental:		
TIF NW General Fund	Nonmajor governmental	\$ 1,301,644
TIF NW General Fund	Wastewater Utility	1,660,000
Nonmajor governmental	TIF NW General	120,554
Nonmajor governmental	Nonmajor governmental	572,656
Business-type:		
Water Utility	General Fund	454,009
Wastewater Utility	General Fund	228,292
Electric Utility	General Fund	<u>1,023,838</u>
Total		<u>\$ 5,360,993</u>

The primary government typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the General Fund to the Debt Service Fund for current-year debt service requirements.

F. Leases

Capital Leases

The primary government has entered into various capital leases for fire equipment, sewer cleaner, a telemetry system, construction equipment and transportation equipment. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2007, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2008	\$ 272,344	\$ 110,704
2009	272,344	41,766
2010	183,187	33,925
2011	<u>183,187</u>	<u>-</u>
Total minimum lease payments	911,062	186,395
Less amount representing interest	<u>95,395</u>	<u>17,428</u>
Present value of net minimum lease payments	<u>\$ 815,667</u>	<u>\$ 168,967</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Improvements other than buildings	\$ -	\$ 442,000
Machinery and equipment	<u>1,206,499</u>	<u>203,380</u>
Totals	1,206,499	645,380
Less: accumulated depreciation	<u>118,017</u>	<u>593,694</u>
Totals	<u>\$ 1,088,482</u>	<u>\$ 51,686</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.

Short-term debt activity for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Issued/ Draws</u>	<u>Redeemed Repayments</u>	<u>Ending Balance</u>
Short-term loans	<u>\$ 368,166</u>	<u>\$ 590,689</u>	<u>\$ 958,855</u>	<u>\$ -</u>

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:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Balance December 31</u>	<u>Less Unamortized Discount</u>	<u>Amount</u>
2004 Refunding of 1993 police station bonds	3%	\$ 1,875,000	\$ 14,087	\$ 1,860,913
2005 Communication equipment	3.5% to 4%	4,410,000	22,296	4,387,704
2007 Communication equipment	3.75% to 4%	3,000,000	33,000	2,967,000
2006 Park and recreation	3.85%	<u>1,460,000</u>	<u>5,000</u>	<u>1,455,000</u>
Totals		<u>\$ 10,745,000</u>	<u>\$ 74,383</u>	<u>\$ 10,670,617</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Tax Incremental Financing (TIF) Bonds

The City 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	Less Unamortized Discount	Amount
2001 Redevelopment NW District TIF refunding	5%	\$ 2,880,000	\$ 37,302	\$ 2,842,698
2007 Redevelopment NW District TIF	4% to 4.25%	14,800,000	147,977	14,652,023
2001 Redevelopment CBD District TIF refunding	4.85%	120,000	1,560	118,440
2005 Redevelopment SS District TIF refunding	3.25% to 4.1%	<u>2,145,000</u>	<u>25,739</u>	<u>2,119,261</u>
Totals		<u>\$ 19,945,000</u>	<u>\$ 212,578</u>	<u>\$ 19,732,422</u>

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

Year Ended December 31	Governmental Activities			
	General Obligation Bonds		TIF Bonds	
	Principal	Interest	Principal	Interest
2008	\$ 970,000	\$ 438,940	\$ 2,570,000	\$ 709,778
2009	1,290,000	357,376	4,010,000	689,471
2010	1,340,000	311,150	4,155,000	519,348
2011	1,395,000	262,409	3,340,000	352,121
2012	1,435,000	211,066	3,450,000	210,709
2013-2016	<u>4,315,000</u>	<u>315,685</u>	<u>2,420,000</u>	<u>82,957</u>
Totals	<u>\$ 10,745,000</u>	<u>\$ 1,896,626</u>	<u>\$ 19,945,000</u>	<u>\$ 2,564,384</u>

3. Revenue Bonds

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

Purpose	Interest Rates	Balance at December 31	Plus: Unamortized Premium	Less: Unamortized Discount	Less: Deferral on Refunding	Revenue Bonds
2007 Water refunding revenue bonds	3.9% to 5.0%	\$ 4,310,000	\$ 31,898	\$ 29,690	\$ 330,636	\$ 3,981,572
1994 Wastewater capital appreciation bonds	5.55% to 5.65%	4,022,141	-	13,187	-	4,008,954
2002 Wastewater refunding revenue bonds	1.3% to 3.7%	4,005,000	-	25,593	123,055	3,856,352
2006 Wastewater revenue bonds, Series A	3.625% to 4.0%	8,060,000	-	66,556	-	7,993,444
2007 Wastewater revenue bonds, Series A	4.25%	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,000</u>
Totals		<u>\$ 20,747,141</u>	<u>\$ 31,898</u>	<u>\$ 135,026</u>	<u>\$ 453,691</u>	<u>\$ 20,190,322</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Business-Type Activities	
	Principal	Interest
2008	\$ 1,655,000	\$ 621,380
2009	1,710,000	565,949
2010	1,785,000	505,421
2011	1,245,000	439,857
2012	2,040,000	404,130
2013-2017	6,392,141	1,612,708
2018-2022	3,435,000	837,210
2023-2027	2,485,000	263,581
Totals	<u>\$ 20,747,141</u>	<u>\$ 5,250,236</u>

4. Notes and Loans Payable

The primary government has entered into various notes/loans. Loans for the business-type activities consist of loans from the State Revolving Loan Fund. Annual debt service requirements to maturity for the governmental activities notes/loans are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2008	\$ 295,753	\$ 13,978
2009	174,000	5,500
2010	89,000	1,113
Totals	<u>\$ 558,753</u>	<u>\$ 20,591</u>

Annual debt service requirements to maturity for the State Revolving Loans for the business-type activities are as follows:

Year Ended December 31	Principal	Interest
	2008	\$ 1,893,000
2009	1,950,000	1,961,207
2010	2,025,000	1,897,217
2011	2,008,000	1,830,902
2012	1,992,000	1,766,839
2013-2017	14,551,000	7,691,121
2018-2022	20,255,271	4,594,145
2023-2027	11,537,774	1,367,717
Totals	<u>\$ 56,212,045</u>	<u>\$ 23,132,362</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Under terms of the State Revolving Loan Fund, revenue bonds have been purchased by the Indiana Bond Bank, the proceeds of which are set aside to finance the wastewater plant expansion and improvements. Funds are loaned to the Utility as construction costs are incurred to the maximum allowed. The 2004 loan established a maximum draw of \$41,620,000. As of December 31, 2007, the loan principal balance was \$36,492,774. Annual debt service requirements to maturity for the 2004 loan will not be determined until planned construction is completed. The interest rate on the loan is 3.69% but no interest accrued until 2005.

5. Advance Refunding

In prior years, the Mishawaka Wastewater Utility defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the primary government's financial statements. At December 31, 2007, \$4,065,000 of bonds outstanding are considered defeased.

6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2007, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation	\$ 8,525,000	\$ 3,000,000	\$ 780,000	\$ 10,745,000	\$ 970,000
TIF	6,325,000	14,800,000	1,180,000	19,945,000	2,570,000
Less deferred amount:					
For issuance discounts	<u>126,254</u>	<u>180,977</u>	<u>20,270</u>	<u>286,961</u>	<u>-</u>
Total bonds payable	14,723,746	17,619,023	1,939,730	30,403,039	3,540,000
Capital leases	247,098	817,499	248,930	815,667	232,309
Notes and loans payable	847,397	-	288,644	558,753	295,753
Net pension obligation	18,958,921	-	-	18,958,921	-
Compensated absences	<u>629,986</u>	<u>468,523</u>	<u>368,632</u>	<u>729,877</u>	<u>491,585</u>
Total governmental activities long-term liabilities	<u>\$ 35,407,148</u>	<u>\$ 18,905,045</u>	<u>\$ 2,845,936</u>	<u>\$ 51,466,257</u>	<u>\$ 4,559,647</u>
Business-type activities:					
Revenue bonds payable:					
Water Utility	\$ 4,330,000	\$ 4,475,000	\$ 4,495,000	\$ 4,310,000	\$ 255,000
Wastewater Utility	17,330,654	566,487	1,460,000	16,437,141	1,400,000
Less deferred amount:					
For issuance discounts/premiums	180,577	31,295	108,744	103,128	-
On refunding	<u>164,074</u>	<u>348,508</u>	<u>58,891</u>	<u>453,691</u>	<u>-</u>
Total revenue bonds payable	21,316,003	4,661,684	5,787,365	20,190,322	1,655,000
Capital leases	212,419	35,380	78,832	168,967	98,913
Compensated absences	237,609	16,111	-	253,720	52,761
Notes and loans payable	55,361,331	2,684,714	1,834,000	56,212,045	1,893,000
Net pension obligation	<u>245,717</u>	<u>-</u>	<u>221,925</u>	<u>23,792</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 77,373,079</u>	<u>\$ 7,397,889</u>	<u>\$ 7,922,122</u>	<u>\$ 76,848,846</u>	<u>\$ 3,699,674</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Compensated absences for governmental activities typically have been liquidated from the general fund.

I. Restricted Assets

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

Customer deposits	\$ 1,693,923
Revenue bond covenant accounts	7,785,873
Repair accounts	4,649,130
Capital outlay accounts	6,943,136
Interest receivable	<u>17,380</u>
 Total restricted assets	 <u><u>\$ 21,089,442</u></u>

J. Restatements and Reclassifications

For the year ended December 31, 2006, certain changes have been made to the financial statements to more appropriately reflect financial activity of the business-type activities. The following schedule presents a summary of restated beginning balances by opinion units. Prior period adjustments for business-type activities represent an increase in construction in progress and net assets of \$1,373,545.

Opinion Unit	Balance as Reported December 31, 2006	Prior Period Adjustments	Balance as Restated January 1, 2007
Business-type activities:			
Net assets (Wastewater Utility)	\$ 27,692,156	\$ 1,373,545	\$ 29,065,701

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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Medical Benefits to Employees, Retirees and Dependents (Excluding Postemployment Benefits)

The primary government has chosen to establish a risk financing fund for risks associated with employee health insurance. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are charged to each fund based on the insured funds' number of employees and are reported as expenditures of the fund. Provisions are also made for unexpected and unusual claims.

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

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

	2006	2007
Unpaid claims, beginning of fiscal year	\$ 366,777	\$ 533,784
Incurred claims and changes in estimates	7,005,637	6,402,828
Claim payments	6,838,630	6,258,701
Unpaid claims, end of fiscal year	\$ 533,784	\$ 677,911

B. Subsequent Events

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes first due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

C. Conduit Debt Obligation

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

As of December 31, 2007, there was one series of Economic Development Revenue Bonds outstanding with an original issue amount of \$4,500,000. The principal amount payable was not available.

D. Postemployment Benefits

In addition to the pension benefits described below, the primary government provides post-employment health care benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the primary government on or after attaining normal retirement age. Currently, 79 retirees meet these eligibility requirements. The primary government annually provides \$400 for PERF covered employees with less than 20 years of service and provides \$5,524 for each police and fire retiree and for each PERF covered employee with more than 20 years of service with the retirees paying the remainder of the cost of these postemployment benefits. Expenditures for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2007, expenditures of \$1,330,810 were recognized for postemployment benefits.

E. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

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

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 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 and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The primary government's annual pension cost and related information as provided by the actuary, is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Assets. 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 revenues from the State of Indiana as shown in the financial statements approximate as equal amount paid out for the benefits.

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Assets. 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 revenues from the State of Indiana as shown in the financial statements approximate as equal amount paid out for the benefits.

d. Utility Pension Plan

Plan Description

The City'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 City's Board of Works, as provided by state statute (IC 8-1.5-3-7) and provides retirement, disability, and death benefits to plan members and beneficiaries. The trustee does not issue a publicly available financial report that includes financial statements and supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members are established by the plan administrator. Currently, employees are not required to make any contributions to the plan. The Utilities' annual pension cost for the current year and related information, as provided by the actuary, is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Assets. 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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Utility Pension
Annual required contribution	\$ 447,728	\$ 1,602,900	\$ 2,170,600	\$ 375,430
Interest on net pension obligation	(35,369)	425,800	712,600	29,096
Adjustment to annual required contribution	<u>40,306</u>	<u>(529,100)</u>	<u>(885,700)</u>	<u>(5,594)</u>
Annual pension cost	452,665	1,499,600	1,997,500	398,932
Contributions made	<u>367,212</u>	<u>1,423,418</u>	<u>2,070,249</u>	<u>620,857</u>
Increase (decrease) in net pension obligation	85,453	76,182	(72,749)	(221,925)
Net pension obligation, beginning of year	<u>(487,855)</u>	<u>7,095,892</u>	<u>11,876,929</u>	<u>245,717</u>
Net pension obligation, end of year	<u>\$ (402,402)</u>	<u>\$ 7,172,074</u>	<u>\$ 11,804,180</u>	<u>\$ 23,792</u>

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Utility Pension
Contribution rates:				
City	5.38%	1,372%	820%	9.9%
Plan Members	3%	6%	6%	
Actuarial valuation date	07-01-05	01-01-05	01-01-05	01-01-07
Actuarial cost method	Entry age	Entry age	Entry age	Aggregate cost
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	*
Amortization period	30 years	30 years	30 years	*
Amortization period (from date)	07-1-97	01-01-05	01-01-05	*
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year smoothed market	4 year smoothed market	Fair value

*The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities. The actuarial present value of projected benefits of the group in excess of the actuarial value of assets is allocated on a level basis over the earnings of the group.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

e. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Assets:

<u>Assets</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
Cash and cash equivalents	\$ 330,611	\$ 405,271	\$ 408,380
Receivables:			
Interest and dividends	-	-	37,176
Taxes	35,639	64,232	-
Intergovernmental	1,989	3,586	-
Total receivables	<u>37,628</u>	<u>67,818</u>	<u>37,176</u>
Investments at fair value:			
Government sponsored enterprise	-	-	2,250,205
Corporate obligations	-	-	125,245
Mutual funds	-	-	11,193,839
Total investments	<u>-</u>	<u>-</u>	<u>13,569,289</u>
Total assets	<u>\$ 368,239</u>	<u>\$ 473,089</u>	<u>\$ 14,014,845</u>
<u>Net Assets</u>			
Held in trust for:			
Employees' pension benefits	<u>\$ 368,239</u>	<u>\$ 473,089</u>	<u>\$ 14,014,845</u>

Statements of Changes in Fiduciary Net Assets:

<u>Additions</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
Contributions:			
Employer	\$ 1,277,128	\$ 2,087,425	\$ 620,860
Plan members	1,366	2,135	-
Total contributions	<u>1,278,494</u>	<u>2,089,560</u>	<u>620,860</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Additions (continued)</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
Investment income:			
Net decrease in fair value of investments	-	-	(356,844)
Interest	-	-	1,300,971
Total investment income	-	-	944,127
Less investment expense:			
Investment activity expense	-	-	32,866
Net investment income	-	-	911,261
Total additions	<u>1,278,494</u>	<u>2,089,560</u>	<u>1,532,121</u>
 <u>Deductions</u>			
Benefits	1,409,600	2,265,512	519,796
Administrative expense	<u>2,850</u>	<u>7,027</u>	<u>12,293</u>
Total deductions	<u>1,412,450</u>	<u>2,272,539</u>	<u>532,089</u>
Changes in net assets	(133,956)	(182,979)	1,000,032
Net assets - beginning	<u>502,195</u>	<u>656,068</u>	<u>13,014,813</u>
Net assets - ending	<u>\$ 368,239</u>	<u>\$ 473,089</u>	<u>\$ 14,014,845</u>

<u>Actuarial Assumptions</u>	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
Investment rate of return	7.25%	6%	6%	7.75%
Projected future salary increases:				
Total	5%	4%	4%	5%
Attributed to inflation	4%	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%	1%
Cost-of-living adjustments	2%	2.75%/4%*	4%	2%

*2.75% converted members; 4% nonconverted members

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

PERF			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06-30-05	\$ 341,195	110%	\$ (541,561)
06-30-06	422,192	87%	(487,855)
06-30-07	452,665	81%	(402,402)

1925 Police Officers' Pension Plan			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-04	\$ 2,114,400	51%	\$ 6,644,288
12-31-05	1,528,800	70%	7,095,892
12-31-06	1,499,600	95%	7,172,074

1937 Firefighters' Pension Plan			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-04	\$ 3,054,900	50%	\$ 11,407,770
12-31-05	2,120,900	78%	11,876,929
12-31-06	1,997,500	104%	11,804,180

Utility Pension Plan			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
01-01-05	\$ 587,148	101%	\$ 229,941
01-01-06	608,235	101%	245,717
01-01-07	398,932	102%	23,792

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

	1925 Police Officers' Pension	1937 Firefighters' Pension	Utility Pension
Retirees and beneficiaries currently receiving benefits	58	90	42
Terminated employees entitled to but not yet receiving benefits	-	-	-
Current active employees	3	3	139

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2007, 2006, and 2005, were \$1,794,161, \$1,713,516, and \$1,666,750, respectively, equal to the required contributions for each year.

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)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)	
07-01-05	\$ 7,029,248	\$ 7,802,736	\$ (773,488)	90%	\$ 7,203,417	(11%)	
07-01-06	7,375,475	7,842,949	(467,474)	94%	7,085,272	(7%)	
07-01-07	7,997,182	8,272,227	(275,045)	97%	6,796,737	(4%)	

1925 Police Officers' Pension Plan							
Actuarial Valuation Date	Actuarial Value of Assets (e)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (e-b)	Funded Ratio (e/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((e-b)/c)	
01-01-02	\$ 1,219,412	\$ 20,820,000	\$ (19,600,588)	6%	\$ 145,900	(13,434%)	
01-01-03	1,278,941	19,697,900	(18,418,959)	6%	265,300	(6,943%)	
01-01-04	1,069,051	20,660,000	(19,590,949)	5%	157,600	(12,431%)	
01-01-05	803,253	21,548,900	(20,745,647)	4%	174,700	(11,875%)	
01-01-06	476,410	21,277,300	(20,800,890)	2%	176,500	(11,786%)	
01-01-07	458,739	21,441,100	(20,982,361)	2%	18,200	(115,288%)	

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)	
01-01-02	\$ 1,874,735	\$ 30,678,100	\$ (28,803,365)	6%	\$ 467,200	(6,165%)	
01-01-03	1,758,190	28,851,500	(27,093,310)	6%	597,800	(4,532%)	
01-01-04	1,624,395	30,123,300	(28,498,905)	5%	466,000	(6,116%)	
01-01-05	1,236,696	30,914,900	(29,678,204)	4%	433,100	(6,853%)	
01-01-06	754,049	29,758,700	(29,004,651)	3%	262,600	(11,045%)	
01-01-07	627,652	29,188,400	(28,560,748)	2%	225,700	(12,654%)	

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)	City	Percentage of ARC Contributed State
12-31-01	\$ 2,090,800	26%	73%
12-31-02	2,210,400	26%	35%
12-31-03	2,278,000	14%	34%
12-31-04	2,396,700	13%	30%
12-31-05	1,569,200	23%	46%
12-31-06	1,602,900	36%	53%

1937 Firefighters' Pension Plan			
Year Ending	Annual Required Contribution (ARC)	City	Percentage of ARC Contributed State
12-31-01	\$ 3,323,400	23%	24%
12-31-02	3,312,400	26%	28%
12-31-03	3,387,400	21%	27%
12-31-04	3,553,000	17%	26%
12-31-05	2,190,300	28%	47%
12-31-06	2,170,600	36%	59%

Employer Contributions - Utility Pension Plan			
Year Ending	Annual Required Contribution (ARC)	City	Percentage of ARC Contributed State
01-01-02	\$ 443,370	86%	86%
01-01-03	576,000	83%	83%
01-01-04	550,325	83%	83%
01-01-05	549,845	137%	137%
01-01-06	569,825	104%	104%
01-01-07	375,430	165%	165%

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND

For The Year Ended December 31, 2007

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 16,934,483	\$ 16,997,014	\$ 14,849,348	\$ (2,147,666)
Licenses and permits	360,050	360,050	519,871	159,821
Intergovernmental	-	3,338,834	3,753,663	414,829
Charges for services	349,000	349,000	699,923	350,923
Fines and forfeits	39,000	39,000	61,812	22,812
Interest	270,000	270,000	309,604	39,604
Sale and use of property	-	-	10,233	10,233
Other	554,000	554,000	591,378	37,378
Total revenues	18,506,533	21,907,898	20,795,832	(1,112,066)
Expenditures:				
Current:				
General government:				
Mayor:				
Personal services	126,418	126,418	126,418	-
Supplies	3,044	2,789	2,157	632
Other services and charges	14,470	14,859	14,236	623
City Clerk:				
Personal services	110,725	110,725	110,725	-
Supplies	2,833	2,714	2,511	203
Other services and charges	20,493	20,493	8,351	12,142
Capital outlay	14,627	14,627	13,443	1,184
Central Motor Pool:				
Personal services	280,752	280,752	240,983	39,769
Supplies	627,839	781,639	777,520	4,119
Other services and charges	59,113	56,113	54,772	1,341
Capital outlay	250	250	-	250
Common Council:				
Personal services	86,711	86,711	86,711	-
Supplies	500	325	217	108
Other services and charges	11,360	11,360	5,411	5,949
City Hall:				
Personal services	27,274	27,274	18,877	8,397
Supplies	4,000	4,000	3,978	22
Capital outlay	500	500	275	225

Continued on next page

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND

For The Year Ended December 31, 2007
 (Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
General government (continued):				
Controller:				
Personal services	6,628,934	7,006,934	6,112,354	894,580
Supplies	16,267	18,049	13,259	4,790
Other services and charges	1,901,171	1,859,821	1,773,984	85,837
Capital outlay	250	250	112	138
Human Resources:				
Personal services	93,478	93,478	93,167	311
Supplies	700	700	695	5
Other services and charges	20,135	21,760	16,171	5,589
Capital outlay	400	400	195	205
Information Technology:				
Personal services	172,664	172,664	169,531	3,133
Supplies	1,000	1,000	-	1,000
Other services and charges	18,990	18,990	7,126	11,864
Capital outlay	250	250	-	250
Cemetery:				
Other services and charges	15,000	15,000	15,000	-
Legal:				
Personal services	93,853	93,853	93,853	-
Supplies	3,321	3,321	1,599	1,722
Other services and charges	21,862	71,862	45,722	26,140
Capital outlay	2,250	2,250	-	2,250
Planning:				
Personal services	177,183	177,183	176,232	951
Supplies	3,000	2,953	2,558	395
Other services and charges	62,511	61,149	15,387	45,762
Capital outlay	300	1,500	1,424	76
Total general government	10,624,428	11,164,916	10,004,954	1,159,962
Public safety:				
Police:				
Personal services	6,623,598	6,694,455	6,550,610	143,845
Supplies	73,110	90,111	80,218	9,893
Other services and charges	163,298	172,593	140,323	32,270
Capital outlay	13,683	25,959	23,764	2,195

Continued on next page

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For The Year Ended December 31, 2007
 (Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public safety (continued):				
Fire:				
Personal services	5,028,300	5,103,300	5,003,472	99,828
Supplies	76,578	74,684	69,903	4,781
Other services and charges	358,530	355,651	144,135	211,516
Capital outlay	26,723	26,723	26,457	266
Code Enforcement:				
Personal services	230,280	230,280	229,807	473
Supplies	2,920	2,920	2,367	553
Other services and charges	14,923	14,848	6,147	8,701
Capital outlay	750	750	-	750
Building Department:				
Personal services	194,181	192,931	161,565	31,366
Supplies	3,221	3,221	3,161	60
Other services and charges	5,150	6,500	5,610	890
Capital outlay	450	450	200	250
Emergency Medical Service:				
Personal services	1,017,269	1,017,269	987,698	29,571
Supplies	40,957	40,226	35,858	4,368
Other services and charges	38,080	38,175	27,227	10,948
Capital outlay	1,500	1,500	487	1,013
Total public safety	13,913,501	14,092,546	13,499,009	593,537
Highways and streets:				
Engineering:				
Personal services	301,367	301,367	301,366	1
Supplies	2,981	2,981	2,972	9
Other services and charges	23,038	23,038	12,167	10,871
Capital outlay	2,034	2,034	955	1,079
Total highways and streets	329,420	329,420	317,460	11,960
Sanitation:				
Recycling:				
Supplies	10,000	10,000	4,500	5,500
Other services and charges	30,000	30,000	30,000	-
Total sanitation	40,000	40,000	34,500	5,500

Continued on next page

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For The Year Ended December 31, 2007
 (Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Community development:				
Redevelopment:				
Personal services	33,990	33,990	33,990	-
Supplies	250	250	248	2
Other services and charges	2,800	2,800	2,799	1
Total urban redevelopment and housing	37,040	37,040	37,037	3
Total expenditures	24,944,389	25,663,922	23,892,960	1,770,962
Deficiency of revenues under expenditures	(6,437,856)	(3,756,024)	(3,097,128)	658,896
Other financing sources:				
Transfers in	1,650,000	1,650,000	1,706,139	56,139
Net change in fund balances	(4,787,856)	(2,106,024)	(1,390,989)	715,035
Fund balances - beginning	3,082,777	3,082,777	3,082,777	-
Fund balances - ending	\$ (1,705,079)	\$ 976,753	\$ 1,691,788	\$ 715,035

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CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET/GAAP RECONCILIATION
 GENERAL FUND
 For The Year Ended December 31, 2007

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:

	General
Net change in fund balance, budget basis	\$ (1,390,989)
To adjust revenues for accruals	(100,496)
To adjust expenditures for accruals	(382,897)
To adjust expenditures for encumbrances	159,050
Net change in fund balance, GAAP basis	\$ (1,715,332)

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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.
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.
Police Drug Investigation Assistance -	To account for expenditures for drug and arson investigation and training of police personnel financed by state grants, donations, and sale of confiscated assets.
Off-Street Parking -	To account for operations of city owned parking lots. Revenues are received from parking permit fees.
Sidewalk and Curb Repair -	To account for revenue received from residents for improvements to adjacent sidewalks and curbs.
Industrial Development -	To account for state loans to provide loan money to business and commercial customers for rehabilitation.
Unsafe Building -	To account for expenditures and revenue related to demolition of unsafe buildings.
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.
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.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

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. Pay back monies from loans are also used for this purpose.
DOC Community Development -	To account for specific projects originally funded by state grants from the Department of Commerce. Some of the grant money was used to make loans to local businesses. New projects funded with payback monies must be approved by the Department of Commerce.
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 state funds received for criminal prevention and intervention programs coordinated by the police department.
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 and several capital leases. Financing is provided by a specific tax levy.
TIF (Tax Incremental Financing) CBD Redemption and Reserve -	To account for debt retirement of the Central Business District (CBD) bond issues. Financing is provided by transfers from the Tax Incremental Financing CBD General Fund.
TIF (Tax Incremental Financing) NW Redemption and Reserve -	To account for debt retirement for the Northwest (NW) District bond issues. Financing is provided by transfers from the Tax Incremental Financing NW General Fund.
TIF (Tax Incremental Financing) SS Redemption and Reserve -	To account for debt retirement for the Southside (SS) District bond issue. Financing is provided by transfers from the Tax Incremental Financing SS General Fund.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Capital Projects Funds

Cumulative Building and Fire Fighting Equipment -	To account for financial resources for the purchase of fire equipment. Financing is provided by a specific property tax levy.
Cumulative Capital Improvement -	To account for financial resources related to improvement projects financed by state cigarette tax distributions. Transfers may be made to the General Fund.
Cumulative Sewer -	To account for financial resources for the construction or repairing of storm sewers or sewage disposal plants and sanitary sewers. Financing is provided by a specific property tax levy.
General Improvement -	To account for revenue and expenditures for public improvement projects. Project costs are assessed against property owners benefited by the improvement projects. The time period for payment of the assessments cannot exceed five years. All interest and penalties collected on assessments are receipted to the General Fund.
Consolidated Project Expenditures -	To account for balances remaining in closed out funds and to pay expenditures incurred on these past projects.
Cumulative Capital Development -	To account for financial resources related to development projects. Financing is provided by a specific property tax levy.
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.
Radio Bond Capital	To account for expenditures made for updates to the City's communication system. Financing is provided from the 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)CBD General -	To account for expenditures made for public improvement projects in the Central Business District (CBD) 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.
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, 2007

	Special Revenue							
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Rainy Day	Police Drug Investigation Assistance	Off-Street Parking	Sidewalk and Curb Repair
Assets								
Cash and cash equivalents	\$ 1,097,418	\$ 680,806	\$ 968,418	\$ 72,784	\$ -	\$ 13,086	\$ 40,321	\$ 7,055
Receivables (net of allowances for uncollectibles):								
Interest	-	-	-	-	-	-	-	-
Taxes	49,452	-	167,280	-	-	-	-	-
Accounts	-	-	4,340	-	-	-	-	-
Intergovernmental	219,368	138,799	9,338	-	1,126,395	-	-	-
Loans	-	-	-	-	-	-	-	-
Total assets	\$ 1,366,238	\$ 819,605	\$ 1,149,376	\$ 72,784	\$ 1,126,395	\$ 13,086	\$ 40,321	\$ 7,055
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 78,870	\$ 9,328	\$ 72,065	\$ 4,360	\$ -	\$ -	\$ 1,019	\$ -
Accrued payroll and withholdings payable	27,087	-	24,073	-	-	-	-	-
Contracts payable	-	76,500	-	-	-	-	-	-
Deferred revenue	52,213	-	176,618	-	-	-	-	-
Total liabilities	158,170	85,828	272,756	4,360	-	-	1,019	-
Fund balances:								
Reserved for:								
Encumbrances	138,233	341,256	8,858	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	1,069,835	392,521	867,762	68,424	1,126,395	13,086	39,302	7,055
Capital projects funds	-	-	-	-	-	-	-	-
Total fund balances	1,208,068	733,777	876,620	68,424	1,126,395	13,086	39,302	7,055
Total liabilities and fund balances	\$ 1,366,238	\$ 819,605	\$ 1,149,376	\$ 72,784	\$ 1,126,395	\$ 13,086	\$ 40,321	\$ 7,055

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2007
 (Continued)

	Special Revenue						
	Industrial Development	Unsafe Building	Mishawaka Gift	Enforcement Continuing Education	Local Law Enforcement Block Grant	Insurance Recovery	Bicentennial Gift
<u>Assets</u>							
Cash and cash equivalents	\$ 27,992	\$ 259	\$ 65,784	\$ 85,752	\$ 928	\$ 44,363	\$ 1,296
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	-	-	3
Taxes	-	-	-	-	-	-	-
Accounts	-	-	-	5,811	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Loans	29,545	-	-	-	-	-	-
Total assets	\$ 57,537	\$ 259	\$ 65,784	\$ 91,563	\$ 928	\$ 44,363	\$ 1,296
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 1,899	\$ 40	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	-	-	1,899	40	-	-	-
Fund balances:							
Reserved for:							
Encumbrances	-	-	-	1,700	-	-	-
Noncurrent loans receivable	17,177	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unreserved, reported in:							
Special revenue funds	40,360	259	63,885	89,823	928	44,363	1,296
Capital projects funds	-	-	-	-	-	-	-
Total fund balances	\$ 57,537	\$ 259	\$ 63,885	\$ 91,523	\$ 928	\$ 44,363	\$ 1,296
Total liabilities and fund balances	\$ 57,537	\$ 259	\$ 65,784	\$ 91,563	\$ 928	\$ 44,363	\$ 1,296

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2007
 (Continued)

	Special Revenue							Totals
	Community Development	Property Rehabilitation Revolving	DOC Community Development	Park Nonreverting Operating	Criminal Assistance Grant	State Grant		
Assets								
Cash and cash equivalents	\$ 22,763	\$ 39,929	\$ 5,581	\$ 264,269	\$ 98,604	\$ 70,006	\$ 3,607,411	
Receivables (net of allowances for uncollectibles):								
Interest	-	-	-	-	-	-	3	
Taxes	-	-	-	-	-	-	216,732	
Accounts	-	-	-	511	-	-	10,662	
Intergovernmental	-	-	-	-	-	-	1,493,900	
Loans	568,465	-	-	-	-	-	598,010	
Total assets	\$ 591,228	\$ 39,929	\$ 5,581	\$ 264,780	\$ 98,604	\$ 70,006	\$ 5,926,718	
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 28,226	\$ 4,946	\$ -	\$ -	\$ -	\$ -	\$ 200,753	
Accrued payroll and withholdings payable	-	-	-	-	-	-	51,160	
Contracts payable	218,042	-	-	-	-	-	294,542	
Deferred revenue	-	-	-	-	26,726	-	255,557	
Total liabilities	246,268	4,946	-	-	26,726	-	802,012	
Fund balances:								
Reserved for:								
Encumbrances	-	-	-	658	-	-	490,705	
Noncurrent loans receivable	344,960	-	-	-	-	-	362,137	
Debt service	-	-	-	-	-	-	-	
Unreserved, reported in:								
Special revenue funds	-	34,983	5,581	264,122	71,878	70,006	4,271,864	
Capital projects funds	-	-	-	-	-	-	-	
Total fund balances	344,960	34,983	5,581	264,780	71,878	70,006	5,124,706	
Total liabilities and fund balances	\$ 591,228	\$ 39,929	\$ 5,581	\$ 264,780	\$ 98,604	\$ 70,006	\$ 5,926,718	

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2007
 (Continued)

		Debt Service							
	Municipal Bond No. 1	TIF CBD Redemption	TIF CBD Reserve	TIF NW Redemption	TIF NW Reserve	TIF SS Redemption	TIF SS Reserve	Totals	
<u>Assets</u>									
Cash and cash equivalents	\$ 471,651	\$ -	\$ -	\$ 859,481	\$ 1,173,042	\$ 365,230	\$ 367,110	\$ 3,236,514	
Receivables (net of allowances for uncollectibles):									
Interest	-	-	-	-	-	-	-	-	
Taxes	91,997	-	-	-	-	-	-	91,997	
Accounts	-	-	-	-	-	-	-	-	
Intergovernmental	5,136	-	-	-	-	-	-	5,136	
Loans	-	-	-	-	-	-	-	-	
Total assets	\$ 568,784	\$ -	\$ -	\$ 859,481	\$ 1,173,042	\$ 365,230	\$ 367,110	\$ 3,333,647	
<u>Liabilities and Fund Balances</u>									
<u>Liabilities:</u>									
Accounts payable	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-	
Contracts payable	-	-	-	-	-	-	-	-	
Deferred revenue	97,133	-	-	-	-	-	-	97,133	
Total liabilities	97,633	-	-	-	-	-	-	97,633	
Fund balances:									
Reserved for:									
Encumbrances	-	-	-	-	-	-	-	-	
Noncurrent loans receivable	-	-	-	-	-	-	-	-	
Debt service	471,151	-	-	859,481	1,173,042	365,230	367,110	3,236,014	
Unreserved, reported in:									
Special revenue funds	-	-	-	-	-	-	-	-	
Capital projects funds	-	-	-	-	-	-	-	-	
Total fund balances	471,151	-	-	859,481	1,173,042	365,230	367,110	3,236,014	
Total liabilities and fund balances	\$ 568,784	\$ -	\$ -	\$ 859,481	\$ 1,173,042	\$ 365,230	\$ 367,110	\$ 3,333,647	

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2007
 (Continued)

	Capital Projects					
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	General Improvement	Consolidated Project Expenditures	Cumulative Capital Development Park Bond Capital
<u>Assets</u>						
Cash and cash equivalents	\$ 150,873	\$ 425,381	\$ 2,029,652	\$ 55,567	\$ 24,082	\$ 757,409
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	-	-	-
Taxes	3,868	-	47,794	-	-	39,506
Accounts	-	-	-	-	-	-
Intergovernmental	216	14,434	2,668	-	-	2,205
Loans	-	-	-	-	-	-
Total assets	\$ 154,957	\$ 440,815	\$ 2,080,114	\$ 55,567	\$ 24,082	\$ 799,120
						\$ 102,588
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 180	\$ -	\$ 95,644	\$ -	\$ -	\$ 10,466
Accrued payroll and withholdings payable	-	-	-	-	-	-
Contracts payable	-	-	6,270	-	-	-
Deferred revenue	4,084	14,434	50,462	-	-	41,711
Total liabilities	4,264	14,434	152,376	-	-	52,177
Fund balances:						
Reserved for:						
Encumbrances	2,287	-	536,141	-	-	467,240
Noncurrent loans receivable	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	148,406	425,381	1,391,597	55,567	24,082	279,703
Capital projects funds	-	-	-	-	-	588
Total fund balances	150,693	425,381	1,927,738	55,567	24,082	746,943
Total liabilities and fund balances	\$ 154,957	\$ 440,815	\$ 2,080,114	\$ 55,567	\$ 24,082	\$ 799,120
						\$ 102,588

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2007
 (Continued)

	Capital Projects					Total Nonmajor Governmental Funds
	Bond Capital	CEDT	TIF CBD General	TIF SS General	Totals	
Assets						
Cash and cash equivalents	\$ 3,423,211	\$ 1,110,106	\$ -	\$ 2,240,256	\$ 10,320,125	\$ 17,164,050
Receivables (net of allowances for uncollectibles):						
Interest	8,693	-	-	5,689	14,382	14,385
Taxes	-	-	-	61,653	152,821	461,550
Accounts	-	-	-	-	-	10,662
Intergovernmental	-	-	-	-	19,523	1,518,559
Loans	-	-	-	-	-	598,010
Total assets	\$ 3,431,904	\$ 1,110,106	\$ -	\$ 2,307,598	\$ 10,506,851	\$ 19,767,216
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 1,000	\$ 11,575	\$ -	\$ -	\$ 118,865	320,118
Accrued payroll and withholdings payable	-	-	-	-	-	51,160
Contracts payable	276,635	72,479	-	-	355,384	649,926
Deferred revenue	-	-	-	61,653	172,344	525,034
Total liabilities	277,635	84,054	-	61,653	646,593	1,546,238
Fund balances:						
Reserved for:						
Encumbrances	2,805,851	385,664	-	-	4,299,183	4,789,888
Noncurrent loans receivable	-	-	-	-	-	362,137
Debt service	-	-	-	-	-	3,236,014
Unreserved, reported in:						
Special revenue funds	348,418	640,388	-	2,245,945	5,561,075	4,271,864
Capital projects funds	3,154,269	1,026,052	-	2,245,945	9,860,258	18,220,978
Total fund balances	\$ 3,431,904	\$ 1,110,106	\$ -	\$ 2,307,598	\$ 10,506,851	\$ 19,767,216
Total liabilities and fund balances						

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	Special Revenue							
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Rainy Day	Police Drug Investigation Assistance	Off-Street Parking	Sidewalk and Curb Repair
Revenues:								
Taxes:								
Property Licenses and permits	\$ 547,523	\$ -	\$ 1,853,110	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,572,466	693,258	127,755	-	1,126,395	26,405	14,790	-
Charges for services	5,700	-	696,578	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Sale and use of property	5,000	-	66,883	-	-	-	-	-
Gifts and donations	-	-	-	93,306	-	-	-	-
Other	4,942	-	-	-	-	-	-	6,294
Total revenues	3,135,631	693,258	2,744,326	93,306	1,126,395	26,405	14,790	6,294
Expenditures:								
Current:								
General government	-	-	-	-	10,888	-	-	-
Public safety	-	-	-	-	-	14,587	12,898	-
Highways and streets	3,667,820	762,820	-	-	-	-	-	-
Culture and recreation	-	-	2,962,183	104,953	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	3,667,820	762,820	2,962,183	104,953	10,888	14,587	12,898	-
Excess (deficiency) of revenues over (under) expenditures	(532,189)	(69,562)	(217,857)	(11,647)	1,115,507	11,818	1,892	6,294
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
General obligation bond issuance	-	-	-	-	-	-	-	-
Discount on debt issuance	-	-	-	-	-	-	-	-
Lease issuance	-	-	-	-	-	-	-	-
Loan issuance	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(532,189)	(69,562)	(217,857)	(11,647)	1,115,507	11,818	1,892	6,294
Fund balances - January 1	1,740,257	803,339	1,094,477	80,071	10,888	1,268	37,410	761
Fund balances - December 31	\$ 1,208,068	\$ 733,777	\$ 876,620	\$ 68,424	\$ 1,126,395	\$ 13,086	\$ 39,302	\$ 7,055

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Special Revenue							Bicentennial Gift
	Industrial Development	Unsafe Building	Mishawaka Gift	Law Enforcement Continuing Education	Local Law Enforcement Block Grant	Insurance Recovery		
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	11,330	-	-	-	-
Intergovernmental	-	-	-	19,672	-	-	-	-
Charges for services	-	-	-	22,576	-	-	-	-
Fines and forfeits	-	-	-	11,715	-	-	-	67
Interest	-	-	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-	-	-
Gifts and donations	-	-	25,301	-	-	-	-	-
Other	576	-	-	521	-	-	38,875	-
Total revenues	576	-	25,301	65,814	-	-	38,875	67
Expenditures:								
Current:								
General government	-	-	-	-	-	-	97,392	-
Public safety	-	-	-	48,748	8,618	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	25,532	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	-	-	25,532	48,748	8,618	-	97,392	-
Excess (deficiency) of revenues over (under) expenditures	576	-	(231)	17,066	(8,618)	-	(58,517)	67
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
General obligation bond issuance	-	-	-	-	-	-	-	-
Discount on debt issuance	-	-	-	-	-	-	-	-
Lease issuance	-	-	-	-	-	-	-	-
Loan issuance	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	576	-	(231)	17,066	(8,618)	-	(58,517)	67
Fund balances - January 1	58,961	259	64,116	74,457	9,546	-	102,880	1,229
Fund balances - December 31	\$ 57,537	\$ 259	\$ 63,885	\$ 91,523	\$ 928	\$ -	\$ 44,363	\$ 1,296

Continued on next page

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Special Revenue						Totals
	Community Development	Property Rehabilitation Revolving	DOC Community Development	Park Nonreverting Operating	Criminal Assistance Grant	State Grant	
Revenues:							
Taxes:							
Property Licenses and permits		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,400,633
Intergovernmental	518,022	403,557	-	113,808	177,024	-	28,120
Charges for services	-	-	-	-	-	-	5,664,554
Fines and forfeits	-	-	-	-	-	-	838,762
Interest	-	-	-	-	-	-	11,715
Sale and use of property	-	-	-	37,888	-	-	67
Gifts and donations	-	-	-	-	-	-	109,771
Other	46,577	747,542	-	-	-	-	118,607
							845,327
Total revenues	564,599	1,151,099	-	151,796	177,024	-	10,015,556
Expenditures:							
Current:							
General government	-	-	-	-	-	-	108,280
Public safety	-	-	-	-	161,530	-	246,381
Highways and streets	-	-	-	-	-	-	4,430,640
Culture and recreation	-	-	-	130,406	-	-	3,223,074
Community development	714,616	1,077,649	-	-	-	-	1,792,285
Debt service:							
Principal	-	958,855	-	35,993	-	-	994,818
Interest and fiscal charges	-	6,058	-	-	-	-	6,058
Bond issuance costs	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Total expenditures	714,616	2,042,562	-	166,369	161,530	-	10,801,516
Excess (deficiency) of revenues over (under) expenditures	(150,017)	(891,463)	-	(14,573)	15,494	-	(785,960)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
General obligation bond issuance	-	-	-	-	-	-	-
Discount on debt issuance	-	-	-	-	-	-	-
Lease issuance	-	-	-	-	-	-	-
Loan issuance	-	590,689	-	-	-	-	590,689
Total other financing sources (uses)	-	590,689	-	-	-	-	590,689
Net change in fund balances	(150,017)	(300,774)	-	(14,573)	15,494	-	(195,271)
Fund balances - January 1	494,977	335,757	5,581	279,353	56,384	70,006	5,319,977
Fund balances - December 31	\$ 344,960	\$ 34,983	\$ 5,581	\$ 264,780	\$ 71,878	\$ 70,006	\$ 5,124,706

Continued on next page

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Debt Service							Totals
	Municipal Bond No. 1	TIF CBD Redemption	TIF CBD Reserve	TIF NW Redemption	TIF NW Reserve	TIF SS Redemption	TIF SS Reserve	
Revenues:								
Taxes:								
Property	\$ 1,019,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,019,134
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	66,561	-	-	-	-	-	-	66,561
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	-	1,666	1,665	63,182	63,182	19,705	19,704	169,104
Sale and use of property	-	-	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	1,085,695	1,666	1,665	63,182	63,182	19,705	19,704	1,254,799
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt service:								
Principal	780,000	35,000	-	1,066,000	-	245,000	-	2,126,000
Interest and fiscal charges	283,390	4,729	-	194,180	-	87,657	-	569,956
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	1,063,390	39,729	-	1,260,180	-	332,657	-	2,695,956
Excess (deficiency) of revenues over (under) expenditures	22,305	(38,063)	1,665	(1,196,998)	63,182	(312,952)	19,704	(1,441,157)
Other financing sources (uses):								
Transfers in	-	39,729	-	1,388,434	112,492	333,645	-	1,874,300
Transfers out	-	(9,910)	(78,430)	-	-	-	-	(88,340)
General obligation bond issuance	-	-	-	-	-	-	-	-
Discount on debt issuance	-	-	-	-	-	-	-	-
Lease issuance	-	-	-	-	-	-	-	-
Loan issuance	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	29,819	(78,430)	1,388,434	112,492	333,645	-	1,785,960
Net change in fund balances	22,305	(8,244)	(76,765)	191,436	175,674	20,693	19,704	344,803
Fund balances - January 1	448,846	8,244	76,765	688,045	997,368	344,537	347,405	2,891,211
Fund balances - December 31	\$ 471,151	\$ -	\$ -	\$ 859,481	\$ 1,173,042	\$ 365,230	\$ 367,110	\$ 3,236,014

Continued on next page

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Capital Projects						
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	General Improvement	Consolidated Project Expenditures	Cumulative Capital Development	Park Bond Capital
Revenues:							
Taxes:							
Property Licenses and permits	\$ 42,846	\$ -	\$ 529,460	\$ -	\$ -	\$ 437,646	\$ -
Intergovernmental	2,798	163,526	110,777	-	-	28,583	-
Charges for services	-	-	161,203	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	57,262
Sale and use of property	-	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-	-
Other	-	-	289,594	-	-	7,500	-
Total revenues	45,644	163,526	1,091,034	-	-	473,729	57,262
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	166,115	-
Public safety	42,951	-	1,143,415	-	-	140,236	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	1,471,178
Community development	-	-	-	-	5,054	-	-
Total expenditures	42,951	-	1,143,415	-	5,054	306,351	1,471,178
Excess (deficiency) of revenues over (under) expenditures	2,693	163,526	(52,381)	-	(5,054)	167,378	(1,413,916)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
General obligation bond issuance	-	-	-	-	-	-	-
Discount on debt issuance	-	-	-	-	-	-	-
Lease issuance	-	-	-	-	-	-	-
Loan issuance	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	2,693	163,526	(52,381)	-	(5,054)	167,378	(1,413,916)
Fund balances - January 1	148,000	262,855	1,980,119	55,567	29,136	579,555	1,516,504
Fund balances - December 31	\$ 150,693	\$ 426,381	\$ 1,927,738	\$ 55,567	\$ 24,082	\$ 746,943	\$ 102,588

Continued on next page

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Capital Projects					Total Nonmajor Governmental Funds
	Radio Bond Capital	CEDIT	TIF CBD General	TIF SS General	Totals	
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ 1,130,247	\$ 2,140,199	\$ 5,559,966
Licenses and permits	-	-	-	-	-	26,120
Intergovernmental	-	1,303,670	-	-	1,609,354	7,340,469
Charges for services	-	-	-	-	161,203	999,965
Fines and forfeits	-	-	-	-	-	11,715
Interest	165,029	-	2,316	71,031	295,638	464,809
Sale and use of property	-	-	-	-	-	109,771
Gifts and donations	-	-	-	-	-	118,607
Other	-	4,362	-	-	301,456	1,146,783
Total revenues	165,029	1,308,032	2,316	1,201,278	4,507,850	15,778,205
Expenditures:						
Current:						
General government	-	-	-	-	-	108,280
Public safety	-	-	-	-	-	246,381
Highways and streets	-	-	-	-	-	4,430,640
Culture and recreation	-	-	-	-	-	3,223,074
Community development	-	-	-	-	-	1,792,265
Debt service:						
Principal	-	335,611	-	-	335,611	3,456,429
Interest and fiscal charges	-	31,723	-	-	31,723	607,737
Bond issuance costs	33,786	-	-	-	33,786	33,786
Capital outlay:						
General government	-	34,500	-	-	200,615	200,615
Public safety	619,385	1,112,785	-	-	3,058,772	3,058,772
Highways and streets	-	286,407	-	313,502	601,909	601,909
Culture and recreation	-	281,883	-	-	1,753,061	1,753,061
Community development	-	-	2,321	-	7,375	7,375
Total expenditures	653,171	2,084,909	2,321	313,502	6,022,852	19,520,324
Excess (deficiency) of revenues over (under) expenditures	(488,142)	(776,877)	(5)	887,776	(1,515,002)	(3,742,119)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	1,874,300
Transfers out	-	-	(271,225)	(333,645)	(604,870)	(693,210)
General obligation bond issuance	3,000,000	-	-	-	3,000,000	3,000,000
Discount on debt issuance	(33,000)	-	-	-	(33,000)	(33,000)
Lease issuance	-	817,499	-	-	817,499	817,499
Loan issuance	-	-	-	-	-	590,689
Total other financing sources (uses)	2,967,000	817,499	(271,225)	(333,645)	3,179,629	5,556,278
Net change in fund balances	2,478,858	40,622	(271,230)	554,131	1,664,627	1,814,159
Fund balances - January 1	675,411	985,430	271,230	1,691,814	8,195,631	16,406,819
Fund balances - December 31	\$ 3,154,269	\$ 1,026,052	\$ -	\$ 2,245,945	\$ 9,860,258	\$ 18,220,978

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, 2007

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 628,907	\$ 626,796	\$ 547,523	\$ (79,273)
Intergovernmental	2,511,583	2,511,583	2,644,946	133,363
Charges for services	5,610	5,610	5,700	90
Sale and use of property	-	-	5,000	5,000
Other	44,000	44,000	4,942	(39,058)
Total revenues	<u>3,190,100</u>	<u>3,187,989</u>	<u>3,208,111</u>	<u>20,122</u>
Expenditures:				
Current:				
Highways and streets:				
Personal services	2,074,603	1,968,003	1,789,486	178,517
Supplies	545,723	616,009	603,710	12,299
Other services and charges	1,573,090	1,564,040	1,387,103	176,937
Capital outlay	104,348	104,348	90,638	13,710
Total expenditures	<u>4,297,764</u>	<u>4,252,400</u>	<u>3,870,937</u>	<u>381,463</u>
Net change in fund balances	<u>(1,107,664)</u>	<u>(1,064,411)</u>	<u>(662,826)</u>	<u>401,585</u>
Fund balances - beginning	1,548,801	1,548,801	1,548,801	-
Fund balances - ending	<u>\$ 441,137</u>	<u>\$ 484,390</u>	<u>\$ 885,975</u>	<u>\$ 401,585</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (662,826)	
To adjust revenues for accruals			(72,480)	
To adjust expenditures for accruals			(8,326)	
To adjust expenditures for encumbrances			211,443	
Net change in fund balance, GAAP basis			<u>\$ (532,189)</u>	

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, 2007

	Budgeted Amounts	Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final	
Revenues:			
Intergovernmental	\$ -	\$ 495,360	\$ 635,387
			\$ 140,027
Expenditures:			
Current:			
Highways and streets:			
Capital outlay	680,609	1,115,876	1,115,876
Net change in fund balances	(680,609)	(620,516)	(480,489)
			140,027
Fund balances - beginning	734,211	734,211	734,211
Fund balances - ending	\$ 53,602	\$ 113,695	\$ 253,722
			\$ 140,027
<u>Budget/GAAP Reconciliation</u>			
Net change in fund balance, budget basis			\$ (480,489)
To adjust revenues for accruals			57,871
To adjust expenditures for accruals			(74,028)
To adjust expenditures for encumbrances			427,084
Net change in fund balance, GAAP basis			\$ (69,562)

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, 2007

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 2,097,849	\$ 2,120,250	\$ 1,853,110	\$ (267,140)
Intergovernmental	-	121,188	127,755	6,567
Charges for services	500,000	500,000	696,500	196,500
Other	-	-	66,883	66,883
Total revenues	<u>2,597,849</u>	<u>2,741,438</u>	<u>2,744,248</u>	<u>2,810</u>
Expenditures:				
Current:				
Culture and recreation:				
Personal services	2,380,298	2,319,798	2,104,831	214,967
Supplies	269,138	315,254	287,631	27,623
Other services and charges	570,474	624,676	581,994	42,682
Capital outlay	45,596	45,085	42,238	2,847
Total expenditures	<u>3,265,506</u>	<u>3,304,813</u>	<u>3,016,694</u>	<u>288,119</u>
Net change in fund balances	(667,657)	(563,375)	(272,446)	290,929
Fund balances - beginning	1,174,609	1,174,609	1,174,609	-
Fund balances - ending	<u>\$ 506,952</u>	<u>\$ 611,234</u>	<u>\$ 902,163</u>	<u>\$ 290,929</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (272,446)	
To adjust revenues for accruals			78	
To adjust expenditures for accruals			(11,744)	
To adjust expenditures for encumbrances			66,255	
Net change in fund balance, GAAP basis			<u>\$ (217,857)</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, 2007

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
General government:				
Other services and charges	\$ 12,661	\$ 12,661	\$ 12,661	\$ -
Fund balances - beginning	12,661	12,661	12,661	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (12,661)	
To adjust expenditures for accruals			1,126,395	
To adjust expenditures for encumbrances			1,773	
Net change in fund balance, GAAP basis			<u>\$ 1,115,507</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, 2007

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 4,000	\$ 4,000	\$ 11,470	\$ 7,470
Intergovernmental	-	-	19,672	19,672
Charges for services	19,500	19,500	22,606	3,106
Fines and forfeits	6,000	6,000	13,038	7,038
Other	-	-	521	521
Total revenues	29,500	29,500	67,307	37,807
Expenditures:				
Current:				
Public safety:				
Supplies	7,601	7,601	7,351	250
Other services and charges	31,791	31,791	31,779	12
Capital outlay	18,886	35,059	12,719	22,340
Total expenditures	58,278	74,451	51,849	22,602
Net change in fund balances	(28,778)	(44,951)	15,458	60,409
Fund balances - beginning	66,594	66,594	66,594	-
Fund balances - ending	\$ 39,816	\$ 23,643	\$ 84,052	\$ 60,409
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ 15,458	
To adjust revenues for accruals			(1,493)	
To adjust expenditures for accruals			1,401	
To adjust expenditures for encumbrances			1,700	
Net change in fund balance, GAAP basis			\$ 17,066	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - LOCAL LAW ENFORCEMENT BLOCK GRANT
 For The Year Ended December 31, 2007

	Budgeted Amounts	Actual	Variance
	Original	Final	With Final
	Amounts	Amounts	Budget
	(8,619)	(8,619)	Positive
	9,546	9,546	(Negative)
Expenditures:			
Current:			
Public safety:			
Capital outlay	\$ 8,619	\$ 8,619	\$ 8,618
			1
Net change in fund balances	(8,619)	(8,619)	(8,618)
			1
Fund balances - beginning	9,546	9,546	9,546
			-
Fund balances - ending	\$ 927	\$ 927	\$ 928
			1

Budget/GAAP Reconciliation

No reconciliation necessary since budgetary basis equals GAAP basis

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - PARK NONREVERTING OPERATING
 For The Year Ended December 31, 2007

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 105,000	\$ 105,000	\$ 115,290	\$ 10,290
Other	-	-	37,888	37,888
Total revenues	105,000	105,000	153,178	48,178
Expenditures:				
Current:				
Culture and recreation:				
Supplies	17,500	17,500	5,622	11,878
Capital outlay	176,120	175,453	161,405	14,048
Total expenditures	193,620	192,953	167,027	25,926
Net change in fund balances	(88,620)	(87,953)	(13,849)	74,104
Fund balances - beginning	277,460	277,460	277,460	-
Fund balances - ending	\$ 188,840	\$ 189,507	\$ 263,611	\$ 74,104
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (13,849)	
To adjust expenditures for accruals			(1,382)	
To adjust expenditures for encumbrances			658	
Net change in fund balance, GAAP basis			\$ (14,573)	

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, 2007

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 2,092,459	\$ 1,166,050	\$ 1,019,134	\$ (146,916)
Intergovernmental	-	117,600	66,561	(51,039)
Total revenues	<u>2,092,459</u>	<u>1,283,650</u>	<u>1,085,695</u>	<u>(197,955)</u>
Expenditures:				
Debt service:				
Principal	780,000	780,000	780,000	-
Interest and fiscal agent fees	285,341	285,341	283,640	1,701
Total expenditures	<u>1,065,341</u>	<u>1,065,341</u>	<u>1,063,640</u>	<u>1,701</u>
Net change in fund balances	1,027,118	218,309	22,055	(196,254)
Fund balances - beginning	449,596	449,596	449,596	-
Fund balances - ending	<u>\$ 1,476,714</u>	<u>\$ 667,905</u>	<u>\$ 471,651</u>	<u>\$ (196,254)</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ 22,055	
To adjust expenditures for encumbrances			250	
Net change in fund balance, GAAP basis			<u>\$ 22,305</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, 2007

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 46,000	\$ 49,023	\$ 42,846	\$ (6,177)
Intergovernmental	-	2,457	2,798	341
Total revenues	<u>46,000</u>	<u>51,480</u>	<u>45,644</u>	<u>(5,836)</u>
Expenditures:				
Capital outlay:				
Public safety				
Capital outlay	109,320	106,861	48,212	58,649
Net change in fund balances	(63,320)	(55,381)	(2,568)	52,813
Fund balances - beginning	150,974	150,974	150,974	-
Fund balances - ending	<u>\$ 87,654</u>	<u>\$ 95,593</u>	<u>\$ 148,406</u>	<u>\$ 52,813</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (2,568)	
To adjust expenditures for accruals			2,794	
To adjust expenditures for encumbrances			2,467	
Net change in fund balance, GAAP basis			<u>\$ 2,693</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, 2007

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 163,415	\$ 163,415	\$ 163,526	\$ 111
Net change in fund balances	163,415	163,415	163,526	111
Fund balances - beginning	262,855	262,855	262,855	-
Fund balances - ending	\$ 426,270	\$ 426,270	\$ 426,381	\$ 111

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, 2007

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes:				
Property	\$ 550,000	\$ 605,786	\$ 412,542	\$ (193,244)
Intergovernmental	-	30,354	110,777	80,423
Charges for services	-	-	278,121	278,121
Other	-	-	289,594	289,594
Total revenues	550,000	636,140	1,091,034	454,894
Expenditures:				
Capital outlay:				
Public safety:				
Other services and charges	427,366	389,196	389,196	-
Capital outlay	381,689	1,303,361	1,303,361	-
Total expenditures	809,055	1,692,557	1,692,557	-
Net change in fund balances	(259,055)	(1,056,417)	(601,523)	454,894
Fund balances - beginning	1,998,558	1,998,558	1,998,558	-
Fund balances - ending	\$ 1,739,503	\$ 942,141	\$ 1,397,035	\$ 454,894
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (601,523)	
To adjust expenditures for accruals			(83,475)	
To adjust expenditures for encumbrances			632,617	
Net change in fund balance, GAAP basis			\$ (52,381)	

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, 2007

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 475,000	\$ 500,736	\$ 437,646	\$ (63,090)
Intergovernmental	-	30,431	28,583	(1,848)
Other	-	-	7,500	7,500
Total revenues	<u>475,000</u>	<u>531,167</u>	<u>473,729</u>	<u>(57,438)</u>
Expenditures:				
Capital outlay:				
General government;				
Other services and charges	248,088	248,088	193,463	54,625
Capital outlay	<u>704,925</u>	<u>704,925</u>	<u>653,664</u>	<u>51,261</u>
Total expenditures	<u>953,013</u>	<u>953,013</u>	<u>847,127</u>	<u>105,886</u>
Net change in fund balances	(478,013)	(421,846)	(373,398)	48,448
Fund balances - beginning	653,101	653,101	653,101	-
Fund balances - ending	<u>\$ 175,088</u>	<u>\$ 231,255</u>	<u>\$ 279,703</u>	<u>\$ 48,448</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (373,398)	
To adjust expenditures for accruals			63,070	
To adjust expenditures for encumbrances			477,706	
Net change in fund balance, GAAP basis			<u>\$ 167,378</u>	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - PARK BOND CAPITAL
 For The Year Ended December 31, 2007

	Budgeted Amounts	Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final	
Revenues:			
Interest	\$ -	\$ -	\$ 57,262
Expenditures:			
Capital outlay:			
Culture and recreation:			
Other services and charges	-	33,118	-
Capital outlay	-	1,568,679	588
Total expenditures	-	1,602,385	588
Net change in fund balances	-	(1,602,385)	56,674
Fund balances - beginning	1,545,123	1,545,123	-
Fund balances - ending	\$ 1,545,123	\$ (57,262)	\$ 56,674
<u>Budget/GAAP Reconciliation</u>			
Net change in fund balance, budget basis		\$ (1,544,535)	
To adjust expenditures for accruals		28,619	
To adjust expenditures for encumbrances		102,000	
Net change in fund balance, GAAP basis		\$ (1,413,916)	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - RADIO BOND CAPITAL
 For The Year Ended December 31, 2007

	Budgeted Amounts	Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final	(Negative)
Revenues:			
Interest	-	-	\$ 166,424
Expenditures:			
Capital outlay:			
Public safety:			
Capital outlay	5,846,175	5,846,175	-
Deficiency of revenues under expenditures	(5,846,175)	(5,679,751)	166,424
Other financing sources:			
General obligation bonds issued	-	3,000,000	(33,000)
Net change in fund balances	(5,846,175)	(2,846,175)	133,424
Fund balances - beginning	3,052,476	3,052,476	-
Fund balances - ending	<u>\$ (8,639,874)</u>	<u>\$ (2,639,874)</u>	<u>\$ 266,848</u>
Budget/GAAP Reconciliation			
Net change in fund balance, budget basis		\$ (2,712,751)	
To adjust revenues for accruals		(1,395)	
To adjust expenditures for accruals		2,109,518	
To adjust expenditures for encumbrances		<u>3,093,486</u>	
Net change in fund balance, GAAP basis		<u>\$ 2,478,858</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, 2007

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,303,670	\$ 1,303,670	\$ 1,303,670	\$ -
Other	-	-	4,362	4,362
Total revenues	1,303,670	1,303,670	1,308,032	4,362
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	57,000	57,000	34,500	22,500
Public safety:				
Capital outlay	658,843	658,843	561,862	96,981
Highways and streets:				
Capital outlay	880,885	880,885	415,621	465,264
Culture and recreation:				
Capital outlay	210,091	216,424	281,883	(65,459)
Debt service:				
Principal	229,399	229,399	335,611	(106,212)
Interest and fiscal agent fees	27,888	27,888	31,723	(3,835)
Total expenditures	2,064,106	2,070,439	1,661,200	409,239
Net change in fund balances	(760,436)	(766,769)	(353,168)	413,601
Fund balances - beginning	993,725	993,725	993,725	-
Fund balances - ending	\$ 233,289	\$ 226,956	\$ 640,557	\$ 413,601
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (353,168)	
To adjust expenditures for accruals			(75,759)	
To adjust expenditures for encumbrances			469,549	
Net change in fund balance, GAAP basis			\$ 40,622	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - LOCAL MAJOR MOVES CONSTRUCTION
 For The Year Ended December 31, 2007

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 311,964	\$ 311,964
Fund balances - beginning	5,613,259	5,613,259	5,613,259	-
Fund balances - ending	\$ 5,613,259	\$ 5,613,259	\$ 5,925,223	\$ 311,964
 Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ 311,964	
To adjust revenues for accruals			(3,504)	
Net change in fund balance, GAAP basis			\$ 308,460	

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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 mandatory contributions by active members, state pension relief distributions, and a specific annual property tax levy.
- 1937 Firefighters' Pension - To account for the provision of retirement and disability benefits to firefighters hired prior to May 1, 1977. Financing is provided by mandatory contributions by active members, state pension relief distributions, and a specific annual property tax levy.
- Utility Pension - To account for the provision of retirement benefits to utilities' employees. Financing is provided by contributions from each utility.

Agency Funds

- 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 ASSETS
 PENSION TRUST FUNDS
 December 31, 2007

<u>Assets</u>	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
Cash and cash equivalents	\$ 330,611	\$ 405,271	\$ 408,380	\$ 1,144,262
Receivables:				
Interest and dividends	-	-	37,176	37,176
Taxes	35,639	64,232	-	99,871
Intergovernmental	1,989	3,586	-	5,575
Total receivables	<u>37,628</u>	<u>67,818</u>	<u>37,176</u>	<u>142,622</u>
Investments at fair value:				
Government sponsored enterprise	-	-	2,250,205	2,250,205
Corporate obligations	-	-	125,245	125,245
Mutual funds	-	-	11,193,839	11,193,839
Total investments	<u>-</u>	<u>-</u>	<u>13,569,289</u>	<u>13,569,289</u>
Total assets	<u>\$ 368,239</u>	<u>\$ 473,089</u>	<u>\$ 14,014,845</u>	<u>\$ 14,856,173</u>
<u>Net Assets</u>				
Held in trust for:				
Employees' pension benefits	<u>\$ 368,239</u>	<u>\$ 473,089</u>	<u>\$ 14,014,845</u>	<u>\$ 14,856,173</u>

CITY OF MISHAWAKA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2007

<u>Additions</u>	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
Contributions:				
State	\$ 888,435	\$ 1,369,722	\$ -	\$ 2,258,157
Employer	388,693	717,703	620,860	1,727,256
Plan members	1,366	2,135	-	3,501
Total contributions	<u>1,278,494</u>	<u>2,089,560</u>	<u>620,860</u>	<u>3,988,914</u>
Investment income:				
Net decrease in fair value of investments	-	-	(356,844)	(356,844)
Interest	-	-	1,300,971	1,300,971
Total investment income	-	-	944,127	944,127
Less investment expense:				
Investment activity expense	-	-	32,866	32,866
Net investment income	-	-	911,261	911,261
Total additions	<u>1,278,494</u>	<u>2,089,560</u>	<u>1,532,121</u>	<u>4,900,175</u>
<u>Deductions</u>				
Benefits	1,409,600	2,265,512	519,796	4,194,908
Administrative expense	2,850	7,027	12,293	22,170
Total deductions	<u>1,412,450</u>	<u>2,272,539</u>	<u>532,089</u>	<u>4,217,078</u>
Changes in net assets	(133,956)	(182,979)	1,000,032	683,097
Net assets - beginning	502,195	656,068	13,014,813	14,173,076
Net assets - ending	<u>\$ 368,239</u>	<u>\$ 473,089</u>	<u>\$ 14,014,845</u>	<u>\$ 14,856,173</u>

CITY OF MISHAWAKA, INDIANA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUND

For The Year Ended December 31, 2007

	Redevelopment Revolving	
Assets:		
Cash and cash equivalents, January 1, 2007	\$ 41,319	
Additions	377,284	
Deductions	<u>(387,268)</u>	
Cash and cash equivalents, December 31, 2007	<u>31,335</u>	
Accounts receivable, January 1, 2007	5,483	
Additions	28,656	
Deductions	<u>(5,483)</u>	
Accounts receivable, December 31, 2007	<u>28,656</u>	
Total assets, December 31, 2007	<u>\$ 59,991</u>	
Liabilities:		
Accounts payable, January 1, 2007	\$ 46,375	
Additions	59,793	
Deductions	<u>(46,375)</u>	
Accounts payable, December 31, 2007	<u>59,793</u>	
Accrued payroll and withholdings payable, January 1, 2007	427	
Additions	198	
Deductions	<u>(427)</u>	
Accrued payroll and withholdings payable, December 31, 2007	<u>198</u>	
Total liabilities, December 31, 2007	<u>\$ 59,991</u>	

STATISTICAL SECTION

(Not Covered by Auditor's Opinion)

**CITY OF MISHAWAKA, INDIANA
STATISTICAL SECTION**

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

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Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
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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.	
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**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.

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Operating Information

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

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Operating Indicators by Function	125
Capital Asset Statistics by Function	126

CITY OF MISHAWAKA, INDIANA
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 69,230,461	\$ 55,396,506	\$ 43,584,806	\$ 37,867,826	\$ 31,127,147
Restricted	-	993,490	1,184,297	447,219	1,773,669
Unrestricted	33,539,008	25,069,658	22,743,313	22,216,544	18,422,222
Total governmental activities net assets	<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>
Business-type activities					
Invested in capital assets, net of related debt	\$ 76,739,094	\$ 53,687,905	\$ 58,414,662	\$ 49,993,152	\$ 49,875,935
Restricted	7,785,873	6,886,627	3,321,019	231,6792	1,921,475
Unrestricted	20,939,948	29,319,393	21,037,256	22,141,131	14,550,025
Total business-type activities net assets	<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>
Primary government					
Invested in capital assets, net of related debt	\$ 145,969,555	\$ 109,084,411	\$ 101,999,468	\$ 87,860,978	\$ 81,003,082
Restricted	7,785,873	7,880,117	4,505,316	2,764,011	3,695,144
Unrestricted	54,478,956	54,389,051	43,780,569	44,357,675	32,972,247
Total primary government net assets	<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>

Note: 5 years of data available in this format

CITY OF MISHAWAKA, INDIANA
 CHANGES IN NET ASSETS
 LAST FIVE FISCAL YEARS

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses					
Governmental activities:					
General government	\$ 4,008,462	\$ 5,220,058	\$ 5,874,794	\$ 5,922,122	\$ 9,493,699
Public safety	17,750,725	25,344,096	23,380,191	19,352,725	14,025,776
Highways and streets	7,631,344	4,954,958	4,745,217	3,834,156	3,477,535
Sanitation	15,000	4,876	20,000	35,725	115,742
Community development	2,337,991	997,139	2,657,176	3,201,954	1,984,448
Culture and recreation	3,352,339	3,452,283	3,595,595	3,148,419	4,626,859
Interest on long-term debt	873,678	669,642	847,749	795,567	1,231,273
Total governmental activities expenses	\$ 35,969,539	\$ 40,643,052	\$ 41,120,722	\$ 36,290,668	\$ 34,955,332
Business type activities:					
Water utility	\$ 6,617,469	\$ 6,794,418	\$ 6,597,036	\$ 6,973,978	\$ 6,553,431
Wastewater utility	6,377,448	5,547,712	5,849,788	5,747,658	5,705,703
Electric utility	42,999,782	35,934,114	34,530,146	33,182,687	33,809,655
Total business-type activities expenses	55,994,699	48,276,244	46,976,970	45,904,323	46,068,789
Total primary government expenses	\$ 91,964,238	\$ 88,919,296	\$ 88,097,692	\$ 82,194,991	\$ 81,024,121
Program Revenues					
Governmental activities:					
Charges for services:					
General government	973,326	892,455	941,009	952,684	3,355,867
Public safety	896,332	657,308	344,116	343,324	493,067
Highways and streets	44,617	27,462	343,430	252,955	1,216,084
Sanitation					
Community development	794,695	624,524	156,850	103,228	235,297
Culture and recreation	1,033,864	915,956	913,704	811,378	788,792
Interest on long-term debt					
Operating grants and contributions	2,400,968	1,257,136	1,661,515	2,143,953	1,823,220
Capital grants and contributions	4,944,558	10,410,884	4,326,826	4,494,949	3,750,172
Total governmental activities revenue	11,088,360	14,785,725	8,687,450	9,082,471	11,662,499
Business type activities:					
Charges for services:					
Water utility	8,356,853	7,804,735	8,074,554	7,516,477	7,693,485
Wastewater utility	9,576,399	8,284,304	7,797,148	6,927,799	6,355,832
Electric utility	47,457,258	37,573,938	37,031,707	38,422,097	34,720,277
Capital grants and contributions	3,044,903	1,656,673	1,451,446	846,168	567,998
Total business-type activities revenue	68,435,413	55,319,650	54,354,855	53,712,541	49,337,592
Total primary government revenue	79,523,773	70,105,375	63,042,305	62,795,012	61,000,091
Net (Expenses) Revenues					
Governmental activities:	(24,881,179)	(25,857,327)	(32,433,272)	(27,208,197)	(23,292,833)
Business-type activities	12,440,714	7,043,406	7,377,885	7,808,218	3,268,803
Total primary government net expense	\$ (12,440,465)	\$ (18,813,921)	\$ (25,055,387)	\$ (19,399,979)	\$ (20,024,030)

Note: 5 years of data available in this format

CITY OF MISHAWAKA, INDIANA
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(continued)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>General revenues and Other Changes in Net Assets</u>					
Governmental activities:					
Property Taxes	\$ 40,325,388	\$ 34,552,665	\$ 35,172,645	\$ 31,758,286	\$ 32,066,343
Grants and Contributions not restricted to specific programs	3,794,657	3,808,209	3,667,444	4,201,761	4,033,427
Unrestricted investment earnings	2,022,465	1,908,162	981,943	278,677	196,261
Other	2,345	51,568	41,646	268,780	171,491
Loss on sale of Assets	-	-	(243,984)		
Transfers	46,139	(79,102)	(205,595)	(90,756)	
Total governmental activities	<u>\$ 46,190,994</u>	<u>\$ 40,241,502</u>	<u>\$ 39,414,099</u>	<u>\$ 36,416,748</u>	<u>\$ 36,467,522</u>
Business type activities:					
Unrestricted investment earnings	\$ 1,802,870	\$ 1,372,025	\$ 738,382	\$ 204,666	\$ 198,056
Transfers	(46,139)	79,102	205,595	90,756	
Total business-type activities	<u>1,756,731</u>	<u>1,451,127</u>	<u>943,977</u>	<u>295,422</u>	<u>198,056</u>
Total primary government expenses	<u>\$ 47,947,725</u>	<u>\$ 41,692,629</u>	<u>\$ 40,358,076</u>	<u>\$ 36,712,170</u>	<u>\$ 36,665,578</u>
<u>Change in Net Assets</u>					
Governmental activities:					
Business-type activities	\$ 21,309,815	\$ 14,384,175	\$ 6,980,827	\$ 9,208,551	\$ 13,174,689
Total primary government	<u>\$ 14,197,445</u>	<u>\$ 8,494,533</u>	<u>\$ 8,321,862</u>	<u>\$ 8,103,640</u>	<u>\$ 3,466,859</u>
	<u>\$ 35,507,260</u>	<u>\$ 22,878,708</u>	<u>\$ 15,302,689</u>	<u>\$ 17,312,191</u>	<u>\$ 16,641,548</u>

Note: 5 years of data available in this format

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund					
Reserved	60,901	407,757	436,498	439,115	190,847
Unreserved	1,191,764	2,560,240	1,982,889	1,771,831	2,177,804
Total general fund	<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					
Reserved	16,639,539	15,647,856	18,127,410	12,548,773	14,452,166
Unreserved, reported in :					
Special Revenue funds	4,271,864	3,962,226	3,019,006	4,065,309	3,040,534
Capital projects funds	47,271,488	31,355,116	26,580,506	22,130,725	16,391,047
Total all other governmental funds	<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: 5 years of data available in this format

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues					
Taxes	\$ 38,337,107	\$ 35,575,614	\$ 35,083,567	\$ 31,755,211	\$ 32,034,284
Licenses and permits	543,226	456,108	313,195	320,811	306,397
Intergovernmental	11,083,085	15,239,090	9,626,565	10,839,199	10,679,742
Charges for services	1,712,906	1,645,234	1,795,176	1,491,691	2,830,702
Fines and forfeits	76,695	59,303	88,543	84,243	106,222
Interest	2,022,465	1,908,162	981,943	278,677	196,261
Sale and use of property	120,004	348,167	108,537	166,146	803,226
Gifts and donations	118,607	109,615	90,933	171,127	126,139
Other	1,173,741	790,441	344,371	478,331	1,020,898
Total primary government expenses	<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>
Expenditures					
General government	3,296,707	4,812,775	5,512,833	4,861,220	8,695,207
Public safety	20,279,335	18,390,523	17,103,962	16,198,407	12,300,290
Highways and streets	4,747,151	3,291,749	4,455,162	4,006,762	3,596,912
Sanitation	15,000	4,876	20,000	35,725	115,742
Culture and recreation	3,223,074	2,970,164	3,108,446	3,524,618	3,205,792
Community development	1,828,843	1,204,852	2,126,001	3,053,748	1,365,347
Debt service					
Principal	3,456,429	2,606,451	3,064,530	2,860,884	8,122,845
Interest	607,737	611,817	586,338	782,120	1,194,427
Capital outlay	21,217,470	20,352,125	8,199,714	7,613,045	9,733,795
Total Expenditures	<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	<u>(3,483,910)</u>	<u>1,886,402</u>	<u>4,255,844</u>	<u>2,648,907</u>	<u>(226,486)</u>
Other financing sources(uses):					
Transfers in	3,700,993	3,963,940	5,323,770	2,274,366	1,916,446
Transfers out	(3,654,854)	(4,043,042)	(5,529,365)	(2,365,122)	(1,916,446)
Bond issuance cost	(87,079)	(28,619)	(123,612)	(41,035)	
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		(2,557,799)	397,932	
Payment to refunded bond escrow agent			(2,557,799)		
Loan proceeds	590,689	499,205	259,050	1,747,272	600,000
Total other financing sources and uses	<u>18,986,271</u>	<u>1,936,484</u>	<u>4,934,712</u>	<u>2,054,448</u>	<u>600,000</u>
Net change in fund balances	<u>\$ 15,502,361</u>	<u>\$ 3,822,886</u>	<u>\$ 9,190,556</u>	<u>\$ 4,703,355</u>	<u>\$ 373,514</u>
Debt service as a percentage of non-capital expenditures	<u>11.3%</u>	<u>7.9%</u>	<u>8.9%</u>	<u>10.3%</u>	<u>24.1%</u>

Note: 5 years of data available in this format

CITY OF MISHAWAKA, INDIANA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST FIVE FISCAL YEARS

Fiscal Year Ended <u>December 31</u>	Real Property	Personal Property	Total Taxable		Total Direct Tax Rate
			Assessed Value	Value	
1998	561,923,811	343,708,722	905,632,533		5.1499
1999	578,723,394	388,971,435	967,694,829		5.1176
2000	589,509,024	383,613,900	973,122,924		5.2417
2001	606,490,239	398,003,796	1,004,494,035		5.5007
2002	622,477,285	397,447,827	1,019,925,112		1.8627
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

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

Note: Beginning with 2002 taxes payable in 2003, real property is valued for assessment purposes at its "true tax value" as defined in the Real Property Assessment Rule,

50 IAC 2.3., the 2002 Real Property Assessment Manual, as adopted by the DLGF. The manual defines "true tax value" as "the market value in use of property for its current use

as reflected by the utility received by the owner or a similar user from the property."

Note: Beginning 2007 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)
LAST FIVE FISCAL YEARS**

Fiscal Year Ended	Townships		Redevelopment		School Districts		St. Joseph County		St Joseph		State of		St Joseph	
	City	Townships	District	District	Library	Districts	County	County	Airport	Transpo	Indiana	Welfare	County	Total
1998	5.1499	0.0214	0.0000	0.0000	0.5946	5.4497	3.0079	0.0839	0.2883	0.0100	0.0000	0.0000	0.0000	14.6057
1999	5.1176	0.0118	0.0000	0.0000	0.5008	6.6302	3.5002	0.1312	0.2959	0.0100	0.0000	0.0000	0.0000	16.1977
2000	5.2417	0.0708	0.0000	0.0000	0.5139	6.3353	3.1142	0.1219	0.2994	0.0100	0.0000	0.0000	0.0000	15.7072
2001	5.5007	0.0705	0.0000	0.0000	0.5556	6.3380	3.1402	0.1261	0.3150	0.0100	0.0000	0.0000	0.0000	16.0761
2002	1.8627	0.0221	0.0000	0.0000	0.1567	2.2303	0.9473	0.0406	0.1079	0.0033	0.0000	0.0000	0.0000	5.3709
2003	1.2476	0.0163	0.0502	0.0502	0.1325	1.4205	0.7366	0.0472	0.0768	0.0033	0.0000	0.0000	0.0000	3.7310
2004	1.3313	0.0172	0.0565	0.0565	0.1319	1.5932	0.7652	0.0346	0.0827	0.0024	0.0000	0.0000	0.0000	4.0150
2005	1.3382	0.0171	0.0540	0.0540	0.1277	1.5691	0.7831	0.0297	0.0831	0.0024	0.0000	0.0000	0.0000	4.0044
2006	1.3899	0.0318	0.0520	0.0520	0.1325	1.6726	0.5002	0.0301	0.0856	0.0024	0.4897	0.0000	0.4897	4.3868
2007	1.3326	0.0268	0.0000	0.0000	0.1276	1.6892	0.4581	0.0277	0.0821	0.0024	0.4130	0.0000	0.4130	4.1595

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

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

Taxpayer	Type of Business	2007			1997		
		Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Edward Rose of Indiana	Real Estate Developer	\$ 82,537,700	1	4.71%	\$ 6,820,500	3	3.53%
Meijer	Retail	32,323,500	2	1.85%	10,480,090	1	3.30%
University Park Associates	Retail/Management	32,418,800	3	1.85%	6,093,600	4	2.05%
Wal-Mart Stores	Retail	31,019,700	4	1.77%			
Chase Properties	Commercial Real estate	23,365,200	5	1.33%			
Main Street Village	Rental Multi-Housing	21,047,900	6	1.20%			
Candlewood Apts.	Rental Multi-Housing	17,222,700	7	0.98%			
Carriage House Apts.	Rental Multi-Housing	15,980,000	8	0.91%			
University Commons	Rental Multi-Housing	15,754,900	9	0.90%			
Target	Retail Store	14,908,100	10	0.85%			
Amerisource Corporation	Wholesale Drugs				3,577,700	7	1.20%
Sears	Retail Store				3,557,160	5	1.20%
Jordan Motors	Automobile Dealership				3,365,450	6	1.13%
Wilshire Plaza	Retail/Management				3,287,330	8	1.11%
Indiana Bell	Utility				2,843,190	9	0.96%
Bayer Corporation	Manufacturing				9,804,730	2	2.30%
Totals		\$ 286,578,500		18.15%	\$ 49,829,750		3.16%

Source: St. Joseph County Auditor

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

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent years		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy
2003	\$ 18,772,287	\$ 20,142,671	107.30%	\$	226,818	\$ 20,142,671	107.30%
2004	19,636,780	19,863,598	101.16%	1,234,194	19,863,598	19,863,598	101.16%
2005	20,323,476	19,786,861	97.36%	1,016,870	19,786,861	19,786,861	97.36%
2006	22,018,614	22,402,422	101.74%	383,808	22,402,422	22,402,422	101.74%
2007	23,331,501	20,391,862	87.40%	(A)	20,391,862	20,391,862	87.40%

Source: St. Joseph County Auditor

Note: City of Mishawaka Corporation collections only

CITY OF MISHAWAKA, INDIANA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST FIVE 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	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	3.86%	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	3.71%	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	4.91%	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	6.19%	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	7.24%	2342.83

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

Note: 5 years of data available in this format

CITY OF MISHAWAKA, INDIANA
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST FIVE FISCAL YEARS

Fiscal Year	General Obligation	Less: Amounts Available in Debt	Total	Percentage of Estimated Actual Taxable Value(1) of Property	Per Capita(2)
	Bonds	Service Fund			
1998	4,820,000	371,753	4,448,247	1.5%	95.54
1999	4,625,000	335,271	4,289,729	1.4%	92.14
2000	4,570,000	621,371	3,948,629	1.2%	84.81
2001	4,235,000	660,918	3,574,082	1.1%	76.77
2002	3,880,000	694,634	3,185,366	0.3%	68.42
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%	210.04

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, 2007

<u>Governmental Units(3)</u>	<u>Outstanding Debt at December 31, 2007(1)</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
	\$	(2)	\$
Debt repaid with property taxes			
City Direct Debt (Governmental Activities)	\$ 10,745,000	100.00%	10,745,000
Overlapping Debt:			
School City of Mishawaka	57,235,450	99.60%	57,006,508
Mishawaka-Penn Library	8,525,000	47.90%	4,083,475
Penn-Harris-Madison School Corporation	86,907,481	17.62%	15,313,098
St. Joseph County	22,725,000	17.57%	3,992,783
St. Joseph County Airport Authority	15,345,000	17.57%	2,696,117
St. Joseph County Public Library	8,000,000	3.05%	244,000
South Bend Community School Corporation	<u>212,648,369</u>	3.21%	<u>6,826,013</u>
Subtotal for Overlapping Debt	<u>411,386,300</u>		<u>90,161,993</u>
Total Direct and Overlapping Debt	<u>\$ 411,386,300</u>		<u>\$ 100,906,993</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.

CITY OF MISHAWAKA, INDIANA
LEGAL DEBT MARGIN INFORMATION
LAST FIVE FISCAL YEARS

	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Assessed Value (2)	\$ 297,034,537	\$ 301,877,511	\$ 324,374,308	\$ 334,831,345	\$ 335,890,000	\$ 549,341,640	\$ 508,862,922	\$ 523,121,667	\$ 526,450,115	\$ 583,608,503
Debt Limit Percentage	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Debt Limit(1)	11,881,381	12,075,100	12,974,972	13,393,254	13,435,600	21,973,666	20,354,517	20,924,867	21,058,005	23,344,340
Bonds Outstanding	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,250,000	7,640,000	8,525,000	10,745,000
Subtotal	8,381,381	8,575,100	9,474,972	9,893,254	9,935,600	18,473,666	17,104,517	13,284,867	12,533,005	12,599,340
Amount Available for Debt Service	691,743	691,743	691,743	691,743	691,743	691,743	638,792	556,263	448,846	471,651
Legal Debt Margin	\$ 9,073,124	\$ 9,266,843	\$ 10,166,715	\$ 10,584,997	\$ 10,627,343	\$ 19,165,409	\$ 17,743,309	\$ 13,841,130	\$ 12,981,851	\$ 13,070,991
Total net debt applicable to the limit as a percentage of debt limit	38.58%	37.77%	34.43%	33.07%	32.93%	18.26%	18.32%	55.20%	65.67%	82.20%

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
LAST FIVE FISCAL YEARS

Year	General Obligation Bonds		Tax Incremental Financing Bonds		Total Bonded Debt Service	Total General Government Expenditures	Ratio of Debt Service to Total General Government Expenditures
	Principal	Interest	Principal	Interest			
1998	135,000	262,309	415,000	700,661	1,512,970	23,881,702	6.3%
1999	195,000	249,775	445,000	673,328	1,563,103	25,130,926	6.2%
2000	55,000	237,488	475,000	789,260	1,556,748	26,224,773	5.9%
2001	335,000	228,120	610,000	1,026,261	2,199,381	37,056,507	5.9%
2002	355,000	211,380	940,000	820,612	2,326,992	30,157,630	7.7%
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	1,118,000	272,642	1,451,733	58,758,825	2.5%

**CITY OF MISHAWAKA, INDIANA
REVENUE BOND COVERAGE
LAST FIVE FISCAL YEARS**

<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>	
1998	44,451,245	36,687,382	7,763,863	905,000	602,928	1,507,928	514.9%
1999	43,323,370	39,060,707	4,262,663	945,000	561,715	1,506,715	282.9%
2000	44,333,915	38,929,678	5,404,237	1,300,000	660,592	1,960,592	275.6%
2001	46,628,035	37,657,686	8,970,349	1,575,000	793,956	2,368,956	378.7%
2002	47,915,590	40,044,928	7,870,662	1,310,000	722,886	2,032,886	387.2%
2003	48,967,650	40,361,840	8,605,810	825,000	415,403	1,240,403	693.8%
2004	53,071,039	39,915,099	13,155,940	1,180,000	471,727	1,651,727	796.5%
2005	53,641,791	41,056,799	12,584,992	1,210,000	445,885	1,655,885	760.0%
2006	55,035,002	42,827,190	12,207,812	1,245,000	461,096	1,706,096	715.5%
2007	67,193,380	49,998,303	17,195,077	1,655,000	621,380	2,276,380	755.4%

Notes: (A) Includes operating and nonoperating revenue.

(B) Includes total operating expenses less depreciation expenses.

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

Year	Population(B)	St Joseph County Personal Income (B)	St. Joseph County		Median Age (B)	K-12 Public School Enrollment (A)		Labor Force (B)	St. Joseph County Unemployment Rate -C
			Median Family Income (B)	Per Capita Income (B)		Enrollment (A)	Force (B)		
2003	48,385	7,670,796	37,140	28,856	34.9	5,102	137,040	4.7%	
2004	48,385	7,886,846	39,940	29,707	34.9	5,177	136,990	4.3%	
2005	48,497	8,278,059	37,971	31,174	35.0	5,178	134,798	5.3%	
2006	48,497	8,606,868	39,046	32,254	35.0	5,242	136,217	5.1%	
2007	48,912	(D)	(D)	(D)	35.0	5,272	135,505	5.2%	

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 Economic Analysis

(C) Source: Indiana Employment and Security Division Updated in 2007

(D) Information not available at this time

Note: 5 years of data available in this format

CITY OF MISHAWAKA, INDIANA
Largest Employers
December 31, 2007

<u>Company</u>	<u>Type of Business</u>	<u>2007</u>	<u>1997</u>	<u>Number of</u> <u>Employees</u>	<u>Rank</u>	<u>Number of</u> <u>Employees</u>	<u>Rank</u>
School City of Mishawaka	Public School	978	950	1	1	950	1
St. Joseph Regional Medical Center	Acute Healthcare	779	530	2	2	530	5
Liberty Mutual	Insurance	616	750	3	3	750	2
Meijer, Inc	Retail	604	600	4	4	600	4
Bayer Corporation	Manufacturing	596	620	6	6	620	3
City of Mishawaka	Government	550	530	5	5	530	6
Walmart	Retail	400	400	7	7	400	7
Family & Childrens Center	Social Service	385	400	8	8	400	8
Nyloncraft	Manufacturing	335	395	9	9	395	9
Bethel College	College	302	302	10	10	302	10

Note: (A) Source: Individual Companies

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

Full-time Equivalent Employees as of December 31

Function	2007		2006		2005		2004		2003	
	Total Employment	% of Total Employment	Total Employment	% of Total Employment	Total Employment	% of Total Employment	Total Employment	% of Total Employment	Total Employment	% of Total Employment
General Government:	57	11%	60	11%	66	12%	63	12%	68	
Public Safety										
<u>Police</u>										
Officers	103	20%	103	19%	103	19%	103	19%	103	
Civilians	30	6%	30	6%	28	5%	26	5%	28	
<u>Fire</u>										
Firefighters	107	20%	107	20%	107	20%	107	20%	107	
Civilians	2	0	2	0	1	0	1	0	1	
Total Public Safety	242	46%	242	45%	239	44%	237	44%	239	
Highways and Streets	34	6%	34	6%	37	7%	33	6%	38	
Culture and Recreation	34	6%	34	6%	35	6%	35	7%	35	
Water	49	9%	48	9%	47	9%	49	9%	50	
Wastewater/Sewer	38	7%	46	9%	46	8%	49	9%	47	
Electric	72	14%	69	13%	73	13%	70	13%	71	
Total City Employees	526		533		543		536		548	

Source: City Payroll System

Note: 5 years of data available in this format

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

<u>Function</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police					
Arrests	2,241	2,350	2,059	2,256	2,293
Parking Violations	2,510	1,474	2,289	2,692	3,111
Traffic Violations	4,125	4,568	4,044	4,163	3,987
Traffic Accident Calls	2,424	2,453	2,717	2,832	2,820
Cases Reviewed	8,093	8,114	7,812	8,106	8,911
Fire					
Fire Calls	201	213	253	334	244
Medical Calls	4,352	4,123	4,191	4,108	4,131
Inspections	1,603	917	1,100	964	875
Streets					
Blocks of Streets Paved	123	136	99	119	85
Leaf Pickup Cubic Yards	11,332	16,338	10,132	14,010	11,850
Blocks of Streets Swept	799	833	1,092	899	1,365
Culture & recreation					
Pool Attendance(patrons)	19,513	18,512	18,176	10,740	13,664
Community Cir Attendance	46,730	53,000	50,355	42,023	55,961
Facility Rentals	544	770	696	404	428
Plantings	129	213	95	502	69
Water					
New service lines	206	428	419	288	527
Average daily consumption MGD	9.9	9.4	9.4	9.3	9.3
Wastewater					
Annual Sewage Treatment (billions of gallons)	4.2	4.5	4.5	4.4	3.9
Pollutants removed (in mill of lbs.)	6.5	8.5	8.5	8.5	8.4
Electric					
Energy consumption (kW) (in thousands)	642,779	637,903	617,257	588,830	574,000
Unplanned outages	16	7	12	22	21

Note: 5 years of data available in this format
Source: Various city departments

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

<u>Function</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police					
Stations	1	1	1	1	1
Patrol Units	89	89	89	89	89
Fire					
Stations	5	5	5	5	5
Streets					
Miles of Streets	174.30	174.30	174.08	174.08	174.08
Street Lights	3737	3,737	3,731	3,725	3,709
Traffic Signals	55	55	55	54	54
Culture & recreation					
Park Acreage	318	317	317	307	307
Number of Parks	28	27	27	26	26
Golf Courses	1	1	1	1	1
Swimming Pools	2	2	2	2	2
Tennis Courts	12	12	12	15	15
Community Centers	1	1	1	1	1
Water					
Total connections	17,001	15,539	15,852	16,037	16,150
Fire Hydrants	2,630	2,555	2,491	2,459	2,279
Wastewater					
Miles of Sewers	253.23	246.14	245.06	239.85	236.89
Electric					
Number of Sub-stations	11	11	11	11	11
Miles of Service Lines above/below ground	470	470	470	470	470

Source: Various city departments

Note: 5 years of data available in this format

COMPLIANCE SECTION

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mishawaka (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 22, 2008. 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.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management in a separate letter dated May 22, 2008.

This report is intended solely for the information and use of the City's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 22, 2008



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Mishawaka (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2007, and have issued our report thereon dated May 22, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City's management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 22, 2008

CITY OF MISHAWAKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (Or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant:			
CDBG-Entitlement and (HUD-Administered) Small Cities Cluster Community Development Block Grants/Entitlement Grants	14.218	B06MC180017 B07MC180017	\$ 316,447 <u>354,346</u>
Total for cluster			<u>670,793</u>
Pass-Through St. Joseph County Housing Consortium HOME Investment Partnerships Program	14.239	HO-06-480 HO-07-480	119,059 <u>329,297</u>
Total for program			<u>448,356</u>
Total for federal grantor agency			<u>1,119,149</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant:			
Bulletproof Vest Partnership Program	16.607	FY 2006	<u>1,362</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	FY 2005 FY 2006 FY 2007	4,205 12,910 <u>1,800</u>
Total for program			<u>18,915</u>
Pass-Through School City of Mishawaka Public Safety Partnership and Community Policing Grants	16.710	2005CKWX0533	<u>40,000</u>
Total for federal grantor agency			<u>60,277</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	STP-S850(002)	<u>221,467</u>
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety	20.600	PT-07-04-01-25 PT-08-04-01-23 154HE-2008-08-01-06	37,027 6,367 <u>4,651</u>
Total for program			<u>48,045</u>
Pass-Through Indiana Criminal Justice Institute Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	K8-07-03-01-16 K8-2008-02-03-24	79,987 <u>20,256</u>
Pass-Through St. Joseph County Prosecutor		154 AL 07-02-02-05	<u>4,148</u>
Total for program			<u>104,391</u>
Total for cluster			<u>152,436</u>
Total for federal grantor agency			<u>373,903</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	CS18232701	<u>1,162,437</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036		<u>40,943</u>
Commercial Equipment Direct Assistance Program (CEDAP)	97.096		<u>7,400</u>
Total for federal grantor agency			<u>48,343</u>
Total federal awards expended			<u>\$ 2,764,109</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 I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Mishawaka (primary government) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note II. Subrecipients

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2007:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/Entitlement Grants	14.218	<u>\$ 54,318</u>

CITY OF MISHAWAKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF MISHAWAKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.