



**COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT**

**CITY OF MISHAWAKA  
YEAR ENDED DECEMBER 31, 2011**

**DAVID A. WOOD, MAYOR**

**FILED**  
06/18/2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MISHAWAKA

Year Ended December 31, 2011



PREPARED BY

CITY CONTROLLER'S OFFICE

Yvonne Milligan, City Controller

# **INTRODUCTORY SECTION**

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

TABLE OF CONTENTS

| <u>Description</u>   | <u>Page</u> |
|--|-------------|
| <b>I. INTRODUCTORY SECTION</b>   |             |
| Table of Contents.....   | i-ii        |
| City Officials .....   | lii         |
| Mayor's Letter of Transmittal .....  | iv-v        |
| Controller's Letter of Transmittal .....   | vi-x        |
| Organization Chart .....   | xi          |
| Certificate of Achievement .....   | xii         |
| <b>II. FINANCIAL SECTION</b>   |             |
| Independent Auditor's Report .....   | 1-2         |
| Management's Discussion and Analysis .....   | 4-15        |
| Basic Financial Statements:  |             |
| Government-Wide Financial Statements:  |             |
| Statement of Net Assets .....  | 16          |
| Statement of Activities .....  | 17          |
| Fund Financial Statements:   |             |
| Balance Sheet – Governmental Funds .....   | 18          |
| Reconciliation of the Balance Sheet of Governmental Funds to the<br>Statement of Net Assets.....   | 19          |
| Statement of Revenues, Expenditures, and Other Changes in Fund<br>Balances – Governmental Funds .....  | 20          |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in<br>Fund Balances of Governmental Funds to the Statement of Activities .... | 21          |
| Statement of Net Assets – Proprietary Funds .....  | 22          |
| Statement of Revenues, Expenses, and Changes in<br>Fund Net Assets – Proprietary Funds .....   | 23          |
| Statement of Cash Flows – Proprietary Funds .....  | 24-25       |
| Statement of Fiduciary Net Assets – Fiduciary Funds .....  | 26          |
| Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....   | 27          |
| Notes to Financial Statements .....  | 29-61       |
| Required Supplementary Information:  |             |
| Schedules of Funding Progress .....  | 62          |
| Schedules of Contributions from the Employer and Other Contributing Entities.  | 63          |
| Budgetary Comparison Schedule – General Fund .....   | 64-65       |
| Budget/GAAP Reconciliation- General Fund .....   | 66          |
| Combining and Individual Fund Statements and Schedules:  |             |
| Description – Nonmajor Governmental Funds .....  | 67-70       |
| Combining Balance Sheet – Nonmajor Governmental Funds .....  | 72-79       |
| Combining Statement of Revenues, Expenditures, and<br>Other Changes in Fund Balances – Nonmajor Governmental Funds .....                             | 80-87       |
| Schedule of Revenues, Expenditures, and Changes in Fund<br>Balances – Budget and Actual Nonmajor Governmental Funds.....                             | 88-103      |
| Description-Internal Services Funds.....   | 105         |
| Combining Statement of Net assets-Internal Service Funds.....  | 106         |
| Combining Statement of Revenues, Expenses, and<br>Changes in Fund Net Assets-Internal Service Funds.....   | 107         |
| Combining Statement of Cash Flows-Internal Service Funds.....  | 108         |

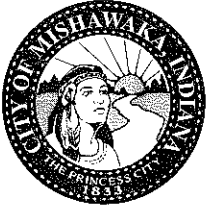
CITY OF MISHAWAKA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR DECEMBER 31, 2011

TABLE OF CONTENTS  
 (Continued)

| <u>Description</u>  | <u>Page</u> |
|---|-------------|
| <b>II. FINANCIAL SECTION (continued)</b>  |             |
| Combining and individual Fund Statements and Schedules (continued):   |             |
| Description - Fiduciary Funds .....   | 109         |
| Combining Statement of Fiduciary Net Assets - Pension Trust Funds .....   | 110         |
| Combining Statement of Changes in Fiduciary Net Assets – Pension Trust Funds...   | 111         |
| Combining Statement of Fiduciary Net Assets – Agency Fund .....   | 112         |
| Combining Statement of Changes in Assets and Liabilities – Agency Fund .....  | 113         |
| <br><b>III. STATISTICAL SECTION:</b>  |             |
| Table of Contents Statistical Section .....   | 114-115     |
| Net Assets by Component.....  | 116         |
| Changes in Net Assets.....  | 117-118     |
| Fund Balances, Governmental Funds.....  | 119         |
| Changes in Fund Balances, Governmental Funds .....  | 120         |
| Assessed and Estimated Actual Value of Taxable Property .....   | 121         |
| Direct and Overlapping Property Tax Rates.....  | 122         |
| Principal Property Tax Payers .....   | 123         |
| Property Tax Levies and Collection.....   | 124         |
| Ratio of Outstanding Debt by Type.....  | 125         |
| Ratio of General Bonded Debt Outstanding.....   | 126         |
| Direct and Overlapping Governmental Activities Debt .....   | 127         |
| Legal Debt Margin Information.....  | 128         |
| General Obligation and Tax Incremental Financing Bond Coverage.....   | 129         |
| Revenue Bond Coverage.....  | 130         |
| Demographic and Economic Statistics .....   | 131         |
| Largest Employers .....   | 132         |
| Full-time Equivalent City Government Employees.....   | 133         |
| Operating Indicators by Function.....   | 134         |
| Capital Asset Statistics by Function.....   | 135         |
| <br><b>IV. COMPLIANCE SECTION</b>   |             |
| Report on Internal Control over Financial Reporting and on Compliance<br>and Other Matters based on an Audit of Financial Statements<br>Performed in Accordance with Government Auditing Standards .....              | 136-137     |
| Independent Auditor’s Report on Compliance With Requirements<br>That Could have a Direct and Material Effect on Each Major Program and<br>Internal Control Over Compliance in Accordance With OMB Circular A-133..... | 138-139     |
| Schedule of Expenditures of Federal Awards .....  | 140         |
| Notes to Schedule of Expenditures of Federal Awards .....   | 141         |
| Schedule of Findings and Questioned Costs .....   | 142         |
| Auditee Prepared Schedule:  |             |
| Summary Schedule of Prior Audit Findings .....  | 143         |

CITY OFFICIALS

| <u>Office</u>  | <u>Official</u>      | <u>Term</u>          |
|--|----------------------|----------------------|
| Controller   | Yvonne Milligan      | 01-01-08 to 12-31-15 |
| Mayor  | David A. Wood        | 09-07-10 to 12-31-15 |
| President of the Board of<br>Public Works and Safety | Gary E. West         | 01-01-11 to 12-31-12 |
| Members of the<br>Common Council                     | John Gleissner       | 01-01-08 to 12-31-11 |
|  | Gregg A. Hixenbaugh  | 01-01-08 to 12-31-11 |
|  | Marsha G. McClure    | 01-01-08 to 12-31-15 |
|  | Dale E. Emmons       | 01-01-08 to 12-31-15 |
|  | Ronald S. Banicki    | 01-01-08 to 12-31-15 |
|  | John J. Roggeman     | 01-01-08 to 12-31-15 |
|  | Michael S. Compton   | 01-01-08 to 12-31-15 |
|  | Ross J. Deal         | 01-01-08 to 12-31-11 |
|  | Michael A. Bellovich | 09-24-10 to 12-31-15 |
|  | John Reisdorf        | 01-01-12 to 12-31-15 |
|  | Dan Bilancio         | 01-01-12 to 12-31-15 |
|  | Matt Mammolenti      | 01-01-12 to 12-31-15 |



# CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

OFFICE OF THE MAYOR

June 25, 2012

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, 2011

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.

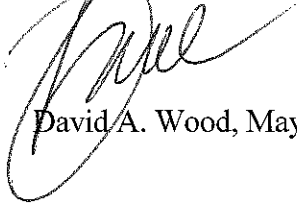
The preparation of this annual financial report could not have been accomplished without the professional competence and dedication of City Controller Yvonne Milligan and her entire staff. Their efforts over the years to upgrade the accounting and financial reporting systems of the city have substantially 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 fifth consecutive year Mishawaka earned the Certificate of Achievement for Excellence in Financial Reporting from the Government Financial Officers Association. This is the highest form of recognition in the area of governmental financial reporting. Few municipalities in the State of Indiana ever receive this prestigious award.

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "D. Wood", written over a circular stamp or seal.

David A. Wood, Mayor



# CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

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

June 25, 2012

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

The Comprehensive Annual Financial Report of the City of Mishawaka, Indiana for the fiscal year ended December 31, 2011 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, 2011 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, 2011 are fairly presented in conformity with GAAP.

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

The City of Mishawaka's accounting system was last updated in 2005. In 2011 the City of Mishawaka again upgraded the accounting and payroll system. The City of Mishawaka went from an AS400 environment to a web browser environment. Updating an accounting system is often needed to adequately report and record financial data along with being able to stay compliant with laws and regulations. Consideration is also given to the adequacy of internal controls when updating an accounting system. We believe that the City of Mishawaka's internal controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions. Reasonable assurance of the cost of internal controls should not exceed the benefits to be derived and the valuation of costs requires estimates and judgments by the city. Many policies and procedures have been put into place at the City of Mishawaka to assure the best possible performance. Key items: written cash handling policy, Capital Asset policy, and periodic inventories overseen by the controller's office. Internal controls are tested continuously by the City Controller's Office.

The State Board of Accounts of the State of Indiana, have issued an unqualified opinion on the City of Mishawaka's financial statements for the year ended December 31, 2011. The independent auditor's opinion is located at the front of the financial section of this report.

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

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

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

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

## **CITY PROFILE**

The City of Mishawaka was incorporated as a city in 1899. The City of Mishawaka is located in the north central part of the State of Indiana. Mishawaka is approximately 100 miles east of Chicago and 140 miles north of Indianapolis. The city currently occupies a land area of approximately 17.68 square miles and serves a population of 48,252(2010 Census). The central government of the city consists of the Mayor (chief executive officer) and a nine-member Common Council six members of which are elected by districts each serving a four-year term. The City of Mishawaka also elects a City Clerk.

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

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

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

|                              | Starting<br>Page |
|------------------------------|------------------|
| Governmental Major Funds     | 64               |
| Governmental Non-Major Funds | 67               |

## **ECONOMIC CONDITION**

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

The City of Mishawaka has made hard choices in the last six years to position ourselves for the downturn in the economy that occurred in 2009. The City of Mishawaka has continued to grow in 2011 but at a slower pace than we would like. We continue to make the long-term investments in our infrastructure and to then maintain those investments over time. Despite recent staff reductions the City of Mishawaka continues to maintain such services as street sweeping and leaf collections to keep our neighborhoods clean and an attractive place to live.

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

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

Mishawaka's 2000 Census population was 46,557 the population of Mishawaka increased to 48,252 or 3.6% according to the 2010 U.S. Census. Steady job growth and population growth have contributed to the stability of the community. As of October 2011 the South Bend/Mishawaka area unemployment rate was 9.6% compared to 10% in 2010. The South Bend/Mishawaka area overall resident employment stands at 129,274 for 2011 compared to 125,853 in 2010.

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

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

The total estimated value of new construction in Mishawaka during 2011 was \$44.8 million. Residential permits totaled \$8.9 million and the commercial permits totaled \$33.8 million. Highlighting the 2011 completed projects was the new AHEPA Penelope Apartments (\$4,794,106), Well Pet Addition (\$2,593,310), Gurley Leep Addition (\$1,043,000) and Papa Vino's Restaurant alterations (\$900,000).

In 2011, 4 new commercial permits, and 134 commercial alterations/additions were issued with a value of \$37.9 million. New single family housing was the same in 2011 (22) as in 2010 with a \$2.9 million value. Although the City of Mishawaka is benefiting from long-term strategic planning, such as the relocation of the St. Joseph Regional Medical Center, the poor housing market, saturated retail market, and the effects of the economic recession continue to be a drag on the quantities of new construction in Mishawaka.

Two voluntary annexations occurred in 2011. These annexations added a total of 14.0 acres to the City of Mishawaka.

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

In 2011 the City of Mishawaka continues to experience business retention and neighborhood revitalization.

48 tax abatements have been issued by the City of Mishawaka since 1986. 41 of the 48 abatements issued have been in the industrial-manufacturing area and 32 of the 48 were issued to different companies. The City of Mishawaka awarded one tax abatement in 2011. At the end of 2011, only 8 tax abatements were outstanding.

#### ECONOMIC INDICATORS

|  | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Population                                     | 48252       | 48252       | 46557       | 46557       | 46557       | 46557       | 46557       |
| Assessed Value (in billions)                   | 1.4         | 1.4         | 1.4         | 1.6         | 1.7         | 1.6         | 1.5         |
| Dollar Value of Building Permits (in millions) | 45          | 42.         | 53.         | 316.        | 116.        | 108.        | 90.         |
| Building Permits- New Construction             | 32          | 31          | 40          | 67          | 136         | 125         | 162         |
| Labor Force (St. Joseph County)                | 129,274     | 125,853     | 123,867     | 133,363     | 133,337     | 134,788     | 133,939     |

Sources: Stats Indiana, Indiana Employment and Security adjusted in 2011.

#### 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 2011 and beyond. Trying to control property taxes and still maintaining the services that are required will be a difficult process in the years to come. In 2007 legislation was passed to cap residential property tax at one percent by the year 2010. This legislation has put a burden on municipalities to spend tax dollars wisely. In 2009 St Joseph County implemented a new Local Option Income Tax, this tax helped to fund Public Safety Capital needs in 2011 and will also help fund any future capital needs for public safety.

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

The city's neighborhood stabilization plan continues to be implemented in 2011. The City Planning Department revitalized an older park for the Hillis Hans Park Neighborhood. This resulted in an \$80,000.00 site improvement plan will be a safer, cleaner, and more secure neighborhood.

The City of Mishawaka entered into an agreement with Casteel Construction in December of 2011 to build a new Fire Station near the Capital Avenue Corridor. With all the changes in the Capital Avenue Area and the opening of the Main Street Underpass it was time to review the Fire District and make changes as necessary.

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

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

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

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

Several projects are being considered in 2012 with the Mishawaka Park Department: Improvements to Mary Gibbard Pool and Park, bridge improvements at the Eberhart Golf Course, Major playground equipment at Central Park are amongst a few of the projects considered for 2012.

Despite the downturn in construction significant vacant and underutilized space was renovated and occupied in the Historic Downtown Mishawaka in 2011.

#### 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

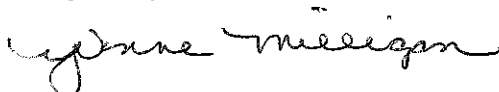
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mishawaka for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2010. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of a state and local government financial report.

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

A Certificate of Achievement is valid for a period of one year only. The City of Mishawaka has received a Certificate of Achievement for the last twenty five consecutive years (years ended December 31, 1986-2010). We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

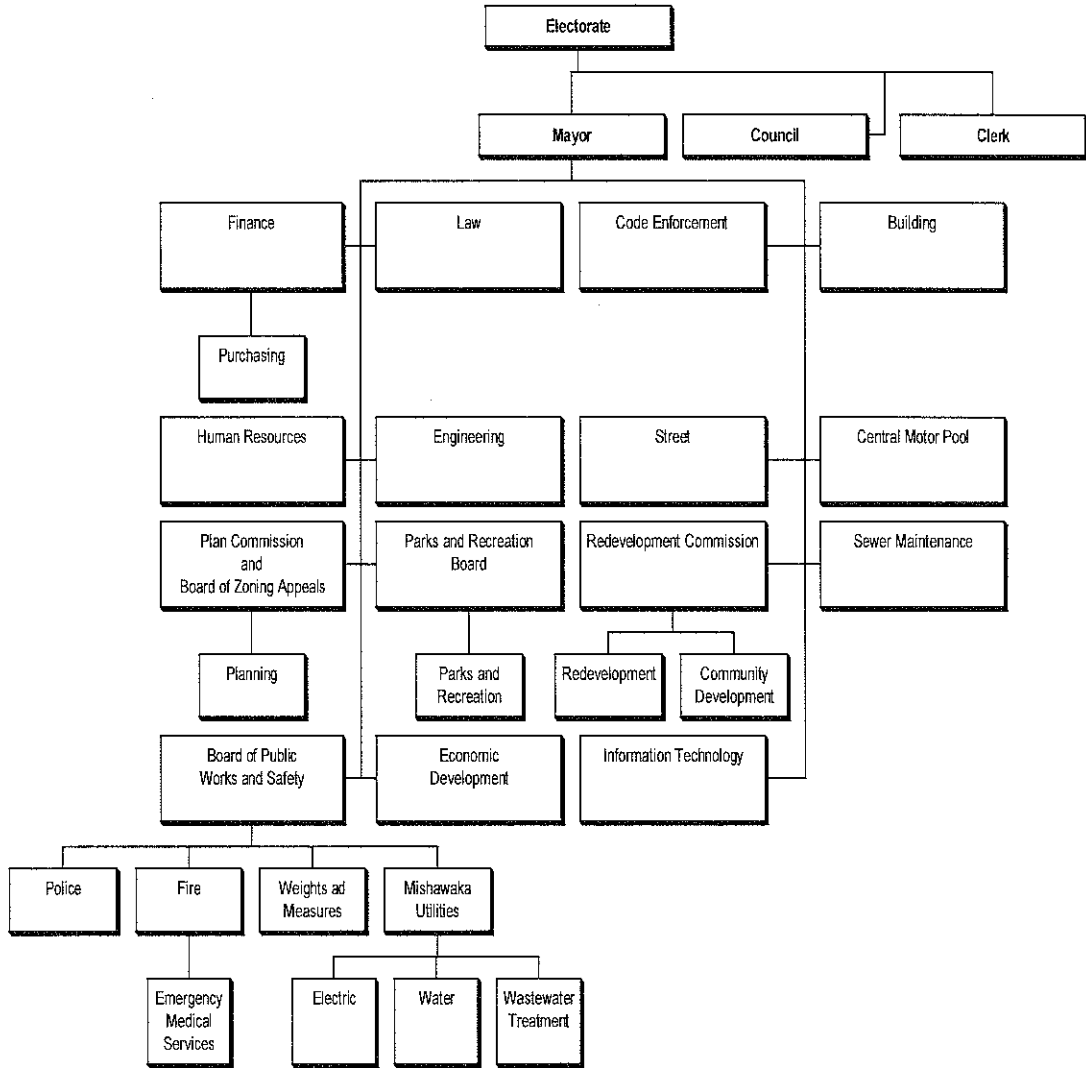
Respectfully submitted



Yvonne Milligan  
City Controller

Staff: Rebecca Miller, Deputy Controller  
Kim Hill  
Misti Horvath  
Amber Robinett  
Brian Hall

# 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, 2010

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.



*Linda C. Dawson*

President

*Jeffrey R. Enos*

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, 2011, which collectively comprise the City's primary government basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities, and Budgetary Comparison Schedules, 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)

In accordance with Government Auditing Standards, we have also issued our report dated May 21, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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.

STATE BOARD OF ACCOUNTS

May 21, 2012

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City of Mishawaka, Indiana  
Management Discussion and Analysis  
For the year ended December 31, 2011

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, 2011. 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 (2011) by \$309,544,323. Of this amount, \$71,151,132 (unrestricted net assets) may be used to meet the City of Mishawaka's ongoing obligations to citizens and creditors.
- The government's total assets increased by \$17,340,817. Of this amount governmental activities assets increased by \$10,614,953 and business type activities increased by \$6,725,864. The beginning balances for governmental activities have been restated from the 2010 CAFR.
- Beginning in fiscal year 2011, the City of Mishawaka implemented GASB Statement 54, which provides new fund balance classifications for governmental funds. The previous reserved and unreserved classifications have been replaced with non-spendable, restricted, committed, assigned and unassigned balances. Additional information on the City of Mishawaka fund balances can be found in Note ID.10 of the basic financial statements.
- As of the close of fiscal year 2011, the City of Mishawaka's governmental funds reported combined ending fund balances of \$68,139,091, an increase of \$6,108,034 from restated figures for 2010.
- At the end of 2011, the unassigned fund balance for the General fund was \$6,113,323 (20.4% of General Fund Expenditures) compared to \$5,554,114 for 2010 which was about 19.0% of total general fund expenditures for that year.
- The City of Mishawaka's total debt outstanding for General, Revenue and Special Obligation Bonds decreased during the current fiscal year by a net of \$6,684,878.

**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, 2011.

| <u>Revenues</u>           | <u>2011 Amount</u>   | <u>% of Total</u> |
|---------------------------|----------------------|-------------------|
| Taxes: General Property   | \$ 45,201,867        | 64.60%            |
| Licenses and permits      | 418,629              | .60%              |
| Intergovernmental         | 18,452,396           | 26.37%            |
| Charges for services      | 4,191,957            | 5.99%             |
| Fines and forfeits        | 55,098               | .08%              |
| Interest                  | 34,289               | .05%              |
| Sales and Use of Property | 276,241              | .39%              |
| Gifts and Donations       | 120,587              | .17%              |
| Other                     | <u>1,225,387</u>     | <u>1.75%</u>      |
| Total                     | <u>\$ 69,976,451</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 2011 the increase was 2.9%. The above property tax revenue includes taxes collected on behalf of the following funds: General Fund, Park and Recreation Fund, Motor Vehicle Highway Fund, Cumulative Capital Development Fund, Cumulative Sewer Fund, Cumulative Fire

Equipment and Building Fund, Levy Excess 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 62.0% of the General Funds 2011 total revenue was derived from property taxes, the TIF NW General derived 99.5% of its revenue from property tax and the Other Governmental Funds property tax percentage was 32.92% of total revenue.

EDIT, COIT and LOIT were established to support the purpose of taking the tax burden away from homeowners. The years of distribution listed are on a cash basis not accrual. Intergovernmental revenue primarily consists of Economic Development Income Tax (EDIT), County Option Income Tax (COIT) and Public Safety Local Option Income Tax (LOIT). Economic Development Income Tax was enacted July 1, 1995 at one-tenth of a percent (0.1%) but was then increased by ordinance beginning in 1998 to two-tenths of a percent (0.2%) and in 2009 it was increased to its maximum of (0.4%). The city received \$1,404,697, \$3,531,576 and \$2,636,726 of CEDIT distributions for the years 2009, 2010 and 2011 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 \$2,954,165, \$2,891,687 and \$2,537,616 of COIT distributions for the years 2009, 2010 and 2011 respectively. In October of 2009 a Public Safety Local Option Income Tax was enacted at .25%. The city received \$2,432,036 and \$1,911,804 of LOIT distributions for the years 2010 and 2011. Other intergovernmental revenue includes alcoholic beverage tax, wheel tax, vehicle excise tax and cigarette tax. User fees are analyzed each year with future increases to be implemented to help shift some of the burden of taxation.

**General Government Expenditures**

The following schedule presents a summary of general government expenditures for the year ended December 31, 2011.

| <u>Expenditures</u>    | <u>2011 Amount</u> | <u>% of Total</u> |
|------------------------|--------------------|-------------------|
| General Government     | \$ 7,727,427       | 12.18%            |
| Public Safety          | 27,819,906         | 43.86%            |
| Highways and Streets   | 12,912,960         | 20.36%            |
| Sanitation             | 1,954,482          | 3.08%             |
| Culture and Recreation | 5,245,371          | 8.27%             |
| Community Development  | 2,234,087          | 3.52%             |
| Debt service           | 5,535,256          | 8.73%             |
| Total                  | \$ 63,429,489      | 100.00%           |

The City of Mishawaka breaks its general government expenditures into six categories: general government, public safety, highways and streets, sanitation, culture and recreation, and community development. Combined in the expenditure totals are also capital outlay which is listed separately on the statement of revenues, expenditures, and changes in fund balances for governmental funds. Debt service is also listed separately in the report. As you can see in the above summary, Public Safety has the highest total of expenditures at \$27,819,906 or 43.86% of the total expenditures while Highways and Streets and General Government are at 20.36% and 12.18% 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 46 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 are continuing to decline, both as a total member and as a percentage of total payrolls of both the police and fire departments and of the City as a whole. In 2009 the State of Indiana took over the funding of the 1925 and 1937 Police and Fire Pension. This funding will be paid directly to the City of Mishawaka through the State of Indiana Pension Relief Fund.

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

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

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

## Other information

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

## Government-Wide Financial Statement Analysis

### Summary of Net Assets

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

#### City of Mishawaka Statement of Net Assets

|  | Governmental<br>Activities |                      | Business-Type<br>Activities |                      | Total                |                      |
|--|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
|  | 2011                       | 2010                 | 2011                        | 2010                 | 2011                 | 2010                 |
| Current and other assets                           | \$ 80,494,212              | \$ 76,125,969        | \$ 61,763,123               | \$ 67,322,032        | \$142,257,335        | \$143,448,001        |
| Capital assets                                     | <u>146,195,152</u>         | <u>144,064,302</u>   | <u>178,446,825</u>          | <u>172,573,966</u>   | <u>324,641,977</u>   | <u>316,638,268</u>   |
| Total assets                                       | <u>226,689,364</u>         | <u>220,190,271</u>   | <u>240,209,948</u>          | <u>239,895,998</u>   | <u>466,899,312</u>   | <u>460,086,269</u>   |
| Long-term liabilities                              | 39,273,885                 | 42,132,794           | 106,570,001                 | 109,993,413          | 145,843,886          | 152,126,207          |
| Other liabilities                                  | <u>2,293,135</u>           | <u>3,550,086</u>     | <u>9,217,968</u>            | <u>12,206,470</u>    | <u>11,511,103</u>    | <u>15,756,556</u>    |
| Total liabilities                                  | <u>41,567,020</u>          | <u>45,682,880</u>    | <u>115,787,969</u>          | <u>122,199,883</u>   | <u>157,354,989</u>   | <u>167,882,763</u>   |
| Net assets:  |                            |                      |                             |                      |                      |                      |
| Invested in capital assets,<br>net of related debt | 134,670,237                | 136,795,681          | 93,926,064                  | 62,884,653           | 228,596,301          | 199,680,334          |
| Restricted   | 2,839,701                  | 2,692,556            | 6,957,189                   | 7,378,580            | 9,796,890            | 10,771,136           |
| Unrestricted                                       | <u>47,612,406</u>          | <u>35,019,154</u>    | <u>23,538,726</u>           | <u>47,432,882</u>    | <u>71,151,132</u>    | <u>82,452,036</u>    |
| Total net assets                                   | <u>\$185,122,344</u>       | <u>\$174,507,391</u> | <u>\$124,421,979</u>        | <u>\$117,696,115</u> | <u>\$309,544,323</u> | <u>\$292,203,506</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, 2011, the City of Mishawaka's assets exceeded liabilities by \$309,544,323 an increase of \$17.3 million from the previous year (based on restated values). 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 2011, 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 2010.

At year end the City of Mishawaka's net assets were \$309,544,323. This amount is made up of \$228,596,301 invested in capital assets (e.g., land, buildings, machinery, and equipment) net of related debt, \$9,796,890 assets with external restrictions upon its use, and \$71,151,132 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<br/>Activities</b> |                      | <b>Business-Type<br/>Activities</b> |                      | <b>Total</b>         |                      |
|  | <b>2011</b>                        | <b>2010</b>          | <b>2011</b>                         | <b>2010</b>          | <b>2011</b>          | <b>2010</b>          |
| <b>REVENUES</b>  |                                    |                      |                                     |                      |                      |                      |
| Program revenues:  |                                    |                      |                                     |                      |                      |                      |
| Charges for services   | \$5,933,085                        | \$4,909,853          | \$70,922,488                        | \$69,409,116         | \$76,855,573         | \$74,318,969         |
| Operating grants and contributions                           | 4,411,769                          | 4,490,139            |                                     |                      | 4,411,769            | 4,490,139            |
| Capital grants and contributions                             | 5,834,032                          | 6,851,310            | 167,104                             | 6,652,868            | 6,001,136            | 13,504,178           |
| General revenues:  |                                    |                      |                                     |                      |                      |                      |
| Property taxes   | 44,782,236                         | 49,872,423           |                                     |                      | 44,782,236           | 49,872,423           |
| Grants and contributions not restricted to specific programs | 8,206,595                          | 8,570,832            |                                     |                      | 8,206,595            | 8,570,832            |
| Unrestricted investment earnings                             | 34,289                             | 42,251               | 112,130                             | 5,686                | 146,419              | 57,937               |
| Other revenue  | 354,814                            | 115,993              |                                     |                      | 354,814              | 115,993              |
| <b>Total revenues</b>  | <b>\$69,556,820</b>                | <b>\$74,852,801</b>  | <b>\$71,201,722</b>                 | <b>\$76,077,670</b>  | <b>\$140,758,542</b> | <b>\$150,930,471</b> |
| <b>EXPENSES</b>  |                                    |                      |                                     |                      |                      |                      |
| General government   | 7,967,985                          | 7,509,133            |                                     |                      | 7,967,985            | 7,509,133            |
| Public safety  | 29,631,615                         | 28,970,116           |                                     |                      | 29,631,615           | 28,970,116           |
| Highways and streets   | 6,927,174                          | 1,816,872            |                                     |                      | 6,927,174            | 1,816,872            |
| Sanitation   | 1,954,482                          | 1,958,050            |                                     |                      | 1,954,482            | 1,958,050            |
| Community development  | 2,191,347                          | 1,936,054            |                                     |                      | 2,191,347            | 1,936,054            |
| Culture and recreation                                       | 6,062,941                          | 4,939,870            |                                     |                      | 6,062,941            | 4,939,870            |
| Interest on long-term debt                                   | 627,328                            | 862,291              |                                     |                      | 627,328              | 862,291              |
| Water utility  |                                    |                      | 6,699,816                           | 6,779,663            | 6,699,816            | 6,779,663            |
| Wastewater utility   |                                    |                      | 11,541,256                          | 11,507,526           | 11,541,256           | 11,507,526           |
| Electric utility   |                                    |                      | 49,813,781                          | 49,900,996           | 49,813,781           | 49,900,996           |
| <b>Total expenses</b>  | <b>\$55,362,872</b>                | <b>\$47,992,386</b>  | <b>\$68,054,853</b>                 | <b>\$68,188,185</b>  | <b>\$123,417,725</b> | <b>\$116,180,571</b> |
| <b>Changes in net assets</b>                                 |                                    |                      |                                     |                      |                      |                      |
| before transfers   | 14,193,948                         | 26,860,415           | 3,146,869                           | 7,889,485            | 17,340,817           | 34,749,900           |
| Transfers  | (3,578,995)                        | (762,454)            | 3,578,995                           | 762,454              |                      |                      |
| Change in net assets   | 10,614,953                         | 26,097,961           | 6,725,864                           | 8,651,939            | 17,340,817           | 34,749,900           |
| Net assets-Beginning, restated                               | 174,507,391                        | 148,409,430          | 117,696,115                         | 109,044,176          | 292,203,506          | 257,453,606          |
| <b>Net assets-Ending</b>                                     | <b>\$185,122,344</b>               | <b>\$174,507,391</b> | <b>\$124,421,979</b>                | <b>\$117,696,115</b> | <b>\$309,544,323</b> | <b>\$292,203,506</b> |

## Normal Impacts

### Revenue:

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

### Expenses:

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

### **Current Year Impacts**

#### Governmental Activities:

Net assets of the governmental activities increased from 2010 to 2011 by \$10.6 million after the restatement.

Charges for services revenue increased \$1.0 million or 20.8%. In 2011 Emergency Medical Service run rates were increased this increased the revenue by \$885,000.00. Overall for the year 2011 most charges for services revenue were stable. A nice warm summer had a slight increase in Park Revenue (\$155,000).

Operating grants and contributions decreased \$78 thousand from 2010. Public Safety Local Option Income Tax had a slight decrease from 2010 (111,930). Contributions to the Park Gift fund were down in 2011 by \$19,023. An increase of \$ 49,373 was seen in the HUD Block Grant for 2011.

Capital grants and contributions decreased by \$1.0 million from 2010.

Property Taxes decreased due to a decline in collections as the 2011 collection percentage was 92.7%.

Grants and contributions not restricted to specific programs decreased from 2010 by \$364 thousand.

Unrestricted investment earnings decreased by \$7,962 due to the lower investment annual return for the City.

Governmental expenses increased by \$7.2 million or 15%.

Additional capital funding was used in Highways and Streets and Park and Recreation in 2011. Local major moves and TIF funds have been appropriated for several large Highway and Street and Park Projects. The completion of the Church Main Street Connector (\$1.9 million), Main Street Improvements (\$3.0 million) and the River Center acquisitions (\$947,000) we a few of the capital improvements made in 2011.

#### Business Type Activities:

Business Type Activities net assets increased by \$8.6 million.

The electric and water utility saw a slight decrease in revenue (\$160,000), (\$210,000) respectively due to a cooler summer. The wastewater utility had a revenue increase over fiscal year 2010 of \$1,883,769 due to a rate increase at the beginning of 2011. Overall the Mishawaka utility revenue seems to be fairly stable.

The expenses of the Business Type activities decreased slightly by \$133,332.

## 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 \$68,139,091 an increase of \$6,108,034 after restatement from the prior year.

The Local Major Moves Fund was the only major fund that showed a decrease in the fund balance for 2011. The Local Major Moves Fund was set up through proceeds received from the State of Indiana from the lease of the Indiana Toll Road. The funds received from this lease are to be used for major construction in 2011 the City of Mishawaka started using these funds for three major road construction projects which in turn lowered the fund balance.

The General fund had a slight increase in fund balance of \$577 thousand and the NWTIF had an increase of \$4.5 million. Ongoing projects have an effect on the NW TIF balance. The NW TIF is a Capital Improvements fund so when fewer projects are in progress the fund balance will increase or stay fairly stable.

Several funds had lower fund balances at 2011 year end for example the Motor Vehicle Fund went from \$2.2 million to \$898 thousand and Park and Recreation from \$1.6 million to \$640 thousand. 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, 2011, the unassigned balance was \$6,113,323 and the total balance in the general fund was \$6,131,240 an increase of \$577,126 from 2010. Each year the City of Mishawaka works hard at staying within our budget and being prudent spenders.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 20.37% of the total general fund expenditures, while total fund balance represents 20.43% of the same amount.

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

### Proprietary Funds:

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

Two out of the three utilities of the City of Mishawaka saw an increase in total net assets for 2011. Total net assets for the City of Mishawaka proprietary funds increased by \$6.7 million, of this, investment of capital assets net of related debt increased by \$31 million, restricted for debt service decreased \$421,391 and unrestricted net assets decreased \$23.9 million. Overall cash and cash equivalents decreased by \$5 million and total capital assets increased \$5.9 million. The 2010 figures have been restated for the Wastewater utility. The total liabilities for the proprietary funds had a decrease from 2010 of \$6.4 million. The basic proprietary fund financial statements can be found later in this report.

The internal service funds unrestricted assets were \$6,604,737 of this amount \$4.8 million is set up in a Local Mishawaka Bond Bank to be used for capital projects and borrowing as necessary and \$1.2 million is an intergovernmental loan.

**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 \$467,654. 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 2011 the submitted budget to the state was increased with encumbrances from 2010, and an additional appropriation of \$270,000 which was to add funds for Health Insurance (\$50,000), pension payments (\$10,000), election expenses (40,000), gasoline and oil (50,000) and overtime for public safety (120,000) to the state so that we would be on an annual payment of pension contributions. 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 2011 were \$1,878,111 over budget and expenditures were \$972,375 under budget. Only one category of revenue was under budget in 2011 that category was Taxes. Actual shortage in taxes compared to the budget was \$915,761. All other categories were over budget for 2011. In 2011 the Payment in Lieu of Taxes came in over budget by \$2,100,000 and County Option Income Tax came in higher by \$637,000 than the budget. 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, 2011 amounts to \$324,641,976 (net of accumulated depreciation), which represents a net increase (additions less retirements and depreciation) of \$5.0million. This investment in capital assets includes land, construction in progress, buildings, improvements, equipment, vehicles and roads. A detailed note of these capital assets can be found in the Notes to the Financial Statements (Note III C).

|                                      | City of Mishawaka's Capital Assets<br>(Net of depreciation) |                      |                             |                        |                      |                      |
|--------------------------------------|---|----------------------|-----------------------------|------------------------|----------------------|----------------------|
|                                      | Governmental<br>Activities                                  |                      | Business Type<br>Activities |                        | Total                |                      |
|                                      | 2011  | 2010                 | 2011                        | 2010                   | 2011                 | 2010                 |
| Land                                 | \$12,684,266  | \$12,648,166         | \$1,508,260                 | \$1,505,150            | \$14,192,526         | \$14,153,316         |
| Construction in progress             | 42,356,492  | 42,616,756           | 16,708,335                  | 19,183,022             | 59,064,827           | 61,799,778           |
| Buildings                            | 8,760,181   | 8,992,579            | 38,057,518                  | 40,624,161             | 46,817,699           | 49,616,740           |
| Improvements other<br>than buildings | 13,722,221  | 14,321,649           | 102,362,458                 | 89,800,877             | 116,084,679          | 104,122,526          |
| Machinery and equipment              | 9,893,185   | 10,127,877           | 19,361,318                  | 21,116,243             | 29,254,503           | 31,244,120           |
| Transportation equipment             |   |                      | 448,935                     | 344,514                | 448,935              | 344,514              |
| Infrastructure being depreciated     | 58,778,807  | 55,357,275           | -0-                         |                        | 58,778,807           | 55,357,275           |
| <b>Total</b>                         | <b>\$146,195,152</b>  | <b>\$144,064,302</b> | <b>\$178,446,824</b>        | <b>\$172,573,967**</b> | <b>\$324,641,976</b> | <b>\$316,638,269</b> |

\*\* Business type activities capital assets have been restated from 2010

### Change in Capital Assets

|                   | <u>Governmental<br/>Activities</u> | <u>Business Type<br/>Activities</u> | <u>Total</u>         |
|-------------------|------------------------------------|-------------------------------------|----------------------|
| Beginning Balance | \$144,064,302                      | \$172,573,967 **                    | \$316,638,269        |
| Additions         | 13,149,819                         | 24,132,289                          | 37,282,108           |
| Retirements:      |                                    |                                     |                      |
| CIP               | 5,660,661                          | 8,196,271                           | 13,856,932           |
| Other             | 650,167                            | 1,963,739                           | 2,613,906            |
| Depreciation      | 5,324,135                          | 8,314,117                           | 13,638,252           |
| Retirements *     | <u>615,994</u>                     | <u>214,695</u>                      | <u>830,689</u>       |
| Ending Balance    | <u>\$146,195,152</u>               | <u>\$178,446,824</u>                | <u>\$324,641,976</u> |

\* Reduction in accumulated depreciation related to retirements.

\*\* Business type activities capital assets have been restated from 2010

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

- River Crossing II Expansion and Modification of CSO 19- \$3.2 million
- North Main Improvements PH IV-\$2.4 million
- North Main Improvements PH III-\$1.5 million
- Major Milburn Area Sewer Separation -\$2.8 million
- Church Main Connector Improvements-\$1.9 million
- Holycross Lift Station complete in 2011-\$718,935
- 2011 Summer Street, Sidewalk and Curb Program- \$592,045
- Edison Lakes Parkway Improvements completed in 2011-\$518,600
- Edgewater Drive Improvements-\$374,456

#### **Debt Outstanding**

At December 31, 2011, the City had a number of debt issues outstanding. These issues included \$5,750,000 of general obligation bonds, \$5,870,000 of revenue bonds payable from governmental funds, and \$51,598,474 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 \$6,684,878 from the prior year.

#### **Outstanding Bonded Debt at Year-end**

|                       | <u>2011</u>       | <u>2010</u>       |
|-----------------------|-------------------|-------------------|
| <b>Governmental:</b>  |                   |                   |
| General Obligation    | \$ 5,750,000      | \$ 7,145,000      |
| Tax Increment         | <u>5,870,000</u>  | <u>9,210,000</u>  |
| Sub-total             | \$11,620,000      | \$16,355,000      |
| <b>Business Type:</b> |                   |                   |
| Water Utility         | \$ 3,190,000      | \$3,495,000       |
| Wastewater Utility    | <u>48,408,474</u> | <u>50,053,352</u> |
| Sub-total             | <u>51,598,474</u> | <u>53,548,352</u> |
| <b>Total</b>          | \$63,218,474      | \$69,903,352      |

Principal payments of \$4,735,000 and \$2,220,000 (on bonds) were made in the governmental and business type activities, respectively.

The City's latest rating for its General Obligation Bonds was in 2009 which was A+. The previous General Obligation rating was in 2005 which was an A.

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

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

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

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

The City of Mishawaka is located in the north central part of the State of Indiana. The City of Mishawaka is approximately 140 miles north of Indianapolis and 100 miles east of Chicago. 2011 was another year of economic strain across the country with Mishawaka being no exception. The City of Mishawaka's building permit total dollar amount was \$44.9 million in 2011. Most areas of construction were up in 2011 in comparison to 2010. We are optimistic that Mishawaka will continue to grow in a slow and orderly fashion. The City of Mishawaka tends to be an affordable place to live the median home cost, obtained by Sterling Best Places, is \$91,240.00. Steady population growth has always contributed to the stability of the community. Although the City of Mishawaka is benefiting from its long-term strategic planning, such as the relocation of the new St. Joseph Regional Medical Center the actual lingering effects of the national economic recession will continue to be a drag on new construction for years to come. The City of Mishawaka's 2000 census number was 46,557 the 2010 census number was 48,252 a 3.6% increase in the last ten years. Unemployment in St Joseph County Indiana went from 10.0% in December of 2010 to 9.6% in December of 2011. Labor force for St. Joseph County increased in 2011 to 129,274(December) compared to 125,853 in 2010(December).

In 2005 the State of Indiana enacted a phase in of a circuit breaker. The circuit breaker legislation (amended in 2008) had its greatest reduction of all residential property tax in 2010 (1%). In 2011 as a city we will again revisit our fee structure. Our new ambulance run fees were enacted in January of 2011. The higher fees will help us to increase staffing and add one more ambulance to the fleet. As a city, in 2011 we will still have to keep our spending at a minimum, the city's health insurance program will be adjusted, and costs of services will be analyzed to best prepare the city for any future legislative changes in the property tax laws. In 2011 the City of Mishawaka submitted another balanced budget. The City of Mishawaka has had to make difficult decisions to be able to provide the best services to its citizens at the best cost possible. In 2011 we received a 92.7% distribution of our property tax which left us short \$1.7 million in funds but with cautious spending and fiscal management we can make it through uncertain times.

The adopted FY2012 Civil City Budget is \$47,718,745 which is 6.75% higher than in FY2011. The General Fund budget for FY2012 is \$29,763,057 which is 9.0% higher than FY2011.

The last of a three year phase in of wastewater rate increases were completed in 2011. In 2012 the city will work on an Electric and Water rate study for eventual rates increases in these utilities.

City Highlights:

- In 2011 the Community Development Department again partnered with Habitat for Humanity to build six new homes in Mishawaka.
- The Redevelopment Department's First Time Homebuyer Program continues to be a success in 2011. Since 2004 the Redevelopment Department has built 32 new homes through this program.
- In 2011 the city continued efforts to renovate an existing building built in 1924. The building will be converted into a 32 unit apartment development for senior citizens. Once the construction is complete, the apartments will provide independent housing for low to moderate income citizens at least 55 years of age.
- In 2006, the City of Mishawaka began a partnership with Rivervalley Church and Vineyard Community Church to create the program known as Summer in Service. In 2011, the city again joined efforts with local faith-based organizations to complete service and repair projects on eight homes in Mishawaka.
- For the last six years the City of Mishawaka Code Enforcement Department highlights 100 structures that they feel need attention and in 2011 87% of those highlighted were brought into code compliance.
- The City of Mishawaka milled 36,950 linear feet of street and resurfaced another 570 linear feet of alley in 2011.
- In 2011 a preliminary Park Improvement plan was put together and some improvements have already been completed in 2011. Each budget year a specific amount will be set aside to complete the plan within the next 10 to 15 years.

#### **Requests for information**

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

CITY OF MISHAWAKA  
STATEMENT OF NET ASSETS  
December 31, 2011

| Assets  | Primary Government         |                             |                       |
|---|----------------------------|-----------------------------|-----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Totals                |
| Cash and cash equivalents   | \$ 58,728,969              | \$ 6,562,837                | \$ 65,291,806         |
| Receivables (net of allowances for uncollectibles):                                   |                            |                             |                       |
| Interest  | -                          | 8,271                       | 8,271                 |
| Taxes   | 2,992,668                  | -                           | 2,992,668             |
| Accounts  | 661,081                    | 4,270,467                   | 4,931,548             |
| Other   | -                          | 207,186                     | 207,186               |
| Intergovernmental   | 1,406,317                  | -                           | 1,406,317             |
| Internal balance  | 394,020                    | (394,020)                   | -                     |
| Loans   | 5,964,491                  | -                           | 5,964,491             |
| Inventories   | -                          | 2,605,784                   | 2,605,784             |
| Prepaid expense   | 458,016                    | 391,217                     | 849,233               |
| Deferred charges  | 105,112                    | 1,291,987                   | 1,397,099             |
| Restricted assets:  |                            |                             |                       |
| Cash and cash equivalents   | 2,754,736                  | 46,750,720                  | 49,505,456            |
| Taxes receivable  | 84,965                     | -                           | 84,965                |
| Assets held for resale  | 6,943,837                  | -                           | 6,943,837             |
| Capital assets:   |                            |                             |                       |
| Land and construction in progress   | 55,040,758                 | 18,216,595                  | 73,257,353            |
| Other capital assets, net of depreciation   | 91,154,394                 | 160,230,230                 | 251,384,624           |
| Net pension asset   | -                          | 68,674                      | 68,674                |
| <b>Total assets</b>   | <b>226,689,364</b>         | <b>240,209,948</b>          | <b>466,899,312</b>    |
| <b>Liabilities</b>  |                            |                             |                       |
| Accounts payable  | 603,872                    | 3,944,020                   | 4,547,892             |
| Accrued payroll and withholdings payable  | 495,584                    | 391,796                     | 887,380               |
| Contracts payable   | 772,786                    | -                           | 772,786               |
| Short-term loans payable  | 236,881                    | -                           | 236,881               |
| Taxes payable   | -                          | 207,498                     | 207,498               |
| Accrued interest payable  | 7,770                      | 1,035,738                   | 1,043,508             |
| Payable from restricted assets:   |                            |                             |                       |
| Customer deposits   | -                          | 2,698,495                   | 2,698,495             |
| Accounts payable  | 500                        | -                           | 500                   |
| Contracts payable   | -                          | 940,421                     | 940,421               |
| Interest payable  | 175,742                    | -                           | 175,742               |
| Noncurrent liabilities:   |                            |                             |                       |
| Due within one year:  |                            |                             |                       |
| General obligation bonds payable  | 1,435,000                  | -                           | 1,435,000             |
| Revenue bonds payable   | -                          | 3,415,000                   | 3,415,000             |
| TIF bonds payable   | 3,450,000                  | -                           | 3,450,000             |
| Compensated absences  | 450,910                    | 73,500                      | 524,410               |
| Capital lease obligations   | -                          | -                           | -                     |
| Notes and loans payable   | -                          | 2,084,001                   | 2,084,001             |
| Due in more than one year:  |                            |                             |                       |
| General obligation bonds payable (net of unamortized discounts)                       | 4,272,283                  | -                           | 4,272,283             |
| Revenue bonds payable (net of unamortized discounts and deferred amount on refunding) | -                          | 47,551,322                  | 47,551,322            |
| TIF bonds payable (net of unamortized discounts)                                      | 2,367,632                  | -                           | 2,367,632             |
| Compensated absences  | 196,199                    | 193,382                     | 389,581               |
| Notes and loans payable   | -                          | 53,252,796                  | 53,252,796            |
| Net other postemployment benefits obligation  | 10,059,677                 | -                           | 10,059,677            |
| Net pension obligation  | 17,042,184                 | -                           | 17,042,184            |
| <b>Total liabilities</b>  | <b>41,567,020</b>          | <b>115,787,969</b>          | <b>157,354,989</b>    |
| <b>Net Assets</b>   |                            |                             |                       |
| Invested in capital assets, net of related debt                                       | 134,670,237                | 93,926,064                  | 228,596,301           |
| Restricted for:   |                            |                             |                       |
| Debt service  | 2,839,701                  | 6,957,189                   | 9,796,890             |
| Unrestricted  | 47,612,406                 | 23,538,726                  | 71,151,132            |
| <b>Total net assets</b>   | <b>\$ 185,122,344</b>      | <b>\$ 124,421,979</b>       | <b>\$ 309,544,323</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, 2011

| Functions/Programs   | Expenses              | Program Revenues     |                                    | Net (Expense) Revenue and Changes in Net Assets |                         |   |                       |
|--|-----------------------|----------------------|------------------------------------|---|-------------------------|---|-----------------------|
|  |                       | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions                | Governmental Activities | Primary Government Business-Type Activities | Totals                |
| Primary government:  |                       |                      |                                    |   |                         |   |                       |
| Governmental activities:                                     |                       |                      |                                    |   |                         |   |                       |
| General government   | \$ 7,967,985          | \$ 498,317           | \$ 98,095                          | \$ 1,094,360                                    | \$ (6,277,213)          | \$ -  | \$ (6,277,213)        |
| Public safety  | 29,631,615            | 1,702,518            | 2,572,664                          | 173,907   | (25,182,526)            | -   | (25,182,526)          |
| Highways and streets   | 6,927,174             | 132,033              | -                                  | 4,250,217                                       | (2,544,924)             | -   | (2,544,924)           |
| Sanitation   | 1,954,482             | 2,074,781            | -                                  | -   | 120,299                 | -   | 120,299               |
| Community development  | 2,191,347             | 586,681              | 1,839,020                          | -   | 34,354                  | -   | 34,354                |
| Culture and recreation                                       | 6,062,941             | 938,755              | 101,990                            | 315,548   | (4,706,648)             | -   | (4,706,648)           |
| Interest on long-term debt                                   | 627,328               | -                    | -                                  | -   | (627,328)               | -   | (627,328)             |
| <b>Total governmental activities</b>                         | <b>55,362,872</b>     | <b>5,933,085</b>     | <b>4,411,769</b>                   | <b>5,834,032</b>                                | <b>(39,183,986)</b>     | <b>-</b>                                    | <b>(39,183,986)</b>   |
| Business-type activities:                                    |                       |                      |                                    |   |                         |   |                       |
| Water  | 6,699,816             | 7,721,105            | -                                  | 167,104   | -                       | 1,188,393                                   | 1,188,393             |
| Wastewater   | 11,541,256            | 13,047,673           | -                                  | -   | -                       | 1,506,417                                   | 1,506,417             |
| Electric   | 49,813,781            | 50,153,710           | -                                  | -   | -                       | 339,929                                     | 339,929               |
| <b>Total business-type activities</b>                        | <b>68,054,853</b>     | <b>70,922,488</b>    | <b>-</b>                           | <b>167,104</b>                                  | <b>-</b>                | <b>3,034,739</b>                            | <b>3,034,739</b>      |
| <b>Total primary government</b>                              | <b>\$ 123,417,725</b> | <b>\$ 76,855,573</b> | <b>\$ 4,411,769</b>                | <b>\$ 6,001,136</b>                             | <b>(39,183,986)</b>     | <b>3,034,739</b>                            | <b>(36,149,247)</b>   |
| General revenues:  |                       |                      |                                    |   |                         |   |                       |
| Property taxes   |                       |                      |                                    |   | 44,782,236              | -   | 44,782,236            |
| Grants and contributions not restricted to specific programs |                       |                      |                                    |   | 8,206,595               | -   | 8,206,595             |
| Unrestricted investment earnings                             |                       |                      |                                    |   | 34,289                  | 112,130                                     | 146,419               |
| Other  |                       |                      |                                    |   | 354,814                 | -   | 354,814               |
| Transfers  |                       |                      |                                    |   | (3,578,995)             | 3,578,995                                   | -                     |
| <b>Total general revenues and transfers</b>                  |                       |                      |                                    |   | <b>49,798,939</b>       | <b>3,691,125</b>                            | <b>53,490,064</b>     |
| Change in net assets   |                       |                      |                                    |   |                         |   |                       |
| Change in net assets   |                       |                      |                                    |   | 10,614,953              | 6,725,864                                   | 17,340,817            |
| Net assets - beginning, restated                             |                       |                      |                                    |   | 174,507,391             | 117,696,115                                 | 292,203,506           |
| <b>Net assets - ending</b>                                   |                       |                      |                                    |   | <b>\$ 185,122,344</b>   | <b>\$ 124,421,979</b>                       | <b>\$ 309,544,323</b> |

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

CITY OF MISHAWAKA  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
December 31, 2011

| <u>Assets</u>                                       | <u>General</u>      | <u>TIF NW<br/>General</u> | <u>Local<br/>Major Moves<br/>Construction</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Totals</u>        |
|---|---------------------|---------------------------|---|---|----------------------|
| Cash and cash equivalents                           | \$ 5,753,617        | \$ 20,648,709             | \$ 4,562,477                                  | \$ 25,201,487                           | \$ 56,166,290        |
| Receivables (net of allowances for uncollectibles): |                     |                           |   |   |                      |
| Taxes   | 900,847             | 1,748,030                 | -   | 428,756                                 | 3,077,633            |
| Accounts  | 529,083             | -                         | -   | 131,998                                 | 661,081              |
| Intergovernmental                                   | 386,620             | -                         | -   | 1,019,697                               | 1,406,317            |
| Loans   | -                   | 5,358,754                 | -   | 605,737                                 | 5,964,491            |
| Assets held for resale                              | -                   | 6,943,837                 | -   | -                                       | 6,943,837            |
| <b>Total assets</b>                                 | <b>\$ 7,570,167</b> | <b>\$ 34,699,330</b>      | <b>\$ 4,562,477</b>                           | <b>\$ 27,387,675</b>                    | <b>\$ 74,219,649</b> |
| <br><u>Liabilities and Fund Balances</u>            |                     |                           |   |   |                      |
| Liabilities:  |                     |                           |   |   |                      |
| Accounts payable                                    | \$ 119,873          | \$ -                      | \$ -  | \$ 484,499                              | \$ 604,372           |
| Accrued payroll and withholdings payable            | 418,207             | -                         | -   | 77,377                                  | 495,584              |
| Contracts payable                                   | -                   | 256,695                   | 29,245  | 486,846                                 | 772,786              |
| Short-term loans payable                            | -                   | -                         | -   | 236,881                                 | 236,881              |
| Energy improvement loan                             | -                   | -                         | -   | 893,302                                 | 893,302              |
| Unearned revenue                                    | 900,847             | 1,748,030                 | -   | 428,756                                 | 3,077,633            |
| <b>Total liabilities</b>                            | <b>1,438,927</b>    | <b>2,004,725</b>          | <b>29,245</b>                                 | <b>2,607,661</b>                        | <b>6,080,558</b>     |
| Fund balances:                                      |                     |                           |   |   |                      |
| Nonspendable:                                       |                     |                           |   |   |                      |
| Long-term loans receivable                          | -                   | 5,155,651                 | -   | 557,633                                 | 5,713,284            |
| Assets held for resale                              | -                   | 6,943,837                 | -   | -                                       | 6,943,837            |
| Restricted  | -                   | -                         | 4,533,232                                     | 13,021,963                              | 17,555,195           |
| Committed   | -                   | -                         | -   | 6,673,086                               | 6,673,086            |
| Assigned  | 17,917              | 20,595,117                | -   | 4,527,332                               | 25,140,366           |
| Unassigned  | 6,113,323           | -                         | -   | -                                       | 6,113,323            |
| <b>Total fund balances</b>                          | <b>6,131,240</b>    | <b>32,694,605</b>         | <b>4,533,232</b>                              | <b>24,780,014</b>                       | <b>68,139,091</b>    |
| <b>Total liabilities and fund balances</b>          | <b>\$ 7,570,167</b> | <b>\$ 34,699,330</b>      | <b>\$ 4,562,477</b>                           | <b>\$ 27,387,675</b>                    | <b>\$ 74,219,649</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, 2011

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

|   |    |                     |                       |
|---|----|---------------------|-----------------------|
| Total Fund Balances   | \$ | -                   | \$ 68,139,091         |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.   |    |                     |                       |
| Governmental capital assets   |    | 179,600,536         |                       |
| Less accumulated depreciation   |    | <u>(33,405,384)</u> | 146,195,152           |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.  |    |                     |                       |
| Prepaid expenses  |    | 458,016             |                       |
| Deferred charges  |    | <u>105,112</u>      | 563,128               |
| 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. |    |                     |                       |
|   |    |                     | 6,604,737             |
| 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  |    | (5,750,000)         |                       |
| TIF bonds payable   |    | (5,870,000)         |                       |
| Bond discount   |    | 95,085              |                       |
| Accrued interest payable  |    | (183,512)           |                       |
| Compensated absences  |    | (647,109)           |                       |
| Net other postemployment benefits obligation  |    | (10,059,677)        |                       |
| Net pension obligation  |    | <u>(17,042,184)</u> | (39,457,397)          |
| Unearned revenue in governmental fund is susceptible to full accrual on the entity-wide statements  |    |                     |                       |
|   |    |                     | <u>3,077,633</u>      |
| Net assets of governmental activities   |    |                     | <u>\$ 185,122,344</u> |

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

CITY OF MISHAWAKA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2011

|  | General             | TIF NW<br>General    | Local<br>Major Moves<br>Construction | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|----------------------|--------------------------------------|--------------------------------|--------------------------------|
| <b>Revenues:</b>   |                     |                      |                                      |                                |                                |
| Taxes  | \$ 17,107,947       | \$ 21,171,646        | \$ -                                 | \$ 6,922,274                   | \$ 45,201,867                  |
| Licenses and permits   | 359,539             | -                    | -                                    | 59,090                         | 418,629                        |
| Intergovernmental  | 8,206,595           | -                    | -                                    | 10,245,801                     | 18,452,396                     |
| Charges for services   | 1,542,047           | -                    | -                                    | 2,649,910                      | 4,191,957                      |
| Fines and forfeits   | 55,098              | -                    | -                                    | -                              | 55,098                         |
| Interest   | 13,683              | 9,486                | 2,916                                | 8,204                          | 34,289                         |
| Sale and use of property   | 24,399              | -                    | -                                    | 251,842                        | 276,241                        |
| Gifts and donations  | -                   | -                    | -                                    | 120,587                        | 120,587                        |
| Other  | 354,814             | 98,722               | -                                    | 771,851                        | 1,225,387                      |
| <b>Total revenues</b>  | <u>27,664,122</u>   | <u>21,279,854</u>    | <u>2,916</u>                         | <u>21,029,559</u>              | <u>69,976,451</u>              |
| <b>Expenditures:</b>   |                     |                      |                                      |                                |                                |
| <b>Current:</b>  |                     |                      |                                      |                                |                                |
| General government   | 5,727,816           | -                    | -                                    | 157,261                        | 5,885,077                      |
| Public safety  | 24,007,758          | -                    | -                                    | 3,178,368                      | 27,184,126                     |
| Highways and streets   | 272,494             | -                    | -                                    | 3,018,210                      | 3,290,704                      |
| Sanitation   | -                   | -                    | -                                    | 1,954,482                      | 1,954,482                      |
| Culture and recreation   | -                   | -                    | -                                    | 3,146,304                      | 3,146,304                      |
| Community development  | -                   | -                    | -                                    | 2,204,477                      | 2,204,477                      |
| <b>Debt service:</b>   |                     |                      |                                      |                                |                                |
| Principal  | -                   | -                    | -                                    | 4,909,254                      | 4,909,254                      |
| Interest   | -                   | -                    | -                                    | 626,002                        | 626,002                        |
| <b>Capital outlay:</b>   |                     |                      |                                      |                                |                                |
| General government   | -                   | 648,589              | -                                    | 1,193,761                      | 1,842,350                      |
| Public safety  | -                   | -                    | -                                    | 635,780                        | 635,780                        |
| Highways and streets   | -                   | 7,956,119            | 324,703                              | 1,341,434                      | 9,622,256                      |
| Culture and recreation   | -                   | 1,406,077            | -                                    | 692,990                        | 2,099,067                      |
| Community development  | -                   | 13,542               | -                                    | 16,068                         | 29,610                         |
| <b>Total expenditures</b>  | <u>30,008,068</u>   | <u>10,024,327</u>    | <u>324,703</u>                       | <u>23,072,391</u>              | <u>63,429,489</u>              |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(2,343,946)</u>  | <u>11,255,527</u>    | <u>(321,787)</u>                     | <u>(2,042,832)</u>             | <u>6,546,962</u>               |
| <b>Other financing sources (uses):</b>                               |                     |                      |                                      |                                |                                |
| Transfers in   | 2,921,072           | -                    | -                                    | 3,692,244                      | 6,613,316                      |
| Transfers out  | -                   | (6,721,244)          | -                                    | (331,000)                      | (7,052,244)                    |
| <b>Total other financing sources and uses</b>                        | <u>2,921,072</u>    | <u>(6,721,244)</u>   | <u>-</u>                             | <u>3,361,244</u>               | <u>(438,928)</u>               |
| <b>Net change in fund balances</b>                                   | 577,126             | 4,534,283            | (321,787)                            | 1,318,412                      | 6,108,034                      |
| <b>Fund balances - beginning</b>                                     | <u>5,554,114</u>    | <u>28,160,322</u>    | <u>4,855,019</u>                     | <u>23,461,602</u>              | <u>62,031,057</u>              |
| <b>Fund balances - ending</b>  | <u>\$ 6,131,240</u> | <u>\$ 32,694,605</u> | <u>\$ 4,533,232</u>                  | <u>\$ 24,780,014</u>           | <u>\$ 68,139,091</u>           |

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, 2011

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

|  |    |   |               |
|--|----|---|---------------|
| Net change in fund balances - total governmental funds   | \$ | - | \$ 6,108,034  |
| <p>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.</p>   |    |   |               |
| Expenditures for capital assets  |    |   | 7,489,158     |
| Less current year depreciation expense   |    |   | (5,324,135)   |
| Loss on disposal of assets   |    |   | (34,173)      |
|  |    |   | 2,130,850     |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>  |    |   |               |
|  |    |   | (419,631)     |
| <p>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.</p> |    |   |               |
| Principal debt payments  |    |   | 4,909,254     |
|  |    |   | 4,909,254     |
| <p>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.</p>   |    |   |               |
| Amortization of current year bond discount   |    |   | (43,581)      |
| Amortization of current year bond issuance cost  |    |   | (36,241)      |
| Accrued interest   |    |   | 78,496        |
| Prepaid expenses   |    |   | 35,931        |
| Change in compensated absences   |    |   | 176,505       |
| Change in net other postemployment benefits obligation   |    |   | (2,610,940)   |
| Change in net pension obligation   |    |   | 224,093       |
|  |    |   | (2,175,737)   |
| <p>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.</p>  |    |   |               |
|  |    |   | 62,183        |
| Change in net assets of governmental activities (Statement of Activities)  |    |   | \$ 10,614,953 |

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

CITY OF MISHAWAKA  
STATEMENT OF NET ASSETS -  
PROPRIETARY FUNDS  
December 31, 2011

|   | Business-Type Activities - Enterprise Funds |                       |                      |                       | Internal<br>Service Fund |
|---|---|-----------------------|----------------------|-----------------------|--------------------------|
|   | Water<br>Utility                            | Wastewater<br>Utility | Electric<br>Utility  | Totals                |                          |
| <b>Assets</b>   |   |                       |                      |                       |                          |
| <b>Current assets:</b>  |   |                       |                      |                       |                          |
| Cash and cash equivalents   | \$ 1,693,874                                | \$ 1,318,834          | \$ 3,550,129         | \$ 6,562,837          | \$ 5,317,415             |
| Interest receivable   | -   | 8,271                 | -                    | 8,271                 | -                        |
| Accounts receivable (net of allowance)  | 375,002                                     | 779,760               | 3,115,705            | 4,270,467             | -                        |
| Accounts receivable - other (net of allowance)  | 112,243                                     | 75                    | 94,868               | 207,186               | -                        |
| <b>Interfund receivables:</b>   |   |                       |                      |                       |                          |
| Interfund services provided and used  | -   | -                     | 72,540               | 72,540                | -                        |
| Intergovernmental loan  | -   | -                     | -                    | -                     | 1,287,322                |
| Inventories   | 205,840                                     | -                     | 2,399,944            | 2,605,784             | -                        |
| Prepaid items   | 91,502                                      | 127,383               | 172,332              | 391,217               | -                        |
| <b>Restricted cash and cash equivalents:</b>  |   |                       |                      |                       |                          |
| Construction  | -   | 22,176,378            | -                    | 22,176,378            | -                        |
| Customer deposits   | 417,236                                     | 2,685                 | 2,267,494            | 2,687,415             | -                        |
| Revenue bond covenant accounts  | 1,335,296                                   | 4,867,893             | 754,000              | 6,957,189             | -                        |
| Repair account  | 1,841,544                                   | 13,016,604            | 71,590               | 14,929,738            | -                        |
| <b>Total current assets</b>   | <b>6,072,537</b>                            | <b>42,297,883</b>     | <b>12,498,602</b>    | <b>60,869,022</b>     | <b>6,604,737</b>         |
| <b>Noncurrent assets:</b>   |   |                       |                      |                       |                          |
| Net pension asset   | 17,168                                      | 17,169                | 34,337               | 68,674                | -                        |
| Deferred charges  | 83,293                                      | 403,107               | 805,587              | 1,291,987             | -                        |
| <b>Total noncurrent assets:</b>   | <b>100,461</b>                              | <b>420,276</b>        | <b>839,924</b>       | <b>1,360,661</b>      | <b>-</b>                 |
| <b>Capital assets:</b>  |   |                       |                      |                       |                          |
| Land and construction in progress   | 679,000                                     | 17,229,863            | 307,732              | 18,216,595            | -                        |
| Other capital assets (net of accumulated depreciation)                                | 41,692,600                                  | 84,599,341            | 33,938,289           | 160,230,230           | -                        |
| <b>Total capital assets</b>   | <b>42,371,600</b>                           | <b>101,829,204</b>    | <b>34,246,021</b>    | <b>178,446,825</b>    | <b>-</b>                 |
| <b>Total noncurrent assets</b>  | <b>42,454,893</b>                           | <b>102,232,311</b>    | <b>35,051,608</b>    | <b>179,738,812</b>    | <b>-</b>                 |
| <b>Total assets</b>   | <b>48,544,598</b>                           | <b>144,547,363</b>    | <b>47,584,547</b>    | <b>240,676,508</b>    | <b>6,604,737</b>         |
| <b>Liabilities</b>  |   |                       |                      |                       |                          |
| <b>Current liabilities:</b>   |   |                       |                      |                       |                          |
| Accounts payable  | 167,436                                     | 53,808                | 3,722,776            | 3,944,020             | -                        |
| Accrued payroll and withholdings payable  | 113,906                                     | 117,211               | 160,679              | 391,796               | -                        |
| <b>Interfund payables:</b>  |   |                       |                      |                       |                          |
| Interfund services provided and used  | 36,270                                      | 36,270                | -                    | 72,540                | -                        |
| Taxes payable   | 4,467                                       | -                     | 203,031              | 207,498               | -                        |
| Accrued interest payable  | 2,115                                       | 1,033,623             | -                    | 1,035,738             | -                        |
| Compensated absences  | 12,100                                      | 10,000                | 51,400               | 73,500                | -                        |
| <b>Current liabilities payable from restricted assets:</b>                            |   |                       |                      |                       |                          |
| Customer deposits   | 428,286                                     | 2,715                 | 2,267,494            | 2,698,495             | -                        |
| Contract payable  | -   | 940,421               | -                    | 940,421               | -                        |
| Capital lease obligations   | -   | 48,580                | -                    | 48,580                | -                        |
| Notes and loans payable   | 1,215,580                                   | 908,465               | 9,880                | 2,133,925             | -                        |
| Revenue bonds payable   | 315,000                                     | 3,100,000             | -                    | 3,415,000             | -                        |
| <b>Total current liabilities</b>  | <b>2,295,160</b>                            | <b>6,251,093</b>      | <b>6,415,260</b>     | <b>14,961,513</b>     | <b>-</b>                 |
| <b>Noncurrent liabilities:</b>  |   |                       |                      |                       |                          |
| Compensated absences  | 64,386                                      | 58,659                | 70,337               | 193,382               | -                        |
| Capital lease obligations   | -   | 145,740               | -                    | 145,740               | -                        |
| Notes and loans payable   | 13,421,738                                  | 39,951,192            | 29,642               | 53,402,572            | -                        |
| Revenue bonds payable (net of unamortized discounts and deferred amount on refunding) | 2,653,089                                   | 44,898,233            | -                    | 47,551,322            | -                        |
| <b>Total noncurrent liabilities</b>   | <b>16,139,213</b>                           | <b>85,053,824</b>     | <b>99,979</b>        | <b>101,293,016</b>    | <b>-</b>                 |
| <b>Total liabilities</b>  | <b>18,434,373</b>                           | <b>91,304,917</b>     | <b>6,515,239</b>     | <b>116,254,529</b>    | <b>-</b>                 |
| <b>Net Assets</b>   |   |                       |                      |                       |                          |
| Invested in capital assets, net of related debt                                       | 24,766,193                                  | 34,953,372            | 34,206,499           | 93,926,064            | -                        |
| Restricted for debt service   | 1,335,296                                   | 4,867,893             | 754,000              | 6,957,189             | -                        |
| Unrestricted  | 4,008,736                                   | 13,421,181            | 6,108,809            | 23,538,726            | 6,604,737                |
| <b>Total net assets</b>   | <b>\$ 30,110,225</b>                        | <b>\$ 53,242,446</b>  | <b>\$ 41,069,308</b> | <b>\$ 124,421,979</b> | <b>\$ 6,604,737</b>      |

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

CITY OF MISHAWAKA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2011

|   | Enterprise Funds     |                       |                      |                       | Internal<br>Service Fund |
|---|----------------------|-----------------------|----------------------|-----------------------|--------------------------|
|   | Water<br>Utility     | Wastewater<br>Utility | Electric<br>Utility  | Totals                |                          |
| Operating revenues:   |                      |                       |                      |                       |                          |
| Unmetered water revenue                                     | \$ 2,690             | \$ -                  | \$ -                 | \$ 2,690              | \$ -                     |
| Metered water revenue:                                      |                      |                       |                      |                       |                          |
| Residential   | 4,928,179            | -                     | 17,243,760           | 22,171,939            | -                        |
| Commercial  | 1,276,994            | -                     | 31,620,616           | 32,897,610            | -                        |
| Public street and highway lighting                          | -                    | -                     | 369,693              | 369,693               | -                        |
| Fire protection revenue                                     | 1,160,442            | -                     | -                    | 1,160,442             | -                        |
| Penalties   | 40,114               | 187,784               | 219,349              | 447,247               | -                        |
| Employee/employer contributions                             | -                    | -                     | -                    | -                     | 8,927,950                |
| Measured revenue:   |                      |                       |                      |                       |                          |
| Residential   | -                    | 7,510,320             | -                    | 7,510,320             | -                        |
| Commercial  | -                    | 5,076,485             | -                    | 5,076,485             | -                        |
| Other   | 194,549              | 273,084               | 698,267              | 1,165,900             | 30,993                   |
| Total operating revenues                                    | <u>7,602,968</u>     | <u>13,047,673</u>     | <u>50,151,685</u>    | <u>70,802,326</u>     | <u>8,958,943</u>         |
| Operating expenses:   |                      |                       |                      |                       |                          |
| Source of supply and expense - operations and maintenance   | 1,319,189            | 1,445,106             | -                    | 2,764,295             | -                        |
| Transmission and distribution                               | 1,372,597            | -                     | 3,895,598            | 5,268,195             | -                        |
| Treatment and disposal expense - operations and maintenance | 660,520              | 555,355               | -                    | 1,215,875             | -                        |
| Customer accounts   | 301,618              | 706                   | 803,001              | 1,105,325             | -                        |
| Administration and general                                  | 873,793              | 1,638,482             | 2,960,851            | 5,473,126             | -                        |
| Insurance claims and premiums                               | -                    | -                     | -                    | -                     | 8,905,473                |
| Purchased power   | -                    | -                     | 39,770,921           | 39,770,921            | -                        |
| Sewer - operation and maintenance                           | -                    | 1,225,850             | -                    | 1,225,850             | -                        |
| Pretreatment - operation and maintenance                    | -                    | 96,973                | -                    | 96,973                | -                        |
| Chemicals   | -                    | 206,635               | -                    | 206,635               | -                        |
| Depreciation  | 1,459,011            | 4,530,010             | 2,325,096            | 8,314,117             | -                        |
| Total operating expenses                                    | <u>5,986,728</u>     | <u>9,699,117</u>      | <u>49,755,467</u>    | <u>65,441,312</u>     | <u>8,905,473</u>         |
| Operating income (loss)                                     | <u>1,616,240</u>     | <u>3,348,556</u>      | <u>396,218</u>       | <u>5,361,014</u>      | <u>53,470</u>            |
| Nonoperating revenues (expenses):                           |                      |                       |                      |                       |                          |
| Interest and investment revenue                             | 3,477                | 104,462               | 4,191                | 112,130               | 8,713                    |
| Miscellaneous revenue                                       | 118,137              | -                     | 2,025                | 120,162               | -                        |
| Interest expense  | (598,817)            | (1,814,641)           | (1,103)              | (2,414,561)           | -                        |
| Amortization expense  | (32,397)             | (27,498)              | (27,358)             | (87,253)              | -                        |
| Loss on disposal of assets                                  | (81,874)             | -                     | (29,853)             | (111,727)             | -                        |
| Total nonoperating revenues (expenses)                      | <u>(591,474)</u>     | <u>(1,737,677)</u>    | <u>(52,098)</u>      | <u>(2,381,249)</u>    | <u>8,713</u>             |
| Income (loss) before contributions and transfers            | 1,024,766            | 1,610,879             | 344,120              | 2,979,765             | 62,183                   |
| Capital contributions - net                                 | 392,046              | 2,915,125             | -                    | 3,307,171             | -                        |
| Transfers in  | -                    | 3,360,000             | -                    | 3,360,000             | -                        |
| Transfers out   | (622,714)            | (1,057,823)           | (1,240,535)          | (2,921,072)           | -                        |
| Change in net assets  | 794,098              | 6,828,181             | (896,415)            | 6,725,864             | 62,183                   |
| Total net assets - beginning, restated                      | <u>29,316,127</u>    | <u>46,414,265</u>     | <u>41,965,723</u>    | <u>117,696,115</u>    | <u>6,542,554</u>         |
| Total net assets - ending                                   | <u>\$ 30,110,225</u> | <u>\$ 53,242,446</u>  | <u>\$ 41,069,308</u> | <u>\$ 124,421,979</u> | <u>\$ 6,604,737</u>      |

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, 2011

|  | Enterprise Funds    |                       |                     |                      | Internal<br>Service Fund |
|--|---------------------|-----------------------|---------------------|----------------------|--------------------------|
|  | Water<br>Utility    | Wastewater<br>Utility | Electric<br>Utility | Totals               |                          |
| Cash flows from operating activities:  |                     |                       |                     |                      |                          |
| Receipts from customers and users  | \$ 7,613,530        | \$ 12,797,579         | \$ 50,742,560       | \$ 71,153,669        | \$ -                     |
| Receipts from interfund services provided  | -                   | -                     | -                   | -                    | 9,280,773                |
| Payments to suppliers  | (2,037,112)         | (2,261,373)           | (45,523,783)        | (49,822,268)         | -                        |
| Payments to employees  | (2,571,229)         | (3,023,554)           | (4,238,635)         | (9,833,418)          | -                        |
| Payments for interfund services used   | -                   | -                     | -                   | -                    | (9,149,574)              |
| Other receipts (payments)  | 118,137             | -                     | 2,025               | 120,162              | -                        |
| Net cash provided (used) by operating activities   | <u>3,123,326</u>    | <u>7,512,652</u>      | <u>982,167</u>      | <u>11,618,145</u>    | <u>131,199</u>           |
| Cash flows from noncapital financing activities:   |                     |                       |                     |                      |                          |
| Interfund loans  | -                   | -                     | -                   | -                    | -                        |
| Transfer from other funds  | -                   | 3,360,000             | -                   | 3,360,000            | -                        |
| Transfer to other funds  | (622,714)           | (1,057,823)           | (1,240,535)         | (2,921,072)          | -                        |
| Net cash provided (used) by noncapital financing activities  | <u>(622,714)</u>    | <u>2,302,177</u>      | <u>(1,240,535)</u>  | <u>438,928</u>       | <u>-</u>                 |
| Cash flows from capital and related financing activities:  |                     |                       |                     |                      |                          |
| Issue costs paid   | -                   | (19,972)              | -                   | (19,972)             | -                        |
| Acquisition and construction of capital assets   | (563,565)           | (7,697,029)           | (1,113,604)         | (9,374,198)          | -                        |
| Principal paid on bonds  | (305,000)           | (1,915,000)           | -                   | (2,220,000)          | -                        |
| Principal paid on capital leases   | -                   | (48,580)              | -                   | (48,580)             | -                        |
| Principal paid on loans  | (1,185,579)         | (995,464)             | (9,881)             | (2,190,924)          | -                        |
| Interest paid on bonds   | (142,612)           | (1,375,204)           | -                   | (1,517,816)          | -                        |
| Interest paid on capital leases  | -                   | (3,418)               | -                   | (3,418)              | -                        |
| Interest paid on loans   | (451,178)           | (1,392,180)           | (1,103)             | (1,844,461)          | -                        |
| Net cash provided (used) by capital and related financing activities   | <u>(2,647,934)</u>  | <u>(13,446,847)</u>   | <u>(1,124,588)</u>  | <u>(17,219,369)</u>  | <u>-</u>                 |
| Cash flows from investing activities:  |                     |                       |                     |                      |                          |
| Interest received  | 3,498               | 96,246                | 4,191               | 103,935              | 8,713                    |
| Net increase (decrease) in cash and cash equivalents   | <u>(143,824)</u>    | <u>(3,535,772)</u>    | <u>(1,378,765)</u>  | <u>(5,058,361)</u>   | <u>139,912</u>           |
| Cash and cash equivalents, January 1<br>(Including \$2,538,660, \$7,378,580, \$11,049,803, and \$29,079,400 for the<br>customer deposits, revenue bond covenant account, repair account, and<br>capital outlay account, respectively, reported in restricted accounts)   | <u>5,431,774</u>    | <u>44,918,166</u>     | <u>8,021,978</u>    | <u>58,371,918</u>    | <u>5,177,503</u>         |
| Cash and cash equivalents, December 31<br>(Including \$2,687,415, \$6,957,189, \$14,929,738, and \$22,176,378 for the<br>customer deposits, revenue bond covenant account, repair account, and<br>capital outlay account, respectively, reported in restricted accounts) | <u>\$ 5,287,950</u> | <u>\$ 41,382,394</u>  | <u>\$ 6,643,213</u> | <u>\$ 53,313,557</u> | <u>\$ 5,317,415</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, 2011  
(Continued)

|   | Enterprise Funds |                       |                     |               | Internal<br>Service Fund |
|---|------------------|-----------------------|---------------------|---------------|--------------------------|
|   | Water<br>Utility | Wastewater<br>Utility | Electric<br>Utility | Totals        |                          |
| Reconciliation of operating income to net cash provided by operating activities:  |                  |                       |                     |               |                          |
| Operating income (loss)   | \$ 1,616,240     | \$ 3,348,556          | \$ 396,218          | \$ 5,361,014  | \$ 53,470                |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities:  |                  |                       |                     |               |                          |
| Depreciation expense  | 1,459,011        | 4,530,010             | 2,325,096           | 8,314,117     | -                        |
| Nonoperating revenue  | 118,137          | -                     | 2,025               | 120,162       | -                        |
| (Increase) decrease in assets:  |                  |                       |                     |               |                          |
| Accounts receivable   | 10,562           | (250,094)             | 590,877             | 351,345       | -                        |
| Interfund services provided or used   | -                | -                     | (23,635)            | (23,635)      | -                        |
| Intergovernmental loans   | -                | -                     | -                   | -             | 78,930                   |
| Inventories   | (134,872)        | -                     | (1,396,495)         | (1,531,167)   | -                        |
| Prepaid items   | (1,809)          | (23,270)              | (56,538)            | (81,617)      | -                        |
| Increase (decrease) in liabilities:   |                  |                       |                     |               |                          |
| Customer deposits   | 19,767           | 330                   | 130,473             | 150,570       | -                        |
| Accounts payable  | (15,541)         | (134,753)             | (983,511)           | (1,133,805)   | (1,201)                  |
| Accrued payroll and withholdings payable  | 69,605           | 57,448                | 90,910              | 217,963       | -                        |
| Interfund payables  | 11,817           | 11,817                | -                   | 23,634        | -                        |
| Taxes payables  | (1,423)          | -                     | (43,185)            | (44,608)      | -                        |
| Estimate for unfilled claims  | -                | -                     | -                   | -             | -                        |
| Contracts payable   | -                | 64                    | -                   | 64            | -                        |
| Compensated absences payable  | 2,105            | 3,018                 | 10,877              | 16,000        | -                        |
| Net pension obligation payable  | (30,473)         | (30,474)              | (60,945)            | (121,892)     | -                        |
| Total adjustments   | 1,507,086        | 4,164,096             | 585,949             | 6,257,131     | 77,729                   |
| Net cash provided (used) by operating activities  | \$ 3,123,326     | \$ 7,512,652          | \$ 982,167          | \$ 11,618,145 | \$ 131,199               |
| Noncash investing, capital and financing activities:  |                  |                       |                     |               |                          |
| Accreted value on capital appreciation bonds  | \$ -             | \$ 270,122            | \$ -                | \$ 270,122    | \$ -                     |
| Work in progress on account   | -                | 940,421               | -                   | 940,421       | -                        |
| Work in progress financed through debt (SRF loan)   | -                | 902,470               | -                   | 902,470       | -                        |
| Transfer of work in progress to depreciated capital assets  | -                | 8,119,045             | -                   | 8,119,045     | -                        |
| Capitalized interest added to capital assets  | -                | 1,590,320             | -                   | 1,590,320     | -                        |
| Capital lease added to capital assets   | -                | 242,900               | -                   | 242,900       | -                        |
| Material and supply inventory converted to capital items  | 296,149          | -                     | 1,272,029           | 1,568,178     | -                        |
| Contributed capital assets from government  | 224,942          | 2,992,351             | -                   | 3,217,293     | -                        |
| Contributed capital assets to government  | -                | 77,226                | -                   | 77,226        | -                        |
| Purchase/disposal of capital assets on account  | 9,059            | 6,880                 | (13,761)            | 2,178         | -                        |
| Disposal of capital assets  | 133,296          | 1,871                 | 203,414             | 338,581       | -                        |
| Reclassified capital assets; from buildings to improvements other than buildings, machinery and equipment, and transportation in the amounts of \$312,984, \$1,290,150, and \$22,024, respectively. | -                | 1,625,158             | -                   | 1,625,158     | -                        |

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, 2011

| <u>Assets</u>                                  | <u>Pension<br/>Trust<br/>Funds</u> | <u>Agency<br/>Funds</u> |
|--|------------------------------------|-------------------------|
| Cash and cash equivalents                      | \$ 1,636,843                       | \$ 84,179               |
| Receivables:                                   |                                    |                         |
| Interest and dividends                         | 14,825                             | -                       |
| Investments at fair value:                     |                                    |                         |
| Government sponsored enterprise                | 252,703                            | -                       |
| Municipal bonds                                | 1,260,647                          | -                       |
| Mutual funds                                   | 11,692,664                         | -                       |
| Total investments                              | <u>13,206,014</u>                  | <u>-</u>                |
| Total assets                                   | <u>14,857,682</u>                  | <u>\$ 84,179</u>        |
| <br><u>Liabilities</u>                         |                                    |                         |
| Current liabilities:                           |                                    |                         |
| Accounts payable                               | -                                  | \$ 78,928               |
| Accrued payroll and withholdings payable       | -                                  | 5,251                   |
| Total liabilities                              | <u>-</u>                           | <u>\$ 84,179</u>        |
| <br><u>Net Assets</u>                          |                                    |                         |
| Held in trust for:                             |                                    |                         |
| Employees' pension benefits and other purposes | <u>14,857,682</u>                  |                         |
| Total net assets                               | <u>\$ 14,857,682</u>               |                         |

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

CITY OF MISHAWAKA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2011

| <u>Additions</u>                          | <u>Pension<br/>Trust<br/>Funds</u> |
|---|------------------------------------|
| Contributions:                            |                                    |
| On behalf                                 | \$ 4,013,956                       |
| Employer                                  | <u>598,801</u>                     |
| Total contributions                       | <u>4,612,757</u>                   |
| Investment income (loss):                 |                                    |
| Net decrease in fair value of investments | (430,618)                          |
| Interest                                  | <u>359,165</u>                     |
| Total investment income (loss)            | (71,453)                           |
| Less investment expense:                  |                                    |
| Investment activity expense               | <u>33,776</u>                      |
| Net investment income (loss)              | <u>(105,229)</u>                   |
| Total additions                           | <u>4,507,528</u>                   |
| <u>Deductions</u>                         |                                    |
| Benefits                                  | 4,654,521                          |
| Administrative expense                    | <u>21,129</u>                      |
| Total deductions                          | <u>4,675,650</u>                   |
| Changes in net assets                     | (168,122)                          |
| Net assets - beginning                    | <u>15,025,804</u>                  |
| Net assets - ending                       | <u>\$ 14,857,682</u>               |

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

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CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying financial statements present the activities of the primary government and its significant component units.

Blended Component Unit

The Mishawaka Bond Bank is a significant blended component unit of the primary government. The primary government appoints a voting majority of the Mishawaka Bond Bank's Board and a financial benefit/burden relationship exists between the primary government and the Mishawaka Bond Bank. Although it is legally separate from the primary government, the Mishawaka Bond Bank is reported as if it were a part of the primary government because it provides services entirely or almost entirely to the primary government.

Related Organizations

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

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are 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.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

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

The primary government reports the following major governmental funds:

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

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

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

The primary government reports the following major 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.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Additionally, the primary government reports the following fund types:

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

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.

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.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

Open-end mutual funds are reported at fair value.

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

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

2. Interfund Transactions and Balances

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

3. Property Taxes

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

4. Inventories and Prepaid Items

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

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. Restricted Assets

Certain proceeds of the primary government's general obligation, TIF and revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net 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.

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

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City in its business-type activities during the current year was \$4,004,881. Of the amount, \$1,590,320 was included as part of the cost of capital assets under construction in connection with wastewater facilities construction project.

7. Compensated Absences

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

CITY OF MISHAWAKA  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

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

Flexible time-off and compensatory leave is accrued when incurred and reported as a liability in the Statement of Net 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 amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

9. Encumbrances

Contracts and purchasing commitments are reported as encumbrances when the contract or purchase order is executed. When the terms of the purchase order or contract have been fulfilled and payment to the contracting party is due, the encumbrance is liquidated and the liability and expenditure are recorded. Encumbrances remaining at fiscal year-end are reported within the restricted, committed or assigned fund balances of the governmental funds. The following shows encumbrances at December 31, 2011:

|                                | Amount       |
|--------------------------------|--------------|
| General                        | \$ 17,917    |
| Local Major Moves Construction | 919,440      |
| Other Governmental Funds       | 4,368,748    |
| Total                          | \$ 5,306,105 |

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

10. Fund Balances

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

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

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

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

Assigned fund balances include amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For the governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed.

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

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

The detail of the fund balance classifications of the governmental funds for the year ended December 31, 2011, is as follows:

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

|                            | Major Capital<br>Project Funds |                      |                                      |                                | Total<br>Governmental<br>Funds |
|----------------------------|--------------------------------|----------------------|--------------------------------------|--------------------------------|--------------------------------|
|                            | General<br>Fund                | TIF NW<br>General    | Local<br>Major Moves<br>Construction | Other<br>Governmental<br>Funds |                                |
| <b>Nonspendable:</b>       |                                |                      |                                      |                                |                                |
| Long-term loans receivable | \$ -                           | \$ 5,155,651         | \$ -                                 | \$ 557,633                     | \$ 5,713,284                   |
| Assets held for resale     | -                              | 6,943,837            | -                                    | -                              | 6,943,837                      |
| <b>Total nonspendable</b>  | <b>-</b>                       | <b>12,099,488</b>    | <b>-</b>                             | <b>557,633</b>                 | <b>12,657,121</b>              |
| <b>Restricted:</b>         |                                |                      |                                      |                                |                                |
| General government         | -                              | -                    | -                                    | 1,447,394                      | 1,447,394                      |
| Public safety              | -                              | -                    | -                                    | 2,947,997                      | 2,947,997                      |
| Highways and streets       | -                              | -                    | 4,533,232                            | 4,067,390                      | 8,600,622                      |
| Culture and recreation     | -                              | -                    | -                                    | 1,608,387                      | 1,608,387                      |
| Community development      | -                              | -                    | -                                    | 196,559                        | 196,559                        |
| Debt service               | -                              | -                    | -                                    | 2,754,236                      | 2,754,236                      |
| <b>Total restricted</b>    | <b>-</b>                       | <b>-</b>             | <b>4,533,232</b>                     | <b>13,021,963</b>              | <b>17,555,195</b>              |
| <b>Committed:</b>          |                                |                      |                                      |                                |                                |
| General government         | -                              | -                    | -                                    | 2,846,400                      | 2,846,400                      |
| Public safety              | -                              | -                    | -                                    | 833,837                        | 833,837                        |
| Highways and streets       | -                              | -                    | -                                    | 2,409,500                      | 2,409,500                      |
| Culture and recreation     | -                              | -                    | -                                    | 583,349                        | 583,349                        |
| <b>Total committed</b>     | <b>-</b>                       | <b>-</b>             | <b>-</b>                             | <b>6,673,086</b>               | <b>6,673,086</b>               |
| <b>Assigned:</b>           |                                |                      |                                      |                                |                                |
| General government         | 17,917                         | -                    | -                                    | 57,936                         | 75,853                         |
| Public safety              | -                              | -                    | -                                    | 24,846                         | 24,846                         |
| Highways and streets       | -                              | 16,617,924           | -                                    | 3,780,523                      | 20,398,447                     |
| Sanitation                 | -                              | -                    | -                                    | 398,399                        | 398,399                        |
| Culture and recreation     | -                              | -                    | -                                    | 265,628                        | 265,628                        |
| Community development      | -                              | 3,977,193            | -                                    | -                              | 3,977,193                      |
| <b>Total assigned</b>      | <b>17,917</b>                  | <b>20,595,117</b>    | <b>-</b>                             | <b>4,527,332</b>               | <b>25,140,366</b>              |
| Unassigned                 | 6,113,323                      | -                    | -                                    | -                              | 6,113,323                      |
| <b>Total fund balance</b>  | <b>\$ 6,131,240</b>            | <b>\$ 32,694,605</b> | <b>\$ 4,533,232</b>                  | <b>\$ 24,780,014</b>           | <b>\$ 68,139,091</b>           |

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:

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, Public Safety, 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, Energy Saving Improvements, CEDIT

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

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

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The primary government does not have a deposit policy for custodial credit risk. At December 31, 2011, the primary government had deposit balances in the amount of \$116,848,754. Of this amount, the following was exposed to custodial credit risk:

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

|  | Amount    |
|--|-----------|
| Uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent, but not in the depositor-government's name | \$ 24,673 |
| Total  | \$ 24,673 |

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, 2011, the City's Utility Pension Fund had the following investments:

Primary Government:

| Investment<br>Type               | Market<br>Value | Investment Maturities (in Years) |      |                |
|----------------------------------|-----------------|----------------------------------|------|----------------|
|                                  |                 | Less<br>Than 1                   | 1-2  | More<br>Than 2 |
| Utility Pension Fund:            |                 |                                  |      |                |
| Government sponsored enterprises | \$ 252,703      | \$ 10                            | \$ - | \$ 252,693     |
| Municipal bonds                  | 1,260,647       | -                                | -    | 1,260,647      |
| Mutual funds                     | 11,692,664      | 11,692,664                       | -    | -              |
| Totals                           | \$ 13,206,014   | \$ 11,692,674                    | \$ - | \$ 1,513,340   |

Statutory Authorization for Investments

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

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50 percent of the funds held by the primary government and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

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

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

Investment Custodial Credit Risk

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

At December 31, 2011, the following investments held by the Utility's Pension Plan were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, but not in the government's name:

Primary Government:

| Investment<br>Type               | Not in the<br>Government's<br>Name |
|----------------------------------|------------------------------------|
| Government sponsored enterprises | \$ 252,703                         |
| Municipal bonds                  | 1,260,647                          |
| Mutual funds                     | 11,692,664                         |
| Total                            | \$ 13,206,014                      |

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Interest Rate Risk

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

Credit Risk

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

Primary Government:

| Standard &<br>Poor's<br>Rating | Moody's<br>Rating | City's Investments                    |                     |                      |
|--------------------------------|-------------------|---------------------------------------|---------------------|----------------------|
|                                |                   | Government<br>Sponsored<br>Enterprise | Municipal<br>Bonds  | Mutual<br>Funds      |
| AAA                            | Aaa               | \$ 252,703                            | \$ 579,965          | \$ -                 |
| AA                             | Aa                | -                                     | 572,235             | -                    |
| A                              | A                 | -                                     | 108,447             | -                    |
| Unrated                        | Unrated           | -                                     | -                   | 11,692,664           |
| Totals                         |                   | <u>\$ 252,703</u>                     | <u>\$ 1,260,647</u> | <u>\$ 11,692,664</u> |

Concentration of Credit Risk

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

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

| Issuer                          | 2011                |
|---------------------------------|---------------------|
| Russell Investment Grade Bond   | \$ 1,681,872        |
| Vanguard Short-Term Federal     | 677,080             |
| FMI Large Cap                   | 689,860             |
| Russell International Dev Mkts  | 1,263,951           |
| Vanguard Large Cap Index Signal | 1,119,068           |
| Total                           | <u>\$ 5,431,831</u> |

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Loans Receivables

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

| Fund                         | Receivable              | Noncurrent              |
|------------------------------|-------------------------|-------------------------|
| Governmental funds:          |                         |                         |
| Major fund:                  |                         |                         |
| TIF NW General               | \$ 5,358,754            | \$ 5,155,651            |
| Special revenue funds:       |                         |                         |
| Industrial Development       | 3,719                   | -                       |
| Community Development        | <u>602,018</u>          | <u>557,633</u>          |
| <br>Total governmental funds | <br><u>\$ 5,964,491</u> | <br><u>\$ 5,713,284</u> |
| <br>Proprietary fund:        |                         |                         |
| Internal service fund:       |                         |                         |
| Mishawaka Bond Bank          | <u>\$ 1,287,322</u>     | <u>\$ 965,491</u>       |

C. Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

| Primary Government                          | Beginning<br>Balance | Increases        | Decreases        | Ending<br>Balance  |
|---|----------------------|------------------|------------------|--------------------|
| Governmental activity:                      |                      |                  |                  |                    |
| Capital assets, not being depreciated:      |                      |                  |                  |                    |
| Land  | \$ 12,648,166        | \$ 36,100        | \$ -             | \$ 12,684,266      |
| Construction in progress                    | <u>42,616,756</u>    | <u>5,400,397</u> | <u>5,660,661</u> | <u>42,356,492</u>  |
| Total capital assets, not being depreciated | <u>55,264,922</u>    | <u>5,436,497</u> | <u>5,660,661</u> | <u>55,040,758</u>  |
| <br>Capital assets, being depreciated:      |                      |                  |                  |                    |
| Buildings                                   | 14,902,032           | 50,000           | -                | 14,952,032         |
| Improvements other than buildings           | 19,498,372           | 118,933          | -                | 19,617,305         |
| Machinery and equipment                     | 22,669,920           | 2,272,975        | 650,167          | 24,292,728         |
| Infrastructure being depreciated            | <u>60,426,299</u>    | <u>5,271,414</u> | <u>-</u>         | <u>65,697,713</u>  |
| Totals                                      | <u>117,496,623</u>   | <u>7,713,322</u> | <u>650,167</u>   | <u>124,559,778</u> |

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

| Primary Government                               | Beginning<br>Balance  | Increases            | Decreases           | Ending<br>Balance     |
|--|-----------------------|----------------------|---------------------|-----------------------|
| Governmental activity (continued):               |                       |                      |                     |                       |
| Capital assets, being depreciated (continued):   |                       |                      |                     |                       |
| Less accumulated depreciation for:               |                       |                      |                     |                       |
| Buildings  | 5,909,453             | 282,398              | -                   | 6,191,851             |
| Improvements other than buildings                | 5,176,723             | 718,361              | -                   | 5,895,084             |
| Machinery and equipment                          | 12,542,043            | 2,473,494            | 615,994             | 14,399,543            |
| Infrastructure being depreciated                 | 5,069,024             | 1,849,882            | -                   | 6,918,906             |
| Totals   | <u>28,697,243</u>     | <u>5,324,135</u>     | <u>615,994</u>      | <u>33,405,384</u>     |
| Total capital assets, being depreciated, net     | <u>88,799,380</u>     | <u>2,389,187</u>     | <u>34,173</u>       | <u>91,154,394</u>     |
| Total governmental activity capital assets, net  | <u>\$ 144,064,302</u> | <u>\$ 7,825,684</u>  | <u>\$ 5,694,834</u> | <u>\$ 146,195,152</u> |
| Business-type activity:                          |                       |                      |                     |                       |
| Capital assets, not being depreciated:           |                       |                      |                     |                       |
| Land   | \$ 1,505,150          | \$ 3,110             | \$ -                | \$ 1,508,260          |
| Construction in progress                         | 19,183,022            | 5,721,584            | 8,196,271           | 16,708,335            |
| Total capital assets, not being depreciated      | <u>20,688,172</u>     | <u>5,724,694</u>     | <u>8,196,271</u>    | <u>18,216,595</u>     |
| Capital assets, being depreciated: *             |                       |                      |                     |                       |
| Buildings  | 52,763,982            | 148,009              | 1,625,158           | 51,286,833            |
| Improvements other than buildings                | 128,705,349           | 16,146,223           | 322,949             | 144,528,623           |
| Machinery and equipment                          | 45,345,050            | 1,770,088            | 15,632              | 47,099,506            |
| Transportation                                   | 3,355,617             | 343,275              | -                   | 3,698,892             |
| Totals   | <u>230,169,998</u>    | <u>18,407,595</u>    | <u>1,963,739</u>    | <u>246,613,854</u>    |
| Less accumulated depreciation for: *             |                       |                      |                     |                       |
| Buildings  | 12,139,821            | 1,089,494            | -                   | 13,229,315            |
| Improvements other than buildings                | 38,904,472            | 3,474,463            | 212,770             | 42,166,165            |
| Machinery and equipment                          | 24,228,807            | 3,511,306            | 1,925               | 27,738,188            |
| Transportation                                   | 3,011,103             | 238,854              | -                   | 3,249,957             |
| Totals - restated                                | <u>78,284,203</u>     | <u>8,314,117</u>     | <u>214,695</u>      | <u>86,383,625</u>     |
| Total capital assets, being depreciated, net     | <u>151,885,795</u>    | <u>10,093,478</u>    | <u>1,749,044</u>    | <u>160,230,229</u>    |
| Total business-type activity capital assets, net | <u>\$ 172,573,967</u> | <u>\$ 15,818,172</u> | <u>\$ 9,945,315</u> | <u>\$ 178,446,824</u> |

\*Some assets and the associated depreciation were reclassified by type.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

|   |                         |
|---|-------------------------|
| Governmental activities:                                  |                         |
| General government  | \$ 229,198              |
| Public safety   | 2,031,997               |
| Highways and streets                                      | 2,138,611               |
| Culture and recreation                                    | 922,127                 |
| Community development                                     | <u>2,202</u>            |
| <br>Total depreciation expense - governmental activities  | <br><u>\$ 5,324,135</u> |
| <br>Business-type activities:                             |                         |
| Water   | \$ 1,459,011            |
| Wastewater  | 4,530,010               |
| Electric  | <u>2,325,096</u>        |
| <br>Total depreciation expense - business-type activities | <br><u>\$ 8,314,117</u> |

D. Construction Commitments

Construction work in progress is composed of the following:

| Project                               | Expended to<br>December 31,<br>2011 | Committed               |
|---------------------------------------|-------------------------------------|-------------------------|
| Governmental activities:              |                                     |                         |
| Main Street projects                  | \$ 29,359,901                       | \$ 1,079,483            |
| Fire Station                          | 449,184                             | 3,484,166               |
| Church/Union                          | 2,095,222                           | 1,183,775               |
| Douglas Road Medical Park             | 1,480,010                           | 393,556                 |
| Other street projects                 | 3,080,644                           | 119,355                 |
| Riverfront Park                       | 3,880,903                           | 100,649                 |
| Riverwalk                             | 803,760                             | 86,372                  |
| Other park projects                   | <u>1,206,868</u>                    | <u>50,000</u>           |
| <br>Totals - governmental activities  | <br><u>\$ 42,356,492</u>            | <br><u>\$ 6,497,356</u> |
| <br>Business-type activities:         |                                     |                         |
| Wastewater Utility:                   |                                     |                         |
| Milburn improvements                  | \$ 7,846,090                        | \$ 1,194,227            |
| Treatment plant expansion             | 2,886,068                           | 2,627,090               |
| Northwest trunk sewer rehab           | 958,695                             | 278,401                 |
| Juday creek force main                | 3,970,539                           | 2,957,666               |
| Other projects (4)                    | <u>1,046,943</u>                    | <u>533,348</u>          |
| <br>Totals - business-type activities | <br><u>\$ 16,708,335</u>            | <br><u>\$ 7,590,732</u> |

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2011, is as follows:

| <u>Interfund Receivable</u> | <u>Interfund Payable</u> |                   |                                  | <u>Totals</u>    |
|-----------------------------|--------------------------|-------------------|----------------------------------|------------------|
|                             | <u>Water</u>             | <u>Wastewater</u> | <u>Nonmajor<br/>Governmental</u> |                  |
| Business-type activities:   |                          |                   |                                  |                  |
| Electric                    | \$ 36,270                | \$ 36,270         | \$ -                             | \$ 72,540        |
| Totals                      | <u>\$ 36,270</u>         | <u>\$ 36,270</u>  | <u>\$ -</u>                      | <u>\$ 72,540</u> |

Interfund balances resulted from the time lag between the dates that (1) Interfund loans are repaid, (2) Interfund goods and services are provided or reimbursable expenditures occur, (3) transactions are recorded in the accounting system and (4) payments between funds are made.

2. Interfund Transfers

Interfund transfers at December 31, 2011, were as follows:

| <u>Transfer From</u>  | <u>Transfer To</u>      |                                  |                               | <u>Totals</u>       |
|-----------------------|-------------------------|----------------------------------|-------------------------------|---------------------|
|                       | <u>General<br/>Fund</u> | <u>Nonmajor<br/>Governmental</u> | <u>Wastewater<br/>Utility</u> |                     |
| Governmental:         |                         |                                  |                               |                     |
| TIF NW General Fund   | \$ -                    | \$ 3,361,244                     | \$ 3,360,000                  | \$ 6,721,244        |
| Nonmajor Governmental | -                       | 331,000                          | -                             | 331,000             |
| Business-type:        |                         |                                  |                               |                     |
| Water Utility         | 622,714                 | -                                | -                             | 622,714             |
| Wastewater Utility    | 1,057,823               | -                                | -                             | 1,057,823           |
| Electric Utility      | 1,240,535               | -                                | -                             | 1,240,535           |
| Totals                | <u>\$ 2,921,072</u>     | <u>\$ 3,692,244</u>              | <u>\$ 3,360,000</u>           | <u>\$ 9,973,316</u> |

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

F. Leases

Capital Leases

The primary government has entered into a capital lease for a sewer inspection system. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2011, are as follows:

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

|   | Business-Type<br>Activities |
|---|-----------------------------|
| 2012  | \$ 52,738                   |
| 2013  | 51,699                      |
| 2014  | 50,659                      |
| 2015  | 49,620                      |
| Total minimum lease payments                | 204,716                     |
| Less amount representing interest           | 10,396                      |
| Present value of net minimum lease payments | \$ 194,320                  |

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

|                          | Business-Type<br>Activities |
|--------------------------|-----------------------------|
| Machinery and equipment  | \$ 242,900                  |
| Accumulated depreciation | (48,580)                    |
| Total                    | \$ 194,320                  |

G. Short-Term Liabilities

Revolving Line of Credit:

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

Short-term debt activity for the year ended December 31, 2011, was as follows:

|                | Beginning<br>Balance | Issued/<br>Draws | Redeemed<br>Repayments | Ending<br>Balance |
|----------------|----------------------|------------------|------------------------|-------------------|
| Line of credit | \$ 182,441           | \$ 1,127,808     | \$ 1,073,368           | \$ 236,881        |

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 at December 31 | Due Within One Year | Less:<br>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%             | \$ 770,000             | \$ 300,000          | \$ 5,418                      | \$ 464,582                |
| \$5,000,000 2005 Communication equipment bonds due in installments of \$155,000 to \$300,000 plus interest through February 1, 2016          | 3.5% to 4%     | 2,505,000              | 515,000             | 10,404                        | 1,979,596                 |
| \$3,000,000 2007 Communication equipment bonds due in installments of \$55,000 to \$225,000 plus interest through February 1, 2016           | 3.9% to 4%     | 1,870,000              | 385,000             | 24,751                        | 1,460,249                 |
| \$1,550,000 2006 Park and recreation bonds due in installments of \$90,000 to \$125,000 plus interest through February 1, 2014               | 3.85%          | 605,000                | 235,000             | 2,144                         | 367,856                   |
| <b>Totals</b>  |                | <u>\$ 5,750,000</u>    | <u>\$ 1,435,000</u> | <u>\$ 42,717</u>              | <u>\$ 4,272,283</u>       |

2. Tax Incremental Financing (TIF) Bonds

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

| Purpose   | Interest Rates | Balance December 31 | Due Within One Year | Less:<br>Unamortized Discount | Due in More Than One Year |
|---|----------------|---------------------|---------------------|-------------------------------|---------------------------|
| \$14,800,000 2007 Redevelopment NW District TIF bond due in installments of \$1,335,000 to \$1,635,000 plus interest through February 1, 2013       | 4.25%          | \$ 4,790,000        | \$ 3,155,000        | \$ 40,357                     | \$ 1,594,643              |
| \$2,625,000 2005 Redevelopment SS District TIF refunding bonds due in installments of \$115,000 to \$165,000 plus interest through February 1, 2015 | 3.75% to 4.1%  | 1,080,000           | 295,000             | 12,011                        | 772,989                   |
| <b>Totals</b>   |                | <u>\$ 5,870,000</u> | <u>\$ 3,450,000</u> | <u>\$ 52,368</u>              | <u>\$ 2,367,632</u>       |

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The primary government has pledged future tax incremental revenues to repay the revenue bonds issued in 2005 and 2007. Proceeds from the bonds provided financing for infrastructure improvements. The bonds are payable solely from tax revenues and are payable through 2015. Annual principal and interest payments are expected to require less than 16 percent of net revenues.

3. Intergovernmental Loan

In 2010, the Mishawaka Bond Bank, an internal service fund, issued revenue bonds to the City and Utilities for an energy improvement project.

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

| Purpose  | Interest Rates           | Balance<br>December 31 | Due Within<br>One Year | Due in More<br>Than One Year |
|--|--------------------------|------------------------|------------------------|------------------------------|
| \$1,366,252 2010 energy savings bonds due in annual installments of \$273,250 plus interest through February 1, 2015 |                          |                        |                        |                              |
|  | 2.10%                    |                        |                        |                              |
|  | Governmental funds       | \$ 893,302             | \$ 223,325             | \$ 669,977                   |
|  | Business-type activities | 199,700                | 49,925                 | 149,775                      |
|  | Combined                 | <u>\$ 1,093,002</u>    | <u>\$ 273,250</u>      | <u>\$ 819,752</u>            |

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

|        | Governmental Activities  |                   |                     |                   | Governmental Funds |                  | Business-type Activities |                 |
|--------|--------------------------|-------------------|---------------------|-------------------|--------------------|------------------|--------------------------|-----------------|
|        | General Obligation Bonds |                   | TIF Bonds           |                   | Energy Savings     |                  | Energy Savings           |                 |
|        | Principal                | Interest          | Principal           | Interest          | Principal          | Interest         | Principal                | Interest        |
| 2012   | \$ 1,435,000             | \$ 211,066        | \$ 3,450,000        | \$ 210,709        | \$ 223,325         | \$ 17,538        | \$ 49,925                | \$ 3,921        |
| 2013   | 1,500,000                | 156,399           | 1,940,000           | 63,309            | 223,325            | 12,862           | 49,925                   | 2,875           |
| 2014   | 1,270,000                | 97,086            | 315,000             | 16,265            | 223,326            | 8,185            | 49,925                   | 1,830           |
| 2015   | 435,000                  | 51,700            | 165,000             | 3,382             | 223,326            | 2,338            | 49,925                   | 523             |
| 2015   | 1,110,000                | 10,500            | -                   | -                 | -                  | -                | -                        | -               |
| Totals | <u>\$ 5,750,000</u>      | <u>\$ 526,751</u> | <u>\$ 5,870,000</u> | <u>\$ 293,665</u> | <u>\$ 893,302</u>  | <u>\$ 40,923</u> | <u>\$ 199,700</u>        | <u>\$ 9,149</u> |

4. Revenue Bonds

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

| Purpose   | Interest Rates | Balance at December 31 | Due Within One Year | Plus:<br>Unamortized Premium | Less:<br>Unamortized Discount | Less:<br>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%   | \$ 3,190,000           | \$ 315,000          | \$ 21,554                    | \$ 20,062                     | \$ 223,403                     | \$ 2,653,089              |
| \$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% | 5,018,474              | 1,380,000           | -                            | 5,827                         | -                              | 3,632,647                 |
| \$8,450,000 2006 Wastewater revenue bonds, Series A due in installments of \$145,000 to \$290,000 plus interest through September 1, 2026     | 3.625% to 4.0% | 6,790,000              | 345,000             | -                            | 52,544                        | -                              | 6,392,456                 |
| \$350,000 2007 Wastewater revenue bonds, Series A due in installments of \$45,000 to \$305,000 plus interest through March 1, 2027            | 4.25%          | 350,000                | -                   | -                            | -                             | -                              | 350,000                   |
| \$37,225,000 2010 Wastewater revenue bonds, Series B, due in installments of \$975,000 to \$2,775,000 plus interest through September 1, 2030 | 2% to 5%       | 36,250,000             | 1,375,000           | -                            | 351,869                       | -                              | 34,523,131                |
| Totals  |                | <u>\$ 51,598,474</u>   | <u>\$ 3,415,000</u> | <u>\$ 21,554</u>             | <u>\$ 430,302</u>             | <u>\$ 223,403</u>              | <u>\$ 47,551,323</u>      |

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

During 2011, the Water Utility paid \$143,112 in debt payments or approximately 2 percent of operating revenues. The Wastewater Utility paid \$512,619 in debt payments or approximately 4 percent of operating revenues.

Revenue bonds debt service requirements to maturity are as follows:

|           | Business-Type Activities |                      |
|-----------|--------------------------|----------------------|
|           | Principal                | Interest             |
| 2012      | \$ 3,415,000             | \$ 1,944,950         |
| 2013      | 3,475,000                | 1,883,724            |
| 2014      | 3,530,000                | 1,802,518            |
| 2015      | 3,083,474                | 1,732,001            |
| 2016      | 2,285,000                | 1,657,080            |
| 2017-2021 | 12,085,000               | 6,922,796            |
| 2022-2026 | 13,110,000               | 4,346,816            |
| 2027-2031 | 10,615,000               | 1,199,981            |
| Totals    | <u>\$ 51,598,474</u>     | <u>\$ 21,489,866</u> |

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. Notes and Loans Payable

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

|           | Principal     | Interest      |
|-----------|---------------|---------------|
| 2012      | \$ 2,133,925  | \$ 1,842,710  |
| 2013      | 2,196,926     | 1,773,257     |
| 2014      | 2,273,924     | 1,701,593     |
| 2015      | 3,033,926     | 1,627,559     |
| 2016      | 3,789,000     | 1,513,230     |
| 2017-2021 | 20,971,000    | 5,528,807     |
| 2022-2026 | 17,169,000    | 2,102,802     |
| 2027-2031 | 3,968,796     | 64,959        |
| Totals    | \$ 55,536,497 | \$ 16,154,916 |

6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2011, was as follows:

| Primary Government                                     | Beginning<br>Balance | Additions    | Reductions   | Ending<br>Balance | Due Within<br>One Year |
|--|----------------------|--------------|--------------|-------------------|------------------------|
| Governmental activities:                               |                      |              |              |                   |                        |
| Bonds payable:   |                      |              |              |                   |                        |
| General obligation                                     | \$ 7,145,000         | \$ -         | \$ 1,395,000 | \$ 5,750,000      | \$ 1,435,000           |
| TIF  | 9,210,000            | -            | 3,340,000    | 5,870,000         | 3,450,000              |
| Less deferred amount:                                  |                      |              |              |                   |                        |
| For issuance discounts                                 | 138,666              | -            | 43,581       | 95,085            | -                      |
| Total bonds payable                                    | 16,216,334           | -            | 4,691,419    | 11,524,915        | 4,885,000              |
| Capital leases   | 174,254              | -            | 174,254      | -                 | -                      |
| Net other postemployment<br>benefit obligation         | 7,448,737            | 2,610,940    | -            | 10,059,677        | -                      |
| Compensated absences                                   | 823,614              | 450,910      | 627,415      | 647,109           | 450,910                |
| Net pension obligation                                 | 17,469,855           | -            | 427,671      | 17,042,184        | -                      |
| Total governmental activities<br>long-term liabilities | \$ 42,132,794        | \$ 3,061,850 | \$ 5,920,759 | \$ 39,273,885     | \$ 5,335,910           |

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

| Primary Government                                   | Beginning<br>Balance  | Additions           | Reductions          | Ending<br>Balance     | Due Within<br>One Year |
|--|-----------------------|---------------------|---------------------|-----------------------|------------------------|
| Business-type activities:                            |                       |                     |                     |                       |                        |
| Revenue bonds payable:                               |                       |                     |                     |                       |                        |
| Water Utility  | \$ 3,495,000          | \$ -                | \$ 305,000          | \$ 3,190,000          | \$ 315,000             |
| Wastewater Utility                                   | 50,053,352            | 270,122             | 1,915,000           | 48,408,474            | 3,100,000              |
| Less deferred amount:                                |                       |                     |                     |                       |                        |
| For issuance discounts/premiums                      | 433,779               | -                   | 25,029              | 408,750               | -                      |
| On refunding   | 250,211               | -                   | 26,809              | 223,402               | -                      |
| Total revenue bonds payable                          | 52,864,362            | 270,122             | 2,168,162           | 50,966,322            | 3,415,000              |
| Capital leases *                                     | -                     | 242,900             | 48,580              | 194,320               | 48,580                 |
| Notes and loans payable *                            | 56,624,729            | 1,102,692           | 2,190,924           | 55,536,497            | 2,133,925              |
| Compensated absences                                 | 250,882               | 89,500              | 73,500              | 266,882               | 73,500                 |
| Net pension obligation                               | 53,218                | -                   | 53,218              | -                     | -                      |
| Total business-type activities long-term liabilities | <u>\$ 109,793,191</u> | <u>\$ 1,705,214</u> | <u>\$ 4,534,384</u> | <u>\$ 106,964,021</u> | <u>\$ 5,671,005</u>    |

\*\$199,700 of loan payable and all of the capital lease is included in Internal balance on Statement of Net Assets

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

I. Restricted Assets

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

|                                |                      |
|--------------------------------|----------------------|
| Construction                   | \$ 22,176,378        |
| Customer deposits              | 2,687,415            |
| Revenue bond covenant accounts | 6,957,189            |
| Repair accounts                | <u>14,929,738</u>    |
| Total restricted assets        | <u>\$ 46,750,720</u> |

J. Restatements and Reclassifications

For the year ended December 31, 2011, certain changes have been made to the financial statements to more appropriately reflect financial activity of the primary government.

The prior period adjustment represents the inclusion of a previously omitted receivable for the governmental activities, and a payable for the governmental funds; the addition of a previously omitted asset and liability from the proprietary funds, and the deletion of assets previously included in the business-type capital assets which had already been included in the governmental activities capital assets.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

| Opinion Unit                     | Balance<br>as Reported<br>December 31,<br>2010 | Prior<br>Period<br>Adjustments | Balance<br>as Restated<br>January 1,<br>2011 |
|----------------------------------|--|--------------------------------|--|
| Governmental activities:         |  |                                |  |
| Net assets                       | \$ 174,257,766                                 | \$ 249,625                     | \$ 174,507,391                               |
| Governmental funds:              |  |                                |  |
| Other governmental fund balances | 24,578,229                                     | (1,116,627)                    | 23,461,602                                   |
| Business-type activities:        |  |                                |  |
| Total assets                     | 242,901,206                                    | 249,625                        | 243,150,831                                  |
| Total liabilities                | 121,999,164                                    | 249,625                        | 122,248,789                                  |
| Net assets                       | 120,902,042                                    | (3,205,927)                    | 117,696,115                                  |
| Proprietary funds:               |  |                                |  |
| Net assets (Wastewater Utility)  | 49,620,192                                     | (3,205,927)                    | 46,414,265                                   |

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retiree, and Dependents

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Other Postemployment Benefits

Plan Description

The City of Mishawaka Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the IACT Medical Trust. The plan provides for medical insurance benefits to eligible retirees and their spouses. Indiana Code 5-10-8 gives the primary government the authority to establish the plan. The IACT Medical Trust issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for the participants. This report may be obtained by contacting the plan administrator at 200 South Meridian Street, Suite 340, Indianapolis, IN 46225.

Funding Policy

The contribution requirements of plan members for the City of Mishawaka Retiree Healthcare Plan are established and can be amended by the City's Common Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2011, the primary government contributed \$1,466,965 to the plan for current premiums. For Pre-Medicare retirees, the primary government annually provides \$400 for PERF covered employees with less than 20 years of service and pays the full single premium cost for employees who retire with 20 or more years of service. For Post-Medicare employees, the primary government provides \$400 annually towards the cost of medical coverage regardless of the years of service.

Annual OPEB Cost and Net OPEB Obligation

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

|  |                             |
|--|-----------------------------|
| Annual required contribution               | \$ 4,060,201                |
| Interest on net OPEB obligation            | 335,193                     |
| Adjustment to annual required contribution | <u>(317,489)</u>            |
| Annual OPEB cost                           | 4,077,905                   |
| Contributions made                         | <u>1,466,965</u>            |
| Increase in net OPEB obligation            | 2,610,940                   |
| Net OPEB obligation, beginning of year     | <u>7,448,737</u>            |
| Net OPEB obligation, end of year           | <u><u>\$ 10,059,677</u></u> |

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The primary government's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

| Year<br>Ending | Annual<br>OPEB<br>Cost | Percentage<br>of Annual<br>OPEB Cost<br>Contributed | Net<br>OPEB<br>Obligation |
|----------------|------------------------|---|---------------------------|
| 12-31-09       | \$ 3,992,086           | 30.7%   | \$ 4,938,941              |
| 12-31-10       | 3,861,837              | 35.0%   | 7,448,737                 |
| 12-31-11       | 4,077,905              | 36.0%   | 10,059,677                |

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$45,723,694, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$45,723,694. Since the actuarial accrued liability was \$45,723,694 and covered payroll was \$25,071,329, the covered payroll as a percentage of the Actuarial Accrued Liability was (182 percent). Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumption

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

In the December 31, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 5 percent by 2018. The UAAL is being amortized as a level percentage of projected pay based on an open group. The remaining amortization period at December 31, 2011, was 30 years.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

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

Funding Policy

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

Annual Pension Cost

For 2011, the primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

b. 1925 Police Officers' Pension Plan

Plan Description

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The Net Pension Obligation (NPO) is considered an obligation of the primary government and is reflected in the Statement of Net Assets. As provided by state statute, all administrative costs are paid from the fund. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan. On-behalf contributions from the State of Indiana as shown in the financial statements of \$1,576,250 approximate an equal amount paid out for benefits. The primary government has recognized these on-behalf payments as intergovernmental revenue and public safety expenditures in the General Fund. The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established and can be amended by state statute.

Annual Pension Cost

For 2011, the primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

c. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The Net Pension Obligation (NPO) is considered an obligation of the primary government and is reflected in the Statement of Net Assets. As provided by state statute, all administrative costs are paid from the fund. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan. On-behalf contributions from the State of Indiana as shown in the financial statements of \$2,437,706 approximate an equal amount paid out for benefits. The primary government has recognized these on-behalf payments as intergovernmental revenue and public safety expenditures in the General Fund. The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established and can be amended by state statute.

Annual Pension Cost

For 2011, the primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

d. Utility Pension Plan

Plan Description

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

Funding Policy

The contribution requirements of plan members are established by and can be amended by the plan administrator. Currently, employees are not required to make any contributions to the plan. The Net Pension Obligation (NPO) is considered an obligation of the primary government and is reflected in the Statement of Net 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 2011, the Utilities' annual pension cost and related information for the Utility Pension Plan, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plans

|   | PERF       | 1925 Police<br>Officers'<br>Pension | 1937<br>Firefighters'<br>Pension | Utility<br>Pension |
|---|------------|-------------------------------------|----------------------------------|--------------------|
| Annual required contribution                  | \$ 674,928 | \$ 1,448,900                        | \$ 2,450,600                     | \$ 594,557         |
| Interest on net pension obligation            | (14,250)   | 399,300                             | 648,900                          | (3,991)            |
| Adjustment to annual required contribution    | 16,406     | (530,200)                           | (861,800)                        | (101,930)          |
| Annual pension cost                           | 677,084    | 1,318,000                           | 2,237,700                        | 488,636            |
| Contributions made                            | 442,921    | 1,576,250                           | 2,437,706                        | 610,528            |
| Increase (decrease) in net pension obligation | 234,163    | (258,250)                           | (200,006)                        | (121,892)          |
| Net pension obligation, beginning of year     | (203,578)  | 6,654,357                           | 10,815,498                       | 53,218             |
| Net pension obligation, end of year           | \$ 30,585  | \$ 6,396,107                        | \$ 10,615,492                    | \$ (68,674)        |

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

|                                 | PERF   | Officers'<br>Pension  | Firefighters'<br>Pension                                    | Utility<br>Pension                                     |
|---------------------------------|--|---|---|--|
| Contribution rates:             |  |   |   |  |
| Government                      | 7.5%   | n/a   | n/a   | 10.4%  |
| Plan members                    | 3%   | 6%  | 6%  | 0%   |
| Actuarial valuation date        | 07-01-11   | 01-01-11  | 01-01-11  | 01-01-10   |
| Actuarial cost method           | Entry age,<br>normal cost                                  | Entry age,<br>normal cost                                   | Entry age,<br>normal cost                                   | Entry age,<br>normal cost                              |
| Amortization method             | Level<br>percentage<br>of payroll                          | Level<br>percentage<br>of payroll, closed                   | Level<br>percentage<br>of payroll, closed                   | Level<br>percentage<br>of projected<br>payroll, closed |
| Amortization period             | 30 years   | 30 years  | 30 years  | 30 years   |
| Amortization period (from date) | 07-01-08   | 01-01-05  | 01-01-05  | 01-01-08   |
| Asset valuation method          | 4 year<br>smoothed<br>market value<br>with 20%<br>corridor | 4 year<br>phase in of<br>unrealized and<br>realized capital | 4 year<br>phase in of<br>unrealized and<br>realized capital | Smoothed<br>market value                               |

| Actuarial Assumptions              | PERF  | 1925 Police<br>Officers' Pension | 1937 Firefighters'<br>Pension | Utility<br>Pension |
|------------------------------------|-------|----------------------------------|-------------------------------|--------------------|
| Investment rate of return          | 7.00% | 6.00%                            | 6.00%                         | 7.50%              |
| Projected future salary increases: |       |                                  |                               |                    |
| Total                              | 4.00% | 4.00%                            | 4.00%                         | 3.50%              |
| Attributed to inflation            | 3.00% | 3.00%                            | 3.00%                         | 2.50%              |
| Attributed to merit/seniority      | 1.00% | 1.00%                            | 1.00%                         | 1.00%              |
| Cost-of-living adjustments         | 1.00% | 2.25%/4%*                        | 2.25%/4%*                     | 2%^                |

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

\*2.25% converted members; 4% nonconverted members

Three Year Trend Information

|                                    | Year Ending | Annual<br>Pension Cost<br>(APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
|------------------------------------|-------------|---------------------------------|-------------------------------------|------------------------------|
| PERF                               | 06-30-09    | \$ 479,016                      | 93.0%                               | \$ (349,348)                 |
|                                    | 06-30-10    | 574,800                         | 75.0%                               | (203,578)                    |
|                                    | 06-30-11    | 677,084                         | 65.0%                               | 30,585                       |
| 1925 Police Officers' Pension Plan | 12-31-09    | 1,153,500                       | 142.0%                              | 7,028,633                    |
|                                    | 12-31-10    | 1,253,800                       | 130.0%                              | 6,654,357                    |
|                                    | 12-31-11    | 1,318,000                       | 120.0%                              | 6,396,107                    |
| 1937 Firefighters' Pension Plan    | 12-31-09    | 2,449,100                       | 120.0%                              | 11,139,277                   |
|                                    | 12-31-10    | 2,123,100                       | 115.0%                              | 10,815,498                   |
|                                    | 12-31-11    | 2,237,700                       | 109.0%                              | 10,615,492                   |
| Utility Pension Plan               | 01-01-09    | 925,279                         | 96.0%                               | 215,888                      |
|                                    | 01-01-10    | 620,456                         | 79.2%                               | 53,218                       |
|                                    | 01-01-11    | 595,072                         | 102.6%                              | (68,674)                     |

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2011, was comprised of the following:

|   | Utility<br>Pension | 1925 Police<br>Officers'<br>Pension | 1937<br>Firefighters'<br>Pension |
|---|--------------------|-------------------------------------|----------------------------------|
| Retires and beneficiaries currently receiving benefits          | 60                 | 54                                  | 87                               |
| Terminated employees entitled to but not yet receiving benefits | -                  | -                                   | -                                |
| Current active employees  | 129                | 1                                   | 1                                |

Funded Status and Funding Progress for the Above Plans

The funded status of each plan as of July 1, 2011, the most recent actuarial valuation date (except the 1925 Police Officers', the 1937 Firefighters' and the Utility Pension Plans which are as of January 1, 2011) is as follows:

| Retirement Plan                      | Actuarial<br>Value of<br>Plan Assets<br>(a) | Actuarial<br>Accrued<br>Liability (AAL)<br>Entry Age<br>(b) | Unfunded AAL<br>or<br>(Funding<br>Excess)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Annual<br>Covered<br>Payroll<br>(c) | Unfunded AAL<br>or (Funding<br>Excess) as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------------|---|---|--|--------------------------|-------------------------------------|---|
| PERF                                 | \$ 4,961,827                                | \$ 9,487,093  | \$ 4,525,266                                       | 52.30%                   | \$ 6,605,323                        | 69%   |
| Utility Pension Plan                 | 13,660,853                                  | 15,651,282  | 1,990,429  | 87.28%                   | 5,685,044                           | 35%   |
| 1925 Police Officers<br>Pension Plan | 589,540                                     | 17,884,600  | 17,295,060   | 3.30%                    | 98,700                              | 17,523%   |
| 1937 Firefighters'<br>Pension Plan   | 902,540                                     | 30,566,300  | 29,663,760   | 2.95%                    | 48,900                              | 60,662%   |

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

e. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Assets:

| <u>Assets</u>             | 1925<br>Police<br>Pension | 1937<br>Firefighters'<br>Pension | Utility<br>Pension |
|---------------------------|---------------------------|----------------------------------|--------------------|
| Cash and cash equivalents | \$ 655,941                | \$ 962,372                       | \$ 18,530          |
| Receivables:              |                           |                                  |                    |
| Interest and dividends    | -                         | -                                | 14,825             |

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

| <u>Assets</u>                                      | <u>1925<br/>Police<br/>Pension</u> | <u>1937<br/>Firefighters'<br/>Pension</u> | <u>Utility<br/>Pension</u> |
|--|------------------------------------|---|----------------------------|
| Investments at fair value:                         |                                    |   |                            |
| Government sponsored enterprise                    | -                                  | -   | 252,703                    |
| Municipal bonds                                    | -                                  | -   | 1,260,647                  |
| Mutual funds                                       | -                                  | -   | 11,692,664                 |
|  | <hr/>                              | <hr/>                                     | <hr/>                      |
| Total investments                                  | -                                  | -   | 13,206,014                 |
|  | <hr/>                              | <hr/>                                     | <hr/>                      |
| Total assets                                       | <u>\$ 655,941</u>                  | <u>\$ 962,372</u>                         | <u>\$ 13,239,369</u>       |
| <br><u>Net Assets</u>                              |                                    |   |                            |
| Held in trust for:                                 |                                    |   |                            |
| Employees' pension benefits                        | <u>\$ 655,941</u>                  | <u>\$ 962,372</u>                         | <u>\$ 13,239,369</u>       |
| <br>Statements of Changes in Fiduciary Net Assets: |                                    |   |                            |
| <u>Additions</u>                                   | <u>1925<br/>Police<br/>Pension</u> | <u>1937<br/>Firefighters'<br/>Pension</u> | <u>Utility<br/>Pension</u> |
| Contributions:                                     |                                    |   |                            |
| On-behalf<br>Employer                              | \$ 1,576,250                       | \$ 2,437,706                              | \$ -                       |
|  | <hr/>                              | <hr/>                                     | <hr/>                      |
| Total contributions                                | 1,576,250                          | 2,437,706                                 | 598,801                    |
|  | <hr/>                              | <hr/>                                     | <hr/>                      |
| Investment income (loss):                          |                                    |   |                            |
| Net decrease in fair value of investments          | -                                  | -   | (430,618)                  |
| Interest   | -                                  | -   | 359,165                    |
|  | <hr/>                              | <hr/>                                     | <hr/>                      |
| Total investment income (loss)                     | -                                  | -   | (71,453)                   |
| Less investment expense:                           |                                    |   |                            |
| Investment activity expense                        | -                                  | -   | 33,776                     |
|  | <hr/>                              | <hr/>                                     | <hr/>                      |
| Net investment income (loss)                       | -                                  | -   | (105,229)                  |
|  | <hr/>                              | <hr/>                                     | <hr/>                      |
| Total additions                                    | <u>1,576,250</u>                   | <u>2,437,706</u>                          | <u>493,572</u>             |

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

| <u>Deductions</u>      | 1925<br>Police<br>Pension | 1937<br>Firefighters'<br>Pension | Utility<br>Pension   |
|------------------------|---------------------------|----------------------------------|----------------------|
| Benefits               | 1,506,849                 | 2,369,065                        | 778,607              |
| Administrative expense | 3,000                     | 8,209                            | 9,920                |
| Total deductions       | <u>1,509,849</u>          | <u>2,377,274</u>                 | <u>788,527</u>       |
| Changes in net assets  | 66,401                    | 60,432                           | (294,955)            |
| Net assets - beginning | <u>589,540</u>            | <u>901,940</u>                   | <u>13,534,324</u>    |
| Net assets - ending    | <u>\$ 655,941</u>         | <u>\$ 962,372</u>                | <u>\$ 13,239,369</u> |

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

Funding Policy and Annual Pension Costs

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

CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2011, 2010, and 2009, were \$1,846,266, \$1,770,001, and \$1,782,987, respectively, equal to the required contributions for each year. The contribution requirements of plan members for the 1977 Police Officers' and Firefighters' Pension Plan are established and can be amended by state statute.

D. Net Assets – Invested in Capital Assets, Net of Related Debt

As of December 31, 2011, net assets – invested in capital assets, net of related debt is calculated as follows:

|   | Governmental<br>Activities | Business-type<br>Activities | Totals         |
|---|----------------------------|-----------------------------|----------------|
| Net capital assets                              | \$ 146,195,152             | \$ 178,446,825              | \$ 324,641,977 |
| Less:   |                            |                             |                |
| Total capital leases payable                    | -                          | (194,320)                   | (194,320)      |
| Total notes and loans payable                   | -                          | (55,536,497)                | (55,536,497)   |
| Total general obligation bonds payable, net     | (5,707,283)                | -                           | (5,707,283)    |
| Total revenue bonds payable, net                | -                          | (50,966,322)                | (50,966,322)   |
| Total TIF bonds payable, net                    | (5,817,632)                | -                           | (5,817,632)    |
| Add:  |                            |                             |                |
| Unspent bond/loan proceeds                      | -                          | 22,176,378                  | 22,176,378     |
| Invested in capital assets, net of related debt | \$ 134,670,237             | \$ 93,926,064               | \$ 228,596,301 |

E. Subsequent Events

In 2012, the City of Mishawaka will replace Fire Station #4 with a new building estimated to cost \$3,700,000. The construction will be financed through a lease with the City of Mishawaka Building Corporation.

In 2012, the City expects to sign a consent decree with the Environmental Protection Agency (EPA) to resolve claims against the City for alleged violations of the Clean Water Act. The decree includes several provisions, including a long-term control plan that requires the City to complete a construction program over 20 years at a cost of approximately \$140 to 160 million to comprehensively upgrade and expand the City's sewage collection, storage, conveyance, and treatment system.

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) |
| 07-01-09                          | \$ 6,767,837                  | \$ 8,779,530                          | \$ (2,011,693)                             | 77%                | \$ 7,160,537        | (28%)   |
| 07-01-10                          | 5,698,283                     | 9,121,439                             | (3,423,156)                                | 62%                | 6,370,061           | (54%)   |
| 07-01-11                          | 4,961,827                     | 9,487,093                             | (4,525,266)                                | 52%                | 6,605,323           | (69%)   |

| 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) |
| 01-01-06                           | \$ 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%                 | **                  | **  |
| 01-01-10                           | 475,282                       | 17,848,000                            | (17,372,718)       | 3%                 | 94,900              | (18,306%)   |
| 01-01-11                           | 589,540                       | 17,884,600                            | (17,295,060)       | 3%                 | 98,700              | (17,523%)   |

| 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) |
| 01-01-06                        | \$ 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%                 | **                  | **  |
| 01-01-10                        | 829,813                       | 30,278,300                            | (29,448,487)       | 3%                 | 94,000              | (31,328%)   |
| 01-01-11                        | 902,540                       | 30,566,300                            | (29,663,760)       | 3%                 | 48,900              | (60,662%)   |

| 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) |
| 01-01-06                 | \$ 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                 | 13,585,001                    | 14,870,175                            | (1,285,174)        | 91%                | 6,624,741           | (19%)   |
| 01-01-10                 | 13,578,454                    | 15,373,954                            | (1,795,500)        | 88%                | 5,891,118           | (30%)   |
| 01-01-11                 | 13,660,853                    | 15,651,282                            | (1,990,429)        | 87%                | 5,685,044           | (35%)   |

| Other Postemployment 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) |
| 01-01-09                             | \$ -                          | \$ 42,131,601                         | \$ (42,131,601)                            | 0%                 | \$ 26,508,798       | (159%)  |
| 01-01-10                             | -                             | 43,153,157                            | (43,153,157)                               | 0%                 | 24,341,096          | (177%)  |
| 01-01-11                             | -                             | 45,723,694                            | (45,723,694)                               | 0%                 | 25,071,329          | (182%)  |

\*\*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<br>Ending | Annual<br>Required<br>Contribution<br>(ARC) | Percentage<br>of ARC<br>Contributed |       |
|----------------|---|-------------------------------------|-------|
|                |   | City                                | State |
| 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%  |
| 12-31-10       | 1,381,900                                   | 0%                                  | 118%  |
| 12-31-11       | 1,448,900                                   | 0%                                  | 109%  |

1937 Firefighters' Pension Plan

| Year<br>Ending | Annual<br>Required<br>Contribution<br>(ARC) | Percentage<br>of ARC<br>Contributed |       |
|----------------|---|-------------------------------------|-------|
|                |   | City                                | State |
| 12-31-06       | \$ 2,190,300                                | 36%                                 | 59%   |
| 12-31-07       | 2,170,500                                   | 35%                                 | 61%   |
| 12-31-08       | 2,190,200                                   | 34%                                 | 64%   |
| 12-31-09       | 2,646,100                                   | 9%                                  | 102%  |
| 12-31-10       | 2,326,100                                   | 0%                                  | 105%  |
| 12-31-11       | 2,450,600                                   | 0%                                  | 99%   |

Employer Contributions - Utility Pension Plan

| Year<br>Ending | Annual<br>Required<br>Contribution<br>(ARC) | Percentage<br>Contributed |
|----------------|---|---------------------------|
|                |   |                           |
| 01-01-06       | 569,825                                     | 104%                      |
| 01-01-07       | 375,430                                     | 165%                      |
| 01-01-08       | 443,477                                     | 75%                       |
| 01-01-09       | 925,443                                     | 104%                      |
| 01-01-10       | 621,882                                     | 79%                       |

CITY OF MISHAWAKA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE -  
 GENERAL FUND  
 For The Year Ended December 31, 2011

|                                 | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|---------------------------------|-------------------|-------------------|---|--|
|                                 | Original          | Final             |   |  |
| <b>Revenues:</b>                |                   |                   |   |  |
| <b>Taxes:</b>                   |                   |                   |   |  |
| Property                        | \$ 18,023,708     | \$ 18,023,708     | \$ 17,107,947                           | \$ (915,761)   |
| Licenses and permits            | 110,150           | 110,150           | 359,539                                 | 249,389  |
| Intergovernmental               | 3,284,266         | 3,284,266         | 4,130,867                               | 846,601  |
| Charges for services            | 540,000           | 540,000           | 1,694,978                               | 1,154,978  |
| Fines and forfeits              | 30,000            | 30,000            | 55,097                                  | 25,097   |
| Interest                        | 10,000            | 10,000            | 13,683                                  | 3,683  |
| Sale and use of property        | -                 | -                 | 24,399                                  | 24,399   |
| Other                           | 368,000           | 368,000           | 857,725                                 | 489,725  |
| <b>Total revenues</b>           | <b>22,366,124</b> | <b>22,366,124</b> | <b>24,244,235</b>                       | <b>1,878,111</b>   |
| <b>Expenditures:</b>            |                   |                   |   |  |
| <b>Current:</b>                 |                   |                   |   |  |
| <b>General government:</b>      |                   |                   |   |  |
| <b>Mayor:</b>                   |                   |                   |   |  |
| Personal services               | 134,817           | 134,817           | 134,766                                 | 51   |
| Supplies                        | 1,200             | 1,200             | 1,200                                   | -  |
| Other services and charges      | 12,209            | 12,308            | 11,819                                  | 489  |
| <b>City Clerk:</b>              |                   |                   |   |  |
| Personal services               | 118,081           | 118,081           | 118,081                                 | -  |
| Supplies                        | 2,654             | 2,654             | 1,508                                   | 1,146  |
| Other services and charges      | 17,000            | 17,000            | 12,921                                  | 4,079  |
| <b>Central Motor Pool:</b>      |                   |                   |   |  |
| Personal services               | 609,996           | 609,996           | 561,385                                 | 48,611   |
| Supplies                        | 922,986           | 993,428           | 991,697                                 | 1,731  |
| Other services and charges      | 71,712            | 73,215            | 41,638                                  | 31,577   |
| <b>Common Council:</b>          |                   |                   |   |  |
| Personal services               | 92,475            | 92,475            | 92,475                                  | -  |
| Supplies                        | 283               | 283               | 210                                     | 73   |
| Other services and charges      | 9,863             | 9,863             | 6,045                                   | 3,818  |
| <b>City Hall:</b>               |                   |                   |   |  |
| Personal services               | 335               | 335               | 335                                     | -  |
| Supplies                        | 1,807             | 1,807             | 1,807                                   | -  |
| <b>Controller:</b>              |                   |                   |   |  |
| Personal services               | 2,156,344         | 2,254,344         | 2,196,792                               | 57,552   |
| Supplies                        | 15,536            | 15,536            | 11,294                                  | 4,242  |
| Other services and charges      | 1,883,526         | 1,945,496         | 1,846,627                               | 98,869   |
| <b>Human Resources:</b>         |                   |                   |   |  |
| Personal services               | 98,863            | 98,863            | 86,331                                  | 12,532   |
| Supplies                        | 1,016             | 1,016             | 498                                     | 518  |
| Other services and charges      | 24,025            | 24,025            | 14,741                                  | 9,284  |
| Capital outlay                  | 8,000             | 8,000             | 7,013                                   | 987  |
| <b>Information Technology:</b>  |                   |                   |   |  |
| Personal services               | 261,530           | 261,530           | 261,530                                 | -  |
| Supplies                        | 1,702             | 1,702             | 1,082                                   | 620  |
| Other services and charges      | 6,000             | 6,000             | 6                                       | 5,994  |
| <b>Cemetery:</b>                |                   |                   |   |  |
| Other services and charges      | 20,000            | 20,000            | 20,000                                  | -  |
| <b>Legal:</b>                   |                   |                   |   |  |
| Personal services               | 100,089           | 100,089           | 100,088                                 | 1  |
| Supplies                        | 1,500             | 1,500             | 951                                     | 549  |
| Other services and charges      | 12,863            | 12,863            | 10,863                                  | 2,000  |
| <b>Planning:</b>                |                   |                   |   |  |
| Personal services               | 175,183           | 175,183           | 175,181                                 | 2  |
| Supplies                        | 3,500             | 3,500             | 2,377                                   | 1,123  |
| Other services and charges      | 8,400             | 8,400             | 5,724                                   | 2,676  |
| <b>Total general government</b> | <b>6,773,495</b>  | <b>7,005,509</b>  | <b>6,716,985</b>                        | <b>288,524</b>   |

Continued on next page

CITY OF MISHAWAKA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE -  
 GENERAL FUND  
 For The Year Ended December 31, 2011  
 (Continued)

|   | Budgeted Amounts    |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|---|---------------------|-------------------|---|--|
|   | Original            | Final             |   |  |
| Expenditures (continued):                                 |                     |                   |   |  |
| Current (continued):                                      |                     |                   |   |  |
| Public safety:  |                     |                   |   |  |
| Police:   |                     |                   |   |  |
| Personal services   | 9,968,886           | 10,079,315        | 9,907,226                               | 172,089  |
| Supplies  | 72,058              | 72,058            | 58,193                                  | 13,865   |
| Other services and charges                                | 147,185             | 147,221           | 131,269                                 | 15,952   |
| Fire:   |                     |                   |   |  |
| Personal services   | 9,476,092           | 9,453,267         | 9,132,440                               | 320,827  |
| Supplies  | 163,481             | 193,481           | 155,353                                 | 38,128   |
| Other services and charges                                | 188,259             | 306,259           | 231,130                                 | 75,129   |
| Code Enforcement:   |                     |                   |   |  |
| Personal services   | 215,900             | 215,900           | 215,898                                 | 2  |
| Supplies  | 3,620               | 3,620             | 2,291                                   | 1,329  |
| Other services and charges                                | 26,838              | 26,838            | 16,190                                  | 10,648   |
| Building Department:                                      |                     |                   |   |  |
| Personal services   | 182,126             | 182,126           | 177,123                                 | 5,003  |
| Supplies  | 3,799               | 3,799             | 3,274                                   | 525  |
| Other services and charges                                | 3,750               | 3,750             | 2,363                                   | 1,387  |
| Total public safety                                       | <u>20,451,994</u>   | <u>20,687,634</u> | <u>20,032,750</u>                       | <u>654,884</u>   |
| Highways and streets:                                     |                     |                   |   |  |
| Engineering:  |                     |                   |   |  |
| Personal services   | 266,414             | 266,414           | 264,314                                 | 2,100  |
| Supplies  | 4,064               | 4,064             | 2,691                                   | 1,373  |
| Other services and charges                                | 10,000              | 10,000            | 4,506                                   | 5,494  |
| Total highways and streets                                | <u>280,478</u>      | <u>280,478</u>    | <u>271,511</u>                          | <u>8,967</u>   |
| Sanitation:   |                     |                   |   |  |
| Recycling:  |                     |                   |   |  |
| Supplies  | 5,000               | 5,000             | -                                       | 5,000  |
| Other services and charges                                | 15,000              | 15,000            | -                                       | 15,000   |
| Total sanitation  | <u>20,000</u>       | <u>20,000</u>     | <u>-</u>                                | <u>20,000</u>  |
| Total expenditures  | <u>27,525,967</u>   | <u>27,993,621</u> | <u>27,021,246</u>                       | <u>972,375</u>   |
| Excess (deficiency) of revenues over (under) expenditures | (5,159,843)         | (5,627,497)       | (2,777,011)                             | 2,850,486  |
| Other financing sources:                                  |                     |                   |   |  |
| Transfers in  | <u>750,000</u>      | <u>750,000</u>    | <u>2,921,072</u>                        | <u>2,171,072</u>   |
| Net change in fund balances                               | (4,409,843)         | (4,877,497)       | 144,061                                 | 5,021,558  |
| Fund balances - beginning                                 | <u>5,450,042</u>    | <u>5,450,042</u>  | <u>5,450,042</u>                        | <u>-</u>   |
| Fund balances - ending                                    | <u>\$ 1,040,199</u> | <u>\$ 572,545</u> | <u>\$ 5,594,103</u>                     | <u>\$ 5,021,558</u>  |

CITY OF MISHAWAKA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGET/GAAP RECONCILIATION -  
 GENERAL FUND  
 For The Year Ended December 31, 2011

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 | \$ 144,061 |
| To adjust revenues for accruals          | 308,104    |
| To adjust expenditures for accruals      | (34,553)   |
| To adjust expenditures for encumbrances  | 159,514    |
| Net change in fund balance, GAAP basis   | \$ 577,126 |

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

**NONMAJOR GOVERNMENTAL FUNDS**  
(Continued)

|   |   |
|---|---|
| Law Enforcement<br>Continuing Education - | To account for court fees, fees charged for furnishing accident reports, handgun application fees, and fees charged for vehicle inspections. Expenditures are for the continuing education and training of law enforcement officers.                            |
| Local Law Enforcement<br>Block Grant -    | To account for federal grant funds received to purchase equipment for the Police Department.  |
| Levy Excess -                             | To account for the portion of the property taxes received which exceeds 100 percent of the unit's levy. In subsequent years, the balance in the fund will be used to reduce the amounts raised by taxation.   |
| 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<br>Revolving -    | To account for Housing and Urban Development (HUD) monies used for low or no interest residential rehabilitation loans and for the First Time Home Buyers program. Pay back monies from loans are also used for this purpose.                                   |
| DOC Community Development -               | To account for specific projects originally funded by state grants from the Department of Commerce. Some of the grant money was used to make loans to local businesses. New projects funded with payback monies must be approved by the Department of Commerce. |
| Park Nonreverting Operating -             | To account for some operating expenses at the City pools and golf course. Financing is provided by improvement fees charged by the Park Department.   |
| Criminal Assistance Grant -               | To account for federal funds received for criminal prevention and intervention programs coordinated by the police department.   |
| NSP (1) Grant -                           | To account for federal funds received for a neighborhood stabilization program.   |
| NSP (3) Grant -                           | To account for federal funds received for a neighborhood stabilization program.   |
| State Grant -                             | To account for state funds received for street improvements to the Capital Avenue corridor.   |

**NONMAJOR GOVERNMENTAL FUNDS**  
(Continued)

Debt Service Funds

Municipal Bond No. 1 - To account for debt retirement of the City's general obligation bonds. 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.

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.

Energy Saving Improvements - To account for expenditures made for updates to the City's heating and cooling systems. Financing is provided from the proceeds of a revenue bond issue provided by the Mishawaka Bond Bank.

**NONMAJOR GOVERNMENTAL FUNDS**  
(Continued)

|   |   |
|---|---|
| Park Bond Capital -                                 | To account for expenditures made for various improvements to park properties. Financing is provided from proceeds of a general obligation bond issue.   |
| County Economic Development<br>Income Tax (CEDIT) - | To account for financial resources related to development projects. Financing is provided by a tax on income.   |
| Tax Incremental Financing (TIF)<br>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. |

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CITY OF MISHAWAKA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2011

|   | Special Revenue             |                          |                        |                             |                     |                     |
|---|-----------------------------|--------------------------|------------------------|-----------------------------|---------------------|---------------------|
|   | Motor<br>Vehicle<br>Highway | Local Road<br>and Street | Park and<br>Recreation | Park and<br>Recreation Gift | Public<br>Safety    | Rainy<br>Day        |
| <b>Assets</b>                                       |                             |                          |                        |                             |                     |                     |
| Cash and cash equivalents                           | \$ 3,220,420                | \$ 703,781               | \$ 1,348,228           | \$ 67,484                   | \$ 1,333,449        | \$ 1,768,321        |
| Receivables (net of allowances for uncollectibles): |                             |                          |                        |                             |                     |                     |
| Taxes   | 92,179                      | -                        | 93,300                 | -                           | -                   | -                   |
| Accounts  | -                           | -                        | 1,134                  | 144                         | -                   | -                   |
| Intergovernmental                                   | 224,127                     | 72,142                   | -                      | -                           | 198,302             | -                   |
| Loans receivable                                    | -                           | -                        | -                      | -                           | -                   | -                   |
| <b>Total assets</b>                                 | <b>\$ 3,536,726</b>         | <b>\$ 775,923</b>        | <b>\$ 1,442,662</b>    | <b>\$ 67,628</b>            | <b>\$ 1,531,751</b> | <b>\$ 1,768,321</b> |
| <b>Liabilities and Fund Balances</b>                |                             |                          |                        |                             |                     |                     |
| <b>Liabilities:</b>                                 |                             |                          |                        |                             |                     |                     |
| Accounts payable                                    | \$ 33,601                   | \$ 77,608                | \$ 37,814              | \$ -                        | \$ 11,791           | \$ -                |
| Accrued payroll and withholdings payable            | 41,871                      | -                        | 35,506                 | -                           | -                   | -                   |
| Contracts payable                                   | -                           | -                        | -                      | -                           | -                   | -                   |
| Short-term loan payable                             | -                           | -                        | -                      | -                           | -                   | -                   |
| Energy savings bonds                                | -                           | -                        | -                      | -                           | 305,505             | -                   |
| Unearned revenue                                    | 92,179                      | -                        | 93,300                 | -                           | -                   | -                   |
| <b>Total liabilities</b>                            | <b>167,651</b>              | <b>77,608</b>            | <b>166,620</b>         | <b>-</b>                    | <b>317,296</b>      | <b>-</b>            |
| <b>Fund balances:</b>                               |                             |                          |                        |                             |                     |                     |
| <b>Nonspendable:</b>                                |                             |                          |                        |                             |                     |                     |
| Long-term loans receivable                          | -                           | -                        | -                      | -                           | -                   | -                   |
| Restricted  | 3,369,075                   | 698,315                  | 1,276,042              | -                           | 1,214,455           | -                   |
| Committed   | -                           | -                        | -                      | -                           | -                   | 1,768,321           |
| Assigned  | -                           | -                        | -                      | 67,628                      | -                   | -                   |
| <b>Total fund balances</b>                          | <b>3,369,075</b>            | <b>698,315</b>           | <b>1,276,042</b>       | <b>67,628</b>               | <b>1,214,455</b>    | <b>1,768,321</b>    |
| <b>Total liabilities and fund balances</b>          | <b>\$ 3,536,726</b>         | <b>\$ 775,923</b>        | <b>\$ 1,442,662</b>    | <b>\$ 67,628</b>            | <b>\$ 1,531,751</b> | <b>\$ 1,768,321</b> |

Continued on next page

CITY OF MISHAWAKA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2011  
 (Continued)

|   | Special Revenue               |  |                       |                 |                             |                           |
|---|-------------------------------|--|-----------------------|-----------------|-----------------------------|---------------------------|
|   | Rainy Day<br>Public<br>Safety | Police Drug<br>Investigation<br>Assistance | Off-Street<br>Parking | Alley<br>Paving | Sidewalk and<br>Curb Repair | Industrial<br>Development |
| <u>Assets</u>                                       |                               |  |                       |                 |                             |                           |
| Cash and cash equivalents                           | \$ 159,009                    | \$ 14,591                                  | \$ 10,299             | \$ 1,631        | \$ 58,351                   | \$ 54,518                 |
| Receivables (net of allowances for uncollectibles): |                               |  |                       |                 |                             |                           |
| Taxes   | -                             | -  | -                     | -               | -                           | -                         |
| Accounts  | -                             | -  | -                     | -               | -                           | -                         |
| Intergovernmental                                   | -                             | -  | -                     | -               | -                           | -                         |
| Loans receivable                                    | -                             | -  | -                     | -               | -                           | 3,719                     |
| <b>Total assets</b>                                 | <b>\$ 159,009</b>             | <b>\$ 14,591</b>                           | <b>\$ 10,299</b>      | <b>\$ 1,631</b> | <b>\$ 58,351</b>            | <b>\$ 58,237</b>          |
| <u>Liabilities and Fund Balances</u>                |                               |  |                       |                 |                             |                           |
| Liabilities:  |                               |  |                       |                 |                             |                           |
| Accounts payable                                    | \$ -                          | \$ -                                       | \$ 44                 | \$ -            | \$ -                        | \$ -                      |
| Accrued payroll and withholdings payable            | -                             | -  | -                     | -               | -                           | -                         |
| Contracts payable                                   | 14,818                        | -  | -                     | -               | -                           | -                         |
| Short-term loan payable                             | -                             | -  | -                     | -               | -                           | -                         |
| Energy savings bonds                                | -                             | -  | -                     | -               | -                           | -                         |
| Unearned revenue                                    | -                             | -  | -                     | -               | -                           | -                         |
| <b>Total liabilities</b>                            | <b>14,818</b>                 | <b>-</b>                                   | <b>44</b>             | <b>-</b>        | <b>-</b>                    | <b>-</b>                  |
| Fund balances:                                      |                               |  |                       |                 |                             |                           |
| Nonspendable:                                       |                               |  |                       |                 |                             |                           |
| Long-term loans receivable                          | -                             | -  | -                     | -               | -                           | -                         |
| Restricted  | -                             | -  | -                     | -               | -                           | 58,237                    |
| Committed   | 144,191                       | -  | -                     | -               | -                           | -                         |
| Assigned  | -                             | 14,591                                     | 10,255                | 1,631           | 58,351                      | -                         |
| <b>Total fund balances</b>                          | <b>144,191</b>                | <b>14,591</b>                              | <b>10,255</b>         | <b>1,631</b>    | <b>58,351</b>               | <b>58,237</b>             |
| <b>Total liabilities and fund balances</b>          | <b>\$ 159,009</b>             | <b>\$ 14,591</b>                           | <b>\$ 10,299</b>      | <b>\$ 1,631</b> | <b>\$ 58,351</b>            | <b>\$ 58,237</b>          |

Continued on next page

CITY OF MISHAWAKA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2011  
 (Continued)

|   | Special Revenue    |                     |                   |   |  |                |
|---|--------------------|---------------------|-------------------|---|--|----------------|
|   | Unsafe<br>Building | Trash<br>Collection | Mishawaka<br>Gift | Law<br>Enforcement<br>Continuing<br>Education | Local Law<br>Enforcement<br>Block<br>Grant | Levy<br>Excess |
| <u>Assets</u>                                       |                    |                     |                   |   |  |                |
| Cash and cash equivalents                           | \$ 259             | \$ 430,467          | \$ 197,180        | \$ 51,943                                     | \$ 928                                     | \$ -           |
| Receivables (net of allowances for uncollectibles): |                    |                     |                   |   |  |                |
| Taxes   | -                  | -                   | -                 | -   | -  | -              |
| Accounts  | -                  | 130,489             | -                 | 95  | -  | -              |
| Intergovernmental                                   | -                  | -                   | -                 | -   | -  | -              |
| Loans receivable                                    | -                  | -                   | -                 | -   | -  | -              |
| <b>Total assets</b>                                 | <b>\$ 259</b>      | <b>\$ 560,956</b>   | <b>\$ 197,180</b> | <b>\$ 52,038</b>                              | <b>\$ 928</b>                              | <b>\$ -</b>    |
| <u>Liabilities and Fund Balances</u>                |                    |                     |                   |   |  |                |
| <u>Liabilities:</u>                                 |                    |                     |                   |   |  |                |
| Accounts payable                                    | \$ -               | \$ 162,557          | \$ 506            | \$ 8,422                                      | \$ -                                       | \$ -           |
| Accrued payroll and withholdings payable            | -                  | -                   | -                 | -   | -  | -              |
| Contracts payable                                   | -                  | -                   | -                 | -   | -  | -              |
| Short-term loan payable                             | -                  | -                   | -                 | -   | -  | -              |
| Energy savings bonds                                | -                  | -                   | -                 | -   | -  | -              |
| Unearned revenue                                    | -                  | -                   | -                 | -   | -  | -              |
| <b>Total liabilities</b>                            | <b>-</b>           | <b>162,557</b>      | <b>506</b>        | <b>8,422</b>                                  | <b>-</b>                                   | <b>-</b>       |
| <u>Fund balances:</u>                               |                    |                     |                   |   |  |                |
| <u>Nonspendable:</u>                                |                    |                     |                   |   |  |                |
| Long-term loans receivable                          | -                  | -                   | -                 | -   | -  | -              |
| Restricted  | -                  | -                   | -                 | 43,616  | 928  | -              |
| Committed   | 259                | -                   | -                 | -   | -  | -              |
| Assigned  | -                  | 398,399             | 196,674           | -   | -  | -              |
| <b>Total fund balances</b>                          | <b>259</b>         | <b>398,399</b>      | <b>196,674</b>    | <b>43,616</b>                                 | <b>928</b>                                 | <b>-</b>       |
| <b>Total liabilities and fund balances</b>          | <b>\$ 259</b>      | <b>\$ 560,956</b>   | <b>\$ 197,180</b> | <b>\$ 52,038</b>                              | <b>\$ 928</b>                              | <b>\$ -</b>    |

Continued on next page

CITY OF MISHAWAKA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2011  
 (Continued)

|   | Special Revenue       |                      |                          |   |                                 |                                   |
|---|-----------------------|----------------------|--------------------------|---|---------------------------------|-----------------------------------|
|   | Insurance<br>Recovery | Bicentennial<br>Gift | Community<br>Development | Property<br>Rehabilitation<br>Revolving | DOC<br>Community<br>Development | Park<br>Nonreverting<br>Operating |
| <u>Assets</u>                                       |                       |                      |                          |   |                                 |                                   |
| Cash and cash equivalents                           | \$ 59,504             | \$ 1,326             | \$ 62,775                | \$ 148,503                              | \$ -                            | \$ 334,753                        |
| Receivables (net of allowances for uncollectibles): |                       |                      |                          |   |                                 |                                   |
| Taxes   | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Accounts  | -                     | -                    | -                        | -                                       | -                               | 136                               |
| Intergovernmental                                   | -                     | -                    | 94,439                   | -                                       | -                               | -                                 |
| Loans receivable                                    | -                     | -                    | 602,018                  | -                                       | -                               | -                                 |
| <b>Total assets</b>                                 | <b>\$ 59,504</b>      | <b>\$ 1,326</b>      | <b>\$ 759,232</b>        | <b>\$ 148,503</b>                       | <b>\$ -</b>                     | <b>\$ 334,889</b>                 |
| <u>Liabilities and Fund Balances</u>                |                       |                      |                          |   |                                 |                                   |
|   |                       |                      | 44,539                   |   |                                 |                                   |
| <u>Liabilities:</u>                                 |                       |                      |                          |   |                                 |                                   |
| Accounts payable                                    | \$ 1,568              | \$ -                 | \$ 4,664                 | \$ -                                    | \$ -                            | \$ 2,544                          |
| Accrued payroll and withholdings payable            | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Contracts payable                                   | -                     | -                    | 115,107                  | -                                       | -                               | -                                 |
| Short-term loan payable                             | -                     | -                    | -                        | 111,716                                 | -                               | -                                 |
| Energy savings bonds                                | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Unearned revenue                                    | -                     | -                    | -                        | -                                       | -                               | -                                 |
| <b>Total liabilities</b>                            | <b>1,568</b>          | <b>-</b>             | <b>119,771</b>           | <b>111,716</b>                          | <b>-</b>                        | <b>2,544</b>                      |
| <u>Fund balances:</u>                               |                       |                      |                          |   |                                 |                                   |
| <u>Nonspendable:</u>                                |                       |                      |                          |   |                                 |                                   |
| Long-term loans receivable                          | -                     | -                    | 557,633                  | -                                       | -                               | -                                 |
| Restricted  | -                     | -                    | 81,828                   | 36,787                                  | -                               | 332,345                           |
| Committed   | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Assigned  | 57,936                | 1,326                | -                        | -                                       | -                               | -                                 |
| <b>Total fund balances</b>                          | <b>57,936</b>         | <b>1,326</b>         | <b>639,461</b>           | <b>36,787</b>                           | <b>-</b>                        | <b>332,345</b>                    |
| <b>Total liabilities and fund balances</b>          | <b>\$ 59,504</b>      | <b>\$ 1,326</b>      | <b>\$ 759,232</b>        | <b>\$ 148,503</b>                       | <b>\$ -</b>                     | <b>\$ 334,889</b>                 |

Continued on next page

CITY OF MISHAWAKA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2011  
 (Continued)

|   | Special Revenue                 |                  |                   |                  | Totals               |
|---|---------------------------------|------------------|-------------------|------------------|----------------------|
|   | Criminal<br>Assistance<br>Grant | NSP (1)<br>Grant | NSP (3)<br>Grant  | State<br>Grant   |                      |
| <u>Assets</u>                                       |                                 |                  |                   |                  |                      |
| Cash and cash equivalents                           | \$ 54,270                       | \$ 570           | \$ 20,352         | \$ 70,146        | \$ 10,173,058        |
| Receivables (net of allowances for uncollectibles): |                                 |                  |                   |                  |                      |
| Taxes   | -                               | -                | -                 | -                | 185,479              |
| Accounts  | -                               | -                | -                 | -                | 131,998              |
| Intergovernmental                                   | 36,350                          | 38,708           | 86,965            | -                | 751,033              |
| Loans receivable                                    | -                               | -                | -                 | -                | 605,737              |
| <b>Total assets</b>                                 | <b>\$ 90,620</b>                | <b>\$ 39,278</b> | <b>\$ 107,317</b> | <b>\$ 70,146</b> | <b>\$ 11,847,305</b> |
| <u>Liabilities and Fund Balances</u>                |                                 |                  |                   |                  |                      |
| <u>Liabilities:</u>                                 |                                 |                  |                   |                  |                      |
| Accounts payable                                    | \$ -                            | \$ -             | \$ 1,723          | \$ -             | \$ 342,842           |
| Accrued payroll and withholdings payable            | -                               | -                | -                 | -                | 77,377               |
| Contracts payable                                   | -                               | -                | -                 | -                | 129,925              |
| Short-term loan payable                             | -                               | 20,070           | 105,095           | -                | 236,881              |
| Energy savings bonds                                | -                               | -                | -                 | -                | 305,505              |
| Unearned revenue                                    | -                               | -                | -                 | -                | 185,479              |
| <b>Total liabilities</b>                            | <b>-</b>                        | <b>20,070</b>    | <b>106,818</b>    | <b>-</b>         | <b>1,278,009</b>     |
| <u>Fund balances:</u>                               |                                 |                  |                   |                  |                      |
| <u>Nonspendable:</u>                                |                                 |                  |                   |                  |                      |
| Long-term loans receivable                          | -                               | -                | -                 | -                | 557,633              |
| Restricted  | 90,620                          | 19,208           | 499               | 70,146           | 7,292,101            |
| Committed   | -                               | -                | -                 | -                | 1,912,771            |
| Assigned  | -                               | -                | -                 | -                | 806,791              |
| <b>Total fund balances</b>                          | <b>90,620</b>                   | <b>19,208</b>    | <b>499</b>        | <b>70,146</b>    | <b>10,569,296</b>    |
| <b>Total liabilities and fund balances</b>          | <b>\$ 90,620</b>                | <b>\$ 39,278</b> | <b>\$ 107,317</b> | <b>\$ 70,146</b> | <b>\$ 11,847,305</b> |

Continued on next page

CITY OF MISHAWAKA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2011  
 (Continued)

|   | Debt Service            |                      |                     |                      |                   |                     |
|---|-------------------------|----------------------|---------------------|----------------------|-------------------|---------------------|
|   | Municipal<br>Bond No. 1 | TIF NW<br>Redemption | TIF NW<br>Reserve   | TIF SS<br>Redemption | TIF SS<br>Reserve | Totals              |
| <b>Assets</b>                                       |                         |                      |                     |                      |                   |                     |
| Cash and cash equivalents                           | \$ 832,311              | \$ 269,200           | \$ 1,232,139        | \$ 44,767            | \$ 376,319        | \$ 2,754,736        |
| Receivables (net of allowances for uncollectibles): |                         |                      |                     |                      |                   |                     |
| Taxes   | 84,965                  | -                    | -                   | -                    | -                 | 84,965              |
| Accounts  | -                       | -                    | -                   | -                    | -                 | -                   |
| Intergovernmental                                   | -                       | -                    | -                   | -                    | -                 | -                   |
| Loans receivable                                    | -                       | -                    | -                   | -                    | -                 | -                   |
| <b>Total assets</b>                                 | <b>\$ 917,276</b>       | <b>\$ 269,200</b>    | <b>\$ 1,232,139</b> | <b>\$ 44,767</b>     | <b>\$ 376,319</b> | <b>\$ 2,839,701</b> |
| <b>Liabilities and Fund Balances</b>                |                         |                      |                     |                      |                   |                     |
| <b>Liabilities:</b>                                 |                         |                      |                     |                      |                   |                     |
| Accounts payable                                    | \$ 500                  | \$ -                 | \$ -                | \$ -                 | \$ -              | \$ 500              |
| Accrued payroll and withholdings payable            | -                       | -                    | -                   | -                    | -                 | -                   |
| Contracts payable                                   | -                       | -                    | -                   | -                    | -                 | -                   |
| Short-term loan payable                             | -                       | -                    | -                   | -                    | -                 | -                   |
| Energy savings bonds                                | -                       | -                    | -                   | -                    | -                 | -                   |
| Unearned revenue                                    | 84,965                  | -                    | -                   | -                    | -                 | 84,965              |
| <b>Total liabilities</b>                            | <b>85,465</b>           | <b>-</b>             | <b>-</b>            | <b>-</b>             | <b>-</b>          | <b>85,465</b>       |
| <b>Fund balances:</b>                               |                         |                      |                     |                      |                   |                     |
| <b>Nonspendable:</b>                                |                         |                      |                     |                      |                   |                     |
| Long-term loans receivable                          | -                       | -                    | -                   | -                    | -                 | -                   |
| Restricted  | 831,811                 | 269,200              | 1,232,139           | 44,767               | 376,319           | 2,754,236           |
| Committed   | -                       | -                    | -                   | -                    | -                 | -                   |
| Assigned  | -                       | -                    | -                   | -                    | -                 | -                   |
| <b>Total fund balances</b>                          | <b>831,811</b>          | <b>269,200</b>       | <b>1,232,139</b>    | <b>44,767</b>        | <b>376,319</b>    | <b>2,754,236</b>    |
| <b>Total liabilities and fund balances</b>          | <b>\$ 917,276</b>       | <b>\$ 269,200</b>    | <b>\$ 1,232,139</b> | <b>\$ 44,767</b>     | <b>\$ 376,319</b> | <b>\$ 2,839,701</b> |

Continued on next page

CITY OF MISHAWAKA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2011  
 (Continued)

|   | Capital Projects   |                                      |                     |                        |   |                                      |
|---|--|--------------------------------------|---------------------|------------------------|---|--------------------------------------|
|   | Cumulative<br>Building and<br>Fire Fighting<br>Equipment | Cumulative<br>Capital<br>Improvement | Cumulative<br>Sewer | General<br>Improvement | Consolidated<br>Project<br>Expenditures | Cumulative<br>Capital<br>Development |
| <b>Assets</b>                                       |  |                                      |                     |                        |   |                                      |
| Cash and cash equivalents                           | \$ 97,361  | \$ 990,563                           | \$ 1,795,310        | \$ 55,567              | \$ -                                    | \$ 499,110                           |
| Receivables (net of allowances for uncollectibles): |  |                                      |                     |                        |   |                                      |
| Taxes   | 1,961  | -                                    | 24,236              | -                      | -                                       | 18,632                               |
| Accounts  | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Intergovernmental                                   | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Loans receivable                                    | -  | -                                    | -                   | -                      | -                                       | -                                    |
| <b>Total assets</b>                                 | <b>\$ 99,322</b>   | <b>\$ 990,563</b>                    | <b>\$ 1,819,546</b> | <b>\$ 55,567</b>       | <b>\$ -</b>                             | <b>\$ 517,742</b>                    |
| <b>Liabilities and Fund Balances</b>                |  |                                      |                     |                        |   |                                      |
| <b>Liabilities:</b>                                 |  |                                      |                     |                        |   |                                      |
| Accounts payable                                    | \$ 7,518   | \$ -                                 | \$ -                | \$ -                   | \$ -                                    | \$ 97,846                            |
| Accrued payroll and withholdings payable            | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Contracts payable                                   | -  | -                                    | 356,921             | -                      | -                                       | -                                    |
| Short-term loan payable                             | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Energy savings bonds                                | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Unearned revenue                                    | 1,961  | -                                    | 24,236              | -                      | -                                       | 18,632                               |
| <b>Total liabilities</b>                            | <b>9,479</b>   | <b>-</b>                             | <b>381,157</b>      | <b>-</b>               | <b>-</b>                                | <b>116,478</b>                       |
| <b>Fund balances:</b>                               |  |                                      |                     |                        |   |                                      |
| <b>Nonspendable:</b>                                |  |                                      |                     |                        |   |                                      |
| Long-term loans receivable                          | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Restricted  | 89,843   | 990,563                              | 1,438,389           | 55,567                 | -                                       | 401,264                              |
| Committed   | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Assigned  | -  | -                                    | -                   | -                      | -                                       | -                                    |
| <b>Total fund balances</b>                          | <b>89,843</b>  | <b>990,563</b>                       | <b>1,438,389</b>    | <b>55,567</b>          | <b>-</b>                                | <b>401,264</b>                       |
| <b>Total liabilities and fund balances</b>          | <b>\$ 99,322</b>   | <b>\$ 990,563</b>                    | <b>\$ 1,819,546</b> | <b>\$ 55,567</b>       | <b>\$ -</b>                             | <b>\$ 517,742</b>                    |

Continued on next page

CITY OF MISHAWAKA  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2011  
 (Continued)

|   | Capital Projects                 |                      |                     |                     |                      | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|----------------------------------|----------------------|---------------------|---------------------|----------------------|--|
|   | Energy<br>Saving<br>Improvements | Park<br>Bond Capital | CEDIT               | TIF SS<br>General   | Totals               |  |
| <b>Assets</b>                                       |                                  |                      |                     |                     |                      |  |
| Cash and cash equivalents                           | \$ -                             | \$ 588               | \$ 5,108,714        | \$ 3,726,480        | \$ 12,273,693        | \$ 25,201,487                              |
| Receivables (net of allowances for uncollectibles): |                                  |                      |                     |                     |                      |  |
| Taxes   | -                                | -                    | -                   | 113,483             | 158,312              | 428,756                                    |
| Accounts  | -                                | -                    | -                   | -                   | -                    | 131,998                                    |
| Intergovernmental                                   | -                                | -                    | 268,664             | -                   | 268,664              | 1,019,697                                  |
| Loans receivable                                    | -                                | -                    | -                   | -                   | -                    | 605,737                                    |
| <b>Total assets</b>                                 | <b>\$ -</b>                      | <b>\$ 588</b>        | <b>\$ 5,377,378</b> | <b>\$ 3,839,963</b> | <b>\$ 12,700,669</b> | <b>\$ 27,387,675</b>                       |
| <b>Liabilities and Fund Balances</b>                |                                  |                      |                     |                     |                      |  |
| <b>Liabilities:</b>                                 |                                  |                      |                     |                     |                      |  |
| Accounts payable                                    | \$ -                             | \$ -                 | \$ 29,854           | \$ 5,939            | \$ 141,157           | 484,499                                    |
| Accrued payroll and withholdings payable            | -                                | -                    | -                   | -                   | -                    | 77,377                                     |
| Contracts payable                                   | -                                | -                    | -                   | -                   | 356,921              | 486,846                                    |
| Short-term loan payable                             | -                                | -                    | -                   | -                   | -                    | 236,881                                    |
| Energy savings bonds                                | -                                | -                    | 587,797             | -                   | 587,797              | 893,302                                    |
| Unearned revenue                                    | -                                | -                    | -                   | 113,483             | 158,312              | 428,756                                    |
| <b>Total liabilities</b>                            | <b>-</b>                         | <b>-</b>             | <b>617,651</b>      | <b>119,422</b>      | <b>1,244,187</b>     | <b>2,607,661</b>                           |
| <b>Fund balances:</b>                               |                                  |                      |                     |                     |                      |  |
| <b>Nonspendable:</b>                                |                                  |                      |                     |                     |                      |  |
| Long-term loans receivable                          | -                                | -                    | -                   | -                   | -                    | 557,633                                    |
| Restricted  | -                                | -                    | -                   | -                   | 2,975,626            | 13,021,963                                 |
| Committed   | -                                | 588                  | 4,759,727           | -                   | 4,760,315            | 6,673,086                                  |
| Assigned  | -                                | -                    | -                   | 3,720,541           | 3,720,541            | 4,527,332                                  |
| <b>Total fund balances</b>                          | <b>-</b>                         | <b>588</b>           | <b>4,759,727</b>    | <b>3,720,541</b>    | <b>11,456,482</b>    | <b>24,780,014</b>                          |
| <b>Total liabilities and fund balances</b>          | <b>\$ -</b>                      | <b>\$ 588</b>        | <b>\$ 5,377,378</b> | <b>\$ 3,839,963</b> | <b>\$ 12,700,669</b> | <b>\$ 27,387,675</b>                       |

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2011

|  | Special Revenue             |                          |                        |                             |                     |                     |
|--|-----------------------------|--------------------------|------------------------|-----------------------------|---------------------|---------------------|
|  | Motor<br>Vehicle<br>Highway | Local Road<br>and Street | Park and<br>Recreation | Park and<br>Recreation Gift | Public<br>Safety    | Rainy<br>Day        |
| Revenues:  |                             |                          |                        |                             |                     |                     |
| Taxes:   |                             |                          |                        |                             |                     |                     |
| Property   | \$ 1,744,416                | \$ -                     | \$ 1,765,625           | \$ -                        | \$ -                | \$ -                |
| Licenses and permits   | -                           | -                        | -                      | -                           | -                   | -                   |
| Intergovernmental  | 2,123,850                   | 411,215                  | 101,990                | -                           | 2,320,106           | -                   |
| Charges for services   | 5,700                       | -                        | 437,982                | 12,237                      | -                   | -                   |
| Interest   | -                           | -                        | -                      | -                           | -                   | -                   |
| Sale and use of property                                     | -                           | -                        | 193,542                | -                           | -                   | -                   |
| Gifts and donations  | -                           | -                        | -                      | 66,596                      | -                   | -                   |
| Other  | 5,539                       | 157                      | 8,252                  | -                           | 26,095              | -                   |
| Total revenues   | <u>3,879,505</u>            | <u>411,372</u>           | <u>2,507,391</u>       | <u>78,833</u>               | <u>2,346,201</u>    | <u>-</u>            |
| Expenditures:  |                             |                          |                        |                             |                     |                     |
| Current:   |                             |                          |                        |                             |                     |                     |
| General government   | -                           | -                        | -                      | -                           | -                   | 74,124              |
| Public safety  | -                           | -                        | -                      | -                           | 2,515,527           | -                   |
| Highways and streets   | 2,796,519                   | 221,691                  | -                      | -                           | -                   | -                   |
| Sanitation   | -                           | -                        | -                      | -                           | -                   | -                   |
| Culture and recreation                                       | -                           | -                        | 2,758,105              | 89,304                      | -                   | -                   |
| Community development  | -                           | -                        | -                      | -                           | -                   | -                   |
| Debt service:  |                             |                          |                        |                             |                     |                     |
| Principal  | -                           | -                        | -                      | -                           | 174,254             | -                   |
| Interest and fiscal charges                                  | -                           | -                        | -                      | -                           | 8,933               | -                   |
| Capital outlay:  |                             |                          |                        |                             |                     |                     |
| General government   | -                           | -                        | -                      | -                           | -                   | -                   |
| Public safety  | -                           | -                        | -                      | -                           | -                   | -                   |
| Highways and streets   | -                           | -                        | -                      | -                           | -                   | -                   |
| Culture and recreation                                       | -                           | -                        | -                      | -                           | -                   | -                   |
| Community development  | -                           | -                        | -                      | -                           | -                   | -                   |
| Total expenditures   | <u>2,796,519</u>            | <u>221,691</u>           | <u>2,758,105</u>       | <u>89,304</u>               | <u>2,698,714</u>    | <u>74,124</u>       |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>1,082,986</u>            | <u>189,681</u>           | <u>(250,714)</u>       | <u>(10,471)</u>             | <u>(352,513)</u>    | <u>(74,124)</u>     |
| Other financing sources (uses):                              |                             |                          |                        |                             |                     |                     |
| Transfers in   | -                           | -                        | -                      | -                           | -                   | -                   |
| Transfers out  | -                           | -                        | -                      | -                           | -                   | -                   |
| Total other financing sources and uses                       | <u>-</u>                    | <u>-</u>                 | <u>-</u>               | <u>-</u>                    | <u>-</u>            | <u>-</u>            |
| Net change in fund balances                                  | 1,082,986                   | 189,681                  | (250,714)              | (10,471)                    | (352,513)           | (74,124)            |
| Fund Balances - January 1 - restated                         | <u>2,286,089</u>            | <u>508,634</u>           | <u>1,526,756</u>       | <u>78,099</u>               | <u>1,566,968</u>    | <u>1,842,445</u>    |
| Fund Balances - December 31                                  | <u>\$ 3,369,075</u>         | <u>\$ 698,315</u>        | <u>\$ 1,276,042</u>    | <u>\$ 67,628</u>            | <u>\$ 1,214,455</u> | <u>\$ 1,768,321</u> |

Continued on next page

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2011  
 (Continued)

|  | Special Revenue               |  |                       |                 |                             |                           |
|--|-------------------------------|--|-----------------------|-----------------|-----------------------------|---------------------------|
|  | Rainy Day<br>Public<br>Safety | Police Drug<br>Investigation<br>Assistance | Off-Street<br>Parking | Alley<br>Paving | Sidewalk and<br>Curb Repair | Industrial<br>Development |
| <b>Revenues:</b>   |                               |  |                       |                 |                             |                           |
| <b>Taxes:</b>  |                               |  |                       |                 |                             |                           |
| Property   | \$ -                          | \$ -                                       | \$ -                  | -               | \$ -                        | \$ -                      |
| Licenses and permits   | -                             | -  | 3,547                 | -               | -                           | -                         |
| Intergovernmental  | -                             | 5,039                                      | -                     | -               | -                           | -                         |
| Charges for services   | -                             | -  | -                     | -               | -                           | -                         |
| Interest   | -                             | -  | -                     | -               | -                           | -                         |
| Sale and use of property   | -                             | -  | -                     | -               | -                           | -                         |
| Gifts and donations  | -                             | -  | -                     | -               | -                           | -                         |
| Other  | -                             | -  | -                     | 1,631           | 9,967                       | 180                       |
| <b>Total revenues</b>  | <b>-</b>                      | <b>5,039</b>                               | <b>3,547</b>          | <b>1,631</b>    | <b>9,967</b>                | <b>180</b>                |
| <b>Expenditures:</b>   |                               |  |                       |                 |                             |                           |
| <b>Current:</b>  |                               |  |                       |                 |                             |                           |
| General government   | -                             | -  | -                     | -               | -                           | -                         |
| Public safety  | 341,073                       | -  | 19,311                | -               | -                           | -                         |
| Highways and streets   | -                             | -  | -                     | -               | -                           | -                         |
| Sanitation   | -                             | -  | -                     | -               | -                           | -                         |
| Culture and recreation   | -                             | -  | -                     | -               | -                           | -                         |
| Community development  | -                             | -  | -                     | -               | -                           | 305                       |
| <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>341,073</b>                | <b>-</b>                                   | <b>19,311</b>         | <b>-</b>        | <b>-</b>                    | <b>305</b>                |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>(341,073)</b>              | <b>5,039</b>                               | <b>(15,764)</b>       | <b>1,631</b>    | <b>9,967</b>                | <b>(125)</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>(341,073)</b>              | <b>5,039</b>                               | <b>(15,764)</b>       | <b>1,631</b>    | <b>9,967</b>                | <b>(125)</b>              |
| <b>Fund Balances - January 1 - restated</b>                          | <b>485,264</b>                | <b>9,552</b>                               | <b>26,019</b>         | <b>-</b>        | <b>48,384</b>               | <b>58,362</b>             |
| <b>Fund Balances - December 31</b>                                   | <b>\$ 144,191</b>             | <b>\$ 14,591</b>                           | <b>\$ 10,255</b>      | <b>\$ 1,631</b> | <b>\$ 58,351</b>            | <b>\$ 58,237</b>          |

Continued on next page

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2011  
 (Continued)

|  | Special Revenue    |                     |                   |   |  |                 |
|--|--------------------|---------------------|-------------------|---|--|-----------------|
|  | Unsafe<br>Building | Trash<br>Collection | Mishawaka<br>Gift | Law<br>Enforcement<br>Continuing<br>Education | Local Law<br>Enforcement<br>Block<br>Grant | Levy<br>Excess  |
| Revenues:  |                    |                     |                   |   |  |                 |
| Taxes:   |                    |                     |                   |   |  |                 |
| Property   | \$ -               | \$ -                | \$ -              | \$ -  | \$ -                                       | \$ -            |
| Licenses and permits   | -                  | -                   | -                 | 14,000  | -  | -               |
| Intergovernmental  | -                  | -                   | -                 | 1,170   | -  | -               |
| Charges for services   | -                  | 2,072,791           | -                 | 23,360  | -  | -               |
| Interest   | -                  | -                   | -                 | -   | -  | -               |
| Sale and use of property                                     | -                  | -                   | -                 | -   | -  | -               |
| Gifts and donations  | -                  | -                   | 53,991            | -   | -  | -               |
| Other  | -                  | 1,990               | -                 | 497   | -  | -               |
| Total revenues   | <u>-</u>           | <u>2,074,781</u>    | <u>53,991</u>     | <u>39,027</u>                                 | <u>-</u>                                   | <u>-</u>        |
| Expenditures:  |                    |                     |                   |   |  |                 |
| Current:   |                    |                     |                   |   |  |                 |
| General government   | -                  | -                   | -                 | -   | -  | 66,105          |
| Public safety  | -                  | -                   | -                 | 80,796  | -  | -               |
| Highways and streets   | -                  | -                   | -                 | -   | -  | -               |
| Sanitation   | -                  | 1,954,482           | -                 | -   | -  | -               |
| Culture and recreation                                       | -                  | -                   | 36,931            | -   | -  | -               |
| Community development  | -                  | -                   | -                 | -   | -  | -               |
| Debt service:  |                    |                     |                   |   |  |                 |
| Principal  | -                  | -                   | -                 | -   | -  | -               |
| Interest and fiscal charges                                  | -                  | -                   | -                 | -   | -  | -               |
| Capital outlay:  |                    |                     |                   |   |  |                 |
| General government   | -                  | -                   | -                 | -   | -  | -               |
| Public safety  | -                  | -                   | -                 | -   | -  | -               |
| Highways and streets   | -                  | -                   | -                 | -   | -  | -               |
| Culture and recreation                                       | -                  | -                   | -                 | -   | -  | -               |
| Community development  | -                  | -                   | -                 | -   | -  | -               |
| Total expenditures   | <u>-</u>           | <u>1,954,482</u>    | <u>36,931</u>     | <u>80,796</u>                                 | <u>-</u>                                   | <u>66,105</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>-</u>           | <u>120,299</u>      | <u>17,060</u>     | <u>(41,769)</u>                               | <u>-</u>                                   | <u>(66,105)</u> |
| Other financing sources (uses):                              |                    |                     |                   |   |  |                 |
| Transfers in   | -                  | -                   | -                 | -   | -  | -               |
| Transfers out  | -                  | -                   | -                 | -   | -  | -               |
| Total other financing sources and uses                       | <u>-</u>           | <u>-</u>            | <u>-</u>          | <u>-</u>                                      | <u>-</u>                                   | <u>-</u>        |
| Net change in fund balances                                  | -                  | 120,299             | 17,060            | (41,769)                                      | -  | (66,105)        |
| Fund Balances - January 1 - restated                         | 259                | 278,100             | 179,614           | 85,385  | 928  | 66,105          |
| Fund Balances - December 31                                  | <u>\$ 259</u>      | <u>\$ 398,399</u>   | <u>\$ 196,674</u> | <u>\$ 43,616</u>                              | <u>\$ 928</u>                              | <u>\$ -</u>     |

Continued on next page

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2011  
 (Continued)

|  | Special Revenue       |                      |                          |   |                                 |                                   |
|--|-----------------------|----------------------|--------------------------|---|---------------------------------|-----------------------------------|
|  | Insurance<br>Recovery | Bicentennial<br>Gift | Community<br>Development | Property<br>Rehabilitation<br>Revolving | DOC<br>Community<br>Development | Park<br>Nonreverting<br>Operating |
| Revenues:  |                       |                      |                          |   |                                 |                                   |
| Taxes:   |                       |                      |                          |   |                                 |                                   |
| Property   | \$ -                  | \$ -                 | \$ -                     | \$ -                                    | \$ -                            | \$ -                              |
| Licenses and permits   | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Intergovernmental  | -                     | -                    | 615,207                  | 327,982                                 | -                               | -                                 |
| Charges for services   | -                     | -                    | -                        | -                                       | -                               | 97,840                            |
| Interest   | -                     | 1                    | -                        | -                                       | -                               | -                                 |
| Sale and use of property                                     | -                     | -                    | -                        | -                                       | -                               | 58,300                            |
| Gifts and donations  | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Other  | 44,990                | -                    | 65,625                   | 492,631                                 | -                               | 10,015                            |
| Total revenues   | <u>44,990</u>         | <u>1</u>             | <u>680,832</u>           | <u>820,613</u>                          | <u>-</u>                        | <u>166,155</u>                    |
| Expenditures:  |                       |                      |                          |   |                                 |                                   |
| Current:   |                       |                      |                          |   |                                 |                                   |
| General government   | 17,032                | -                    | -                        | -                                       | -                               | -                                 |
| Public safety  | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Highways and streets   | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Sanitation   | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Culture and recreation                                       | -                     | -                    | -                        | -                                       | -                               | 261,964                           |
| Community development  | -                     | -                    | 699,688                  | 800,570                                 | 5,581                           | -                                 |
| Debt service:  |                       |                      |                          |   |                                 |                                   |
| Principal  | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Interest and fiscal charges                                  | -                     | -                    | -                        | 537                                     | -                               | -                                 |
| Capital outlay:  |                       |                      |                          |   |                                 |                                   |
| General government   | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Public safety  | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Highways and streets   | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Culture and recreation                                       | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Community development  | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Total expenditures   | <u>17,032</u>         | <u>-</u>             | <u>699,688</u>           | <u>801,107</u>                          | <u>5,581</u>                    | <u>261,964</u>                    |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>27,958</u>         | <u>1</u>             | <u>(18,856)</u>          | <u>19,506</u>                           | <u>(5,581)</u>                  | <u>(95,809)</u>                   |
| Other financing sources (uses):                              |                       |                      |                          |   |                                 |                                   |
| Transfers in   | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Transfers out  | -                     | -                    | -                        | -                                       | -                               | -                                 |
| Total other financing sources and uses                       | <u>-</u>              | <u>-</u>             | <u>-</u>                 | <u>-</u>                                | <u>-</u>                        | <u>-</u>                          |
| Net change in fund balances                                  | 27,958                | 1                    | (18,856)                 | 19,506                                  | (5,581)                         | (95,809)                          |
| Fund Balances - January 1 - restated                         | 29,978                | 1,325                | 658,317                  | 17,281                                  | 5,581                           | 428,154                           |
| Fund Balances - December 31                                  | <u>\$ 57,936</u>      | <u>\$ 1,326</u>      | <u>\$ 639,461</u>        | <u>\$ 36,787</u>                        | <u>\$ -</u>                     | <u>\$ 332,345</u>                 |

Continued on next page

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2011  
 (Continued)

|  | Special Revenue                 |                  |                  |                  | Totals               |
|--|---------------------------------|------------------|------------------|------------------|----------------------|
|  | Criminal<br>Assistance<br>Grant | NSP (1)<br>Grant | NSP (3)<br>Grant | State<br>Grant   |                      |
| <b>Revenues:</b>   |                                 |                  |                  |                  |                      |
| <b>Taxes:</b>  |                                 |                  |                  |                  |                      |
| Property   | \$ -                            | \$ -             | \$ -             | \$ -             | \$ 3,510,041         |
| Licenses and permits   | -                               | -                | -                | -                | 17,547               |
| Intergovernmental  | 246,349                         | 570,339          | 125,492          | -                | 6,848,739            |
| Charges for services   | -                               | -                | -                | -                | 2,649,910            |
| Interest   | -                               | -                | -                | -                | 1                    |
| Sale and use of property   | -                               | -                | -                | -                | 251,842              |
| Gifts and donations  | -                               | -                | -                | -                | 120,587              |
| Other  | -                               | 21,695           | 500              | -                | 689,764              |
| <b>Total revenues</b>  | <u>246,349</u>                  | <u>592,034</u>   | <u>125,992</u>   | <u>-</u>         | <u>14,088,431</u>    |
| <b>Expenditures:</b>   |                                 |                  |                  |                  |                      |
| <b>Current:</b>  |                                 |                  |                  |                  |                      |
| General government   | -                               | -                | -                | -                | 157,281              |
| Public safety  | 219,661                         | -                | -                | -                | 3,176,368            |
| Highways and streets   | -                               | -                | -                | -                | 3,018,210            |
| Sanitation   | -                               | -                | -                | -                | 1,954,482            |
| Culture and recreation   | -                               | -                | -                | -                | 3,146,304            |
| Community development  | -                               | 572,840          | 125,493          | -                | 2,204,477            |
| <b>Debt service:</b>   |                                 |                  |                  |                  |                      |
| Principal  | -                               | -                | -                | -                | 174,254              |
| Interest and fiscal charges  | -                               | -                | -                | -                | 9,470                |
| <b>Capital outlay:</b>   |                                 |                  |                  |                  |                      |
| General government   | -                               | -                | -                | -                | -                    |
| Public safety  | -                               | -                | -                | -                | -                    |
| Highways and streets   | -                               | -                | -                | -                | -                    |
| Culture and recreation   | -                               | -                | -                | -                | -                    |
| Community development  | -                               | -                | -                | -                | -                    |
| <b>Total expenditures</b>  | <u>219,661</u>                  | <u>572,840</u>   | <u>125,493</u>   | <u>-</u>         | <u>13,840,826</u>    |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>26,688</u>                   | <u>19,194</u>    | <u>499</u>       | <u>-</u>         | <u>247,605</u>       |
| <b>Other financing sources (uses):</b>                               |                                 |                  |                  |                  |                      |
| Transfers in   | -                               | -                | -                | -                | -                    |
| Transfers out  | -                               | -                | -                | -                | -                    |
| <b>Total other financing sources and uses</b>                        | <u>-</u>                        | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>             |
| <b>Net change in fund balances</b>                                   | <u>26,688</u>                   | <u>19,194</u>    | <u>499</u>       | <u>-</u>         | <u>247,605</u>       |
| <b>Fund Balances - January 1 - restated</b>                          | <u>63,932</u>                   | <u>14</u>        | <u>-</u>         | <u>70,146</u>    | <u>10,321,691</u>    |
| <b>Fund Balances - December 31</b>                                   | <u>\$ 90,620</u>                | <u>\$ 19,208</u> | <u>\$ 499</u>    | <u>\$ 70,146</u> | <u>\$ 10,569,296</u> |

Continued on next page

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2011  
 (Continued)

|  | Debt Service            |                      |                     |                      |                   |                     |
|--|-------------------------|----------------------|---------------------|----------------------|-------------------|---------------------|
|  | Municipal<br>Bond No. 1 | TIF NW<br>Redemption | TIF NW<br>Reserve   | TIF SS<br>Redemption | TIF SS<br>Reserve | Totals              |
| <b>Revenues:</b>   |                         |                      |                     |                      |                   |                     |
| Taxes:   |                         |                      |                     |                      |                   |                     |
| Property   | \$ 1,703,898            | \$ -                 | \$ -                | \$ -                 | \$ -              | \$ 1,703,898        |
| Licenses and permits   | -                       | -                    | -                   | -                    | -                 | -                   |
| Intergovernmental  | 98,095                  | -                    | -                   | -                    | -                 | 98,095              |
| Charges for services   | -                       | -                    | -                   | -                    | -                 | -                   |
| Interest   | -                       | 2,457                | 2,525               | 524                  | 475               | 5,981               |
| Sale and use of property   | -                       | -                    | -                   | -                    | -                 | -                   |
| Gifts and donations  | -                       | -                    | -                   | -                    | -                 | -                   |
| Other  | -                       | -                    | -                   | -                    | -                 | -                   |
| <b>Total revenues</b>  | <b>1,801,993</b>        | <b>2,457</b>         | <b>2,525</b>        | <b>524</b>           | <b>475</b>        | <b>1,807,974</b>    |
| <b>Expenditures:</b>   |                         |                      |                     |                      |                   |                     |
| Current:   |                         |                      |                     |                      |                   |                     |
| General government   | -                       | -                    | -                   | -                    | -                 | -                   |
| Public safety  | -                       | -                    | -                   | -                    | -                 | -                   |
| Highways and streets   | -                       | -                    | -                   | -                    | -                 | -                   |
| Sanitation   | -                       | -                    | -                   | -                    | -                 | -                   |
| Culture and recreation   | -                       | -                    | -                   | -                    | -                 | -                   |
| Community development  | -                       | -                    | -                   | -                    | -                 | -                   |
| Debt service:  |                         |                      |                     |                      |                   |                     |
| Principal  | 1,395,000               | 3,060,000            | -                   | 280,000              | -                 | 4,735,000           |
| Interest and fiscal charges  | 264,410                 | 301,245              | -                   | 50,877               | -                 | 616,532             |
| Capital outlay:  |                         |                      |                     |                      |                   |                     |
| General government   | -                       | -                    | -                   | -                    | -                 | -                   |
| Public safety  | -                       | -                    | -                   | -                    | -                 | -                   |
| Highways and streets   | -                       | -                    | -                   | -                    | -                 | -                   |
| Culture and recreation   | -                       | -                    | -                   | -                    | -                 | -                   |
| Community development  | -                       | -                    | -                   | -                    | -                 | -                   |
| <b>Total expenditures</b>  | <b>1,659,410</b>        | <b>3,361,245</b>     | <b>-</b>            | <b>330,877</b>       | <b>-</b>          | <b>5,351,532</b>    |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>142,583</b>          | <b>(3,358,788)</b>   | <b>2,525</b>        | <b>(330,353)</b>     | <b>475</b>        | <b>(3,543,558)</b>  |
| <b>Other financing sources (uses):</b>                               |                         |                      |                     |                      |                   |                     |
| Transfers in   | -                       | 3,361,244            | -                   | 331,000              | -                 | 3,692,244           |
| Transfers out  | -                       | -                    | -                   | -                    | -                 | -                   |
| <b>Total other financing sources and uses</b>                        | <b>-</b>                | <b>3,361,244</b>     | <b>-</b>            | <b>331,000</b>       | <b>-</b>          | <b>3,692,244</b>    |
| <b>Net change in fund balances</b>                                   | <b>142,583</b>          | <b>2,456</b>         | <b>2,525</b>        | <b>647</b>           | <b>475</b>        | <b>148,686</b>      |
| <b>Fund Balances - January 1 - restated</b>                          | <b>689,228</b>          | <b>266,744</b>       | <b>1,229,614</b>    | <b>44,120</b>        | <b>375,844</b>    | <b>2,605,550</b>    |
| <b>Fund Balances - December 31</b>                                   | <b>\$ 831,811</b>       | <b>\$ 269,200</b>    | <b>\$ 1,232,139</b> | <b>\$ 44,767</b>     | <b>\$ 376,319</b> | <b>\$ 2,754,236</b> |

Continued on next page

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2011  
 (Continued)

|  | Capital Projects   |                                      |                     |                        |   |                                      |
|--|--|--------------------------------------|---------------------|------------------------|---|--------------------------------------|
|  | Cumulative<br>Building and<br>Fire Fighting<br>Equipment | Cumulative<br>Capital<br>Improvement | Cumulative<br>Sewer | General<br>Improvement | Consolidated<br>Project<br>Expenditures | Cumulative<br>Capital<br>Development |
| Revenues:  |  |                                      |                     |                        |   |                                      |
| Taxes:   |  |                                      |                     |                        |   |                                      |
| Property   | \$ 37,115  | \$ -                                 | \$ 458,639          | \$ -                   | \$ -                                    | \$ 352,595                           |
| Licenses and permits   | -  | -                                    | 41,543              | -                      | -                                       | -                                    |
| Intergovernmental  | 2,144  | 133,701                              | 171,763             | -                      | -                                       | 85,969                               |
| Charges for services   | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Interest   | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Sale and use of property                                     | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Gifts and donations  | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Other  | -  | -                                    | 51,429              | -                      | 6,050                                   | 14,291                               |
| Total revenues   | <u>39,259</u>  | <u>133,701</u>                       | <u>723,374</u>      | <u>-</u>               | <u>6,050</u>                            | <u>452,855</u>                       |
| Expenditures:  |  |                                      |                     |                        |   |                                      |
| Current:   |  |                                      |                     |                        |   |                                      |
| General government   | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Public safety  | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Highways and streets   | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Sanitation   | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Culture and recreation                                       | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Community development  | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Debt service:  |  |                                      |                     |                        |   |                                      |
| Principal  | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Interest and fiscal charges                                  | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Capital outlay:  |  |                                      |                     |                        |   |                                      |
| General government   | -  | -                                    | -                   | -                      | -                                       | 319,725                              |
| Public safety  | 30,313   | -                                    | 605,019             | -                      | -                                       | 448                                  |
| Highways and streets   | -  | -                                    | -                   | -                      | -                                       | 135,394                              |
| Culture and recreation                                       | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Community development  | -  | -                                    | -                   | -                      | 16,068                                  | -                                    |
| Total expenditures   | <u>30,313</u>  | <u>-</u>                             | <u>605,019</u>      | <u>-</u>               | <u>16,068</u>                           | <u>455,567</u>                       |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>8,946</u>   | <u>133,701</u>                       | <u>118,355</u>      | <u>-</u>               | <u>(10,018)</u>                         | <u>(2,712)</u>                       |
| Other financing sources (uses):                              |  |                                      |                     |                        |   |                                      |
| Transfers in   | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Transfers out  | -  | -                                    | -                   | -                      | -                                       | -                                    |
| Total other financing sources and uses                       | <u>-</u>   | <u>-</u>                             | <u>-</u>            | <u>-</u>               | <u>-</u>                                | <u>-</u>                             |
| Net change in fund balances                                  | 8,946  | 133,701                              | 118,355             | -                      | (10,018)                                | (2,712)                              |
| Fund Balances - January 1 - restated                         | <u>80,897</u>  | <u>856,862</u>                       | <u>1,320,034</u>    | <u>55,567</u>          | <u>10,018</u>                           | <u>403,976</u>                       |
| Fund Balances - December 31                                  | <u>\$ 89,843</u>   | <u>\$ 990,563</u>                    | <u>\$ 1,438,389</u> | <u>\$ 55,567</u>       | <u>\$ -</u>                             | <u>\$ 401,264</u>                    |

Continued on next page

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2011  
 (Continued)

|  | Capital Projects                 |                      |                     |                     |                      | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|----------------------------------|----------------------|---------------------|---------------------|----------------------|--|
|  | Energy<br>Saving<br>Improvements | Park<br>Bond Capital | CEDIT               | TIF SS<br>General   | Totals               |  |
| <b>Revenues:</b>   |                                  |                      |                     |                     |                      |  |
| <b>Taxes:</b>  |                                  |                      |                     |                     |                      |  |
| Property   | \$ -                             | \$ -                 | \$ -                | \$ 859,986          | \$ 1,708,335         | \$ 6,922,274                               |
| Licenses and permits   | -                                | -                    | -                   | -                   | 41,543               | 59,090                                     |
| Intergovernmental  | -                                | -                    | 2,905,390           | -                   | 3,298,967            | 10,245,801                                 |
| Charges for services   | -                                | -                    | -                   | -                   | -                    | 2,649,910                                  |
| Interest   | -                                | -                    | -                   | 2,222               | 2,222                | 8,204                                      |
| Sale and use of property   | -                                | -                    | -                   | -                   | -                    | 251,842                                    |
| Gifts and donations  | -                                | -                    | -                   | -                   | -                    | 120,587                                    |
| Other  | -                                | -                    | -                   | 10,317              | 82,087               | 771,851                                    |
| <b>Total revenues</b>  | <b>-</b>                         | <b>-</b>             | <b>2,905,390</b>    | <b>872,525</b>      | <b>5,133,154</b>     | <b>21,029,559</b>                          |
| <b>Expenditures:</b>   |                                  |                      |                     |                     |                      |  |
| <b>Current:</b>  |                                  |                      |                     |                     |                      |  |
| General government   | -                                | -                    | -                   | -                   | -                    | 157,261                                    |
| Public safety  | -                                | -                    | -                   | -                   | -                    | 3,176,368                                  |
| Highways and streets   | -                                | -                    | -                   | -                   | -                    | 3,018,210                                  |
| Sanitation   | -                                | -                    | -                   | -                   | -                    | 1,954,482                                  |
| Culture and recreation   | -                                | -                    | -                   | -                   | -                    | 3,146,304                                  |
| Community development  | -                                | -                    | -                   | -                   | -                    | 2,204,477                                  |
| <b>Debt service:</b>   |                                  |                      |                     |                     |                      |  |
| Principal  | -                                | -                    | -                   | -                   | -                    | 4,909,254                                  |
| Interest and fiscal charges  | -                                | -                    | -                   | -                   | -                    | 626,002                                    |
| <b>Capital outlay:</b>   |                                  |                      |                     |                     |                      |  |
| General government   | 475,576                          | -                    | 398,460             | -                   | 1,193,761            | 1,193,761                                  |
| Public safety  | -                                | -                    | -                   | -                   | 635,780              | 635,780                                    |
| Highways and streets   | -                                | -                    | 886,153             | 319,887             | 1,341,434            | 1,341,434                                  |
| Culture and recreation   | -                                | -                    | 164,614             | 528,376             | 692,990              | 692,990                                    |
| Community development  | -                                | -                    | -                   | -                   | 16,068               | 16,068                                     |
| <b>Total expenditures</b>  | <b>475,576</b>                   | <b>-</b>             | <b>1,449,227</b>    | <b>848,263</b>      | <b>3,880,033</b>     | <b>23,072,391</b>                          |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>(475,576)</b>                 | <b>-</b>             | <b>1,456,163</b>    | <b>24,262</b>       | <b>1,253,121</b>     | <b>(2,042,832)</b>                         |
| <b>Other financing sources (uses):</b>                               |                                  |                      |                     |                     |                      |  |
| Transfers in   | -                                | -                    | -                   | -                   | -                    | 3,692,244                                  |
| Transfers out  | -                                | -                    | -                   | (331,000)           | (331,000)            | (331,000)                                  |
| <b>Total other financing sources and uses</b>                        | <b>-</b>                         | <b>-</b>             | <b>-</b>            | <b>(331,000)</b>    | <b>(331,000)</b>     | <b>3,361,244</b>                           |
| <b>Net change in fund balances</b>                                   | <b>(475,576)</b>                 | <b>-</b>             | <b>1,456,163</b>    | <b>(306,738)</b>    | <b>922,121</b>       | <b>1,318,412</b>                           |
| <b>Fund Balances - January 1 - restated</b>                          | <b>475,576</b>                   | <b>588</b>           | <b>3,303,564</b>    | <b>4,027,279</b>    | <b>10,534,361</b>    | <b>23,461,602</b>                          |
| <b>Fund Balances - December 31</b>                                   | <b>\$ -</b>                      | <b>\$ 588</b>        | <b>\$ 4,759,727</b> | <b>\$ 3,720,541</b> | <b>\$ 11,456,482</b> | <b>\$ 24,780,014</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, 2011

|   | Budgeted Amounts   |                    | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|---|--------------------|--------------------|---|--|
|   | Original           | Final              |   |  |
| <b>Revenues:</b>                              |                    |                    |   |  |
| Taxes:  |                    |                    |   |  |
| Property                                      | \$ 1,381,901       | \$ 1,381,901       | \$ 1,744,416                            | \$ 362,515   |
| Intergovernmental                             | 1,071,322          | 1,071,322          | 2,119,421                               | 1,048,099  |
| Charges for services                          | 5,700              | 5,700              | 5,700                                   | -  |
| Other   | 8,000              | 8,000              | 11,067                                  | 3,067  |
| <b>Total revenues</b>                         | <b>2,466,923</b>   | <b>2,466,923</b>   | <b>3,880,604</b>                        | <b>1,413,681</b>   |
| <b>Expenditures:</b>                          |                    |                    |   |  |
| Current:                                      |                    |                    |   |  |
| Highways and streets:                         |                    |                    |   |  |
| Personal services                             | 2,190,445          | 2,190,445          | 1,827,919                               | 362,526  |
| Supplies                                      | 752,311            | 752,311            | 573,449                                 | 178,862  |
| Other services and charges                    | 550,292            | 550,592            | 449,318                                 | 101,274  |
| Capital outlay                                | 280,334            | 630,334            | 277,535                                 | 352,799  |
| <b>Total expenditures</b>                     | <b>3,773,382</b>   | <b>4,123,682</b>   | <b>3,128,221</b>                        | <b>995,461</b>   |
| <b>Net change in fund balances</b>            | <b>(1,306,459)</b> | <b>(1,656,759)</b> | <b>752,383</b>                          | <b>2,409,142</b>   |
| <b>Fund balances - beginning</b>              | <b>2,205,167</b>   | <b>2,205,167</b>   | <b>2,205,167</b>                        | <b>-</b>   |
| <b>Fund balances - ending</b>                 | <b>\$ 898,708</b>  | <b>\$ 548,408</b>  | <b>\$ 2,957,550</b>                     | <b>\$ 2,409,142</b>  |
| <b>Budget/GAAP Reconciliation</b>             |                    |                    |   |  |
| Net change in fund balance, budget basis      |                    |                    | \$ 752,383                              |  |
| To adjust revenues for accruals               |                    |                    | 4,429                                   |  |
| To adjust expenditures for accruals           |                    |                    | 63,304                                  |  |
| To adjust expenditures for encumbrances       |                    |                    | 262,870                                 |  |
| <b>Net change in fund balance, GAAP basis</b> |                    |                    | <b>\$ 1,082,986</b>                     |  |

CITY OF MISHAWAKA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - LOCAL ROAD AND STREET  
 For The Year Ended December 31, 2011

|  | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|---|--|
|  | Original          | Final             |   |  |
| Revenues:                                |                   |                   |   |  |
| Intergovernmental                        | \$ 491,764        | \$ 491,764        | \$ 415,050                              | \$ (76,714)  |
| Other                                    | -                 | -                 | 157                                     | 157  |
| Total revenues                           | <u>491,764</u>    | <u>491,764</u>    | <u>415,207</u>                          | <u>(76,557)</u>  |
| Expenditures:                            |                   |                   |   |  |
| Current:                                 |                   |                   |   |  |
| Highways and streets:                    |                   |                   |   |  |
| Capital outlay                           | <u>694,529</u>    | <u>694,529</u>    | <u>512,380</u>                          | <u>182,149</u>   |
| Net change in fund balances              | (202,765)         | (202,765)         | (97,173)                                | 105,592  |
| Fund balances - beginning                | <u>432,657</u>    | <u>432,657</u>    | <u>432,657</u>                          | -  |
| Fund balances - ending                   | <u>\$ 229,892</u> | <u>\$ 229,892</u> | <u>\$ 335,484</u>                       | <u>\$ 105,592</u>  |
| <u>Budget/GAAP Reconciliation</u>        |                   |                   |   |  |
| Net change in fund balance, budget basis |                   |                   | \$ (97,173)                             |  |
| To adjust revenues for accruals          |                   |                   | (3,835)                                 |  |
| To adjust expenditures for accruals      |                   |                   | (77,608)                                |  |
| To adjust expenditures for encumbrances  |                   |                   | <u>368,297</u>                          |  |
| Net change in fund balance, GAAP basis   |                   |                   | <u>\$ 189,681</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, 2011

|   | Budgeted Amounts  |                    | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|---|-------------------|--------------------|---|--|
|   | Original          | Final              |   |  |
| <b>Revenues:</b>                              |                   |                    |   |  |
| <b>Taxes:</b>                                 |                   |                    |   |  |
| Property                                      | \$ 1,654,638      | \$ 1,654,638       | \$ 1,765,625                            | \$ 110,987   |
| Intergovernmental                             | 76,234            | 76,234             | 101,990                                 | 25,756   |
| Charges for services                          | 298,000           | 298,000            | 437,442                                 | 139,442  |
| Other   | 57,000            | -                  | 201,794                                 | 201,794  |
| <b>Total revenues</b>                         | <b>2,085,872</b>  | <b>2,028,872</b>   | <b>2,506,851</b>                        | <b>477,979</b>   |
| <b>Expenditures:</b>                          |                   |                    |   |  |
| <b>Current:</b>                               |                   |                    |   |  |
| <b>Culture and recreation:</b>                |                   |                    |   |  |
| Personal services                             | 2,056,116         | 1,986,116          | 1,904,710                               | 81,406   |
| Supplies                                      | 352,223           | 387,223            | 310,244                                 | 76,979   |
| Other services and charges                    | 638,280           | 673,490            | 578,056                                 | 95,434   |
| Capital outlay                                | 601               | 601                | 601                                     | -  |
| <b>Total expenditures</b>                     | <b>3,047,220</b>  | <b>3,047,430</b>   | <b>2,793,611</b>                        | <b>253,819</b>   |
| <b>Net change in fund balances</b>            | <b>(961,348)</b>  | <b>(1,018,558)</b> | <b>(286,760)</b>                        | <b>731,798</b>   |
| <b>Fund balances - beginning</b>              | <b>1,601,898</b>  | <b>1,601,898</b>   | <b>1,601,898</b>                        | <b>-</b>   |
| <b>Fund balances - ending</b>                 | <b>\$ 640,550</b> | <b>\$ 583,340</b>  | <b>\$ 1,315,138</b>                     | <b>\$ 731,798</b>  |
| <b>Budget/GAAP Reconciliation</b>             |                   |                    |   |  |
| Net change in fund balance, budget basis      |                   |                    | \$ (286,760)                            |  |
| To adjust revenues for accruals               |                   |                    | 540                                     |  |
| To adjust expenditures for accruals           |                   |                    | 2,416                                   |  |
| To adjust expenditures for encumbrances       |                   |                    | 33,090                                  |  |
| <b>Net change in fund balance, GAAP basis</b> |                   |                    | <b>\$ (250,714)</b>                     |  |

CITY OF MISHAWAKA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - PUBLIC SAFETY  
 For The Year Ended December 31, 2011

|  | Budgeted Amounts    |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|---------------------|-------------------|---|--|
|  | Original            | Final             |   |  |
| Revenues:                                |                     |                   |   |  |
| Intergovernmental                        | \$ 1,700,000        | \$ 1,700,000      | \$ 2,121,804                            | \$ 421,804   |
| Other                                    | -                   | -                 | 26,095                                  | 26,095   |
| Total revenues                           | <u>1,700,000</u>    | <u>1,700,000</u>  | <u>2,147,899</u>                        | <u>447,899</u>   |
| Expenditures:                            |                     |                   |   |  |
| Current:                                 |                     |                   |   |  |
| Public safety:                           |                     |                   |   |  |
| Other services and charges               | 541,377             | 541,377           | 541,150                                 | 227  |
| Capital outlay                           | 1,397,000           | 2,973,268         | 2,841,076                               | 132,192  |
| Total expenditures                       | <u>1,938,377</u>    | <u>3,514,645</u>  | <u>3,382,226</u>                        | <u>132,419</u>   |
| Net change in fund balances              | (238,377)           | (1,814,645)       | (1,234,327)                             | 580,318  |
| Fund balances - beginning                | <u>1,948,849</u>    | <u>1,948,849</u>  | <u>1,948,849</u>                        | -  |
| Fund balances - ending                   | <u>\$ 1,710,472</u> | <u>\$ 134,204</u> | <u>\$ 714,522</u>                       | <u>\$ 580,318</u>  |
| <u>Budget/GAAP Reconciliation</u>        |                     |                   |   |  |
| Net change in fund balance, budget basis |                     |                   | \$ (1,234,327)                          |  |
| To adjust expenditures for accruals      |                     |                   | 198,302                                 |  |
| To adjust expenditures for accruals      |                     |                   | (11,791)                                |  |
| To adjust expenditures for encumbrances  |                     |                   | 695,303                                 |  |
| Net change in fund balance, GAAP basis   |                     |                   | <u>\$ (352,513)</u>                     |  |

CITY OF MISHAWAKA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - RAINY DAY  
 For The Year Ended December 31, 2011

|  | <u>Budgeted Amounts</u> |                     | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------------|---------------------|---|--|
|  | <u>Original</u>         | <u>Final</u>        |   |  |
| Expenditures:                            |                         |                     |   |  |
| Current:                                 |                         |                     |   |  |
| Public safety:                           |                         |                     |   |  |
| Capital outlay                           | \$ 110,599              | \$ 110,599          | \$ 110,599                              | \$ -   |
| Fund balances - beginning                | <u>1,878,920</u>        | <u>1,878,920</u>    | <u>1,878,920</u>                        | <u>-</u>   |
| Fund balances - ending                   | <u>\$ 1,768,321</u>     | <u>\$ 1,768,321</u> | <u>\$ 1,768,321</u>                     | <u>\$ -</u>  |
| <u>Budget/GAAP Reconciliation</u>        |                         |                     |   |  |
| Net change in fund balance, budget basis |                         |                     | \$ (110,599)                            |  |
| To adjust expenditures for accruals      |                         |                     | <u>36,475</u>                           |  |
| Net change in fund balance, GAAP basis   |                         |                     | <u>\$ (74,124)</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, 2011

|  | <u>Budgeted Amounts</u> |                     | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|-------------------------|---------------------|---|--|
|  | <u>Original</u>         | <u>Final</u>        |   |  |
| Expenditures:                            |                         |                     |   |  |
| Current:                                 |                         |                     |   |  |
| Public safety:                           |                         |                     |   |  |
| Other services and charges               | \$ 484,196              | \$ 484,196          | \$ 484,196                              | \$ -   |
| Capital outlay                           | 4,378                   | 4,378               | 4,378                                   | -  |
| Total expenditures                       | <u>488,574</u>          | <u>488,574</u>      | <u>488,574</u>                          | <u>-</u>   |
| Fund balances - beginning                | <u>491,092</u>          | <u>491,092</u>      | <u>491,092</u>                          | <u>-</u>   |
| Fund balances - ending                   | <u>\$ 1,468,240</u>     | <u>\$ 1,468,240</u> | <u>\$ 1,468,240</u>                     | <u>\$ -</u>  |
| <u>Budget/GAAP Reconciliation</u>        |                         |                     |   |  |
| Net change in fund balance, budget basis |                         |                     | \$ (488,574)                            |  |
| To adjust expenditures for accruals      |                         |                     | (8,990)                                 |  |
| To adjust expenditures for encumbrances  |                         |                     | <u>156,491</u>                          |  |
| Net change in fund balance, GAAP basis   |                         |                     | <u>\$ (341,073)</u>                     |  |

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - LAW ENFORCEMENT CONTINUING EDUCATION  
For The Year Ended December 31, 2011

|   | Budgeted Amounts |                  | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|---|------------------|------------------|---|--|
|   | Original         | Final            |   |  |
| <b>Revenues:</b>                              |                  |                  |   |  |
| Licenses and permits                          | \$ 10,000        | \$ 10,000        | \$ 13,940                               | \$ 3,940   |
| Charges for services                          | 16,000           | 16,000           | 23,360                                  | 7,360  |
| Fines and forfeits                            | 5,000            | 5,000            | -                                       | (5,000)  |
| Other   | -                | -                | 1,667                                   | 1,667  |
| <b>Total revenues</b>                         | <b>31,000</b>    | <b>31,000</b>    | <b>38,967</b>                           | <b>7,967</b>   |
| <b>Expenditures:</b>                          |                  |                  |   |  |
| <b>Current:</b>                               |                  |                  |   |  |
| <b>Public safety:</b>                         |                  |                  |   |  |
| Supplies                                      | 35,326           | 35,326           | 34,298                                  | 1,028  |
| Other services and charges                    | 30,421           | 30,421           | 30,421                                  | -  |
| Capital outlay                                | 34,462           | 34,462           | 33,647                                  | 815  |
| <b>Total expenditures</b>                     | <b>100,209</b>   | <b>100,209</b>   | <b>98,366</b>                           | <b>1,843</b>   |
| <b>Net change in fund balances</b>            | <b>(69,209)</b>  | <b>(69,209)</b>  | <b>(59,399)</b>                         | <b>9,810</b>   |
| Fund balances - beginning                     | 100,387          | 100,387          | 100,387                                 | -  |
| <b>Fund balances - ending</b>                 | <b>\$ 31,178</b> | <b>\$ 31,178</b> | <b>\$ 40,988</b>                        | <b>\$ 9,810</b>  |
| <b><u>Budget/GAAP Reconciliation</u></b>      |                  |                  |   |  |
| Net change in fund balance, budget basis      |                  |                  | \$ (59,399)                             |  |
| To adjust revenues for accruals               |                  |                  | 60                                      |  |
| To adjust expenditures for accruals           |                  |                  | 6,615                                   |  |
| To adjust expenditures for encumbrances       |                  |                  | 10,955                                  |  |
| <b>Net change in fund balance, GAAP basis</b> |                  |                  | <b>\$ (41,769)</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, 2011

|   | Budgeted Amounts |                  | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|---|------------------|------------------|---|--|
|   | Original         | Final            |   |  |
| <b>Revenues:</b>                              |                  |                  |   |  |
| Charges for services                          | \$ 88,000        | \$ 88,000        | \$ 97,830                               | \$ 9,830   |
| Other   | 37,000           | 37,000           | 68,315                                  | 31,315   |
| <b>Total revenues</b>                         | <b>125,000</b>   | <b>125,000</b>   | <b>166,145</b>                          | <b>41,145</b>  |
| <b>Expenditures:</b>                          |                  |                  |   |  |
| Current:                                      |                  |                  |   |  |
| Culture and recreation:                       |                  |                  |   |  |
| Supplies                                      | 20,000           | 20,000           | 19,999                                  | 1  |
| Capital outlay                                | 339,836          | 349,851          | 340,867                                 | 8,984  |
| <b>Total expenditures</b>                     | <b>359,836</b>   | <b>369,851</b>   | <b>360,866</b>                          | <b>8,985</b>   |
| <b>Net change in fund balances</b>            | <b>(234,836)</b> | <b>(244,851)</b> | <b>(194,721)</b>                        | <b>50,130</b>  |
| Fund balances - beginning                     | 428,428          | 428,428          | 428,428                                 | -  |
| Fund balances - ending                        | \$ 193,592       | \$ 183,577       | \$ 233,707                              | \$ 50,130  |
| <b>Budget/GAAP Reconciliation</b>             |                  |                  |   |  |
| Net change in fund balance, budget basis      |                  |                  | \$ (194,721)                            |  |
| To adjust revenues for accruals               |                  |                  | 10                                      |  |
| To adjust expenditures for accruals           |                  |                  | (2,144)                                 |  |
| To adjust expenditures for encumbrances       |                  |                  | 101,046                                 |  |
| <b>Net change in fund balance, GAAP basis</b> |                  |                  | <b>\$ (95,809)</b>                      |  |

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, 2011

|                                | <u>Budgeted Amounts</u> |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--------------------------------|-------------------------|-------------------|---|--|
|                                | <u>Original</u>         | <u>Final</u>      |   |  |
| Revenues:                      |                         |                   |   |  |
| Taxes:                         |                         |                   |   |  |
| Property                       | \$ 1,792,683            | \$ 1,792,683      | \$ 1,703,898                            | \$ (88,785)  |
| Intergovernmental              | <u>71,753</u>           | <u>71,753</u>     | <u>98,095</u>                           | <u>26,342</u>  |
| Total revenues                 | <u>1,864,436</u>        | <u>1,864,436</u>  | <u>1,801,993</u>                        | <u>(62,443)</u>  |
| Expenditures:                  |                         |                   |   |  |
| Debt service:                  |                         |                   |   |  |
| Principal                      | 1,395,000               | 1,395,000         | 1,395,000                               | -  |
| Interest and fiscal agent fees | <u>265,909</u>          | <u>265,909</u>    | <u>264,410</u>                          | <u>1,499</u>   |
| Total expenditures             | <u>1,660,909</u>        | <u>1,660,909</u>  | <u>1,659,410</u>                        | <u>1,499</u>   |
| Net change in fund balances    | 203,527                 | 203,527           | 142,583                                 | (60,944)   |
| Fund balances - beginning      | <u>689,728</u>          | <u>689,728</u>    | <u>689,728</u>                          | <u>-</u>   |
| Fund balances - ending         | <u>\$ 893,255</u>       | <u>\$ 893,255</u> | <u>\$ 832,311</u>                       | <u>\$ (60,944)</u>   |

Budget/GAAP Reconciliation

No reconciliation necessary since budgetary basis equals GAAP basis

CITY OF MISHAWAKA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - CUMULATIVE BUILDING AND FIRE FIGHTING EQUIPMENT  
 For The Year Ended December 31, 2011

|  | Budgeted Amounts |                  | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|---|--|
|  | Original         | Final            |   |  |
| Revenues:                                |                  |                  |   |  |
| Taxes:                                   |                  |                  |   |  |
| Property                                 | \$ 50,000        | \$ 50,000        | \$ 37,115                               | \$ (12,885)  |
| Intergovernmental                        | 1,864            | 1,864            | 2,144                                   | 280  |
| Total revenues                           | <u>51,864</u>    | <u>51,864</u>    | <u>39,259</u>                           | <u>(12,605)</u>  |
| Expenditures:                            |                  |                  |   |  |
| Capital outlay:                          |                  |                  |   |  |
| Public safety:                           |                  |                  |   |  |
| Capital outlay                           | 60,126           | 60,126           | 47,537                                  | 12,589   |
| Net change in fund balances              | (8,262)          | (8,262)          | (8,278)                                 | (16)   |
| Fund balances - beginning                | 80,897           | 80,897           | 80,897                                  | -  |
| Fund balances - ending                   | <u>\$ 72,635</u> | <u>\$ 72,635</u> | <u>\$ 72,619</u>                        | <u>\$ (16)</u>   |
| <u>Budget/GAAP Reconciliation</u>        |                  |                  |   |  |
| Net change in fund balance, budget basis |                  |                  | \$ (8,278)                              |  |
| To adjust expenditures for accruals      |                  |                  | (7,518)                                 |  |
| To adjust expenditures for encumbrances  |                  |                  | 24,742                                  |  |
| Net change in fund balance, GAAP basis   |                  |                  | <u>\$ 8,946</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, 2011

|                           | Budgeted Amounts |            | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|---------------------------|------------------|------------|---|--|
|                           | Original         | Final      |   |  |
| Revenues:                 |                  |            |   |  |
| Intergovernmental         | \$ 122,444       | \$ 122,444 | \$ 133,701                              | \$ 11,257  |
| Fund balances - beginning | 856,862          | 856,862    | 856,862                                 | -  |
| Fund balances - ending    | \$ 979,306       | \$ 979,306 | \$ 990,563                              | \$ 11,257  |

Budget/GAAP Reconciliation

No reconciliation necessary since budgetary basis equals GAAP basis

CITY OF MISHAWAKA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - CUMULATIVE SEWER  
For The Year Ended December 31, 2011

|   | Budgeted Amounts  |                   | Actual                        | Variance                                       |
|---|-------------------|-------------------|-------------------------------|--|
|   | Original          | Final             | Budgetary<br>Basis<br>Amounts | With Final<br>Budget<br>Positive<br>(Negative) |
| <b>Revenues:</b>                              |                   |                   |                               |  |
| <b>Taxes:</b>                                 |                   |                   |                               |  |
| Property                                      | \$ 624,207        | \$ 624,207        | \$ 458,639                    | \$ (165,568)                                   |
| Intergovernmental                             | 22,984            | 22,984            | 26,492                        | 3,508  |
| Charges for services                          | -                 | -                 | 41,543                        | 41,543   |
| Other   | -                 | -                 | 198,700                       | 198,700  |
| <b>Total revenues</b>                         | <b>647,191</b>    | <b>647,191</b>    | <b>723,374</b>                | <b>76,183</b>                                  |
| <b>Expenditures:</b>                          |                   |                   |                               |  |
| <b>Capital outlay:</b>                        |                   |                   |                               |  |
| <b>Public safety:</b>                         |                   |                   |                               |  |
| Other services and charges                    | 339,842           | 339,842           | 339,842                       | -  |
| Capital outlay                                | 980,952           | 980,952           | 980,952                       | -  |
| <b>Total expenditures</b>                     | <b>1,320,794</b>  | <b>1,320,794</b>  | <b>1,320,794</b>              | <b>-</b>                                       |
| <b>Net change in fund balances</b>            | <b>(673,603)</b>  | <b>(673,603)</b>  | <b>(597,420)</b>              | <b>76,183</b>                                  |
| <b>Fund balances - beginning</b>              | <b>1,322,083</b>  | <b>1,322,083</b>  | <b>1,322,083</b>              | <b>-</b>                                       |
| <b>Fund balances - ending</b>                 | <b>\$ 648,480</b> | <b>\$ 648,480</b> | <b>\$ 724,663</b>             | <b>\$ 76,183</b>                               |
| <b><u>Budget/GAAP Reconciliation</u></b>      |                   |                   |                               |  |
| Net change in fund balance, budget basis      |                   |                   | \$ (597,420)                  |  |
| To adjust expenditures for accruals           |                   |                   | (354,872)                     |  |
| To adjust expenditures for encumbrances       |                   |                   | 1,070,647                     |  |
| <b>Net change in fund balance, GAAP basis</b> |                   |                   | <b>\$ 118,355</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, 2011

|   | Budgeted Amounts  |                   | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|---|-------------------|-------------------|---|--|
|   | Original          | Final             |   |  |
| <b>Revenues:</b>                              |                   |                   |   |  |
| Taxes:  |                   |                   |   |  |
| Property                                      | \$ 463,880        | \$ 463,880        | \$ 352,595                              | \$ (111,285)   |
| Intergovernmental                             | 18,567            | 18,567            | 85,969                                  | 67,402   |
| Other   | -                 | -                 | 14,291                                  | 14,291   |
| <b>Total revenues</b>                         | <b>482,447</b>    | <b>482,447</b>    | <b>452,855</b>                          | <b>(29,592)</b>  |
| <b>Expenditures:</b>                          |                   |                   |   |  |
| Capital outlay:                               |                   |                   |   |  |
| General government:                           |                   |                   |   |  |
| Other services and charges                    | 13,033            | 17,837            | 13,517                                  | 4,320  |
| Capital outlay                                | 663,422           | 725,765           | 617,190                                 | 108,575  |
| <b>Total expenditures</b>                     | <b>676,455</b>    | <b>743,602</b>    | <b>630,707</b>                          | <b>112,895</b>   |
| <b>Net change in fund balances</b>            | <b>(194,008)</b>  | <b>(261,155)</b>  | <b>(177,852)</b>                        | <b>83,303</b>  |
| Fund balances - beginning                     | 448,561           | 448,561           | 448,561                                 | -  |
| <b>Fund balances - ending</b>                 | <b>\$ 254,553</b> | <b>\$ 187,406</b> | <b>\$ 270,709</b>                       | <b>\$ 83,303</b>   |
| <b>Budget/GAAP Reconciliation</b>             |                   |                   |   |  |
| Net change in fund balance, budget basis      |                   |                   | \$ (177,852)                            |  |
| To adjust expenditures for accruals           |                   |                   | (53,261)                                |  |
| To adjust expenditures for encumbrances       |                   |                   | 228,401                                 |  |
| <b>Net change in fund balance, GAAP basis</b> |                   |                   | <b>\$ (2,712)</b>                       |  |

CITY OF MISHAWAKA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - ENERGY SAVING IMPROVEMENTS  
 For The Year Ended December 31, 2011

|                           | Budgeted Amounts |            | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|---------------------------|------------------|------------|---|--|
|                           | Original         | Final      |   |  |
| Expenditures:             |                  |            |   |  |
| Capital outlay:           |                  |            |   |  |
| General government:       |                  |            |   |  |
| Capital outlay            | \$ 475,576       | \$ 475,576 | \$ 475,576                              | \$ -   |
| Fund balances - beginning | 475,576          | 475,576    | 475,576                                 | -  |
| Fund balances - ending    | \$ -             | \$ -       | \$ -                                    | \$ -   |

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 - CREDIT  
For The Year Ended December 31, 2011

|  | Budgeted Amounts |              | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|------------------|--------------|---|--|
|  | Original         | Final        |   |  |
| Revenues:                                |                  |              |   |  |
| Intergovernmental                        | \$ 2,300,000     | \$ 2,300,000 | \$ 2,636,726                            | \$ 336,726   |
| Expenditures:                            |                  |              |   |  |
| Capital outlay:                          |                  |              |   |  |
| General government:                      |                  |              |   |  |
| Other services and charges               | 347,000          | 347,000      | 338,476                                 | 8,524  |
| Capital outlay                           | 898,295          | 898,244      | 751,345                                 | 146,899  |
| Public safety:                           |                  |              |   |  |
| Capital outlay                           | 680,559          | 680,559      | 680,559                                 | -  |
| Highways and streets:                    |                  |              |   |  |
| Capital outlay                           | 1,390,916        | 1,390,916    | 1,390,916                               | -  |
| Culture and recreation:                  |                  |              |   |  |
| Capital outlay                           | 183,578          | 383,578      | 383,578                                 | -  |
| Total expenditures                       | 3,500,348        | 3,700,297    | 3,544,874                               | 155,423  |
| Net change in fund balances              | (1,200,348)      | (1,400,297)  | (908,148)                               | 492,149  |
| Fund balances - beginning                | 4,038,310        | 4,038,310    | 4,038,310                               | -  |
| Fund balances - ending                   | \$ 2,837,962     | \$ 2,638,013 | \$ 3,130,162                            | \$ 492,149   |
| <u>Budget/GAAP Reconciliation</u>        |                  |              |   |  |
| Net change in fund balance, budget basis |                  |              | \$ (908,148)                            |  |
| To adjust expenditures for accruals      |                  |              | 268,664                                 |  |
| To adjust expenditures for accruals      |                  |              | (29,854)                                |  |
| To adjust expenditures for encumbrances  |                  |              | 2,125,501                               |  |
| Net change in fund balance, GAAP basis   |                  |              | \$ 1,456,163                            |  |

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, 2011

|  | Budgeted Amounts    |                     | Actual<br>Budgetary<br>Basis<br>Amounts | Variance<br>With Final<br>Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---|--|
|  | Original            | Final               |   |  |
| <b>Revenues:</b>                         |                     |                     |   |  |
| Interest                                 | \$ -                | \$ -                | \$ 2,916                                | \$ 2,916   |
| <b>Expenditures:</b>                     |                     |                     |   |  |
| Capital outlay:                          |                     |                     |   |  |
| Highways and streets:                    |                     |                     |   |  |
| Capital outlay                           | 1,281,318           | 1,281,318           | 1,281,318                               | -  |
| Net change in fund balances              | (1,281,318)         | (1,281,318)         | (1,278,402)                             | 2,916  |
| Fund balances - beginning                | 4,892,194           | 4,892,194           | 4,892,194                               | -  |
| Fund balances - ending                   | <u>\$ 3,610,876</u> | <u>\$ 3,610,876</u> | <u>\$ 3,613,792</u>                     | <u>\$ 2,916</u>  |
| <u>Budget/GAAP Reconciliation</u>        |                     |                     |   |  |
| Net change in fund balance, budget basis |                     |                     | \$ (1,278,402)                          |  |
| To adjust expenditures for accruals      |                     |                     | 7,930                                   |  |
| To adjust expenditures for encumbrances  |                     |                     | <u>948,685</u>                          |  |
| Net change in fund balance, GAAP basis   |                     |                     | <u>\$ (321,787)</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, 2011

| <u>Assets</u>             | <u>Self<br/>Funding<br/>insurance</u> | <u>Mishawaka<br/>Bond<br/>Bank</u> | <u>Totals</u>       |
|---------------------------|---------------------------------------|------------------------------------|---------------------|
| Current assets:           |                                       |                                    |                     |
| Cash and cash equivalents | \$ 540,727                            | \$ 4,776,688                       | \$ 5,317,415        |
| Intergovernmental loan    | -                                     | 1,287,322                          | 1,287,322           |
| Total assets              | <u>\$ 540,727</u>                     | <u>\$ 6,064,010</u>                | <u>\$ 6,604,737</u> |
| <u>Net Assets</u>         |                                       |                                    |                     |
| Unrestricted              | <u>\$ 540,727</u>                     | <u>\$ 6,064,010</u>                | <u>\$ 6,604,737</u> |

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -  
 INTERNAL SERVICE FUNDS  
 For The Year Ended December 31, 2011

|                                 | Self-<br>Funding<br>Insurance | Mishawaka<br>Bond<br>Bank | Totals        |
|---------------------------------|-------------------------------|---------------------------|---------------|
| Operating revenues:             |                               |                           |               |
| Employee/employer contributions | \$ 8,927,950                  | \$ -                      | \$ 8,927,950  |
| Interest revenue                | -                             | 30,993                    | 30,993        |
| <br>Total operating revenues    | <br>8,927,950                 | <br>30,993                | <br>8,958,943 |
| Operating expenses:             |                               |                           |               |
| Insurance claims and premiums   | 8,905,473                     | -                         | 8,905,473     |
| <br>Operating income            | <br>22,477                    | <br>30,993                | <br>53,470    |
| Nonoperating revenues:          |                               |                           |               |
| Interest and investment revenue | -                             | 8,713                     | 8,713         |
| <br>Change in net assets        | <br>22,477                    | <br>39,706                | <br>62,183    |
| Net assets - beginning          | 518,250                       | 6,024,304                 | 6,542,554     |
| Net assets - ending             | \$ 540,727                    | \$ 6,064,010              | \$ 6,604,737  |

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For The Year Ended December 31, 2011

|   | Self-<br>Funding<br>Insurance | Mishawaka<br>Bond<br>Bank | Totals       |
|---|-------------------------------|---------------------------|--------------|
| Cash flows from operating activities:   |                               |                           |              |
| Receipts from interfund services provided   | \$ 8,927,950                  | \$ -                      | \$ 8,927,950 |
| Payments for interfund services used  | (8,906,674)                   | -                         | (8,906,674)  |
| Cash received from interest and principal on loans                                      | -                             | 352,823                   | 352,823      |
| Cash payments for loaned amounts  | -                             | (242,900)                 | (242,900)    |
|   | 21,276                        | 109,923                   | 131,199      |
| Net cash provided by operating activities   |                               |                           |              |
| Cash flows from investing activities:   |                               |                           |              |
| Interest received   | -                             | 8,713                     | 8,713        |
|   | 21,276                        | 118,636                   | 139,912      |
| Net increase in cash and cash equivalents   |                               |                           |              |
| Cash and cash equivalents, January 1  | 519,451                       | 4,658,052                 | 5,177,503    |
| Cash and cash equivalents, December 31  | \$ 540,727                    | \$ 4,776,688              | \$ 5,317,415 |
| Reconciliation of operating income to net cash provided by operating activities:        |                               |                           |              |
| Operating income  | \$ 22,477                     | \$ 30,993                 | \$ 53,470    |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                               |                           |              |
| Decrease in assets:   |                               |                           |              |
| Intergovernmental loans   | -                             | 78,930                    | 78,930       |
| Decrease in liabilities:  |                               |                           |              |
| Accounts payable  | (1,201)                       | -                         | (1,201)      |
| Total adjustments   | (1,201)                       | 78,930                    | 77,729       |
| Net cash provided by operating activities   | \$ 21,276                     | \$ 109,923                | \$ 131,199   |

## FIDUCIARY FUNDS

### Pension Trust Funds

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

### Agency Funds

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

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -  
 PENSION TRUST FUNDS  
 December 31, 2011

| <u>Assets</u>                   | <u>1925<br/>Police<br/>Pension</u> | <u>1937<br/>Firefighters'<br/>Pension</u> | <u>Utility<br/>Pension</u> | <u>Totals</u>        |
|---------------------------------|------------------------------------|---|----------------------------|----------------------|
| Cash and cash equivalents       | \$ 655,941                         | \$ 962,372                                | \$ 18,530                  | \$ 1,636,843         |
| Receivables:                    |                                    |   |                            |                      |
| Interest and dividends          | -                                  | -   | 14,825                     | 14,825               |
| Investments at fair value:      |                                    |   |                            |                      |
| Government sponsored enterprise | -                                  | -   | 252,703                    | 252,703              |
| Municipal bonds                 | -                                  | -   | 1,260,647                  | 1,260,647            |
| Mutual funds                    | -                                  | -   | 11,692,664                 | 11,692,664           |
| Total investments               | -                                  | -   | 13,206,014                 | 13,206,014           |
| <b>Total assets</b>             | <u>\$ 655,941</u>                  | <u>\$ 962,372</u>                         | <u>\$ 13,239,369</u>       | <u>\$ 14,857,682</u> |
| <u>Net Assets</u>               |                                    |   |                            |                      |
| Held in trust for:              |                                    |   |                            |                      |
| Employees' pension benefits     | <u>\$ 655,941</u>                  | <u>\$ 962,372</u>                         | <u>\$ 13,239,369</u>       | <u>\$ 14,857,682</u> |

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2011

| <u>Additions</u>                          | 1925<br>Police<br>Pension | 1937<br>Firefighters'<br>Pension | Utility<br>Pension   | Totals               |
|---|---------------------------|----------------------------------|----------------------|----------------------|
| Contributions:                            |                           |                                  |                      |                      |
| On behalf contributions<br>Employer       | \$ 1,576,250              | \$ 2,437,706                     | \$ -                 | \$ 4,013,956         |
|   | <u>-</u>                  | <u>-</u>                         | <u>598,801</u>       | <u>598,801</u>       |
| Total contributions                       | <u>1,576,250</u>          | <u>2,437,706</u>                 | <u>598,801</u>       | <u>4,612,757</u>     |
| Investment income (loss):                 |                           |                                  |                      |                      |
| Net decrease in fair value of investments | -                         | -                                | (430,618)            | (430,618)            |
| Interest                                  | <u>-</u>                  | <u>-</u>                         | <u>359,165</u>       | <u>359,165</u>       |
| Total investment income (loss)            | -                         | -                                | (71,453)             | (71,453)             |
| Less investment expense:                  |                           |                                  |                      |                      |
| Investment activity expense               | <u>-</u>                  | <u>-</u>                         | <u>33,776</u>        | <u>33,776</u>        |
| Net investment income (loss)              | <u>-</u>                  | <u>-</u>                         | <u>(105,229)</u>     | <u>(105,229)</u>     |
| Total additions                           | <u>1,576,250</u>          | <u>2,437,706</u>                 | <u>493,572</u>       | <u>4,507,528</u>     |
| <u>Deductions</u>                         |                           |                                  |                      |                      |
| Benefits                                  | 1,506,849                 | 2,369,065                        | 778,607              | 4,654,521            |
| Administrative expense                    | <u>3,000</u>              | <u>8,209</u>                     | <u>9,820</u>         | <u>21,129</u>        |
| Total deductions                          | <u>1,509,849</u>          | <u>2,377,274</u>                 | <u>788,527</u>       | <u>4,675,650</u>     |
| Changes in net assets                     | 66,401                    | 60,432                           | (294,955)            | (168,122)            |
| Net assets - beginning                    | <u>589,540</u>            | <u>901,940</u>                   | <u>13,534,324</u>    | <u>15,025,804</u>    |
| Net assets - ending                       | <u>\$ 655,941</u>         | <u>\$ 962,372</u>                | <u>\$ 13,239,369</u> | <u>\$ 14,857,682</u> |

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -  
 AGENCY FUNDS  
 December 31, 2011

|  | <u>Special<br/>Judgment</u> | <u>Redevelopment<br/>Revolving</u> | <u>Totals</u>    |
|--|-----------------------------|------------------------------------|------------------|
| <u>Assets</u>                            |                             |                                    |                  |
| Cash and cash equivalents                | \$ 71,941                   | \$ -                               | \$ 71,941        |
| Accounts receivable                      | <u>-</u>                    | <u>322</u>                         | <u>322</u>       |
| <b>Total assets</b>                      | <u>\$ 71,941</u>            | <u>\$ 322</u>                      | <u>\$ 72,263</u> |
| <u>Liabilities</u>                       |                             |                                    |                  |
| Accounts payable                         | \$ 71,941                   | \$ -                               | \$ 71,941        |
| Accrued payroll and withholdings payable | <u>-</u>                    | <u>322</u>                         | <u>322</u>       |
| <b>Total liabilities</b>                 | <u>\$ 71,941</u>            | <u>\$ 322</u>                      | <u>\$ 72,263</u> |

CITY OF MISHAWAKA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUND  
 For The Year Ended December 31, 2011

|   | Special<br>Judgment | Redevelopment<br>Revolving | Totals           |
|---|---------------------|----------------------------|------------------|
| <b>Assets:</b>  |                     |                            |                  |
| Cash and cash equivalents, January 1, 2011                  | \$ 71,807           | \$ 12,372                  | \$ 84,179        |
| Additions   | 134                 | 382,387                    | 382,521          |
| Deductions  | -                   | (394,759)                  | (394,759)        |
| Cash and cash equivalents, December 31, 2011                | 71,941              | -                          | 71,941           |
| Accounts receivable, January 1, 2011                        | -                   | -                          | -                |
| Additions   | -                   | 322                        | 322              |
| Accounts receivable, December 31, 2011                      | -                   | 322                        | 322              |
| <b>Total assets, December 31, 2011</b>                      | <b>\$ 71,941</b>    | <b>\$ 322</b>              | <b>\$ 72,263</b> |
| <b>Liabilities:</b>   |                     |                            |                  |
| Accounts payable, January 1, 2011                           | \$ 71,807           | \$ 7,121                   | \$ 78,928        |
| Additions   | 134                 | -                          | 134              |
| Deductions  | -                   | (7,121)                    | (7,121)          |
| Accounts payable, December 31, 2011                         | 71,941              | -                          | 71,941           |
| Accrued payroll and withholdings payable, January 1, 2011   | -                   | 5,251                      | 5,251            |
| Additions   | -                   | 322                        | 322              |
| Deductions  | -                   | (5,251)                    | (5,251)          |
| Accrued payroll and withholdings payable, December 31, 2011 | -                   | 322                        | 322              |
| <b>Total liabilities, December 31, 2011</b>                 | <b>\$ 71,941</b>    | <b>\$ 322</b>              | <b>\$ 72,263</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.

### CONTENTS

|   | <u>Page(s)</u> |
|---|----------------|
| <b>Financial Trends</b>   |                |
| These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.   |                |
| Net Assets by Component   | 116            |
| Changes in Net Assets   | 117-118        |
| Fund Balances, Governmental Funds   | 119            |
| Changes in Fund Balances, Governmental Funds  | 120            |
| <b>Revenue Capacity</b>   |                |
| These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.   |                |
| Assessed Value and Estimated Actual Value of Taxable Property   | 121            |
| Direct and Overlapping Property Tax Rates   | 122            |
| Principal Property Tax Payers   | 123            |
| Property Tax Levies and Collections   | 124            |
| <b>Debt Capacity</b>  |                |
| These Schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. |                |
| Ratios of Outstanding Debt by Type  | 125            |
| Ratios of General Bonded Debt Outstanding   | 126            |
| Direct and Overlapping Governmental Activities Debt   | 127            |
| Legal Debt Margin   | 128            |
| General Obligation and TIF Bond Coverage  | 129            |
| Revenue Bond Coverage   | 130            |

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

**Demographic and Economic Information**

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

|                                     |     |
|-------------------------------------|-----|
| Demographic and Economic Statistics | 131 |
| Largest Employers                   | 132 |

**Operating Information**

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

|  |     |
|--|-----|
| Full-time Equivalent City Government Employees by Function | 133 |
| Operating Indicators by Function                           | 134 |
| Capital Asset Statistics by Function                       | 135 |

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

|  | <u>2011</u>           | <u>2010</u>           | <u>2009</u>           | <u>2008</u>           | <u>2007</u>           | <u>2006</u>           | <u>2005</u>           | <u>2004</u>           | <u>2003</u>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Governmental activities</b>                   |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Invested in capital assets, net of related debt  | \$ 134,670,237        | \$ 136,795,681        | \$ 116,947,337        | \$ 97,252,778         | \$ 69,230,461         | \$ 55,396,506         | \$ 43,584,806         | \$ 37,867,826         | \$ 31,127,147         |
| Restricted                                       | 2,839,701             | 2,692,556             | -                     | -                     | -                     | 993,490               | 1,184,297             | 447,219               | 1,773,669             |
| Unrestricted                                     | 47,612,406            | 34,769,529            | 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>\$ 185,122,344</b> | <b>\$ 174,257,766</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  | \$ 93,926,064         | \$ 66,090,580         | \$ 85,021,905         | \$ 81,573,161         | \$ 76,739,094         | \$ 53,687,905         | \$ 58,414,662         | \$ 49,093,152         | \$ 49,875,935         |
| Restricted                                       | 6,957,189             | 7,378,580             | 5,340,800             | 8,301,530             | 7,785,873             | 6,886,627             | 3,321,019             | 231,679               | 1,921,475             |
| Unrestricted                                     | 23,538,726            | 47,432,882            | 21,735,544            | 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>\$ 124,421,979</b> | <b>\$ 120,902,042</b> | <b>\$ 112,118,249</b> | <b>\$ 106,426,190</b> | <b>\$ 105,464,915</b> | <b>\$ 89,895,925</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  | \$ 228,596,301        | \$ 202,886,261        | \$ 201,969,242        | \$ 178,825,939        | \$ 145,969,555        | \$ 109,084,411        | \$ 101,999,468        | \$ 87,860,978         | \$ 81,003,082         |
| Restricted                                       | 9,796,890             | 10,071,136            | 5,340,800             | 8,301,530             | 7,785,873             | 7,880,117             | 4,505,316             | 2,764,011             | 3,695,144             |
| Unrestricted                                     | 71,151,132            | 82,202,411            | 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>\$ 309,544,323</b> | <b>\$ 295,159,808</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: 9 years of data available in this format

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

|  | <u>2011</u>            | <u>2010</u>            | <u>2009</u>            | <u>2008</u>            | <u>2007</u>            | <u>2006</u>            | <u>2005</u>            | <u>2004</u>            | <u>2003</u>            |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Expenses</b>                                |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Governmental activities:</b>                |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| General government                             | \$ 7,967,985           | \$ 7,509,133           | \$ 5,675,449           | \$ 5,362,211           | \$ 4,008,462           | \$ 5,220,058           | \$ 5,874,794           | \$ 5,922,122           | \$ 9,493,699           |
| Public safety                                  | 29,631,615             | 29,219,741             | 25,470,868             | 22,188,373             | 17,750,725             | 25,344,096             | 23,380,191             | 19,352,725             | 14,025,776             |
| Highways and streets                           | 6,927,174              | 1,816,872              | 5,948,204              | 3,959,300              | 7,631,344              | 4,954,958              | 4,745,217              | 3,834,156              | 3,477,535              |
| Sanitation                                     | 1,954,482              | 1,958,050              | 1,970,859              | 4,500                  | 15,000                 | 4,876                  | 20,000                 | 35,725                 | 115,742                |
| Community development                          | 2,191,347              | 1,936,054              | 862,581                | 2,723,191              | 2,337,991              | 997,139                | 2,657,176              | 3,201,954              | 1,984,448              |
| Culture and recreation                         | 6,062,941              | 4,939,870              | 4,084,573              | 4,786,048              | 3,352,339              | 3,452,283              | 3,595,595              | 3,148,419              | 4,626,859              |
| Interest on long-term debt                     | 627,328                | 862,291                | 1,087,319              | 1,274,966              | 873,678                | 669,642                | 847,749                | 795,567                | 1,231,273              |
| <b>Total governmental activities expenses</b>  | <b>\$ 55,362,872</b>   | <b>\$ 48,242,011</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                                  | \$ 6,699,816           | \$ 6,779,663           | \$ 6,933,322           | \$ 6,884,829           | \$ 6,617,469           | \$ 6,794,418           | \$ 6,597,036           | \$ 6,973,978           | \$ 6,553,431           |
| Wastewater utility                             | 11,541,256             | 11,507,526             | 11,566,254             | 11,954,930             | 6,377,448              | 5,547,712              | 5,849,788              | 5,747,658              | 5,705,703              |
| Electric utility                               | 49,813,781             | 49,900,996             | 43,830,644             | 44,275,026             | 42,999,782             | 35,934,114             | 34,530,146             | 33,182,687             | 33,809,655             |
| <b>Total business-type activities expenses</b> | <b>68,054,853</b>      | <b>68,188,185</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>\$ 123,417,725</b>  | <b>\$ 116,430,196</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>Program Revenues</b>                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Governmental activities:</b>                |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Charges for services:</b>                   |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| General government                             | 498,317                | 645,300                | 714,830                | 1,049,593              | 973,326                | 892,455                | 941,009                | 952,684                | 3,355,867              |
| Public safety                                  | 1,702,518              | 817,492                | 600,824                | 643,933                | 896,332                | 657,308                | 344,116                | 343,324                | 493,067                |
| Highways and streets                           | 132,033                | 118,354                | 114,428                | 28,347                 | 44,617                 | 27,462                 | 343,430                | 232,955                | 1,216,084              |
| Sanitation                                     | 2,074,781              | 2,084,642              | 2,102,200              |                        |                        |                        |                        |                        |                        |
| Community development                          | 586,681                | 150,539                | 260,098                | 535,101                | 794,695                | 624,524                | 156,850                | 103,228                | 235,297                |
| Culture and recreation                         | 938,755                | 1,093,526              | 995,386                | 1,023,173              | 1,033,864              | 915,956                | 913,704                | 811,378                | 788,792                |
| Interest on long-term debt                     |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Operating grants and contributions             | 4,411,769              | 4,490,139              | 3,283,506              | 1,191,352              | 2,400,968              | 1,257,136              | 1,661,515              | 2,143,953              | 1,823,220              |
| Capital grants and contributions               | 5,834,032              | 6,851,310              | 4,358,580              | 4,745,714              | 4,944,558              | 10,410,884             | 4,326,826              | 4,494,949              | 3,750,172              |
| <b>Total governmental activities revenue</b>   | <b>16,178,886</b>      | <b>16,251,302</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                                  | 7,721,105              | 7,881,467              | 7,574,977              | 8,037,964              | 8,356,853              | 7,804,735              | 8,074,554              | 7,516,477              | 7,693,485              |
| Wastewater utility                             | 13,047,673             | 11,163,904             | 9,333,576              | 9,422,150              | 9,576,399              | 8,284,304              | 7,797,148              | 6,927,799              | 6,355,832              |
| Electric utility                               | 50,153,710             | 50,363,745             | 46,262,804             | 43,278,603             | 47,457,258             | 37,573,938             | 37,031,707             | 38,422,097             | 34,720,277             |
| Capital grants and contributions               | 167,104                | 6,652,868              | 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>71,089,592</b>      | <b>76,061,984</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>87,268,478</b>      | <b>92,313,286</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>Net (Expenses) Revenues</b>                 |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities:                       | (39,183,986)           | (31,990,709)           | (32,670,001)           | (31,081,376)           | (24,881,179)           | (25,857,327)           | (32,433,272)           | (27,208,197)           | (23,292,833)           |
| Business-type activities                       | 3,034,739              | 7,873,799              | 5,954,714              | 874,001                | 12,440,714             | 7,043,406              | 7,377,885              | 7,808,218              | 3,268,803              |
| <b>Total primary government net expense</b>    | <b>\$ (36,149,247)</b> | <b>\$ (24,116,910)</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: 9 years of data available in this format

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

|  | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 | 2005                 | 2004                 | 2003                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b><u>General revenues and Other Changes in Net Assets</u></b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities:                                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Property Taxes   | \$ 44,782,236        | \$ 49,872,423        | \$ 40,092,134        | \$ 43,572,448        | \$ 40,325,388        | \$ 34,552,665        | \$ 35,172,645        | \$ 31,758,286        | \$ 32,066,343        |
| Grants and Contributions not restricted                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| to specific programs   | 8,206,595            | 8,570,832            | 4,943,387            | 3,846,190            | 3,794,657            | 3,808,209            | 3,667,444            | 4,201,761            | 4,033,427            |
| Unrestricted investment earnings                               | 34,289               | 42,251               | 13,542               | 872,964              | 2,022,465            | 1,908,162            | 981,943              | 278,677              | 196,261              |
| Other  | 354,814              | 115,993              | 169,346              | 267,649              | 2,345                | 31,568               | 41,646               | 268,780              | 171,491              |
| Loss on sale of Assets   | -                    | -                    | -                    | -                    | -                    | -                    | (243,984)            |                      |                      |
| Special Items: Litigation Settlement                           | -                    | -                    | -                    | 8,154,390            |                      |                      |                      |                      |                      |
| Transfers  | (3,578,995)          | (762,454)            | 959,856              | 517,736              | 46,139               | (79,102)             | (205,595)            | (90,756)             |                      |
| Total governmental activities                                  | <u>\$ 49,798,939</u> | <u>\$ 57,839,045</u> | <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                               | \$ 112,130           | \$ 15,686            | \$ 24,935            | \$ 605,010           | \$ 1,802,870         | \$ 1,372,025         | \$ 738,382           | \$ 204,666           | \$ 198,056           |
| Other  | -                    | -                    | 672,266              |                      |                      |                      |                      |                      |                      |
| Transfers  | 3,578,995            | 762,454              | (959,856)            | (517,736)            | (46,139)             | 79,102               | 205,595              | 90,756               |                      |
| Total business-type activities                                 | <u>3,691,125</u>     | <u>778,140</u>       | <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>\$ 53,490,064</u> | <u>\$ 58,617,185</u> | <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:                                       | \$ 10,614,953        | \$ 25,848,336        | \$ 13,508,264        | \$ 26,150,001        | \$ 21,309,815        | \$ 14,384,175        | \$ 6,980,827         | \$ 9,208,551         | \$ 13,174,689        |
| Business-type activities                                       | \$ 6,725,864         | \$ 8,651,939         | \$ 5,692,059         | \$ 961,275           | \$ 14,197,445        | \$ 8,494,533         | \$ 8,321,862         | \$ 8,103,640         | \$ 3,466,859         |
| Total primary government                                       | <u>\$ 17,340,817</u> | <u>\$ 34,500,275</u> | <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: 9 years of data available in this format

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

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

Note: 9 years of data available in this format

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

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

|  | <u>2011</u>         | <u>2010</u>         | <u>2009</u>           | <u>2008</u>           | <u>2007</u>          | <u>2006</u>         | <u>2005</u>         | <u>2004</u>         | <u>2003</u>       |
|--|---------------------|---------------------|-----------------------|-----------------------|----------------------|---------------------|---------------------|---------------------|-------------------|
| <b>Revenues</b>  |                     |                     |                       |                       |                      |                     |                     |                     |                   |
| Taxes  | \$ 45,201,867       | \$ 46,375,159       | \$ 40,092,134         | \$ 47,591,213         | \$ 38,337,107        | \$ 35,575,614       | \$ 35,083,567       | \$ 31,755,211       | \$ 32,034,284     |
| Licenses and permits                                     | 418,629             | 372,368             | 349,680               | 607,371               | 543,226              | 456,108             | 313,195             | 320,811             | 306,397           |
| Intergovernmental  | 18,452,396          | 19,912,281          | 12,585,473            | 9,932,199             | 11,083,085           | 15,239,090          | 9,626,565           | 10,839,199          | 10,679,742        |
| Charges for services                                     | 4,191,957           | 3,536,355           | 3,412,746             | 1,565,526             | 1,712,906            | 1,645,234           | 1,795,176           | 1,491,691           | 2,830,702         |
| Fines and forfeits                                       | 55,098              | 108,165             | 47,051                | 48,797                | 76,695               | 59,303              | 88,543              | 84,243              | 106,222           |
| Interest   | 34,289              | 42,251              | 13,542                | 872,964               | 2,022,465            | 1,908,162           | 981,943             | 278,677             | 196,261           |
| Sale and use of property                                 | 276,241             | 288,654             | 243,067               | 275,255               | 120,004              | 348,167             | 108,537             | 166,146             | 803,226           |
| Gifts and donations                                      | 120,587             | 181,674             | 192,726               | 140,278               | 118,607              | 109,615             | 90,933              | 171,127             | 126,139           |
| Other  | <u>1,225,387</u>    | <u>538,630</u>      | <u>711,842</u>        | <u>910,569</u>        | <u>1,173,741</u>     | <u>790,441</u>      | <u>344,371</u>      | <u>478,331</u>      | <u>1,020,898</u>  |
| Total primary government expenses                        | <u>69,976,451</u>   | <u>71,355,537</u>   | <u>57,648,261</u>     | <u>61,944,172</u>     | <u>55,187,836</u>    | <u>56,131,734</u>   | <u>48,432,830</u>   | <u>45,585,436</u>   | <u>48,103,871</u> |
| <b>Expenditures</b>                                      |                     |                     |                       |                       |                      |                     |                     |                     |                   |
| General government                                       | 5,885,077           | 4,866,112           | 4,421,867             | 4,218,163             | 3,296,707            | 4,812,775           | 5,512,833           | 4,861,220           | 8,695,207         |
| Public safety  | 27,184,126          | 24,997,945          | 19,095,252            | 19,330,286            | 20,279,335           | 18,390,523          | 17,103,962          | 16,198,407          | 12,300,290        |
| Highways and streets                                     | 3,290,704           | 3,705,758           | 3,516,087             | 4,513,971             | 4,747,151            | 3,291,749           | 4,455,162           | 4,006,762           | 3,596,912         |
| Sanitation   | 1,954,482           | 1,958,050           | 1,970,859             | 4,500                 | 15,000               | 4,876               | 20,000              | 35,725              | 115,742           |
| Culture and recreation                                   | 3,146,304           | 2,799,182           | 2,811,787             | 3,340,629             | 3,223,074            | 2,970,164           | 3,108,446           | 3,524,618           | 3,205,792         |
| Community development                                    | 2,204,477           | 1,575,950           | 1,017,300             | 1,202,378             | 1,828,843            | 1,204,852           | 2,126,001           | 3,053,748           | 1,365,347         |
| Capital outlay   | 14,229,063          | 23,447,858          | 25,026,579            | 33,975,819            | 21,217,470           | 20,352,125          | 8,199,714           | 7,613,045           | 9,733,795         |
| Debt service   |                     |                     |                       |                       |                      |                     |                     |                     |                   |
| Principal  | 4,909,254           | 5,749,757           | 5,710,522             | 4,521,647             | 3,456,429            | 2,606,451           | 3,064,530           | 2,860,884           | 8,122,845         |
| Interest   | <u>626,002</u>      | <u>852,078</u>      | <u>1,084,271</u>      | <u>1,203,775</u>      | <u>607,737</u>       | <u>611,817</u>      | <u>586,338</u>      | <u>782,120</u>      | <u>1,194,427</u>  |
| Total Expenditures                                       | <u>63,429,489</u>   | <u>69,952,690</u>   | <u>64,654,524</u>     | <u>72,311,168</u>     | <u>58,671,746</u>    | <u>54,245,332</u>   | <u>44,176,986</u>   | <u>42,936,529</u>   | <u>48,330,357</u> |
| Excess of revenues over (under) expenditures             | 6,546,962           | 1,402,847           | (7,006,263)           | (10,366,996)          | (3,483,910)          | 1,886,402           | 4,255,844           | 2,648,907           | (226,486)         |
| <b>Other financing sources(uses):</b>                    |                     |                     |                       |                       |                      |                     |                     |                     |                   |
| Transfers in   | 6,613,316           | 7,362,007           | 6,174,587             | 7,281,350             | 3,700,993            | 3,963,940           | 5,323,770           | 2,274,366           | 1,916,446         |
| Transfers out  | (7,052,244)         | (8,124,461)         | (5,214,731)           | (6,763,614)           | (3,654,854)          | (4,043,042)         | (5,529,365)         | (2,365,122)         | (1,916,446)       |
| Bond issuance cost                                       | -                   | -                   | -                     | -                     | (87,079)             | (28,619)            | (123,612)           | (41,035)            | -                 |
| Start up contribution for Mishawaka Bond Bank            | -                   | -                   | -                     | (6,000,000)           | -                    | -                   | -                   | -                   | -                 |
| Refunding bonds issued                                   | -                   | -                   | -                     | -                     | -                    | -                   | 2,625,000           | (2,683,377)         | -                 |
| General obligation bond issuance                         | -                   | -                   | -                     | -                     | 17,800,000           | 1,550,000           | 5,000,000           | 2,724,412           | -                 |
| Discount on bond issuance                                | -                   | -                   | -                     | -                     | (180,977)            | (5,000)             | (62,332)            | -                   | -                 |
| Capital lease Issuance                                   | -                   | -                   | -                     | -                     | 817,499              | -                   | -                   | 397,932             | -                 |
| Payment to refunded bond escrow agent                    | -                   | -                   | -                     | -                     | -                    | -                   | (2,557,799)         | -                   | -                 |
| Interfund revenue bond issuance                          | -                   | 1,366,252           | -                     | -                     | -                    | -                   | -                   | -                   | -                 |
| Loan Issuance- short term                                | -                   | -                   | -                     | 446,760               | 590,689              | 499,205             | 259,050             | 1,747,272           | 600,000           |
| Total other financing sources and uses                   | <u>(438,928)</u>    | <u>603,798</u>      | <u>959,856</u>        | <u>(5,035,504)</u>    | <u>18,986,271</u>    | <u>1,936,484</u>    | <u>4,934,712</u>    | <u>2,054,448</u>    | <u>600,000</u>    |
| Special Item: Proceeds from Litigation settlement        | -                   | -                   | -                     | 8,154,390             | -                    | -                   | -                   | -                   | -                 |
| Net change in fund balances                              | <u>\$ 6,108,034</u> | <u>\$ 2,006,645</u> | <u>\$ (6,046,407)</u> | <u>\$ (7,248,110)</u> | <u>\$ 15,502,361</u> | <u>\$ 3,822,886</u> | <u>\$ 9,190,536</u> | <u>\$ 4,703,355</u> | <u>\$ 373,514</u> |
| Debt service as a percentage of non-capital expenditures | 11.3%               | 14.2%               | 17.1%                 | 14.9%                 | 10.9%                | 9.5%                | 10.1%               | 10.3%               | 24.1%             |

Note:9 years of data available in this format

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

| Fiscal<br>Year<br>Ended<br>December 31 | Real<br>Property | Personal<br>Property | Total Taxable<br>Assessed<br>Value | Total<br>Direct Tax<br>Rate |
|--|------------------|----------------------|------------------------------------|-----------------------------|
| 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                      |
| 2010                                   | 1,234,269,393    | 208,951,270          | 1,443,220,663                      | 1.6741                      |
| 2011                                   | 1,222,738,085    | 206,998,725          | 1,429,736,810                      | 1.7362                      |

(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 2008 Shift in personal to real property realized after deleting the inventory tax in Indiana

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

| <b>Fiscal<br/>Year<br/>Ended<br/>December 31</b> | <b>City</b> | <b>Townships</b> | <b>Redevelopment<br/>District</b> | <b>Library</b> | <b>School<br/>Districts</b> | <b>St. Joseph<br/>County</b> | <b>St Joseph<br/>Airport</b> | <b>Transpo</b> | <b>State of<br/>Indiana</b> | <b>St Joseph<br/>County<br/>Welfare</b> | <b>Total</b> |
|--|-------------|------------------|-----------------------------------|----------------|-----------------------------|------------------------------|------------------------------|----------------|-----------------------------|---|--------------|
| 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       |
| 2010   | 1.6741      | 0.0288           | 0.0000                            | 0.1583         | 1.3221                      | 0.5866                       | 0.0342                       | 0.0821         | 0.0000                      | 0.0000                                  | 3.8862       |
| 2011   | 1.7362      | 0.0287           | 0.0000                            | 0.1462         | 1.3381                      | 0.5424                       | 0.0297                       | 0.0934         | 0.0000                      | 0.0000                                  | 3.9147       |

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

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

| <u>Taxpayer</u>            | <u>Type of Business</u> | 2011                              |             |   | 2002                              |             |   |
|----------------------------|-------------------------|-----------------------------------|-------------|---|-----------------------------------|-------------|---|
|                            |                         | <u>Taxable Assessed Valuation</u> | <u>Rank</u> | <u>Percentage of Total Taxable Assessed Value</u> | <u>Taxable Assessed Valuation</u> | <u>Rank</u> | <u>Percentage of Total Taxable Assessed Value</u> |
| Edward Rose of Indiana     | Real Estate Developer   | \$ 80,906,000                     | 1           | 5.66%   | \$ 19,539,260                     | 4           | 1.94%   |
| University Park Associates | Retail/Management       | 50,748,100                        | 2           | 3.55%   | 19,671,650                        | 3           | 1.95%   |
| Meijer                     | Retail                  | 34,797,100                        | 3           | 2.43%   | 28,347,220                        | 2           | 2.81%   |
| Main Street Village        | Rental Multi-Housing    | 32,302,300                        | 4           | 2.26%   |                                   |             |   |
| Bayer Corporation          | Manufacturing           | 28,309,860                        | 5           | 1.98%   | 54,093,750                        | 1           | 5.37%   |
| Wal-Mart Stores            | Retail                  | 27,720,570                        | 6           | 1.94%   | 16,034,440                        | 5           | 1.59%   |
| Douglas Road Broadcasting  | Communications          | 22,381,870                        | 7           | 1.57%   |                                   |             |   |
| Gumwood Shopping Center    | Retail                  | 20,969,300                        | 8           | 1.47%   |                                   |             |   |
| CW, LLC                    | Retirement Community    | 17,097,000                        | 9           | 1.20%   |                                   |             |   |
| Princess City Plaza        | Retail                  | 14,684,800                        | 10          | 1.03%   |                                   |             |   |
| Gurley Leep                | Automotive Dealership   |                                   |             |   | 14,587,700                        | 7           | 1.45%   |
| Jordan Ford                | Automotive Dealership   |                                   |             |   | 10,445,820                        | 9           | 1.04%   |
| Sears                      | Retail Store            |                                   |             |   | 14,481,840                        | 8           | 1.44%   |
| Amerisource                | Merchandising           |                                   |             |   | 15,754,440                        | 6           | 1.56%   |
| RMG Foundry                | Iron Castings Foundry   |                                   |             |   | 8,905,420                         | 10          | 0.88%   |
| <b>Totals</b>              |                         | <b>\$ 329,916,900</b>             |             | <b>20.89%</b>                                     | <b>\$ 201,861,540</b>             |             | <b>20.03%</b>                                     |

Source: St. Joseph County Auditor

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

| <u>Fiscal Year<br/>Ended<br/>December 31</u> | <u>Total Tax<br/>Levy for<br/>Fiscal Year</u> | <u>Collected within the<br/>Fiscal Year of the Levy</u> |                           |
|--|---|---|---------------------------|
|  |   | <u>Amount</u>   | <u>Percentage of Levy</u> |
| 2003   | \$ 19,628,694                                 | \$ 18,647,259   | 95.00%                    |
| 2004   | 20,323,476                                    | 20,303,722  | 99.90%                    |
| 2005   | 20,786,722                                    | 19,786,861  | 95.19%                    |
| 2006   | 22,018,614                                    | 21,137,869  | 96.00%                    |
| 2007   | 23,331,502                                    | 20,391,862  | 87.40%                    |
| 2008   | 24,580,481                                    | 23,330,377  | 94.91%                    |
| 2009   | 23,019,485                                    | 21,150,066  | 91.88%                    |
| 2010   | 24,171,640                                    | 22,846,514  | 94.52%                    |
| 2011   | 24,743,565                                    | 23,471,734  | 94.86%                    |

Source: St. Joseph County Auditor

Note: City of Mishawaka Corporation collections only

Note: 9 years of data available in this format

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

| Fiscal Year | <u>Governmental Activities</u> |                             |                      |                | <u>Business Type Activities</u> |                     |                          |                      |                | Total Primary Government | Percentage of Personal income | Per(1) Capita |
|-------------|--------------------------------|-----------------------------|----------------------|----------------|---------------------------------|---------------------|--------------------------|----------------------|----------------|--------------------------|-------------------------------|---------------|
|             | General Obligation Bonds       | Tax Increment Revenue Bonds | State Revolving Loan | Capital Leases | Inter Governmental Loan         | Water Revenue Bonds | Wastewater Revenue Bonds | State Revolving Loan | Capital Leases |                          |                               |               |
| 2003        | 3,500,000                      | 9,335,000                   | 1,670,000            | 596,067        |                                 | 4,890,000           | 11,373,611               | 21,872,895           | 599,562.00     | 53,837,135               | 3.85%                         | 1156.37       |
| 2004        | 3,250,000                      | 8,350,000                   | 2,399,936            | 536,424        |                                 | 4,715,000           | 10,552,005               | 22,269,255           | 523,685.00     | 52,596,305               | 3.70%                         | 1129.72       |
| 2005        | 7,640,000                      | 7,450,000                   | 1,127,082            | 393,775        |                                 | 4,530,000           | 9,720,813                | 42,701,253           | 356,427.00     | 73,919,350               | 4.99%                         | 1587.72       |
| 2006        | 8,525,000                      | 6,325,000                   | 847,397              | 247,098        |                                 | 4,330,000           | 17,330,654               | 55,361,331           | 212,419        | 93,178,899               | 5.92%                         | 2001.39       |
| 2007        | 10,745,000                     | 19,945,000                  | 558,753              | 815,667        |                                 | 4,310,000           | 16,437,141               | 56,212,045           | 51,686         | 109,075,292              | 6.72%                         | 2342.83       |
| 2008        | 9,775,000                      | 17,375,000                  | 263,000              | 576,533        |                                 | 4,055,000           | 15,265,945               | 55,546,339           | 68,148         | 102,924,965              | 6.10%                         | 2210.73       |
| 2009        | 8,485,000                      | 13,365,000                  | 89,000               | 340,011        |                                 | 3,785,000           | 14,088,484               | 54,637,118           | 32,224         | 94,821,837               | 5.87%                         | 2036.68       |
| 2010        | 7,145,000                      | 9,210,000                   | -                    | 174,254        | 1,366,252                       | 3,495,000           | 50,053,352               | 56,575,326           | -              | 128,019,184              | 7.91%                         | 2653.14       |
| 2011        | 5,750,000                      | 5,870,000                   | -                    | -              | 1,093,002                       | 3,190,000           | 48,408,474               | 55,536,497           | 194,320        | 120,042,293              | 7.42%                         | 2487.82       |

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: 9 years of data available in this format

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

| <b>Fiscal<br/>Year</b> | <b>General<br/>Obligation<br/>Bonds</b> | <b>Less: Amounts<br/>Available in Debt<br/>Service Fund</b> | <b>Total</b> | <b>Percentage of<br/>Estimated<br/>Actual Taxable<br/>Value(1) of<br/>Property</b> | <b>Per<br/>Capita(2)</b> |
|------------------------|---|---|--------------|--|--------------------------|
| 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                   |
| 2010                   | 7,145,000                               | 689,228   | 6,455,772    | 0.4%   | 133.79                   |
| 2011                   | 5,750,000                               | 917,276   | 4,832,724    | 0.3%   | 100.16                   |

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, 2011**

| <u>Governmental Units(3)</u>               | <u>Outstanding<br/>Debt at<br/>December 31,<br/>2011(1)</u> | <u>Estimated<br/>Percentage<br/>Applicable<br/>\$ (2)</u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> |
|--|---|---|--|
| <b>Debt repaid with property taxes</b>     |   |   |  |
| City Direct Debt (Governmental Activities) | \$ 7,145,000  | 100.00%   | 7,145,000  |
| <b><u>Overlapping Debt:</u></b>            |   |   |  |
| School City of Mishawaka                   | 51,045,380  | 98.92%  | 50,494,090   |
| Mishawaka-Penn Library                     | 5,775,000   | 46.95%  | 2,711,363  |
| Penn-Harris-Madison School Corporation     | 76,781,618  | 22.08%  | 16,953,381   |
| St. Joseph County                          | 52,898,607  | 17.56%  | 9,288,995  |
| St. Joseph County Airport Authority        | 10,775,000  | 17.56%  | 1,892,090  |
| St. Joseph County Public Library           | 10,830,000  | 3.11%   | 336,813  |
| South Bend Community School Corporation    | <u>195,692,271</u>  | 3.32%   | <u>6,496,983</u>                                       |
| Subtotal for Overlapping Debt              | <u>403,797,876</u>  |   | <u>88,173,715</u>                                      |
| Total Direct and Overlapping Debt(4)       | <u>\$ 403,797,876</u>                                       |   | <u>\$ 95,318,715</u>                                   |

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

(2) Source: St. Joseph County Auditor

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

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

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

|  | <u>Fiscal Year</u><br>2002 | <u>Fiscal Year</u><br>2003 | <u>Fiscal Year</u><br>2004 | <u>Fiscal Year</u><br>2005 | <u>Fiscal Year</u><br>2006 | <u>Fiscal Year</u><br>2007 | <u>Fiscal Year</u><br>2008 | <u>Fiscal Year</u><br>2009 | <u>Fiscal Year</u><br>2010 | <u>Fiscal Year</u><br>2011 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Assessed Value (2)   | \$ 335,890,000             | \$ 549,341,640             | \$ 508,862,922             | \$ 523,121,667             | \$ 526,450,115             | \$ 583,608,503             | \$ 536,118,157             | \$ 463,439,117             | \$ 481,073,554             | \$ 476,578,937             |
| Debt Limit Percentage  | 2%                         | 2%                         | 2%                         | 2%                         | 2%                         | 2%                         | 2%                         | 2%                         | 2%                         | 2%                         |
| Debt Limit(1)  | 13,435,600                 | 21,973,666                 | 20,354,517                 | 20,924,867                 | 21,058,005                 | 23,344,340                 | 21,444,726                 | 18,537,565                 | 19,242,942                 | 19,063,157                 |
| Bonds Outstanding  | 3,500,000                  | 3,500,000                  | 3,250,000                  | 7,640,000                  | 8,525,000                  | 10,745,000                 | 9,775,000                  | 8,485,000                  | 7,145,000                  | 5,750,000                  |
| Subtotal   | 9,935,600                  | 18,473,666                 | 17,104,517                 | 13,284,867                 | 12,533,005                 | 12,599,340                 | 11,669,726                 | 10,052,565                 | 12,097,942                 | 13,313,157                 |
| Amount Available for Debt Service                                    | 691,743                    | 691,743                    | 638,792                    | 556,263                    | 448,846                    | 471,651                    | 731,989                    | 595,262                    | 689,228                    | 917,276                    |
| Legal Debt Margin  | <u>\$ 10,627,343</u>       | <u>\$ 19,165,409</u>       | <u>\$ 17,743,309</u>       | <u>\$ 13,841,130</u>       | <u>\$ 12,981,851</u>       | <u>\$ 13,070,991</u>       | <u>\$ 12,401,715</u>       | <u>\$ 10,647,827</u>       | <u>\$ 12,787,170</u>       | <u>\$ 14,230,433</u>       |
| Total net debt applicable to the limit as a percentage of debt limit | 32.93%                     | 18.26%                     | 18.32%                     | 55.20%                     | 65.67%                     | 82.20%                     | 78.82%                     | 79.69%                     | 55.88%                     | 40.41%                     |

Note: (1) Legal debt limit should not exceed 2% of 1/3 of the assessed valuation in each district. The city has a park district and a civil city district.  
(2) Net assessed valuation decreased in the tax year payable 2004 because of expansion of the Interstate Commerce Exemption for inventory assessments.

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

| <u>Year</u> | <u>General Obligation Bonds</u> |                 | <u>Tax Incremental Financing Bonds</u> |                 | <u>Total Bonded Debt Service</u> | <u>Total General Government Expenditures</u> | <u>Ratio of Debt Service to Total General Government Expenditures</u> |
|-------------|---------------------------------|-----------------|--|-----------------|----------------------------------|--|---|
|             | <u>Principal</u>                | <u>Interest</u> | <u>Principal</u>                       | <u>Interest</u> |                                  |  |   |
| 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%  |
| 2010        | 1,340,000                       | 311,150         | 4,155,000                              | 519,348         | 6,325,498                        | 69,952,690                                   | 9.0%  |
| 2011        | 1,395,000                       | 262,409         | 3,340,000                              | 352,121         | 5,349,530                        | 63,429,489                                   | 8.4%  |

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

| <u>Year</u> | <u>Gross<br/>Revenue (A)</u> | <u>Direct<br/>Operating<br/>Expenses (B)</u> | <u>Net Revenue<br/>Available<br/>for Debt<br/>Service</u> | <u>Debt Service Requirements</u> |                 |              | <u>Coverage</u> |
|-------------|------------------------------|--|---|----------------------------------|-----------------|--------------|-----------------|
|             |                              |  |   | <u>Principal</u>                 | <u>Interest</u> | <u>Total</u> |                 |
| 2002        | 47,915,590                   | 40,044,928                                   | 7,870,662   | 1,310,000                        | 722,886         | 2,032,886    | 387.2%          |
| 2003        | 46,510,389                   | 43,611,528                                   | 2,898,861   | 825,000                          | 415,403         | 1,240,403    | 233.7%          |
| 2004        | 51,163,298                   | 39,915,099                                   | 11,248,199  | 1,180,000                        | 471,727         | 1,651,727    | 681.0%          |
| 2005        | 51,696,748                   | 41,056,799                                   | 10,639,949  | 1,210,000                        | 445,885         | 1,655,885    | 642.6%          |
| 2006        | 52,336,869                   | 42,827,190                                   | 9,509,679   | 1,245,000                        | 461,096         | 1,706,096    | 557.4%          |
| 2007        | 65,462,854                   | 49,998,303                                   | 15,464,551  | 1,655,000                        | 621,380         | 2,276,380    | 679.3%          |
| 2008        | 57,798,526                   | 51,847,654                                   | 5,950,872   | 1,710,000                        | 565,949         | 2,275,949    | 261.5%          |
| 2009        | 60,925,718                   | 51,057,879                                   | 9,867,839   | 1,785,000                        | 516,422         | 2,301,422    | 428.8%          |
| 2010        | 66,378,913                   | 56,937,984                                   | 9,440,929   | 2,220,000                        | 1,529,517       | 3,749,517    | 251.8%          |
| 2011        | 68,421,077                   | 57,127,195                                   | 11,293,882  | 3,415,000                        | 1,944,950       | 5,359,950    | 210.7%          |

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

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

| <b>Year</b> | <b>Population(B)</b> | <b>St Joseph County<br/>Personal Income (B)</b> | <b>St. Joseph County<br/>Median Family<br/>Income (B)</b> | <b>St Joseph County<br/>Per Capita<br/>Income (B)</b> | <b>Median<br/>Age (B)</b> | <b>K-12 Public<br/>School<br/>Enrollment<br/>(A)</b> | <b>Labor<br/>Force (B)</b> | <b>St. Joseph County<br/>Unemployment<br/>Rate-B</b> |
|-------------|----------------------|---|---|---|---------------------------|--|----------------------------|--|
| 2003        | 46,557               | 7,946,402                                       | 37,140  | 30,019  | 34.9                      | 5,102  | 131,756                    | 5.3%   |
| 2004        | 46,557               | 8,266,157                                       | 39,940  | 31,246  | 34.9                      | 5,177  | 132,550                    | 5.1%   |
| 2005        | 46,557               | 8,433,861                                       | 37,971  | 31,846  | 35.0                      | 5,178  | 133,939                    | 5.2%   |
| 2006        | 46,557               | 9,289,258                                       | 39,046  | 33,815  | 35.0                      | 5,242  | 134,788                    | 5.1%   |
| 2007        | 46,557               | 9,283,064                                       | 44,706  | 34,857  | 35.0                      | 5,272  | 133,337                    | 4.9%   |
| 2008        | 46,557               | 9,571,597                                       | 43,931  | 36,229  | 36.0                      | 5,116  | 133,363                    | 6.5%   |
| 2009        | 46,557               | 9,148,555                                       | 43,544  | 34,712  | 35.0                      | 5,043  | 123,867                    | 11.8%  |
| 2010        | 48,252               | 8,891,812                                       | 42,316  | 33,322  | 36.2                      | 5,288  | 125,853                    | 10.0%  |
| 2011        | 48,252               | (D)   | (D)   | (D)   | (D)                       | 4,978  | 129,274                    | 9.6%   |

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

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

Note: 9 years of data available in this format

**CITY OF MISHAWAKA, INDIANA  
LARGEST EMPLOYERS  
DECEMBER 31, 2011**

| <u>Company</u>                     | <u>Type of Business</u> | <u>2011</u>                |             |  | <u>2002</u>                |             |  |
|------------------------------------|-------------------------|----------------------------|-------------|--|----------------------------|-------------|--|
|                                    |                         | <u>Number of Employees</u> | <u>Rank</u> | <u>Percentage(B) of total Employment</u> | <u>Number of Employees</u> | <u>Rank</u> | <u>Percentage(C) of total Employment</u> |
| St. Joseph Regional Medical Center | Acute Healthcare        | 2,556                      | 1           | 0.0196                                   | 950                        | 1           | 0.0069                                   |
| School City of Mishawaka           | Public School           | 1,010                      | 2           | 0.0077                                   | 801                        | 3           | 0.0058                                   |
| Meijer, Inc                        | Retail                  | 654                        | 3           | 0.0051                                   | 730                        | 4           | 0.0067                                   |
| Walmart                            | Retail                  | 505                        | 4           | 0.0039                                   | 355                        | 9           | 0.0026                                   |
| City of Mishawaka                  | Government              | 499                        | 5           | 0.0041                                   | 566                        | 5           | 0.0041                                   |
| Liberty Mutual                     | Insurance               | 450                        | 6           | 0.0035                                   | 543                        | 6           | 0.0044                                   |
| Family & Childrens Center          | Social Service          | 303                        | 7           | 0.0033                                   | 365                        | 8           | 0.0026                                   |
| Nyloncraft                         | Manufacturing           | 303                        | 8           | 0.0016                                   | 405                        | 7           | 0.0032                                   |
| Bethel College                     | College                 | 291                        | 9           | 0.0032                                   | 302                        | 10          | 0.0022                                   |
| Bayer Corporation                  | Manufacturing           | 250                        | 10          | 0.0040                                   | 900                        | 2           | 0.0051                                   |

Note: (A) Source: Individual Companies

(B) Based on 129,274 employment of St. Joseph County

© Based on 137,040 employment of St. Joseph County

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

Full-time Equivalent Employees as of December 31

|                        | 2011 | % of<br>Total Employment | 2010 | % of<br>Total Employment | 2009 | % of<br>Total Employment | 2008 | % of<br>Total Employment | 2007 | % of<br>Total Employment | 2006 | % of<br>Total Employment | 2005 | % of<br>Total Employment | 2004 | % of<br>Total Employment | 2003 |
|------------------------|------|--------------------------|------|--------------------------|------|--------------------------|------|--------------------------|------|--------------------------|------|--------------------------|------|--------------------------|------|--------------------------|------|
| <b>Function</b>        |      |                          |      |                          |      |                          |      |                          |      |                          |      |                          |      |                          |      |                          |      |
| General Government:    |      |                          |      |                          |      |                          |      |                          |      |                          |      |                          |      |                          |      |                          |      |
| Public Safety          | 55   | 11%                      | 53   | 11%                      | 49   | 10%                      | 54   | 10%                      | 57   | 11%                      | 60   | 11%                      | 66   | 12%                      | 63   | 12%                      | 68   |
| ...Police              |      |                          |      |                          |      |                          |      |                          |      |                          |      |                          |      |                          |      |                          |      |
| Officers               | 103  | 21%                      | 103  | 21%                      | 103  | 21%                      | 103  | 20%                      | 103  | 20%                      | 103  | 19%                      | 103  | 19%                      | 103  | 19%                      | 103  |
| Civilians              | 23   | 5%                       | 23   | 5%                       | 23   | 5%                       | 31   | 6%                       | 30   | 6%                       | 30   | 6%                       | 28   | 5%                       | 26   | 5%                       | 28   |
| ...Fire                |      |                          |      |                          |      |                          |      |                          |      |                          |      |                          |      |                          |      |                          |      |
| Firefighters           | 109  | 22%                      | 107  | 22%                      | 107  | 22%                      | 107  | 20%                      | 107  | 20%                      | 107  | 20%                      | 107  | 20%                      | 107  | 20%                      | 107  |
| Civilians              | 1    | 0                        | 1    | 0                        | 1    | 0                        | 2    | 0                        | 2    | 0                        | 2    | 0                        | 1    | 0                        | 1    | 0                        | 1    |
| Total Public Safety    | 236  | 48%                      | 234  | 48%                      | 234  | 48%                      | 243  | 46%                      | 242  | 46%                      | 242  | 45%                      | 239  | 44%                      | 237  | 44%                      | 239  |
| Highways and Streets   | 35   | 7%                       | 32   | 7%                       | 30   | 6%                       | 31   | 6%                       | 34   | 6%                       | 34   | 6%                       | 37   | 7%                       | 33   | 6%                       | 38   |
| Culture and Recreation | 26   | 5%                       | 26   | 5%                       | 26   | 5%                       | 33   | 6%                       | 34   | 6%                       | 34   | 6%                       | 35   | 6%                       | 35   | 7%                       | 35   |
| Water                  | 36   | 7%                       | 40   | 8%                       | 37   | 8%                       | 47   | 9%                       | 49   | 9%                       | 48   | 9%                       | 47   | 9%                       | 49   | 9%                       | 50   |
| Wastewater/Sewer       | 47   | 9%                       | 47   | 10%                      | 48   | 10%                      | 46   | 9%                       | 38   | 7%                       | 46   | 9%                       | 46   | 8%                       | 49   | 9%                       | 47   |
| Electric               | 64   | 13%                      | 52   | 12%                      | 62   | 13%                      | 70   | 13%                      | 72   | 14%                      | 69   | 13%                      | 72   | 13%                      | 71   | 13%                      | 71   |
| Total City Employees   | 499  |                          | 491  |                          | 485  |                          | 524  |                          | 526  |                          | 533  |                          | 543  |                          | 536  |                          | 548  |

Source: City Payroll System

Note: 9 years of data available in this format

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

| <b>Function</b>                                   | <b><u>2011</u></b> | <b><u>2010</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   | 3,300              | 1,869              | 2,006              | 1,633              | 2,241              | 2,350              | 2,059              | 2,256              | 2,293              |
| Parking Violations                                | 1,188              | 1,218              | 1,622              | 2,540              | 2,510              | 1,474              | 2,289              | 2,692              | 3,111              |
| Traffic Violations                                | 5,531              | 4,080              | 9,364              | 7,276              | 4,125              | 4,568              | 4,044              | 4,163              | 3,987              |
| Traffic Accident Calls                            | 2,060              | 2,037              | 1,969              | 2,382              | 2,424              | 2,453              | 2,717              | 2,832              | 2,820              |
| Cases Reviewed                                    | 8,028              | 8,135              | 8,675              | 8,207              | 8,093              | 8,114              | 7,812              | 8,106              | 8,911              |
| <b>Fire</b>                                       |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Fire Calls  | 1,207              | 1,260              | 1,026              | 1,066              | 201                | 213                | 253                | 334                | 244                |
| Medical Calls                                     | 4,804              | 4,467              | 4,157              | 4,384              | 4,352              | 4,123              | 4,191              | 4,108              | 4,131              |
| Inspections                                       | 1,500              | 1,423              | 1,372              | 1,190              | 1,603              | 917                | 1,100              | 964                | 875                |
| <b>Streets</b>                                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Blocks of Streets Paved                           | 85                 | 65                 | 73                 | 88                 | 123                | 136                | 99                 | 119                | 85                 |
| Leaf Pickup Cubic Yards                           | 14,500             | 15,062             | 18,390             | 11,075             | 11,332             | 16,338             | 10,132             | 14,010             | 11,850             |
| Blocks of Streets Swept                           | 565                | 445                | 637                | 620                | 799                | 833                | 1,092              | 899                | 1,365              |
| <b>Culture &amp; recreation</b>                   |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Pool Attendance(patrons)                          | 17,131             | 18,014             | 16,810             | 18,860             | 19,573             | 18,512             | 18,176             | 10,740             | 13,664             |
| Community Ctr Attendance                          | 41,165             | 48,388             | 43,120             | 49,645             | 46,730             | 53,000             | 50,355             | 42,023             | 55,961             |
| Facility Rentals                                  | 1,447              | 1,116              | 1,579              | 1,135              | 544                | 770                | 696                | 404                | 428                |
| Plantings   | 902                | 166                | 145                | 86                 | 129                | 213                | 95                 | 502                | 69                 |
| <b>Water</b>                                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| New service lines                                 | 54                 | 50                 | 56                 | 42                 | 206                | 428                | 419                | 288                | 527                |
| Average daily consumption MGD                     | 7.55               | 7.85               | 6.6                | 8.21               | 10                 | 9                  | 9                  | 9                  | 9                  |
| <b>Wastewater</b>                                 |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Annual Sewage Treatment<br>( billions of gallons) | 4.2                | 4.6                | 4.6                | 5.2                | 4.2                | 4.5                | 4.5                | 4.4                | 3.9                |
| Pollutants removed<br>(in mill of lbs.)           | 7.2                | 7.0                | 7.0                | 6.8                | 6.5                | 8.5                | 8.5                | 8.5                | 8.4                |
| <b>Electric</b>                                   |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Energy consumption (kW)<br>(in thousands)         | 621,122            | 597,728            | 538,572            | 623,032            | 642,779            | 637,903            | 617,257            | 588,830            | 574,000            |
| Unplanned outages                                 | 11                 | 22                 | 11                 | 14                 | 16                 | 7                  | 12                 | 22                 | 21                 |

Note: 9 years of data available in this format

Source: Various city departments

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

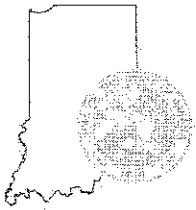
| <b>Function</b>                              | <b>2011</b> | <b>2010</b> | <b>2009</b> | <b>2008</b> | <b>2007</b> | <b>2006</b> | <b>2005</b> | <b>2004</b> | <b>2003</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|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

Source: Various city departments

Note: 9 years of data available in this format

**COMPLIANCE SECTION**

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

We have audited 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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 21, 2012. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

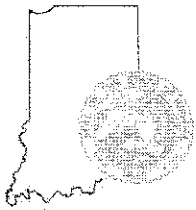
Compliance

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, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 21, 2012



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 could have a direct and material effect on its major federal program for the year ended December 31, 2011. 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; 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 could have a direct and material effect on its major federal program for the year ended December 31, 2011.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be 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, 2011, and have issued our report thereon dated May 21, 2012. 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, City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 21, 2012

CITY OF MISHAWAKA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2011

| Federal Grantor Agency/Pass-Through Entity<br>Cluster Title/Program Title/Project Title  | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (Or Other)<br>Identifying<br>Number  | Total<br>Federal Awards<br>Expended                               |
|--|---------------------------|---|---|
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>  |                           |   |   |
| Direct Grant:  |                           |   |   |
| CDBG-Entitlement Grants Cluster  |                           |   |   |
| Community Development Block Grants/Entitlement Grants  | 14.218                    | B10MC180017<br>B11MC180017  | \$ 492,001<br>56,696  |
| Total for program  |                           |   | <u>548,696</u>  |
| ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)                                      | 14.253                    | B-09-MY-18-0017   | <u>33,075</u>   |
| Total for cluster  |                           |   | <u>581,772</u>  |
| Pass-Through Indiana Housing and Community Development Authority   |                           |   |   |
| CDBG-State Administered CDBG Cluster   |                           |   |   |
| Community Development Block Grants/State's Program and Non Entitlement Grants in Hawaii<br>(State Administered Small Cities Program) | 14.228                    | NSP3<br>NSP1  | 38,527<br>552,348   |
| Total for cluster  |                           |   | <u>590,875</u>  |
| Pass-Through St. Joseph County Housing Consortium  |                           |   |   |
| HOME Investment Partnerships Program   | 14.239                    | HO-10-840<br>HO-11-840  | 226,149<br>66,833   |
| Total for program  |                           |   | <u>292,982</u>  |
| Total for federal grantor agency   |                           |   | <u>1,465,629</u>  |
| <u>U.S. DEPARTMENT OF JUSTICE</u>  |                           |   |   |
| Direct Grant   |                           |   |   |
| JAG Program Cluster  |                           |   |   |
| Edward Byrne Memorial Justice Assistance Grant Program   | 16.738                    | 2011DJBX3359<br>2008DJBX0134<br>2010DJBX0855  | 9,691<br>11,609<br>29,038   |
| Pass-Through the City of South Bend  |                           |   | <u>50,338</u>   |
| Total for cluster  |                           |   | <u>50,338</u>   |
| Direct Grant   |                           |   |   |
| Bulletproof Vest Partnership Program   | 16.607                    |   | <u>3,192</u>  |
| Direct Grant   |                           |   |   |
| Public Safety Partnership and Community Policing Grants  | 16.710                    | 2009CKWX0555<br>2010UMWX0116  | 210,000<br>25,632   |
| COPS Technology Grant  |                           |   | <u>235,632</u>  |
| COPS Hiring Grant  |                           |   | <u>235,632</u>  |
| Total for program  |                           |   | <u>235,632</u>  |
| Total for federal grantor agency   |                           |   | <u>289,162</u>  |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u>   |                           |   |   |
| Pass-Through Indiana Criminal Justice Institute  |                           |   |   |
| Highway Safety Cluster   |                           |   |   |
| Alcohol Impaired Driving Countermeasures Incentive Grants I  | 20.601                    | PT-11-04-04-21<br>PT-12-04-04-19<br>K8-11-03-03-26<br>K8-12-03-03-27<br>CA-2011-08-01-16<br>RD-11-02-02-21<br>FACT D3104122 | 107,222<br>26,688<br>65,262<br>9,662<br>25,493<br>9,722<br>34,673 |
| Pass-Through St. Joseph County Prosecutor  |                           |   | <u>278,722</u>  |
| Total for federal grantor agency   |                           |   | <u>278,722</u>  |
| <u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>  |                           |   |   |
| Pass-Through Indiana Finance Authority   |                           |   |   |
| Capitalization Grants for Clean Water State Revolving Funds  |                           |   |   |
| ARRA - Capitalization Grants for Clean Water State Revolving Funds   | 66.458<br>66.458          | CS18232701<br>WW09367103  | 55,732<br>1,188,892   |
| Total for federal grantor agency   |                           |   | <u>1,254,624</u>  |
| Total federal awards expended  |                           |   | <u>\$ 3,288,137</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 conformity with accounting principles generally accepted in the United States of America which is the basis of accounting used in the presentation of the financial statements. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2011:

| <u>Program Title</u>                    | <u>Amount<br/>Provided to<br/>Subrecipients</u> |
|---|---|
| CDBG-Entitlement and (HUD-Administered) |   |
| Small Cities Cluster                    | \$ 74,390                                       |
| Highway Safety Cluster                  | 156,242   |

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            |
| Significant deficiencies identified?                  | none reported |
| Noncompliance material to financial statements noted? | no            |

Federal Awards:

|  |               |
|--|---------------|
| Internal control over major program:   |               |
| Material weaknesses identified?  | no            |
| Significant deficiencies identified?   | 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 OMB Circular A-133? | no            |

Identification of Major Program:

| CFDA<br>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.