



**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

**CITY OF MISHAWAKA
YEAR ENDED DECEMBER 31, 2008**

JEFFREY L. REA, MAYOR

FILED
08/26/2009



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MISHAWAKA

Year Ended December 31, 2008



PREPARED BY

CITY CONTROLLER'S OFFICE

Yvonne Milligan, City Controller



INTRODUCTORY SECTION



CITY OF MISHAWAKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR DECEMBER 31, 2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Yvonne Milligan	01-01-08 to 12-31-11
Mayor	Jeffrey L. Rea	01-01-08 to 12-31-11
Clerk	Deborah S. Block	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Gary E. West	01-01-08 to 12-31-09
Members of the Common Council	John Gleissner	01-01-08 to 12-31-11
	Gregg A. Hixenbaugh	01-01-08 to 12-31-11
	David A. Wood	01-01-08 to 12-31-11
	Marsha G. McClure	01-01-08 to 12-31-11
	Dale E. Emmons	01-01-08 to 12-31-11
	Ronald S. Banicki	01-01-08 to 12-31-11
	John J. Roggeman	01-01-08 to 12-31-11
	Michael S. Compton	01-01-08 to 12-31-11
	Ross J. Deal	01-01-08 to 12-31-11



CITY OF MISHAWAKA

JEFFREY L. REA, MAYOR

OFFICE OF THE MAYOR

June 23, 2009

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, 2008.

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.

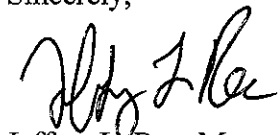
The preparation of this annual financial report could not have been accomplished without the professional competence and dedication of City Controller Yvonne Milligan and her entire staff. Their efforts over the years to upgrade the accounting and financial reporting systems of the city have substantially 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 twenty second 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 written in a cursive, flowing style.

Jeffrey L. Rea, Mayor



CITY OF MISHAWAKA

JEFFREY L. REA, MAYOR

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

June 23, 2009

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, 2008 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, 2008, 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, 2008 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 an accounting system. We believe that the City of Mishawaka's internal controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions. 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 and 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, 2008. 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 17.5 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
Governmental Major Funds	66
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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 2008 the South Bend/Mishawaka area unemployment rate was 6.6%. The South Bend/Mishawaka area overall resident employment stands at 132,758 for 2008.

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 Health, Education and Insurance fields. The St. Joseph Regional Medical Center employs approximately 1,200 people, the School City of Mishawaka employs an estimate of 978 people and Liberty Mutual Insurance Company employs approximately 616 people.

Despite the economic downturn in 2008 the City of Mishawaka has had the best construction year in its history. The total estimated value of new construction in Mishawaka during 2008 was \$316,039,394. Residential permits totaled \$15.4 million and the commercial permits totaled \$300.5 million. Highlighting the 2008 completed projects was the new WSBT News Station at a value of (\$30.0 million) the Hyatt Place Hotel (\$7.9 million), a new dormitory at Bethel College (\$3.6 million) and a Barnes and Nobles Bookstore (\$3.1 million). Several new projects were started but not completed in 2008, the new St. Joseph Regional Medical Center second permit (\$197.6 million), a St Joseph Medical Office (\$28.9 million) a Old National Bank (\$12.4 million) and a Memorial Health System at (\$7.0 million).

In 2008, 23 new commercial permits were issued at a cost of \$263.7 million and 145 commercial alterations/additions for an estimate of \$36.4 million. New single-family home construction was down in 2008(44) (\$7.2 million) value compared to (112) (\$15.7 million) value in 2007.

Seven annexations petitions were approved in 2008 adding a total of 148.9 acres to the City of Mishawaka.

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

In 2008 the City of Mishawaka continues to experience business retention and neighborhood revitalization.

48 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 2008 the city granted two tax abatements one to Jamil Packaging (Manufacturing) and the other to Bremner Duke (Medical Office). At the end of 2008, only 10 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 2008 and beyond. Trying to control property taxes and still maintaining the services that are required will be a difficult process in the years to come. In 2007 legislation was passed to cap residential property tax at one percent by the year 2010. This 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. One crucial element was a housing inventory survey mailed to every Mishawaka Municipal Utility Customer and every applicable department within the city. At this time it is still an ongoing project for the City of Mishawaka.

The Mishawaka Riverwalk continues to be constructed in 2008. Several sections were completed for public access. The North Bank and Phase I and II of the Riverwalk Plan which includes the cable stayed pedestrian bridge connecting Battell and Beutter Park were sections completed in 2008. In 2009 two new sections of the Riverwalk will begin construction. One phase will connect Kamm Island to the Logan Street Bridge the second section will be a connective tunnel underneath Mishawaka Avenue between Merrifield Park and the Riverwalk.

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 on the underpass was started in 2007. In November of 2008 two lanes of traffic we opened but total completion of this project will be in 2009.

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 was completed in November of 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 an estimated \$200 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.

The City is continuing to develop a countywide Geographic Information System (GIS). In 2008 several strategic plans for improvement were finalized. The entire application data was moved to a faster server and the software version was updated at the workstation level. The GIS computer technology combines mapping and information stored as data that can be collated and retrieved by location. The benefits include improved regional planning and intergovernmental communication; enhanced access and coordination of vital information for police, fire and EMS; soil, drainage and topography can be layered over parcels to provide quick site analysis, immediate and easy access to infrastructure, utilities and drainage data; and land use management.

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 2008, 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

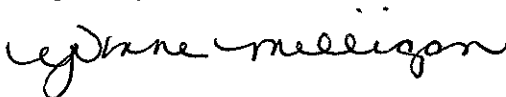
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mishawaka for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2007. The Certificate of Achievement 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 two consecutive years (years ended December 31, 1986-2007). 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.

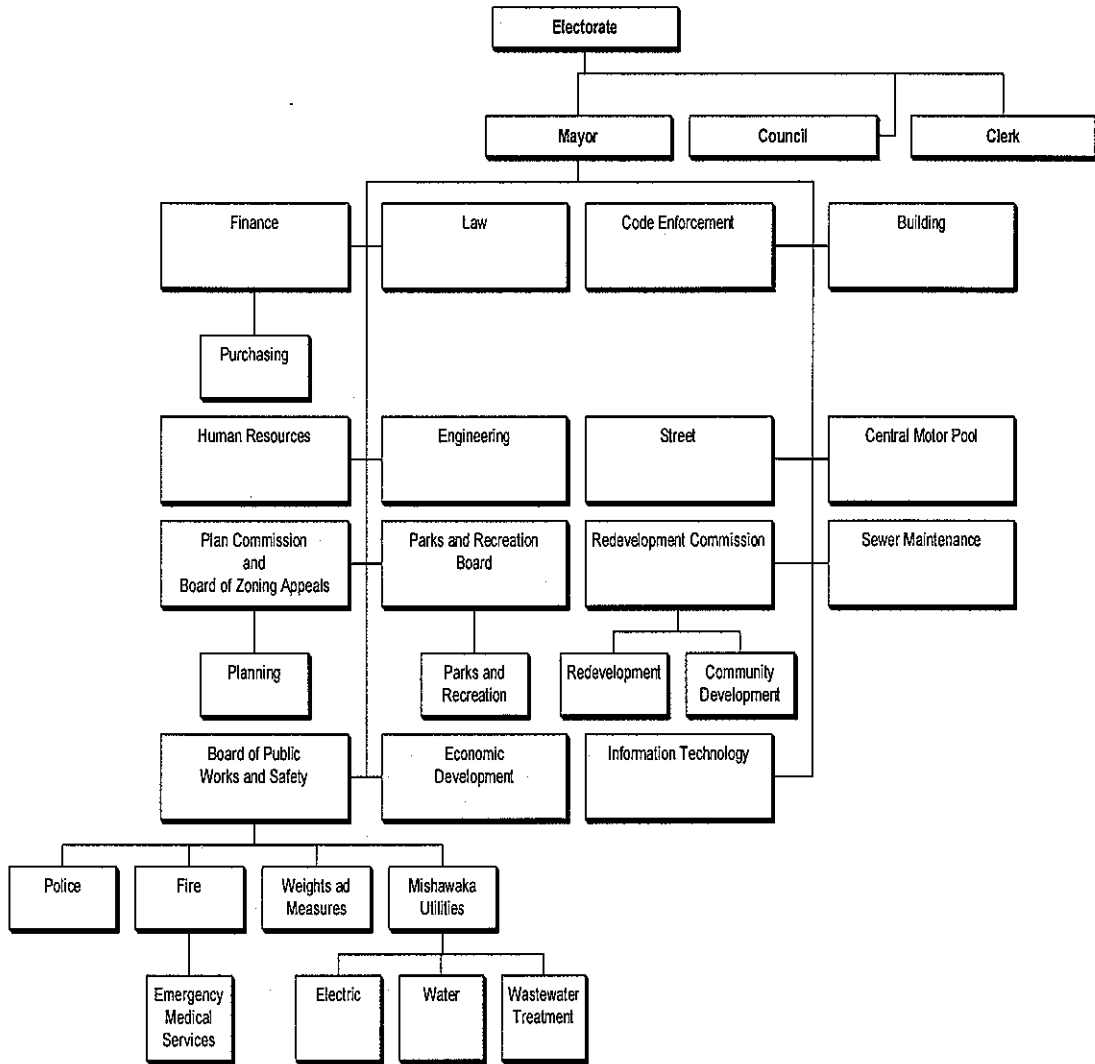
Respectfully submitted



Yvonne Milligan
City Controller

Staff: Rebecca Miller, Deputy Controller
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, 2007

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



President

Executive Director

FINANCIAL SECTION





STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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, 2008, which collectively comprise the City's primary government basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. 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 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, 2008, 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 sections 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 21, 2009, on our consideration of the City's internal control structure and a report dated May 21, 2009, on its compliance with laws and regulations.

STATE BOARD OF ACCOUNTS

May 21, 2009

City of Mishawaka, Indiana
Management Discussion and Analysis
For the year ended December 31, 2008

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, 2008. 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 \$235,345,660. Of this amount, \$48,218,191 (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 \$27,111,276. Of this amount governmental activities assets increased by \$26,150,001 and business type activities increased by \$961,275.
- As of the close of fiscal year 2008, the City of Mishawaka's governmental funds reported combined ending fund balances of \$62,187,446, a decrease of \$7,248,110.
- At the end of 2008, unreserved fund balance for the General fund was \$5,256,482 (22.0% of General Fund Expenditures) compared to \$1,191,764 for 2007 which was about 5.0% of total general fund expenditures for that year.
- At the end of 2008, unreserved fund balance for TIF NW General was \$25,796,725 (which was 88% of TIF NW General expenditures for the same year) compared to \$35,770,143 for 2007 which was about 228% of total TIF NW General expenditures for that year.
- At the end of 2008, unreserved fund balance for Local Major Moves Construction was \$5,552,877 compared to \$5,940,270 for 2007.
- At the end of 2008, unreserved fund balance for Other Governmental Funds was \$9,109,618 (which was 49% of Other Governmental Funds expenditures) compared to \$9,832,939 for 2007 which was about 50% of total Other Governmental Funds expenditures for that year.
- The City of Mishawaka's total bonded debt decreased during the current fiscal year by a net of \$4,966,196.

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, 2008.

Revenues	2008 Amount	% of Total
Taxes: General Property	\$ 47,591,213	77.0%
Licenses and permits	607,371	1.0%
Intergovernmental	9,932,199	16.1%
Charges for services	1,565,526	2.6%
Fines and forfeits	48,797	.1%
Interest	872,964	1.5%
Sales and Use of Property	275,255	.1%
Gifts and Donations	140,278	.1%
Other	910,569	1.5%
Total	\$ 61,944,172	100.0%

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 2008 the increase was 4.2%. 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 76.0% of the General Funds 2008 total revenue was derived from property taxes, the TIF NW General derived 98.0% of its revenue from property tax and the Other Governmental Funds property tax percentage was 42.0% 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, \$1,418,236, \$1,303,670 and \$1,329,813 of CEDIT distributions for the years 2006, 2007 and 2008 respectively. County Option Income Tax was enacted in July of 1997 at two-tenths of a percent (0.2%) and increased yearly by one-tenth of a percent (0.1%) to a maximum of six-tenths of a percent (0.6%). The city received \$2,193,706, \$2,015,234 and \$2,024,657 of COIT distributions for the years 2006, 2007 and 2008 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, 2008.

<u>Expenditures</u>	<u>2008 Amount</u>	<u>% of Total</u>
General Government	\$ 5,096,652	7.0%
Public Safety	22,213,394	30.7%
Highways and Streets	27,633,079	38.2%
Sanitation	4,500	.1%
Culture and Recreation	8,499,270	11.8%
Community Development	3,138,851	4.3%
Debt service	<u>5,735,422</u>	<u>7.9%</u>
Total	\$ <u>72,311,168</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, Highways and Streets has the highest total of expenditures for general government \$27,633,079 or 38.2% while Public Safety and Culture and Recreation are at 30.7% and 11.8% 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 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 and an additional internal service fund to account for the establishment of a Local Bond Bank. Because these services predominantly benefit governmental rather than business-type activities, it has been included within the governmental activities in the government-wide financial statements but is combined into an aggregated presentation in the proprietary fund financial statements.

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

The City of Mishawaka's fiduciary duties are accounted for in both Trust and Agency Funds. The primary trust funds are the Police Pension, Fire Pension, and Utility Pension Funds. The 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. Beginning in 2009 the State Pension Relief Fund shall pay to the City of Mishawaka with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability and survivor benefit payments.

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

City of Mishawaka Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Current and other assets	\$81,803,704	\$ 75,863,018	\$43,667,565	\$38,582,387	\$125,471,269	\$114,445,405
Capital assets	<u>77,917,881</u>	<u>107,604,311</u>	<u>145,081,461</u>	<u>152,168,235</u>	<u>222,999,342</u>	<u>259,772,546</u>
Total assets	<u>159,721,585</u>	<u>183,467,329</u>	<u>188,749,026</u>	<u>190,750,622</u>	<u>348,470,611</u>	<u>374,217,951</u>
Long-term liabilities	51,483,590	49,732,920	76,848,846	74,888,686	128,332,436	124,621,606
Other liabilities	<u>5,468,526</u>	<u>4,814,939</u>	<u>6,435,265</u>	<u>9,435,746</u>	<u>11,903,791</u>	<u>14,250,685</u>
Total liabilities	<u>56,952,116</u>	<u>54,547,859</u>	<u>83,284,111</u>	<u>84,324,432</u>	<u>140,236,227</u>	<u>138,872,291</u>
Net assets:						
Invested in capital assets, net of related debt	69,230,461	97,252,778	76,739,094	81,573,161	145,969,555	178,825,939
Restricted			7,785,873	8,301,530	7,785,873	8,301,530
Unrestricted	<u>33,539,008</u>	<u>31,666,692</u>	<u>20,939,948</u>	<u>16,551,499</u>	<u>54,478,956</u>	<u>48,218,191</u>
Total net assets	<u>\$102,769,469</u>	<u>\$128,919,470</u>	<u>\$105,464,915</u>	<u>\$106,426,190</u>	<u>\$208,234,384</u>	<u>\$235,345,660</u>

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, 2008, the City of Mishawaka's assets exceeded liabilities by \$235,345,660 an increase of \$27.1 million from the previous year. The largest portion of the City of Mishawaka's net assets reflects its investment in capital assets (76%), less any related debt used to acquire those assets that are still outstanding.

At the end of 2008, 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 2007.

At year end the City of Mishawaka's net assets were \$235,345,660. This amount is made up of \$178,825,939 invested in capital assets (e.g., land, buildings, machinery, and equipment) net of related debt, \$8,301,530 assets with external restrictions upon its use, and \$48,218,191 of unrestricted assets that are available for future use as directed by management.

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	
	2007	2008	2007	2008	2007	2008
REVENUES						
Program revenues:						
Charges for services	\$ 3,742,834	\$3,280,147	\$65,390,510	\$60,738,717	\$69,133,344	\$64,018,864
Operating grants and contributions	2,400,968	1,191,352			2,400,968	1,191,352
Capital grants and contributions	4,944,558	4,745,714	3,044,903	3,250,069	7,989,461	7,995,783
General revenues:						
Property taxes	40,325,388	43,572,448			40,325,388	43,572,448
Grants and contributions not restricted to specific programs	3,794,657	3,846,190			3,794,657	3,846,190
Unrestricted investment earnings	2,022,465	872,964	1,802,870	605,010	3,825,335	1,477,974
Other revenue	2,345	267,649			2,345	267,649
Special Items:						
Litigation settlement (see note IV D)		8,154,390				8,154,390
Total revenues	\$57,233,215	\$65,930,854	\$70,238,283	\$64,593,796	\$127,471,498	\$130,524,650
EXPENSES						
General government	4,008,462	5,362,211			4,008,462	5,362,211
Public safety	17,750,725	22,188,373			17,750,725	22,188,373
Highways and streets	7,631,344	3,959,300			7,631,344	3,959,300
Sanitation	15,000	4,500			15,000	4,500
Community development	2,337,991	2,723,191			2,337,991	2,723,191
Culture and recreation	3,352,339	4,786,048			3,352,339	4,786,048
Interest on long-term debt	873,678	1,274,966			873,678	1,274,966
Water utility			6,617,469	6,884,829	6,617,469	6,884,829
Wastewater utility			6,377,448	11,954,930	6,377,448	11,954,930
Electric utility			42,999,782	44,275,026	42,999,782	44,275,026
Total expenses	\$35,969,539	\$40,298,589	\$55,994,699	\$63,114,785	\$91,964,238	\$103,413,374
Changes in net assets before transfers	21,263,676	25,632,265	14,243,584	1,479,011	35,507,260	27,111,276
Transfers	46,139	517,736	(46,139)	(517,736)		
Change in net assets	21,309,815	26,150,001	14,197,445	961,275	35,507,260	27,111,276
Net assets-Beginning	81,459,654	102,769,469	91,267,470	105,464,915	172,727,124	208,234,384
Net assets-Ending	\$102,769,469	\$128,919,470	\$105,464,915	\$106,426,190	\$208,234,384	\$235,345,660

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 74.3% of the city's primary government operating cost. Some functions may experience unusual changes due to a specific cost (fuel, chemicals, etc.).

Current Year Impacts

Governmental Activities:

Net assets of the governmental activities increased by \$26.1 million.

Charges for services revenue decreased by \$462 thousand, overall revenue from charges was down in 2008.

Operating grants and contributions saw a decrease of \$1.2 million. In 2007 the State of Indiana distributed excess COIT and CEDIT funds from 2005 this did not happen again in 2008.

Capital grants and contributions decreased by \$199 thousand. Local Major Moves one time distribution from the state of Indiana was the primary reason for this decrease in 2008

Property tax revenue increased 3.2 million. With a new law in effect for 2008 and not a solid distribution it will take a couple of years to get a good analysis of what effect the circuit breaker will have on total tax collections.

Unrestricted investment earnings decreased \$1.1 million. This decrease was primarily due to the Federal Funds rate being near zero for most of 2008. Having very little cash flow due to late distributions of property tax also had an adverse affect on investment earnings in 2008.

Special items increase (new) is a litigation suit settled in 2008 for \$8.1million

Business Type Activities:

Business Type Activities net assets increased by \$961 thousand. The Mishawaka Utility revenue was fairly stable in 2008.

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 \$62,187,446 a decrease of \$7.2 million from the prior year. The larger part of the decrease in fund balances was in unreserved fund balance (\$7 million), which is available for spending at the City of Mishawaka's discretion. The majority of the unreserved balance (\$45.7 million) is for capital projects (\$37.1 million). The remainder of the fund balances (\$16.4 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 (\$3.7 million), for loans receivable (\$561 thousand), to pay debt service (\$5.3 million) and for capital assets held for resale (\$6.9 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, 2008, the unreserved balance was \$5,256,482 and the total balance in the general fund was \$5,316,450 an increase of

\$4,063,785 from 2007. In 2008 the city received an award from a decade old lawsuit which was \$8.1 million. The general fund received over \$2.1 million of that lawsuit which helped the cash flow for 2008. Prudent spending in 2008 also had a significant impact on the General fund balance.

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 22.0% of the total general fund expenditures, while total fund balance represents 22.0% of the same amount.

Another major fund is TIF NW General. As of December 31, 2008, the unreserved balance was \$25,796,725 and the total fund balance in the TIF NW General was \$32,740,562, a decrease of \$11.2 million in total fund balance from 2007. TIF NW General is a capital project fund and the decrease in fund balance is due to the ongoing expenditures for several capital projects underway and completed in 2008.

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 88% of the total TIF NW General fund expenditures while total fund balance represents 111% of the same amount.

Another major fund is Local Major Moves. As of December 31, 2008, the unreserved fund balance is \$5,552,877 million with a fund balance of the same amount. This is a fairly new fund which has only expensed \$498,367 in 2008.

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. As of December 31, 2008 this fund had only expensed \$498,367.

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 2008 amounted to \$16,551,499 which is a decrease of \$4.5 million from 2007. Energy consumption in the Electric utility was down 3.1% from 2007. Several major projects were completed in the Electric utility and cash flow was down in all three utilities at year end 2008. Water, and Wastewater utility had increases in net assets for 2008 and the Electric utility had a slight decrease in net assets (\$1,544,346 or 3.5%). The basic proprietary fund financial statements can be found later in this report.

The internal service funds unrestricted assets were \$8,266,541 of this amount \$6 million came from an old lawsuit settled in 2008.

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 \$132,429. 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 2008 the submitted budget to the state was increased only with encumbrances from 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 2008 were \$5,134,317 under budget and expenditures were \$759,060 under budget. Most categories in revenue were up in 2008 but delinquencies in property tax payments (\$13,303,330) netted an under budget of revenue for 2008. The 2008 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, 2008 amounts to \$259,772,546 (net of accumulated depreciation), which represents a net increase (additions less retirements and depreciation) of \$36.8 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	
	2007	2008	2007	2008	2007	2008
Land	\$10,993,462	\$10,846,962	\$ 1,120,192	1,120,192	\$12,113,654	\$11,967,154
Construction in progress	28,465,829	42,550,400	4,330,315	9,817,819	32,796,144	52,368,219
Buildings	9,810,287	9,546,893	41,854,229	40,905,673	51,664,516	50,452,566
Improvements other than buildings	6,757,177	6,395,617	65,366,181	71,350,645	72,123,358	77,746,262
Machinery and equipment	5,248,406	12,409,179	31,646,166	28,237,494	36,894,572	40,646,673
Transportation equipment	-	-	764,378	736,412	764,378	736,412
Infrastructure being depreciated	16,642,720	25,855,260	-0-	-0-	16,642,720	25,855,260
Total	\$77,917,881	\$107,604,311	\$ 145,081,461	\$152,168,235	\$222,999,342	\$259,772,546

Change in Capital Assets

	Governmental Activities	Business Type Activities	Total
Beginning Balance	\$77,917,881	\$145,081,461	\$222,999,342
Additions	45,610,026	16,909,500	62,519,526
Retirements:			
Land	236,000		236,000
CIP	13,129,382	1,497,145	14,626,527
Other	1,707,951	3,091,992	4,799,943
Depreciation	2,527,774	7,721,930	10,249,704
Retirements *	1,677,511	2,488,341	4,165,852
Ending Balance	\$107,604,311	\$152,168,235	\$259,772,546

* Reduction in accumulated depreciation related to retirements.

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

- 2008 Summer Street, Sidewalk and Curb Program- \$1,076,000
- Mill and Water Street part of Ironworks Reconstruction-\$945,000
- Right Turn land construction Grape Rd- \$171,135
- Blair Hills drainage improvements-\$66,000
- Right of way between Douglas Rd and Edison Lakes Parkway-\$1,449,587
- Holy cross Parkway access road east of New Hospital- \$4,514,840
- Maplehurst Avenue Improvements- \$658,467

Debt Outstanding

At December 31, 2008, the City had a number of debt issues outstanding. These issues included \$9,775,000 of general obligation bonds, \$17,375,000 of revenue bonds payable from governmental funds, and \$19,320,945 of revenue bonds payable from enterprise funds. Under the Indiana Constitution and state statute the City of Mishawaka's general obligation bonded debt issuances are subject to a legal limitation based upon 2% of assessed value of real and personal property.

The City's bonded debt decreased by \$4,966,196 from the prior year.

Outstanding Bonded Debt at Year-end

	<u>2007</u>	<u>2008</u>
Governmental:		
General Obligation	\$10,745,000	\$ 9,775,000
Tax Increment	<u>19,945,000</u>	<u>17,375,000</u>
Sub-total	\$30,690,000	\$27,150,000
Business Type:		
Water Utility	\$ 4,310,000	\$4,055,000
Wastewater Utility	<u>16,437,141</u>	<u>15,265,945</u>
Sub-total	<u>20,747,141</u>	<u>19,320,945</u>
Total	\$51,437,141	\$46,470,945

Principal payments of \$3,540,000 and 1,655,000 (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. 2008 was a year of economic strain all across the country with Mishawaka being of no exception. Even as our building permit total dollar amount increased the number of permits decreased. We are optimistic that Mishawaka will again thrive in 2009. Steady job growth and population growth have always 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 St Joseph County Indiana went from 5.2% in 2007 to 6.6% in 2008. Labor force for St. Joseph County increased in 2008 to 132,758* compared to 131,934* in 2007.

***These statistics are seasonally adjusted**

New construction in Mishawaka was valued at \$316 million which was an increase of approximately \$200 million from 2007 and the largest construction year in the history of Mishawaka.

In 2005 the State of Indiana 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 2009 as a city we will again revisit our fee structure. Spending will have to be at a minimum, the city's health insurance program will be adjusted, and costs of services will be analyzed to best prepare the city for potential lay-offs. An increase in income tax has been looked at and may come up again in 2009.

The adopted FY2009 Civil City Budget is \$40,317,748 which is .09% lower than in FY 2008. The General Fund budget for FY2009 is \$25,371,332 which is 1.3% higher than FY2008. Electric and Water rates will stay steady for FY2009. An increase in Wastewater rates will occur in FY2009.

City Highlights

- The Mishawaka Wastewater Treatment Plant was awarded the Indiana Water Environment Associations Laboratory of Excellence Award for the 7th consecutive year.
- In 2008 a 75' Riverwalk Cable Stayed Pedestrian Bridge was completed. This pedestrian bridge connects Beutter Park and Battell Park.
- The city continues to plan extensions in 2009 to our Riverwalk. The next extension will connect Kamm Island to Logan Street Bridge on the west end of Mishawaka. On the east end of Mishawaka a connection to Merrifield Park will tunnel underneath the Mishawaka Avenue Bridge.
- In 2008 the city in a joint cooperation with MACOG received 5 hybrids this will move Mishawaka working toward a greener city.
- The Redevelopment Department's First Time Homebuyer Program continues to be a success in 2008.
- The St Joseph Regional Medical Center is under construction and tentative completion date is December of 2009

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, 2008

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ 19,868,478	\$ 10,227,050	\$ 30,095,528
Receivables (net of allowances for uncollectibles):			
Interest	313	-	313
Taxes	40,338,798	-	40,338,798
Accounts	344,003	4,353,963	4,697,966
Other	450,000	137,301	587,301
Intergovernmental	368,294	-	368,294
Loans	612,728	-	612,728
Inventories	-	1,734,551	1,734,551
Prepaid expense	418,140	312,881	731,021
Deferred charges	226,438	1,253,745	1,480,183
Restricted assets:			
Cash and cash equivalents	4,690,959	20,562,896	25,253,855
Interest	186	-	186
Taxes receivable	1,219,153	-	1,219,153
Assets held for resale	6,943,837	-	6,943,837
Capital assets:			
Land and construction in progress	53,397,362	10,938,011	64,335,373
Other capital assets, net of depreciation	54,206,949	141,230,224	195,437,173
Net pension asset	381,689	-	381,689
Total assets	189,467,329	190,750,622	374,217,951

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, 2008
(Continued)

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Liabilities			
Accounts payable	1,628,897	4,164,570	5,793,467
Accrued payroll and withholdings payable	436,318	166,494	602,812
Contracts payable	2,247,051	2,445,194	4,692,245
Taxes payable	-	105,968	105,968
Accrued interest payable	3,953	672,454	676,407
Deferred revenue	15,498	-	15,498
Estimate for unfilled claims	55,000	-	55,000
Payable from restricted assets:			
Customer deposits	-	1,881,066	1,881,066
Interest payable	428,222	-	428,222
Noncurrent liabilities:			
Due within one year:			
General obligation bonds payable	1,290,000	-	1,290,000
Revenue bonds payable	-	1,710,000	1,710,000
TIF bonds payable	4,009,480	-	4,009,480
Compensated absences	385,092	51,435	436,527
Capital lease obligations	236,522	35,923	272,445
Notes and loans payable	174,000	1,950,000	2,124,000
Due in more than one year:			
General obligation bonds payable (net of unamortized discounts)	8,418,534	-	8,418,534
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	-	17,135,198	17,135,198
TIF bonds payable (net of unamortized discounts)	13,194,977	-	13,194,977
Compensated absences	272,594	199,250	471,844
Capital lease obligations	340,011	32,225	372,236
Notes and loans payable	89,000	53,596,339	53,685,339
Net other postemployment benefits obligation	2,173,104	-	2,173,104
Net pension obligation	19,149,606	178,316	19,327,922
Total liabilities	54,547,859	84,324,432	138,872,291
Net Assets			
Invested in capital assets, net of related debt	97,252,778	81,573,161	178,825,939
Restricted for:			
Debt service	-	8,301,530	8,301,530
Unrestricted	31,666,692	16,551,499	48,218,191
Total net assets	\$ 128,919,470	\$ 106,426,190	\$ 235,345,660

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, 2008

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		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 5,362,211	\$ 1,049,593	\$ 140	\$ 343,258	\$ (3,969,220)	\$ -	\$ (3,969,220)
Public safety	22,188,373	643,933	224,866	882,346	(20,437,228)	-	(20,437,228)
Highways and streets	3,959,300	28,347	-	3,428,740	(502,213)	-	(502,213)
Sanitation	4,500	-	-	-	(4,500)	-	(4,500)
Community development	2,723,191	535,101	868,372	-	(1,319,718)	-	(1,319,718)
Culture and recreation	4,786,048	1,023,173	97,974	91,370	(3,573,531)	-	(3,573,531)
Interest on long-term debt	1,274,966	-	-	-	(1,274,966)	-	(1,274,966)
Total governmental activities	40,298,589	3,280,147	1,191,352	4,745,714	(31,081,376)	-	(31,081,376)
Business-type activities:							
Water	6,884,829	8,037,964	-	444,830	-	1,597,965	1,597,965
Wastewater	11,954,930	9,422,150	-	2,463,753	-	(69,027)	(69,027)
Electric	44,275,026	43,278,603	-	341,486	-	(654,937)	(654,937)
Total business-type activities	63,114,785	60,738,717	-	3,250,069	-	874,001	874,001
Total primary government	\$ 103,413,374	\$ 64,018,864	\$ 1,191,352	\$ 7,995,783	(31,081,376)	874,001	(30,207,375)
General revenues:							
Property taxes					43,572,448		43,572,448
Grants and contributions not restricted to specific programs					3,846,190		3,846,190
Unrestricted investment earnings					872,964	605,010	1,477,974
Other					267,649		267,649
Special items:							
Litigation settlement (see note IV.D.)					8,154,390		8,154,390
Transfers					517,736	(517,736)	-
Total general revenues, special items and transfers					57,231,377	87,274	57,318,651
Change in net assets					26,150,001	961,275	27,111,276
Net assets - beginning					102,769,469	105,464,915	208,234,384
Net assets - ending					\$ 128,919,470	\$ 106,426,190	\$ 235,345,660

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

CITY OF MISHAWAKA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

Assets	TIF NW		Local Major Moves Construction	Other Governmental Funds	Totals
	General	General			
Cash and cash equivalents	\$ 3,708,646	\$ 3,792,125	\$ 52,875	\$ 14,074,946	\$ 21,628,592
Receivables (net of allowances for uncollectibles):					
Interest	52	176	2	271	501
Taxes	12,990,725	24,069,128	-	4,498,098	41,557,951
Accounts	342,353	-	-	1,650	344,003
Intergovernmental	82,092	-	-	286,202	368,294
Loans	-	-	-	612,728	612,728
Interfund receivables:					
Interfund loans	-	-	5,500,000	1,598,000	7,098,000
Assets held for resale	-	6,943,837	-	-	6,943,837
Total assets	\$ 17,123,868	\$ 34,805,266	\$ 5,552,877	\$ 21,071,895	\$ 78,553,906

Liabilities and Fund Balances

Liabilities:					
Accounts payable	\$ 702,743	\$ 7,298	\$ -	\$ 359,552	\$ 1,069,593
Accrued payroll and withholdings payable	356,675	-	-	79,643	436,318
Contracts payable	-	2,057,406	-	189,645	2,247,051
Interfund loans payable	10,748,000	-	-	1,850,000	12,598,000
Deferred revenue	-	-	-	15,498	15,498
Total liabilities	11,807,418	2,064,704	-	2,494,338	16,366,460
Fund balances:					
Reserved for:					
Encumbrances	59,968	-	-	3,646,018	3,705,986
Noncurrent loans receivable	-	-	-	561,621	561,621
Debt service	-	-	-	5,260,300	5,260,300
Assets held for resale	-	6,943,837	-	-	6,943,837
Unreserved, reported in:					
General fund	5,256,482	-	-	-	5,256,482
Special revenue funds	-	-	-	3,292,490	3,292,490
Capital projects funds	-	25,796,725	5,552,877	5,817,128	37,166,730
Total fund balances	5,316,450	32,740,562	5,552,877	18,577,557	62,187,446
Total liabilities and fund balances	\$ 17,123,868	\$ 34,805,266	\$ 5,552,877	\$ 21,071,895	

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, 2008
(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	129,286,460	
Less accumulated depreciation	(21,682,149)	107,604,311
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Prepaid expenses	418,140	
Deferred charges	226,438	
Net pension asset	381,689	1,026,267
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.		8,266,541
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	(9,775,000)	
TIF bonds payable	(17,375,000)	
Bond discount	237,009	
Accrued interest payable	(432,175)	
Compensated absences	(657,686)	
Capital lease obligations	(576,533)	
Notes and loans payable	(263,000)	
Net other postemployment benefits obligation	(2,173,104)	
Net pension obligation	(19,149,606)	(50,165,095)
Net assets of governmental activities		\$ 128,919,470

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, 2008

	General	TIF NW General	Local Major Moves Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 17,687,395	\$ 24,089,128	\$ -	\$ 5,834,690	\$ 47,591,213
Licenses and permits	579,091	-	-	28,280	607,371
Intergovernmental	3,958,375	-	-	5,973,824	9,932,199
Charges for services	645,132	-	-	920,394	1,565,526
Fines and forfeits	48,797	-	-	-	48,797
Interest	118,162	488,916	110,974	184,910	872,964
Sale and use of property	116,094	-	-	159,161	275,255
Gifts and donations	-	-	-	140,278	140,278
Other	287,649	16,619	-	626,301	910,569
Total revenues	23,420,695	24,544,665	110,974	13,867,838	61,944,172
Expenditures:					
Current:					
General government	4,198,950	-	-	19,213	4,218,163
Public safety	19,043,177	-	-	287,109	19,330,286
Highways and streets	416,638	-	498,367	3,598,966	4,513,971
Sanitation	4,500	-	-	-	4,500
Culture and recreation	-	-	-	3,340,629	3,340,629
Community development	-	-	-	1,176,607	1,202,378
Debt service:	25,771	-	-	-	25,771
Principal	-	-	-	4,521,647	4,521,647
Interest	-	-	-	1,203,775	1,203,775
Capital outlay:					
General government	-	514,150	-	384,339	878,489
Public safety	-	-	-	2,883,108	2,883,108
Highways and streets	-	21,900,275	-	1,218,833	23,119,108
Culture and recreation	-	5,047,078	-	111,563	5,158,641
Community development	-	1,935,624	-	849	1,936,473
Total expenditures	23,669,036	29,387,127	498,367	18,726,636	72,311,168
Excess (deficiency) of revenues over (under) expenditures	(268,341)	(4,852,462)	(387,393)	(4,858,800)	(10,368,996)
Other financing sources (uses):					
Transfers in	2,177,736	-	-	5,103,614	7,281,350
Transfers out	-	(6,428,619)	-	(334,995)	(6,763,614)
Start up contribution for Mishawaka Bond Bank	(6,000,000)	-	-	-	(6,000,000)
Loan issuance - short term	-	-	-	446,780	446,780
Total other financing sources and uses	(3,822,264)	(6,428,619)	-	5,215,379	(5,035,504)
Special item:					
Proceeds from litigation settlement (see Note IV.D.)	8,154,390	-	-	-	8,154,390
Net change in fund balances	4,063,785	(11,281,081)	(387,393)	366,579	(7,248,110)
Fund balances - beginning	1,252,665	44,021,643	5,940,270	18,220,978	69,435,556
Fund balances - ending	\$ 5,316,450	\$ 32,740,562	\$ 5,552,877	\$ 18,577,557	\$ 62,187,446

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, 2008

Amounts reported for governmental activities in the Statement of Activities are different because:	\$	-	\$ (7,248,110)
Net change in fund balances - total governmental funds			
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.		32,480,644	
Expenditures for capital assets		(2,527,774)	
Less current year depreciation expense		<u>(266,440)</u>	29,686,430
Loss on disposal of assets			
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			(4,167,708)
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.		(446,760)	
Loan issuance		<u>4,521,647</u>	4,074,887
Principal debt payments			
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		(49,952)	
Amortization of current year bond issuance cost		(43,505)	
Accrued interest		22,266	
Prepaid expenses		(29,250)	
Change in compensated absences		72,191	
Change in net other postemployment benefits obligation		(2,173,104)	
Change in net pension obligation		<u>(194,065)</u>	(2,395,419)
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.			6,199,921
Change in net assets of governmental activities (Statement of Activities)			<u>\$ 26,150,001</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, 2008

	Business-Type Activities - Enterprise Funds			
	Water Utility	Wastewater Utility	Electric Utility	Internal Service Fund
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,935,735	\$ 1,081,524	\$ 5,209,791	\$ 10,227,050
Accounts receivable (net of allowance)	372,504	469,402	3,512,057	4,353,963
Accounts receivable - other (net of allowance)	5,998	75	131,228	137,301
Interfund receivables:				
Interfund loans	-	-	-	5,950,000
Interfund services provided and used	-	-	89,688	-
Inventories	181,359	-	1,553,212	1,734,551
Prepaid items	100,305	118,667	93,909	312,881
Restricted cash and cash equivalents:				
Customer deposits	314,110	2,065	1,554,052	1,870,227
Revenue bond covenant accounts	1,466,672	6,080,858	754,000	8,301,530
Repair account	10,381	6,176,168	240,885	6,427,434
Capital outlay accounts	99,094	3,864,611	-	3,963,705
Total current assets	6,486,138	17,793,370	13,138,822	37,418,330
Noncurrent assets:				
Deferred charges	90,948	275,135	887,662	1,253,745
Capital assets:				
Land and construction in progress	854,103	7,570,763	2,513,145	10,938,011
Other capital assets (net of accumulated depreciation)	42,920,247	66,930,752	31,379,225	141,230,224
Total capital assets	43,774,350	74,501,515	33,892,370	152,168,235
Total noncurrent assets	43,865,298	74,776,650	34,780,032	153,421,980
Total assets	50,351,436	92,570,020	47,918,854	190,840,310

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, 2008
(Continued)

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Totals	
Liabilities					
Current liabilities:					
Accounts payable	246,431	397,506	3,520,633	4,164,570	559,304
Accrued payroll and withholdings payable	53,079	47,713	65,702	166,494	-
Interfund payables:					
Interfund services provided and used	44,844	44,844	-	89,688	-
Estimate for unfilled claims	-	-	-	-	55,000
Contracts payable	-	1,417,303	1,027,891	2,445,194	-
Taxes payable	20,562	-	85,406	105,968	-
Accrued interest payable	13,943	596,529	61,982	672,454	-
Compensated absences	12,121	9,980	29,334	51,435	-
Current liabilities payable from restricted assets:					
Customer deposits	324,860	2,065	1,554,141	1,881,066	-
Capital leases payable	20,847	15,076	-	35,923	-
Notes and loans payable	1,095,000	855,000	-	1,950,000	-
Revenue bonds payable	270,000	1,440,000	-	1,710,000	-
Total current liabilities	2,101,687	4,826,016	6,345,089	13,272,792	614,304
Noncurrent liabilities:					
Compensated absences	85,606	45,916	67,728	199,250	-
Capital leases payable	16,112	16,113	-	32,225	-
Notes and loans payable	16,885,000	36,711,339	-	53,596,339	-
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	3,483,201	13,651,997	-	17,135,198	-
Net pension obligation	62,665	24,901	90,750	178,316	-
Total noncurrent liabilities	20,532,584	50,450,266	158,478	71,141,328	-
Total liabilities	22,634,271	55,276,282	6,503,567	84,414,120	614,304
Net Assets					
Invested in capital assets, net of related debt	22,004,190	25,676,601	33,892,370	81,573,161	-
Restricted for debt service	1,466,672	6,080,858	754,000	8,301,530	-
Unrestricted	4,246,303	5,536,279	6,768,917	16,551,499	8,266,541
Total net assets	\$ 27,717,165	\$ 37,293,738	\$ 41,415,287	\$ 106,426,190	\$ 8,266,541

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, 2008

	Enterprise Funds				Totals	Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Totals		
Operating revenues:						
Unmetered water revenue	\$ 6,570	\$ -	\$ -	\$ 6,570	\$ -	
Metered water revenue:						
Residential	4,973,096	-	14,984,490	19,957,586	-	
Commercial	1,425,892	-	27,329,605	28,755,497	-	
Public street and highway lighting	-	-	354,453	354,453	-	
Fire protection revenue	1,140,342	-	-	1,140,342	-	
Penalties	44,159	143,207	185,268	372,634	-	
Employee/employer contributions	-	-	-	-	6,761,786	
Measured revenue:						
Residential	-	4,986,184	-	4,986,184	-	
Commercial	-	3,907,246	-	3,907,246	-	
Other	382,389	385,513	419,051	1,186,953	14,200	
Total operating revenues	7,977,438	9,422,150	43,272,867	60,672,455	6,775,986	
Operating expenses:						
Source of supply and expense - operations and maintenance	1,204,369	1,535,671	-	2,740,040	-	
Transmission and distribution	1,583,210	-	3,703,678	5,286,888	-	
Treatment and disposal expense - operations and maintenance	577,348	689,275	-	1,266,623	-	
Customer accounts	401,799	-	678,040	1,079,839	-	
Administration and general	864,232	1,468,040	2,478,853	4,811,135	-	
Insurance claims and premiums	-	-	-	-	6,576,065	
Purchased power	-	-	34,840,679	34,840,679	-	
Sewer - operation and maintenance	-	1,227,879	-	1,227,879	-	
Pretreatment - operation and maintenance	-	96,094	-	96,094	-	
Chemicals	-	306,781	-	306,781	-	
Bad debt expense	38,215	16,659	136,822	191,696	-	
Depreciation	1,438,790	3,935,546	2,347,594	7,721,930	-	
Total operating expenses	6,108,963	9,274,945	44,185,676	59,569,584	6,576,065	
Operating income (loss)	1,868,475	147,205	(812,809)	1,102,871	199,921	
Nonoperating revenues (expenses):						
Interest and investment revenue	101,017	324,603	179,330	605,010	-	
Miscellaneous revenue	60,526	-	5,736	66,262	-	
Municipal donations	-	-	-	-	6,000,000	
Interest expense	(743,469)	(2,024,249)	(61,992)	(2,829,710)	-	
Amortization expense	(32,397)	(80,742)	(27,358)	(140,497)	-	
Loss on disposal of assets	-	(574,994)	-	(574,994)	-	
Total nonoperating revenues (expenses)	(614,323)	(2,355,382)	95,776	(2,873,929)	6,000,000	
Income (loss) before contributions and transfers	1,254,152	(2,208,177)	(817,033)	(1,771,056)	6,199,921	
Capital contributions	444,830	2,463,753	341,486	3,250,069	-	
Transfers in	-	1,660,000	-	1,660,000	-	
Transfers out	(464,478)	(644,459)	(1,068,789)	(2,177,736)	-	
Change in net assets	1,234,504	1,271,117	(1,544,346)	961,275	6,199,921	
Total net assets - beginning	26,482,661	36,022,621	42,859,633	105,464,915	2,086,620	
Total net assets - ending	\$ 27,717,165	\$ 37,293,738	\$ 41,415,287	\$ 106,426,190	\$ 8,286,541	

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, 2008

	Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Totals	
Cash flows from operating activities:					
Receipts from customers and users	\$ 8,015,291	\$ 9,457,989	\$ 42,848,974	\$ 60,322,264	\$ -
Receipts from interfund services provided	(1,530,882)	(2,495,774)	(35,888,163)	(39,914,819)	6,762,343
Payments to suppliers	(2,899,668)	(2,756,306)	(3,822,683)	(9,478,667)	-
Payments to employees	-	-	-	-	(6,640,000)
Payments for interfund services used	-	-	-	-	14,200
Other receipts (payments)	60,526	-	5,736	66,262	-
Net cash provided by operating activities	3,645,267	4,205,919	3,143,854	10,995,040	136,543
Cash flows from noncapital financing activities:					
Interfund loans	-	-	-	-	(5,950,000)
Transfer from other funds	-	1,660,000	-	1,660,000	-
Transfer to other funds	(464,478)	(644,459)	(1,068,799)	(2,177,736)	-
Net cash provided (used) by noncapital financing activities	(464,478)	1,015,541	(1,068,799)	(517,736)	(5,950,000)
Cash flows from capital and related financing activities:					
Capital contributions	444,831	416,882	341,486	1,203,199	-
Municipal donations	-	-	-	-	6,000,000
Proceeds from SRF loan	92,729	-	-	92,729	-
Proceeds of sale of capital assets	28,658	-	-	28,658	-
Acquisition and construction of capital assets	(1,982,637)	(3,947,956)	(6,029,559)	(11,060,152)	-
Principal paid on bonds	(255,000)	(1,400,000)	-	(1,655,000)	-
Principal paid on capital leases	(44,846)	(55,973)	-	(100,819)	-
Principal paid on loans	(1,070,000)	(823,000)	-	(1,893,000)	-
Interest paid on bonds	(173,527)	(454,177)	-	(627,704)	-
Interest paid on capital leases	(5,891)	(5,935)	-	(11,826)	-
Interest paid on loans	(548,200)	(1,370,896)	-	(1,919,096)	-
Interest paid on customer deposits	(12,536)	-	(56,232)	(68,768)	-
Net cash provided (used) by capital and related financing activities	(2,626,419)	(7,641,055)	(5,744,305)	(16,011,779)	6,000,000
Cash flows from investing activities:					
Interest received	109,360	358,580	206,527	674,467	-
Net increase (decrease) in cash and cash equivalents	663,750	(2,061,015)	(3,462,723)	(4,859,988)	186,543
Cash and cash equivalents, January 1 (Including \$1,693,923 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
Cash and cash equivalents, December 31 (Including \$1,870,227 for the customer deposits, revenue bond covenant account, repair account and capital outlay account, respectively, reported in restricted accounts)	\$ 5,825,992	\$ 17,205,225	\$ 7,758,727	\$ 30,789,944	\$ 2,930,845

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, 2008
(Continued)

	Enterprise Funds			Totals	Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility		
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 1,868,475	\$ 147,205	\$ (912,809)	\$ 1,102,871	\$ 199,921
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,438,790	3,935,546	2,347,594	7,721,930	-
Bad debt expense	39,215	16,669	136,822	192,696	-
Nonoperating revenue	60,526	-	5,736	66,262	-
(Increase) decrease in assets:					
Accounts receivable	37,853	35,424	(423,893)	(350,616)	557
Interfund services provided or used	(38,595)	-	30,354	30,354	-
Inventories	18,673	(3,772)	234,903	196,308	-
Prepaid items	-	-	34,126	49,027	-
Increase (decrease) in liabilities:					
Customer deposits	19,981	425	151,106	171,512	-
Accounts payable	153,691	59,415	1,649,743	1,862,849	558,976
Accrued payroll and withholdings payable	12,417	8,487	3,085	23,989	-
Interfund payables	(15,177)	(15,177)	-	(30,354)	-
Taxes payables	(4,272)	-	(189,005)	(193,277)	-
Estimate for unfilled claims	(1,410)	1,781	(3,406)	(3,035)	-
Compensated absences payable	55,100	19,926	79,498	154,524	-
Net pension obligation payable	-	-	-	-	(622,911)
Total adjustments	1,776,792	4,056,714	4,056,663	9,892,169	(63,378)
Net cash provided by operating activities	\$ 3,645,267	\$ 4,205,919	\$ 3,143,854	\$ 10,995,040	\$ 136,543

Noncash investing, capital and financing activities:				
Accreted value on capital appreciation bonds	\$ -	\$ 228,806	\$ -	\$ 228,806
Purchase of capital assets on account	6,787	771,984	86,964	865,735
Work in progress on account	-	887,517	125,054	1,012,571
Work in progress financed through debt (SRF loan)	-	1,134,565	-	1,134,565
Disposal of capital assets	64,126	3,027,866	-	3,091,992
Contributed capital assets from government	-	2,046,871	-	2,046,871
Transfer of work in progress to depreciated capital assets	423,767	899,090	184,288	1,497,145
Interest capitalized	-	38,617	-	38,617

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, 2008

<u>Assets</u>	Pension Trust Funds	Agency Funds
Cash and cash equivalents	\$ 133,286	\$ 28,662
Receivables:		
Accounts	-	25,441
Interest and dividends	32,675	-
Taxes	906,489	-
Total receivables	<u>939,164</u>	<u>25,441</u>
Investments at fair value:		
Government sponsored enterprise	2,102,483	-
Mutual funds	7,916,652	-
Total investments	<u>10,019,135</u>	<u>-</u>
Total assets	<u>11,091,585</u>	<u>\$ 54,103</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	903	\$ 50,610
Interfund loans payable	450,000	-
Accrued payroll and withholdings payable	-	3,493
Total liabilities	<u>450,903</u>	<u>\$ 54,103</u>
<u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits	<u>10,640,682</u>	
Total net assets	<u>\$ 10,640,682</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, 2008

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
On behalf contributions	\$ 2,319,296
Employer	1,518,215
Plan members	2,564
Total contributions	3,840,075
Investment income:	
Net decrease in fair value of investments	(3,905,931)
Interest	359,631
Total investment income	(3,546,300)
Less investment expense:	
Investment activity expense	32,386
Net investment loss	(3,578,686)
Total additions	261,389
<u>Deductions</u>	
Benefits	4,455,100
Administrative expense	21,780
Total deductions	4,476,880
Changes in net assets	(4,215,491)
Net assets - beginning	14,856,173
Net assets - ending	\$ 10,640,682

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. 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 sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

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

The primary government reports the following major governmental funds:

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

The 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 seventy-five year lease of the state's toll road.

The primary government reports the following major enterprise funds:

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

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

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

Additionally, the primary government reports the following fund types:

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

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

Agency funds account for assets held by the primary government as an agent for administrative costs of the Redevelopment Department.

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

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

2. Interfund Transactions and Balances

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 statutes (IC 6-1.1-17-16) require 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.

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	\$ 100,000	Straight-line	20-50
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. The total interest expense incurred by the primary government in its business-type activities during the current year was \$2,829,710. Of the amount, \$38,617 was included as part of the cost of capital assets under construction in connection with the wastewater treatment facilities expansion/renovations.

7. Compensated Absences

- a. Flexible Time – primary government employees earn flexible time-off at the rate of one-half day per month and may accumulate to a maximum of twenty-five days. The primary government may buy back flexible time-off days from any employee up to a maximum of six flexible time-off days per year. Flexible time-off is paid to employees upon termination.
- b. Vacation Leave – non-union primary government employees earn vacation leave at rates from ten days to twenty-five days per year based upon the number of years of service. Union utility employees earn vacation leave at rates from five to thirty days per year based upon the number of years of service, plus one day for each year of service after thirty years. Vacation leave does not accumulate from year to year.
- c. Compensatory Leave – Police officers, firefighters 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

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, Park Nonreverting Operating, State Grant

Debt service fund – Municipal Bond No. 1

Capital projects funds – Cumulative Building and Fire Fighting Equipment, Cumulative Capital Improvement, 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, 2008, the City had a deposit balance in the amount of \$55,547,319. Of this amount, the following was exposed to custodial credit risk:

	2008
Uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent, but not in the depositor-government's name	\$ 147,887

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, 2008, the City's Utility Pension Fund 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	More Than 2
Utility Pension Fund:			
Government sponsored enterprise	\$ 2,102,483	\$ 553,120	\$ 1,549,363
Mutual funds	<u>7,916,652</u>	<u>7,916,652</u>	<u>-</u>
Totals	<u>\$ 10,019,135</u>	<u>\$ 8,469,772</u>	<u>\$ 1,549,363</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 Utility's Pension Plan does not have a formal investment policy for custodial credit risk for investments. At December 31, 2008, 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	\$ 2,102,483
Mutual funds	7,916,652
Total	\$ 10,019,135

Interest Rate Risk

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

Standard and Poor's Rating	Moody's Rating	City's Investments	
		Mutual Funds	Government Sponsored Enterprise
AAA	Aaa	\$ -	\$ 2,102,483
Unrated	Unrated	7,916,652	-
Totals		\$ 7,916,652	\$ 2,102,483

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 percent of the Pension's investments are in Federal Home Loan Bank (\$692,068); Freddie Mac (\$854,554); and Fannie Mae (\$603,750). These investments represent 7%, 9%, and 6%, respectively, of the total investment for the Plan.

3. Fair Value Measurement

Statement of Financial Accounting Standards No. 157, Fair Value Measurements (as amended), requires certain disclosures regarding the fair value of financial instruments. Financial instruments held by the Utility's Pension Plan impacted by this pronouncement include the Utility Pension Plan's investments and assets whose use is limited which are measured using quoted prices in active markets and other significant observable inputs.

The Utility Pension Plan partially adopted the provisions of FAS 157 for fiscal year 2008, but will delay adoption of non-financial assets and non-financial liabilities covered by FASB Staff Position No. FAS 157-2. This Staff Position permits entities to partially defer the effective date of FAS 157 for nonfinancial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis, until fiscal year 2009.

When fully adopted, the Utility Pension Plan will apply the provisions of FAS 157-2 to certain non-financial assets and liabilities and is currently evaluating the impact of the full adoption of this statement on the activities, changes in net assets and financial position. Using the provisions within SFAS No. 157, the Utility Pension Plan has characterized its investments in securities, based on the priority of the inputs used to value the investments, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1], and the lowest priority to unobservable inputs [Level 3]. If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the investment.

Investments recorded in the Statement of Fiduciary Net Assets are categorized based on the inputs to valuation techniques as follows:

Level 1 - These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Utility Pension Plan has the ability to access. Investments include mutual funds.

Level 2 - These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments. These investments are comprised of US government securities that trade infrequently and certificates of deposit.

Level 3 - These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Based upon the levels as defined the Utility Pension Plan's investments as of December 31, 2008, are classified as follows:

Investment Type	December 31, 2008	Fair value measurements at reporting date using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Government sponsored enterprises	\$ 2,102,483	\$ -	\$ 2,102,483	\$ -
Mutual funds	7,916,652	7,916,652	-	-
Totals	\$ 10,019,135	\$ 7,916,652	\$ 2,102,483	\$ -

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	\$ 15,757	\$ 11,797
Community Development	596,971	549,824
Totals	\$ 612,728	\$ 561,621

C. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,993,462	\$ 89,500	\$ 236,000	\$ 10,846,962
Construction in progress	28,465,829	27,213,953	13,129,382	42,550,400
Total capital assets, not being depreciated	39,459,291	27,303,453	13,365,382	53,397,362

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 (continued):				
Capital assets, being depreciated:				
Buildings	14,834,199	48,056	-	14,882,255
Improvements other than buildings	10,557,299	101,981	-	10,659,280
Machinery and equipment	15,289,042	8,274,770	1,707,951	21,855,861
Infrastructure being depreciated	18,609,936	9,881,766	-	28,491,702
Totals	<u>59,290,476</u>	<u>18,306,573</u>	<u>1,707,951</u>	<u>75,889,098</u>
Less accumulated depreciation for:*				
Buildings	5,013,656	321,706	-	5,335,362
Improvements other than buildings	3,804,286	459,377	-	4,263,663
Machinery and equipment	10,086,032	1,038,161	1,677,511	9,446,682
Infrastructure being depreciated	1,927,912	708,530	-	2,636,442
Totals	<u>20,831,886</u>	<u>2,527,774</u>	<u>1,677,511</u>	<u>21,682,149</u>
Total capital assets, being depreciated, net	<u>38,458,590</u>	<u>15,778,799</u>	<u>30,440</u>	<u>54,206,949</u>
Total governmental activities capital assets, net	<u>\$ 77,917,881</u>	<u>\$ 43,082,252</u>	<u>\$ 13,395,822</u>	<u>\$ 107,604,311</u>
*Beginning accumulated depreciation reallocated by category to better reflect balances.				
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,120,192	\$ -	\$ -	\$ 1,120,192
Construction in progress	4,330,315	6,984,649	1,497,145	9,817,819
Total capital assets, not being depreciated	<u>5,450,507</u>	<u>6,984,649</u>	<u>1,497,145</u>	<u>10,938,011</u>
Capital assets, being depreciated:				
Buildings	51,666,214	1,064,433	1,243,874	51,486,773
Improvements other than buildings	95,339,467	8,237,562	48,634	103,528,395
Machinery and equipment	46,812,802	304,074	1,799,484	45,317,392
Transportation	3,342,486	318,782	-	3,661,268
Totals	<u>197,160,969</u>	<u>9,924,851</u>	<u>3,091,992</u>	<u>203,993,828</u>
Less accumulated depreciation for:				
Buildings	9,811,985	773,461	4,346	10,581,100
Improvements other than buildings	29,973,286	3,230,810	1,026,346	32,177,750
Machinery and equipment	15,166,636	3,369,183	1,455,921	17,079,898
Transportation	2,578,108	348,476	1,728	2,924,856
Totals	<u>57,530,015</u>	<u>7,721,930</u>	<u>2,488,341</u>	<u>62,763,604</u>
Total capital assets, being depreciated, net	<u>139,630,954</u>	<u>2,202,921</u>	<u>603,651</u>	<u>141,230,224</u>
Total business-type activities capital assets, net	<u>\$ 145,081,461</u>	<u>\$ 9,187,570</u>	<u>\$ 2,100,796</u>	<u>\$ 152,168,235</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	\$ 145,459
Public safety	718,305
Highways and streets	1,018,086
Culture and recreation	643,715
Community development	<u>2,209</u>
Total depreciation expense - governmental activities	<u>\$ 2,527,774</u>
Business-type activities:	
Water	\$ 1,438,790
Wastewater	3,935,546
Electric	<u>2,347,594</u>
Total depreciation expense - business-type activities	<u>\$ 7,721,930</u>

D. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	Expended to December 31, 2008	Committed
Governmental activities:		
Main Street Underpass	\$ 16,930,874	\$ 9,200,043
Main Street Phase IV	655,039	610,221
N Main - Donaldson to Leyte	3,145,919	326,615
Front Street extension	566,594	236,356
SJPMC Construction	451,886	76,864
Holycross Parkway Construction	2,834,478	2,145,731
Other street projects	4,279,342	9,515,620
Riverfront Park	4,226,572	100,649
Riverwalk	8,454,780	8,819,359
Other park projects	657,126	27,166
Police projects	12,539	14,135
Redevelopment projects	<u>335,251</u>	<u>9,425</u>
Totals - governmental activities	<u>\$ 42,550,400</u>	<u>\$ 31,082,184</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Project</u>	<u>Expended to December 31, 2008</u>	<u>Committed</u>
Business-type activities:		
Water Utility:		
St. Joseph Hospital	\$ 276,633	\$ 315,941
Wastewater Utility:		
Milburn improvements	4,742,235	5,794,928
Treatment Plant Expansion	1,134,565	1,338,565
Northeast trunk phase I	1,319,841	1,719,841
Wilson Blvd sewer project	46,008	46,008
River crossing to Central Park	93,124	93,124
Electric Utility:		
Fiber optics	1,192,187	1,272,187
St. Joseph Medical Center	1,013,226	1,058,983
 Totals - business-type activities	 <u>\$ 9,817,819</u>	 <u>\$ 11,639,577</u>

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2008, is as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>					<u>Totals</u>
	<u>General</u>	<u>Nonmajor</u>	<u>Fiduciary</u>	<u>Water</u>	<u>Wastewater</u>	
Governmental activities:						
Local Major Moves Construction	\$ 3,200,000	\$ 1,850,000	\$ 450,000	\$ -	\$ -	\$ 5,500,000
Nonmajor	1,598,000	-	-	-	-	1,598,000
Internal Service	5,950,000	-	-	-	-	5,950,000
Business-type activities:						
Electric Utility	-	-	-	44,844	44,844	89,688
 Totals	 <u>\$ 10,748,000</u>	 <u>\$ 1,850,000</u>	 <u>\$ 450,000</u>	 <u>\$ 44,844</u>	 <u>\$ 44,844</u>	 <u>\$ 13,137,688</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, 2008, 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	\$ 4,768,619
TIF NW General Fund	Wastewater Utility	1,660,000
Nonmajor governmental	Nonmajor governmental	334,995
Business-type:		
Water Utility	General Fund	464,478
Wastewater Utility	General Fund	644,459
Electric Utility	General Fund	<u>1,068,799</u>
Total		<u>\$ 8,941,350</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, 2008, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2009	\$ 265,188	\$ 39,825
2010	183,187	33,925
2011	<u>183,187</u>	<u>-</u>
Total minimum lease payments	631,562	73,750
Less amount representing interest	<u>55,029</u>	<u>5,602</u>
Present value of net minimum lease payments	<u>\$ 576,533</u>	<u>\$ 68,148</u>

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Improvements other than buildings	\$ -	\$ 442,000
Machinery and equipment	<u>1,206,499</u>	<u>35,380</u>
Totals	1,206,499	477,380
Less: accumulated depreciation	<u>198,184</u>	<u>425,416</u>
Totals	<u>\$ 1,008,315</u>	<u>\$ 51,964</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, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Issued/ Draws</u>	<u>Redeemed Repayments</u>	<u>Ending Balance</u>
Short-term loans	<u>\$ -</u>	<u>\$ 446,760</u>	<u>\$ 446,760</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%	\$ 1,610,000	\$ 11,919	\$ 1,598,081
2005 Communication equipment	3.5% to 4%	3,960,000	19,323	3,940,677
2007 Communication equipment	3.75% to 4%	2,945,000	30,938	2,914,062
2006 Park and recreation	3.85%	<u>1,260,000</u>	<u>4,286</u>	<u>1,255,714</u>
Totals		<u>\$ 9,775,000</u>	<u>\$ 66,466</u>	<u>\$ 9,708,534</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%	\$ 1,980,000	\$ 26,644	\$ 1,953,356
2007 Redevelopment NW District TIF	4% to 4.25%	13,465,000	121,072	13,343,928
2001 Redevelopment CBD District TIF refunding	4.85%	40,000	520	39,480
2005 Redevelopment SS District TIF refunding	3.25% to 4.1%	1,890,000	22,307	1,867,693
Totals		<u>\$ 17,375,000</u>	<u>\$ 170,543</u>	<u>\$ 17,204,457</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
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	210,708
2013	1,500,000	156,399	1,940,000	63,309
2014-2016	2,815,000	159,286	480,000	19,648
Totals	<u>\$ 9,775,000</u>	<u>\$ 1,457,686</u>	<u>\$ 17,375,000</u>	<u>\$ 1,854,605</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%	\$ 4,055,000	\$ 29,312	\$ 27,283	\$ 303,828	\$ 3,753,201
1994 Wastewater capital appreciation bonds	5.55% to 5.65%	4,250,945	-	11,347	-	4,239,598
2002 Wastewater refunding revenue bonds	1.3% to 3.7%	2,905,000	-	17,511	82,037	2,805,452
2006 Wastewater revenue bonds, Series A	3.625% to 4.0%	7,760,000	-	63,053	-	7,696,947
2007 Wastewater revenue bonds, Series A	4.25%	350,000	-	-	-	350,000
Totals		<u>\$ 19,320,945</u>	<u>\$ 29,312</u>	<u>\$ 119,194</u>	<u>\$ 385,865</u>	<u>\$ 18,845,198</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
2009	\$ 1,710,000	\$ 565,950
2010	1,785,000	505,422
2011	1,245,000	439,858
2012	2,040,000	404,131
2013	2,075,000	378,885
2014-2018	5,390,945	1,462,155
2019-2023	3,070,000	705,753
2024-2028	2,005,000	181,581
Totals	<u>\$ 19,320,945</u>	<u>\$ 4,643,735</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
2009	\$ 174,000	\$ 5,500
2010	89,000	1,113
Totals	<u>\$ 263,000</u>	<u>\$ 6,613</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
	2009	\$ 1,950,000
2010	2,025,000	1,897,217
2011	2,008,000	1,830,902
2012	1,992,000	1,766,840
2013	2,052,000	1,702,206
2014-2018	16,439,000	7,188,398
2019-2023	19,422,000	3,901,208
2024-2028	9,658,339	861,172
Totals	<u>\$ 55,546,339</u>	<u>\$ 21,109,150</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, 2008, the loan principal balance was \$34,437,189. 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, 2008, \$2,975,000 of bonds outstanding are considered defeased.

6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, 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	\$ 10,745,000	\$ -	\$ 970,000	\$ 9,775,000	\$ 1,290,000
TIF	19,945,000	-	2,570,000	17,375,000	4,010,000
Less deferred amount:					
For issuance discounts	286,961	-	49,952	237,009	520
Total bonds payable	30,403,039	-	3,490,048	26,912,991	5,299,480
Capital leases	815,667	-	239,134	576,533	236,522
Notes and loans payable	558,753	-	295,753	263,000	174,000
Net other postemployment benefits obligation	-	2,173,104	-	2,173,104	-
Net pension obligation	18,958,921	190,685	-	19,149,606	-
Compensated absences	729,877	419,394	491,585	657,686	385,092
Total governmental activities long-term liabilities	\$ 51,466,257	\$ 2,783,183	\$ 4,516,520	\$ 49,732,920	\$ 6,095,094
Business-type activities:					
Revenue bonds payable:					
Water Utility	\$ 4,310,000	\$ -	\$ 255,000	\$ 4,055,000	\$ 270,000
Wastewater Utility	16,437,141	228,804	1,400,000	15,265,945	1,440,000
Less deferred amount:					
For issuance discounts/premiums	103,128	2,586	15,832	89,882	-
On refunding	453,691	-	67,826	385,865	-
Total revenue bonds payable	20,190,322	226,218	1,571,342	18,845,198	1,710,000
Capital Leases	168,967	-	100,819	68,148	35,923
Compensated absences	253,720	-	3,035	250,685	51,435
Notes and loans payable	56,212,045	1,227,294	1,893,000	55,546,339	1,950,000
Net pension obligation	23,792	154,524	-	178,316	-
Total business-type activities Long-term liabilities	\$ 76,848,846	\$ 1,608,036	\$ 3,568,196	\$ 74,888,686	\$ 3,747,358

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	\$ 1,870,227
Revenue bond covenant accounts	8,301,530
Repair accounts	6,427,434
Capital outlay accounts	<u>3,963,705</u>
Total restricted assets	<u>\$ 20,562,896</u>

All of the \$8,301,530 of restricted net assets is restricted by enabling legislation.

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retirees and Dependents (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 \$125,000 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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

	2007	2008
Unpaid claims, beginning of fiscal year	\$ 533,784	\$ 677,911
Incurred claims and changes in estimates	6,402,828	6,576,393
Claim payments	6,258,701	6,640,000
Unpaid claims, end of fiscal year	\$ 677,911	\$ 614,304

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.

The City of Mishawaka approved an Interlocal Agreement with the City of South Bend for the Douglas Road expansion. This involves the loan of \$1,400,000 of TIF NW General funds to the City of South Bend that will be repaid over a maximum of 20 years with 5% interest rate. The agreement was approved by the Redevelopment Commission at their June, 2008, meeting subject to Board of Works final approval. The South Bend Board of Works approved the agreement on January 5, 2009.

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.

As of December 31, 2008, 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. Special Item

Litigation Settlement:

In November 2008, a decade-old joint lawsuit the City helped to file with 150 other American public water providers against several large oil companies was resolved. The lawsuit concerned the contamination of public water sources with the gasoline additive methyl tertiary butyl ether

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

(MBTE). The City of Mishawaka was compensated a total of \$8,154,390. Over time, there may be additional proceeds as a result of more companies settling. If these settlements occur, however, they will likely be significantly smaller than this one time distribution.

E. Postemployment Benefits

Plan Description

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

Funding Policy

The contribution requirements of plan members for the City of Mishawaka Retiree Healthcare Plan are established by the City's Common Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2008, the City contributed \$1,034,489 to the plan for current premiums. For Pre-Medicare retirees, the City annually provides \$400 for PERF covered employees with less than 20 years of service and pays the full single premium cost for employees who retire with 20 or more years of service. For Post-Medicare employees, the City provides \$400 towards the cost of medical coverage regardless of the years of service.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 3,207,593
Contributions made	<u>(1,034,489)</u>
Increase in net OPEB obligation	2,173,104
Net OPEB obligation - beginning of year	<u>-</u>
Net pension obligation - end of year	<u>\$ 2,173,104</u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and the two preceding years were as follows:

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-06	\$ **	**	\$ **
12-31-07	**	**	**
12-31-08	3,207,593	32.3%	2,173,104

**Information not available

Funded Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$33,644,642, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$33,644,642. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This schedule is not presented since it is the first valuation study.

Actuarial Methods and Assumption

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

In the December 31, 2008, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 4.5% after 10 years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007, was 30 years.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy

PERF members are required to contribute 3% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 6% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the PERF Board of Trustees.

Annual Pension Cost

For 2008, the City's annual pension cost and related information for PERF, 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,

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to six percent (6%) of the salary of a first class patrolman. The City is required to contribute an amount equal to the funding deficit of the difference between receipts of the fund and the required disbursements of the fund (pay-as-you-go basis); the amount contributed for 2008 is \$1,329,595. The contribution requirements of plan members and the City are established by state statute. Of this amount, \$899,213 is contributed by the State of Indiana on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

The Net Pension Obligation (NPO) is considered and obligation of the City and is reflected in the Statement of Net Assets.

Annual Pension Cost

For 2008, the City's annual pension cost and related information for the 1927 Police Officers' Pension Plan, as provided by the actuary, is presented in this note.

c. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

Plan members are required by state statute (IC 36-8-7-8) to contribute an amount equal to six percent (6%) of the salary of a fully paid first class firefighter. The City is required to contribute an amount equal to the funding deficit of the difference between receipts of the fund and the required disbursements of the fund (pay-as-you-go basis); the amount contributed for 2008 is \$2,141,210. The contribution requirements of plan members and the City are established by state statute. Of this amount, \$1,420,083 is contributed by the State of Indiana on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

The Net Pension Obligation (NPO) is considered and obligation of the City and is reflected in the Statement of Net Assets.

Annual Pension Cost

For 2008, the City's annual pension cost and related information for the 1937 Firefighters' Pension Plan, as provided by the actuary, is presented in this note.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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 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.

Annual Pension Cost

For 2008, the Utilities' annual pension cost and related information for the Utility Pension Plan, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Utility Pension
Annual required contribution	\$ 431,320	\$ 1,630,400	\$ 2,190,200	\$ 443,477
Interest on net pension obligation	(29,174)	439,400	706,500	35,312
Adjustment to annual required contribution	33,246	(554,400)	(891,400)	6,176
Annual pension cost	435,392	1,515,400	2,005,300	484,965
Contributions made	414,679	1,329,595	2,141,210	330,441
Increase (decrease) in net pension obligation	20,713	185,805	(135,910)	154,524
Net pension obligation, beginning of year	(402,402)	7,324,156	11,775,555	23,792
Net pension obligation, end of year	<u>\$ (381,689)</u>	<u>\$ 7,509,961</u>	<u>\$ 11,639,645</u>	<u>\$ 178,316</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Utility Pension
Contribution rates:				
City	6%	877%	1,584%	8%
Plan Members	3%	6%	6%	
Actuarial valuation date	07-01-08	01-01-08	01-01-08	01-01-08
Actuarial cost method	Entry age normal cost	Entry age	Entry age	Entry age
Amortization method	Level dollar, closed amortization period	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	30 years
Amortization period (from date)	07-01-07	01-01-05	01-01-05	01-01-08
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital	Market value

e. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Assets:

<u>Assets</u>	1925 Police Pension	1937 Firefighters' Pension	Utility Pension
Cash and cash equivalents	\$ 45,463	\$ 67,501	\$ 20,322
Receivables:			
Interest and dividends	-	-	32,675
Taxes	341,503	564,986	-
Total receivables	341,503	564,986	32,675
Investments at fair value:			
Government sponsored enterprise	-	-	2,102,483
Mutual funds	-	-	7,916,652
Total investments	-	-	10,019,135
Total assets	\$ 386,966	\$ 632,487	\$ 10,072,132

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Liabilities</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
Current Liabilities:			
Accounts payable	\$ 400	\$ 103	\$ 400
Interfund loan payable	<u>110,000</u>	<u>340,000</u>	<u>-</u>
Total liabilities	<u>110,400</u>	<u>340,103</u>	<u>400</u>

Net Assets

Held in trust for:			
Employees' pension benefits	<u>\$ 276,566</u>	<u>\$ 292,384</u>	<u>\$ 10,071,732</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:			
On behalf	\$ 899,213	\$ 1,420,083	\$ -
Employer	430,382	721,127	366,706
Plan members	<u>1,394</u>	<u>1,170</u>	<u>-</u>
Total contributions	<u>1,330,989</u>	<u>2,142,380</u>	<u>366,706</u>
Investment income:			
Net decrease in fair value of investments	-	-	(3,905,931)
Interest	<u>-</u>	<u>-</u>	<u>359,631</u>
Total investment income	-	-	(3,546,300)
Less investment expense:			
Investment activity expense	<u>-</u>	<u>-</u>	<u>32,386</u>
Net investment income (loss)	<u>-</u>	<u>-</u>	<u>(3,578,686)</u>
Total additions	<u>1,330,989</u>	<u>2,142,380</u>	<u>(3,211,980)</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Deductions</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
Benefits	1,419,262	2,315,881	719,957
Administrative expense	3,400	7,204	11,176
Total deductions	1,422,662	2,323,085	731,133
 Changes in net assets	 (91,673)	 (180,705)	 (3,943,113)
 Net assets - beginning	 368,239	 473,089	 14,014,845
 Net assets - ending	 <u>\$ 276,566</u>	 <u>\$ 292,384</u>	 <u>\$ 10,071,732</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%	6%
Attributed to inflation	4%	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%	2%
Cost-of-living adjustments	2%	2.75%/4%*	4%	2%^

*2.75% converted members; 4% nonconverted members

^2% for retirees that retired by 01/01/93; 0% for retirees after 01/01/93

Three Year Trend Information

<u>Year Ending</u>	<u>PERF</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06-30-06	\$ 422,192	87%	\$ (487,855)
06-30-07	452,665	81%	(402,402)
06-30-08	435,392	95%	(381,689)

<u>Year Ending</u>	<u>1925 Police Officers' Pension Plan</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12-31-06	\$ 1,473,400	97%	\$ 7,101,884
12-31-07	1,499,400	85%	7,324,156
12-31-08	1,515,400	88%	7,509,961

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

1937 Firefighters' Pension Plan			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-06	\$ 2,028,500	102%	\$ 11,865,280
12-31-07	1,997,700	104%	11,775,555
12-31-08	2,005,300	107%	11,639,645

Utility Pension Plan			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
01-01-06	\$ 608,235	101%	\$ 245,717
01-01-07	398,932	102%	23,792
01-01-08	484,965	68%	178,316

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2009, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension	Utility Pension
Retirees and beneficiaries currently receiving benefits	57	91	50
Terminated employees entitled to but not yet receiving benefits	-	-	-
Current active employees	3	3	137

Funded Status and Funding Progress for the Above Plans

The funded status of each plan as of July 1, 2008, the most recent actuarial valuation date except 1925 Police Officers', the 1937 Firefighters', and Utility Pension Plans which are as of January 1, 2008, is as follows:

Retirement plan	Actuarial value of plan assets (a)	Actuarial accrued liability (AAL) entry age (b)	Unfunded AAL or (funding excess) (b-a)	Funded ratio (a/b)	Annual covered payroll (c)	Unfunded AAL or (funding excess) as a percentage of covered payroll ((b-a)/c)
PERF	\$ 8,456,881	\$ 8,937,258	\$ (480,377)	95%	\$ 7,039,299	(7%)
1925 Police Officers' Pension Plan	368,239	21,519,500	(21,151,261)	2%	185,900	(11,378%)
1937 Firefighters' Pension Plan	473,089	29,320,500	(28,847,411)	2%	138,300	(20,859%)
Utility Pension Plan	13,977,669	14,128,822	(151,153)	99%	6,131,927	(2%)

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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, 2008, 2007, and 2006, were \$1,840,187, \$1,794,161, and \$1,713,516, respectively, equal to the required contributions for each year.

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CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 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%)
07-01-08	8,456,881	8,937,258	(480,377)	95%	7,039,299	(7%)

1925 Police Officers' Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 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	(11.785%)
01-01-07	502,195	21,441,100	(20,938,905)	2%	182,000	(11.505%)
01-01-08	368,239	21,519,500	(21,151,261)	2%	185,900	(11.378%)

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)
01-01-03	\$ 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	656,068	29,188,400	(28,532,332)	2%	225,700	(12.642%)
01-01-08	473,089	29,320,500	(28,847,411)	2%	138,300	(20.859%)

Utility Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 8,507,460	\$ 8,507,460	\$ -	100%	\$ 5,579,512	0%
01-01-04	9,842,744	9,842,744	-	100%	5,816,838	0%
01-01-05	10,677,318	10,677,318	-	100%	5,959,667	0%
01-01-06	11,287,256	11,287,256	-	100%	6,227,897	0%
01-01-07	12,979,939	12,979,939	-	100%	5,587,670	0%
01-01-08	13,977,669	14,128,822	(151,153)	99%	6,131,927	(2%)

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
12-31-03	\$ 2,278,000	13%	34%
12-31-04	2,396,700	15%	30%
12-31-05	1,569,000	23%	46%
12-31-06	1,569,200	38%	53%
12-31-07	1,602,900	34%	46%
12-31-08	1,630,400	32%	50%

1937 Firefighters' Pension Plan			
Year Ending	Annual Required Contribution (ARC)	City	Percentage of ARC Contributed State
12-31-03	\$ 3,387,400	21%	27%
12-31-04	3,553,000	17%	26%
12-31-05	2,295,600	28%	47%
12-31-06	2,190,300	36%	59%
12-31-07	2,170,600	35%	61%
12-31-08	2,190,200	34%	64%

Employer Contributions - Utility Pension Plan			
Year Ending	Annual Required Contribution (ARC)	City	Percentage of ARC Contributed State
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%
01-01-08	443,477	75%	75%

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For The Year Ended December 31, 2008

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ -	\$ 18,000,000	\$ 4,696,670	\$ (13,303,330)
Licenses and permits	360,050	360,050	576,105	216,055
Intergovernmental	-	3,895,913	3,928,961	33,048
Charges for services	1,329,000	1,329,000	637,751	(691,249)
Fines and forfeits	39,000	39,000	78,971	39,971
Interest	300,000	300,000	153,438	(146,562)
Sale and use of property	-	-	115,044	115,044
Other	475,000	475,000	9,077,706	8,602,706
Total revenues	2,503,050	24,398,963	19,264,646	(5,134,317)

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
General government:				
Mayor:				
Personal services	128,948	159,706	159,706	-
Supplies	2,255	2,255	1,243	1,012
Other services and charges	14,250	33,876	33,876	-
City Clerk:				
Personal services	112,940	156,859	156,859	-
Supplies	2,619	3,503	1,990	1,513
Other services and charges	21,500	20,590	7,538	13,052
Capital outlay	8,586	7,586	657	6,929
Central Motor Pool:				
Personal services	250,598	351,480	348,899	2,581
Supplies	788,166	776,667	776,065	602
Other services and charges	58,728	57,771	56,624	1,147
Common Council:				
Personal services	88,446	167,131	167,131	-
Supplies	674	674	174	500
Other services and charges	9,845	9,845	6,029	3,816
City Hall:				
Personal services	25,392	27,139	24,446	2,693
Supplies	4,000	4,000	3,923	77

Continued on next page

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For The Year Ended December 31, 2008
 (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	1,493,977	592,074	554,581	37,493
Supplies	14,219	234,219	147,851	86,368
Other services and charges	1,836,004	1,747,238	1,693,759	53,479
Human Resources:				
Personal services	110,770	138,195	124,307	13,888
Supplies	734	734	716	18
Other services and charges	20,050	21,316	17,170	4,146
Capital outlay	450	-	-	-
Information Technology:				
Personal services	212,890	291,895	288,243	3,652
Supplies	1,000	1,000	933	67
Other services and charges	18,000	18,000	3,757	14,243
Cemetery:				
Other services and charges	20,000	20,000	20,000	-
Legal:				
Personal services	95,731	135,327	126,598	8,729
Supplies	3,000	3,000	1,916	1,084
Other services and charges	29,500	29,500	23,938	5,562
Planning:				
Personal services	180,581	248,034	248,034	-
Supplies	3,547	3,547	1,198	2,349
Other services and charges	18,062	18,062	7,722	10,340
Total general government	5,555,462	5,281,223	5,005,883	275,340
Public safety:				
Police:				
Personal services	9,505,737	9,623,661	9,413,898	209,763
Supplies	70,652	68,155	53,323	14,832
Other services and charges	177,498	180,915	168,356	12,559
Capital outlay	2,532	22,168	9,542	12,626

Continued on next page

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For The Year Ended December 31, 2008
 (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	7,294,883	7,295,745	7,246,359	49,386
Supplies	75,669	79,491	75,148	4,343
Other services and charges	134,316	125,973	109,879	16,084
Code Enforcement:				
Personal services	235,658	322,367	321,239	1,128
Supplies	2,500	2,500	2,300	200
Other services and charges	15,015	15,015	12,400	2,615
Building Department:				
Personal services	184,198	260,153	252,651	7,502
Supplies	3,475	3,475	3,264	211
Other services and charges	5,150	6,934	6,072	862
Emergency Medical Service:				
Personal services	1,465,351	1,476,125	1,353,826	122,299
Supplies	41,046	44,142	42,145	1,997
Other services and charges	36,984	29,299	27,214	2,085
Total public safety	19,250,464	19,556,118	19,097,616	458,502
Highways and streets:				
Engineering:				
Personal services	309,294	407,624	405,624	2,000
Supplies	2,500	5,098	4,772	326
Other services and charges	10,500	7,750	4,335	3,415
Total highways and streets	322,294	420,472	414,731	5,741
Sanitation:				
Recycling:				
Supplies	9,500	9,500	4,500	5,000
Other services and charges	30,000	30,000	30,000	-
Total sanitation	39,500	39,500	34,500	5,000

Continued on next page

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For The Year Ended December 31, 2008
 (Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Community development:				
Redevelopment:				
Personal services	34,670	37,506	24,504	13,002
Supplies	250	250	-	250
Other services and charges	2,800	2,800	1,575	1,225
Total urban redevelopment and housing	37,720	40,556	26,079	14,477
Total expenditures	25,205,440	25,337,869	24,578,809	759,060
Deficiency of revenues under expenditures	(22,702,390)	(938,906)	(5,314,163)	(4,375,257)
Other financing sources (uses):				
Interfund loans	-	-	10,748,000	10,748,000
Transfers in	1,075,000	1,075,000	2,177,736	1,102,736
Distribution to local bond bank	-	(6,000,000)	(6,000,000)	-
Total other financing sources and uses	1,075,000	(4,925,000)	6,925,736	11,850,736
Net change in fund balances	(21,627,390)	(5,863,906)	1,611,573	7,475,479
Fund balances - beginning	1,850,258	1,850,258	1,850,258	-
Fund balances - ending	<u>\$ (19,777,132)</u>	<u>\$ (4,013,648)</u>	<u>\$ 3,461,831</u>	<u>\$ 7,475,479</u>

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CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET/GAAP RECONCILIATION
 GENERAL FUND

For The Year Ended December 31, 2008

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	\$ 1,611,573
To adjust revenues for accruals	12,966,892
To adjust expenditures for accruals	(10,760,915)
To adjust expenditures for encumbrances	<u>246,235</u>
Net change in fund balance, GAAP basis	<u>\$ 4,063,785</u>

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Motor Vehicle Highway -	To account for street construction and the operations of the street and maintenance department. Financing is provided by state motor vehicle highway distributions and a specific annual property tax levy.
Local Road and Street -	To account for operation and maintenance of local and arterial road and street systems. Financing is provided by state gasoline tax distributions.
Park and Recreation -	To account for the operation of the city park system. Financing is provided by a specific annual property tax levy to the extent that user fees and miscellaneous revenues are insufficient to provide such financing.
Park and Recreation Gift -	To account for donations to the Park and Recreation Department.
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) 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.
<u>Capital Projects Funds</u>	
Cumulative Building and Fire Fighting Equipment -	To account for financial resources for the purchase of fire equipment. Financing is provided by a specific property tax levy.
Cumulative Capital Improvement -	To account for financial resources related to improvement projects financed by state cigarette tax distributions. Transfers may be made to the General Fund.

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

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) 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, 2008

		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	\$	496,109	642,141	467,339	57,675	26,395	19,101	37,131	23,125
Receivables (net of allowances for uncollectibles):									
Interest		-	-	-	-	-	-	-	-
Taxes		80,332	-	1,073,062	-	-	-	-	-
Accounts		-	-	287	12	-	-	140	-
Intergovernmental		200,503	75,115	-	-	-	-	-	-
Loans receivable		-	-	-	-	-	-	-	-
Interfund receivables:									
Interfund loans		-	-	-	-	1,100,000	-	-	-
Total assets	\$	776,944	717,256	1,540,698	57,687	1,126,395	19,101	37,271	23,125
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$	125,587	1,534	65,793	-	-	-	1,330	-
Accrued payroll and withholdings payable		45,011	-	34,632	-	-	-	-	-
Contracts payable		-	21,744	-	-	-	-	-	-
Interfund loans payable		-	-	1,200,000	-	-	-	-	-
Deferred revenue		-	-	-	-	-	-	-	-
Total liabilities		170,598	23,278	1,300,425	-	-	-	1,330	-
Fund Balances:									
Reserved for:									
Encumbrances		34,161	194,815	5,445	-	-	-	-	-
Noncurrent loans receivable		-	-	-	-	-	-	-	-
Debt service		-	-	-	-	-	-	-	-
Unreserved, reported in:									
Special revenue funds		572,185	499,163	234,828	57,687	1,126,395	19,101	35,941	23,125
Capital projects funds		-	-	-	-	-	-	-	-
Total fund balances		606,346	693,978	240,273	57,687	1,126,395	19,101	35,941	23,125
Total liabilities and fund balances	\$	776,944	717,256	1,540,698	57,687	1,126,395	19,101	37,271	23,125

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2008
 (Continued)

	Special Revenue						
	Industrial Development	Unsafe Building	Mishawaka Gift	Law Enforcement Continuing Education	Local Law Enforcement Block Grant	Insurance Recovery	Bicentennial Gift
Assets							
Cash and cash equivalents	\$ 41,555	\$ 259	\$ 55,474	\$ 85,772	\$ 928	\$ 68,675	\$ 1,321
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	-	-	3
Taxes	-	-	-	-	-	-	-
Accounts	560	-	-	130	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-
15,757	-	-	-	-	-	-	-
Interfund receivables:							
Interfund loans	-	-	-	-	-	-	-
Total assets	\$ 57,872	\$ 259	\$ 55,474	\$ 85,902	\$ 928	\$ 68,675	\$ 1,324
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 150	\$ 434	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-
Interfund loans payable	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	-	-	150	434	-	-	-
Fund Balances:							
Reserved for:							
Encumbrances	-	-	-	2,140	-	-	-
Noncurrent loans receivable	11,797	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unreserved, reported in:							
Special revenue funds	46,075	259	55,324	83,328	928	68,675	1,324
Capital projects funds	-	-	-	-	-	-	-
Total fund balances	57,872	259	55,324	85,468	928	68,675	1,324
Total liabilities and fund balances	\$ 57,872	\$ 259	\$ 55,474	\$ 85,902	\$ 928	\$ 68,675	\$ 1,324

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2008
 (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	\$ 26,943	\$ 42,535	\$ 5,581	\$ 283,546	\$ 103,453	\$ 70,146	\$ 2,555,204
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	-	-	3
Taxes	-	-	-	-	-	-	1,153,394
Accounts	-	-	-	511	-	-	1,650
Intergovernmental	-	-	-	-	10,584	-	286,202
Loans receivable	596,971	-	-	-	-	-	612,728
Interfund receivables:							
Interfund loans	-	-	-	-	-	-	1,100,000
Total assets	\$ 623,914	\$ 42,535	\$ 5,581	\$ 284,057	\$ 114,037	\$ 70,146	\$ 5,709,181
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 60,027	\$ 2,217	\$ -	\$ -	\$ 35,903	\$ -	\$ 292,975
Accrued payroll and withholdings payable	-	-	-	-	-	-	79,643
Contracts payable	-	-	-	-	-	-	21,744
Interfund loans payable	-	-	-	-	-	-	1,200,000
Deferred revenue	-	-	-	-	15,498	-	15,498
Total liabilities	60,027	2,217	-	-	51,401	-	1,609,860
Fund Balances:							
Reserved for:							
Encumbrances	-	-	-	8,649	-	-	245,210
Noncurrent loans receivable	549,824	-	-	-	-	-	561,621
Debt service	-	-	-	-	-	-	-
Unreserved, reported in:							
Special revenue funds	14,063	40,318	5,581	275,408	62,636	70,146	3,292,490
Capital projects funds	-	-	-	-	-	-	-
Total fund balances	563,887	40,318	5,581	284,057	62,636	70,146	4,099,321
Total liabilities and fund balances	\$ 623,914	\$ 42,535	\$ 5,581	\$ 284,057	\$ 114,037	\$ 70,146	\$ 5,709,181

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2008
 (Continued)

	Debt Service					Totals
	Municipal Bond No. 1	TIF NW Redemption	TIF NW Reserve	TIF SS Redemption	TIF SS Reserve	
Assets						
Cash and cash equivalents	\$ 162,836	\$ 2,555,218	\$ 1,224,262	\$ 373,666	\$ 374,977	\$ 4,690,959
Receivables (net of allowances for uncollectibles):						
Interest	-	76	76	18	18	188
Taxes	1,219,153	-	-	-	-	1,219,153
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Interfund receivables:	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total assets	\$ 1,381,989	\$ 2,555,294	\$ 1,224,338	\$ 373,684	\$ 374,995	\$ 5,910,300
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Interfund loans payable	650,000	-	-	-	-	650,000
Deferred revenue	-	-	-	-	-	-
Total liabilities	650,000	-	-	-	-	650,000
Fund Balances:						
Reserved for:						
Encumbrances	-	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-	-
Debt service	731,989	2,555,294	1,224,338	373,684	374,995	5,260,300
Unreserved, reported in:						
Special revenue funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
Total fund balances	731,989	2,555,294	1,224,338	373,684	374,995	5,260,300
Total liabilities and fund balances	\$ 1,381,989	\$ 2,555,294	\$ 1,224,338	\$ 373,684	\$ 374,995	\$ 5,910,300

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2008
 (Continued)

	Capital Projects					
Assets	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	General Improvement	Consolidated Project Expenditures	Cumulative Capital Development
Cash and cash equivalents	\$ 84,969	\$ 79,786	\$ 1,869,666	\$ 55,567	\$ 23,233	\$ 225,362
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	-	-	-
Taxes	29,847	-	368,826	-	-	304,868
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Interfund receivables:						
Interfund loans	-	498,000	-	-	-	-
Total assets	\$ 114,816	\$ 577,786	\$ 2,238,492	\$ 55,567	\$ 23,233	\$ 530,230
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	780	-	-	46,226
Contracts payable	-	-	94,577	-	-	-
Interfund loans payable	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	-	-	95,357	-	-	46,226
Fund Balances:						
Reserved for:						
Encumbrances	1,106	-	885,028	-	-	308,906
Noncurrent loans receivable	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	-	-	-	-	-	-
Capital projects funds	113,710	577,786	1,258,107	55,567	23,233	175,098
Total fund balances	114,816	577,786	2,143,135	55,567	23,233	484,004
Total liabilities and fund balances	\$ 114,816	\$ 577,786	\$ 2,238,492	\$ 55,567	\$ 23,233	\$ 530,230

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2008
 (Continued)

	Capital Projects					Total
	Park Bond Capital	Radio Bond Capital	CEDIT	TIF SS General	Totals	Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	\$ 66,202	\$ 1,639,452	\$ 1,063,059	\$ 1,721,487	\$ 6,828,783	\$ 14,074,946
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	80	80	271
Taxes	-	-	-	1,422,010	2,125,551	4,498,098
Accounts	-	-	-	-	-	1,650
Intergovernmental	-	-	-	-	-	286,202
Loans receivable	-	-	-	-	-	612,728
Interfund receivables:						
Interfund loans	-	-	-	-	498,000	1,598,000
Total assets	\$ 66,202	\$ 1,639,452	\$ 1,063,059	\$ 3,143,577	\$ 9,452,414	\$ 21,071,895
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 300	\$ -	\$ 126	\$ 19,145	\$ 66,577	359,552
Accrued payroll and withholdings payable	-	-	-	-	-	79,643
Contracts payable	61,792	-	11,532	-	167,901	189,645
Interfund loans payable	-	-	-	-	-	1,850,000
Deferred revenue	-	-	-	-	-	15,498
Total liabilities	62,092	-	11,658	19,145	234,478	2,494,338
Fund Balances:						
Reserved for:						
Encumbrances	4,110	1,639,452	562,206	-	3,400,808	3,648,018
Noncurrent loans receivable	-	-	-	-	-	561,621
Debt service	-	-	-	-	-	5,260,300
Unreserved, reported in:						
Special revenue funds	-	-	-	-	-	3,292,490
Capital projects funds	-	-	489,195	3,124,432	5,817,128	5,817,128
Total fund balances	4,110	1,639,452	1,051,401	3,124,432	9,217,936	18,577,557
Total liabilities and fund balances	\$ 66,202	\$ 1,639,452	\$ 1,063,059	\$ 3,143,577	\$ 9,452,414	\$ 21,071,895

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008

	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	\$ 221,550	\$ -	\$ 1,615,029	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	11,470	-
Intergovernmental	2,121,445	602,722	107,312	-	-	6,015	-	-
Charges for services	5,700	-	604,290	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Sale and use of property	500	-	94,461	-	-	-	-	-
Gifts and donations	-	-	-	121,659	-	-	-	-
Other	5,528	-	12,657	-	-	-	-	16,070
Total revenues	2,354,723	602,722	2,433,749	121,659	-	6,015	11,470	16,070
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	14,831	-
Highways and streets	2,956,445	642,521	-	-	-	-	-	-
Culture and recreation	-	-	3,070,096	132,396	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	2,956,445	642,521	3,070,096	132,396	-	-	14,831	-
Excess (deficiency) of revenues over (under) expenditures	(601,722)	(39,799)	(636,347)	(10,737)	-	6,015	(3,361)	16,070
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Loan issuances	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	(601,722)	(39,799)	(636,347)	(10,737)	-	6,015	(3,361)	16,070
Fund balances - January 1	1,208,068	733,777	876,620	68,424	1,126,395	13,086	39,302	7,055
Fund balances - December 31	\$ 606,346	\$ 693,978	\$ 240,273	\$ 57,687	\$ 1,126,395	\$ 19,101	\$ 35,941	\$ 23,125

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, 2008
 (Continued)

	Special Revenue						
	Industrial Development	Unsafe Building	Mishawaka Gift	Law Enforcement Continuing Education	Local Law Enforcement Block Grant	Insurance Recovery	Bicentennial Gift
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	16,810	-	-	-
Intergovernmental	-	-	-	2,458	-	-	-
Charges for services	-	-	-	20,770	-	-	-
Interest	-	-	-	-	-	-	28
Sale and use of property	-	-	-	-	-	-	-
Gifts and donations	-	-	18,619	-	-	-	-
Other	335	-	-	550	-	43,525	-
Total revenues	335	-	18,619	40,586	-	43,525	28
Expenditures:							
Current:							
General government	-	-	-	-	-	19,213	-
Public safety	-	-	-	46,641	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	27,180	-	-	-	-
Community development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital outlay							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Total expenditures	-	-	27,180	46,641	-	19,213	-
Excess (deficiency) of revenues over (under) expenditures	335	-	(8,561)	(6,055)	-	24,312	28
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Loan issuance	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-
Net change in fund balances	335	-	(8,561)	(6,055)	-	24,312	28
Fund balances - January 1	57,537	259	63,885	91,523	928	44,363	1,296
Fund balances - December 31	\$ 57,872	\$ 259	\$ 55,324	\$ 85,468	\$ 928	\$ 68,675	\$ 1,324

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, 2008
 (Continued)

	Special Revenue							Totals
	Community Development	Property Rehabilitation Revolving	DOC Community Development	Park Nonreverting Operating	Criminal Assistance Grant	State Grant		
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,836,579
Licenses and permits	-	-	-	-	-	-	-	28,280
Intergovernmental	561,038	307,334	-	-	216,395	140	140	3,924,857
Charges for services	-	-	-	107,287	-	-	-	738,047
Interest	-	-	-	-	-	-	-	28
Sale and use of property	-	-	-	64,200	-	-	-	159,161
Gifts and donations	-	-	-	-	-	-	-	140,278
Other	60,369	474,391	-	-	-	-	-	613,425
Total revenues	621,407	781,725	-	171,487	216,395	140	140	7,440,655
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	19,213
Public safety	-	-	-	-	225,637	-	-	287,109
Highways and streets	-	-	-	-	-	-	-	3,598,966
Culture and recreation	-	-	-	110,957	-	-	-	3,340,629
Community development	402,480	774,127	-	-	-	-	-	1,176,607
Debt service:								
Principal	-	446,760	-	41,253	-	-	-	488,013
Interest and fiscal charges	-	2,263	-	-	-	-	-	2,263
Capital outlay	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	402,480	1,223,150	-	152,210	225,637	-	-	8,912,800
Excess (deficiency) of revenues over (under) expenditures	218,927	(441,425)	-	19,277	(9,242)	140	140	(1,472,145)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Loan issuance	-	446,760	-	-	-	-	-	446,760
Total other financing sources and uses	-	446,760	-	-	-	-	-	446,760
Net change in fund balances	218,927	5,335	-	19,277	(9,242)	140	140	(1,025,385)
Fund balances - January 1	344,960	34,983	5,581	264,780	71,878	70,006	70,006	5,124,706
Fund balances - December 31	563,887	40,318	5,581	284,057	62,636	70,146	70,146	4,099,321

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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, 2008
 (Continued)

	Debt Service					Totals
	Municipal Bond No. 1	TIF NW Redemption	TIF NW Reserve	TIF SS Redemption	TIF SS Reserve	
Revenues:						
Taxes:						
Property	\$ 1,567,863	\$ -	\$ -	\$ -	\$ -	\$ 1,567,863
Licenses and permits	-	-	-	-	-	-
Intergovernmental	104,165	-	-	-	-	104,165
Charges for services	-	-	-	-	-	-
Interest	-	51,296	51,296	7,885	7,885	118,362
Sale and use of property	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>1,671,828</u>	<u>51,296</u>	<u>51,296</u>	<u>7,885</u>	<u>7,885</u>	<u>1,790,190</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt service:						
Principal	970,000	2,484,000	-	255,000	-	3,709,000
Interest and fiscal charges	440,990	640,102	-	79,426	-	1,160,518
Capital outlay	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Total expenditures	<u>1,410,990</u>	<u>3,124,102</u>	<u>-</u>	<u>334,426</u>	<u>-</u>	<u>4,869,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>260,838</u>	<u>(3,072,806)</u>	<u>51,296</u>	<u>(326,541)</u>	<u>7,885</u>	<u>(3,079,328)</u>
Other financing sources (uses):						
Transfers in	-	4,788,619	-	334,995	-	5,103,614
Transfers out	-	-	-	-	-	-
Loan issuance	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>4,788,619</u>	<u>-</u>	<u>334,995</u>	<u>-</u>	<u>5,103,614</u>
Net change in fund balances	<u>260,838</u>	<u>1,695,813</u>	<u>51,296</u>	<u>8,454</u>	<u>7,885</u>	<u>2,024,286</u>
Fund balances - January 1	<u>471,151</u>	<u>859,481</u>	<u>1,173,042</u>	<u>365,230</u>	<u>367,110</u>	<u>3,236,014</u>
Fund balances - December 31	<u>\$ 731,989</u>	<u>\$ 2,555,294</u>	<u>\$ 1,224,338</u>	<u>\$ 373,684</u>	<u>\$ 374,995</u>	<u>\$ 5,260,300</u>

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Capital Projects					
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer Improvement	General Improvement	Consolidated Project Expenditures	Cumulative Capital Development
Revenues:						
Taxes:						
Property	\$ 42,782	\$ -	\$ 528,666	\$ -	\$ -	\$ 436,990
Licenses and permits	-	-	-	-	-	-
Intergovernmental	2,843	151,405	35,128	-	-	30,722
Charges for services	-	-	182,347	-	-	-
Interest	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Other	607	-	10,884	-	-	1,379
Total revenues	<u>46,232</u>	<u>151,405</u>	<u>757,025</u>	-	-	<u>469,091</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay						
General government	-	-	-	-	-	287,099
Public safety	82,109	-	541,628	-	-	150,918
Highways and streets	-	-	-	-	-	280,928
Culture and recreation	-	-	-	-	-	13,085
Community development	-	-	-	-	849	-
Total expenditures	<u>82,109</u>	-	<u>541,628</u>	-	<u>849</u>	<u>732,030</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,877)</u>	<u>151,405</u>	<u>215,397</u>	-	<u>(849)</u>	<u>(262,939)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Loan issuance	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-
Net change in fund balances	<u>(35,877)</u>	<u>151,405</u>	<u>215,397</u>	-	<u>(849)</u>	<u>(262,939)</u>
Fund balances - January 1	<u>150,693</u>	<u>426,381</u>	<u>1,927,738</u>	<u>55,567</u>	<u>24,092</u>	<u>746,943</u>
Fund balances - December 31	<u>\$ 114,816</u>	<u>\$ 577,786</u>	<u>\$ 2,143,135</u>	<u>\$ 55,567</u>	<u>\$ 23,233</u>	<u>\$ 484,004</u>

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Capital Projects					Totals	Total Nonmajor Governmental Funds
	Park Bond Capital	Radio Bond Capital	CREDIT	TIF SS General			
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ 1,422,010	\$ -	\$ 2,430,448	\$ 5,834,690
Licenses and permits	-	-	-	-	-	-	28,280
Intergovernmental	-	394,891	1,329,813	-	-	1,944,802	5,973,824
Charges for services	-	-	-	-	-	182,347	920,394
Interest	-	31,000	-	35,520	-	66,520	184,910
Sale and use of property	-	-	-	-	-	-	159,161
Gifts and donations	-	-	-	-	-	-	140,278
Other	-	-	-	6	-	12,876	626,301
Total revenues	-	425,891	1,329,813	1,457,536	-	4,636,993	13,867,838
Expenditures:							
Current:							
General government	-	-	-	-	-	-	19,213
Public safety	-	-	-	-	-	-	287,109
Highways and streets	-	-	-	-	-	-	3,598,966
Culture and recreation	-	-	-	-	-	-	3,340,629
Community development	-	-	-	-	-	-	1,176,607
Debt service:							
Principal	-	-	324,634	-	-	324,634	4,521,647
Interest and fiscal charges	-	-	40,994	-	-	40,994	1,203,775
Capital outlay							
General government	-	-	77,240	-	-	364,339	364,339
Public safety	-	1,940,708	167,745	-	-	2,883,108	2,883,108
Highways and streets	-	-	693,851	244,054	-	1,218,833	1,218,833
Culture and recreation	98,478	-	-	-	-	111,563	111,563
Community development	-	-	-	-	-	849	849
Total expenditures	98,478	1,940,708	1,304,464	244,054	4,944,320	4,944,320	18,726,638
Excess (deficiency) of revenues over (under) expenditures	(98,478)	(1,514,817)	25,349	1,213,482	(307,327)	(4,858,800)	
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	5,103,614
Transfers out	-	-	-	(334,995)	-	(334,995)	(334,995)
Loan issuance	-	-	-	-	-	-	446,760
Total other financing sources and uses	-	-	-	(334,995)	(334,995)	(334,995)	5,215,379
Net change in fund balances	(98,478)	(1,514,817)	25,349	878,487	(642,322)	(642,322)	356,579
Fund balances - January 1	102,688	3,154,269	1,026,052	2,245,945	9,860,258	18,220,978	
Fund balances - December 31	\$ 4,110	\$ 1,639,452	\$ 1,051,401	\$ 3,124,432	\$ 9,217,936	\$ 18,577,557	

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, 2008

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ -	\$ 560,000	\$ 141,218	\$ (418,782)
Intergovernmental	-	2,089,450	2,137,549	48,099
Charges for services	5,700	5,700	5,700	-
Sale and use of property	-	-	500	500
Other	44,000	44,000	5,528	(38,472)
Total revenues	49,700	2,699,150	2,290,495	(408,655)
Expenditures:				
Current:				
Highways and streets:				
Personal services	2,106,944	1,926,943	1,785,583	141,360
Supplies	547,727	705,816	693,666	12,150
Other services and charges	545,356	517,527	488,126	29,401
Capital outlay	77,204	77,204	77,204	-
Total expenditures	3,277,231	3,227,490	3,044,579	182,911
Net change in fund balances	(3,227,531)	(528,340)	(754,084)	(225,744)
Fund balances - beginning	1,097,318	1,097,318	1,097,318	-
Fund balances - ending	<u>\$ (2,130,213)</u>	<u>\$ 568,978</u>	<u>\$ 343,234</u>	<u>\$ (225,744)</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (754,084)	
To adjust revenues for accruals			64,228	
To adjust expenditures for accruals			(64,641)	
To adjust expenditures for encumbrances			152,775	
Net change in fund balance, GAAP basis			<u>\$ (601,722)</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, 2008

		Budgeted Amounts	Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
		Original	Final	
Revenues:				
Intergovernmental	\$	-	\$ 470,000	\$ 666,406
Expenditures:				
Current:				
Highways and streets:				
Capital outlay		702,084	921,630	921,630
Net change in fund balances		(702,084)	(451,630)	196,406
Fund balances - beginning		680,806	680,806	-
Fund balances - ending	\$	(21,278)	\$ 229,176	\$ 425,582
				\$ 196,406
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis	\$			(255,224)
To adjust revenues for accruals				(63,684)
To adjust expenditures for accruals				62,550
To adjust expenditures for encumbrances				216,559
Net change in fund balance, GAAP basis	\$			(39,799)

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, 2008

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	-	\$ 2,000,000	\$ 541,967	\$ (1,458,033)
Intergovernmental	-	94,007	107,312	13,305
Charges for services	351,000	351,000	608,333	257,333
Other	149,000	-	107,118	107,118
Total revenues	500,000	2,445,007	1,364,730	(1,080,277)
Expenditures:				
Current:				
Culture and recreation:				
Personal services	2,252,333	2,250,333	2,201,578	48,755
Supplies	304,843	305,379	293,058	12,321
Other services and charges	588,429	629,976	569,686	60,290
Capital outlay	618	50,618	50,602	16
Total expenditures	3,146,223	3,236,306	3,114,924	121,382
Deficiency of revenues under expenditures	(2,646,223)	(791,299)	(1,750,194)	(968,895)
Other financing sources:				
Temporary loans	-	-	1,200,000	1,200,000
Net change in fund balances	(2,646,223)	(791,299)	(550,194)	241,105
Fund balances - beginning	967,558	967,558	967,558	-
Fund balances - ending	\$ (1,678,665)	\$ 176,259	\$ 417,364	\$ 241,105
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (550,194)	
To adjust revenues for accruals			1,069,019	
To adjust expenditures for accruals			(1,204,287)	
To adjust expenditures for encumbrances			49,115	
Net change in fund balance, GAAP basis			\$ (636,347)	

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, 2008

	Budgeted Amounts	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final	
Revenues:			
Intergovernmental	\$ -	\$ 1,126,395	\$ 1,126,395
Expenditures:			
Other financing uses:			
Temporary loans	\$ -	\$ 1,100,000	\$ -
Fund balances - beginning	-	-	-
Fund balances - ending	\$ -	\$ (1,100,000)	\$ 1,126,395
<u>Budget/GAAP Reconciliation</u>			
Net change in fund balance, budget basis		\$ 26,395	
To adjust revenues for accruals		(1,126,395)	
To adjust expenditures for accruals		1,100,000	
Net change in fund balance, GAAP basis		\$ -	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - LAW ENFORCEMENT CONTINUING EDUCATION
 For The Year Ended December 31, 2008

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 4,000	\$ 4,000	\$ 16,780	\$ 12,780
Intergovernmental	-	-	2,456	2,456
Charges for services	19,500	19,500	20,805	1,305
Fines and forfeits	6,000	6,000	5,676	(324)
Other	-	-	550	550
Total revenues	29,500	29,500	46,267	16,767
Expenditures:				
Current:				
Public safety:				
Supplies	20,000	18,899	16,839	2,060
Other services and charges	31,700	30,661	21,912	8,749
Capital outlay	19,000	19,000	9,756	9,244
Total expenditures	70,700	68,560	48,507	20,053
Net change in fund balances	(41,200)	(39,060)	(2,240)	36,820
Fund balances - beginning	85,752	85,752	85,752	-
Fund balances - ending	\$ 44,552	\$ 46,692	\$ 83,512	\$ 36,820
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (2,240)	
To adjust revenues for accruals			(5,681)	
To adjust expenditures for accruals			(394)	
To adjust expenditures for encumbrances			2,260	
Net change in fund balance, GAAP basis			\$ (6,055)	

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, 2008

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 110,600	\$ 110,600	\$ 107,287	\$ (3,313)
Other	-	-	64,200	64,200
Total revenues	<u>110,600</u>	<u>110,600</u>	<u>171,487</u>	<u>60,887</u>
Expenditures:				
Current:				
Culture and recreation:				
Supplies	8,000	7,856	3,045	4,811
Capital outlay	177,658	169,152	157,814	11,338
Total expenditures	<u>185,658</u>	<u>177,008</u>	<u>160,859</u>	<u>16,149</u>
Net change in fund balances	<u>(75,058)</u>	<u>(66,408)</u>	<u>10,628</u>	<u>77,036</u>
Fund balances - beginning	264,269	264,269	264,269	-
Fund balances - ending	<u>\$ 189,211</u>	<u>\$ 197,861</u>	<u>\$ 274,897</u>	<u>\$ 77,036</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ 10,628	
To adjust expenditures for encumbrances			8,649	
Net change in fund balance, GAAP basis			<u>\$ 19,277</u>	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - STATE GRANT
 For The Year Ended December 31, 2008

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 140	\$ (140)
Net change in fund balances	-	-	140	(140)
Fund balances - beginning	70,006	70,006	70,006	-
Fund balances - ending	\$ 70,006	\$ 70,006	\$ 70,146	\$ (140)

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
 DEBT SERVICE FUNDS - MUNICIPAL BOND NO. 1
 For The Year Ended December 31, 2008

	Budgeted Amounts	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final	Amounts
Revenues:			
Taxes:			
Property	-	\$ 1,650,000	\$ 348,510
Intergovernmental	-	76,469	104,165
Total revenues	-	1,726,469	452,675
Expenditures:			
Debt service:			
Principal	970,000	970,000	-
Interest and fiscal agent fees	443,391	441,941	451
Total expenditures	1,413,391	1,411,941	451
Excess (deficiency) of revenues over (under) expenditures	(1,413,391)	314,528	(958,815)
Other financing sources:			
Temporary loans	-	-	650,000
Net change in fund balances	(1,413,391)	314,528	(308,815)
Fund balances - beginning	471,651	471,651	-
Fund balances - ending	\$ (941,740)	\$ 786,179	\$ (623,343)
Budget/GAAP Reconciliation			
Net change in fund balance, budget basis			\$ (308,815)
To adjust revenues for accruals			1,219,153
To adjust expenditures for accruals			(649,500)
Net change in fund balance, GAAP basis			\$ 260,838

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, 2008

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ -	\$ 50,000	\$ 12,935	\$ (37,065)
Intergovernmental	-	2,350	2,843	493
Other	-	-	607	607
Total revenues	-	52,350	16,385	(35,965)
Expenditures:				
Capital outlay:				
Public safety:				
Capital outlay	122,467	118,210	83,395	34,815
Net change in fund balances	(122,467)	(65,860)	(67,010)	(1,150)
Fund balances - beginning	150,873	150,873	150,873	-
Fund balances - ending	\$ 28,406	\$ 85,013	\$ 83,863	\$ (1,150)
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (67,010)	
To adjust revenues for accruals			29,847	
To adjust expenditures for accruals			180	
To adjust expenditures for encumbrances			1,106	
Net change in fund balance, GAAP basis			\$ (35,877)	

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, 2008

	Budgeted Amounts	Actual	Variance
	Original	Budgetary Basis	With Final Budget Positive (Negative)
	Final	Amounts	Amounts
Revenues:			
Intergovernmental	\$ 163,415	\$ 151,405	\$ (12,010)
Expenditures:			
Other financing uses:			
Temporary loans	-	498,000	-
Net change in fund balances	163,415	(346,595)	(12,010)
Fund balances - beginning	426,381	426,381	-
Fund balances - ending	\$ 589,796	\$ 79,786	\$ (12,010)
<u>Budget/GAAP Reconciliation:</u>			
Net change in fund balance, budget basis		\$ (346,595)	
To adjust revenues for accruals		498,000	
Net change in fund balance, GAAP basis		\$ 151,405	

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, 2008

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes:				
Property	-	\$ 500,000	\$ 159,840	\$ (340,160)
Intergovernmental	-	28,492	35,128	6,636
Charges for services	-	-	182,347	182,347
Other	-	-	10,884	10,884
Total revenues	-	\$ 528,492	\$ 388,199	\$ (140,293)
Expenditures:				
Capital outlay:				
Public safety:				
Other services and charges	560,621	560,621	560,621	-
Capital outlay	663,493	938,492	938,492	-
Total expenditures	1,224,114	1,499,113	1,499,113	-
Net change in fund balances	(1,224,114)	(970,621)	(1,110,914)	(140,293)
Fund balances - beginning	2,029,652	2,029,652	2,029,652	-
Fund balances - ending	\$ 805,538	\$ 1,059,031	\$ 918,738	\$ (140,293)
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (1,110,914)	
To adjust revenues for accruals			368,826	
To adjust expenditures for accruals			6,557	
To adjust expenditures for encumbrances			950,928	
Net change in fund balance, GAAP basis			\$ 215,397	

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, 2008

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes:				
Property	\$ 500,000	\$ 500,000	\$ 132,122	\$ (367,878)
Intergovernmental	23,552	23,552	30,722	7,170
Other	-	-	1,379	1,379
Total revenues	<u>523,552</u>	<u>523,552</u>	<u>164,223</u>	<u>(359,329)</u>
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	240,599	232,399	168,545	63,854
Capital outlay	857,107	857,107	846,742	10,365
Total expenditures	<u>1,097,706</u>	<u>1,089,506</u>	<u>1,015,287</u>	<u>74,219</u>
Net change in fund balances	<u>(574,154)</u>	<u>(565,954)</u>	<u>(851,064)</u>	<u>(285,110)</u>
Fund balances - beginning	<u>757,409</u>	<u>757,409</u>	<u>757,409</u>	<u>-</u>
Fund balances - ending	<u>\$ 183,255</u>	<u>\$ 191,455</u>	<u>\$ (93,655)</u>	<u>\$ (285,110)</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (851,064)	
To adjust revenues for accruals			304,868	
To adjust expenditures for accruals			(35,760)	
To adjust expenditures for encumbrances			319,017	
Net change in fund balance, GAAP basis			<u>\$ (262,939)</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, 2008

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Capital outlay:				
Culture and recreation:				
Capital outlay	\$ -	\$ 102,000	\$ 102,000	\$ -
Fund balances - beginning	1,545,123	1,545,123	1,545,123	-
Fund balances - ending	<u>\$ 1,545,123</u>	<u>\$ 1,647,123</u>	<u>\$ 1,647,123</u>	<u>\$ -</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (102,000)	
To adjust expenditures for accruals			(62,092)	
To adjust expenditures for encumbrances			<u>65,614</u>	
Net change in fund balance, GAAP basis			<u>\$ (98,478)</u>	

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, 2008

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 394,891	\$ 394,891
Interest	-	-	39,693	39,693
Other	-	-	66,352	66,352
Total revenues	-	-	500,936	500,936
Expenditures:				
Capital outlay:				
Public safety:				
Capital outlay	3,083,486	3,941,796	3,941,796	-
Net change in fund balances	(3,083,486)	(3,941,796)	(3,440,860)	500,936
Fund balances - beginning	3,052,476	3,052,476	3,052,476	-
Fund balances - ending	\$ (31,010)	\$ (889,320)	\$ (388,384)	\$ 500,936
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (3,440,860)	
To adjust revenues for accruals			(8,693)	
To adjust expenditures for accruals			277,635	
To adjust expenditures for encumbrances			1,657,101	
Net change in fund balance, GAAP basis			\$ (1,514,817)	

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, 2008

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,200,000	\$ 1,200,000	\$ 1,329,813	\$ 129,813
Other	-	-	-	-
Total revenues	1,200,000	1,200,000	1,329,813	129,813
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	46,000	170,976	160,413	10,563
Public safety:				
Capital outlay	384,500	537,144	534,597	2,547
Highways and streets:				
Capital outlay	705,000	896,930	878,428	18,502
Debt service:				
Principal	330,006	330,006	324,634	5,372
Interest and fiscal agent fees	40,994	40,994	40,994	-
Total expenditures	1,506,500	1,976,050	1,939,066	36,984
Net change in fund balances	(306,500)	(776,050)	(609,253)	166,797
Fund balances - beginning	993,725	993,725	993,725	-
Fund balances - ending	\$ 687,225	\$ 217,675	\$ 384,472	\$ 166,797
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (609,253)	
To adjust expenditures for accruals			72,396	
To adjust expenditures for encumbrances			562,206	
Net change in fund balance, GAAP basis			\$ 25,349	

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, 2008

	Budgeted Amounts	Actual	Variance
	Original	Budgetary Basis	With Final Budget Positive (Negative)
	Final	Amounts	
Revenues:			
Interest	\$ -	\$ -	\$ 126,019
Expenditures:			
Capital outlay:			
Highways and streets:			
Capital outlay	500,000	498,367	1,633
Net change in fund balances	(500,000)	(372,348)	127,652
Fund balances - beginning	5,613,259	5,613,259	-
Fund balances - ending	<u>\$ 5,113,259</u>	<u>\$ 5,240,911</u>	<u>\$ 127,652</u>
Budget/GAAP Reconciliation			
Net change in fund balance, budget basis		\$ (372,348)	
To adjust revenues for accruals		<u>(15,045)</u>	
Net change in fund balance, GAAP basis		<u>\$ (387,393)</u>	

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INTERNAL SERVICE FUNDS

Self-Funding Insurance -

To account for employer and employees' contributions for a medical insurance plan.

Mishawaka Bond Bank -

To account for the establishment of a Local Improvement Bond Bank. Original funding was provided by a \$6,000,000 distribution from the City of Mishawaka. The fund is used to provide capital financing for city projects.

CITY OF MISHAWAKA
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 December 31, 2008

<u>Assets</u>	Self- Funding Insurance	Mishawaka Bond Bank	Totals
Current assets:			
Cash and cash equivalents	\$ 2,880,845	\$ 50,000	\$ 2,930,845
Receivables:			
Interfund Loans	-	5,950,000	5,950,000
Total receivables	-	5,950,000	5,950,000
Total assets	<u>\$ 2,880,845</u>	<u>\$ 6,000,000</u>	<u>\$ 8,880,845</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$ 559,304	\$ -	\$ 559,304
Estimate for unfilled claims	55,000	-	55,000
Total liabilities	<u>614,304</u>	-	<u>614,304</u>
<u>Net assets</u>			
Unrestricted	<u>\$ 2,266,541</u>	<u>\$ 6,000,000</u>	<u>\$ 8,266,541</u>

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 For The Year Ended December 31, 2008

	Self- Funding Insurance	Mishawaka Bond Bank	Totals
Operating revenues:			
Employee/employer contributions	\$ 6,761,786	\$ -	\$ 6,761,786
Other	14,200	-	14,200
	6,775,986	-	6,775,986
Total operating revenues			
Operating expenses:			
Insurance claims and premiums	6,576,065	-	6,576,065
	199,921	-	199,921
Operating income			
Nonoperating revenues:			
Municipal donations	-	6,000,000	6,000,000
Change in net assets	199,921	6,000,000	6,199,921
Net assets - beginning	2,066,620	-	2,066,620
Net assets - ending	\$ 2,266,541	\$ 6,000,000	\$ 8,266,541

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For The Year Ended December 31, 2008

	Self- Funding Insurance	Mishawaka Bond Bank	Totals
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 6,762,343	\$ -	\$ 6,762,343
Payments for interfund services used	(6,640,000)	-	(6,640,000)
Other receipts (payments)	14,200	-	14,200
Net cash provided by operating activities	<u>136,543</u>	<u>-</u>	<u>136,543</u>
Cash flows from noncapital financing activities:			
Interfund loans	-	(5,950,000)	(5,950,000)
Cash flows from capital and related financing activities:			
Interfund loans	-	6,000,000	6,000,000
Net increase in cash and cash equivalents	136,543	50,000	186,543
Cash and cash equivalents, January 1	<u>2,744,302</u>	<u>-</u>	<u>2,744,302</u>
Cash and cash equivalents, December 31	<u>\$ 2,880,845</u>	<u>\$ 50,000</u>	<u>\$ 2,930,845</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	<u>\$ 199,921</u>	<u>\$ -</u>	<u>\$ 199,921</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
(Increase) decrease in assets:			
Accounts receivable	557	-	557
Increase (decrease) in liabilities:			
Accounts payable	558,976	-	558,976
Estimate for unfilled claims	(622,911)	-	(622,911)
Total adjustments	<u>(63,378)</u>	<u>-</u>	<u>(63,378)</u>
Net cash provided by operating activities	<u>\$ 136,543</u>	<u>\$ -</u>	<u>\$ 136,543</u>

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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, 2008

<u>Assets</u>	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
Cash and cash equivalents	\$ 45,463	\$ 67,501	\$ 20,322	\$ 133,286
Receivables:				
Interest and dividends	-	-	32,675	32,675
Taxes	341,503	564,986	-	906,489
Total receivables	341,503	564,986	32,675	939,164
Investments at fair value:				
Government sponsored enterprise	-	-	2,102,483	2,102,483
Mutual funds	-	-	7,916,652	7,916,652
Total investments	-	-	10,019,135	10,019,135
Total assets	\$ 386,966	\$ 632,487	\$ 10,072,132	\$ 11,091,585
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 400	\$ 103	\$ 400	\$ 903
Interfund loans payable	110,000	340,000	-	450,000
Total liabilities	110,400	340,103	400	450,903
<u>Net Assets</u>				
Held in trust for:				
Employees' pension benefits	\$ 276,566	\$ 292,384	\$ 10,071,732	\$ 10,640,682

CITY OF MISHAWAKA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2008

Additions	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
Contributions:				
On behalf	\$ 899,213	\$ 1,420,083	\$ -	\$ 2,319,296
Employer	430,382	721,127	366,706	1,518,215
Plan members	1,394	1,170	-	2,564
Total contributions	<u>1,330,989</u>	<u>2,142,380</u>	<u>366,706</u>	<u>3,840,075</u>
Investment income:				
Net decrease in fair value of investments	-	-	(3,905,931)	(3,905,931)
Interest	-	-	359,631	359,631
Total investment income	-	-	(3,546,300)	(3,546,300)
Less investment expense:				
Investment activity expense	-	-	32,386	32,386
Net investment loss	-	-	(3,578,686)	(3,578,686)
Total additions	<u>1,330,989</u>	<u>2,142,380</u>	<u>(3,211,980)</u>	<u>261,389</u>
Deductions				
Benefits	1,419,262	2,315,881	719,957	4,455,100
Administrative expense	3,400	7,204	11,176	21,780
Total deductions	<u>1,422,662</u>	<u>2,323,085</u>	<u>731,133</u>	<u>4,476,880</u>
Changes in net assets	(91,673)	(180,705)	(3,943,113)	(4,215,491)
Net assets - beginning	368,239	473,089	14,014,845	14,856,173
Net assets - ending	<u>\$ 276,566</u>	<u>\$ 292,384</u>	<u>\$ 10,071,732</u>	<u>\$ 10,640,682</u>

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CITY OF MISHAWAKA, INDIANA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUND
 For The Year Ended December 31, 2008

		Redevelopment Revolving
Assets:		
Cash and cash equivalents, January 1, 2008	\$ 31,335	
Additions	336,656	
Deductions	(339,329)	
Cash and cash equivalents, December 31, 2008		28,662
Accounts receivable, January 1, 2008		
Additions	28,656	
Deductions	25,441	
Accounts receivable, December 31, 2008		(28,656)
Accounts receivable, December 31, 2008		25,441
Total assets, December 31, 2008		\$ 54,103
Liabilities:		
Accounts payable, January 1, 2008	\$ 59,793	
Additions	50,610	
Deductions	(59,793)	
Accounts payable, December 31, 2008		50,610
Accrued payroll and withholdings payable, January 1, 2008	198	
Additions	3,493	
Deductions	(198)	
Accrued payroll and withholdings payable, December 31, 2008		3,493
Total liabilities, December 31, 2008		\$ 54,103



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

	<u>2008</u>	<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	\$ 97,252,778	\$ 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	31,666,692	33,539,008	25,069,658	22,743,313	22,216,544	18,422,222
Total governmental activities net assets	<u>\$ 128,919,470</u>	<u>\$ 102,769,469</u>	<u>\$ 81,459,654</u>	<u>\$ 67,512,416</u>	<u>\$ 60,531,589</u>	<u>\$ 51,323,038</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 81,573,161	\$ 76,739,094	\$ 53,687,905	\$ 58,414,662	\$ 49,993,152	\$ 49,875,935
Restricted	8,301,530	7,785,873	6,886,627	3,321,019	2,316,792	1,921,475
Unrestricted	16,551,499	20,939,948	29,319,393	21,037,256	22,141,131	14,550,025
Total business-type activities net assets	<u>\$ 106,426,190</u>	<u>\$ 105,464,915</u>	<u>\$ 89,893,925</u>	<u>\$ 82,772,937</u>	<u>\$ 74,451,075</u>	<u>\$ 66,347,435</u>
Primary government						
Invested in capital assets, net of related debt	\$ 178,825,939	\$ 145,969,555	\$ 109,084,411	\$ 101,999,468	\$ 87,860,978	\$ 81,003,082
Restricted	8,301,530	7,785,873	7,880,117	4,505,316	2,764,011	3,695,144
Unrestricted	48,218,191	54,478,956	54,389,051	43,780,569	44,357,675	32,972,247
Total primary government net assets	<u>\$ 235,345,660</u>	<u>\$ 208,234,384</u>	<u>\$ 171,353,579</u>	<u>\$ 150,285,353</u>	<u>\$ 134,982,664</u>	<u>\$ 117,670,473</u>

Note: 6 years of data available in this format

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses						
Governmental activities:						
General government	\$ 5,362,211	\$ 4,008,462	\$ 5,220,058	\$ 5,874,794	\$ 5,922,122	\$ 9,493,699
Public safety	22,188,373	17,750,725	25,344,096	23,380,191	19,352,725	14,025,776
Highways and streets	3,959,300	7,631,344	4,954,958	4,745,217	3,834,156	3,477,535
Sanitation	4,500	15,000	4,876	20,000	35,725	115,742
Community development	2,723,191	2,337,991	997,139	2,657,176	3,201,954	1,984,448
Culture and recreation	4,786,048	3,352,339	3,452,283	3,595,595	3,148,419	4,626,859
Interest on long-term debt	1,274,966	873,678	669,642	847,749	795,567	1,231,273
Total governmental activities expenses	<u>\$ 40,298,589</u>	<u>\$ 35,969,539</u>	<u>\$ 40,643,052</u>	<u>\$ 41,120,722</u>	<u>\$ 36,290,668</u>	<u>\$ 34,955,332</u>
Business type activities:						
Water utility	\$ 6,884,829	\$ 6,617,469	\$ 6,794,418	\$ 6,597,036	\$ 6,973,978	\$ 6,553,431
Wastewater utility	11,954,930	6,377,448	5,547,712	5,849,788	5,747,658	5,705,703
Electric utility	44,273,026	42,999,782	35,934,114	34,530,146	33,182,687	33,809,655
Total business-type activities expenses	63,114,785	55,994,699	48,276,244	46,976,970	45,904,323	46,068,789
Total primary government expenses	<u>\$ 103,413,374</u>	<u>\$ 91,964,238</u>	<u>\$ 88,919,296</u>	<u>\$ 88,097,692</u>	<u>\$ 82,194,991</u>	<u>\$ 81,024,121</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	1,049,593	973,326	892,455	941,009	952,684	3,355,867
Public safety	643,933	896,332	657,308	344,116	343,324	493,067
Highways and streets	28,347	44,617	27,462	343,430	232,955	1,216,084
Sanitation						
Community development	535,101	794,695	624,524	156,850	103,228	235,297
Culture and recreation	1,023,173	1,033,864	915,956	913,704	811,378	788,792
Interest on long-term debt						
Operating grants and contributions	1,191,352	2,400,968	1,257,136	1,661,515	2,143,953	1,823,220
Capital grants and contributions	4,745,714	4,944,558	10,410,884	4,326,826	4,494,949	3,750,172
Total governmental activities revenue	9,217,213	11,088,360	14,785,725	8,687,450	9,082,471	11,662,499
Business type activities:						
Charges for services:						
Water utility	8,037,964	8,356,853	7,804,735	8,074,554	7,516,477	7,693,485
Wastewater utility	9,422,150	9,576,399	8,284,304	7,797,148	6,927,799	6,355,832
Electric utility	43,278,603	47,457,258	37,573,938	37,031,707	38,422,097	34,720,277
Capital grants and contributions	3,250,069	3,044,903	1,656,673	1,451,446	846,168	567,998
Total business-type activities revenue	63,988,786	68,435,413	55,319,650	54,354,855	53,712,541	49,337,592
Total primary government revenue	<u>73,205,999</u>	<u>79,523,773</u>	<u>70,105,375</u>	<u>63,042,305</u>	<u>62,795,012</u>	<u>61,000,091</u>
Net (Expenses) Revenues						
Governmental activities:	(31,081,376)	(24,881,179)	(25,857,327)	(32,433,272)	(27,208,197)	(23,292,833)
Business-type activities	874,001	12,440,714	7,043,406	7,377,885	7,808,218	3,268,803
Total primary government net expense	<u>\$ (30,207,375)</u>	<u>\$ (12,440,465)</u>	<u>\$ (18,813,921)</u>	<u>\$ (25,055,387)</u>	<u>\$ (19,399,979)</u>	<u>\$ (20,024,030)</u>

Note: 6 years of data available in this format

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

	<u>2008</u>	<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	\$ 43,572,448	\$ 40,325,388	\$ 34,552,665	\$ 35,172,645	\$ 31,758,286	\$ 32,066,343
Grants and Contributions not restricted to specific programs	3,846,190	3,794,657	3,808,209	3,667,444	4,201,761	4,033,427
Unrestricted investment earnings	872,964	2,022,465	1,908,162	981,943	278,677	196,261
Other	267,649	2,345	51,568	41,646	268,780	171,491
Loss on sale of Assets	-	-	-	(243,984)		
Special Items: Litigation Settlement Transfers	8,154,390	46,139	(79,102)	(205,595)	(90,756)	
Total governmental activities	<u>\$ 57,231,377</u>	<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	\$ 605,010	\$ 1,802,870	\$ 1,372,025	\$ 738,382	\$ 204,666	\$ 198,056
Transfers	(517,736)	(46,139)	79,102	205,595	90,756	
Total business-type activities	<u>87,274</u>	<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>\$ 57,318,651</u>	<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	\$ 26,150,001	\$ 21,309,815	\$ 14,384,175	\$ 6,980,827	\$ 9,208,551	\$ 13,174,689
Total primary government	<u>\$ 27,111,276</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: 6 years of data available in this format

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund						
Reserved	59,968	60,901	407,757	436,498	439,115	190,847
Unreserved	5,256,482	1,191,764	2,560,240	1,982,889	1,771,831	2,177,804
Total general fund	<u>\$ 5,316,450</u>	<u>\$ 1,252,665</u>	<u>\$ 2,967,997</u>	<u>\$ 2,419,387</u>	<u>\$ 2,210,946</u>	<u>\$ 2,368,651</u>
All Other Governmental Funds						
Reserved	16,411,776	16,639,539	15,647,856	18,127,410	12,548,773	14,452,166
Unreserved, reported in :						
Special Revenue funds	3,292,490	4,271,864	3,962,226	3,019,006	4,065,309	3,040,534
Capital projects funds	37,166,730	47,271,488	31,355,116	26,580,506	22,130,725	16,391,047
Total all other governmental funds	<u>\$ 56,870,996</u>	<u>\$ 68,182,891</u>	<u>\$ 50,965,198</u>	<u>\$ 47,726,922</u>	<u>\$ 38,744,807</u>	<u>\$ 33,883,747</u>

Note: 6 years of data available in this format

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues						
Taxes	\$ 47,591,213	\$ 38,337,107	\$ 35,575,614	\$ 35,083,567	\$ 31,755,211	\$ 32,034,284
Licenses and permits	607,371	543,226	456,108	313,195	320,811	306,397
Intergovernmental	9,932,199	11,083,085	15,239,090	9,626,565	10,839,199	10,679,742
Charges for services	1,565,526	1,712,906	1,645,234	1,795,176	1,491,691	2,830,702
Fines and forfeits	48,797	76,695	59,303	88,543	84,243	106,222
Interest	872,964	2,022,465	1,908,162	981,943	278,677	196,261
Sale and use of property	275,255	120,004	348,167	108,537	166,146	803,226
Gifts and donations	140,278	118,607	109,615	90,933	171,127	126,139
Other	910,569	1,173,741	790,441	344,371	478,331	1,020,898
Total primary government revenues	<u>61,944,172</u>	<u>55,187,836</u>	<u>56,131,734</u>	<u>48,432,830</u>	<u>45,585,436</u>	<u>48,103,871</u>
Expenditures						
General government	4,218,163	3,296,707	4,812,775	5,512,833	4,861,220	8,695,207
Public safety	19,330,286	20,279,335	18,390,523	17,103,962	16,198,407	12,300,290
Highways and streets	4,513,971	4,747,151	3,291,749	4,455,162	4,006,762	3,596,912
Sanitation	4,500	15,000	4,876	20,000	35,725	115,742
Culture and recreation	3,340,629	3,223,074	2,970,164	3,108,446	3,524,618	3,205,792
Community development	1,202,378	1,828,843	1,204,852	2,126,001	3,053,748	1,365,347
Debt service						
Principal	4,521,647	3,456,429	2,606,451	3,064,530	2,860,884	8,122,845
Interest	1,203,775	607,737	611,817	586,338	782,120	1,194,427
Capital outlay	33,975,819	21,217,470	20,352,125	8,199,714	7,613,045	9,753,795
Total Expenditures	<u>72,311,168</u>	<u>58,671,746</u>	<u>54,245,332</u>	<u>44,176,986</u>	<u>42,936,529</u>	<u>48,330,357</u>
Excess of revenues over (under) expenditures	(10,366,996)	(3,483,910)	1,886,402	4,255,844	2,648,907	(226,486)
Other financing sources(uses):						
Transfers in	7,281,350	3,700,993	3,963,940	5,323,770	2,274,366	1,916,446
Transfers out	(6,763,614)	(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)	-
Start up contribution for Mishawaka Bond Bank	(6,000,000)	-	-	-	-	-
Refunding bonds issued	-	-	-	2,625,000	(2,683,377)	-
General obligation bond issuance	-	17,800,000	1,550,000	5,000,000	2,724,412	-
Discount on bond issuance	-	(180,977)	(5,000)	(62,332)	-	-
Capital lease Issuance	-	817,499	-	-	397,932	-
Payment to refunded bond escrow agent	-	-	-	(2,557,799)	-	-
Loan Issuance- short term	446,760	590,689	499,205	259,050	1,747,272	600,000
Total other financing sources and uses	<u>(5,035,504)</u>	<u>18,986,271</u>	<u>1,936,484</u>	<u>4,934,712</u>	<u>2,054,448</u>	<u>600,000</u>
Special Item: Proceeds from Litigation settlement	8,154,390	-	-	-	-	-
Net change in fund balances	<u>\$ (7,248,110)</u>	<u>\$ 15,502,361</u>	<u>\$ 3,822,886</u>	<u>\$ 9,190,556</u>	<u>\$ 4,703,355</u>	<u>\$ 373,514</u>
Debt service as a percentage of non-capital expenditures	<u>17.6%</u>	<u>11.3%</u>	<u>7.9%</u>	<u>8.9%</u>	<u>10.3%</u>	<u>24.1%</u>

Note: 6 years of data available in this format

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

Fiscal Year Ended <u>December 31</u>	Real Property	Personal Property	Total Taxable		Total Direct Tax Rate
			Assessed Value	Value	
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
2008	1,455,483,993	152,870,480	1,608,354,473		1.5283

(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)**

Fiscal Year Ended December 31	Townships			Redevelopment		School Districts		St. Joseph	St Joseph	State of	St Joseph	Total
	City	Townships	District	Library	Districts	County	Airport	Transpo	Indiana	County	Welfare	
1999	5.1176	0.0118	0.0000	0.5008	6.6302	3.5002	0.1312	0.2959	0.0100	0.0000	0.0000	16.1977
2000	5.2417	0.0708	0.0000	0.5139	6.3353	3.1142	0.1219	0.2994	0.0100	0.0000	0.0000	15.7072
2001	5.5007	0.0705	0.0000	0.5556	6.3580	3.1402	0.1261	0.3150	0.0100	0.0000	0.0000	16.0761
2002	1.8627	0.0221	0.0000	0.1567	2.2303	0.9473	0.0406	0.1079	0.0033	0.0000	0.0000	5.3709
2003	1.2476	0.0163	0.0502	0.1325	1.4205	0.7366	0.0472	0.0768	0.0033	0.0000	0.0000	3.7310
2004	1.3313	0.0172	0.0565	0.1319	1.5932	0.7652	0.0346	0.0827	0.0024	0.0000	0.0000	4.0150
2005	1.3382	0.0171	0.0540	0.1277	1.5691	0.7831	0.0297	0.0831	0.0024	0.0000	0.0000	4.0044
2006	1.3899	0.0318	0.0520	0.1325	1.6726	0.5002	0.0301	0.0856	0.0024	0.4897	0.4897	4.3868
2007	1.3326	0.0268	0.0000	0.1276	1.6892	0.4581	0.0277	0.0821	0.0024	0.4130	0.4130	4.1595
2008	1.5283	0.0279	0.0000	0.0943	1.6448	0.4989	0.0292	0.0821	0.0024	0.2587	0.2587	4.1666

(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	2008			1998		
		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	\$ 91,003,100	1	5.66%	\$ 10,316,600	2	3.42%
University Park Associates	Retail/Management	61,012,600	2	3.79%	6,834,770	4	2.26%
Meijer	Retail	32,681,380	3	2.03%	10,480,090	1	3.47%
Wal-Mart Stores	Retail	26,226,440	4	1.63%			
Main Street Village	Rental Multi-Housing	21,047,900	5	1.31%			
Bayer Corporation	Manufacturing	18,456,780	6	1.15%	9,804,730	3	3.25%
Candlewood Apts.	Rental Multi-Housing	17,222,700	7	1.07%			
Schottenstein Stores	Retail Store	16,433,730	8	1.02%			
Chase Properties	Commercial Real estate	16,385,710	9	1.02%			
Menards	Retail Store	14,604,400	10	0.91%			
Amerisource Corporation	Wholesale Drugs				3,577,700	5	1.19%
Sears	Retail Store				3,557,160	6	1.18%
Jordan Motors	Automobile Dealership				3,365,450	7	1.11%
Wilshire Plaza	Retail/Management				3,287,330	8	1.09%
Indiana Bell	Utility				2,710,850	9	0.90%
Totals		\$ 315,074,740		19.95%	\$ 53,934,680		17.88%

Source: St. Joseph County Auditor

**CITY OF MISHAWAKA, INDIANA
PROPERTY TAX LEVIES AND COLLECTIONS
LASTSIX 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	101.16%
2005	20,323,476	19,786,861	97.36%	1,016,870		19,786,861	97.36%
2006	22,018,614	22,402,422	101.74%	383,808		22,402,422	101.74%
2007	23,331,501	20,391,862	87.40%	(A)		20,391,862	87.40%
2008	24,580,481	(A)	(A)	(A)		(A)	(A)

Source: St. Joseph County Auditor

Note: City of Mishawaka Corporation collections only

CITY OF MISHAWAKA, INDIANA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST SIX 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	4.20%	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	6.21%	2001.39
2007	10,745,000	19,945,000	558,753	815,667	4,310,000	16,437,141	56,212,045	51,686	109,075,292	6.63%	2342.83
2008	9,775,000	17,375,000	263,000	576,533	4,055,000	15,265,945	55,546,339	68,148	102,924,965	6.25%	2210.73

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: 6 years of data available in this format

CITY OF MISHAWAKA, INDIANA
RATIO OF GENERAL BONDED DEBT OUTSTANDING

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of	
				Actual Taxable Value(1) of Property	Per Capita(2)
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%	220.66
2008	9,775,000	162,836	9,612,164	0.6%	206.46

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, 2008

<u>Governmental Units(3)</u>	<u>Outstanding Debt at December 31, 2008(1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt</u>
	\$	%	\$
Debt repaid with property taxes			
City Direct Debt (Governmental Activities)	\$ 9,775,000	100.00%	9,775,000
<u>Overlapping Debt:</u>			
School City of Mishawaka	54,672,917	99.60%	54,454,225
Mishawaka-Penn Library	8,050,000	47.90%	3,855,950
Penn-Harris-Madison School Corporation	98,447,226	17.62%	17,346,401
St. Joseph County	16,505,000	17.57%	2,899,929
St. Joseph County Airport Authority	14,070,000	17.57%	2,472,099
St. Joseph County Public Library	17,320,498	3.05%	528,275
South Bend Community School Corporation	<u>196,650,143</u>	3.21%	<u>6,312,470</u>
Subtotal for Overlapping Debt	<u>405,715,784</u>		<u>87,869,349</u>
Total Direct and Overlapping Debt	<u>\$ 405,715,784</u>		<u>\$ 97,644,349</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

	Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year	
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008				
Assessed Value (2)	\$ 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	\$ 536,118,157				
Debt Limit Percentage	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%				
Debt Limit(1)	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	21,444,726				
Bonds Outstanding	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	9,775,000				
Subtotal	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	11,669,726				
Amount Available for Debt Service	691,743	691,743	691,743	691,743	691,743	638,792	556,263	448,846	471,651	162,836				
Legal Debt Margin	\$ 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	\$ 11,832,562				
Total net debt applicable to the limit as a percentage of debt limit	37.77%	34.43%	33.07%	32.93%	18.26%	18.32%	55.20%	65.67%	82.20%	82.61%				

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**

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			
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	1,180,000	272,642	2,513,733	58,758,825	4.3%

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

Year	Gross Revenue (A)	Direct Operating Expenses (B)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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%
2008	61,343,727	51,847,654	9,496,073	1,710,000	565,949	2,275,949	417.2%

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

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

Year	Population(B)	St Joseph County		St Joseph County		St Joseph County		K-12 Public		St. Joseph County	
		Personal Income (B)	Median Family Income (B)	Per Capita Income (B)	Median Age (B)	School Enrollment (A)	Labor Force (B)	Unemployment Rate -C			
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	7,436,951	44,706	35,357	35.0	5,272	131,934	5.2%			
2008	48,912	(D)	(D)	(D)	36.0	5,116	132,758	6.6%			

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: Stats Indiana, Indiana Economic Development Corporation
- (C) Source: Indiana Employment and Security Division Updated in 2008
- (D) Information not available at this time

Note: 6 years of data available in this format

CITY OF MISHAWAKA, INDIANA
Largest Employers
December 31, 2008

<u>Company</u>	<u>Type of Business</u>	<u>2008</u>		<u>1998</u>	
		<u>Number of Employees</u>	<u>Rank</u>	<u>Number of Employees</u>	<u>Rank</u>
St. Joseph Regional Medical Center	Acute Healthcare	1,200	1	530	5
School City of Mishawaka	Public School	978	2	749	2
Liberty Mutual	Insurance	616	3	715	3
Bayer Corporation	Manufacturing	572	4	540	4
Meijer, Inc	Retail	540	5	1095	1
City of Mishawaka	Government	524	6	513	6
Walmart	Retail	400	7	400	7
Family & Childrens Center	Social Service	385	8	350	9
Nyloncraft	Manufacturing	324	9	375	8
Bethel College	College	302	10	302	10

Note: (A) Source: Individual Companies

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

Full-time Equivalent Employees as of December 31

Function	2008	2007		2006		2005		2004		2003	
	Total Employment	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:	54	57	11%	60	11%	66	12%	63	12%	68	12%
Public Safety											
Police											
Officers	103	103	20%	103	19%	103	19%	103	19%	103	19%
Civilians	31	30	6%	30	6%	28	5%	26	5%	28	5%
Fire											
Firefighters	107	107	20%	107	20%	107	20%	107	20%	107	20%
Civilians	2	2	0	2	0	1	0	1	0	1	0
Total Public Safety	243	242	46%	242	45%	239	44%	237	44%	239	44%
Highways and Streets	31	34	6%	34	6%	37	7%	33	6%	38	6%
Culture and Recreation	33	34	6%	34	6%	35	6%	35	7%	35	7%
Water	47	49	9%	48	9%	47	9%	49	9%	50	9%
Wastewater/Sewer	46	38	7%	46	9%	46	8%	49	9%	47	9%
Electric	70	72	14%	69	13%	73	13%	70	13%	71	13%
Total City Employees	524	526		533		543		536		548	

Source: City Payroll System

Note: 6 years of data available in this format

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

<u>Function</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police						
Arrests	1633	2,241	2,350	2,059	2,256	2,293
Parking Violations	2540	2,510	1,474	2,289	2,692	3,111
Traffic Violations	7276	4,125	4,568	4,044	4,163	3,987
Traffic Accident Calls	2382	2,424	2,453	2,717	2,832	2,820
Cases Reviewed	8207	8,093	8,114	7,812	8,106	8,911
Fire						
Fire Calls	1066	201	213	253	334	244
Medical Calls	4384	4,352	4,123	4,191	4,108	4,131
Inspections	1190	1,603	917	1,100	964	875
Streets						
Blocks of Streets Paved	88	123	136	99	119	85
Leaf Pickup Cubic Yards	11075	11,332	16,338	10,132	14,010	11,850
Blocks of Streets Swept	620	799	833	1,092	899	1,365
Culture & recreation						
Pool Attendance(patrons)	18860	19,573	18,512	18,176	10,740	13,664
Community Ctr Attendance	49645	46,730	53,000	50,355	42,023	55,961
Facility Rentals	1135	544	770	696	404	428
Plantings	86	129	213	95	502	69
Water						
New service lines	42	206	428	419	288	527
Average daily consumption MGD	8.21	9.9	9.4	9.4	9.3	9.3
Wastewater						
Annual Sewage Treatment (billions of gallons)	5.2	4.2	4.5	4.5	4.4	3.9
Pollutants removed (in mill of lbs.)	6.8	6.5	8.5	8.5	8.5	8.4
Electric						
Energy consumption (kW) (in thousands)	623,032	642,779	637,903	617,257	588,830	574,000
Unplanned outages	14	16	7	12	22	21

Note:6 years of data available in this format
Source: Various city departments

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

<u>Function</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police						
Stations	1	1	1	1	1	1
Patrol Units	89	89	89	89	89	89
Fire						
Stations	5	5	5	5	5	5
Streets						
Miles of Streets	174.30	174.30	174.30	174.08	174.08	174.08
Street Lights	3870	3737	3,737	3,731	3,725	3,709
Traffic Signals	56	55	55	55	54	54
Culture & recreation						
Park Acreage	318	318	317	317	307	307
Number of Parks	28	28	27	27	26	26
Golf Courses	1	1	1	1	1	1
Swimming Pools	2	2	2	2	2	2
Tennis Courts	12	12	12	12	15	15
Community Centers	1	1	1	1	1	1
Water						
Total connections (taps)	17,082	17,001	15,539	15,852	16,037	16,150
Fire Hydrants	2698	2,630	2,555	2,491	2,459	2,279
Wastewater						
Miles of Sewers	254.41	253.23	246.14	245.06	239.85	236.89
Electric						
Number of Sub-stations	11	11	11	11	11	11
Miles of Service Lines above/below ground	470	470	470	470	470	470

Source: Various city departments

Note: 6 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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 21, 2009. 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.

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 21, 2009



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE CITY OF 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, 2008. 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 of America; 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, 2008.

Internal Control Over Compliance

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

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

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

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

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

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, 2008, and have issued our report thereon dated May 21, 2009. 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 21, 2009

CITY OF MISHAWAKA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2008

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	B07MC180017 B08MC180017	\$ 414,682 332,964
Total for cluster			747,646
Pass-Through St. Joseph County Housing Consortium HOME Investment Partnerships Program			
	14.239	HO-07-480 HO-08-480	45,967 261,368
Total for program			307,335
Total for federal grantor agency			1,054,981
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant:			
Bulletproof Vest Partnership Program	16.607	FY 2006	4,971
Public Safety Partnership and Community Policing Grants	16.710	2006CKWX0275	394,891
Gang Resistance Education and Training	16.737	2008-JV-FX-0074	559
Edward Byrne Memorial Justice Assistance Grant Program	16.738	05-DJ-129 2007-F1192-IN-DJ	3,799 25,386
Total for program			29,185
Total for federal grantor agency			429,606

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

CITY OF MISHAWAKA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2008
 (Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (Or Other) Identifying Number	Total Federal Awards Expended
U.S. DEPARTMENT OF TRANSPORTATION			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	STP-S850(002)	195,576
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety	20.600	PT-08-04-01-23 PT-09-04-01-25 154AL-2007-02-02-05 154HE2008-08-01-06	36,791 9,150 9,289 54,911
Total for program			110,141
Pass-Through Indiana Criminal Justice Institute Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	K8-2008-02-03-24 K8-2009-03-03-26 K4-2009-08-01-17	72,357 15,102 28,084
Pass-Through St. Joseph County Prosecutor			115,543
Total for program			225,684
Total for cluster			421,260
Total for federal grantor agency			438,274
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	CS18232701	41,543
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW-19910602	479,817
Total for federal grantor agency			\$ 2,385,664
Total federal awards expended			

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

CITY OF MISHAWAKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2008:

Program Title	Amount Provided to Subrecipients
CFDA – Entitlement and (HUD-Administered)	
Small Cities Cluster	\$ 59,224
Highway Safety Cluster	105,541

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
16.710	CDBG - Entitlement and (HUD-Administered) Small Cities Cluster Public Safety Partnership and Community Policing Grants

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.