



**COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT**

**CITY OF MISHAWAKA  
YEAR ENDED DECEMBER 31, 2009**

**JEFFREY L. REA, MAYOR**

**FILED**  
06/28/2010

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MISHAWAKA

Year Ended December 31, 2009



PREPARED BY

CITY CONTROLLER'S OFFICE

Yvonne Milligan, City Controller

# **INTRODUCTORY SECTION**

CITY OF MISHAWAKA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR DECEMBER 31, 2009

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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	01-01-09 to 12-31-10
Members of the Common Council	John Gleissner Gregg A. Hixenbaugh David A. Wood Marsha G. McClure Dale E. Emmons Ronald S. Banicki John J. Roggeman Michael S. Compton Ross J. Deal	01-01-08 to 12-31-11 01-01-08 to 12-31-11 01-01-08 to 12-31-11 01-01-08 to 12-31-11 01-01-08 to 12-31-11 01-01-08 to 12-31-11 01-01-08 to 12-31-11 01-01-08 to 12-31-11 01-01-08 to 12-31-11



# CITY OF MISHAWAKA

JEFFREY L. REA, MAYOR

OFFICE OF THE MAYOR

June 25, 2010

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, 2009.

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

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

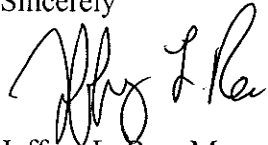
Indiana law requires that the financial statements of the city be audited by the State Board of Accounts. This requirement has been met and the auditor's opinion is included in the compliance section of this report.

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

All of us in Mishawaka can take great pride that for the twenty 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.

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

Sincerely

A handwritten signature in black ink, appearing to read "Jeffrey L. Rea". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Rea" clearly distinguishable.

Jeffrey L. Rea, Mayor



# CITY OF MISHAWAKA

JEFFREY L. REA, MAYOR

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

June 25, 2010

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, 2009 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, 2009 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, 2009 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. Reasonable assurance of the cost of internal controls should not exceed the benefits to be derived and the valuation of costs requires estimates and judgments by the city. Many policies and procedures have been put into place at the City of Mishawaka to assure the best possible performance. Key items: written cash handling policy, Capital Asset policy, and periodic inventories overseen by the controller's office. Internal controls are tested continuously by the City Controller's Office.

The State Board of Accounts of the State of Indiana, have issued an unqualified opinion on the City of Mishawaka's financial statements for the year ended December 31, 2009. 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. The Mishawaka City Council is required to adopt a final budget by no later than October 30<sup>th</sup> of each year. Budget to actual comparisons demonstrate how actual revenues and expenses/expenditures compare to both the original and final revised budgets. The following schedule identifies where these comparisons can be found.

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## **ECONOMIC CONDITION**

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

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

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

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

Mishawaka's 2000 Census population was 46,557 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 2009 the South Bend/Mishawaka area unemployment rate was 9.7%. The South Bend/Mishawaka area overall resident employment stands at 123,927 for 2009.

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 Community College.

The largest employers in Mishawaka are in the Health, Education and Insurance fields. The St. Joseph Regional Medical Center employs approximately 2500 people, the School City of Mishawaka employs an estimate of 1,100 people and Liberty Mutual Insurance Company employs approximately 548 people.

The total estimated value of new construction in Mishawaka during 2009 was \$53 million. Residential permits totaled \$5.2 million and the commercial permits totaled \$24 million. Highlighting the 2009 completed projects was the new Michiana Hematology Oncology Medical Facility (\$8,000,000), Douglas Meadows Nursing Home (\$6,800,000) and The Hearth at Juday Creek (\$7,750,000).

In 2009, 8 new commercial permits were issued with a value of \$24 million and 138 commercial alterations/additions at a value of \$18.5 million. New single family housing was down in 2009 (32) (\$5.2 million) value compared to (44) (\$7.2 million) in 2008.

Two annexations petitions were submitted to the City Council in 2009 but approved in 2010. These annexations added a total of 4.05 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 2009 the City of Mishawaka continues to experience business retention and neighborhood revitalization.

47 tax abatements have been issued by the City of Mishawaka since 1986. 40 of the 47 abatements issued have been in the industrial-manufacturing area and 32 of the 47 were issued to different companies. The City of Mishawaka granted one tax abatement in 2009 this abatement was granted to Douglas Road Nursing Homes, Long Term Care Investments LLC. At the end of 2009, only 9 tax abatements were outstanding.

#### ECONOMIC INDICATORS

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Population	48912	48912	48497	48497	48497
Assessed Value (in billions)	1.3	1.6	1.7	1.5	1.5
Dollar Value of Building Permits (in millions)	53.	316.	116.	108.	90.
Building Permits- New Construction	40	67	136	125	162
Labor Force (St. Joseph County)	123,927	132,758	131,934	136,217	136,990

Sources: Stats Indiana, Indiana Employment and Security

#### 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 2009 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 2009 St Joseph County implemented a new Local Option Income Tax this tax will help fund Public Safety and give some relief to homeowners by way of property tax replacement.

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. In 2009 the completion of the Main Street Underpass was the start of implementation of our Long Term Control Plan. At this time it is still an ongoing project for the City of Mishawaka.

In early 2009 all City Departments were directed to prepare a plan to meet our fiscal challenges. The city enlisted an outside facilitator to discuss techniques that could be implemented to alleviate the already strained city budget while improving the efficiency and quality of our services. Each departments challenge was to cut costs, reorganize and better apply its resources to become more efficient. All changes, challenges and or efficiencies needed to be measurable or they were not to be considered. At the end of 2009 the city came up with 100 ways to cut costs, become more efficient and to provide a better quality of service to the citizens of Mishawaka. Of the 100 challenges an estimate of 60% have been completed and or implemented.

The Mishawaka Riverwalk continues to be constructed in 2009. Several sections have been completed for public access. In 2009 one new section of the Riverwalk was completed. This phase connected Kamm Island to the Logan Street Bridge. In 2010 a section will be constructed to connect a 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 2009 the Main Street Underpass was completed with a value of approximately \$16 million.

In 2009, the St. Joseph Regional Medical Center was opened. This facility is 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 valued at \$350 million.

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 2009 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.

## **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**

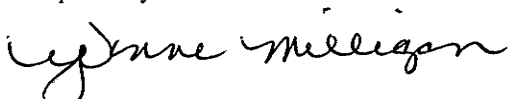
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mishawaka for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2008. The Certificate of Achievement 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 three consecutive years (years ended December 31, 1986-2008). 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 Lisa Jackson 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.

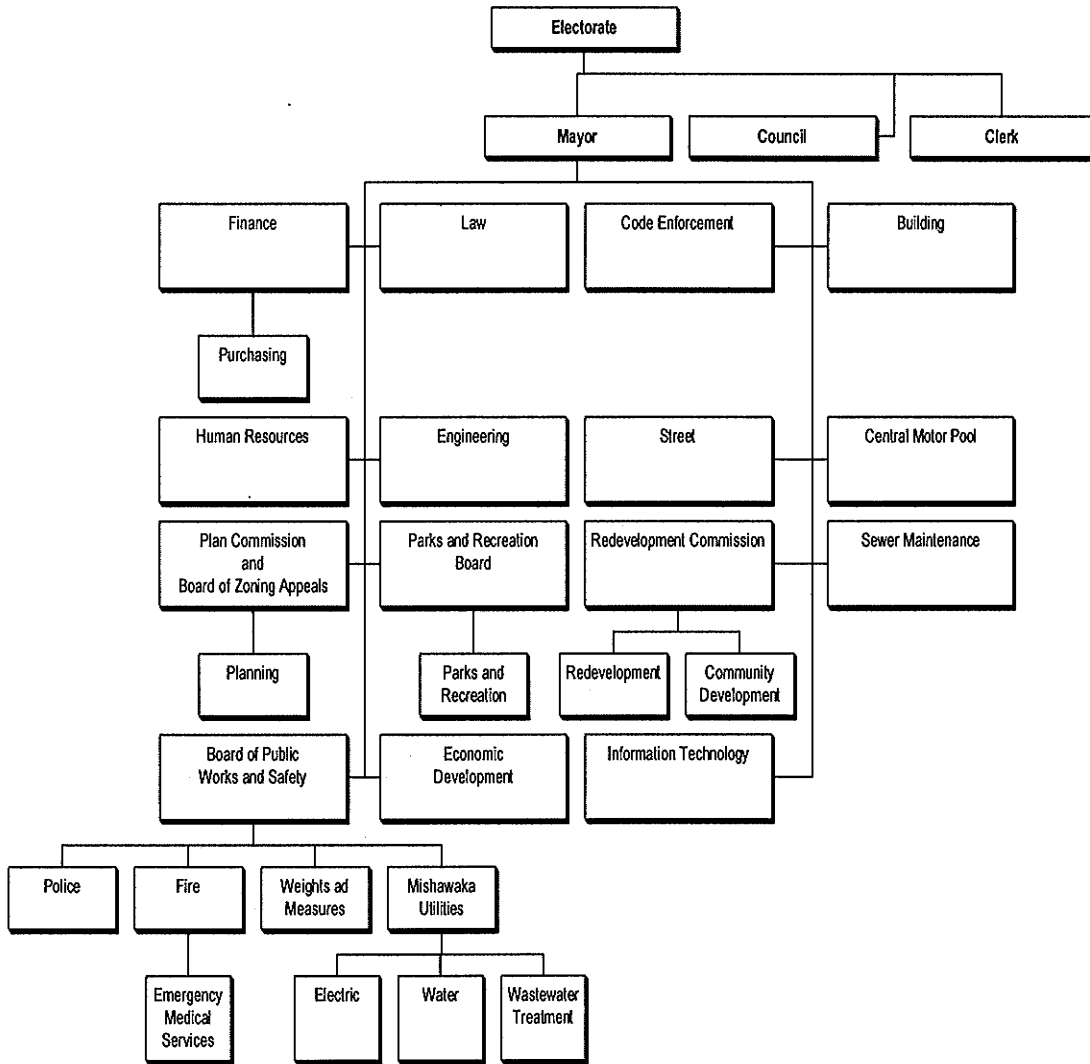
Respectfully submitted



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, 2008

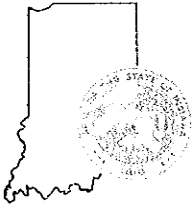
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# **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](http://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, 2009, which collectively comprise the City's primary government basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, 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 27, 2010, on our consideration of the City's internal control structure and a report dated May 27, 2010, on its compliance with laws and regulations.

STATE BOARD OF ACCOUNTS

May 27, 2010

City of Mishawaka, Indiana  
Management Discussion and Analysis  
For the year ended December 31, 2009

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, 2009. 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 \$273,695,589. Of this amount, \$65,662,979 (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 after restatement by \$19,200,323. Of this amount governmental activities assets increased by \$13,508,264 and business type activities increased by \$5,692,059. The beginning balances for governmental activities have been restated in the 2009 CAFR.
- As of the close of fiscal year 2009, the City of Mishawaka's governmental funds reported combined ending fund balances of \$56,141,039, a decrease of \$6,046,407.
- At the end of 2009, unreserved fund balance for the General fund was \$6,218,193 (27.0% of General Fund Expenditures) compared to \$5,256,482 for 2008 which was about 22.0% of total general fund expenditures for that year.
- At the end of 2009, unreserved fund balance for TIF NW General was \$18,579,396 (which was 82% of TIF NW General expenditures for the same year) compared to \$25,796,725 for 2008 which was about 88% of total TIF NW General expenditures for that year.
- At the end of 2009, unreserved fund balance for Local Major Moves Construction was \$5,553,291 compared to \$5,552,877 for 2008.
- At the end of 2009, unreserved fund balance for Other Governmental Funds was \$11,530,238 (which was 61% of Other Governmental Funds expenditures) compared to \$9,109,618 for 2008, which was about 49% 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 \$6,747,461.

### **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, 2009.

<u>Revenues</u>	<u>2009 Amount</u>	<u>% of Total</u>
Taxes: General Property	\$ 40,092,134	69.55%
Licenses and permits	349,680	.61%
Intergovernmental	12,585,473	21.83%
Charges for services	3,412,746	5.92%
Fines and forfeits	47,051	.08%
Interest	13,542	.02%
Sales and Use of Property	243,067	.42%
Gifts and Donations	192,726	.33%
Other	<u>711,842</u>	<u>1.24%</u>
Total	<u>\$ 57,648,261</u>	<u>100.00%</u>

As shown above, the City of Mishawaka's single largest source of revenue is generated by property taxation. This revenue is based on a relationship between assessed property valuation of industrial,

commercial and residential parcels, both real and personal and the application of a tax rate to arrive at the total levy. Taxable property is assessed at 100% of the true tax value.

The City of Mishawaka has the ability through the State of Indiana to increase its general property tax levy by a maximum of 5%. In 2009 the increase was 4.0%. 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 72.0% of the General Funds 2009 total revenue was derived from property taxes, the TIF NW General derived 99.0% of its revenue from property tax and the Other Governmental Funds property tax percentage was 34.0% 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%) and in 2009 it was increased to its maximum of (0.4%). In October of 2009 a Public Safety Local Option Income Tax was enacted at (.25%) with revenue to be received starting January of 2010. The city received, \$1,303,670, \$1,329,813 and \$1,404,697 of CEDIT distributions for the years 2007, 2008 and 2009 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 \$2,015,234, \$2,024,657 and \$2,954,165 of COIT distributions for the years 2007, 2008 and 2009 respectively. Other intergovernmental revenue includes alcoholic beverage tax, wheel tax, vehicle excise tax and cigarette tax. User fees have been analyzed each year with future increases to be implemented in 2010 to help shift some of the burden of taxation.

### General Government Expenditures

The following schedule presents a summary of general government expenditures for the year ended December 31, 2009.

<u>Expenditures</u>	<u>2009 Amount</u>	<u>% of Total</u>
General Government	\$ 5,201,577	8.0%
Public Safety	20,479,562	31.7%
Highways and Streets	23,468,898	36.3%
Sanitation	1,970,859	3.0%
Culture and Recreation	4,381,919	6.8%
Community Development	2,356,916	3.7%
Debt service	<u>6,794,793</u>	<u>10.5%</u>
Total	<u>\$ 64,654,524</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 at \$23,468,898 or 36.3% while Public Safety and General Government are at 31.7% and 8.0% 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 42 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 Mishawaka 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 two Agency funds are the Redevelopment Revolving and a Special Judgment Fund.

### **Pension Trust Fund Operations**

Most City of Mishawaka employees are covered by the Public Employees Retirement Fund and the 1977 Police Officers' and Firefighters' Pension Fund, both administered by the State of Indiana. However, certain police officers and firefighters hired before May 1, 1977, who did not opt into the 1977 fund, continue to be members of the 1925 Police Pension and the 1937 Firefighters' Pension Fund. These two funds are administered by the Local Pension Board. This group of police officers and firefighters 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. In 2009 the State of Indiana took over the funding of the 1925 and 1937 Police and Fire Pension cost the funding will be primarily covered by the State Pension Relief Fund. Local administration expenses and a small percentage of the widow benefit were funded through a property tax levy set by the city.

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

**Notes to the financial statements**

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

**Other information**

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

**Government-Wide Financial Statement Analysis**

**Summary of Net Assets**

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
	Current and other assets	\$75,863,018	\$69,555,260	\$38,582,387	\$34,790,379	\$114,445,405
Capital assets	<u>107,604,311</u>	<u>125,772,348</u>	<u>152,168,235</u>	<u>157,893,628</u>	<u>259,772,546</u>	<u>\$283,665,976</u>
Total assets	<u>183,467,329</u>	<u>195,327,608</u>	<u>190,750,622</u>	<u>192,684,007</u>	<u>374,217,951</u>	<u>\$388,011,615</u>
Long-term liabilities	49,732,920	27,795,405	74,888,686	68,663,269	124,621,606	96,458,674
Other liabilities	<u>4,814,939</u>	<u>5,954,863</u>	<u>9,435,746</u>	<u>11,902,489</u>	<u>14,250,685</u>	<u>17,857,352</u>
Total liabilities	<u>54,547,859</u>	<u>33,750,268</u>	<u>84,324,432</u>	<u>80,565,758</u>	<u>138,872,291</u>	<u>114,316,026</u>
Net assets:						
Invested in capital assets, net of related debt	97,252,778	117,005,886	81,573,161	85,685,924	178,825,939	202,691,810
Restricted			8,301,530	5,340,800	8,301,530	5,340,800
Unrestricted	<u>31,666,692</u>	<u>44,571,454</u>	<u>16,551,499</u>	<u>21,091,525</u>	<u>48,218,191</u>	<u>65,662,979</u>
Total net assets	<u>\$128,919,470</u>	<u>\$161,577,340</u>	<u>\$106,426,190</u>	<u>\$112,118,249</u>	<u>\$235,345,660</u>	<u>\$273,695,589</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, 2009, the City of Mishawaka's assets exceeded liabilities by \$273,695,589 an increase of \$19.2 million from the previous year. The largest portion of the City of Mishawaka's net assets reflects its investment in capital assets (73%), less any related debt used to acquire those assets that are still outstanding.

At the end of 2009, 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 2008.

At year end the City of Mishawaka's net assets were \$273,695,589. This amount is made up of \$202,691,810 invested in capital assets (e.g., land, buildings, machinery, and equipment) net of related debt, \$5,340,800 assets with external restrictions upon its use, and \$65,662,979 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.

<b>City of Mishawaka</b>						
<b>Changes in Net Assets</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2008	2009	2008	2009	2008	2009
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 3,280,147	\$ 4,787,766	\$60,738,717	\$63,171,357	\$64,018,864	\$67,959,123
Operating grants and contributions	1,191,352	3,283,506			1,191,352	3,283,506
Capital grants and contributions	4,745,714	4,358,580	3,250,069	5,113,577	7,995,783	9,472,157
General revenues:						
Property taxes	43,572,448	40,092,134			43,572,448	40,092,134
Grants and contributions not restricted to specific programs	3,846,190	4,943,387			3,846,190	4,943,387
Unrestricted investment earnings	872,964	13,542	605,010	24,935	1,477,974	38,477
Other revenue	267,649	169,346		672,266	267,649	841,612
Special Items:						
Litigation settlement (see note IV D)	8,154,390				8,154,390	
<b>Total revenues</b>	<b>\$65,930,854</b>	<b>\$57,648,261</b>	<b>\$64,593,796</b>	<b>\$68,982,135</b>	<b>\$130,524,650</b>	<b>\$126,630,396</b>
<b>EXPENSES</b>						
General government	5,362,211	5,675,449			5,362,211	5,675,449
Public safety	22,188,373	25,470,868			22,188,373	25,470,868
Highways and streets	3,959,300	5,948,204			3,959,300	5,948,204
Sanitation	4,500	1,970,859			4,500	1,970,859
Community development	2,723,191	862,581			2,723,191	862,581
Culture and recreation	4,786,048	4,084,573			4,786,048	4,084,573
Interest on long-term debt	1,274,966	1,087,319			1,274,966	1,087,319
Water utility			6,884,829	6,933,322	6,884,829	6,933,322
Wastewater utility			11,954,930	11,566,254	11,954,930	11,566,254
Electric utility			44,275,026	43,830,644	44,275,026	43,830,644
<b>Total expenses</b>	<b>\$40,298,589</b>	<b>\$45,099,853</b>	<b>\$63,114,785</b>	<b>\$62,330,220</b>	<b>\$103,413,374</b>	<b>\$107,430,073</b>
Changes in net assets before transfers	25,632,265	12,548,408	1,479,011	6,651,915	27,111,276	19,200,323
Transfers	517,736	959,856	(517,736)	(959,856)		
<b>Change in net assets</b>	<b>26,150,001</b>	<b>13,508,264</b>	<b>961,275</b>	<b>5,692,059</b>	<b>27,111,276</b>	<b>19,200,323</b>

Net assets-Beginning	<u>102,769,469</u>	<u>148,069,076</u>	<u>105,464,915</u>	<u>106,426,190</u>	<u>208,234,384</u>	<u>254,495,266</u>
Net assets-Ending	\$128,919,470	\$161,577,340	\$106,426,190	\$112,118,249	\$235,345,660	\$273,695,589

### 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 the specific cost (fuel, chemicals, etc.)

### Current Year Impacts

#### Governmental Activities:

Net assets of the governmental activities increased from 2008 to 2009 by \$13.5 million after the restatement.

Charges for services revenue increased \$1.5 million in 2009. In 2009 the City of Mishawaka started adding trash collections bills to the city utility bills. Before 2009 the trash collection billing was done by the contractor. This billing change in 2009 increased sanitation charges for services by 2.1 million. Overall for the year 2009 most other charges had decreased due to weather conditions and the overall economy. A cool and rainy 2009 had an effect on Park revenue (\$27,787) the decline in the economy slowed construction in 2009 (\$258,129) and lower loan payments in Community Development funds (\$275,003) all had adverse effects on the charges for services in 2009.

Operating grants and contributions saw an increase of \$2million. In 2009 the State of Indiana distributed excess welfare funds to the counties which in turn distributed them to cities in Indiana to be used strictly for public safety (\$1,040,000.) Revenue from County Option Income Tax increased \$930,000.00 from 2008 to 2009.

Capital grants and contributions decreased by \$387 thousand. Highways and Streets revenue was lower in 2009 some due to a lower state distribution of Gas Tax (\$115,000), Wheel Tax (\$63,000) and a state match from on a project completed in 2008 (\$219,545).

Property tax revenue increased \$3.2 million. The past few years' tax collections have been between 87% and 95%. In 2009 we had an average collection of 92%. Payment on delinquent property taxes helped with the collection percentage in 2009.

Unrestricted investment earnings decreased \$1.1 million. This decrease was primarily due to the Federal Funds rate being near zero for most of 2009. Having very little cash flow due to late distributions of property tax also had an adverse affect on investment earnings in 2009.

Special items decrease was a one time payment in 2008 of a litigation suit settled in 2008 for \$8.1million

#### Business Type Activities:

Business Type Activities net assets increased by \$5.7 million. The electric utility saw an increase in revenue of \$2.9 million due to a higher consumption in 2009. The water and wastewater utility had a decrease in charges for services in 2009 (\$463,000), (\$89,000). Due to the economy investment earnings were down. Overall the Mishawaka utility revenue was fairly stable.

### **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 \$56,141,039 a decrease of \$6,046,407 from the prior year. The larger part of the decrease in fund balances was in TIF NW General (\$6.1million). The TIF NW Capital is a capital improvements fund; during 2009 several large projects were started and completed. The Mishawaka Underpass was one large project (\$16 million) completed with TIF Funds in 2009. The General fund balance had an increase of \$979 thousand due to careful spending habits. The City of Mishawaka has seen three years of lower than normal property tax distributions which has made us look at our spending habits carefully. Other Governmental funds had an overall decrease of \$895 thousand. Again due to lower revenue, cash flow in other funds was lower due to the fact that operating expenditures had to be met. Overall the City of Mishawaka has very prudent spending philosophies and will continue this in the future. Individual fund data for each of the non-major governmental funds is provided in the form of the combining statements in the Supplemental Information portion.

The general fund is also the chief operating fund of the City of Mishawaka. As of December 31, 2009, the unreserved balance was \$6,218,193 and the total balance in the general fund was \$6,295,414 an increase of \$978,964 from 2008. The majority of the General fund balance increase from 2008 was due to a much larger COIT distribution for 2009 \$2,954,165 compared to \$2,024,657 in 2008. Each year the City of Mishawaka works hard at staying within our budget and being prudent spenders.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 26.7% of the total general fund expenditures, while total fund balance represents 27.0% of the same amount.

Another major fund is TIF NW General. As of December 31, 2009, the unreserved balance was \$18,579,396 and the total fund balance in the TIF NW General was \$26,610,179, a decrease of \$6.1 million in total fund balance from 2008. 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 2009.

As a measure of the TIF NW General's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 82% of the total TIF NW General fund expenditures while total fund balance represents 118% of the same amount.

Another major fund is Local Major Moves. As of December 31, 2009 the unreserved fund balance is \$5,553,291 million with a fund balance of the same amount. This is a fairly new fund which had no expenditures in 2009.

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, 2009 this fund had no expenditures.

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

#### **Proprietary Funds:**

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

All three utilities of the City of Mishawaka saw an increase in total net assets for 2009. Total net assets for the City of Mishawaka proprietary funds increased by \$5.6 million, of this, investment of capital assets increased by \$3.4 million, restricted for debt service decreased \$2.9 million and unrestricted net assets increased \$5.2 million. Overall cash decreased by \$3.8 million but total capital assets increased \$5.7 million. The total liabilities for the proprietary funds decreased by \$3.7 million in 2009. The basic proprietary fund financial statements can be found later in this report.

The internal service funds unrestricted assets were \$6,880,251 of this amount \$6 million is set up in a Local Mishawaka Bond Bank to be used for capital projects and borrowing as necessary.

#### **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 \$153,166. 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 2009 the submitted budget to the state was increased with encumbrances from 2008, an additional of \$38,000 which was to add a new employee to the City of Mishawaka IT department and by budget line reimbursements for police overtime state funded grants. 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 2009 were \$8,506,515 over budget and expenditures were \$1,721,796 under budget. Fifty percent of the categories were up and fifty percent of the categories of revenue were down in 2009. In 2009 we received 2008 and 2009 property tax revenue which came to \$8,506,515 over the budgeted amount. Not knowing what was going to happen in 2009 when the original budget was submitted in 2008 interest came in low with a loss of \$195,000, the same thing held true for charges and services. In 2009 several employees were laid off which saved the city in salaries and benefits close to \$1,000,000. Fuel costs went down in 2009 which saved the city \$338,000 in its budget for the year. The City of Mishawaka continues to be frugal in its spending which has held true for many years.

#### **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, 2009 amounts to \$283,695,589 (net of accumulated depreciation), which represents a net

increase (additions less retirements and depreciation) of \$23.9 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).

<b>City of Mishawaka's Capital Assets</b>						
<b>(Net of depreciation)</b>						
	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Land	\$10,846,962	\$12,188,434	\$1,120,192	\$1,219,223	\$11,967,154	\$13,407,657
Construction in progress	42,550,400	49,414,444	9,817,819	13,310,791	52,368,219	62,725,235
Buildings	9,546,893	9,295,145	40,905,673	39,795,390	50,452,566	49,090,535
Improvements other than buildings	6,395,617	6,226,092	71,350,645	77,428,026	77,746,262	83,654,118
Machinery and equipment	12,409,179	10,722,388	28,237,494	25,610,078	40,646,673	36,332,466
Transportation equipment			736,412	530,120	736,412	530,120
Infrastructure being depreciated	25,855,260	37,925,845	-0-	-0-	25,855,260	37,925,845
<b>Total</b>	<b>\$107,604,311</b>	<b>\$125,772,348</b>	<b>\$152,168,235</b>	<b>\$157,893,628</b>	<b>\$259,772,546</b>	<b>\$283,665,976</b>

#### **Change in Capital Assets**

	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Beginning Balance	\$107,604,311	\$152,168,235	\$259,772,546
Additions	29,470,911	15,836,810	45,307,721
Retirements:			
CIP	7,171,374	1,694,183	8,865,557
Other	476,229	753,228	1,229,457
Depreciation	4,103,569	8,329,501	12,433,070
Retirements *	448,298	665,495	1,113,793
Ending Balance	<u>\$125,772,348</u>	<u>\$157,893,628</u>	<u>\$283,665,976</u>

\* Reduction in accumulated depreciation related to retirements.

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

- Main Street Underpass-\$16,930,874
- Douglas Rd Improvements from Grape to Main- \$2,574,094
- Main Street Improvements McKinley to Ardennes- \$635,224
- 2009 Summer Street, Sidewalk and Curb Program- \$559,631
- Medical Center Trunk Sewer-\$382,777
- Major Milburn Area Sewer Separation Div C, F-\$2,834,478
- Holycross Lift Station PH IIC, IID- \$4,742,235

#### **Debt Outstanding**

At December 31, 2009, the City had a number of debt issues outstanding. These issues included \$8,485,000 of general obligation bonds, \$13,365,000 of revenue bonds payable from governmental funds, and \$17,873,484 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 \$6,747,461 from the prior year.

**Outstanding Bonded Debt at Year-end**

	<u>2008</u>	<u>2009</u>
<b>Governmental:</b>		
General Obligation	\$ 9,775,000	\$ 8,485,000
Tax Increment	<u>17,375,000</u>	<u>13,365,000</u>
Sub-total	\$27,150,000	\$21,850,000
<b>Business Type:</b>		
Water Utility	\$ 4,055,000	\$3,785,000
Wastewater Utility	<u>15,265,945</u>	<u>14,088,484</u>
Sub-total	<u>19,320,945</u>	<u>17,873,484</u>
Total	\$46,470,945	\$39,723,484

Principal payments of \$5,300,000 and \$1,710,000 (on bonds) were made in the governmental and business type activities, respectively.

The City's bond rating for its General Obligation Bonds were rated an A+ in 2009. The last rating the city received was an A in 2005 on its General Obligation Bonds.

In 2008 our latest enterprise bond rating was an A+ upgraded from and A- in a previous rating.

The City's revenue bond rating for its TIF area bonds was a BBB+ in 2007.

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

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

The City of Mishawaka is located in the north central part of the State of Indiana. The City of Mishawaka is approximately 140 miles north of Indianapolis and 100 miles east of Chicago. 2009 was another year of economic strain across the country with Mishawaka being no exception. The City of Mishawaka's building permit total dollar amount (\$53million) was the lowest since 2003. We are optimistic that Mishawaka will again thrive in 2010. The City of Mishawaka tends to be an affordable place to live as the median home cost, obtained by Sterling Best Places, is \$91,240.00. Steady population growth has always contributed to the stability of the community. Although the City of Mishawaka is benefiting from its long-term strategic planning, such as the relocation of the new St. Joseph Regional Medical Center, the actual lingering effects of the national economic recession will continue to be a drag on new construction for years to come. The City of Mishawaka's 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 7.7% in 2008 to 9.7% in 2009. Labor force for St. Joseph County decreased in 2009 to 123,927\* compared to 133,565\* in 2008.

**\*These statistics are seasonally adjusted**

In 2005 the State of Indiana enacted a phase in of a circuit breaker. 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 2010 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 any future legislative changes in the property tax laws.

The adopted FY2010 Civil City Budget is \$43,491,406 which is 7.87% higher than in FY2009. The General Fund budget for FY2010 is \$26,507,304 which is 4.5% higher than FY2009. Electric and Water rates will stay steady for FY2010. An increase in Wastewater rates will occur in FY2010.

#### City Highlights

- In 2009 the City of Mishawaka was ranked second in the State of Indiana by Business Week's annual ranking of the best places to raise your children.
- The city continues to plan extensions in 2010 to our Riverwalk. The newest extension will connect the east end of Mishawaka; a connection to Merrifield Park will tunnel underneath the Mishawaka Avenue Bridge.
- In 2009 the city again joined in cooperation with MACOG to receive 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 2009. Since 2004 the Redevelopment Department has built 27 new homes through this program.
- The St Joseph Regional Medical Center opened its doors in December of 2009.
- In 2010 the city intends to renovate an existing building built in 1924. The building will be converted into 25 affordable apartments for senior citizens.
- In 2009 the city of Mishawaka started the implementation of the Long Term Control Plan. As part of bringing the City into compliance with the Federal Clean Water Act, the city constructed the first projects associated with the Mishawaka LTCP to reduce Combined Sewer Overflow (CSO) discharges to the St. Joseph River during major storm events.

#### Requests for information

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

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CITY OF MISHAWAKA  
STATEMENT OF NET ASSETS  
December 31, 2009

<u>Assets</u>	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ 30,631,861	\$ 9,276,755	\$ 39,908,616
Receivables (net of allowances for uncollectibles):			
Interest	2,943	203	3,146
Taxes	26,372,173	-	26,372,173
Accounts	615,821	3,717,665	4,333,486
Other	-	217,123	217,123
Intergovernmental	1,499,391	-	1,499,391
Loans	1,691,055	-	1,691,055
Internal balances	(1,630,000)	1,630,000	-
Inventories	-	1,847,089	1,847,089
Prepaid expense	389,112	304,836	693,948
Deferred charges	183,895	1,317,612	1,501,507
Restricted assets:			
Cash and cash equivalents	2,319,478	16,479,096	18,798,574
Interest	290	-	290
Taxes receivable	186,056	-	186,056
Assets held for resale	6,943,837	-	6,943,837
Capital assets:			
Land and construction in progress	61,602,878	14,530,014	76,132,892
Other capital assets, net of depreciation	64,169,470	143,363,614	207,533,084
Net pension asset	349,348	-	349,348
<b>Total assets</b>	<b>195,327,608</b>	<b>192,684,007</b>	<b>388,011,615</b>
<u>Liabilities</u>			
Accounts payable	2,604,049	4,358,378	6,962,427
Accrued payroll and withholdings payable	474,775	212,869	687,644
Contracts payable	2,222,364	336,923	2,559,287
Short-term loans payable	178,971	-	178,971
Taxes payable	-	137,229	137,229
Accrued interest payable	1,597	570,747	572,344
Unearned revenue	16,456	-	16,456
Estimate for unfilled claims	115,000	-	115,000
Payable from restricted assets:			
Customer deposits	-	2,196,692	2,196,692
Accounts payable	-	151,992	151,992
Interest payable	341,651	-	341,651
Noncurrent liabilities:			
Due within one year:			
General obligation bonds payable	1,340,000	-	1,340,000
Revenue bonds payable	-	1,785,000	1,785,000
TIF bonds payable	4,155,000	-	4,155,000
Compensated absences	444,010	51,435	495,445
Capital lease obligations	165,757	32,224	197,981
Notes and loans payable	89,000	2,069,000	2,158,000
Due in more than one year:			
General obligation bonds payable (net of unamortized discounts)	7,086,451	-	7,086,451
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	-	15,693,812	15,693,812
TIF bonds payable (net of unamortized discounts)	9,080,972	-	9,080,972
Compensated absences	321,020	185,451	506,471
Capital lease obligations	174,254	-	174,254
Notes and loans payable	-	52,568,118	52,568,118
Net other postemployment benefits obligation	4,938,941	-	4,938,941
Net pension obligation	-	215,888	215,888
<b>Total liabilities</b>	<b>33,750,268</b>	<b>80,565,758</b>	<b>114,316,026</b>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	117,005,886	85,685,924	202,691,810
Restricted for:			
Debt service	-	5,340,800	5,340,800
Unrestricted	44,571,454	21,091,525	65,662,979
<b>Total net assets</b>	<b>\$ 161,577,340</b>	<b>\$ 112,118,249</b>	<b>\$ 273,695,589</b>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Totals
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 5,675,449	\$ 714,830	\$ 960,925	\$ 652,950	\$ (3,346,744)	\$ -	\$ (3,346,744)
Public safety	25,470,868	600,824	1,427,341	368,647	(23,074,056)	-	(23,074,056)
Highways and streets	5,948,204	114,428	-	3,168,562	(2,665,214)	-	(2,665,214)
Sanitation	1,970,859	2,102,200	-	-	131,341	-	131,341
Community development	862,581	260,098	760,281	-	157,798	-	157,798
Culture and recreation	4,084,573	995,386	134,959	168,421	(2,785,807)	-	(2,785,807)
Interest on long-term debt	1,087,319	-	-	-	(1,087,319)	-	(1,087,319)
<b>Total governmental activities</b>	<b>45,099,853</b>	<b>4,787,766</b>	<b>3,283,506</b>	<b>4,358,580</b>	<b>(32,670,001)</b>	<b>-</b>	<b>(32,670,001)</b>
<b>Business-type activities:</b>							
Water	6,933,322	7,574,977	-	333,775	-	975,430	975,430
Wastewater	11,566,254	9,333,576	-	4,779,802	-	2,547,124	2,547,124
Electric	43,830,644	46,262,804	-	-	-	2,432,160	2,432,160
<b>Total business-type activities</b>	<b>62,330,220</b>	<b>63,171,357</b>	<b>-</b>	<b>5,113,577</b>	<b>-</b>	<b>5,954,714</b>	<b>5,954,714</b>
<b>Total primary government</b>	<b>\$ 107,430,073</b>	<b>\$ 67,959,123</b>	<b>\$ 3,283,506</b>	<b>\$ 9,472,157</b>	<b>(32,670,001)</b>	<b>5,954,714</b>	<b>(26,715,287)</b>
<b>General revenues:</b>							
Property taxes					40,092,134	-	40,092,134
Grants and contributions not restricted to specific programs					4,943,387	-	4,943,387
Unrestricted investment earnings					13,542	24,935	38,477
Other					169,346	672,266	841,612
Transfers					959,856	(959,856)	-
<b>Total general revenues and transfers</b>					<b>46,178,265</b>	<b>(262,655)</b>	<b>45,915,610</b>
Change in net assets					13,508,264	5,692,059	19,200,323
Net assets - beginning, restated					148,069,076	106,426,190	254,495,266
<b>Net assets - ending</b>					<b>\$ 161,577,340</b>	<b>\$ 112,118,249</b>	<b>\$ 273,695,589</b>

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

CITY OF MISHAWAKA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2009

<u>Assets</u>	<u>General</u>	<u>TIF NW General</u>	<u>Local Major Moves Construction</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 4,723,601	\$ 22,332	\$ 5,553,291	\$ 15,116,588	\$ 25,415,812
Receivables (net of allowances for uncollectibles):					
Interest	1,707	-	-	290	1,997
Taxes	2,045,105	22,926,941	-	1,586,183	26,558,229
Accounts	393,553	-	-	201,149	594,702
Intergovernmental	286,239	103,394	-	1,109,758	1,499,391
Loans	-	1,086,946	-	604,109	1,691,055
Assets held for resale	-	6,943,837	-	-	6,943,837
<b>Total assets</b>	<b>\$ 7,450,205</b>	<b>\$ 31,083,450</b>	<b>\$ 5,553,291</b>	<b>\$ 18,618,077</b>	<b>\$ 62,705,023</b>
 <u>Liabilities and Fund Balances</u>					
<b>Liabilities:</b>					
Accounts payable	\$ 760,992	\$ 620,907	\$ -	\$ 659,519	\$ 2,041,418
Accrued payroll and withholdings payable	393,799	-	-	80,976	474,775
Contracts payable	-	2,222,364	-	-	2,222,364
Short-term loans payable	-	-	-	178,971	178,971
Interfund payables:					
Loans	-	800,000	-	-	800,000
Other	-	830,000	-	-	830,000
Unearned revenue	-	-	-	16,456	16,456
<b>Total liabilities</b>	<b>1,154,791</b>	<b>4,473,271</b>	<b>-</b>	<b>935,922</b>	<b>6,563,984</b>
 <b>Fund balances:</b>					
<b>Reserved for:</b>					
Encumbrances	77,221	-	-	3,100,324	3,177,545
Noncurrent loans receivable	-	1,086,946	-	545,769	1,632,715
Debt service	-	-	-	2,505,824	2,505,824
Assets held for resale	-	6,943,837	-	-	6,943,837
<b>Unreserved, reported in:</b>					
General fund	6,218,193	-	-	-	6,218,193
Special revenue funds	-	-	-	5,598,449	5,598,449
Capital projects funds	-	18,579,396	5,553,291	5,931,789	30,064,476
<b>Total fund balances</b>	<b>6,295,414</b>	<b>26,610,179</b>	<b>5,553,291</b>	<b>17,682,155</b>	<b>56,141,039</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,450,205</b>	<b>\$ 31,083,450</b>	<b>\$ 5,553,291</b>	<b>\$ 18,618,077</b>	<b>\$ 62,705,023</b>

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

CITY OF MISHAWAKA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
For The Year Ended December 31, 2009

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

Total Fund Balances	\$	-	\$ 56,141,039
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Governmental capital assets		151,109,768	
Less accumulated depreciation		<u>(25,337,420)</u>	125,772,348
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Prepaid expenses		389,112	
Deferred charges		183,895	
Net pension asset		<u>349,348</u>	922,355
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.			
			6,880,251
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		(8,485,000)	
TIF bonds payable		(13,365,000)	
Bond discount		187,577	
Accrued interest payable		(343,248)	
Compensated absences		(765,030)	
Capital lease obligations		(340,011)	
Notes and loans payable		(89,000)	
Net other postemployment benefits obligation		<u>(4,938,941)</u>	<u>(28,138,653)</u>
Net assets of governmental activities			<u>\$ 161,577,340</u>

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

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

	General	TIF NW General	Local Major Moves Construction	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 15,560,895	\$ 18,831,356	\$ -	\$ 5,699,883	\$ 40,092,134
Licenses and permits	315,598	-	-	34,082	349,680
Intergovernmental	4,943,387	130,970	-	7,511,116	12,585,473
Charges for services	635,163	-	-	2,777,583	3,412,746
Fines and forfeits	27,364	-	-	19,687	47,051
Interest	6,638	-	414	6,490	13,542
Sale and use of property	11,146	-	-	231,921	243,067
Gifts and donations	-	-	-	192,726	192,726
Other	169,346	96,962	-	445,534	711,842
<b>Total revenues</b>	<b>21,669,537</b>	<b>19,059,288</b>	<b>414</b>	<b>16,919,022</b>	<b>57,648,261</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	4,288,248	-	-	133,619	4,421,867
Public safety	18,633,401	-	-	461,851	19,095,252
Highways and streets	368,613	-	-	3,147,474	3,516,087
Sanitation	20,167	-	-	1,950,692	1,970,859
Culture and recreation	-	-	-	2,811,787	2,811,787
Community development	-	-	-	1,017,300	1,017,300
<b>Debt service:</b>					
Principal	-	-	-	5,710,522	5,710,522
Interest	-	-	-	1,084,271	1,084,271
<b>Capital outlay:</b>					
General government	-	449,602	-	330,108	779,710
Public safety	-	-	-	1,384,310	1,384,310
Highways and streets	-	19,253,767	-	699,044	19,952,811
Culture and recreation	-	1,536,742	-	33,390	1,570,132
Community development	-	1,334,829	-	4,787	1,339,616
<b>Total expenditures</b>	<b>23,310,429</b>	<b>22,574,940</b>	<b>-</b>	<b>18,769,155</b>	<b>64,654,524</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,640,892)</b>	<b>(3,515,652)</b>	<b>414</b>	<b>(1,850,133)</b>	<b>(7,006,263)</b>
<b>Other financing sources (uses):</b>					
Transfers in	2,619,856	1,300,000	-	2,254,731	6,174,587
Transfers out	-	(3,914,731)	-	(1,300,000)	(5,214,731)
<b>Total other financing sources and uses</b>	<b>2,619,856</b>	<b>(2,614,731)</b>	<b>-</b>	<b>954,731</b>	<b>959,856</b>
<b>Net change in fund balances</b>	<b>978,964</b>	<b>(6,130,383)</b>	<b>414</b>	<b>(895,402)</b>	<b>(6,046,407)</b>
<b>Fund balances - beginning</b>	<b>5,316,450</b>	<b>32,740,562</b>	<b>5,552,877</b>	<b>18,577,557</b>	<b>62,187,446</b>
<b>Fund balances - ending</b>	<b>\$ 6,295,414</b>	<b>\$ 26,610,179</b>	<b>\$ 5,553,291</b>	<b>\$ 17,682,155</b>	<b>\$ 56,141,039</b>

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

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

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

Net change in fund balances - total governmental funds	\$	-	\$ (6,046,407)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Expenditures for capital assets			22,299,537
Less current year depreciation expense			(4,103,569)
Loss on disposal of assets			(27,931)
			18,168,037
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.			
Principal debt payments			5,710,522
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			(49,432)
Amortization of current year bond issuance cost			(42,543)
Accrued interest			88,927
Prepaid expenses			(29,028)
Change in compensated absences			(107,344)
Change in net other postemployment benefits obligation			(2,765,837)
Change in net pension obligation			(32,341)
			(2,937,598)
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.			
			(1,386,290)
Change in net assets of governmental activities (Statement of Activities)			\$ 13,508,264

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

CITY OF MISHAWAKA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
December 31, 2009

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Totals	
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 2,060,327	\$ 1,502,522	\$ 5,713,906	\$ 9,276,755	\$ 7,535,527
Interest receivable	58	145	-	203	1,236
Accounts receivable (net of allowance)	313,671	450,338	2,953,656	3,717,665	-
Accounts receivable - other (net of allowance)	9,672	75	207,376	217,123	21,119
<b>Interfund receivables:</b>					
Interfund loans	-	1,630,000	-	1,630,000	-
Interfund services provided and used	-	-	116,984	116,984	-
Inventories	164,320	-	1,682,769	1,847,089	-
Prepaid items	90,892	115,014	98,930	304,836	-
<b>Restricted cash and cash equivalents:</b>					
Customer deposits	335,830	2,065	1,847,062	2,184,957	-
Revenue bond covenant accounts	1,073,318	3,513,482	754,000	5,340,800	-
Repair account	2,527,856	5,759,516	665,967	8,953,339	-
<b>Total current assets:</b>	<b>6,575,944</b>	<b>12,973,157</b>	<b>14,040,650</b>	<b>33,589,751</b>	<b>7,557,882</b>
<b>Noncurrent assets:</b>					
Deferred charges	101,053	356,256	860,303	1,317,612	-
<b>Capital assets:</b>					
Land and construction in progress	664,019	12,212,512	1,653,483	14,530,014	-
Other capital assets (net of accumulated depreciation)	42,795,647	68,168,085	32,399,882	143,363,614	-
<b>Total capital assets</b>	<b>43,459,666</b>	<b>80,380,597</b>	<b>34,053,365</b>	<b>157,893,628</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>43,560,719</b>	<b>80,736,853</b>	<b>34,913,668</b>	<b>159,211,240</b>	<b>-</b>
<b>Total assets</b>	<b>50,136,663</b>	<b>93,710,010</b>	<b>48,954,318</b>	<b>192,800,991</b>	<b>7,557,882</b>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable	314,848	162,013	3,881,517	4,358,378	562,631
Accrued payroll and withholdings payable	54,844	66,225	91,800	212,869	-
<b>Interfund payables:</b>					
Interfund services provided and used	58,492	58,492	-	116,984	-
Estimate for unfilled claims	-	-	-	-	115,000
Contracts payable	-	336,923	-	336,923	-
Taxes payable	22,089	-	115,140	137,229	-
Accrued interest payable	200	570,547	-	570,747	-
Compensated absences	12,121	9,980	29,334	51,435	-
<b>Current liabilities payable from restricted assets:</b>					
Customer deposits	347,565	2,065	1,847,062	2,196,692	-
Accounts payable	-	-	151,992	151,992	-
Capital leases payable	16,112	16,112	-	32,224	-
Notes and loans payable	1,140,000	929,000	-	2,069,000	-
Revenue bonds payable	290,000	1,495,000	-	1,785,000	-
<b>Total current liabilities</b>	<b>2,256,271</b>	<b>3,646,357</b>	<b>6,116,845</b>	<b>12,019,473</b>	<b>677,631</b>
<b>Noncurrent liabilities:</b>					
Compensated absences	73,752	50,500	61,199	185,451	-
Notes and loans payable	15,745,000	36,823,118	-	52,568,118	-
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	3,219,832	12,473,980	-	15,693,812	-
Net pension obligation	53,972	53,972	107,944	215,888	-
<b>Total noncurrent liabilities</b>	<b>19,092,556</b>	<b>49,401,570</b>	<b>169,143</b>	<b>68,663,269</b>	<b>-</b>
<b>Total liabilities</b>	<b>21,348,827</b>	<b>53,047,927</b>	<b>6,285,988</b>	<b>80,682,742</b>	<b>677,631</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	23,048,722	28,583,837	34,053,365	85,685,924	-
Restricted for debt service	1,073,318	3,513,482	754,000	5,340,800	-
Unrestricted	4,665,796	8,564,764	7,860,965	21,091,525	6,880,251
<b>Total net assets</b>	<b>\$ 28,787,836</b>	<b>\$ 40,662,083</b>	<b>\$ 42,668,330</b>	<b>\$ 112,118,249</b>	<b>\$ 6,880,251</b>

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

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

	Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Totals	
<b>Operating revenues:</b>					
Unmetered water revenue	\$ 3,045	\$ -	\$ -	\$ 3,045	\$ -
<b>Metered water revenue:</b>					
Residential	4,802,557	-	15,952,871	20,755,428	-
Commercial	1,300,839	-	29,223,061	30,523,900	-
Public street and highway lighting	-	-	359,616	359,616	-
Fire protection revenue	1,152,338	-	-	1,152,338	-
Penalties	43,103	142,128	215,808	401,039	-
Employee/employer contributions	-	-	-	-	6,568,982
<b>Measured revenue:</b>					
Residential	-	5,104,670	-	5,104,670	-
Commercial	-	3,593,600	-	3,593,600	-
Other	198,829	493,178	505,712	1,197,719	-
<b>Total operating revenues</b>	<b>7,500,711</b>	<b>9,333,576</b>	<b>46,257,068</b>	<b>63,091,355</b>	<b>6,568,982</b>
<b>Operating expenses:</b>					
Source of supply and expense - operations and maintenance	1,229,018	1,625,512	-	2,854,530	-
Transmission and distribution	1,669,341	-	3,210,663	4,880,004	-
Treatment and disposal expense - operations and maintenance	604,592	605,063	-	1,209,655	-
Customer accounts	343,133	-	657,674	1,000,807	-
Administration and general	856,428	1,668,992	2,805,562	5,330,982	-
Insurance claims and premiums	-	-	-	-	7,967,450
Purchased power	-	-	34,056,362	34,056,362	-
Sewer - operation and maintenance	-	1,048,406	-	1,048,406	-
Pre treatment - operation and maintenance	-	97,446	-	97,446	-
Chemicals	-	332,240	-	332,240	-
Bad debt expense	41,686	9,535	196,226	247,447	-
Depreciation	1,448,370	4,069,534	2,811,597	8,329,501	-
<b>Total operating expenses</b>	<b>6,192,568</b>	<b>9,456,728</b>	<b>43,738,084</b>	<b>59,387,380</b>	<b>7,967,450</b>
<b>Operating income (loss)</b>	<b>1,308,143</b>	<b>(123,152)</b>	<b>2,518,984</b>	<b>3,703,975</b>	<b>(1,398,468)</b>
<b>Nonoperating revenues (expenses):</b>					
Interest and investment revenue	5,721	10,773	8,441	24,935	12,178
Miscellaneous revenue	74,266	-	5,736	80,002	-
Lawsuit settlement	672,266	-	-	672,266	-
Interest expense	(685,826)	(2,026,118)	-	(2,711,944)	-
Amortization expense	(32,397)	(83,408)	(27,358)	(143,163)	-
Loss on disposal of assets	(22,531)	-	(65,202)	(87,733)	-
<b>Total nonoperating revenues (expenses)</b>	<b>11,499</b>	<b>(2,098,753)</b>	<b>(78,383)</b>	<b>(2,165,637)</b>	<b>12,178</b>
<b>Income (loss) before contributions and transfers</b>	<b>1,319,642</b>	<b>(2,221,905)</b>	<b>2,440,601</b>	<b>1,538,338</b>	<b>(1,386,290)</b>
<b>Capital contributions</b>	<b>333,775</b>	<b>4,779,802</b>	<b>-</b>	<b>5,113,577</b>	<b>-</b>
Transfers in	-	1,660,000	-	1,660,000	-
Transfers out	(582,746)	(849,552)	(1,187,558)	(2,619,856)	-
<b>Change in net assets</b>	<b>1,070,671</b>	<b>3,368,345</b>	<b>1,253,043</b>	<b>5,692,059</b>	<b>(1,386,290)</b>
<b>Total net assets - beginning</b>	<b>27,717,165</b>	<b>37,293,738</b>	<b>41,415,287</b>	<b>106,426,190</b>	<b>8,266,541</b>
<b>Total net assets - ending</b>	<b>\$ 28,787,836</b>	<b>\$ 40,662,083</b>	<b>\$ 42,668,330</b>	<b>\$ 112,118,249</b>	<b>\$ 6,880,251</b>

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

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

	Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Totals	
Cash flows from operating activities:					
Receipts from customers and users	\$ 7,514,183	\$ 9,343,105	\$ 46,543,095	\$ 63,400,383	\$ -
Receipts from interfund services provided	-	-	-	-	6,547,863
Payments to suppliers	(1,848,912)	(2,390,370)	(36,671,104)	(40,910,386)	-
Payments to employees	(2,960,330)	(2,927,058)	(4,393,826)	(10,281,214)	-
Payments for interfund services used	-	-	-	-	(7,904,123)
Other receipts (payments)	74,266	-	5,736	80,002	-
Net cash provided (used) by operating activities	<u>2,779,207</u>	<u>4,025,677</u>	<u>5,483,901</u>	<u>12,288,785</u>	<u>(1,356,260)</u>
Cash flows from noncapital financing activities:					
Interfund loans	-	(800,000)	-	(800,000)	5,950,000
Payments for rate case study	(20,087)	-	-	(20,087)	-
Proceeds of lawsuit settlement	672,266	-	-	672,266	-
Transfer from other funds	-	830,000	-	830,000	-
Transfer to other funds	(582,746)	(849,552)	(1,187,558)	(2,619,856)	-
Net cash provided (used) by noncapital financing activities	<u>69,433</u>	<u>(819,552)</u>	<u>(1,187,558)</u>	<u>(1,937,677)</u>	<u>5,950,000</u>
Cash flows from capital and related financing activities:					
Capital contributions	333,775	-	-	333,775	-
Issue costs paid	-	(115,632)	-	(115,632)	-
Acquisition and construction of capital assets	(935,539)	(5,434,670)	(3,020,595)	(9,390,804)	-
Principal paid on bonds	(270,000)	(1,440,000)	-	(1,710,000)	-
Principal paid on capital leases	(20,847)	(15,077)	-	(35,924)	-
Principal paid on loans	(1,095,000)	(855,000)	-	(1,950,000)	-
Interest paid on bonds	(161,424)	(400,637)	-	(562,061)	-
Interest paid on capital leases	(3,888)	(3,888)	-	(7,776)	-
Interest paid on loans	(516,300)	(1,379,489)	-	(1,895,789)	-
Interest paid on customer deposits	(13,743)	-	(61,981)	(75,724)	-
Net cash used by capital and related financing activities	<u>(2,682,966)</u>	<u>(9,644,393)</u>	<u>(3,082,576)</u>	<u>(15,409,935)</u>	<u>-</u>
Cash flows from investing activities:					
Interest received	5,665	10,628	8,441	24,734	10,942
Net increase (decrease) in cash and cash equivalents	<u>171,339</u>	<u>(6,427,640)</u>	<u>1,222,208</u>	<u>(5,034,093)</u>	<u>4,604,682</u>
Cash and cash equivalents, January 1					
(Including \$1,693,923, \$7,785,873, \$4,649,130, and \$6,943,136 for the customer deposits, revenue bond covenant account, repair account and capital outlay account, respectively, reported in restricted accounts)	<u>5,825,992</u>	<u>17,205,225</u>	<u>7,758,727</u>	<u>30,789,944</u>	<u>2,930,845</u>
Cash and cash equivalents, December 31					
(Including \$2,184,957, \$5,340,800, and \$8,953,339 for the customer deposits, revenue bond covenant account and repair account, respectively, reported in restricted accounts)	<u>\$ 5,997,331</u>	<u>\$ 10,777,585</u>	<u>\$ 8,980,935</u>	<u>\$ 25,755,851</u>	<u>\$ 7,535,527</u>

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

Continued on next page

CITY OF MISHAWAKA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2009  
(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)	\$ 1,308,143	\$ (123,152)	\$ 2,518,984	\$ 3,703,975	\$ (1,398,468)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,448,370	4,069,534	2,811,597	8,329,501	-
Bad debt expense	41,686	9,535	196,226	247,447	-
Work in Progress expensed	-	46,008	-	46,008	-
Nonoperating revenue	74,266	-	5,736	80,002	-
(Increase) decrease in assets:					
Accounts receivable	13,473	9,529	286,027	309,029	(21,119)
Interfund services provided or used	-	-	(27,296)	(27,296)	-
Inventories	(135,075)	-	(129,557)	(264,632)	-
Prepaid items	9,413	3,653	(5,021)	8,045	-
Increase (decrease) in liabilities:					
Customer deposits	22,705	-	292,921	315,626	-
Accounts payable	(167)	(55,245)	(532,213)	(587,625)	3,327
Accrued payroll and withholdings payable	1,765	18,512	26,098	46,375	-
Interfund payables	13,648	13,648	-	27,296	-
Taxes payables	1,527	-	29,734	31,261	-
Estimate for unfiled claims	-	-	-	-	60,000
Compensated absences payable	(11,854)	4,584	(6,529)	(13,799)	-
Net pension obligation payable	(8,693)	29,071	17,194	37,572	-
Total adjustments	<u>1,471,064</u>	<u>4,148,829</u>	<u>2,964,917</u>	<u>8,584,810</u>	<u>42,208</u>
Net cash provided (used) by operating activities	<u>\$ 2,779,207</u>	<u>\$ 4,025,677</u>	<u>\$ 5,483,901</u>	<u>\$ 12,288,785</u>	<u>\$ (1,356,260)</u>
Noncash investing, capital and financing activities:					
Accreted value on capital appreciation bonds	\$ -	\$ 262,539	\$ -	\$ 262,539	\$ -
Purchase of capital assets on account	75,371	-	151,992	227,363	-
Material and supply inventory converted to capital items	152,091	-	-	152,091	-
Work in progress on account	-	398,878	77,224	476,102	-
Work in progress financed through debt (SRF loan)	-	1,040,779	-	1,040,779	-
Disposal of capital assets	215,804	180,759	356,665	753,228	-
Contributed capital assets from government	-	4,779,802	-	4,779,802	-
Transfer of work in progress to depreciated capital assets	441,424	174,809	1,031,942	1,648,175	-

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, 2009

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 1,338,349	\$ 85,057
Receivables:		
Accounts	-	17,120
Interest and dividends	21,958	-
Taxes	<u>76,904</u>	<u>-</u>
Total receivables	<u>98,862</u>	<u>17,120</u>
Investments at fair value:		
Government sponsored enterprise	1,244,351	-
Municipal bonds	929,676	-
Mutual funds	<u>10,061,204</u>	<u>-</u>
Total investments	<u>12,235,231</u>	<u>-</u>
<b>Total assets</b>	<b><u>13,672,442</u></b>	<b><u>\$ 102,177</u></b>
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable	700	\$ 98,611
Accrued payroll and withholdings payable	<u>-</u>	<u>3,566</u>
<b>Total liabilities</b>	<b><u>700</u></b>	<b><u>\$ 102,177</u></b>
 <u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits and other purposes	<u>13,671,742</u>	
<b>Total net assets</b>	<b><u>\$ 13,671,742</u></b>	

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, 2009

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
On behalf	\$ 3,997,819
Employer	1,474,184
Plan members	<u>55</u>
Total contributions	<u>5,472,058</u>
Investment income:	
Net decrease in fair value of investments	1,847,744
Interest	<u>358,048</u>
Total investment income	2,205,792
Less investment expense:	
Investment activity expense	<u>26,121</u>
Net investment loss	<u>2,179,671</u>
Total additions	<u>7,651,729</u>
<u>Deductions</u>	
Benefits	4,601,937
Administrative expense	<u>18,732</u>
Total deductions	<u>4,620,669</u>
Changes in net assets	3,031,060
Net assets - beginning	<u>10,640,682</u>
Net assets - ending	<u>\$ 13,671,742</u>

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying financial statements present the activities of the primary government. There are no significant component units which require inclusion.

Related Organizations

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. 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 and for capital financing activity through a local bond bank.

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

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

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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "interfund services provided/used." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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. None of the restricted net assets are restricted due to enabling legislation.

6. Capital Assets

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

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

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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 100,000	Straight-line	20-50
Equipment	5,000	Straight-line	3-15
Roads – 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. No interest was capitalized in 2009.

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, fire fighters and emergency medical technicians have accumulated overtime-compensatory leave for a variety of reasons.

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

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, Rainy Day Public Safety, Law Enforcement Continuing Education, Park Nonreverting Operating

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

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.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Expenditures did not exceed appropriations for any funds or any departments within the General Fund, 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, 2009, the City had a deposit balance in the amount of \$60,125,468. Of this amount, the following was exposed to custodial credit risk:

Uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent, but not in the depositor-government's name	<u>\$ 30,792</u>
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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, 2009, the City's Utility Pension Fund had the following investments:

Investment Type	Primary Government	Investment Maturities (in Years)		
	Fair Value	Less Than 1	1 to 2	More Than 2
Utility Pension Fund:				
Government sponsored enterprise	\$ 1,244,351	\$ -	\$ 101,724	\$ 1,142,627
Municipal bonds	929,676	-	112,225	817,451
Mutual funds	10,061,204	10,061,204	-	-
Totals	\$ 12,235,231	\$ 10,061,204	\$ 213,949	\$ 1,960,078

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 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, 2009, the following investments held by the Utility's Pension Plan were exposed to custodial credit risk:

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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	\$ 1,244,351
Municipal bonds	929,676
Mutual funds	10,061,204
 Total	 \$ 12,235,231

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		
		Government Sponsored Enterprise	Municipal Bonds	Mutual Funds
AAA	Aaa	\$ 1,224,351	\$ 367,590	\$ -
AA		-	452,091	-
A		-	109,995	-
Unrated	Unrated	-	-	10,061,204
 Totals		 \$ 1,224,351	 \$ 929,676	 \$ 10,061,204

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. There were no investments from a single issuer that were more than 5% of the total investments.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Loans Receivables

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

<u>Fund</u>	<u>Receivable</u>	<u>Noncurrent</u>
Major fund:		
TIF NW General	\$ 1,086,946	\$ 1,086,946
Special revenue funds:		
Industrial Development	12,029	8,028
Community Development	<u>592,080</u>	<u>537,741</u>
Totals	<u>\$ 1,691,055</u>	<u>\$ 1,632,715</u>

C. Capital Assets

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

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,846,962	\$ 1,341,472	\$ -	\$ 12,188,434
Construction in progress	<u>42,550,400</u>	<u>14,035,418</u>	<u>7,171,374</u>	<u>49,414,444</u>
Total capital assets, not being depreciated	<u>53,397,362</u>	<u>15,376,890</u>	<u>7,171,374</u>	<u>61,602,878</u>
Capital assets, being depreciated:				
Buildings	14,882,255	73,767	61,955	14,894,067
Improvements other than buildings	10,659,280	289,696	-	10,948,976
Machinery and equipment	21,855,861	598,862	414,274	22,040,449
Infrastructure being depreciated	<u>28,491,702</u>	<u>13,131,696</u>	<u>-</u>	<u>41,623,398</u>
Totals	<u>75,889,098</u>	<u>14,094,021</u>	<u>476,229</u>	<u>89,506,890</u>
Less accumulated depreciation for :				
Buildings	5,335,362	314,970	51,410	5,598,922
Improvements other than buildings	4,263,663	459,221	-	4,722,884
Machinery and equipment	9,446,682	2,268,267	396,888	11,318,061
Infrastructure being depreciated	<u>2,636,442</u>	<u>1,061,111</u>	<u>-</u>	<u>3,697,553</u>
Totals	<u>21,682,149</u>	<u>4,103,569</u>	<u>448,298</u>	<u>25,337,420</u>
Total capital assets, being depreciated, net	<u>54,206,949</u>	<u>9,990,452</u>	<u>27,931</u>	<u>64,169,470</u>
Total governmental activities capital assets, net	<u>\$ 107,604,311</u>	<u>\$ 25,367,342</u>	<u>\$ 7,199,305</u>	<u>\$ 125,772,348</u>

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>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,120,192	\$ 99,031	\$ -	\$ 1,219,223
Construction in progress	<u>9,817,819</u>	<u>5,187,155</u>	<u>1,694,183</u>	<u>13,310,791</u>
Total capital assets, not being depreciated	<u>10,938,011</u>	<u>5,286,186</u>	<u>1,694,183</u>	<u>14,530,014</u>
Capital assets, being depreciated:				
Buildings	51,486,773	44,474	-	51,531,247
Improvements other than buildings	103,528,395	9,825,672	377,456	112,976,611
Machinery and equipment	45,317,392	622,918	12,561	45,927,749
Transportation	<u>3,661,268</u>	<u>57,560</u>	<u>363,211</u>	<u>3,355,617</u>
Totals	<u>203,993,828</u>	<u>10,550,624</u>	<u>753,228</u>	<u>213,791,224</u>
Less accumulated depreciation for:				
Buildings	10,581,100	1,154,757	-	11,735,857
Improvements other than buildings	32,177,750	3,475,397	104,562	35,548,585
Machinery and equipment	17,079,898	3,435,495	197,722	20,317,671
Transportation	<u>2,924,856</u>	<u>263,852</u>	<u>363,211</u>	<u>2,825,497</u>
Totals	<u>62,763,604</u>	<u>8,329,501</u>	<u>665,495</u>	<u>70,427,610</u>
Total capital assets, being depreciated, net	<u>141,230,224</u>	<u>2,221,123</u>	<u>87,733</u>	<u>143,363,614</u>
Total business-type activities capital assets, net	<u>\$ 152,168,235</u>	<u>\$ 7,507,309</u>	<u>\$ 1,781,916</u>	<u>\$ 157,893,628</u>

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

<b>Governmental activities:</b>	
General government	\$ 140,504
Public safety	1,851,172
Highways and streets	1,410,563
Culture and recreation	699,120
Community development	<u>2,210</u>
Total depreciation expense - governmental activities	<u>\$ 4,103,569</u>
<b>Business-type activities:</b>	
Water	\$ 1,448,370
Wastewater	4,069,534
Electric	<u>2,811,597</u>
Total depreciation expense - business-type activities	<u>\$ 8,329,501</u>

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Expended to December 31, 2009</u>	<u>Committed</u>
Governmental activities:		
Main Street Underpass	\$ 22,422,986	\$ 3,707,931
Mill Street Parking Lot - Front St	181,585	427,259
N Main - Donaldson to Leyte	3,155,458	317,076
Milburn Area Sewer Improvements - Project C	2,144,916	294,620
Other street projects	6,659,682	9,515,620
Riverfront Park	3,880,903	100,649
Riverwalk	9,101,726	863,702
Other park projects	1,208,997	27,166
Mishawaka Furniture	658,191	-
	<u>658,191</u>	<u>-</u>
Totals - governmental activities	<u>\$ 49,414,444</u>	<u>\$ 15,254,023</u>
Business-type activities:		
Water Utility:		
Rosetta Place Phase II	\$ 13,452	\$ 18,452
Wastewater Utility:		
Milburn improvements	8,423,014	9,101,494
Treatment plant expansion	1,474,057	1,524,057
Northeast trunk phase I	1,320,208	1,719,841
Juday creek force main	332,310	4,121,000
Other projects (4)	401,999	920,902
Electric Utility:		
Fiber optics	1,345,751	1,395,751
	<u>1,345,751</u>	<u>1,395,751</u>
Totals - business-type activities	<u>\$ 13,310,791</u>	<u>\$ 18,801,497</u>

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Interfund Receivable	Interfund Payable			
	NW TIF	Water	Wastewater	Totals
Business-type activities:				
Wastewater Utility	\$ 1,630,000	\$ -	\$ -	\$ 1,630,000
Electric Utility	-	58,492	58,492	116,984
Totals	<u>\$ 1,630,000</u>	<u>\$ 58,492</u>	<u>\$ 58,492</u>	<u>\$ 1,746,984</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, 2009, were as follows:

Transfer From	Transfer To	Amount
Governmental:		
TIF NW General Fund	Nonmajor governmental	\$ 2,254,731
TIF NW General Fund	Wastewater Utility	1,660,000
Nonmajor	TIF NW General Fund	1,300,000
Business-type:		
Water Utility	General Fund	582,746
Wastewater Utility	General Fund	849,552
Electric Utility	General Fund	<u>1,187,558</u>
Total		<u>\$ 7,834,587</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, 2009, are as follows:

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	Governmental Activities	Business-Type Activities
2010	\$ 183,187	\$ 33,924
2011	183,187	-
Total minimum lease payments	366,374	33,924
Less amount representing interest	26,363	1,700
Present value of net minimum lease payments	\$ 340,011	\$ 32,224

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

	Governmental Activities	Business-Type Activities
Improvements other than buildings	\$ -	\$ 442,000
Machinery and equipment	817,499	-
Totals	817,499	442,000
Less: accumulated depreciation	140,040	442,000
Totals	\$ 677,459	\$ -

G. Short-Term Liabilities

Revolving Line of Credit:

The primary government uses a revolving line of credit to finance the first time homebuyers program.

Short-term debt activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Issued/ Draws	Redeemed Repayments	Ending Balance
Short-term loans	\$ -	\$ 282,896	\$ 103,925	\$ 178,971

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.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Purpose	Interest Rates	Balance December 31	Due Within One Year	Less Unamortized Discount	Due in More Than One Year
\$2,745,000 2004 Refunding of 1993 police station bonds due in installments of \$120,000 to \$245,000 plus interest through February 1, 2014	3%	\$ 1,340,000	\$ 280,000	\$ 9,752	\$ 1,050,248
\$5,000,000 2005 Communication equipment due in installments of \$155,000 to \$300,000 plus interest through February 1, 2016	3.5% to 4%	3,495,000	485,000	16,350	2,993,650
\$3,000,000 2007 Communication equipment due in installments of \$55,000 to \$225,000 plus interest through February 1, 2016	3.8% to 4%	2,600,000	355,000	28,875	2,216,125
\$1,550,000 2006 Park and recreation due in installments of \$90,000 to \$125,000 plus interest through February 1, 2014	3.85%	<u>1,050,000</u>	<u>220,000</u>	<u>3,572</u>	<u>826,428</u>
<b>Totals</b>		<u>\$ 8,485,000</u>	<u>\$ 1,340,000</u>	<u>\$ 58,549</u>	<u>\$ 7,086,451</u>

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	Due Within One Year	Less Unamortized Discount	Due in More Than One Year
\$7,500,000 2001 Redevelopment NW District TIF refunding due in installments of \$35,000 to \$505,000 plus interest through February 1, 2012	5%	\$ 1,630,000	\$ 995,000	\$ 15,986	\$ 619,014
\$14,800,000 2007 Redevelopment NW District TIF due in installments of \$1,335,000 to \$1,635,000 plus interest through February 1, 2013	4% to 4.25%	10,705,000	2,890,000	94,167	7,720,833
\$2,625,000 2005 Redevelopment SS District TIF refunding due in installments of \$115,000 to \$165,000 plus interest through February 1, 2015	3.65% to 4.1%	<u>1,030,000</u>	<u>270,000</u>	<u>18,875</u>	<u>741,125</u>
<b>Totals</b>		<u>\$ 13,365,000</u>	<u>\$ 4,155,000</u>	<u>\$ 129,028</u>	<u>\$ 9,080,972</u>

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Year Ended December 31	Governmental Activities			
	General Obligation Bonds		TIF Bonds	
	Principal	Interest	Principal	Interest
2010	\$ 1,340,000	\$ 311,150	\$ 4,155,000	\$ 519,348
2011	1,395,000	262,409	3,340,000	352,121
2012	1,435,000	211,066	3,450,000	210,709
2013	1,500,000	156,399	1,940,000	63,309
2014	1,270,000	97,086	315,000	16,265
2015-2016	1,545,000	62,200	165,000	3,383
Totals	<u>\$ 8,485,000</u>	<u>\$ 1,100,310</u>	<u>\$ 13,365,000</u>	<u>\$ 1,165,135</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	Due Within One Year	Plus: Unamortized Premium	Less: Unamortized Discount	Less: Deferral on Refunding	Due in More Than One Year
\$4,475,000 2007 Water refunding revenue bonds due in installments of \$40,000 to \$220,000 plus interest through July 1, 2020	3.9% to 5.0%	\$ 3,785,000	\$ 290,000	\$ 26,726	\$ 24,875	\$ 277,019	\$ 3,509,832
\$1,875,130 1994 Wastewater capital appreciation bonds due in four installments of \$1,380,000 plus interest through March 1, 2015	5.55% to 5.65%	4,513,484	-	-	9,507	-	4,503,977
\$8,810,000 2002 Wastewater refunding revenue bonds due in installments of \$160,000 to \$605,000 plus interest through March 1, 2011	1.3% to 3.7%	1,775,000	1,170,000	-	9,429	41,018	1,724,553
\$8,450,000 2006 Wastewater revenue bonds, Series A due in installments of \$145,000 to \$290,000 plus interest through September 1, 2026	3.625% to 4.0%	7,450,000	325,000	-	59,550	-	7,390,450
\$350,000 2007 Wastewater revenue bonds, Series A due in installments of \$45,000 to \$305,000 plus interest through March 1, 2027	4.25%	350,000	-	-	-	-	350,000
Totals		<u>\$ 17,873,484</u>	<u>\$ 1,785,000</u>	<u>\$ 26,726</u>	<u>\$ 103,361</u>	<u>\$ 318,037</u>	<u>\$ 17,478,812</u>

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

During 2009, the water utility paid \$431,424 in debt payments or approximately 6 percent of operating revenues. The wastewater utility paid \$1,840,637 in debt payments or approximately 20 percent of operating revenues.

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Business-Type Activities	
	Principal	Interest
2010	\$ 1,785,000	\$ 516,422
2011	1,245,000	451,558
2012	2,040,000	416,431
2013	2,075,000	391,443
2014	2,100,000	352,461
2015-2019	4,423,484	1,304,846
2020-2024	2,745,000	586,275
2025-2029	1,460,000	105,906
Totals	<u>\$ 17,873,484</u>	<u>\$ 4,125,342</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
2010	<u>\$ 89,000</u>	<u>\$ 1,113</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
	2010	\$ 2,069,000
2011	2,097,000	1,902,028
2012	2,084,000	1,835,221
2013	2,147,000	1,767,766
2014	2,224,000	1,698,098
2015-2019	18,708,904	6,775,835
2020-2024	18,474,000	3,231,640
2025-2029	6,833,214	466,877
Totals	<u>\$ 54,637,118</u>	<u>\$ 19,640,888</u>

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Under terms of the State Revolving Loan Fund (SRF), 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, 2009, the loan principal balance was \$36,747,214. 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.

Under terms of the State Revolving Loan Fund (SRF), revenue bonds have been purchased by the Indiana Bond Bank, the proceeds of which are set aside to finance plant equipment and lift station improvements. Funds are loaned to the Utility as construction costs are incurred to the maximum allowed. The original loan was established in 2009 with a maximum draw of \$4,120,000 but this loan was converted in 2010 to a maximum draw of \$4,796,000 due to an influx of federal stimulus funds. As of December 31, 2009, the principal balance was \$739,904. Annual debt service requirements to maturity for the 2010 loan will not be determined until planned construction is completed. The interest rate on \$2,398,000 of the loan is 3.05% but no interest accrued until 2010. The remaining \$2,398,000 loan has been designated to be forgiven by SRF upon the redemption date.

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, 2009, \$1,830,000 of bonds outstanding are considered defeased.

6. Changes in Long-Term Liabilities

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

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation	\$ 9,775,000	\$ -	\$ 1,290,000	\$ 8,485,000	\$ 1,340,000
TIF	17,375,000	-	4,010,000	13,365,000	4,155,000
Less deferred amount: For issuance discounts	<u>237,009</u>	<u>-</u>	<u>49,432</u>	<u>187,577</u>	<u>-</u>
Total bonds payable	26,912,991	-	5,250,568	21,662,423	5,495,000
Capital leases	576,533	-	236,522	340,011	165,757
Notes and loans payable	263,000	-	174,000	89,000	89,000
Net other postemployment benefits obligation	2,173,104	2,765,837	-	4,938,941	-
Compensated absences	<u>657,686</u>	<u>444,010</u>	<u>336,666</u>	<u>765,030</u>	<u>444,010</u>
<b>Total governmental activities long-term liabilities</b>	<u>\$ 30,583,314</u>	<u>\$ 3,209,847</u>	<u>\$ 5,997,756</u>	<u>\$ 27,795,405</u>	<u>\$ 6,193,767</u>

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
<b>Revenue bonds payable:</b>					
Water Utility	\$ 4,055,000	\$ -	\$ 270,000	\$ 3,785,000	\$ 290,000
Wastewater Utility	15,265,945	262,539	1,440,000	14,088,484	1,495,000
<b>Less deferred amount:</b>					
For issuance discounts/premiums	89,882	2,586	15,833	76,635	-
On refunding	385,865	-	67,828	318,037	-
<b>Total revenue bonds payable</b>	<b>18,845,198</b>	<b>259,953</b>	<b>1,626,339</b>	<b>17,478,812</b>	<b>1,785,000</b>
Capital Leases	68,148	-	35,924	32,224	32,224
Compensated absences	250,685	-	13,799	236,886	51,435
Notes and loans payable	55,546,339	1,040,779	1,950,000	54,637,118	2,069,000
Net pension obligation	178,316	37,572	-	215,888	-
<b>Total business-type activities</b>					
Long-term liabilities	<u>\$ 74,888,686</u>	<u>\$ 1,338,304</u>	<u>\$ 3,626,062</u>	<u>\$ 72,600,928</u>	<u>\$ 3,937,659</u>

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	\$ 2,184,957
Revenue bond covenant accounts	5,340,800
Repair accounts	<u>8,953,339</u>
<b>Total restricted assets</b>	<u><u>\$ 16,479,096</u></u>

All of the \$5,340,800 of restricted net assets is restricted by bond covenants.

J. Restatements

For the year ended December 31, 2008, certain changes have been made to the financial statements to more appropriately reflect changes in funding contributions of the governmental activities. Indiana Code 5-10.3-11-4.7 states: "(a) In 2009 and each year thereafter, the state board shall distribute from the pension relief fund to each unit of local government the total amount of pension, disability, and survivor benefit payments from the 1925 police pension fund (IC 36-8-6), and the 1937 firefighters' pension fund (IC 36-8-7), and the 1953 police pension fund (IC 36-8-7.5) to be made by the unit in the calendar year, as estimated by the state board under section 4 of this chapter, after subtracting any distributions to the unit from the public deposit insurance fund that will be used for benefit payments." Therefore, the pension obligation of \$19,149,606 for the 1925 Police Pension and the 1937 Firefighters' Pension is no longer a liability to the City. The following schedule presents a summary of restated beginning balances by opinion units.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Opinion Unit	Balance as Reported December 31, 2008	Change in State Funding	Balance as Restated January 1, 2009
Governmental activities:			
Net assets	\$ 128,919,470	\$ 19,149,606	\$ 148,069,076

K. Revenues Pledged

TIF Revenues Pledged

The City has pledged future tax incremental financing revenues to repay the revenue bonds issued in 2001, 2005 and 2007. Proceeds from the bonds provided financing for infrastructure improvements. The bonds are payable solely from tax revenues and are payable through 2015. Annual principal and interest payments are expected to require less than 26 percent of net revenues.

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 \$150,000 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:

	2008	2009
Unpaid claims, beginning of fiscal year	\$ 677,911	\$ 614,304
Incurred claims and changes in estimates	6,576,393	7,967,450
Claim payments	6,640,000	7,904,123
Unpaid claims, end of fiscal year	\$ 614,304	\$ 677,631

**B. 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, 2009, 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.

**C. 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. A separate financial report is not issued for the plan.

Funding Policy

The contribution requirements of plan members for the City of Mishawaka Retiree Healthcare Plan are established and can be amended by the City's Common Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2009, the City contributed \$1,226,249 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.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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	\$ 3,986,921
Interest on net OPEB obligations	97,790
Amortization adjustment to the required contribution	(92,625)
Contributions made	<u>(1,226,249)</u>
Increase in net OPEB obligation	2,765,837
Net OPEB obligation - beginning of year	<u>2,173,104</u>
Net OPEB obligation - end of year	<u><u>\$ 4,938,941</u></u>

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

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-07	\$ **	**	\$ **
12-31-08	3,207,593	32.3%	2,173,104
12-31-09	3,986,921	30.8%	4,938,941

\*\*Information not available

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$42,131,601, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$42,131,601. 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.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Methods and Assumption

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

In the December 31, 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included 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, 2009, was 30 years.

D. 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 6.37% of the annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the PERF Board of Trustees.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Annual Pension Cost

For 2009, the City's annual pension cost and related information, as provided by the actuary, is presented in this note.

b. 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 and can be amended by the plan administrator. Currently, employees are not required to make any contributions to the plan. The Net Pension Obligation (NPO) is considered an obligation of the 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 2009, the Utilities' annual pension cost and related information for the Utility Pension Plan, as provided by the actuary, is presented in this note.

c. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to six percent (6%) of the salary of a first class patrolman. The contribution requirements of plan members are established by and can be amended by state statute. The State of Indiana has contributed \$1,323,456 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

d. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to six percent (6%) of the salary of a first class patrolman. The contribution requirements of plan members are established by and can be amended by state statute. The State of Indiana has contributed \$2,674,363 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 an obligation of the State of Indiana and is reflected in the Statement of Net Assets for the State of Indiana.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>Utility Pension</u>
Annual required contribution	\$ 475,153	\$ 925,443
Interest on net pension obligation	(27,672)	1,380
Adjustment to annual required contribution	<u>31,535</u>	<u>(1,544)</u>
Annual pension cost	479,016	925,279
Contributions made	<u>446,675</u>	<u>887,707</u>
Increase (decrease) in net pension obligation	32,341	37,572
Net pension obligation, beginning of year	<u>(381,689)</u>	<u>178,316</u>
Net pension obligation, end of year	<u>\$ (349,348)</u>	<u>\$ 215,888</u>

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF	Utility Pension	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:				
Government	6.37%	14%	877%	1,584%
Plan Members	3%		6%	6%
Actuarial valuation date	07-01-08	01-01-09	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 30 years	Level percentage of projected payroll, closed 30 years	Level percentage of projected payroll, closed 30 years
Amortization period	30 years	30 years	30 years	30 years
Amortization period (from date)	07-1-07	01-01-09	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	Market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

e. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Assets:

<u>Assets</u>	<u>Utility Pension</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>
Cash and cash equivalents	\$ 33,254	\$ 475,282	\$ 829,813
Receivables:			
Interest and dividends	21,958	-	-
Taxes	-	40,899	36,005
Total receivables	21,958	40,899	36,005
Investments at fair value:			
Government sponsored enterprise	1,244,351	-	-
Municipal bonds	929,676	-	-
Mutual funds	10,061,204	-	-
Total investments	12,235,231	-	-
Total assets	\$ 12,290,443	\$ 516,181	\$ 865,818

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

<u>Liabilities</u>	<u>Utility Pension</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>
Current Liabilities:			
Accounts payable	\$ 700	\$ -	\$ -

Net Assets

Held in trust for:			
Employees' pension benefits	<u>\$ 12,289,743</u>	<u>\$ 516,181</u>	<u>\$ 865,818</u>

Statements of Changes in Fiduciary Net Assets:

<u>Additions</u>	<u>Utility Pension</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>
Contributions:			
On-behalf	\$ -	\$ 1,323,456	\$ 2,674,363
Employer	887,707	311,372	275,105
Plan members	-	55	-
Total contributions	<u>887,707</u>	<u>1,634,883</u>	<u>2,949,468</u>
Investment income:			
Net increase in fair value of investments	1,847,744	-	-
Interest	<u>358,048</u>	<u>-</u>	<u>-</u>
Total investment income	2,205,792	-	-
Less investment expense:			
Investment activity expense	<u>26,121</u>	<u>-</u>	<u>-</u>
Net investment income	<u>2,179,671</u>	<u>-</u>	<u>-</u>
Total additions	<u>3,067,378</u>	<u>1,634,883</u>	<u>2,949,468</u>

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

<u>Deductions</u>	<u>Utility Pension</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>
Benefits	838,977	1,392,668	2,370,292
Administrative expense	10,390	2,600	5,742
 Total deductions	 849,367	 1,395,268	 2,376,034
 Changes in net assets	 2,218,011	 239,615	 573,434
Net assets - beginning	10,071,732	276,566	292,384
Net assets - ending	<u>\$ 12,289,743</u>	<u>\$ 516,181</u>	<u>\$ 865,818</u>

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

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

\*2.75% converted members; 4% nonconverted members

Three Year Trend Information

PERF			
<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06-30-07	\$ 452,665	81%	\$ (402,402)
06-30-08	435,392	95%	(381,689)
06-30-09	479,016	93%	(349,348)

Utility Pension Plan			
<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
01-01-07	\$ 398,932	102%	\$ 23,792
01-01-08	484,965	68%	178,316
01-01-09	925,279	96%	215,888

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

	Utility Pension	1925 Police Officers' Pension	1937 Firefighters' Pension
Retires and beneficiaries currently receiving benefits	53	55	89
Terminated employees entitled to but not yet receiving benefits	-	-	-
Current active employees	146	3	3

Funded status and Funding Progress for the Above Plans

The funded status of each plan as of July 1, 2009, the most recent actuarial date except the 1925 Police Officers', the 1937 Firefighters' and the Utility Pension Plans which are as of January 1, 2009, 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	\$ 6,767,837	\$ 8,779,530	\$ 2,011,693	77%	\$ 7,160,537	28%
1925 Police Officers' Pension Plan	276,566	17,137,900	16,861,334	2%	n/a	n/a
1937 Firefighters' Pension Plan	292,384	35,408,600	35,116,216	1%	n/a	n/a
Utility Pension Plan	10,117,705	14,870,175	4,752,470	68%	6,624,741	72%

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.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 is 19.5% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by and can be amended by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2009, 2008, and 2007, were \$1,782,987, \$1,840,187, and \$1,794,161, respectively, equal to the required contributions for each year.

CITY OF MISHAWAKA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	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)
07-01-07	\$ 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%)
07-01-09	6,767,837	8,779,530	(2,011,693)	77%	7,160,537	(28%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-04	\$ 1,069,051	\$ 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%)
01-01-09	276,566	17,137,900	(16,861,334)	2%	n/a	n/a

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-04	\$ 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%)
01-01-09	292,384	35,408,600	(35,116,216)	1%	n/a	n/a

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)
01-01-04	\$ 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%)
01-01-09	10,117,705	14,870,175	(4,752,470)	68%	6,624,741	(72%)

Other Post Employment Benefits (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-07	\$ **	\$ **	\$ **	**	\$ **	**
01-01-08	-	33,644,642	(33,644,642)	0%	25,736,697	(131%)
01-01-09	-	42,131,601	(42,131,601)	0%	26,508,798	(159%)

n/a = Not applicable  
\*\*Information not available

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

1925 Police Officers' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-04	\$ 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%
12-31-09	1,280,600	19%	109%

1937 Firefighters' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
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%
12-31-09	2,646,100	9%	102%

Employer Contributions - Utility Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage Contributed
01-01-05	549,845	137%
01-01-06	569,825	104%
01-01-07	375,430	165%
01-01-08	443,477	75%
01-01-09	925,443	96%

CITY OF MISHAWAKA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For The Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary Basis Amounts	With Final Budget Positive (Negative)
<b>Revenues:</b>				
<b>Taxes:</b>				
Property	\$ -	\$ 18,000,000	\$ 26,506,515	\$ 8,506,515
Licenses and permits	359,950	359,950	280,817	(79,133)
Intergovernmental	-	3,896,127	4,739,240	843,113
Charges for services	1,566,000	1,566,000	421,878	(1,144,122)
Fines and forfeits	32,000	32,000	27,364	(4,636)
Interest	200,000	200,000	4,983	(195,017)
Sale and use of property	-	-	12,216	12,216
Other	594,000	594,000	942,760	348,760
<b>Total revenues</b>	<b>2,751,950</b>	<b>24,648,077</b>	<b>32,935,773</b>	<b>8,287,696</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
<b>Mayor:</b>				
Personal services	131,529	173,806	170,019	3,787
Supplies	1,500	1,438	916	522
Other services and charges	25,955	26,186	24,816	1,370
<b>City Clerk:</b>				
Personal services	115,201	161,914	161,914	-
Supplies	3,615	3,465	2,602	863
Other services and charges	17,465	17,465	8,494	8,971
Capital outlay	-	-	-	-
<b>Central Motor Pool:</b>				
Personal services	294,549	427,216	419,975	7,241
Supplies	976,781	973,123	682,074	291,049
Other services and charges	57,380	65,678	60,930	4,748
<b>Common Council:</b>				
Personal services	90,223	178,043	178,042	1
Supplies	250	164	-	164
Other services and charges	9,161	9,161	4,184	4,977
<b>City Hall:</b>				
Personal services	25,080	26,597	14,082	12,515
Supplies	4,000	4,000	3,997	3
<b>Controller:</b>				
Personal services	1,748,079	927,910	525,223	402,687
Supplies	39,320	39,152	34,795	4,357
Other services and charges	1,769,632	1,800,947	1,673,835	127,112
<b>Human Resources:</b>				
Personal services	92,094	121,388	116,124	5,264
Supplies	546	503	350	153
Other services and charges	20,200	25,143	19,081	6,062
<b>Information Technology:</b>				
Personal services	217,150	349,799	331,039	18,760
Supplies	1,000	1,000	1,000	-
Other services and charges	7,850	7,850	4,782	3,068
<b>Cemetery:</b>				
Other services and charges	20,000	20,000	20,000	-
<b>Legal:</b>				
Personal services	97,647	141,865	141,864	1
Supplies	3,000	3,263	2,238	1,025
Other services and charges	19,500	19,627	10,286	9,341
<b>Planning:</b>				
Personal services	188,769	251,529	232,271	19,258
Supplies	2,517	2,404	1,387	1,017
Other services and charges	10,000	10,000	1,807	8,193
<b>Total general government</b>	<b>5,989,993</b>	<b>5,790,636</b>	<b>4,848,127</b>	<b>942,509</b>

Continued on next page

CITY OF MISHAWAKA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For The Year Ended December 31, 2009  
(Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public safety:				
Police:				
Personal services	9,573,965	9,696,403	9,306,324	390,079
Supplies	66,059	66,059	54,799	11,260
Other services and charges	160,503	160,503	150,576	9,927
Capital outlay	4,064	4,064	3,941	123
Fire:				
Personal services	8,722,330	8,728,422	8,446,641	281,781
Supplies	114,791	114,693	112,901	1,792
Other services and charges	151,149	142,776	142,395	381
Code Enforcement:				
Personal services	239,587	317,784	287,700	30,084
Supplies	3,025	2,614	1,801	813
Other services and charges	10,140	10,140	6,036	4,104
Building Department:				
Personal services	182,683	264,918	263,808	1,110
Supplies	3,150	2,786	2,722	64
Other services and charges	3,750	3,688	3,577	111
Emergency Medical Service:				
Personal services	10,418	10,418	10,418	-
Supplies	953	953	953	-
Other services and charges	4,404	4,404	1,959	2,445
Total public safety	<u>19,250,971</u>	<u>19,530,625</u>	<u>18,796,551</u>	<u>734,074</u>
Highways and streets:				
Engineering:				
Personal services	313,343	401,299	363,909	37,390
Supplies	3,176	3,089	1,758	1,331
Other services and charges	10,084	10,084	3,425	6,659
Total highways and streets	<u>326,603</u>	<u>414,472</u>	<u>369,092</u>	<u>45,380</u>
Sanitation:				
Recycling:				
Supplies	5,000	5,000	5,000	-
Other services and charges	45,000	30,000	30,167	(167)
Total sanitation	<u>50,000</u>	<u>35,000</u>	<u>35,167</u>	<u>(167)</u>
Total expenditures	<u>25,617,567</u>	<u>25,770,733</u>	<u>24,048,937</u>	<u>1,721,796</u>
Excess (deficiency) of revenues over (under) expenditures	(22,865,617)	(1,122,656)	8,886,836	10,009,492
Other financing sources (uses):				
Interfund loans	-	-	(10,748,000)	(10,748,000)
Transfers in	615,000	615,000	2,619,856	2,004,856
Total other financing sources and uses	<u>615,000</u>	<u>615,000</u>	<u>(8,128,144)</u>	<u>(8,743,144)</u>
Net change in fund balances	(22,250,617)	(507,656)	758,692	1,266,348
Fund balances - beginning	<u>3,708,646</u>	<u>3,708,646</u>	<u>3,708,646</u>	<u>-</u>
Fund balances - ending	<u>\$ (18,541,971)</u>	<u>\$ 3,200,990</u>	<u>\$ 4,467,338</u>	<u>\$ 1,266,348</u>

CITY OF MISHAWAKA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGET/GAAP RECONCILIATION  
 GENERAL FUND  
 For The Year Ended December 31, 2009

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

- a. Revenues are recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP).
- c. 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	\$ 758,692
To adjust revenues for accruals	(10,688,618)
To adjust expenditures for accruals	10,652,627
To adjust expenditures for encumbrances	256,263
Net change in fund balance, GAAP basis	\$ 978,964

## 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.
Rainy Day Public Safety -	To account for a supplemental distribution of excess welfare receipts from the county. These funds can be used for public safety.
Police Drug Investigation Assistance -	To account for expenditures for drug and arson investigation and training of police personnel financed by state grants, donations, and sale of confiscated assets.
Off-Street Parking -	To account for operations of city owned parking lots. Revenues are received from parking permit fees.
Sidewalk and Curb Repair -	To account for revenue received from residents for improvements to adjacent sidewalks and curbs.
Industrial Development -	To account for state loans to provide loan money to business and commercial customers for rehabilitation.
Unsafe Building -	To account for expenditures and revenue related to demolition of unsafe buildings.
Trash Collection -	To account for transaction related to trash collections. Residents are billed monthly for collections and the City has a contract to provide services.
Mishawaka Gift -	To account for donations for various projects.
Law Enforcement Continuing Education -	To account for court fees, fees charged for furnishing accident reports, handgun application fees, and fees charged for vehicle inspections. Expenditures are for the continuing education and training of law enforcement officers.

**NONMAJOR GOVERNMENTAL FUNDS**  
(Continued)

Local Law Enforcement Block Grant -	To account for federal grant funds received to purchase equipment for the Police Department.
Insurance Recovery -	To account for insurance adjustment proceeds to cover repair claims.
Bicentennial Gift -	To account for donations for the bicentennial celebration. Interest earned on these monies is receipted to this fund.
Community Development -	To account for Housing and Urban Development (HUD) monies used for low or no interest residential rehabilitation loans and for urban redevelopment and housing. Pay back monies from loans are also used for these purposes.
Property Rehabilitation Revolving -	To account for Housing and Urban Development (HUD) monies used for low or no interest residential rehabilitation loans. 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.
Edward Byrne JAG Grant -	To account for a federal grant received for criminal prevention and control programs coordinated by the police 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.

**NONMAJOR GOVERNMENTAL FUNDS**  
(Continued)

Capital Projects Funds

Cumulative Building and Fire Fighting Equipment -	To account for financial resources for the purchase of fire equipment. Financing is provided by a specific property tax levy.
Cumulative Capital Improvement -	To account for financial resources related to improvement projects financed by state cigarette tax distributions. Transfers may be made to the General Fund.
Cumulative Sewer -	To account for financial resources for the construction or repairing of storm sewers or sewage disposal plants and sanitary sewers. Financing is provided by a specific property tax levy.
General Improvement -	To account for revenue and expenditures for public improvement projects. Project costs are assessed against property owners benefitted 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, 2009

	Special Revenue						
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Rainy Day	Rainy Day Public Safety	Police Drug Investigation Assistance
<b>Assets</b>							
Cash and cash equivalents	\$ 702,283	\$ 545,246	\$ 209,225	\$ 86,200	\$ 1,376,015	\$ 1,040,689	\$ 24,457
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	-	-	-
Taxes	95,374	-	260,981	-	-	-	-
Accounts	-	-	1,002	-	-	-	-
Intergovernmental	225,129	72,818	-	-	711,305	-	-
Loans receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,022,786</b>	<b>\$ 618,064</b>	<b>\$ 471,208</b>	<b>\$ 86,200</b>	<b>\$ 2,087,320</b>	<b>\$ 1,040,689</b>	<b>\$ 24,457</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 173,093	\$ 2,601	\$ 76,681	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	46,985	-	33,991	-	-	-	-
Short term loan payable	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>220,078</b>	<b>2,601</b>	<b>110,672</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>							
<b>Reserved for:</b>							
Encumbrances	92,939	274,141	31,093	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
<b>Unreserved, reported in:</b>							
Special revenue funds	709,769	341,322	329,443	86,200	2,087,320	1,040,689	24,457
Capital projects funds	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>802,708</b>	<b>615,463</b>	<b>360,536</b>	<b>86,200</b>	<b>2,087,320</b>	<b>1,040,689</b>	<b>24,457</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,022,786</b>	<b>\$ 618,064</b>	<b>\$ 471,208</b>	<b>\$ 86,200</b>	<b>\$ 2,087,320</b>	<b>\$ 1,040,689</b>	<b>\$ 24,457</b>

Continued on next page

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

	<u>Special Revenue</u>					
	<u>Off-Street Parking</u>	<u>Sidewalk and Curb Repair</u>	<u>Industrial Development</u>	<u>Unsafe Building</u>	<u>Trash Collection</u>	<u>Mishawaka Gift</u>
<u>Assets</u>						
Cash and cash equivalents	\$ 32,904	\$ 37,357	\$ 46,018	\$ 259	\$ 185,583	\$ 104,713
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	128,482	-
Intergovernmental	-	-	-	-	-	-
Loans receivable	-	-	12,029	-	-	-
<b>Total assets</b>	<b>\$ 32,904</b>	<b>\$ 37,357</b>	<b>\$ 58,047</b>	<b>\$ 259</b>	<b>\$ 314,065</b>	<b>\$ 104,713</b>
<u>Liabilities and Fund Balances</u>						
<u>Liabilities:</u>						
Accounts payable	\$ 3,819	\$ -	\$ -	\$ -	\$ 162,557	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Short term loan payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>3,819</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>162,557</b>	<b>-</b>
<u>Fund Balances:</u>						
<u>Reserved for:</u>						
Encumbrances	-	-	-	-	-	-
Noncurrent loans receivable	-	-	8,028	-	-	-
Debt service	-	-	-	-	-	-
<u>Unreserved, reported in:</u>						
Special revenue funds	29,085	37,357	50,019	259	151,508	104,713
Capital projects funds	-	-	-	-	-	-
<b>Total fund balances</b>	<b>29,085</b>	<b>37,357</b>	<b>58,047</b>	<b>259</b>	<b>151,508</b>	<b>104,713</b>
<b>Total liabilities and fund balances</b>	<b>\$ 32,904</b>	<b>\$ 37,357</b>	<b>\$ 58,047</b>	<b>\$ 259</b>	<b>\$ 314,065</b>	<b>\$ 104,713</b>

Continued on next page

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

	Special Revenue					
	Law Enforcement Continuing Education	Local Law Enforcement Block Grant	Insurance Recovery	Bicentennial Gift	Community Development	Property Rehabilitation Revolving
<u>Assets</u>						
Cash and cash equivalents	\$ 85,864	\$ 928	\$ 53,825	\$ 1,322	\$ 17,357	\$ 108,714
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Accounts	115	-	-	-	-	71,545
Intergovernmental	-	-	-	-	-	40,813
Loans receivable	-	-	-	-	592,080	-
<b>Total assets</b>	<b>\$ 85,979</b>	<b>\$ 928</b>	<b>\$ 53,825</b>	<b>\$ 1,322</b>	<b>\$ 609,437</b>	<b>\$ 221,072</b>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 2,646	\$ -	\$ 33,582	\$ -	\$ 18,705	\$ 26,261
Accrued payroll and withholdings payable	-	-	-	-	-	-
Short term loan payable	-	-	-	-	-	178,971
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>2,646</b>	<b>-</b>	<b>33,582</b>	<b>-</b>	<b>18,705</b>	<b>205,232</b>
Fund Balances:						
Reserved for:						
Encumbrances	2,445	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	537,741	-
Debt service	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	80,888	928	20,243	1,322	52,991	15,840
Capital projects funds	-	-	-	-	-	-
<b>Total fund balances</b>	<b>83,333</b>	<b>928</b>	<b>20,243</b>	<b>1,322</b>	<b>590,732</b>	<b>15,840</b>
<b>Total liabilities and fund balances</b>	<b>\$ 85,979</b>	<b>\$ 928</b>	<b>\$ 53,825</b>	<b>\$ 1,322</b>	<b>\$ 609,437</b>	<b>\$ 221,072</b>

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

	Special Revenue					Totals
	DOC Community Development	Park Nonreverting Operating	Edward Byrne JAG Grant	Criminal Assistance Grant	State Grant	
<b>Assets</b>						
Cash and cash equivalents	\$ 5,581	\$ 393,380	\$ 868	\$ 89,874	\$ 70,146	\$ 5,218,808
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	-	-	-
Taxes	-	-	-	-	-	356,355
Accounts	-	5	-	-	-	201,149
Intergovernmental	-	-	-	59,693	-	1,109,758
Loans receivable	-	-	-	-	-	604,109
<b>Total assets</b>	<b>\$ 5,581</b>	<b>\$ 393,385</b>	<b>\$ 868</b>	<b>\$ 149,567</b>	<b>\$ 70,146</b>	<b>\$ 7,490,179</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 796	\$ -	\$ 69,199	\$ -	\$ 569,940
Accrued payroll and withholdings payable	-	-	-	-	-	80,976
Short term loan payable	-	-	-	-	-	178,971
Unearned revenue	-	-	-	16,456	-	16,456
<b>Total liabilities</b>	<b>-</b>	<b>796</b>	<b>-</b>	<b>85,655</b>	<b>-</b>	<b>846,343</b>
<b>Fund Balances:</b>						
<b>Reserved for:</b>						
Encumbrances	-	99,000	-	-	-	499,618
Noncurrent loans receivable	-	-	-	-	-	545,769
Debt service	-	-	-	-	-	-
<b>Unreserved, reported in:</b>						
Special revenue funds	5,581	293,589	868	63,912	70,146	5,598,449
Capital projects funds	-	-	-	-	-	-
<b>Total fund balances</b>	<b>5,581</b>	<b>392,589</b>	<b>868</b>	<b>63,912</b>	<b>70,146</b>	<b>6,643,836</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,581</b>	<b>\$ 393,385</b>	<b>\$ 868</b>	<b>\$ 149,567</b>	<b>\$ 70,146</b>	<b>\$ 7,490,179</b>

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

	Debt Service					
	Municipal Bond No. 1	TIF NW Redemption	TIF NW Reserve	TIF SS Redemption	TIF SS Reserve	Totals
<b>Assets</b>						
Cash and cash equivalents	\$ 409,206	\$ 264,158	\$ 1,227,028	\$ 43,681	\$ 375,405	\$ 2,319,478
Receivables (net of allowances for uncollectibles):						
Interest	-	138	138	7	7	290
Taxes	186,056	-	-	-	-	186,056
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 595,262</b>	<b>\$ 264,296</b>	<b>\$ 1,227,166</b>	<b>\$ 43,688</b>	<b>\$ 375,412</b>	<b>\$ 2,505,824</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Short term loan payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>						
<b>  Reserved for:</b>						
Encumbrances	-	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-	-
Debt service	595,262	264,296	1,227,166	43,688	375,412	2,505,824
<b>  Unreserved, reported in:</b>						
Special revenue funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
<b>Total fund balances</b>	<b>595,262</b>	<b>264,296</b>	<b>1,227,166</b>	<b>43,688</b>	<b>375,412</b>	<b>2,505,824</b>
<b>Total liabilities and fund balances</b>	<b>\$ 595,262</b>	<b>\$ 264,296</b>	<b>\$ 1,227,166</b>	<b>\$ 43,688</b>	<b>\$ 375,412</b>	<b>\$ 2,505,824</b>

Continued on next page

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

	Capital Projects					
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	General Improvement	Consolidated Project Expenditures	Cumulative Capital Development
<b>Assets</b>						
Cash and cash equivalents	\$ 80,926	\$ 720,545	\$ 2,041,451	\$ 55,567	\$ 18,471	\$ 513,765
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	-	-	-
Taxes	4,693	-	57,996	-	-	47,939
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 85,619</b>	<b>\$ 720,545</b>	<b>\$ 2,099,447</b>	<b>\$ 55,567</b>	<b>\$ 18,471</b>	<b>\$ 561,704</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 74	\$ -	\$ 6,256	\$ -	\$ 25	\$ 7,345
Accrued payroll and withholdings payable	-	-	-	-	-	-
Short term loan payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>74</b>	<b>-</b>	<b>6,256</b>	<b>-</b>	<b>25</b>	<b>7,345</b>
<b>Fund Balances:</b>						
<b>Reserved for:</b>						
Encumbrances	1,853	-	1,617,210	-	-	423,554
Noncurrent loans receivable	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
<b>Unreserved, reported in:</b>						
Special revenue funds	-	-	-	-	-	-
Capital projects funds	83,692	720,545	475,981	55,567	18,446	130,805
<b>Total fund balances</b>	<b>85,545</b>	<b>720,545</b>	<b>2,093,191</b>	<b>55,567</b>	<b>18,446</b>	<b>554,359</b>
<b>Total liabilities and fund balances</b>	<b>\$ 85,619</b>	<b>\$ 720,545</b>	<b>\$ 2,099,447</b>	<b>\$ 55,567</b>	<b>\$ 18,471</b>	<b>\$ 561,704</b>

Continued on next page

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

	<u>Capital Projects</u>					Total Nonmajor Governmental Funds
	Park Bond Capital	Radio Bond Capital	CEDIT	TIF SS General	Totals	
<u>Assets</u>						
Cash and cash equivalents	\$ 588	\$ -	\$ 1,392,746	\$ 2,754,243	\$ 7,578,302	\$ 15,116,588
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	-	-	290
Taxes	-	-	-	933,144	1,043,772	1,586,183
Accounts	-	-	-	-	-	201,149
Intergovernmental	-	-	-	-	-	1,109,758
Loans receivable	-	-	-	-	-	604,109
<b>Total assets</b>	<b>\$ 588</b>	<b>\$ -</b>	<b>\$ 1,392,746</b>	<b>\$ 3,687,387</b>	<b>\$ 8,622,074</b>	<b>\$ 18,618,077</b>
<u>Liabilities and Fund Balances</u>						
<u>Liabilities:</u>						
Accounts payable	\$ -	\$ -	\$ 51,159	\$ 24,720	\$ 89,579	659,519
Accrued payroll and withholdings payable	-	-	-	-	-	80,976
Short term loan payable	-	-	-	-	-	178,971
Unearned revenue	-	-	-	-	-	16,456
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>51,159</b>	<b>24,720</b>	<b>89,579</b>	<b>935,922</b>
<u>Fund Balances:</u>						
<u>Reserved for:</u>						
Encumbrances	-	-	558,089	-	2,600,706	3,100,324
Noncurrent loans receivable	-	-	-	-	-	545,769
Debt service	-	-	-	-	-	2,505,824
<u>Unreserved, reported in:</u>						
Special revenue funds	-	-	-	-	-	5,598,449
Capital projects funds	588	-	783,498	3,662,667	5,931,789	5,931,789
<b>Total fund balances</b>	<b>588</b>	<b>-</b>	<b>1,341,587</b>	<b>3,662,667</b>	<b>8,532,495</b>	<b>17,682,155</b>
<b>Total liabilities and fund balances</b>	<b>\$ 588</b>	<b>\$ -</b>	<b>\$ 1,392,746</b>	<b>\$ 3,687,387</b>	<b>\$ 8,622,074</b>	<b>\$ 18,618,077</b>

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

	Special Revenue						
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Rainy Day	Rainy Day Public Safety	Police Drug Investigation Assistance
<b>Revenues:</b>							
<b>Taxes:</b>							
Property	\$ 726,891	\$ -	\$ 1,988,137	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	2,107,431	419,302	134,959	-	960,925	1,040,689	5,356
Charges for services	5,700	-	459,814	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Sale and use of property	-	-	173,759	-	-	-	-
Gifts and donations	-	-	-	134,868	-	-	-
Other	3,817	2,180	7,756	-	-	-	-
<b>Total revenues</b>	<b>2,843,839</b>	<b>421,482</b>	<b>2,764,425</b>	<b>134,868</b>	<b>960,925</b>	<b>1,040,689</b>	<b>5,356</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	2,647,477	499,997	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	2,644,162	106,355	-	-	-
Community development	-	-	-	-	-	-	-
<b>Debt service:</b>							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
<b>Capital outlay</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2,647,477</b>	<b>499,997</b>	<b>2,644,162</b>	<b>106,355</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>196,362</b>	<b>(78,515)</b>	<b>120,263</b>	<b>28,513</b>	<b>960,925</b>	<b>1,040,689</b>	<b>5,356</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>196,362</b>	<b>(78,515)</b>	<b>120,263</b>	<b>28,513</b>	<b>960,925</b>	<b>1,040,689</b>	<b>5,356</b>
<b>Fund balances - January 1</b>	<b>606,346</b>	<b>693,978</b>	<b>240,273</b>	<b>57,687</b>	<b>1,126,395</b>	<b>-</b>	<b>19,101</b>
<b>Fund balances - December 31</b>	<b>\$ 802,708</b>	<b>\$ 615,463</b>	<b>\$ 360,536</b>	<b>\$ 86,200</b>	<b>\$ 2,087,320</b>	<b>\$ 1,040,689</b>	<b>\$ 24,457</b>

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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, 2009  
 (Continued)

	Special Revenue					
	Off-Street Parking	Sidewalk and Curb Repair	Industrial Development	Unsafe Building	Trash Collection	Mishawaka Gift
<b>Revenues:</b>						
<b>Taxes:</b>						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	11,612	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	2,102,200	-
Fines and forfeits	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	57,858
Other	-	14,232	175	-	-	-
<b>Total revenues</b>	<b>11,612</b>	<b>14,232</b>	<b>175</b>	<b>-</b>	<b>2,102,200</b>	<b>57,858</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	-	-	-	-	-	-
Public safety	18,468	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	1,950,692	-
Culture and recreation	-	-	-	-	-	8,469
Community development	-	-	-	-	-	-
<b>Debt service:</b>						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Capital outlay</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
<b>Total expenditures</b>	<b>18,468</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,950,692</b>	<b>8,469</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(6,856)</b>	<b>14,232</b>	<b>175</b>	<b>-</b>	<b>151,508</b>	<b>49,389</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(6,856)</b>	<b>14,232</b>	<b>175</b>	<b>-</b>	<b>151,508</b>	<b>49,389</b>
<b>Fund balances - January 1</b>	<b>35,941</b>	<b>23,125</b>	<b>57,872</b>	<b>259</b>	<b>-</b>	<b>55,324</b>
<b>Fund balances - December 31</b>	<b>\$ 29,085</b>	<b>\$ 37,357</b>	<b>\$ 58,047</b>	<b>\$ 259</b>	<b>\$ 151,508</b>	<b>\$ 104,713</b>

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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, 2009  
 (Continued)

	Special Revenue					
	Law Enforcement Continuing Education	Local Law Enforcement Block Grant	Insurance Recovery	Bicentennial Gift	Community Development	Property Rehabilitation Revolving
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	22,470	-	-	-	-	-
Intergovernmental	1,081	-	-	-	505,654	254,627
Charges for services	18,980	-	-	-	-	-
Fines and forfeits	19,687	-	-	-	-	-
Interest	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Other	959	-	85,187	-	89,435	170,488
<b>Total revenues</b>	<b>63,177</b>	<b>-</b>	<b>85,187</b>	<b>-</b>	<b>595,089</b>	<b>425,115</b>
Expenditures:						
Current:						
General government	-	-	133,619	-	-	-
Public safety	65,312	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	2	-	-
Community development	-	-	-	-	568,244	449,056
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	537
Capital outlay						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
<b>Total expenditures</b>	<b>65,312</b>	<b>-</b>	<b>133,619</b>	<b>2</b>	<b>568,244</b>	<b>449,593</b>
Excess (deficiency) of revenues over (under) expenditures	(2,135)	-	(48,432)	(2)	26,845	(24,478)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(2,135)</b>	<b>-</b>	<b>(48,432)</b>	<b>(2)</b>	<b>26,845</b>	<b>(24,478)</b>
Fund balances - January 1	85,468	928	68,675	1,324	563,887	40,318
Fund balances - December 31	<u>\$ 83,333</u>	<u>\$ 928</u>	<u>\$ 20,243</u>	<u>\$ 1,322</u>	<u>\$ 590,732</u>	<u>\$ 15,840</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, 2009  
 (Continued)

	Special Revenue					
	DOC Community Development	Park Nonreverting Operating	Edward Byrne JAG Grant	Criminal Assistance Grant	State Grant	Totals
<b>Revenues:</b>						
<b>Taxes:</b>						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,715,028
Licenses and permits	-	-	-	-	-	34,082
Intergovernmental	-	-	129,689	250,526	-	5,810,239
Charges for services	-	103,169	-	-	-	2,689,863
Fines and forfeits	-	-	-	-	-	19,687
Interest	-	-	-	-	-	-
Sale and use of property	-	58,162	-	-	-	231,921
Gifts and donations	-	-	-	-	-	192,726
Other	-	-	-	-	-	374,229
<b>Total revenues</b>	<b>-</b>	<b>161,331</b>	<b>129,689</b>	<b>250,526</b>	<b>-</b>	<b>12,067,775</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	-	-	-	-	-	133,619
Public safety	-	-	128,821	249,250	-	461,851
Highways and streets	-	-	-	-	-	3,147,474
Sanitation	-	-	-	-	-	1,950,692
Culture and recreation	-	52,799	-	-	-	2,811,787
Community development	-	-	-	-	-	1,017,300
<b>Debt service:</b>						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	537
<b>Capital outlay</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>52,799</b>	<b>128,821</b>	<b>249,250</b>	<b>-</b>	<b>9,523,260</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>108,532</b>	<b>868</b>	<b>1,276</b>	<b>-</b>	<b>2,544,515</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>108,532</b>	<b>868</b>	<b>1,276</b>	<b>-</b>	<b>2,544,515</b>
Fund balances - January 1	5,581	284,057	-	62,636	70,146	4,099,321
Fund balances - December 31	<u>\$ 5,581</u>	<u>\$ 392,589</u>	<u>\$ 868</u>	<u>\$ 63,912</u>	<u>\$ 70,146</u>	<u>\$ 6,643,836</u>

Continued on next page

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

Debt Service

	Municipal Bond No. 1	TIF NW Redemption	TIF NW Reserve	TIF SS Redemption	TIF SS Reserve	Totals
<b>Revenues:</b>						
<b>Taxes:</b>						
Property	\$ 1,416,986	\$ -	\$ -	\$ -	\$ -	\$ 1,416,986
Licenses and permits	-	-	-	-	-	-
Intergovernmental	96,213	-	-	-	-	96,213
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	-	2,828	2,828	417	417	6,490
Sale and use of property	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<u>1,513,199</u>	<u>2,828</u>	<u>2,828</u>	<u>417</u>	<u>417</u>	<u>1,519,689</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
<b>Debt service:</b>						
Principal	1,290,000	3,924,000	-	260,000	-	5,474,000
Interest and fiscal charges	359,926	624,557	-	70,413	-	1,054,896
<b>Capital outlay</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
<b>Total expenditures</b>	<u>1,649,926</u>	<u>4,548,557</u>	<u>-</u>	<u>330,413</u>	<u>-</u>	<u>6,528,896</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(136,727)</u>	<u>(4,545,729)</u>	<u>2,828</u>	<u>(329,996)</u>	<u>417</u>	<u>(5,009,207)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	2,254,731	-	-	-	2,254,731
Transfers out	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<u>-</u>	<u>2,254,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,254,731</u>
<b>Net change in fund balances</b>	<u>(136,727)</u>	<u>(2,290,998)</u>	<u>2,828</u>	<u>(329,996)</u>	<u>417</u>	<u>(2,754,476)</u>
<b>Fund balances - January 1</b>	<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>
<b>Fund balances - December 31</b>	<u>\$ 595,262</u>	<u>\$ 264,296</u>	<u>\$ 1,227,166</u>	<u>\$ 43,688</u>	<u>\$ 375,412</u>	<u>\$ 2,505,824</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, 2009  
 (Continued)

	Capital Projects					
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	General Improvement	Consolidated Project Expenditures	Cumulative Capital Development
<b>Revenues:</b>						
<b>Taxes:</b>						
Property	\$ 35,741	\$ -	\$ 441,656	\$ -	\$ -	\$ 365,067
Licenses and permits	-	-	-	-	-	-
Intergovernmental	2,427	142,759	29,991	-	-	24,790
Charges for services	-	-	87,720	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Other	-	-	54,216	-	-	11,320
<b>Total revenues</b>	<b>38,168</b>	<b>142,759</b>	<b>613,583</b>	<b>-</b>	<b>-</b>	<b>401,177</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
<b>Debt service:</b>						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Capital outlay</b>						
General government	-	-	-	-	-	285,081
Public safety	67,439	-	663,527	-	-	45,741
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	4,787	-
<b>Total expenditures</b>	<b>67,439</b>	<b>-</b>	<b>663,527</b>	<b>-</b>	<b>4,787</b>	<b>330,822</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(29,271)</b>	<b>142,759</b>	<b>(49,944)</b>	<b>-</b>	<b>(4,787)</b>	<b>70,355</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(29,271)</b>	<b>142,759</b>	<b>(49,944)</b>	<b>-</b>	<b>(4,787)</b>	<b>70,355</b>
<b>Fund balances - January 1</b>	<b>114,816</b>	<b>577,786</b>	<b>2,143,135</b>	<b>55,567</b>	<b>23,233</b>	<b>484,004</b>
<b>Fund balances - December 31</b>	<b>\$ 85,545</b>	<b>\$ 720,545</b>	<b>\$ 2,093,191</b>	<b>\$ 55,567</b>	<b>\$ 18,446</b>	<b>\$ 554,359</b>

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, 2009  
 (Continued)

	Capital Projects					Total Nonmajor Governmental Funds
	Park Bond Capital	Radio Bond Capital	CEDIT	TIF SS General	Totals	
<b>Revenues:</b>						
<b>Taxes:</b>						
Property	\$ -	\$ -	\$ -	\$ 725,405	\$ 1,567,869	\$ 5,699,883
Licenses and permits	-	-	-	-	-	34,082
Intergovernmental	-	-	1,404,697	-	1,604,664	7,511,116
Charges for services	-	-	-	-	87,720	2,777,583
Fines and forfeits	-	-	-	-	-	19,687
Interest	-	-	-	-	-	6,490
Sale and use of property	-	-	-	-	-	231,921
Gifts and donations	-	-	-	-	-	192,726
Other	-	-	5,769	-	71,305	445,534
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>1,410,466</b>	<b>725,405</b>	<b>3,331,558</b>	<b>16,919,022</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	-	-	-	-	-	133,619
Public safety	-	-	-	-	-	461,851
Highways and streets	-	-	-	-	-	3,147,474
Sanitation	-	-	-	-	-	1,950,692
Culture and recreation	-	-	-	-	-	2,811,787
Community development	-	-	-	-	-	1,017,300
<b>Debt service:</b>						
Principal	-	-	236,522	-	236,522	5,710,522
Interest and fiscal charges	-	-	28,838	-	28,838	1,084,271
<b>Capital outlay</b>						
General government	-	-	45,027	-	330,108	330,108
Public safety	-	339,452	288,151	-	1,384,310	1,384,310
Highways and streets	-	-	511,874	187,170	699,044	699,044
Culture and recreation	3,522	-	29,868	-	33,390	33,390
Community development	-	-	-	-	4,787	4,787
<b>Total expenditures</b>	<b>3,522</b>	<b>339,452</b>	<b>1,120,280</b>	<b>187,170</b>	<b>2,716,999</b>	<b>18,769,155</b>
Excess (deficiency) of revenues over (under) expenditures	(3,522)	(339,452)	290,186	538,235	614,559	(1,850,133)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	2,254,731
Transfers out	-	(1,300,000)	-	-	(1,300,000)	(1,300,000)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>(1,300,000)</b>	<b>-</b>	<b>-</b>	<b>(1,300,000)</b>	<b>954,731</b>
<b>Net change in fund balances</b>	<b>(3,522)</b>	<b>(1,639,452)</b>	<b>290,186</b>	<b>538,235</b>	<b>(685,441)</b>	<b>(895,402)</b>
<b>Fund balances - January 1</b>	<b>4,110</b>	<b>1,639,452</b>	<b>1,051,401</b>	<b>3,124,432</b>	<b>9,217,936</b>	<b>18,577,557</b>
<b>Fund balances - December 31</b>	<b>\$ 588</b>	<b>\$ -</b>	<b>\$ 1,341,587</b>	<b>\$ 3,662,667</b>	<b>\$ 8,532,495</b>	<b>\$ 17,682,155</b>

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, 2009

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ 411,064	\$ 711,849	\$ 300,785
Intergovernmental	-	2,137,194	2,082,805	(54,389)
Charges for services	5,700	5,700	5,700	-
Other	-	-	3,817	3,817
<b>Total revenues</b>	<b>5,700</b>	<b>2,553,958</b>	<b>2,804,171</b>	<b>250,213</b>
<b>Expenditures:</b>				
Current:				
Highways and streets:				
Personal services	2,016,543	1,955,043	1,791,534	163,509
Supplies	604,026	559,501	540,751	18,750
Other services and charges	522,264	514,770	468,529	46,241
<b>Total expenditures</b>	<b>3,142,833</b>	<b>3,029,314</b>	<b>2,800,814</b>	<b>228,500</b>
<b>Net change in fund balances</b>	<b>(3,137,133)</b>	<b>(475,356)</b>	<b>3,357</b>	<b>478,713</b>
Fund balances - beginning	496,109	496,109	496,109	-
Fund balances - ending	<u>\$ (2,641,024)</u>	<u>\$ 20,753</u>	<u>\$ 499,466</u>	<u>\$ 478,713</u>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ 3,357	
To adjust revenues for accruals			39,668	
To adjust expenditures for accruals			(49,480)	
To adjust expenditures for encumbrances			202,817	
<b>Net change in fund balance, GAAP basis</b>			<u>\$ 196,362</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, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 456,000	\$ 421,599	\$ (34,401)
Expenditures:				
Current:				
Highways and streets:				
Capital outlay	<u>816,559</u>	<u>816,559</u>	<u>814,379</u>	<u>2,180</u>
Net change in fund balances	(816,559)	(360,559)	(392,780)	(32,221)
Fund balances - beginning	<u>642,141</u>	<u>642,141</u>	<u>642,141</u>	-
Fund balances - ending	<u>\$ (174,418)</u>	<u>\$ 281,582</u>	<u>\$ 249,361</u>	<u>\$ (32,221)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (392,780)	
To adjust revenues for accruals			(2,297)	
To adjust expenditures for accruals			20,677	
To adjust expenditures for encumbrances			<u>295,885</u>	
Net change in fund balance, GAAP basis			<u>\$ (78,515)</u>	

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - PARK AND RECREATION  
For The Year Ended December 31, 2009

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property	\$ -	\$ 2,191,291	\$ 2,800,218	\$ 608,927
Intergovernmental	-	111,673	134,959	23,286
Charges for services	403,000	403,000	459,109	56,109
Other	147,000	-	181,515	181,515
<b>Total revenues</b>	<b>550,000</b>	<b>2,705,964</b>	<b>3,575,801</b>	<b>869,837</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Culture and recreation:</b>				
Personal services	2,258,897	2,182,172	1,916,964	265,208
Supplies	256,682	302,854	236,402	66,452
Other services and charges	613,276	624,773	555,884	68,889
<b>Total expenditures</b>	<b>3,128,855</b>	<b>3,109,799</b>	<b>2,709,250</b>	<b>400,549</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,578,855)</b>	<b>(403,835)</b>	<b>866,551</b>	<b>469,288</b>
<b>Other financing uses:</b>				
Interfund loans	-	-	1,200,000	(1,200,000)
<b>Net change in fund balances</b>	<b>(2,578,855)</b>	<b>(403,835)</b>	<b>(333,449)</b>	<b>(730,712)</b>
<b>Fund balances - beginning</b>	<b>467,339</b>	<b>467,339</b>	<b>467,339</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ (2,111,516)</b>	<b>\$ 63,504</b>	<b>\$ 133,890</b>	<b>\$ (730,712)</b>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ (333,449)	
To adjust revenues for accruals			(811,376)	
To adjust expenditures for accruals			1,189,753	
To adjust expenditures for encumbrances			75,335	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ 120,263</b>	

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, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 249,620	\$ 249,620
Other financing sources:				
Temporary Loans	-	-	\$ 1,100,000	\$ 1,100,000
Net change in fund balances	-	-	1,349,620	1,349,620
Fund balances - beginning	26,395	26,395	26,395	-
Fund balances - ending	<u>\$ 26,395</u>	<u>\$ 26,395</u>	<u>\$ 1,376,015</u>	<u>\$ 1,349,620</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 1,349,620	
To adjust revenues for accruals			711,305	
To adjust expenditures for accruals			<u>(1,100,000)</u>	
Net change in fund balance, GAAP basis			<u>\$ 960,925</u>	

CITY OF MISHAWAKA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - RAINY DAY PUBLIC SAFETY  
 For The Year Ended December 31, 2009

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 1,040,689	\$ 1,040,689
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 1,040,689	\$ 1,040,689

Budget/GAAP Reconciliation

No reconciliation necessary since budgetary basis equals GAAP basis

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - LAW ENFORCEMENT CONTINUING EDUCATION  
For The Year Ended December 31, 2009

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses and permits	\$ 4,000	\$ 4,000	\$ 22,510	\$ 18,510
Intergovernmental	-	-	1,081	1,081
Charges for services	19,000	19,000	18,955	(45)
Fines and forfeits	6,000	6,000	19,687	13,687
Other	-	-	959	959
<b>Total revenues</b>	<b>29,000</b>	<b>29,000</b>	<b>63,192</b>	<b>34,192</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Public safety:</b>				
Supplies	26,101	26,101	25,298	803
Other services and charges	33,159	32,884	24,842	8,042
Capital outlay	19,000	18,282	15,525	2,757
<b>Total expenditures</b>	<b>78,260</b>	<b>77,267</b>	<b>65,665</b>	<b>11,602</b>
<b>Net change in fund balances</b>	<b>(49,260)</b>	<b>(48,267)</b>	<b>(2,473)</b>	<b>45,794</b>
Fund balances - beginning	85,772	85,772	85,772	-
Fund balances - ending	\$ 36,512	\$ 37,505	\$ 83,299	\$ 45,794
<b><u>Budget/GAAP Reconciliation</u></b>				
Net change in fund balance, budget basis			\$ (2,473)	
To adjust revenues for accruals			(15)	
To adjust expenditures for accruals			(2,212)	
To adjust expenditures for encumbrances			2,565	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ (2,135)</b>	

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - PARK NONREVERTING OPERATING  
For The Year Ended December 31, 2009

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 101,000	\$ 101,000	\$ 103,675	\$ 2,675
Other	-	-	58,162	58,162
<b>Total revenues</b>	<u>101,000</u>	<u>101,000</u>	<u>161,837</u>	<u>60,837</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Culture and recreation:</b>				
Supplies	26,000	26,143	5,243	20,900
Capital outlay	158,149	158,006	145,760	12,246
<b>Total expenditures</b>	<u>184,149</u>	<u>184,149</u>	<u>151,003</u>	<u>33,146</u>
<b>Net change in fund balances</b>	(83,149)	(83,149)	10,834	93,983
<b>Fund balances - beginning</b>	<u>283,546</u>	<u>283,546</u>	<u>283,546</u>	-
<b>Fund balances - ending</b>	<u>\$ 200,397</u>	<u>\$ 200,397</u>	<u>\$ 294,380</u>	<u>\$ 93,983</u>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ 10,834	
To adjust revenues for accruals			(506)	
To adjust expenditures for accruals			(796)	
To adjust expenditures for encumbrances			99,000	
<b>Net change in fund balance, GAAP basis</b>			<u>\$ 108,532</u>	

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
DEBT SERVICE FUNDS - MUNICIPAL BOND NO.1  
For The Year Ended December 31, 2009

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property	\$ -	\$ 1,777,235	\$ 2,450,083	\$ 672,848
Intergovernmental	-	91,450	96,213	4,763
<b>Total revenues</b>	<u>-</u>	<u>1,868,685</u>	<u>2,546,296</u>	<u>677,611</u>
<b>Expenditures:</b>				
<b>Debt service:</b>				
Principal	1,290,000	1,290,000	1,290,000	-
Interest and fiscal agent fees	361,377	361,377	359,926	1,451
<b>Total expenditures</b>	<u>1,651,377</u>	<u>1,651,377</u>	<u>1,649,926</u>	<u>1,451</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,651,377)</u>	<u>217,308</u>	<u>896,370</u>	<u>679,062</u>
<b>Other financing uses:</b>				
Interfund loans	-	-	650,000	(650,000)
<b>Net change in fund balances</b>	<u>(1,651,377)</u>	<u>217,308</u>	<u>246,370</u>	<u>29,062</u>
<b>Fund balances - beginning</b>	<u>162,836</u>	<u>162,836</u>	<u>162,836</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ (1,488,541)</u>	<u>\$ 380,144</u>	<u>\$ 409,206</u>	<u>\$ 29,062</u>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ 246,370	
To adjust revenues for accruals			(1,033,097)	
To adjust expenditures for accruals			650,000	
<b>Net change in fund balance, GAAP basis</b>			<u>\$ (136,727)</u>	

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - CUMULATIVE BUILDING AND FIRE FIGHTING EQUIPMENT  
For The Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ -	\$ 50,000	\$ 60,895	\$ 10,895
Intergovernmental	-	4,358	2,427	(1,931)
Total revenues	-	54,358	63,322	8,964
Expenditures:				
Capital outlay:				
Public safety:				
Capital outlay	121,106	110,061	69,218	40,843
Net change in fund balances	(121,106)	(55,703)	(5,896)	49,807
Fund balances - beginning	84,969	84,969	84,969	-
Fund balances - ending	<u>\$ (36,137)</u>	<u>\$ 29,266</u>	<u>\$ 79,073</u>	<u>\$ 49,807</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (5,896)	
To adjust revenues for accruals			(25,154)	
To adjust expenditures for accruals			(74)	
To adjust expenditures for encumbrances			1,853	
Net change in fund balance, GAAP basis			<u>\$ (29,271)</u>	

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

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 148,982	\$ 148,982	\$ 142,759	\$ (6,223)
Other financing sources:				
Interfund loans	-	-	498,000	498,000
Net change in fund balances	148,982	148,982	640,759	491,777
Fund balances - beginning	79,786	79,786	79,786	-
Fund balances - ending	\$ 228,768	\$ 228,768	\$ 720,545	\$ 491,777
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 640,759	
To adjust revenues for accruals			(498,000)	
Net change in fund balance, GAAP basis			\$ 142,759	

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, 2009

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ 550,000	\$ 742,676	\$ 192,676
Intergovernmental	-	33,168	29,991	(3,177)
Charges for services	-	-	87,720	87,720
Other	-	-	54,216	54,216
<b>Total revenues</b>	<b>-</b>	<b>583,168</b>	<b>914,603</b>	<b>331,435</b>
<b>Expenditures:</b>				
Capital outlay:				
Public safety:				
Other services and charges	430,051	530,051	530,051	-
Capital outlay	1,020,878	1,895,878	1,895,877	1
<b>Total expenditures</b>	<b>1,450,929</b>	<b>2,425,929</b>	<b>2,425,928</b>	<b>1</b>
<b>Net change in fund balances</b>	<b>(1,450,929)</b>	<b>(1,842,761)</b>	<b>(1,511,325)</b>	<b>331,436</b>
Fund balances - beginning	1,869,666	1,869,666	1,869,666	-
Fund balances - ending	\$ 418,737	\$ 26,905	\$ 358,341	\$ 331,436
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ (1,511,325)	
To adjust revenues for accruals			(310,830)	
To adjust expenditures for accruals			89,101	
To adjust expenditures for encumbrances			1,683,110	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ (49,944)</b>	

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, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes:				
Property	\$ 500,000	\$ 511,621	\$ 621,996	\$ 110,375
Intergovernmental	23,552	28,552	24,790	(3,762)
Other	-	-	11,320	11,320
	<u>523,552</u>	<u>540,173</u>	<u>658,106</u>	<u>117,933</u>
<b>Expenditures:</b>				
Capital outlay:				
General government:				
Other services and charges	192,205	190,349	154,793	35,556
Capital outlay	<u>651,812</u>	<u>651,812</u>	<u>648,575</u>	<u>3,237</u>
	<u>844,017</u>	<u>842,161</u>	<u>803,368</u>	<u>38,793</u>
Net change in fund balances	(320,465)	(301,988)	(145,262)	156,726
Fund balances - beginning	<u>225,362</u>	<u>225,362</u>	<u>225,362</u>	-
Fund balances - ending	<u>\$ (95,103)</u>	<u>\$ (76,626)</u>	<u>\$ 80,100</u>	<u>\$ 156,726</u>
<b><u>Budget/GAAP Reconciliation</u></b>				
Net change in fund balance, budget basis			\$ (145,262)	
To adjust revenues for accruals			(256,929)	
To adjust expenditures for accruals			38,881	
To adjust expenditures for encumbrances			<u>433,665</u>	
Net change in fund balance, GAAP basis			<u>\$ 70,355</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, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Capital outlay:				
Culture and recreation:				
Capital outlay	\$ -	\$ 65,614	\$ 65,614	\$ -
Fund balances - beginning	<u>66,202</u>	<u>66,202</u>	<u>66,202</u>	<u>-</u>
Fund balances - ending	<u>\$ 66,202</u>	<u>\$ 588</u>	<u>\$ 588</u>	<u>\$ -</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (65,614)	
To adjust expenditures for accruals			<u>62,092</u>	
Net change in fund balance, GAAP basis			<u>\$ (3,522)</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, 2009

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 133,044	\$ 133,044
Expenditures:				
Capital outlay:				
Public safety:				
Capital outlay	1,657,101	1,772,745	1,772,496	249
Net change in fund balances	(1,657,101)	(1,772,745)	(1,639,452)	133,293
Fund balances - beginning	1,639,452	1,639,452	1,639,452	-
Fund balances - ending	\$ (17,649)	\$ (133,293)	\$ -	\$ 133,293

Budget/GAAP Reconciliation

No reconciliation necessary since budgetary basis equals GAAP basis

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - CEDIT  
For The Year Ended December 31, 2009

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 1,070,000	\$ 1,070,000	\$ 1,404,697	\$ 334,697
Other	-	-	5,769	5,769
<b>Total revenues</b>	<b>1,070,000</b>	<b>1,070,000</b>	<b>1,410,466</b>	<b>340,466</b>
<b>Expenditures:</b>				
<b>Capital outlay:</b>				
<b>General government:</b>				
Other services and charges	46,000	234,500	53,193	181,307
<b>Public safety:</b>				
Capital outlay	384,500	503,940	550,450	(46,510)
<b>Highways and streets:</b>				
Capital outlay	705,000	673,630	669,865	3,765
<b>Culture and recreation:</b>				
Capital outlay	-	100,000	100,000	-
<b>Debt Service:</b>				
Principal	330,006	330,006	236,522	93,484
Interest and fiscal agent fees	40,994	40,994	28,838	12,156
<b>Total expenditures</b>	<b>1,506,500</b>	<b>1,883,070</b>	<b>1,638,868</b>	<b>244,202</b>
<b>Net change in fund balances</b>	<b>(436,500)</b>	<b>(813,070)</b>	<b>(228,402)</b>	<b>584,668</b>
<b>Fund balances - beginning</b>	<b>1,063,059</b>	<b>1,063,059</b>	<b>1,063,059</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ 626,559</b>	<b>\$ 249,989</b>	<b>\$ 834,657</b>	<b>\$ 584,668</b>
<b><u>Budget/GAAP Reconciliation</u></b>				
Net change in fund balance, budget basis			\$ (228,402)	
To adjust expenditures for accruals			(39,501)	
To adjust expenditures for encumbrances			558,089	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ 290,186</b>	

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, 2009

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ -	\$ 416	\$ 416
Other financing sources:				
Interfund loans	-	-	5,500,000	5,500,000
Net change in fund balances	-	-	5,500,416	5,500,416
Fund balances - beginning	<u>52,875</u>	<u>52,875</u>	<u>52,875</u>	<u>-</u>
Fund balances - ending	<u>\$ 52,875</u>	<u>\$ 52,875</u>	<u>\$ 5,553,291</u>	<u>\$ 5,500,416</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 5,500,416	
To adjust revenues for accruals			<u>(5,500,002)</u>	
Net change in fund balance, GAAP basis			<u>\$ 414</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, 2009

<u>Assets</u>	Self Funding Insurance	Mishawaka Bond Bank	Totals
Current assets:			
Cash and cash equivalents	\$ 1,524,585	\$ 6,010,942	\$ 7,535,527
Receivables:			
Interest	-	1,236	1,236
Accounts	21,119	-	21,119
	<u>21,119</u>	<u>-</u>	<u>21,119</u>
Total receivables	21,119	-	21,119
<b>Total assets</b>	<b><u>\$ 1,545,704</u></b>	<b><u>\$ 6,012,178</u></b>	<b><u>\$ 7,557,882</u></b>
 <u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$ 562,631	\$ -	\$ 562,631
Estimate for unfiled claims	115,000	-	115,000
	<u>677,631</u>	<u>-</u>	<u>677,631</u>
<b>Total liabilities</b>	<b><u>677,631</u></b>	<b><u>-</u></b>	<b><u>677,631</u></b>
 <u>Net Assets</u>			
Unrestricted	<u>\$ 868,073</u>	<u>\$ 6,012,178</u>	<u>\$ 6,880,251</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, 2009

	Self Funding Insurance	Mishawaka Bond Bank	Totals
Operating revenues:			
Employee/employer contributions	\$ 6,568,982	\$ -	\$ 6,568,982
Operating expenses:			
Insurance claims and premiums	7,967,450	-	7,967,450
Operating loss	(1,398,468)	-	(1,398,468)
Nonoperating revenues:			
Interest and investment revenue	-	12,178	12,178
Change in net assets	(1,398,468)	12,178	(1,386,290)
Net assets - beginning	2,266,541	6,000,000	8,266,541
Net assets - ending	<u>\$ 868,073</u>	<u>\$ 6,012,178</u>	<u>\$ 6,880,251</u>

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For The Year Ended December 31, 2009

	<u>Self Funding Insurance</u>	<u>Mishawaka Bond Bank</u>	<u>Totals</u>
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 6,547,863	\$ -	\$ 6,547,863
Payments for interfund services used	<u>(7,904,123)</u>	<u>-</u>	<u>(7,904,123)</u>
Net cash used by operating activities	<u>(1,356,260)</u>	<u>-</u>	<u>(1,356,260)</u>
Cash flows from noncapital financing activities:			
Interfund loans	<u>-</u>	<u>5,950,000</u>	<u>5,950,000</u>
Cash flows from investing activities:			
Interest received	<u>-</u>	<u>10,942</u>	<u>10,942</u>
Net increase (decrease) in cash and cash equivalents	(1,356,260)	5,960,942	4,604,682
Cash and cash equivalents, January 1	<u>2,880,845</u>	<u>50,000</u>	<u>2,930,845</u>
Cash and cash equivalents, December 31	<u>\$ 1,524,585</u>	<u>\$ 6,010,942</u>	<u>\$ 7,535,527</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (1,398,468)	\$ -	\$ (1,398,468)
Adjustments to reconcile operating loss to net cash used by operating activities:			
(Increase) decrease in assets:			
Accounts receivable	(21,119)	-	(21,119)
Increase (decrease) in liabilities:			
Accounts payable	3,327	-	3,327
Estimate for unfiled claims	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Total adjustments	<u>42,208</u>	<u>-</u>	<u>42,208</u>
Net cash provided by operating activities	<u>\$ (1,356,260)</u>	<u>\$ -</u>	<u>\$ (1,356,260)</u>

## FIDUCIARY FUNDS

### Pension Trust Funds

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

### Agency Funds

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

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 PENSION TRUST FUNDS  
 December 31, 2009

<u>Assets</u>	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
Cash and cash equivalents	\$ 475,282	\$ 829,813	\$ 33,254	\$ 1,338,349
Receivables:				
Interest and dividends	-	-	21,958	21,958
Taxes	40,899	36,005	-	76,904
Total receivables	<u>40,899</u>	<u>36,005</u>	<u>21,958</u>	<u>98,862</u>
Investments at fair value:				
Government sponsored enterprise	-	-	1,244,351	1,244,351
Municipal bonds	-	-	929,676	929,676
Mutual funds	-	-	10,061,204	10,061,204
Total investments	<u>-</u>	<u>-</u>	<u>12,235,231</u>	<u>12,235,231</u>
Total assets	<u>\$ 516,181</u>	<u>\$ 865,818</u>	<u>\$ 12,290,443</u>	<u>\$ 13,672,442</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ -	\$ -	\$ 700	\$ 700
<u>Net Assets</u>				
Held in trust for:				
Employees' pension benefits	<u>\$ 516,181</u>	<u>\$ 865,818</u>	<u>\$ 12,289,743</u>	<u>\$ 13,671,742</u>

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2009

<u>Additions</u>	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
<b>Contributions:</b>				
On behalf contributions	\$ 1,323,456	\$ 2,674,363	\$ -	\$ 3,997,819
Employer	311,372	275,105	887,707	1,474,184
Plan members	55	-	-	55
<b>Total contributions</b>	<u>1,634,883</u>	<u>2,949,468</u>	<u>887,707</u>	<u>5,472,058</u>
<b>Investment income:</b>				
Net increase in fair value of investments	-	-	1,847,744	1,847,744
Interest	-	-	358,048	358,048
<b>Total investment income</b>	-	-	2,205,792	2,205,792
Less investment expense:				
Investment activity expense	-	-	26,121	26,121
<b>Net investment income</b>	<u>-</u>	<u>-</u>	<u>2,179,671</u>	<u>2,179,671</u>
<b>Total additions</b>	<u>1,634,883</u>	<u>2,949,468</u>	<u>3,067,378</u>	<u>7,651,729</u>
<b><u>Deductions</u></b>				
Benefits	1,392,668	2,370,292	838,977	4,601,937
Administrative expense	2,600	5,742	10,390	18,732
<b>Total deductions</b>	<u>1,395,268</u>	<u>2,376,034</u>	<u>849,367</u>	<u>4,620,669</u>
<b>Changes in net assets</b>	239,615	573,434	2,218,011	3,031,060
<b>Net assets - beginning</b>	<u>276,566</u>	<u>292,384</u>	<u>10,071,732</u>	<u>10,640,682</u>
<b>Net assets - ending</b>	<u>\$ 516,181</u>	<u>\$ 865,818</u>	<u>\$ 12,289,743</u>	<u>\$ 13,671,742</u>

CITY OF MISHAWAKA, INDIANA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUND  
 For The Year Ended December 31, 2009

	Special Judgment	Redevelopment Revolving	Totals
<b>Assets:</b>			
Cash and cash equivalents, January 1, 2009	\$ -	\$ 28,662	\$ 28,662
Additions	71,674	345,850	417,524
Deductions	-	(361,129)	(361,129)
	71,674	13,383	85,057
Cash and cash equivalents, December 31, 2009			
Accounts receivable, January 1, 2009	-	25,441	25,441
Additions	-	17,120	17,120
Deductions	-	(25,441)	(25,441)
	-	17,120	17,120
Accounts receivable, December 31, 2009			
<b>Total assets, December 31, 2009</b>	<b>\$ 71,674</b>	<b>\$ 30,503</b>	<b>\$ 102,177</b>
<b>Liabilities:</b>			
Accounts payable, January 1, 2009	\$ -	\$ 50,610	\$ 50,610
Additions	71,674	26,937	98,611
Deductions	-	(50,610)	(50,610)
	71,674	26,937	98,611
Accounts payable, December 31, 2009			
Accrued payroll and withholdings payable, January 1, 2009	-	3,493	3,493
Additions	-	3,566	3,566
Deductions	-	(3,493)	(3,493)
	-	3,566	3,566
Accrued payroll and withholdings payable, December 31, 2009			
<b>Total liabilities, December 31, 2009</b>	<b>\$ 71,674</b>	<b>\$ 30,503</b>	<b>\$ 102,177</b>

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# **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  
NET ASSETS BY COMPONENT  
LAST SEVEN FISCAL YEARS**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$ 116,947,337	\$ 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	44,630,003	31,666,692	33,539,008	25,069,658	22,743,313	22,216,544	18,422,222
<b>Total governmental activities net assets</b>	<b>\$ 161,577,340</b>	<b>\$ 128,919,470</b>	<b>\$ 102,769,469</b>	<b>\$ 81,459,654</b>	<b>\$ 67,512,416</b>	<b>\$ 60,531,589</b>	<b>\$ 51,323,038</b>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	\$ 85,021,905	\$ 81,573,161	\$ 76,739,094	\$ 53,687,905	\$ 58,414,662	\$ 49,993,152	\$ 49,875,935
Restricted	5,340,800	8,301,530	7,785,873	6,886,627	3,321,019	2,316,792	1,921,475
Unrestricted	21,755,544	16,551,499	20,939,948	29,319,393	21,037,256	22,141,131	14,550,025
<b>Total business-type activities net assets</b>	<b>\$ 112,118,249</b>	<b>\$ 106,426,190</b>	<b>\$ 105,464,915</b>	<b>\$ 89,893,925</b>	<b>\$ 82,772,937</b>	<b>\$ 74,451,075</b>	<b>\$ 66,347,435</b>
<b>Primary government</b>							
Invested in capital assets, net of related debt	\$ 201,969,242	\$ 178,825,939	\$ 145,969,555	\$ 109,084,411	\$ 101,999,468	\$ 87,860,978	\$ 81,003,082
Restricted	5,340,800	8,301,530	7,785,873	7,880,117	4,505,316	2,764,011	3,695,144
Unrestricted	66,385,547	48,218,191	54,478,956	54,389,051	43,780,569	44,357,675	32,972,247
<b>Total primary government net assets</b>	<b>\$ 273,695,589</b>	<b>\$ 235,345,660</b>	<b>\$ 208,234,384</b>	<b>\$ 171,353,579</b>	<b>\$ 150,285,353</b>	<b>\$ 134,982,664</b>	<b>\$ 117,670,473</b>

Note: 7 years of data available in this format

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b><u>Expenses</u></b>							
<b>Governmental activities:</b>							
General government	\$ 5,675,449	\$ 5,362,211	\$ 4,008,462	\$ 5,220,058	\$ 5,874,794	\$ 5,922,122	\$ 9,493,699
Public safety	25,470,868	22,188,373	17,750,725	25,344,096	23,380,191	19,352,725	14,025,776
Highways and streets	5,948,204	3,959,300	7,631,344	4,954,958	4,745,217	3,834,156	3,477,535
Sanitation	1,970,859	4,500	15,000	4,876	20,000	35,725	115,742
Community development	862,581	2,723,191	2,337,991	997,139	2,657,176	3,201,954	1,984,448
Culture and recreation	4,084,573	4,786,048	3,352,339	3,452,283	3,595,595	3,148,419	4,626,859
Interest on long-term debt	1,087,319	1,274,966	873,678	669,642	847,749	795,567	1,231,273
<b>Total governmental activities expenses</b>	<b>\$ 45,099,853</b>	<b>\$ 40,298,589</b>	<b>\$ 35,969,539</b>	<b>\$ 40,643,052</b>	<b>\$ 41,120,722</b>	<b>\$ 36,290,668</b>	<b>\$ 34,955,332</b>
<b>Business type activities:</b>							
Water utility	\$ 6,933,322	\$ 6,884,829	\$ 6,617,469	\$ 6,794,418	\$ 6,597,036	\$ 6,973,978	\$ 6,553,431
Wastwater utility	11,566,254	11,954,930	6,377,448	5,547,712	5,849,788	5,747,658	5,705,703
Electric utility	43,830,644	44,275,026	42,999,782	35,934,114	34,530,146	33,182,687	33,809,655
<b>Total business-type activities expenses</b>	<b>62,330,220</b>	<b>63,114,785</b>	<b>55,994,699</b>	<b>48,276,244</b>	<b>46,976,970</b>	<b>45,904,323</b>	<b>46,068,789</b>
<b>Total primary government expenses</b>	<b>\$ 107,430,073</b>	<b>\$ 103,413,374</b>	<b>\$ 91,964,238</b>	<b>\$ 88,919,296</b>	<b>\$ 88,097,692</b>	<b>\$ 82,194,991</b>	<b>\$ 81,024,121</b>
<b><u>Program Revenues</u></b>							
<b>Governmental activities:</b>							
<b>Charges for services:</b>							
General government	714,830	1,049,593	973,326	892,455	941,009	952,684	3,355,867
Public safety	600,824	643,933	896,332	657,308	344,116	343,324	493,067
Highways and streets	114,428	28,347	44,617	27,462	343,430	232,955	1,216,084
Sanitation	2,102,200						
Community development	260,098	535,101	794,695	624,524	156,850	103,228	235,297
Culture and recreation	995,386	1,023,173	1,033,864	915,956	913,704	811,378	788,792
Interest on long-term debt							
Operating grants and contributions	3,283,506	1,191,352	2,400,968	1,257,136	1,661,515	2,143,953	1,823,220
Capital grants and contributions	4,358,580	4,745,714	4,944,558	10,410,884	4,326,826	4,494,949	3,750,172
<b>Total governmental activities revenue</b>	<b>12,429,852</b>	<b>9,217,213</b>	<b>11,088,360</b>	<b>14,785,725</b>	<b>8,687,450</b>	<b>9,082,471</b>	<b>11,662,499</b>
<b>Business type activities:</b>							
<b>Charges for services:</b>							
Water utility	7,574,977	8,037,964	8,356,853	7,804,735	8,074,554	7,516,477	7,693,485
Wastwater utility	9,333,576	9,422,150	9,576,399	8,284,304	7,797,148	6,927,799	6,355,832
Electric utility	46,262,804	43,278,603	47,457,258	37,573,938	37,031,707	38,422,097	34,720,277
Capital grants and contributions	5,113,577	3,250,069	3,044,903	1,656,673	1,451,446	846,168	567,998
<b>Total business-type activities revenue</b>	<b>68,284,934</b>	<b>63,988,786</b>	<b>68,435,413</b>	<b>55,319,650</b>	<b>54,354,855</b>	<b>53,712,541</b>	<b>49,337,592</b>
<b>Total primary government revenue</b>	<b>80,714,786</b>	<b>73,205,999</b>	<b>79,523,773</b>	<b>70,105,375</b>	<b>63,042,305</b>	<b>62,795,012</b>	<b>61,000,091</b>
<b><u>Net (Expenses) Revenues</u></b>							
Governmental activities:	(32,670,001)	(31,081,376)	(24,881,179)	(25,857,327)	(32,433,272)	(27,208,197)	(23,292,833)
Business-type activities	5,954,714	874,001	12,440,714	7,043,406	7,377,885	7,808,218	3,268,803
<b>Total primary government net expense</b>	<b>\$ (26,715,287)</b>	<b>\$ (30,207,375)</b>	<b>\$ (12,440,465)</b>	<b>\$ (18,813,921)</b>	<b>\$ (25,055,387)</b>	<b>\$ (19,399,979)</b>	<b>\$ (20,024,030)</b>

Note: 7 years of data available in this format

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b><u>General revenues and Other Changes in Net Assets</u></b>							
Governmental activities:							
Property Taxes	\$ 40,092,134	\$ 43,572,448	\$ 40,325,388	\$ 34,552,665	\$ 35,172,645	\$ 31,758,286	\$ 32,066,343
Grants and Contributions not restricted to specific programs	4,943,387	3,846,190	3,794,657	3,808,209	3,667,444	4,201,761	4,033,427
Unrestricted investment earnings	13,542	872,964	2,022,465	1,908,162	981,943	278,677	196,261
Other	169,346	267,649	2,345	51,568	41,646	268,780	171,491
Loss on sale of Assets	-	-	-	-	(243,984)		
Special Items: Litigation Settlement	-	8,154,390					
Transfers	<u>959,856</u>	<u>517,736</u>	<u>46,139</u>	<u>(79,102)</u>	<u>(205,595)</u>	<u>(90,756)</u>	
Total governmental activities	<u>\$ 46,178,265</u>	<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	\$ 24,935	\$ 605,010	\$ 1,802,870	\$ 1,372,025	\$ 738,382	\$ 204,666	\$ 198,056
Other	672,266						
Transfers	<u>(959,856)</u>	<u>(517,736)</u>	<u>(46,139)</u>	<u>79,102</u>	<u>205,595</u>	<u>90,756</u>	
Total business-type activities	<u>(262,655)</u>	<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>\$ 45,915,610</u>	<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>
<b><u>Change in Net Assets</u></b>							
Governmental activities:	\$ 13,508,264	\$ 26,150,001	\$ 21,309,815	\$ 14,384,175	\$ 6,980,827	\$ 9,208,551	\$ 13,174,689
Business-type activities	<u>\$ 5,692,059</u>	<u>\$ 961,275</u>	<u>\$ 14,197,445</u>	<u>\$ 8,494,533</u>	<u>\$ 8,321,862</u>	<u>\$ 8,103,640</u>	<u>\$ 3,466,859</u>
Total primary government	<u>\$ 19,200,323</u>	<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: 7 years of data available in this format

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund							
Reserved	77,221	59,968	60,901	407,757	436,498	439,115	190,847
Unreserved	<u>6,218,193</u>	<u>5,256,482</u>	<u>1,191,764</u>	<u>2,560,240</u>	<u>1,982,889</u>	<u>1,771,831</u>	<u>2,177,804</u>
Total general fund	<u>\$ 6,295,414</u>	<u>\$ 5,316,450</u>	<u>\$ 1,252,665</u>	<u>\$ 2,967,997</u>	<u>\$ 2,419,387</u>	<u>\$ 2,210,946</u>	<u>\$ 2,368,651</u>
All Other Governmental Funds							
Reserved	14,182,700	16,411,776	16,639,539	15,647,856	18,127,410	12,548,773	14,452,166
Unreserved, reported in :							
Special Revenue funds	5,598,449	3,292,490	4,271,864	3,962,226	3,019,006	4,065,309	3,040,534
Capital projects funds	<u>30,064,476</u>	<u>37,166,730</u>	<u>47,271,488</u>	<u>31,355,116</u>	<u>26,580,506</u>	<u>22,130,725</u>	<u>16,391,047</u>
Total all other governmental funds	<u>\$ 49,845,625</u>	<u>\$ 56,870,996</u>	<u>\$ 68,182,891</u>	<u>\$ 50,965,198</u>	<u>\$ 47,726,922</u>	<u>\$ 38,744,807</u>	<u>\$ 33,883,747</u>

Note: 7 years of data available in this format

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Revenues</b>							
Taxes	\$ 40,092,134	\$ 47,591,213	\$ 38,337,107	\$ 35,575,614	\$ 35,083,567	\$ 31,755,211	\$ 32,034,284
Licenses and permits	349,680	607,371	543,226	456,108	313,195	320,811	306,397
Intergovernmental	12,585,473	9,932,199	11,083,085	15,239,090	9,626,565	10,839,199	10,679,742
Charges for services	3,412,746	1,565,526	1,712,906	1,645,234	1,795,176	1,491,691	2,830,702
Fines and forfeits	47,051	48,797	76,695	59,303	88,543	84,243	106,222
Interest	13,542	872,964	2,022,465	1,908,162	981,943	278,677	196,261
Sale and use of property	243,067	275,255	120,004	348,167	108,537	166,146	803,226
Gifts and donations	192,726	140,278	118,607	109,615	90,933	171,127	126,139
Other	<u>711,842</u>	<u>910,569</u>	<u>1,173,741</u>	<u>790,441</u>	<u>344,371</u>	<u>478,331</u>	<u>1,020,898</u>
Total primary government expenses	<u>57,648,261</u>	<u>61,944,172</u>	<u>55,187,836</u>	<u>56,131,734</u>	<u>48,432,830</u>	<u>45,585,436</u>	<u>48,103,871</u>
<b>Expenditures</b>							
General government	4,421,867	4,218,163	3,296,707	4,812,775	5,512,833	4,861,220	8,695,207
Public safety	19,095,252	19,330,286	20,279,335	18,390,523	17,103,962	16,198,407	12,300,290
Highways and streets	3,516,087	4,513,971	4,747,151	3,291,749	4,455,162	4,006,762	3,596,912
Sanitation	1,970,859	4,500	15,000	4,876	20,000	35,725	115,742
Culture and recreation	2,811,787	3,340,629	3,223,074	2,970,164	3,108,446	3,524,618	3,205,792
Community development	1,017,300	1,202,378	1,828,843	1,204,852	2,126,001	3,053,748	1,365,347
Debt service							
Principal	5,710,522	4,521,647	3,456,429	2,606,451	3,064,530	2,860,884	8,122,845
Interest	1,084,271	1,203,775	607,737	611,817	586,338	782,120	1,194,427
Capital outlay	<u>25,026,579</u>	<u>33,975,819</u>	<u>21,217,470</u>	<u>20,352,125</u>	<u>8,199,714</u>	<u>7,613,045</u>	<u>9,733,795</u>
Total Expenditures	<u>64,654,524</u>	<u>72,311,168</u>	<u>58,671,746</u>	<u>54,245,332</u>	<u>44,176,986</u>	<u>42,936,529</u>	<u>48,330,357</u>
Excess of revenues over (under) expenditures	(7,006,263)	(10,366,996)	(3,483,910)	1,886,402	4,255,844	2,648,907	(226,486)
<b>Other financing sources(uses):</b>							
Transfers in	6,174,587	7,281,350	3,700,993	3,963,940	5,323,770	2,274,366	1,916,446
Transfers out	(5,214,731)	(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>959,856</u>	<u>(5,035,504)</u>	<u>18,986,271</u>	<u>1,936,484</u>	<u>4,934,712</u>	<u>2,054,448</u>	<u>600,000</u>
Special Item: Proceeds from Litigation settlement	-	8,154,390	-	-	-	-	-
Net change in fund balances	<u>\$ (6,046,407)</u>	<u>\$ (7,248,110)</u>	<u>\$ 15,502,361</u>	<u>\$ 3,822,886</u>	<u>\$ 9,190,556</u>	<u>\$ 4,703,355</u>	<u>\$ 373,514</u>
Debt service as a percentage of non-capital expenditures	<u>20.7%</u>	<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: 7 years of data available in this format

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

<b>Fiscal Year Ended December 31</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
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
2009	1,199,456,581	190,860,770	1,390,317,351	1.6557

(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)**

<b>Fiscal Year Ended December 31</b>	<b>City</b>	<b>Townships</b>	<b>Redevelopment District</b>	<b>Library</b>	<b>School Districts</b>	<b>St. Joseph County</b>	<b>St Joseph Airport</b>	<b>Transpo</b>	<b>State of Indiana</b>	<b>St Joseph County Welfare</b>	<b>Total</b>
2000	5.2417	0.0708	0.0000	0.5139	6.3353	3.1142	0.1219	0.2994	0.0100	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	16.0761
2002	1.8627	0.0221	0.0000	0.1567	2.2303	0.9473	0.0406	0.1079	0.0033	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	3.7310
2004	1.3313	0.0172	0.0565	0.1319	1.5932	0.7652	0.0346	0.0827	0.0024	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	4.0044
2006	1.3899	0.0318	0.0520	0.1325	1.6726	0.5002	0.0301	0.0856	0.0024	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	4.1595
2008	1.5283	0.0279	0.0000	0.0943	1.6448	0.4989	0.0292	0.0821	0.0024	0.2587	4.1666
2009	1.6557	0.0397	0.0000	0.1437	1.0735	0.5693	0.0353	0.0821	0.0000	0.0000	3.5993

(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	2009			1999		
		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	\$ 80,066,900	1	4.98%	\$ 10,317,670	1	3.42%
University Park Associates	Retail/Management	56,983,200	2	3.54%	7,379,930	4	2.26%
Bayer Corporation	Manufacturing	44,325,780	3	2.76%	9,804,730	3	3.25%
Meijer	Retail	32,681,380	4	2.03%	9,893,120	2	3.47%
Candlewood Apts.	Rental Multi-Housing	20,974,100	5	1.30%			
Wilshire Plaza	Retail/Management	20,285,100	6		3,287,330	9	1.09%
Main Street Village	Rental Multi-Housing	20,006,100	7	1.24%			
Wal-Mart Stores	Retail	18,592,640	8	1.16%			
Gumwood Shopping	Retail	18,108,800	9	1.13%			
Schottenstein Stores	Retail Store	18,081,430	10	1.12%			
Amerisource Corporation	Wholesale Drugs				4,167,380	5	1.19%
Sears	Retail Store				3,949,560	6	1.18%
Lowe's of Mishawaka	Retail				3,156,730	7	
Rockwell automation	Manufacturing				3,062,820	8	
Krizman	Manufacturing				3,017,910	10	
<b>Totals</b>		<b>\$ 330,105,430</b>		<b>20.90%</b>	<b>\$ 58,037,180</b>		<b>19.24%</b>

Source: St. Joseph County Auditor

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

<b>Fiscal Year Ended December 31</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
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	23,330,377	94.91%	A	23,330,377	94.91%
2009	23,019,485	22,678,977	98.52%	A	22,678,977	98.52%

Source: St. Joseph County Auditor

Note: City of Mishawaka Corporation collections only

(A) not available

Note: 7 years of data available in this format

**CITY OF MISHAWAKA, INDIANA  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST SEVEN 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
2009	8,485,000	13,365,000	89,000	340,011	3,785,000	14,088,484	54,637,118	32,224	104,596,837	6.35%	2246.64

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: 7 years of data available in this format

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value(1) of Property</b>	<b>Per Capita(2)</b>
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	731,989	9,043,011	0.6%	194.24
2009	8,485,000	595,262	7,889,738	0.6%	169.46

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, 2009

<u>Governmental Units(3)</u>	<u>Outstanding Debt at December 31, 2009(1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
City Direct Debt (Governmental Activities)	\$ 8,485,000	100.00%	8,485,000
<b><u>Overlapping Debt:</u></b>			
School City of Mishawaka	57,993,638	99.60%	57,761,663
Mishawaka-Penn Library	7,090,000	47.90%	3,396,110
Penn-Harris-Madison School Corporation	74,018,736	17.62%	13,042,101
St. Joseph County	15,105,000	17.57%	2,653,949
St. Joseph County Airport Authority	12,695,000	17.57%	2,230,512
St. Joseph County Public Library	17,320,498	3.05%	528,275
South Bend Community School Corporation	<u>211,941,967</u>	3.21%	<u>6,803,337</u>
Subtotal for Overlapping Debt	<u>396,164,839</u>		<u>86,415,947</u>
Total Direct and Overlapping Debt	<u>\$ 396,164,839</u>		<u>\$ 94,900,947</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 2000	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009
Assessed Value (2)	\$ 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	\$ 463,439,117
Debt Limit Percentage	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Debt Limit(1)	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	18,537,565
Bonds Outstanding	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	8,485,000
Subtotal	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	10,052,565
Amount Available for Debt Service	691,743	691,743	691,743	691,743	638,792	556,263	448,846	471,651	731,989	595,262
Legal Debt Margin	\$ 10,166,715	\$ 10,584,997	\$ 10,627,343	\$ 19,165,409	\$ 17,743,309	\$ 13,841,130	\$ 12,981,851	\$ 13,070,991	\$ 12,401,715	\$ 10,647,827
Total net debt applicable to the limit as a percentage of debt limit	34.43%	33.07%	32.93%	18.26%	18.32%	55.20%	65.67%	82.20%	78.82%	79.69%

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**

<b>Year</b>	<b>General Obligation Bonds</b>		<b>Tax Incremental Financing Bonds</b>		<b>Total Bonded Debt Service</b>	<b>Total General Government Expenditures</b>	<b>Ratio of Debt Service to Total General Government Expenditures</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>			
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%
2008	970,000	438,940	2,570,000	709,778	4,688,718	72,311,168	6.5%
2009	1,290,000	357,376	4,010,000	689,471	6,346,847	64,654,524	9.8%

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

<b>Year</b>	<b>Gross Revenue (A)</b>	<b>Direct Operating Expenses (B)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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%
2009	63,868,558	51,057,879	12,810,679	1,785,000	516,422	2,301,422	556.6%

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

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

<b>Year</b>	<b>Population(B)</b>	<b>St Joseph County Personal Income (B)</b>	<b>St. Joseph County Median Family Income (B)</b>	<b>St Joseph County Per Capita Income (B)</b>	<b>Median Age (B)</b>	<b>K-12 Public School Enrollment (A)</b>	<b>Labor Force (B)</b>	<b>St. Joseph County Unemployment Rate-C</b>
2003	48,385	7,952,391	37,140	30,041	34.9	5,102	137,040	4.7%
2004	48,385	8,272,119	39,940	31,269	34.9	5,177	136,990	4.3%
2005	48,497	8,441,003	37,971	31,873	35.0	5,178	134,798	5.3%
2006	48,497	8,985,647	39,046	33,841	35.0	5,242	136,217	5.1%
2007	48,912	9,228,131	44,706	34,651	35.0	5,272	132,698	5.2%
2008	48,912	9,466,916	43,931	35,363	36.0	5,116	133,565	10.5%
2009	48,912	(D)	(D)	(D)	35.5	5,357	123,927	11.8%

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

(A) Source: School City of Mishawaka

(B) Source: Bureau of Economic Analysis updated in 2009

(C) Source: Indiana Employment and Security Division Updated in 2009

(D) Information not available at this time

Note: 7 years of data available in this format

**CITY OF MISHAWAKA, INDIANA**  
**Largest Employers**  
**December 31, 2009**

<u>Company</u>	<u>Type of Business</u>	<u>2009</u>		<u>1999</u>	
		<u>Number of Employees</u>	<u>Rank</u>	<u>Number of Employees</u>	<u>Rank</u>
St. Joseph Regional Medical Center	Acute Healthcare	2,500	1	950	1
School City of Mishawaka	Public School	1,100	2	801	3
Bayer Corporation	Manufacturing	550	3	600	4
Liberty Mutual	Insurance	548	4	565	5
Meijer, Inc	Retail	540	5	925	2
Family & Childrens Center	Social Service	499	7	362	9
City of Mishawaka	Government	493	6	520	6
Bethel College	College	417	8	302	
Walmart	Retail	400	9	330	
Nyloncraft	Manufacturing	207	10	445	7
Thermoplastics	Manufacturing	0		370	8
RMG Foundry	Manufacturing	0		323	10

Note: (A) Source: Individual Companies

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

Full-time Equivalent Employees as of December 31

	2009	% of Total Employment	2008	% of Total Employment	2007	% of Total Employment	2006	% of Total Employment	2005	% of Total Employment	2004	% of Total Employment	2003
<b>Function</b>													
General Government:	48	10%	54	10%	57	11%	60	11%	66	12%	63	12%	68
Public Safety													
Police													
Officers	103	21%	103	20%	103	20%	103	19%	103	19%	103	19%	103
Civilians	23	5%	31	6%	30	6%	30	6%	28	5%	26	5%	28
Fire													
Firefighters	107	22%	107	20%	107	20%	107	20%	107	20%	107	20%	107
Civilians	1	0	2	0	2	0	2	0	1	0	1	0	1
Total Public Safety	234	49%	243	46%	242	46%	242	45%	239	44%	237	44%	239
Highways and Streets	30	6%	31	6%	34	6%	34	6%	37	7%	33	6%	38
Culture and Recreation	22	5%	33	6%	34	6%	34	6%	35	6%	35	7%	35
Water	37	8%	47	9%	49	9%	48	9%	47	9%	49	9%	50
Wastewater/Sewer	48	10%	46	9%	38	7%	46	9%	46	8%	49	9%	47
Electric	62	13%	70	13%	72	14%	69	13%	73	13%	70	13%	71
<b>Total City Employees</b>	<b>481</b>		<b>524</b>		<b>526</b>		<b>533</b>		<b>543</b>		<b>536</b>		<b>548</b>

Source: City Payroll System

Note: 7 years of data available in this format

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

<b><u>Function</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
<b>Police</b>							
Arrests	2006	1633	2,241	2,350	2,059	2,256	2,293
Parking Violations	1629	2540	2,510	1,474	2,289	2,692	3,111
Traffic Violations	7218	7276	4,125	4,568	4,044	4,163	3,987
Traffic Accident Calls	1,969	2382	2,424	2,453	2,717	2,832	2,820
Cases Reviewed	8,675	8207	8,093	8,114	7,812	8,106	8,911
<b>Fire</b>							
Fire Calls	1026	1066	201	213	253	334	244
Medical Calls	4157	4384	4,352	4,123	4,191	4,108	4,131
Inspections	1372	1190	1,603	917	1,100	964	875
<b>Streets</b>							
Blocks of Streets Paved	73	88	123	136	99	119	85
Leaf Pickup Cubic Yards	18390	11075	11,332	16,338	10,132	14,010	11,850
Blocks of Streets Swept	637	620	799	833	1,092	899	1,365
<b>Culture &amp; recreation</b>							
Pool Attendance(patrons)	14968	18860	19,573	18,512	18,176	10,740	13,664
Community Ctr Attendance	43120	49645	46,730	53,000	50,355	42,023	55,961
Facility Rentals	1579	1135	544	770	696	404	428
Plantings	145	86	129	213	95	502	69
<b>Water</b>							
New service lines	56	42	206	428	419	288	527
Average daily consumption MGD	6.6	8.21	9.9	9.4	9.4	9.3	9.3
<b>Wastewater</b>							
Annual Sewage Treatment ( billions of gallons)	4.6	5.2	4.2	4.5	4.5	4.4	3.9
Pollutants removed (in mill of lbs.)	7.0	6.8	6.5	8.5	8.5	8.5	8.4
<b>Electric</b>							
Energy consumption (kW) (in thousands)	538,572	623,032	642,779	637,903	617,257	588,830	574,000
Unplanned outages	11	14	16	7	12	22	21

Note:7 years of data available in this format

Source: Various city departments

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

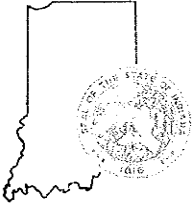
<b><u>Function</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
<b>Police</b>							
Stations	1	1	1	1	1	1	1
Patrol Units	89	89	89	89	89	89	89
<b>Fire</b>							
Stations	5	5	5	5	5	5	5
<b>Streets</b>							
Miles of Streets	175.13	174.30	174.30	174.30	174.08	174.08	174.08
Street Lights	3870	3870	3737	3,737	3,731	3,725	3,709
Traffic Signals	58	56	55	55	55	54	54
<b>Culture &amp; recreation</b>							
Park Acreage	318	318	318	317	317	307	307
Number of Parks	28	28	28	27	27	26	26
Golf Courses	1	1	1	1	1	1	1
Swimming Pools	2	2	2	2	2	2	2
Tennis Courts	12	12	12	12	12	15	15
Communtty Centers	1	1	1	1	1	1	1
<b>Water</b>							
Total connections (taps)	17,082	17,082	17,001	15,539	15,852	16,037	16,150
Fire Hydrants	2,985	2,698	2,630	2,555	2,491	2,459	2,279
<b>Wastewater</b>							
Miles of Sewers	257.08	254.41	253.23	246.14	245.06	239.85	236.89
<b>Electric</b>							
Number of Sub-stations	11	11	11	11	11	11	11
Miles of Service Lines above/below ground	470	470	470	470	470	470	470

Source: Various city departments

Note: 7 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  
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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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 27, 2010. 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)

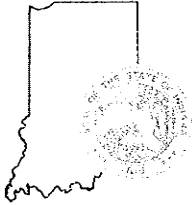
Compliance and Other Matters

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 27, 2010



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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 its major federal program for the year ended December 31, 2009. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program 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 its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

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

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

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

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

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

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, 2009, and have issued our report thereon dated May 27, 2010. 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 27, 2010

CITY OF MISHAWAKA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (Or Other) Identifying Number	Total Federal Awards Expended
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Direct Grant:			
CDBG - Entitlement and (HUD-Administered) Small Cities Cluster Community Development Block Grants/Entitlement Grants	14.218	B08MC180017 B09MC180017	\$ 359,933 <u>169,050</u>
Total for cluster			<u>528,983</u>
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253	B-09-MY-18-0017	<u>38,361</u>
Pass-Through St. Joseph County Housing Consortium HOME Investment Partnerships Program	14.239	HO-08-480 HO-09-480	56,358 <u>149,219</u>
Total for program			<u>205,577</u>
Total for federal grantor agency			<u>772,921</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Direct Grant:			
Bulletproof Vest Partnership Program	16.607	FY 2004	<u>549</u>
Gang Resistance Education and Training	16.737	2008-JV-FX-0074	<u>2,041</u>
Pass-Through the City of South Bend ARRA - Recovery Act - Edward Byrne Memorial Competitive Grant Program	16.808		<u>128,821</u>
Total for federal grantor agency			<u>131,411</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	R-30198-A	<u>130,970</u>
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2009-03-03-26 K8-2010-03-03-26 K8-2009-08-01-17 K8-2009-08-01-18 PT-09-04-01-25 PT-10-04-04-21 K4-2009-04-03-18 FACT	82,088 18,794 41,902 40,279 34,837 32,625 1,000 <u>7,654</u>
Pass-Through St. Joseph County Prosecutor			<u>259,179</u>
Total for cluster			<u>259,179</u>
Total for federal grantor agency			<u>390,149</u>
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>			
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	CS18232701 2W-00E73001-0	120,350 <u>769,302</u>
Total for federal grantor agency			<u>889,652</u>
Total federal awards expended			<u>\$ 2,184,133</u>

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

CITY OF MISHAWAKA  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2009:

Program Title	Amount Provided to Subrecipients
CFDA – Entitlement and (HUD-Administered)	
Small Cities Cluster	\$ 66,000
Highway Safety Cluster	121,057

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
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.458	ARRA – Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF MISHAWAKA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.