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South Bend, IN

Mayor Pete Buttigieg

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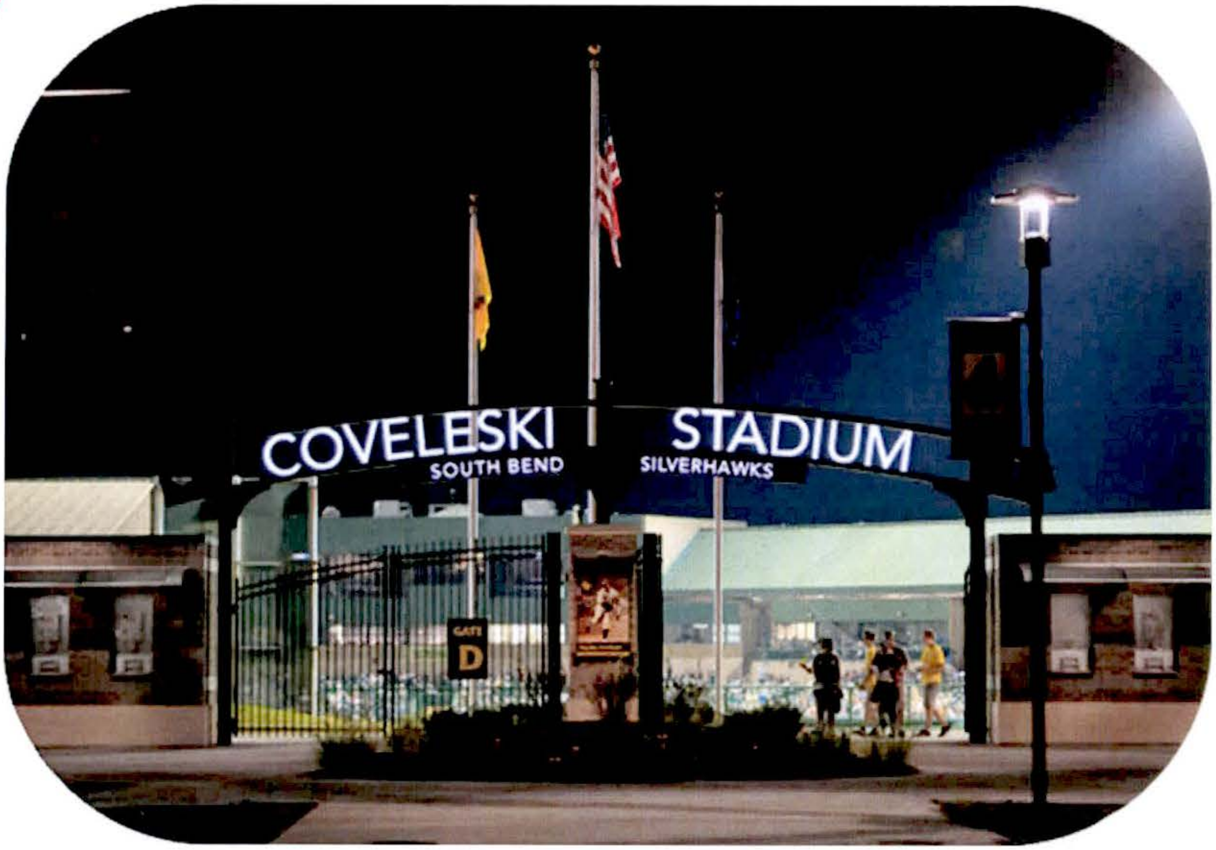

South Bend
All-America City
2011

Comprehensive Annual Financial Report

Fiscal Year ending December 31, 2011

Prepared By:
Department of Administration and Finance
Mark Neal, City Controller

1865

Comprehensive Annual Finance Report

City of South Bend, Indiana

For the year ending December 31, 2011

Prepared by:
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Mark Neal, City Controller

On the cover:
South Bend All-America City Award: Through the leadership of former Mayor Stephen Luecke, South Bend received the All-America City Award from the National Civic League on June 17, 2011 in Kansas City, Missouri. South Bend was one of only 10 cities honored in 2011. South Bend highlighted three projects in its award-winning presentation: 1) Northeast Neighborhood revitalization, 2) Transformation of the Engman Natatorium into a Civil Rights Heritage Center, and 3) 212 Degree STARS.

Photo courtesy of City of South Bend archives.

THE CITY OF SOUTH BEND, INDIANA
1865

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Comprehensive Annual Financial Report
For The Year Ending December 31, 2011
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CITY OFFICIALS

Office	Official	Term
Mayor	Stephen J. Luecke	01-01-08 to 12-31-11
	Pete Buttigieg	01-01-12 to 12-31-15
Controller	Gregg D. Zientara	08-17-09 to 12-31-11
	Mark Neal	01-01-12 to 12-31-15
City Clerk	John Voorde	01-01-08 to 12-31-15
President of the Board of Public Works	Gary A. Gilot	01-01-10 to 12-31-12
Common Council Members		
1st District	Derek D. Dieter	01-01-08 to 12-31-11
1st District	Tim Scott	01-01-12 to 12-31-15
2nd District	Henry Davis, Jr.	01-01-08 to 12-31-15
3rd District	Tom LaFountain	01-01-08 to 12-31-11
3rd District	Valerie Schey	01-01-12 to 12-31-15
4th District	Ann Puzzello	01-01-08 to 12-31-11
4th District	Fred Ferlic	01-01-12 to 12-31-15
5th District	David Varner	01-01-08 to 12-31-15
6th District	Oliver Davis	01-01-08 to 12-31-15
At Large	Karen L. White	01-01-08 to 12-31-15
At Large	Timothy A. Rouse	01-01-08 to 12-31-11
At Large	Al (Buddy) Kirsits	01-01-08 to 12-31-11
At Large	Derek D. Dieter	01-01-12 to 12-31-15
At Large	Gavin Ferlic	01-01-12 to 12-31-15

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227 W. Jefferson Blvd.
South Bend, Indiana 46601-1830

Phone 574/ 235-9216
Fax 574/ 235-9928

City of South Bend Pete Buttigieg, Mayor

DEPARTMENT OF ADMINISTRATION AND FINANCE

June 25, 2012

The Honorable Pete Buttigieg, Mayor of the City of South Bend
Members of the City of South Bend Common Council
Residents of the City of South Bend:

The comprehensive annual financial report of the **City of South Bend, Indiana** (the "City") for the year ended **December 31, 2011** is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities are included.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of South Bend's MD&A can be found immediately following the independent auditors report.

The comprehensive annual financial report is presented in four sections: introductory information, financial information, statistical information and federal awards supplemental information. The **introductory section** includes this transmittal letter, the City's organizational chart, a list of principal City officials and the Certificate of Achievement for Excellence in Financial Reporting awarded to the City of South Bend for the year ended December 31, 2010. The **financial section** begins with the independent auditors' report on the City's financial statements and schedules, the City's management's discussion and analysis report, followed by the City's basic financial statements and accompanying notes. The remaining portion of this section includes the combining and individual fund and other financial statements and schedules. The **statistical section** includes selected financial and demographic information generally presented on a multi-year basis, which has been provided to give the reader a broader understanding of the City. This document ends with the **federal awards** compliance section, which includes the results of the supplemental audit of the City's federal awards and the internal controls necessary for compliance.

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, the provisions of 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 financial assistance, findings and recommendations, and the auditors' reports on the internal control structure and compliance with applicable laws and regulations, is included in this document.

The following pages of this transmittal letter begin with a general overview of South Bend and the surrounding area. Also summarized are the key financial, budgetary and property tax controls with which the City is required to comply. The remainder includes a discussion of the prior year's financial challenges and accomplishments, the City's goals and objectives for this year and beyond and other key issues the City is facing along with the impact they may have on current and future budgets.

GENERAL INFORMATION

The City of South Bend is the county seat of St. Joseph County, Indiana, and is the fourth largest city in the state. The City of South Bend's 2010 U.S. Bureau of the Census population was 101,168. Accordingly, South Bend is classified as a "City of the Second Class" under Indiana statutes (cities with a population of 35,000 to 250,000). The City of South Bend operates with a mayor as chief executive and a nine-member City Common Council composed of six members elected from districts and three members elected at-large.

The City provides a full range of traditional general governmental services to its citizens. These services include police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events. In addition to general governmental activities, the City exercises oversight over the South Bend Water Works, the South Bend Wastewater Treatment Facility, the Century Center convention facility, the College Football Hall of Fame, the Studebaker National Museum , the City of South Bend Redevelopment Commission and Authority and several downtown parking facilities.

Location

St. Joseph County lies within the heartland of the manufacturing belt and metropolitan regions of the Upper Midwest and Canada. The City of South Bend is located in the north central part of Indiana, ten miles south of the Michigan state line, and is commonly known to be within the "Michiana" area. The Michiana area is a vibrant and diverse area with a strong economy based on a mix of health care, agricultural, service, manufacturing, education and other commercial and tourism industries. This diverse economic mix creates varied employment opportunities for the area's residents while providing insulation via diversification from future economic downturns.

The City is approximately 90 miles east of Chicago and 140 miles north of Indianapolis. Accessibility to transportation, including Interstate 80/90, a regional airport (which is the second busiest in the State of Indiana), the South Shore rail line and has supported economic growth within the community. Proximity to Chicago, the largest rail and intermodal (rail/truck/ocean/inland waterway) transfer point in the country, is a significant advantage to the

City of South Bend as is proximity to the University of Notre Dame, with its scenic campus located adjacent to the city limits.

St. Joseph County / South Bend - Economic Conditions and Outlook

St. Joseph County, with its 2010 U.S. Bureau of the Census population of 266,931, boasts a strong history of manufacturing which continues today. As a complement to that, the service industry and retail trade has also flourished, creating a balance that serves the community well. The County experienced a net growth in population of 28,317 (11.8% increase) between 1960 and 2010. After experiencing a reduction of 2.6% during 1969 to 1983, at which time the entire Midwest was at the depth of its economic restructuring and recess, the County's population increased 4.0% between 1983 and 1990 and another 7.5% between 1990 and 2000. The population of St. Joseph County has remained fairly flat during the past decade increasing by only 1,372 residents from 2000 to 2010.

The total resident labor force in December 2011 of 129,438 in St. Joseph County is typical of the Midwest: well trained with a strong work ethic. Approximately 86.4% of the area's adult population are high school graduates or higher (as compared to the national average of 75%) with an estimated 25.6% with a Bachelor's Degree or higher. There are eight colleges, universities and technical schools within South Bend and the surrounding area including the University of Notre Dame, Indiana University at South Bend, Saint Mary's College, Bethel College and Ivy Tech State College. At the high school level, there are school-to-work transition programs that help prepare students for the world of work. As of April 2012, St. Joseph County is experiencing an unemployment rate of 8.9%, which is higher than the State of Indiana unemployment rate of 7.7%. The unemployment rate in St. Joseph County compares favorably with many of its surrounding counties—Elkhart (8.7%), LaPorte (9.6%), and Marshall (8.1%) in Indiana and Cass (6.3%) and Berrien (8.2%) in Michigan.

The employment profile for St. Joseph County provides a good overview of the economic make-up of this community. Employment statistics for 2010 (2011 data was unavailable) of the County's major economic sectors are as follows:

Economic Sector	Number Employed	% of Total
Construction	3,916	3.5%
Manufacturing	13,850	12.4%
Health Care/Social Services	17,676	15.9%
Wholesale Trade	5,624	5.1%
Retail Trade	13,620	12.2%
Professional/Technical Services	4,341	3.9%
Accommodations/Food Service	9,578	8.6%
Educational Services	15,712	14.1%
Other	26,981	24.3%
Total	**111,298**	**100.00%**

St. Joseph County presently has an estimated 103,069 households with an average per capita personal income of $33,322, which compares to the State of Indiana average per capita income of

$33,981 and the United States per capita income of $39,937. The per capita income in St. Joseph County compares favorably with many of its surrounding counties—Elkhart ($29,846), La Porte ($30,440), and Marshall ($28,598) in Indiana and Cass ($22,698) and Berrien ($24,025) in Michigan.

Health and education lead the employment statistics for St. Joseph County. The largest employers in St. Joseph County as of December 2011 were as follows: University of Notre Dame (5,213); South Bend Community School Corporation (3,298); Memorial Health Systems (3,000)); Saint Joseph Regional Medical Center (2,221); The Diocese of Fort Wayne/South Bend (1,456); Indiana University at South Bend (1,445); AM General (1,349); 1st Source Bank (1,223); the City of South Bend (1,133); St. Joseph County (1,049).

The following provides a profile of the residents of St. Joseph County:

Gender:	48.5% male; 51.5% female
Age:	36.2% 0-24 years of age; 25.3% 25-44 years of age; 25.3%% 45-64 years of age; and 13.2% 65 years of age and older.
Race:	78.7% White; 12.4% Black/African American; 6.9% Hispanic/Latino; 1.9% Asian; and .1% Other
Marital Status:	46.1% Married; 53.9% Single/Widowed/Divorced/Other
Home Ownership:	69.3% own; 30.7% rent/other

The cost of living continues to be one of the greatest advantages of living in this community. The housing costs in South Bend are well below the national and regional averages. Per a report compiled by the National Realtor's Association in the first quarter of 2012, the median sales price for a single family home in the South Bend-Mishawaka Statistical Area was $69,400 as compared to a median sales price of $157,200 in Chicago and $115,400 in Indianapolis. The national median sales price is $158,000.

The City of South Bend continues to place high emphasis on a growing and diversified local economy. It has been active in developing ten industrial parks, offering itself as a low-cost alternative to the Chicago metropolitan area to companies engaged in light manufacturing, distribution and services. More than 240 businesses operate in South Bend's industrial parks, including companies engaged in metalworking, plastics, warehousing and distribution, and professional services. In recent years, the City has developed Innovation and Ignition parks, the first dual-site, state-certified technology park in the State of Indiana.

The South Bend Community School Corporation serves the entire City and some of the surrounding area and has a current enrollment of approximately 20,134 students in grades kindergarten through high school. An estimated 5,757 students attend private or parochial schools within the City. The nine institutions of higher education and technical training located within the South Bend area have a total enrollment of approximately 31,166. Over the years, the University of Notre Dame has provided a stabilizing influence on the economy with a very significant positive economic impact upon the community.

In 1820, Pierre Navarre of the American Fur Trading Company was the first settler in the area to become later known as South Bend. South Bend has continued to progress in its growth since 1842, when Father Edward Sorin named his rustic log chapel "Notre Dame du Lac" and began to teach the local Indians. Today, the chapel has grown into the University of Notre Dame. In 1852, H.C. Studebaker started the industry of making wagons and horse drawn buggies that evolved into the manufacturing of the Studebaker automobile. It made the name Studebaker synonymous with the area of South Bend.

Another industrial firm that would later become the area's largest began in 1923 when Vincent Bendix began manufacturing automotive brakes. In 1929, the company became the Bendix Aviation Corporation, and now, as Honeywell (formerly AlliedSignal Inc.), is a leading manufacturer of automotive and aerospace products.

Other special attractions within the South Bend area include the Olympic-class East Race Waterway and the East Bank area; the renovated Morris Performing Arts Center, which provides for the Broadway Theater League, the South Bend Symphony Orchestra with the Chamber and Pops Orchestras and the Southold Dance Theater and Patchwork Dance Company; the award-winning South Bend Civic Theater; the Studebaker National Museum; the South Bend Regional Museum of Art; the Snite Museum of Art at Notre Dame; the Northern Indiana Center for History; Copshaholm/The Oliver Mansion; the College Football Hall of Fame; Century Center; Potawatomi Zoo; the Morris Conservatory/Muessel-Ellison Tropical Gardens; Healthworks! Kids Museum; the Farmers' Market; and the Belleville Softball Complex. The Coveleski Regional Baseball Stadium (named after South Bend native and Hall of Fame pitcher Stanley Coveleski) is a 5,000-seat facility which opened in 1987 and is rated among the best in minor league baseball. The stadium is home to the South Bend Silver Hawks, a minor league team affiliated with the Arizona Diamondbacks. During 2011, the Silver Hawks were sold to Chicago businessman, Andrew Berlin, who has forged a strong partnership with the City and plans to keep the team in South Bend for many years to come.

Additional miscellaneous information about the City of South Bend can be found in the statistical section of this report.

Financial, Budgetary and Property Tax Controls

The City's management team is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal and state financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City. As part of the City's single audit described earlier, tests are performed to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the year ended December 31, 2011 disclosed no instances of significant material weaknesses in the internal control structure and no significant violations of applicable laws and regulations.

Budgetary Controls. In accordance with Indiana statutes, the City maintains budgetary controls integrated within the accounting system. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget (prepared on a cash basis) which is adopted by the City Common Council and then reviewed and approved by the State of Indiana Department of Local Government and Finance. Activities of the general fund, special revenue funds, capital project funds, enterprise funds, internal service funds, pension trust funds and debt service funds are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major budget classification within funds. The Mayor and Common Council may transfer appropriations from one major budget classification to another within a department by ordinance as long as the total appropriations for that fund are not exceeded. Transfers from one department to another, or additional appropriations in excess of the original budget, must be approved by the Mayor and Common Council and are also submitted to the Department of Local Government and Finance for either approval or acknowledgement (depending on the fund). Beginning in budget year 2009, the City must also submit its annual budget to the St. Joseph County Common Council for a non-binding review and recommendation.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts do not lapse at year end and are carried over to the following year as a part of the subsequent year's budget.

Property Tax Controls. In addition to budgetary and other controls established by Indiana statute, the City must operate within specific and rigid controls governing the amount of property tax it may levy. The property tax control program, which began in 1973, limits the amount of property tax that may be levied by each unit of government in its legally budgeted funds. The total amount of property tax levied by the unit may increase by the six year average annual growth in Indiana personal non-farm income, as calculated by the U.S. Bureau of Economic Analysis, with a 6% maximum.

During March 2008, the State of Indiana General Assembly enacted property tax reform legislation which made significant changes in the property tax system by capping the amount of property taxes at 1% of grossed assessed value for residential homesteads, 2% for agricultural/rental properties and 3% for all other real and personal property. This legislation was phased in over a two year period beginning in 2009. The loss of revenue to the City due to this legislation was significant but has been overcome by cost savings and the adoption of local option income taxes to in order to continue providing essential City services, including police and fire protection.

A historical view of the City's tax rate and its net assessed valuation has been included in the statistical section of this document.

Citywide Goals and Objectives for 2012 and Beyond

The City has developed **eight broad goals** that focus on the following areas: economy, safety, quality of life, trust, responsiveness, infrastructure, finance and workforce. The City has identified various objectives that are tied directly to these goals which, if achieved, will result in the attainment of these goals. The eight goals are listed below.

GOAL ONE: The Community's Economy

Improve South Bend's economy to ensure a vigorous local business climate; ample employment, business and investment opportunities for all our customers; and a tax base that is sufficient to meet the needs of the City, its residents and other customers.

GOAL TWO: The Community's Public Safety and Civility

Improve South Bend's public safety and civility to ensure that every resident and other customers can live, work, play, run a business and raise a family in a humane, pleasant and safe environment; have adequate, affordable and timely access to all forms of emergency services; and can contribute and participate in a community where people of different backgrounds live in mutual respect and harmony.

GOAL THREE: The Community's Quality of Life

Improve South Bend's quality of life to ensure that every resident and every family can earn an adequate income; secure adequate housing; live in a safe, pleasant and humane neighborhood; enjoy a wide range of social, cultural and recreational opportunities; and have access to quality educational and medical services within an excellent natural and manmade environment.

GOAL FOUR: Trust in City Government

Improve residents' trust in City government to ensure that South Bend has a broad base of consensus and support on which to build the future, a strong foundation for collaborative action and community partnerships; and an increase in resident and customer participation in the daily public life of the community.

GOAL FIVE: The City's Responsiveness, Efficiency, and Effectiveness

Improve the responsiveness, efficiency, and effectiveness of City government to ensure that the City's customers get the value they expect and deserve.

GOAL SIX: The City's Infrastructure

Improve the City's infrastructure to ensure that South Bend can support physical growth and economic development; and offer an excellent quality of life to all of its residents and other customers.

GOAL SEVEN: The City's Financial Condition

Improve the financial condition of City government to ensure that South Bend has the financial resources necessary to achieve all of its goals during the next five years.

GOAL EIGHT: The City's Workforce

Improve the City government's existing workforce, work environment and human development systems to ensure that South Bend has the human resources necessary to achieve all its goals during the next five years.

City Mission Statement and Department Purpose Statements

The City provides services to its customers through thirteen administrative departments. These departments have unique purposes that are intended to support the citywide mission statement which is "**to be recognized as a model city.**" Each department has developed a purpose statement which identifies their specific role.

Mayor's Office: Leading the community to become a model city through formulating policy, directing operations and responding to customer concerns.

Common Council: Making certain that our City government is always responsive to the needs of our residents and that the betterment of South Bend is always our highest priority.

City Clerk's Office: Preserving all City Ordinances and Council meeting minutes for generations yet to be, and providing fair and consistent treatment of our Ordinance Violations Bureau customers.

Administration and Finance: Providing financial and organizational stability for the City through sound financial and human resources management while ensuring the existence of a safe work environment, quality employee benefits and equal treatment for all City employees.

Legal Department:	Providing superior, professional and ethical legal services for our client, the City of South Bend.
Police Department:	Protecting the life, property and personal liberties of all individuals; improving the overall quality of life by deterring criminal activity and respecting cultural diversity; delivering fair and impartial law enforcement services to all residents.
Fire Department:	Providing the highest level of fire protection and emergency medical services possible to all of our customers, saving lives and property, and striving to become a model Fire Department for other cities in an efficient and cost-effective manner.
Code Enforcement:	Maintaining and improving the physical quality of life in our neighborhoods.
Parks and Recreation:	Offering all residents and guests of South Bend the highest quality of recreational and leisure activities, while providing well-managed parks and recreational facilities with updated programming and friendly productive service.
Community and Economic Development:	Creating and expanding opportunities through partnerships in neighborhood revitalization, commercial and industrial development and community enhancement.
Public Works:	Providing leadership in the development and delivery of engineering, fleet, transportation, sanitation, wastewater, water and other services as called upon by our customers.
Building Department:	Serving our customers by inspecting, informing and ensuring a safe place to work, play and live.
Century Center:	Providing a state-of-the-art facility with excellent services to customers while generating maximum economic benefit to our community.

Building South Bend in 2012 and beyond

The City Administration's theme for the past several years has been "We're Building South Bend." That theme has had a major influence on the development of the 2012 budget. There were five areas of concentration that became or remained budget priorities for 2012.

- ***We're Building Neighborhoods*** - The City continues with its strong commitment to neighborhoods. The City will make a significant investment to fund or leverage state and federal funding for housing assistance, development and home ownership programs, neighborhood public works and parks, neighborhood development for social services and organizations, and public safety initiatives. Committing these resources will help us maintain, improve and support strong neighborhood development.

- ***We're Building a Safe City*** - Public safety is the foundation of all the City's efforts to build South Bend. Through the targeted and creative use of available resources, the City is working to provide quality police, fire and ambulance services for the community. The crime rate has decreased in several significant categories over the past year. The City's Fire Departments is rated one of the best in the State. The Mayor's top initiatives will focus on community policing, youth violence, and placing more emphasis on training and recruitment for the Police and Fire Departments.

- ***We're Building an Attractive City*** - We are working to enhance the natural and man-made beauty of our city through effective City programs. The City has taken steps through its Department of Code Enforcement and a Mayoral Task force to address the issue of vacant and abandoned properties. The City is funding major programs to renovate the former Studebaker Corridor area and other parts of the City. The City has been recognized as a Bicycle Friendly Community by the League of American Bicyclists and has established approximately 60 miles of bicycle routes to date.

- ***We're Building Opportunity*** - A key issue for any city is education and opportunity for young people. The City is committed to keeping schools open in our neighborhoods and to maximizing their use by the community. We are building partnerships with the South Bend School Corporation and other key stakeholders that will create new strategies for enhancing our formal educational systems. Working together with families, student groups, school officials, neighborhoods, the faith community and civic organizations, we can support our local schools and improve the level of individual student performance.

- ***We're Building a Strong Economy*** - Local government plays a key role in economic development. By providing adequate infrastructure and offering targeted assistance, the City can stimulate private investment, creating business opportunities and jobs. The City's policies encourage new start-up businesses, strengthen existing business, attract new jobs, increase assessed value and emphasize direct investment in hard-to-develop areas. Efforts have been and will continue to focus on implementing the comprehensive plans for the areas around the East Bank and Coveleski Stadium, including a new Veteran's Clinic across from the stadium. The City has had many recent economic development projects including Eddy Street Commons, a $220 million dollar mixed-use development south of Notre Dame, with more than 20 stores and restaurants, office space and hundreds of town homes, apartments and condominiums. In addition, the City has created Indiana's first dual-site, state-certified technology park site known as Innovation Park and Ignition Park.

Mayoral Leadership Transition

This past year was a period of transition in the leadership of the City of South Bend. Mayor Stephen J. Luecke retired effective December 31, 2011. As South Bend's longest serving chief executive (1997-2011), Mayor Luecke has had many significant accomplishments during his tenure including the City's receipt of the All-America City Award from the National Civic League in 2011.

New Mayor Pete Buttigieg (a Harvard University graduate and Rhodes scholar) assumed office on January 1, 2012 bringing with him a group of leaders with new ideas and energy to implement transformational reform to City government. Elected at age 29, Mayor Buttigieg is the youngest chief executive of a municipality exceeding 100,000 residents in the United States. Building on the success of the previous administration, Mayor Buttigieg has launched six new initiatives to improve city government:

1. **New Economic Partnerships** – to lay out a new economic vision for our community as well as to agree on a smarter division of labor among various groups involved in economic development. An Economic Summit was held in June to promote this initiative.

2. **High Ethical Standards** – on his first day in office, the Mayor issued an executive order introducing a new ethics code for city employees.

3. **Customer Service Mentality** – design ways that city employees can track and resolve citizens' issues efficiently by using more advanced technology. This effort will culminate with the creation of a "311 line" for non-emergency municipal issues during 2012.

4. **Strong Partnerships with Schools** – the Mayor has improved dialogue with the South Bend School Corporation and other stakeholders to ensure a strong educational system in the City. Programs to increase school mentoring programs and curb youth violence are being implemented.

5. **Transparency and Accessibility** – choosing not to serve from behind his desk, Mayor Buttigieg has conducted a series of monthly "Mayor's Night Out" and "Mayor's Night In" events around town to allow citizens to speak to him and his department heads directly about concerns and ideas. Also, efforts to implement a first-class performance management system have been initiated.

6. **Empowering Volunteers to Help** – work to create new opportunities for citizens who want to campaign for the City and help rejuvenate its neighborhoods. A city-sponsored volunteer "clearing house" is being developed to match able volunteers with organizations in need of volunteer assistance.

Awards. 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 South Bend for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This was the twenty first consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government unit 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. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of the comprehensive annual financial report was made possible by the dedicated service of the City's departmental fiscal officers and the staff of the Department of Administration and Finance. Each fiscal officer and member of the Administration and Finance Department has my sincere appreciation for the contributions made in the preparation of this report. In addition, I would like to thank the Field Examiners of the Indiana State Board of Accounts (led by Doug Wiese and Bruce Snyder) for their hard work and dedication in this effort.

In closing, without the leadership and support of former Mayor Stephen Luecke, current Mayor Pete Buttigieg, City Department Heads, and members of the City of South Bend Common Council, preparation of this report would not have been possible.

Sincerely,

Mark W. Neal, City Controller
City of South Bend

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Bend
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.

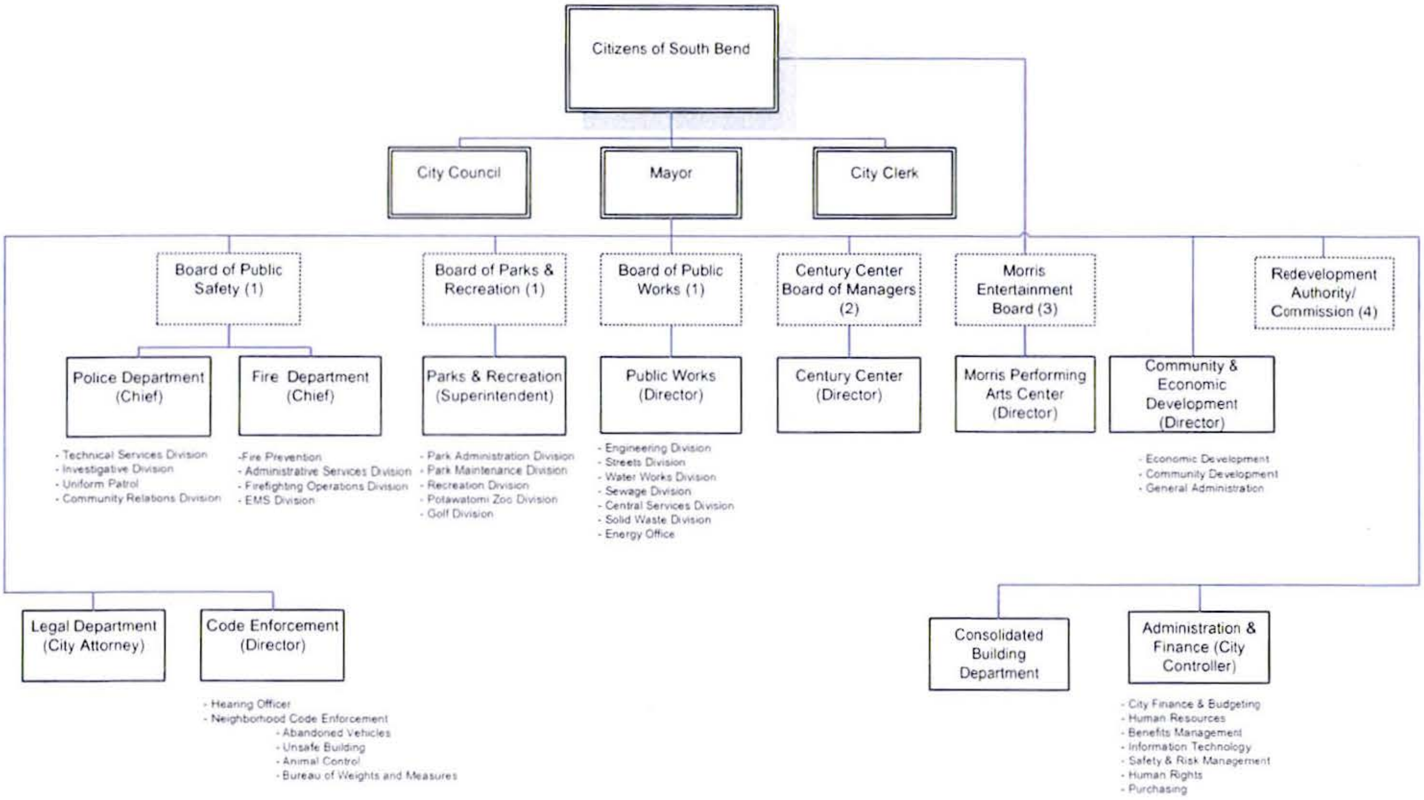
Linda C. Davidson

President

Jeffrey R. Esser

Executive Director

City of South Bend, Indiana
Organizational Chart



(1) Board Members include Mayoral Appointments
(2) Board Members include Mayoral and Council Appointments
(3) Board Members include Citizen Appointments
(4) Board Members include Mayoral and Council Appointments for Redevelopment Commission, Mayoral Appointment for Redevelopment Authority

Effective as of January 1, 2011

THE CITY OF SOUTH BEND, INDIANA
1865

II Financial Section

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF SOUTH BEND, 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 South Bend (City), as of and for the year ended December 31, 2011, which collectively comprise the City's 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 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 (General and Major Special Revenue funds), 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 ON FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining fund financial statements, other budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and other budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued our report May 30, 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 grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

STATE BOARD OF ACCOUNTS

May 30, 2012

Management Discussion & Analysis

The Management of the City of South Bend, Indiana ("City") provides herewith, this Management Discussion & Analysis ("MD&A") of the financial activities and condition of the **City of South Bend, Indiana** for the **fiscal year ended December 31, 2011.**

Readers of the information contained within this Management Discussion & Analysis, and any opinion derived therein, should be considered as a part of the greater whole of the financial statements, notes to the financial statements, supplemental information and letter of transmittal, as contained within this Comprehensive Annual Financial Report ("CAFR").

The City of South Bend is the county seat of St. Joseph County, Indiana, and is the fourth largest city in the State of Indiana. St. Joseph County is located within the heartland of the manufacturing and metropolitan regions of the Upper Midwest. The City of South Bend is located in the north central region of the State of Indiana, five (5) miles south of the Indiana / Michigan State boundary line. The City is approximately ninety (90) miles east of the city of Chicago and one hundred forty (140) miles north of the city of Indianapolis.

The year 2010 U.S. Bureau of the Census population for the City of South Bend was reported as 101,168, whereas the year 2010 Census population for St. Joseph County was reported as 266,931. Accordingly, South Bend is classified as a "City of Second Class" under State of Indiana statutes, defined as cities with a population between 35,000 and 250,000 residents.

South Bend and St. Joseph County is a vibrant and diverse area with a strong local economy based on a mix of agricultural, manufacturing and service, higher education and other commercial and tourism based industries. The diverse economic mix creates varied employment opportunities for residents while providing insulation via diversification from economic downturns.

The City of South Bend provides a full range of general governmental services to citizens. Services include general government, public safety, street construction and maintenance, infrastructure construction and maintenance, parks & recreation services, arts & culture, and sanitation services. In addition, the City provides Water Utility and Wastewater Utility services to commercial and residential properties within the city. City operations also include the Century Center Convention venue, College Football Hall of Fame, Studebaker Museum, South Bend Redevelopment Authority and Public Parking Garages within the city footprint.

The City of South Bend governmental structure includes elected officials as follows with defined management and legislative authority in compliance with Indiana Statute.

Mayor	Chief Executive Officer	4 year term
Common Council	9 member legislative body 6 from defined districts within the City 3 at large members	4 year term
City Clerk	Secretary of the Common Council	4 year term

All elected official current terms of office expire on December 31, 2015.

The City of South Bend was incorporated in 1865, compliant to Indiana Statute, and remains as such through the period covered by this Management Discussion & Analysis report.

Management Discussion & Analysis

Financial Highlights

	Governmental Activities		Business type Activities		Government wide Activities	
$ (whole)	2011	2010	2011	2010	2011	2010
Total Assets	517,651,245	520,908,273	275,840,661	250,583,137	793,491,906	771,491,410
Total Liabilities	224,587,699	228,756,515	111,439,332	95,891,883	336,027,031	324,648,398
Net assets						
Capital net of debt	195,361,678	186,771,216	103,923,028	122,108,095	299,284,706	308,879,311
Restricted	9,354,772	8,840,610	12,937,988	13,320,967	22,292,760	22,161,577
Unrestricted	88,347,096	96,539,932	47,540,313	19,262,192	135,887,409	115,802,124
Total net assets	293,063,546	292,151,758	164,401,329	154,691,254	457,464,875	446,843,012
Change vs. pr. Year	911,788	17,965,301	9,710,075	8,411,134	10,621,863	26,376,435
Expenses	154,902,096	135,058,294	46,323,473	45,486,515	201,225,569	180,544,809
Revenues	152,772,708	153,672,418	59,074,724	53,248,826	211,847,432	206,921,244

- Government wide net assets (total assets less total liabilities) as of December 31, 2011 were $457,464,875.

- Government wide net assets increased by $10,621,863 or 2.4% during fiscal 2011. Governmental activity net assets increased by $911,788 or .3% whereas business-type activity net assets increased by $9,710,075 or 6.3% during fiscal 2011.

- Total assets as of December 31, 2011 of $793,491,906 increased by $22,000,496 or 2.9% as compared to total assets as of December 31, 2010.

- Total liabilities as of December 31, 2011 were $336,027,031, increased by $11,378,633 or 3.5% as compared to total liabilities as of December 31, 2010.

- As of December 31, 2011, government wide net assets of $299,284,706 were invested in capital assets net of debt and are, therefore, not available for spending. Net assets of $135,887,409 were classified as unrestricted net assets and may be used to meet ongoing obligations to creditors. A total of $22,292,760 was classified as restricted for debt service and capital outlay.

- Government wide revenue achieved in fiscal 2011 amounted to $211,847,432, an increase of $4,926,188 or 2.3% versus government wide revenues achieved in fiscal 2010. Governmental activity revenue decreased by $899,710 or .5%, whereas business-type activity revenue increased by $5,825,898 or 10.9%.

- Government wide expenses in 2011 amounted to $201,225,569, an increase of $20,680,760 or 11.4% as compared to expenses of $180,544,809 in 2010. Government activity expenses increased by $19,843,802 or 14.6%, while business-type activity expenses increased by $836,958 or .2%, when compared to fiscal 2010.

- Explanatory commentary concerning the changes in assets, liabilities, revenue and expenditures can be found in later sections of this MD&A.

Management Discussion & Analysis

Overview of the Financial Statements

The City of South Bend's financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements themselves.

Government wide financial statements

The government wide financial statements are designed to provide readers with a broad overview of the City of South Bend's finances using "accrual based accounting," a method of accounting used by private-sector businesses.

- **Statement of net assets**

  This statement reports all assets and liabilities of the City of South Bend as of December 31, 2011. The difference between total assets and total liabilities is reported as "net assets," and can generally be thought of as the net worth of the City. Increases in net assets generally indicate an improvement in financial position while decreases in net assets may indicate a deterioration of financial position.

- **Statement of activities**

  This statement serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the City of South Bend for the year ended December 31, 2011. Changes in net assets are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The statement of activities displays the expense of the City's various programs net of the related revenues, as well as a separate presentation of revenue available for general purposes including property and county option income taxes, fees for services and other revenue sources.

The government wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The major governmental activities of the City of South Bend include general government, public safety, street construction and maintenance, infrastructure construction and maintenance, parks & recreation services, and arts & culture. The major business-type activities of the City include the water utility, wastewater utility, solid waste sanitation services, Century Center convention center, and Blackthorn golf course operations.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 South Bend can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the government wide financial statements. However, unlike government wide financial statements, governmental fund financial statements focus on short-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 short-term financing requirements. Governmental funds use the modified accrual accounting method. The City maintains six (6) major governmental funds (General, Parks and Recreation, Public Safety Local Option Income Tax, TIF Airport, County Option Income Tax, and Economic Development Income Tax) and sixty-nine (69) non-major governmental funds.

Proprietary funds

The City of South Bend maintains two types of proprietary funds: enterprise and internal service.

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains seven (7) enterprise funds. Information is presented separately in the proprietary statement of net assets and the proprietary statement of revenues, expense and changes in fund net assets for the Water Utility, Wastewater Utility and Century Center, which are considered major enterprise funds. Data from the other four (4) non-major enterprise funds (Consolidated St. Joseph County/South Bend Building Department, Parking Garage, Solid Waste and Blackthorn Golf Course) are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

- **Internal service funds** are used to accumulate and allocate costs internally among the City's various functions and funds. The City maintains five (5) internal service funds. The City of South Bend uses internal service funds to account for its self-funded liability insurance program, self-funded employee health benefits program, unemployment compensation claims, police take home vehicle program and central services unit (a department that accounts for expenses related to fuel, vehicle repairs, printing and other services provided to City departments on a cost-reimbursement basis). Because these services predominantly benefit governmental rather than business type functions, they have been included within governmental activities in the government wide financial statements but are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government wide financial statement because the resources of those funds are not available to support City programs. The City maintains five (5) fiduciary funds, which consist of two (2) pension trust funds (1925 Police Pension and 1937 Firefighter's Pension), two (2) agency funds (Payroll and Morris/Palais Royale Box Office), and one (1) private-purpose trust fund (Cemetery).

Pension Trust Fund Operations

City employees are covered by the Public Employees Retirement Fund ("PERF") and the 1977 Police Officers' and Firefighters' Pension Fund, both of which are 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 Officer's Pension Fund or the 1937 Firefighters' Pension Fund. These two funds are administered by the City. The number of police officers and firefighters in the City-managed pension trust funds will continue to decline in the future as current participant's demise.

Effective in fiscal 2009, with the passage of State legislation, funding responsibility for the 1925 and 1937 Police and Firefighter's Pension Funds was assumed by the State of Indiana. These funds no longer receive property tax revenue distributions beyond fiscal 2009. The transfer of pension responsibility to the State of Indiana is on a reimbursement basis and will not provide additional revenue to the City for use in other property tax funded areas. The administration of the pension plans remains the responsibility of the City.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential in order to have 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 note & disclosures, this CAFR report presents supplementary information. The combining statements referred to earlier in connection with non-major governmental, enterprise, internal service and fiduciary funds are presented immediately after the basic financial statements within the financial statement section of the CAFR report.

Government wide financial statements

The following financial analysis will focus on the statement of net assets and statement of changes in net assets of the City's governmental and business type activities.

Statement of Net Assets

Statement of Net Assets

	Governmental Activities		Business type Activities		Government wide Activities	
$ (whole)	2011	2010	2011	2010	2011	2010
Assets						
Current & other	223,809,782	232,714,910	65,711,671	49,622,856	289,521,453	282,337,766
Capital assets (net)	293,841,463	288,193,363	210,128,990	200,960,281	503,970,453	489,153,644
Total Assets	517,651,245	520,908,273	275,840,661	250,583,137	793,491,906	771,491,410
Liabilities						
Current	29,049,232	27,713,250	11,716,546	12,047,468	40,765,778	39,760,718
Long term	195,538,467	201,043,265	99,722,786	83,844,415	295,261,253	284,887,680
Total Liabilities	224,587,699	228,756,515	111,439,332	95,891,883	336,027,031	324,648,398
Net assets						
Capital net of debt	195,361,678	186,771,216	103,923,028	122,108,095	299,284,706	308,879,311
Restricted	9,354,772	8,840,610	12,937,988	13,320,967	22,292,760	22,161,577
Unrestricted	88,347,096	96,539,932	47,540,313	19,262,192	135,887,409	115,802,124
Total net assets	293,063,546	292,151,758	164,401,329	154,691,254	457,464,875	446,843,012

As of December 31, 2011, City assets exceeded liabilities by $457,464,875, an increase of $10,621,863, or 2.4%, from the net asset level as of December 31, 2010.

Governmental net assets of $293,063,546 increased by $911,788 versus the level at December 31, 2010, an increase of .3%. Business type net assets of $164,401,329 increased by $9,710,075 versus the level at December 31, 2010, an increase of 6.3%.

Statement of Net Assets (continued)

Improvement in the net asset position of the City should be viewed as a favorable development indicative of the conservative and responsible fiscal management policy maintained and followed by City Management, especially in light of the revenue constraints due to state enacted property tax reform in 2009 and soft economic conditions experienced in fiscal 2011. The increase in business type net assets was due primarily to a 9% increase in sewer rates which will be used to support long-term capital projects of the Wastewater utility.

Total assets increased $22,000,496 or 2.9% as compared to the asset level as of December 31, 2010. The increase in assets is largely attributed to an increase in capital assets net of depreciation.

The increase in capital assets of $14,816,809 is the result of several major capital construction projects capitalized or in process during the period. Major projects include the Eddy Street Commons development, Coveleski Stadium improvements, several street and intersection road improvement projects, several sewer rehabilitation projects, and water and wastewater utility equipment projects.

Total liabilities increased by $11,378,633 or 3.5% as compared to the liability level as of December 31, 2010. The increase in liabilities is largely attributed to additional sewer bonding and an increase in OPEB liabilities in connection with retiree health insurance benefits.

Government wide net assets of $299,284,706, are invested in capital assets net of debt and are therefore, not available for spending. A total of $135,887,409 is classified as unrestricted net assets and may be used to meet ongoing obligations to creditors. Net assets in the amount of $22,292,760 are classified as restricted for debt service and capital outlay.

Statement of Changes in Net Assets

	Governmental Activities		Business type Activities		Government wide Activities	
$ (whole)	2011	2010	2011	2010	2011	2010
Revenue						
Program Revenue						
Charge for services	10,853,623	17,187,806	54,576,584	51,212,835	65,430,207	68,400,641
Operating grants	32,091,246	29,467,573	-	-	32,091,246	29,467,573
Capital grants	2,328,468	1,472,233	4,291,731	1,889,165	6,620,199	3,361,398
General Revenue						
Taxes						
Property tax	76,445,349	77,315,641	-	-	76,445,349	77,315,641
Other tax	22,555,864	19,850,720	-	-	22,555,864	19,850,720
Unrestricted grants	3,964,336	4,883,081	-	-	3,964,336	4,883,081
Investment earnings	1,050,768	868,023	206,409	146,826	1,257,177	1,014,849
Other revenue	3,483,054	2,627,341	-	-	3,483,054	2,627,341
Total Revenue	152,772,708	153,672,418	59,074,724	53,248,826	211,847,432	206,921,244
Expenses						
General government	16,783,351	8,261,861	-	-	16,783,351	8,261,861
Public safety	73,530,442	63,150,142	-	-	73,530,442	63,150,142
Highways & streets	7,574,003	9,526,537	-	-	7,574,003	9,526,537
Culture & recreation	15,566,794	16,036,194	-	-	15,566,794	16,036,194

Economic development	34,648,975	30,744,012	-	-	34,648,975	30,744,012
Interest on long term debt	6,798,531	7,339,548	-	-	6,798,531	7,339,548
Water utility	-	-	11,972,840	12,525,246	11,972,840	12,525,246
Wastewater utility	-	-	22,260,005	21,403,663	22,260,005	21,403,663
Civic center	-	-	3,100,484	2,989,586	3,100,484	2,989,586
Building department	-	-	871,299	930,120	871,299	930,120
Parking	-	-	1,467,646	1,438,288	1,467,646	1,438,288
Solid waste	-	-	4,962,157	4,204,056	4,962,157	4,204,056
Golf course	-	-	1,689,042	1,995,556	1,689,042	1,995,556
Total Expense	154,902,096	135,058,294	46,323,473	45,486,515	201,225,569	180,544,809
Change in net assets						
Before transfers / special	(2,129,388)	18,614,124	12,751,251	7,762,311	10,621,863	26,376,435
Transfers	3,041,176	(648,823)	(3,041,176)	648,823	-	-
Change in net assets	911,788	17,965,301	9,710,075	8,411,134	10,621,863	26,376,435
Beginning net assets (restated)	292,151,758	274,186,457	154,691,254	146,280,120	446,843,012	420,466,577
Ending net assets	293,063,546	292,151,758	164,401,329	154,691,254	457,464,875	446,843,012

Governmental Activities

Net assets for governmental activities increased by $911,788 during fiscal 2011. Revenue of $152,772,708 decreased by $899,710, or .6%, Expenses were $154,902,096 during 2011, an increase of $19,843,802, or 14.7% as compared to fiscal 2010.

The revenue decrease was due to lower revenue from charges for service and property taxes primarily in the General Fund. The increase in expenses was due primarily to spending on capital projects such as Coveleski Stadium, the Potawatomi Conservatory and land acquisition for a new high school in the downtown area along with increased spending on public safety, as the police and fire department staffing was restored to full strength.

Interest on long term debt of $6,798,531 decreased by $541,017 consistent with existing repayment obligations.

Business Type Activities

Net assets from business type activities increased by $9,710,075 during fiscal 2011. During 2011, revenue of $59,074,724 increased by $5,825,898 or 10.9% when compared to fiscal 2010. During 2011, expenses of $46,323,473 increased by $836,958 or 1.8%% when compared to fiscal 2010.

Revenue increased primarily as the result of a 9% increase in sewer rates for 2011 designed to provide funding to cover long-term wastewater and sewer capital improvements. Additional capital grant funding was received from the state revolving fund to cover sewer and wastewater projects.

Expenses during 2011 were consistent with 2010 with slight increases in the wastewater utility to cover spending on capital projects and in solid waste to cover higher landfill costs. Expenses for the water utility, building department and Blackthorn golf course were lower in 2011 than in fiscal 2010 as these departments experienced stagnant or declining revenue and adjusted their expenses accordingly.

Financial Analysis of Government Funds

The City of South Bend uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of the City are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds

Condensed Balance Sheet,
Statement of Revenues, Expenditures, and Changes in Fund Balance
As of December 31, 2011

$ (whole)	General	Park & Rec	PS LOIT	COIT	EDIT	TIF Airport	Other	Total
Total assets	31,371,631	4,990,005	2,228,508	18,592,068	9,994,625	34,081,655	113,966,380	215,224,872
Total liabilities	3,440,415	462,651	-	663,230	157,213	3,642,349	10,624,938	18,990,796
Fund Balances:								
Non-spendable	1,115,025	64,231	-	3,395,837	449,831	11,322,131	21,804,809	38,151,864
Restricted	327,267	4,463,123	2,228,508				38,062,406	45,081,304
Committed	-	-	-	-	-	-	11,829,074	11,829,074
Assigned	255,287	-	-	14,533,001	9,387,581	19,117,175	34,422,527	77,715,571
Unassigned	26,233,637	-	-	-	-	-	(2,777,374)	23,456,263
Total fund balance	27,931,216	4,527,354	2,228,508	17,928,838	9,837,412	30,439,306	103,341,442	196,234,076
Liability & fund balance	31,371,631	4,990,005	2,228,508	18,592,068	9,994,625	34,081,655	113,966,380	215,224,872
Revenues	64,592,024	11,392,823	5,846,861	8,020,602	8,580,213	11,376,299	43,068,350	152,877,172
Expenditures	73,636,507	11,661,404	-	5,746,390	5,787,571	19,397,279	56,168,528	172,397,679
Net surplus (deficit)	(9,044,483)	(268,581)	5,846,861	2,274,212	2,792,642	(8,020,980)	(13,100,178)	(19,520,507)
Other sources (uses)	8,238,557	395,425	(4,761,979)	(1,263,386)	(2,536,759)	(352,446)	7,833,455	7,552,867
Change in fund balance	(805,926)	126,844	1,084,882	1,010,826	255,883	(8,373,426)	(5,266,723)	(11,967,640)
Beginning fund balance	28,737,142	4,400,510	1,143,626	16,918,012	9,581,529	38,812,732	108,608,165	208,201,716
Ending fund balance	27,931,216	4,527,354	2,228,508	17,928,838	9,837,412	30,439,306	103,341,442	196,234,076

As of December 31, 2011, the City governmental funds reported a combined ending fund balance of $196,234.076.

Non-spendable fund balance of $38,151,864 is sequestered for property held for resale, inventory, non current loans receivable and advances to other funds and is, therefore, not available for new spending. Restricted fund balance of $45,081,304 consists of monies in debt service funds or other funds such as road funds that are limited by external parties as to their use. Committed fund balance of $11,829,074 is designated by the Common Council of the City of South Bend to be used for certain purposes such as for environmental projects. Assigned fund balance of $77,715,571 includes balances in tax increment property tax funds and local option income tax funds that have not been committed to certain projects and are available for spending by the City. Unassigned fund balance of $23,456,263 consists of money primarily in the General Fund that has not been obligated in any manner by the City.

The **General Fund** is the primary operating fund for City operations including general government, public safety, code enforcement, certain highways & streets expenses, certain culture & recreation expenses, and certain debt service obligations.

As of December 31, 2011, the General Fund balance of $27,931,216 represents a decrease of $805,926 or 2.8% from the balance as of December 31, 2010.

The decrease in General Fund balance was due primarily to the collection of less property tax revenue than originally budgeted due to circuit breaker property tax limitations in Indiana and lower assessed property values.

As of December 31, 2011, the General Fund had unassigned fund balance of $26,233,637 which is equal to 40.6% of 2011 General Fund Revenue.

The General Fund unassigned fund balance has traditionally been used by the City to fund certain capital projects and emergency contingencies. In addition, the City will use the unassigned fund balance in 2012 as a cash flow bridge to the receipt of property tax revenues from the County collection authority which distributes property tax revenue two times per year (June and December). General Fund unassigned balance will provide sufficient cash to cover City operating obligations without incurring tax anticipation notes and resultant borrowing costs during fiscal 2012.

As discussed in Governmental Accounting, Auditing, and Financial Reporting (GAAFR), a general fund unassigned fund balance should be either 1) no less than 5 to 15 percent of regular general fund operating revenues, or 2) no less than one to two months of regular general fund operating expenditures. An unassigned fund balance may be higher if varying circumstances require such as a delay in collection of a major revenue source.

The **Parks and Recreation Fund** experienced an increase in fund balance of $126,844 during fiscal 2011. The increase in fund balance was due primarily to the receipt of payment-in-lieu of taxes from the wastewater and water utilities in the amount of $580,875 beginning in 2011. Parks Board and Parks Administration continued in 2011 with prudent management of expenditures and commitments in light of current and future projected revenue streams.

As of December 31, 2011, the restricted fund balance in the Parks and Recreation Fund was $4,463,123, or 39.2% of 2011 revenue.

The **Public Safety Local Option Income Tax Fund** ("Public Safety LOIT") was created in October 2009, with the local legislative passage of an increase in local option income taxes of 0.95%, a part of which (0.25%) tax increase was established to fund public safety expenditures. The City has established the Public Safety LOIT Fund as a major governmental fund, due solely to its purpose of creating a funding source to sustain public safety staffing levels, which were compromised by state implementation of property tax reform that has reduced property tax revenues, which historically are the source of public safety funding. Operating transfers are made quarterly from the Public Safety LOIT Fund to the General Fund to cover the personnel costs of police officers and firefighters. Receipts of Public Safety LOIT tax revenue commenced in January 2010. The revenue collected in fiscal 2011 of $5,846,861 exceeded original projections. The resultant increase in fund balance in the amount of $1,084,882 is restricted and will be used in future fiscal periods to fund full staffing levels for police and fire personnel.

Fund balances as of December 31, 2011 improved versus the fund balances as of December 31, 2010 in the COIT and EDIT funds as not all planned projects were completed and expended during 2011.

The **County Option Income Tax Fund** ("COIT") and **Economic Development Income Tax Fund** ("EDIT") funds are used to fund major capital and construction projects, economic development initiatives, certain subsidies and support to organizations and units that benefit city economic development and cultural venues, certain city-wide expenditures such as telephone costs, and certain debt service payments.

The COIT fund increased by $1,010,826 during 2011 due to higher income tax receipts than originally estimated and conservative commitment of expenses to initiatives of the highest priority. The City has operationally sequestered COIT funds for use in major capital and construction funding initiatives, certain subsidies and support to organizations and units that benefit city economic development and cultural venues, information technology costs, city-wide expenditures like telephone costs, and certain debt service payments.

As of December 31, 2011, the COIT Fund balance of $17,928,838 included assigned fund balance of $14,533,001 and non-spendable fund balance of $3,395,837, primarily for property held for resale and advances to other funds.

The EDIT fund increased by $255,883 during 2011 due to higher income tax receipts than originally estimated and conservative commitment of expenses to initiatives of the highest priority. The City has operationally sequestered EDIT funds for use in major economic development initiatives, certain subsidies and support to organizations and units that benefit city economic development and cultural venues, and certain debt service payments.

As of December 31, 2011, the EDIT Fund balance of $9,837,412 included assigned fund balance of $9,387,581 and non-spendable fund balance of $449,831, consisting of property held for resale.

The fund balance in the **TIF Airport Fund** decreased by $8,373,426 during 2011 due to planned spending for capital projects including a new Animal Control facility, improvements at Ignition Park (industrial park), Oliver Plow Memorial, continued demolition of the historical Studebaker automobile factory buildings, the extension of Mayflower Road and other economic development initiatives.

As of December 31, 2011 the TIF Airport Fund fund balance of $30,439,306 included $9,562,208 in property held for resale, $1,759,923 advances to other funds (primarily to the Blackthorn golf course) and $19,117,175 in assigned fund balance.

The TIF Airport Fund continues to be a major success for the City of South Bend and has generated in excess of $500 million dollars in private investment since its inception.

During 2011, the fund balances in **Other Governmental funds** decreased by $5,266,723. This decrease in fund balance was primarily the result of planned spending of $4.418,858 in the Coveleski Stadium Bond construction fund, a fund established in late 2010 with bond financing.

These fund balances provide available resources that the City requires to meet future capital construction needs, ongoing debt service obligations, and economic development project initiatives in concert with the City vision for economic development within the City footprint.

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

Governmental Fund Revenue

The following schedule presents a summary of governmental fund revenue for the year ended December 31, 2011 with comparison to the prior year:

Management Discussion & Analysis

Governmental Fund Revenue

$ (whole)	2011 Actual	% of Total	2010 Actual	% of Total
Tax Based				
General property	76,445,349	50.0%	77,315,641	48.8%
County option income	13,219,723	8.6%	14,366,154	9.1%
County economic development	8,044,773	5.3%	9,090,415	5.7%
Professional sports development	558,268	0.4%	597,406	0.4%
Community revitalization district	733,100	0.5%	416,149	0.3%
Total Tax	99,001,213	64.8%	101,785,765	64.3%
Non Tax Based				
Licenses and permits	190,943	0.1%	192,397	0.1%
Intergovernmental	34,419,714	22.5%	35,822,886	22.6%
Charge for services	13,990,267	9.2%	16,585,634	10.5%
Fines and forfeitures	636,749	0.4%	409,775	0.3%
Interest income	1,050,768	0.7%	868,023	0.5%
Donations	305,670	0.2%	300,337	0.2%
Other	3,281,848	2.1%	2,377,459	1.5%
Total Non-Tax Based	53,875,959	35.2%	56,556,511	35.7%
Total Revenue	152,877,172	100.0%	158,342,276	100.0%

Tax revenue continues to represent the most significant source of revenue required to support services provided by the City. Property tax revenue is the primary source of funding for governmental expenditures. Property tax revenue is based on a relationship between two variables. The first variable is the assessed property valuation of industrial, commercial and residential parcels for both real and personal property. The second variable is the application of a tax rate to arrive at the total tax levy. Taxable property is assessed at 100% of the true tax value. The amount of property tax levied (billed to property owners) is further restricted by State of Indiana enacted property tax legislative reform, or so-called "circuit breaker" property tax caps in 2009 of 1.0% (homestead), 2.0% (other residential/rental) and 3.0% (commercial/industrial) of gross assessed valuation. Property tax revenue includes taxes collected on behalf of the following funds: General Fund, Parks and Recreation Fund, Cumulative Capital Development Fund, Redevelopment Tax Incremental Financing ("TIF") Funds, and a special levy to cover debt service of the College Football Hall of Fame.

The City recognizes the need to further diversify the revenue stream, and to reduce its dependency on general property taxes to ensure that a broad base of users of city services, including nonresidents who work in the City, share in the funding of basic City services. As a result of the need to diversify the revenue stream, the City of South Bend Common Council and Saint Joseph County Council adopted an additional local option income tax of 0.95% during 2009, increasing the tax rate from 0.8% to 1.75%. The local option income tax increase consisted of three components: 0.2% increase in the economic development income tax, a new 0.25% public safety local option income tax and a new 0.5% property tax relief local option income tax.

The City continues to seek diversified sources of revenue that will reduce its reliance on property and income taxes. The City has supported efforts of the Indiana Association of Cities and Towns ("IACT") "Hometown Matters" to lobby the state legislature to legislatively enable alternative revenue sources that best fit the needs of the community. A viable source of revenue is from user fees and/or charges for services currently being performed. City performed services are priced based at levels representing the full cost of service, taking into consideration fees charged by providers of similar services. The City performs ongoing reviews of user fee costs incurred and revises service fee prices as required.

Government Fund Expenditures

The City accounts for government fund expenditures in seven categories as follows: 1) general government, 2) public safety, 3) highways and streets, 4) economic development, 5) culture and recreation, 6) debt service and 7) capital outlay.

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2011 with comparison to the prior year.

Governmental Fund Expenditures

$ (whole)	2011 Actual	% of Total	2010 Actual	% of Total
General government	6,680,855	3.9%	5,214,424	3.5%
Public safety	69,612,754	40.4%	60,990,129	40.5%
Highways & streets	5,079,041	2.9%	12,298,603	8.1%
Economic development	9,698,611	5.6%	17,408,376	11.5%
Culture & recreation	13,816,699	8.0%	12,841,596	8.5%
Debt service	20,818,689	12.1%	20,052,364	13.3%
Capital outlay	46,691,030	27.1%	21,952,522	14.6%
Total Expenditures	172,397,679	100.0%	150,758,014	100.0%

Government fund expenditures in fiscal 2011 of $172,397,679 increased by $21,639,665 or 14.4%, in comparison to government fund expenditures in fiscal 2010.

Capital outlay expenditures increased by $24,738,508 during 2011 due primarily to an increase in spending on economic development projects from local option income tax funds and tax increment financing (TIF) funds. These projects include improvements at Ignition Park, the Triangle housing development, LaSalle Square improvements, the Oliver Chilled Plow Memorial, an extension of Mayflower Road, continued demolition of the Studebaker automobile factory buildings, Coveleski Stadium improvements and other economic development initiatives.

Public Safety expenditures increased $8,622,625 or 14.1% as the initiative to increase the employment force of sworn police and fire personnel commenced according to City plans outlined in the tax increase legislation passed by the Common Council in 2009. In addition, higher police and fire pension payments were made during 2011 and this cost was allocated to public safety. Highways and Street expenditures decreased by $7,219,562 as the costs of the Engineering department were reclassified to General Government. In addition, certain street construction projects in the City were paid from economic development funds and were classified as capital outlay.

Public Safety expenditure continues to be the primary use of government fund resources with 40.4% of expenditures used for this purpose in fiscal 2011. Public safety spending is followed by capital project expenditures (27.1%), debt service (12.1%), culture and recreation (8.0%), economic development operating (5.6%), general government (3.9%) and highways & streets (2.9%). General government spending is comprised of the executive offices of the Mayor, Common Council, City Clerk, City Attorney, Controller, Engineering and other administrative offices.

Proprietary funds

Condensed Statement of Net Assets, Revenues, Expenses, and Changes in Fund Net Assets As of December 31, 2011

$ (whole)	Water Utility	Wastewater Utility	Century Center	Other	Total Enterprise	Internal Service
Total assets	71,030,220	172,819,449	18,679,478	15,266,825	277,795,972	17,682,256
Total liabilities	17,036,435	91,481,057	336,231	4,540,920	113,394,643	3,820,779
Net assets:						
Capital assets net of debt	47,165,632	33,501,672	16,641,420	6,614,304	103,923,028	1,305,486
Restricted for:						
Debt service	-	-	-	708,678	708,678	-
Capital outlay	505,712	10,318,594	1,344,057	60,947	12,229,310	-
Unrestricted	6,322,441	37,518,126	357,770	3,341,976	47,540,313	12,555,991
Total net assets	53,993,785	81,338,392	18,343,247	10,725,905	164,401,329	13,861,477
Operating revenues	13,327,404	28,867,423	1,491,634	8,190,044	51,876,505	17,985,280
Operating expenses	11,066,326	18,717,052	2,993,165	8,258,990	41,035,533	17,396,743
Operating income (loss)	2,261,078	10,150,371	(1,501,531)	(68,946)	10,840,972	588,537
Non operating rev (exp)	(117,572)	(2,846,989)	1,297,735	(714,626)	(2,381,452)	57,446
Income (loss) before contributions & transfers	2,143,506	7.303.382	(203,796)	(783,572)	8,459,520	645,983
Capital contributions	377,308	3.300,000	614,423	-	4,291,731	2,784
Transfers in	-	-	-	651,500	651,500	-
Transfers out	(1,398,419)	(2,290,752)	-	(3,505)	(3,692,676)	-
Change in net assets	1,122,395	8,312,630	410,627	(135,577)	9,710,075	648,767
Net assets beginning	52,871,390	73,025,762	17,932,620	10,861,482	154,691,254	13,212,710
Net assets ending	53,993,785	81,338,392	18,343,247	10,725,905	164,401,329	13,861,477

The City of South Bend maintains two types of proprietary funds; enterprise and internal service.

The City maintains seven (7) enterprise funds. Information is presented separately in the proprietary statement of net assets and the proprietary statement of revenues, expense and changes in fund net assets for the Water Utility, Wastewater Utility and Century Center, which are considered major enterprise funds. Data from the other four (4) non-major enterprise funds (Consolidated St. Joseph County/South Bend Building Department, Parking Garage, Solid Waste and Blackthorn Golf Course) are combined into a single, aggregated presentation.

The City maintains five (5) internal service funds. The City of South Bend uses internal service funds to account for its business insurance and self-funded liability insurance program, self-funded employee health benefits program, police take home vehicle program, unemployment compensation claims and central services unit (a department that accounts for expenses related to fuel, vehicle repairs, printing and other services provided to City departments on a cost-reimbursement basis). The internal service funds have been combined into a single, aggregated presentation.

As of December 31, 2011, City enterprise funds reported a net asset position of $164,401,329, an increase of $9,710,075 or 6.3% versus the level as of December 31, 2010.

At December 31, 2011, net asset position includes capital assets, net of related debt of $103,923,028, restricted net assets of $12,937,988 and unrestricted net assets of $47,540,313.

The **Water and Wastewater utilities** reported an increase in net assets of $1,122,395 and $8,312,630, respectively, during 2011. During 2011, the Wastewater utility benefitted from a 9% increase in sewer rates and from a $3.3 million capital contribution from the EDIT fund for capital projects in connection with the combined sewer overflow program. The rates for the Water utility did not increase but it did receive a $377,308 capital contribution during 2011.

During 2011, **Century Center** experienced an increase in net assets of $410,627 as the result of capital contributions in the amount of $614,423 from capital improvements at the facility paid for from tax increment financing and other funding sources.

Other Enterprise Funds experienced a decrease in net assets of $135,577 as total revenue was flat and expenses increased modestly, especially in the Solid Waste Fund that had higher landfill costs in 2011 as compared to 2010.

As of December 31, 2011, City internal service funds reported a net asset position of $13,861,477, an increase of $648,767 or 4.9% as compared to 2010. The Liability Insurance fund and Central Services fund reported increases in net assets of $718,068 and $302,260, respectively. The Self-Funded Employee Benefits fund reported a decrease in net assets $423,178 due to higher health insurance claims paid by Anthem, the City's insurance provider.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City maintains five fiduciary funds, which consist of two pension trust funds (1925 Police Pension and 1937 Firefighter's Pension), one private-purpose trust fund (Cemetery) and two agency funds (Payroll and Morris/Palais Royale Box Office).

$ (whole)	Pension Trust	Private Purpose Trust	Agency
Total assets	3,885,775	40,965	2,152,566
Total liabilities	850	-	2,152,566
Net assets	3,884,925	40,965	-

The net assets in the pension trust fund decreased by $297,151 during 2011. The net assets in the private purpose trust fund (Cemetery) increased by $160 due to interest earnings.

Effective in fiscal 2009, with the passage of State legislation, funding responsibility for the **1925 Police and 1937 Firefighter's Pension Funds** was assumed by the State of Indiana. These funds no longer receive property tax revenue distributions beyond fiscal 2009. The transfer of pension responsibility to the State of Indiana is on a reimbursement basis and will not provide additional revenue to the City for use in other property tax funded areas. The administration of the pension plans remains the responsibility of the City.

The State of Indiana reimbursement is on a year delayed basis whereas, reimbursement in fiscal 2011 from the State of Indiana included reimbursement for pension benefits paid by the City in fiscal 2010. In addition, State reimbursement excludes healthcare benefit coverage to pension plan members, which is covered under the City of South Bend pension benefit program and which is paid from the pension trust funds.

The decline in the net asset position of the pension trust is the result of timing differences in the payment of pension benefits and the reimbursement of same from the State of Indiana, as well as the cost of healthcare benefits to pension members, not covered by the state reimbursement program.

General Fund Budgetary Highlights

The City prepares an annual budget for general fund expenditures, which is subject to City of South Bend Common Council approval for adoption, before November 1st of the year preceding, the budget period, according to state statute concerning the annual budget of second class cities and towns.

The general fund budget applicable for fiscal 2011 is reported as follows:

$ (whole)	Original	Final	Actual Budgetary Basis	Variance
Revenue	63,306,324	63,529,220	60,696,679	(2,832,541)
Expenditures	63,386,324	64,844,690	62,224,384	2,620,306
Surplus (deficit)	(80,000)	(1,315,470)	(1,527,705)	(212,235)

General Fund revenue was originally budgeted at $63,306,324 for fiscal 2011 with Common Council adoption of the 2011 general fund budget on October 25, 2010. During 2011, the General Fund revenue budget was increased by $222,896 resulting in an ending revenue budget of $63,529,220. The revenue budget may be increased at any time based on updated revenue projections and includes an adjustment in the amount of $142,428 for a federal energy conservation grant received during 2011.

During 2011, General Fund revenue achieved amounted to $60,696,679, a deficiency from the final budget level of $2,832,541. The primary reason for the revenue shortfall was reduced property tax collections due to circuit breaker tax legislation ($1,985,450 less than budgeted) along with lower interest earnings on investments, E-911 grant revenue and forfeitures.

General Fund expenditures were originally budgeted at $63,386,324 for fiscal 2011 with Common Council adoption of the 2011 general fund budget on October 25 2010. During 2011, the General Fund expenditure budget was increased $1,458,366 resulting in an ending expenditure budget of $64,844,690. The expenditure budget increase resulted from an encumbrance roll over at year end 2010 to 2011 of $860,993 and additional appropriations of $597,373 (police cars and energy grant).

General Fund spending is reviewed on a monthly basis under the direction of the City Controller to ensure spending remains within budgetary constraints. Quarterly reviews are conducted as required with general fund department management to review spending projections to ensure that annual expenditures remain within the budgetary levels. Budget amendments for cost neutral redistribution between expense categories (i.e. personnel, supplies, services, capital) are submitted to Common Council at mid year and year end, as required to adjust the budget as necessary to prevent any budget overruns in any expense category.
Additional appropriations for projects, initiatives, or unbudgeted spending requirements within the general fund are presented to the Common Council for adoption as deemed necessary by the Mayor.

General Fund expenditures incurred on a budgetary basis, including cash expended and outstanding encumbrances as of year end December 31, 2011 amounted to $62,224,384. The expenditures and commitments as of year end December 31, 2011 are less than the 2011

General Fund expenditure budget by $2,620,306 or 4.2%. The largest savings were in the police and fire department budgets as personal and other costs spent were less than budgeted.

Capital Assets and Debt Administration

Capital assets

Statement of Capital Assets

	Governmental Activities		Business type Activities		Government wide Activities	
$ (whole)	2011	2010	2011	2010	2011	2010
Assets not depreciated						
Land	13,285,449	12,435,772	3,024,582	3,020,576	16,310,031	15,456,348
Construction in progress	13,150,305	49,034,174	12,217,249	16,404,487	25,367,554	65,438,661
Total	26,435,754	61,469,946	15,241,831	19,425,063	41,677,585	80,895,009
Assets depreciated						
Buildings	116,244,771	97,928,133	88,915,505	88,941,215	205,160,276	186,869,348
Non-building improvements	43,335,206	22,970,590	160,004,338	143,262,590	203,339,544	166,233,180
Machinery & equipment	47,218,930	42,320,643	54,800,866	51,262,296	102,019,796	93,582,939
Roads	380,500,515	370,055,466	-	-	380,500,515	370,055,466
Total Cost	587,299,422	533,274,832	303,720,709	283,466,101	891,020,131	816,740,933
Accumulated depreciation						
Buildings	33,761,990	31,401,511	44,092,151	42,206,773	77,854,141	73,608,284
Non-building improvements	8,163,538	7,226,570	26,213,770	24,547,762	34,377,308	31,774,332
Machinery & equipment	31,953,062	31,249,330	38,527,629	35,176,348	70,480,691	66,425,678
Roads	246,015,123	236,674,004	-	-	246,015,123	236,674,004
Total	319,893,713	306,551,415	108,833,550	101,930,883	428,727,263	408,482,298
Net Depreciated Assets	267,405,709	226,723,417	194,887,159	181,535,218	462,292,868	408,258,635
Net Assets	293,841,463	288,193,363	210,128,990	200,960,281	503,970,453	489,153,644

City investment in capital assets for governmental and business type activities was $503,970,453 (net of depreciation) at December 31, 2011.

The investment in capital assets includes land and land improvements, buildings and building improvements, vehicles, information technology computers, machinery and equipment, and construction in progress. A detailed explanation of these capital assets can be found in the Notes to the Basic Financial Statements.

Under the category of roads, the current cost amount of $380,500,515 includes estimated costs derived primarily from the City's 2006 implementation of GASB Statement No. 34, which required the retroactive reporting of infrastructure capital assets. All other assets are recorded at historical cost.

Management Discussion & Analysis

Major Capital Asset Project Spending in 2011

Buildings		$	
	Morris Civic Center Renovations	506,935	New project
	Animal Shelter for code enforcement	647,711	New project
	Potawatomi Conservatory	163,918	New project
Improvements			
	Northside Trail	513,515	New project
	Edison / Gordon Turn Lane	78,400	New project
	Main / Jefferson Streetscape Improvements	66,294	New project
	Diamond Avenue Storm Sewer	3,983,387	Continued project
	East Bank Sewer Separation	2,554,488	Continued project
	Ironwood / Auten Water Main	22,849	New project
	Ewing Avenue improvements	412,597	Continued project
M&E			
	Digester upgrade	486,360	New project
	Michigan St Lift Station Replacement	79,863	New project
	Wastewater Blowers 1A and 1B Replacement	330,940	Continued project
Roads			
	Portage Avenue improvements	1,138,752	Continued project
	Cotter Street Construction	571,899	New project
	Western & Walnut Intersection	818,877	Continued project
	Mayflower Boulevard Construction	2,002,336	New project

Capital Assets Analysis

Government wide capital assets, net of accumulated depreciation as of December 31, 2011 of $503,970,453 increased by $14,816,809 or 3.0% when compared to the level as of December 31, 2010. Construction in progress capital assets decreased by $40,071,107, whereas, capitalized assets in land, buildings, improvements, machinery and equipment, and roads, net of depreciation, increased by $54,887,916, when compared to December 31, 2010.

Several major capital projects were completed in fiscal 2011, as identified in the chart above, and included capital investments in buildings, improvements, machinery & equipment and roads.

At December 31, 2011, the cost of Roads ($380,500,515) was the major asset class followed by Buildings ($205,160,276) and Non-Building Improvements ($203,339,544).

Total depreciation expense for 2011 was $22,509,969 as compared to $19,365,078 for 2010.

Additional information on capital assets can be found in the notes to the financial statements in statement note I.D.6, capital asset capitalization policy, statement note III.C, capital asset activity, and statement note III.D, construction commitments.

Debt Administration

Outstanding debt principal as of December 31, 2011 was $239,076,065, an increase of $3,898,754 or 1.7%. City outstanding debt includes revenue bonds, mortgage bonds, notes & loans payable and capital leases.

Type	Beginning	Additions	Retirements	Ending
Revenue bonds	184,165,000	59,807,431	53,845,000	190,127,431
Mortgage bonds	21,835,000	-	1,450,000	20,385,000
Notes & loans	23,078,568	647,505	3,751,830	19,974,243
Capital leases	6,098,743	4,057,635	1,567,987	8,588,391
Total Debt	235,177,311	64,512,571	60,614,817	239,075,065

The new revenue bond issued in fiscal 2011 was the 2011 Sewage Works Revenue Bond in the amount of $21,500,000 for the purpose of funding improvements for the combined sewer overflow ("CSO") initiative.

The 2011 Sewage Works Bond is a twenty (20) year issue with maturity in 2031 with debt service coverage from the Sewage Works Bond Sinking fund. The bond issue will finance capital improvements addressing combined sewer overflow issues improving sewage discharge into the St. Joseph River, in compliance with the Environmental Protection Agency ("EPA") consent decree. It is a part of a twenty year long-term control plan which will require additional bonding and sewer rate increases.

During 2011 the City entered into capital lease agreements in the amount of $4,057,635 to purchase certain vehicles, copiers, telephones and equipment. The lease terms are typically for five years with quarterly or semi-annual debt service paid from the operating budgets of the user departments. The 2011 capital leases were for solid waste ($529,285), building department ($39,600), parks & recreation department ($948,067), police department ($1,081,066), information technology ($1,444,996) and other ($14,621).

The 2011 additions in notes & loans is for Water and Wastewater Utility borrowing in 2011 against the State Revolving Loan (SRF) program in the amount of $648,505 for water and sewer improvements.

During 2011 the City refunded four bond issuances in order to take advantage of a more favorable interest rate environment. In August, the City refunded the 2000 Hall of Fame and 2001 Century Center bonds and realized present value interest savings of approximately $1,036,701 over the remaining life of the bonds. In December, the City refunded the 2003 Airport TIF and 2003 SBCDA (Downtown) TIF bonds with the Indiana Bond Bank and received an up-front cash payment of $1,914,501 which was deposited into the respective TIF funds.

Under the Indiana Constitution and State statute, the City's general obligation bonded debt and certain other debt is subject to a legal limitation based upon 2% of total assessed value of real and personal property. The City had no general obligation bonded debt outstanding at December 31, 2011 and none of the above debt issuance amounts are subject to this debt limitation.

In 2012, the City anticipates issuing additional debt including a 2012 Water Revenue bond in the amount of $8,300,000 and a 2012 Sewage Works Revenue bond in the amount of $21,200,000. New capital leases will also be needed for the customary replacement of police department, public works and other city vehicles and equipment.

Additional information on debt can be found in the notes to the financial statements in statement note I.D.8, long-term obligation accounting, statement note III.F.2, capital lease obligations, statement note III.G, long-term liabilities, and statement note IV.D, conduit debt.

A calculation of the City's legal debt limitation can be found in the statistical debt capacity section of this document.

Economic Factors and 2013 Budget

Economic Factors

Property tax revenue, historically and at present, is the principal source of revenue for funding of governmental activities within the City of South Bend.

The State of Indiana General Assembly enacted property tax reform legislation in March of 2008. House Enrolled Act 1001 (HEA 1001) which limits property taxes paid to 1% of gross assessed value for residential homesteads, 2% for agricultural/rental properties, and 3% for all other real and personal property.

Under current legislation, all Indiana localities assess properties based on market values. Each year properties are trended. This process involves comparing property values to sales activity in the neighborhood and adjusting the current assessed values up or down according to the trended data.

This legislation (known as "circuit breaker" legislation) was phased in commencing in fiscal 2009 and has lead to significant reductions in property tax revenues available to fund city governmental operations over the period from 2009 to the present.

In 2011, the primary funds supported by property taxes (General Fund, Parks and Recreation Fund, and Cumulative Capital Development Fund) lost approximately $11.5 million dollars due to the circuit breaker caps.

As a consequence of the state enacted legislation in 2008, the City enacted a .95% local option income tax increase to partially offset the property tax revenue loss. The local option tax increase became effective in October, 2009, and has resulted in an increase in local income taxes available to the City to fund ongoing governmental operations of public safety, parks & recreation, code enforcement and general government.

Management of the City of South Bend will continue to manage the financial affairs from a posture of fiscal conservatism similar to the management practices engaged during fiscal 2011.

City Management believes that the national economic recovery will continue according to the predictions of governmental economists, with low to no inflation over the next fiscal period. In addition, job creation is the primary engine to drive economic recovery.

2013 Budget

The City will engage to ensure effective delivery of required services to taxpayers and citizens within the constraints of available financial resources. The City will continue to provide required services within the constraints of a balanced general fund budget.

The City has completed certain reengineering projects during fiscal 2011 targeted to create efficiency and cost improvements within City operations. Completed projects include payroll system reengineering, water utility customer service improvements, information technology server virtualization efforts and substantial implementation of a new telephone system.

The City continues to pursue reengineering programs targeted to create efficiency and cost improvements within City operations. These include purchasing process reengineering, back office process improvements for human resources and other customer service operations, and state of the art customer service functionality with a centralized 311 telephone call center.

These initiatives, upon successful deployment completion, will achieve the desired results to create efficiency gains in the delivery of services to taxpayers.

The City is committed to creating a budget for fiscal 2013 that will remain fiscally responsible to the effective delivery of required services to city citizens and stakeholders within the revenue constraints available.

Current Economic Development Projects

Executive management of the City of South Bend continues to pursue economic development and public works opportunities that will have long term favorable impact on the economic prospects for the community as a whole. These projects include:

- **Eddy Street Commons** – continued expansion of the currently existing $220 million dollar mixed-use development completed for occupancy in 2009. The current configuration includes a 119-room hotel, 25 new City homes with 100% occupancy, more than 20 stores and restaurants, office space and 266 town homes, apartments and condominiums, which are 85% occupied. This is the region's largest single development in decades. Plans include further expansion of residential living space and the occupancy completion of commercial tenants.

- **Innovation Park & Ignition Park–** Indiana's first dual-site, state-certified technology park, which is a collaborative effort between the City, the University of Notre Dame and Project Future. In the first year of operation, Innovation Park is home to in excess of 30 client ventures with occupied building space in excess of 60% of the building footprint. Concepts under development include, but are not limited to, solar-powered cases for electronic devices, improved wind turbine technology and diagnostic tools for detecting substances like e-coli bacteria.

  The first tenant in Ignition Park, the county public transportation authority, Transpo, dedicated its new facility in early 2010. Discussions are under way to secure the first private sector commercial / industrial tenant in Ignition Park, an information technology data storage company, with announcement in 2010 to construct a new facility.

- **Animal Care and Control Facility** – a new $1.94 million dollar Animal Care and Control facility was under construction during 2011 (with completion scheduled for June, 2012) with funding provided by tax increment financing revenue.

- **Coveleski Stadium improvements** – Construction was completed in 2011 of building enhancements to the City owner minor league baseball stadium including improved lighting, outfield walls and restrooms, a new artificial playing surface, new or upgraded fan amenities, and venue entrance tie-in to the central downtown footprint as phase one of an overall strategy to develop the stadium and surrounding area in order to attract more commercial development to the downtown. During 2011, a new owner purchased the team and a public/private partnership was forged to make additional improvements to the stadium.

- **Kroc Center** – Completion of the $30 million dollar world-class youth and family center to on the corner of Western Avenue and Chapin Streets in South Bend occurred during 2011. The Center was funded by a grant from the Ray and Joan Kroc Foundation as well as other private donations. This is currently the only center of its kind in the State of Indiana. Groundbreaking occurred in May, 2010 and will result in the infusion of more than $50 million dollars in outside resources into the City. Construction was completed in 2011 with dedication and facility opening in January 2012.

- **Triangle Development** – planned construction of 52 new single family residential properties in the Triangle area adjacent to the existing new Eddy Street Commons commercial development, creating a diverse new neighborhood in the City's northeast sector. A total of 45 lots have been sold to date. Seventy percent of the lots are being sold at market rate and thirty percent are reserved for income-eligible buyers.

- **St. Joseph's High School** – Groundbreaking began in June, 2011 for a new $35 million downtown campus for the school, on the site of the former St. Joseph Regional Medical Center, which relocated from the site in 2009. The school will relocate from a site adjacent to the University of Notre Dame campus, just outside of the City limits, and is expected to be open in time for the 2012/2013 academic year.

- **Bike The Bend** – Continuation of the "Bike the Bend" non-competitive event, 30 mile bicycle race occurred on May 20, 2012 in downtown South Bend. The race highlights over 60 miles of bicycle lanes established in the City since 2007.
- **East Bank Townhouses** – the development of 12 townhouse-style condominiums along the East Bank of the Saint Joseph River was completed in 2011.
- **Energy Efficiency and Conservation** – supported by a $1.046 million federal stimulus grant, the City has unveiled a new energy efficiency and conservation strategy which included the energy audit of 30 municipal buildings, synchronized timing of traffic signals at the 100 busiest intersections in the City and a feasibility study for generating hydroelectric power from the Saint Joseph River at the Century Center dam. A Municipal Energy Office was established in the Central Services Fund and a source of funding was identified to allow for continuing energy projects.
- **Memorial Hospital** – a variety of City infrastructure and streetscape improvements totaling more than $3 million, in connection with hospital investment, including a new façade for the Bartlett Street parking garage and reconstruction of four streets on the hospital campus.
- **Existing Business Expansions** – the City continues to work with private sector business concerns to enable expansion of their business operations in the City, adding new employment opportunities and tax base to the City. Several local private sector business concerns have announced facility expansion plans, upon success will create new employment and tax base opportunities for the City.

Requests for Information

This Management Discussion & Analysis as contained within the City of South Bend Comprehensive Annual Financial Report is intended to provide readers with a general overview of the financial condition of the City of South Bend as of December 31, 2011. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

Mark W. Neal, Controller
City of South Bend
Department of Administration and Finance
227 W. Jefferson Boulevard, 12th Floor
South Bend, Indiana 46601

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Facsimile 574-235-9928

Email mneal@southbendin.gov

City of South Bend
May 25, 2012

CITY OF SOUTH BEND
STATEMENT OF NET ASSETS
December 31, 2011

	Primary Government		
Assets	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	$ 56,886,137	$ 2,767,134	$ 59,653,271
Cash with fiscal agent	12,952	-	12,952
Investments	109,635,327	4,508,506	114,143,833
Receivables (net of allowances for uncollectibles):			
Interest	170,718	6,821	177,539
Taxes	7,864,319	-	7,864,319
Accounts	1,500,878	3,346,906	4,847,784
Intergovernmental	2,007,886	-	2,007,886
Loans	10,447,788	-	10,447,788
Internal balances	1,926,952	(1,926,952)	-
Inventories	843,647	349,121	1,192,768
Prepaid expense	183,641	53,326	236,967
Deferred charges	1,651,410	4,057,278	5,708,688
Restricted assets:			
Cash and cash equivalents	7,509,243	17,535,106	25,044,349
Cash with fiscal agent	-	45,126	45,126
Investments	3,201,005	34,900,368	38,101,373
Interest receivable	4,767	68,931	73,698
Accounts receivable	5,900	-	5,900
Property held for resale	19,957,212	-	19,957,212
Capital assets:			
Land and construction in progress	26,435,754	15,241,831	41,677,585
Other capital assets, net of depreciation	267,405,709	194,987,159	462,292,868
Total assets	517,651,245	275,840,661	793,491,906

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

Continued on next page

CITY OF SOUTH BEND
STATEMENT OF NET ASSETS
December 31, 2011
(Continued)

	Primary Government		
Liabilities	Governmental Activities	Business-Type Activities	Totals
Accounts payable	8,232,001	938,736	9,170,737
Accrued payroll payable	1,978,994	425,019	2,404,013
Unearned revenue	-	107,798	107,798
Contracts payable	223,116	-	223,116
Taxes payable	1,059	54,497	55,556
Customer deposits	283,923	87,118	371,041
Accrued interest payable	897,777	-	897,777
Estimate of unfiled claims	2,355,972	-	2,355,972
Other current payables	7,141	-	7,141
Payable from restricted assets:			
Accounts payable	-	965,056	965,056
Contracts payable	-	380,492	380,492
Customer deposits	-	1,381,109	1,381,109
Accrued interest payable	1,366,143	365,009	1,731,152
Noncurrent liabilities:			
Due within one year:			
Mortgage bonds payable	1,450,960	59,040	1,510,000
Compensated absences	3,687,495	506,234	4,193,729
Revenue bonds payable	6,057,431	4,420,000	10,477,431
Capital lease obligations	1,428,988	315,860	1,744,848
Notes and loans payable	1,078,232	1,710,578	2,788,810
Due in more than one year:			
Mortgage bonds payable (net of discounts or premiums)	18,617,066	594,633	19,211,699
Compensated absences	1,271,668	-	1,271,668
Revenue bonds payable (net of discounts or premiums)	97,939,687	84,519,686	182,459,373
Capital lease obligations	6,081,761	761,782	6,843,543
Notes and loans payable	3,353,639	13,831,794	17,185,433
Unamortized gain on sale/leaseback	-	14,891	14,891
Net other postemployment benefits obligation	5,384,213	-	5,384,213
Net pension obligation	62,890,433	-	62,890,433
Total liabilities	224,587,699	111,439,332	336,027,031
Net Assets			
Invested in capital assets, net of related debt	195,361,678	103,923,028	299,284,706
Restricted for:			
Debt service	9,354,772	708,678	10,063,450
Capital outlay	-	12,229,310	12,229,310
Unrestricted	88,347,096	47,540,313	135,887,409
Total net assets	$ 293,063,546	$ 164,401,329	$ 457,464,875

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

CITY OF SOUTH BEND
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	$ 16,783,351	$ 1,165,018	$ 5,246,603	$ 503,058	$ (9,868,672)	$ -	$ (9,868,672)
Public safety	73,530,442	4,096,566	12,415,269	600,000	(56,418,607)	-	(56,418,607)
Highways and streets	7,574,003	227,000	5,867,957	-	(1,479,046)	-	(1,479,046)
Economic development	34,648,975	683,503	7,346,895	1,212,791	(25,405,786)	-	(25,405,786)
Culture and recreation	15,566,794	4,681,536	1,214,522	12,619	(9,658,117)	-	(9,658,117)
Interest on long-term debt	6,798,531	-	-	-	(6,798,531)	-	(6,798,531)
Total governmental activities	154,902,096	10,853,623	32,091,246	2,328,468	(109,628,759)	-	(109,628,759)
Business-type activities:							
Water	11,972,840	14,080,592	-	377,308	-	2,485,060	2,485,060
Wastewater	22,260,005	29,407,263	-	3,300,000	-	10,447,258	10,447,258
Civic center	3,100,484	2,894,913	-	614,423	-	408,852	408,852
Building department	871,299	899,397	-	-	-	28,098	28,098
Parking	1,467,646	1,071,078	-	-	-	(396,568)	(396,568)
Solid waste	4,962,157	4,830,342	-	-	-	(131,815)	(131,815)
Golf course	1,689,042	1,392,999	-	-	-	(296,043)	(296,043)
Total business-type activities	46,323,473	54,576,584	-	4,291,731	-	12,544,842	12,544,842
Total primary government	$ 201,225,569	$ 65,430,207	$ 32,091,246	$ 6,620,199	(109,628,759)	12,544,842	(97,083,917)
General revenues:							
Property taxes					76,445,349	-	76,445,349
County option income tax					13,219,723	-	13,219,723
Economic development income tax					8,044,773	-	8,044,773
Professional sports development tax					558,268	-	558,268
Community revitalization enhancement district tax					733,100	-	733,100
Grants and contributions not restricted to specific programs					3,964,336	-	3,964,336
Unrestricted investment earnings					1,050,768	206,409	1,257,177
Other					3,483,054	-	3,483,054
Transfers					3,041,176	(3,041,176)	-
Total general revenues and transfers					110,540,547	(2,834,767)	107,705,780
Change in net assets					911,788	9,710,075	10,621,863
Net assets - beginning (restated)					292,151,758	154,691,254	446,843,012
Net assets - ending					$ 293,063,546	$ 164,401,329	$ 457,464,875

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

CITY OF SOUTH BEND
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2011

Assets	General	Park and Recreation	Public Safety LOIT	COIT	EDIT	TIF Airport	Other Governmental Funds	Totals
Cash and cash equivalents	$ 8,987,240	$ 1,472,941	$ 534,319	$ 4,525,589	$ 2,669,861	$ 7,217,238	$ 34,287,501	$ 59,694,689
Cash with fiscal agent	-	-	-	-	-	-	12,952	12,952
Investments	19,058,240	3,152,041	1,143,425	9,687,407	5,713,407	15,444,633	48,672,455	102,871,608
Receivables (net of allowances for uncollectibles):								
Interest	27,666	4,548	1,683	15,624	8,459	22,744	79,922	160,646
Taxes	1,448,508	283,455	-	918,438	-	-	5,213,918	7,864,319
Accounts	415,176	12,193	-	8,687	409,160	-	344,853	1,190,069
Intergovernmental	264,854	-	549,081	-	743,907	-	450,044	2,007,886
Loans	-	-	-	100,000	-	-	10,347,788	10,447,788
Interfund receivable:								
Interfund loans	-	-	-	-	-	-	25,000	25,000
Interfund services provided and used	54,922	596	-	7,153	-	74,909	7,439	145,019
Inventories	-	64,231	-	-	-	-	-	64,231
Advances to other funds	874,593	-	-	2,228,424	-	1,759,923	5,920,513	10,783,453
Property held for resale	240,432	-	-	1,100,746	449,831	9,562,208	8,603,995	19,957,212
Total assets	$ 31,371,631	$ 4,990,005	$ 2,228,508	$ 18,592,068	$ 9,994,625	$ 34,081,655	$ 113,966,380	$ 215,224,872
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	$ 1,543,306	$ 196,149	$ -	$ 663,230	$ 157,213	$ 2,868,199	$ 1,587,655	$ 7,015,752
Accrued payroll payable	1,502,093	208,007	-	-	-	-	186,166	1,896,266
Contracts payable	-	-	-	-	-	223,116	-	223,116
Interfund payable:								
Interfund services provided and used	238,332	57,041	-	-	-	-	244,636	540,009
Taxes payable	132	927	-	-	-	-	-	1,059
Customer deposits	1,750	527	-	-	-	-	-	2,277
Performance deposits payable	154,802	-	-	-	-	51,034	75,810	281,646
Other current payables	-	-	-	-	-	-	7,141	7,141
Advances from other funds	-	-	-	-	-	500,000	8,523,530	9,023,530
Total liabilities	3,440,415	462,651	-	663,230	157,213	3,642,349	10,624,938	18,990,796
Fund balances:								
Nonspendable:								
Noncurrent loans receivable	-	-	-	66,667	-	-	7,280,301	7,346,968
Inventory	-	64,231	-	-	-	-	-	64,231
Property held for resale	240,432	-	-	1,100,746	449,831	9,562,208	8,603,995	19,957,212
Advances to other funds	874,593	-	-	2,228,424	-	1,759,923	5,920,513	10,783,453
Restricted	327,267	4,463,123	2,228,508	-	-	-	38,062,406	45,081,304
Committed	-	-	-	-	-	-	11,829,074	11,829,074
Assigned	255,287	-	-	14,533,001	9,387,581	19,117,175	34,422,527	77,715,571
Unassigned	26,233,637	-	-	-	-	-	(2,777,374)	23,456,263
Total fund balances	27,931,216	4,527,354	2,228,508	17,928,838	9,837,412	30,439,306	103,341,442	196,234,076
Total liabilities and fund balances	$ 31,371,631	$ 4,990,005	$ 2,228,508	$ 18,592,068	$ 9,994,625	$ 34,081,655	$ 113,966,380	

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

Continued on next page

CITY OF SOUTH BEND
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2011
(Continued)

	Totals
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	292,504,031
Prepaid expenses ($183,641) and deferred charges ($1,651,410) are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,835,051
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.	13,861,477
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated absences payable	(1,271,668)
Bonds payable	(121,196,921)
Less: Deferred charge on refunding (to be amortized as interest expense)	(968,040)
Less: Issuance discount or (premium) (to be amortized as interest expense)	(1,900,183)
Capital leases payable	(7,492,497)
Notes payable	(4,431,871)
Net other postemployment benefits obligation	(5,384,213)
Net pension obligation	(62,890,433)
Short-term liabilities that are not recognized in governmental funds until due:	
Accrued interest payable	(2,263,687)
Compensated absences payable	(3,571,576)
Net assets of governmental activities	$ 293,063,546

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

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

	General	Park and Recreation	Public Safety LOIT	COIT	EDIT	TIF Airport	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes:								
Property	$ 38,509,174	$ 7,613,290	$ -	$ -	$ -	$ 11,187,768	$ 19,135,117	$ 76,445,349
County option income	-	-	5,842,699	7,377,024	-	-	-	13,219,723
County economic development income	-	-	-	-	8,044 773	-	-	8,044,773
Professional sports development tax	-	-	-	-	-	-	558,268	558,268
Community revitalization enhancement district	-	-	-	-	-	-	733,100	733,100
Licenses and permits	190,943	-	-	-	-	-	-	190,943
Intergovernmental	17,408,645	612,994	-	-	-	-	16,398,075	34,419,714
Charges for services	6,201,996	2,989,753	-	585,691	150,000	-	4,062,827	13,990,267
Fines and forfeits	200,058	-	-	-	354,660	-	82,031	636,749
Interest	97,423	13,905	4,162	54,610	30,780	91,573	758,315	1,050,768
Donations	285,146	-	-	-	-	-	20,524	305,670
Sale of property	21,293	6,136	-	-	-	-	77,035	104,464
Other	1,677,346	156,745	-	3,277	-	96,958	1,243,058	3,177,384
Total revenues	64,592,024	11,392,823	5,846,861	8,020,602	8,580,213	11,376,299	43,068,350	152,877,172
Expenditures:								
Current:								
General government	6,292,114	-	-	-	-	-	388,741	6,680,855
Public safety	62,811,814	-	-	-	-	-	6,800,940	69,612,754
Highways and streets	3,080,852	-	-	-	-	-	1,998,189	5,079,041
Economic development	70,066	-	-	-	-	-	9,628,545	9,698,611
Culture and recreation	1,170,179	11,561,362	-	-	-	-	1,085,158	13,816,699
Debt service:								
Principal	159,216	91,060	-	618,323	655,000	1,105,000	11,003,596	13,632,195
Interest and fiscal charges	52,266	8,982	-	180.102	215,543	692,118	5,786,682	6,935,693
Bond issuance costs	-	-	-	-	-	-	250,801	250,801
Capital outlay:								
General government	-	-	-	4,947,965	4,917,028	-	1,420,492	11,285,485
Public safety	-	-	-	-	-	-	2,585,164	2,585,164
Economic development	-	-	-	-	-	17,600,161	8,798,765	26,398,926
Culture and recreation	-	-	-	-	-	-	6,421,455	6,421,455
Total expenditures	73,636,507	11,661,404	-	5,746,390	5,787,571	19,397,279	56,168,528	172,397,679
Excess (deficiency) of revenues over (under) expenditures	(9,044,483)	(268,581)	5,846,861	2,274,212	2,792,642	(8,020,980)	(13,100,178)	(19,520,507)
Other financing sources (uses):								
Transfers in	8,451,430	580,875	214,990	-	-	890,216	12,346,053	22,483,564
Transfers out	(219,279)	(185,450)	(4,976,969)	(1,263,386)	(2,536,759)	(1,944,500)	(8,316,045)	(19,442,388)
Debt issuance	6,406	-	-	-	-	-	3,471,833	3,478,239
Premium on debt issuance	-	-	-	-	-	-	26,877	26,877
Issuance of refunding bonds	-	-	-	-	-	10,389,036	27,918,395	38,307,431
Payment to refunded bond escrow agent	-	-	-	-	-	(9,687,198)	(27,613,658)	(37,300,856)
Total other financing sources and uses	8,238,557	395,425	(4,761,979)	(1,263,386)	(2,536,759)	(352,446)	7,833,455	7,552,867
Net change in fund balances	(805,926)	126,844	1,084,882	1,010,826	255,883	(8,373,426)	(5,266,723)	(11,967,640)
Fund balances - beginning	28,737,142	4,400,510	1,143,626	16,918,012	9,581,529	38,812,732	108,608,165	208,201,716
Fund balances - ending	$ 27,931,216	$ 4,527,354	$ 2,228,508	$ 17,928,838	$ 9,837,412	$ 30,439,306	$ 103,341,442	$ 196,234,076

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

CITY OF SOUTH BEND
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 (Statement of Revenues, Expenditures, and Changes in Fund Balances).	$ (11,967,640)
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:	
Capital outlay	21,990,204
Depreciation expense	(15,040,276)
Loss on disposal of assets	(1,394,429)
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.	
Long-term debt incurred during the current period:	
Refunding bonds	(38,307,431)
Premium on bonds	(26,877)
Capital leases	(3,478,239)
Principal debt payments:	
Bonds	10,467,805
Loans	1,891,328
Capital leases	1,273,062
Payment to refunded bond escrow agent	37,300,856
Amortization expenses	84,907
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.	
Prepaid expense	10,191
Interest expense	303,056
Compensated absences	29,424
Change in net other postemployment benefits obligation	(1,245,859)
Change in net pension asset and net pension obligation	(1,627,061)
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.	648,767
Change in net assets of governmental activities (Statement of Activities)	$ 911,788

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

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

	Business-Type Activities - Enterprise Funds					Governmental Activities
Assets	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	Internal Service Funds
Current assets:						
Cash and cash equivalents	$ 550,768	$ 865,897	$ 607,147	$ 743,322	$ 2,767,134	$ 4,700,691
Investments	1,178,624	1,853,150	-	1,476,732	4,508,506	9,964,724
Interest receivable	-	3,999	-	2,822	6,821	14,839
Accounts receivable (net of allowance)	822,525	1,853,283	48,090	432,140	3,156,038	316,709
Accounts receivable - other	126,461	46,407	18,000	-	190,868	-
Interfund receivables:						
Interfund services provided and used	15,360	-	-	12,999	28,359	568,445
Inventories	190,022	136,445	-	22,654	349,121	779,416
Prepaid items	16,589	12,789	20,764	3,184	53,326	-
Restricted assets:						
Cash and cash equivalents:						
Repair fund	-	293,495	-	-	293,495	-
Customer deposits	439,600	-	-	-	439,600	-
Revenue bond covenant accounts	743,180	2,264,553	-	723,753	3,731,486	-
Capital outlay accounts	493,742	11,227,685	1,344,057	5,041	13,070,525	-
Investments:						
Repair fund	-	628,069	-	-	628,069	-
Customer deposits	940,726	-	-	-	940,726	-
Revenue bond covenant accounts	1,558,242	471,824	-	668,200	2,698,266	-
Capital outlay accounts	1,056,591	29,565,930	-	10,786	30,633,307	-
Cash with fiscal agent	-	-	-	45,126	45,126	-
Interest receivable	11,970	55,965	-	996	68,931	-
Total current assets	8,144,400	49,279,491	2,038,058	4,147,755	63,609,704	16,344,824
Noncurrent assets:						
Deferred charges						
Unamortized debt issue costs	755,200	1,046,425	-	5,058	1,806,683	-
Unamortized loss on sale/leaseback	-	-	-	2,250,595	2,250,595	-
Total deferred charges	755,200	1,046,425	-	2,255,653	4,057,278	-
Capital assets:						
Land and construction in progress	410,525	12,513,962	736,855	1,580,489	15,241,831	-
Other capital assets (net of accumulated depreciation)	61,720,095	109,979,571	15,904,565	7,282,928	194,887,159	1,337,432
Total capital assets	62,130,620	122,493,533	16,641,420	8,863,417	210,128,990	1,337,432
Total noncurrent assets	62,885,820	123,539,958	16,641,420	11,119,070	214,186,268	1,337,432
Total assets	71,030,220	172,819,449	18,679,478	15,266,825	277,795,972	17,682,256

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

Continued on next page

CITY OF SOUTH BEND
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2011
(Continued)

	Business-Type Activities - Enterprise Funds					Governmental Activities
Liabilities	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	Internal Service Funds
Current liabilities:						
Accounts payable	237,334	314,741	141,315	245,346	938,736	1,216,249
Interfund payables:						
Interfund loans	-	-	-	-	-	25,000
Interfund services provided and used	32,003	85,944	-	77,441	195,388	6,426
Accrued payroll payable	151,689	195,560	-	77,770	425,019	82,728
Compensated absences payable	187,761	228,691	-	89,782	506,234	115,919
Unearned revenue	-	-	107,798	-	107,798	-
Taxes payable	54,208	-	-	289	54,497	-
Customer deposits	-	-	87,118	-	87,118	-
Capital leases payable	-	-	-	-	-	4,428
Interest payable	-	-	-	-	-	233
Estimate of unfiled claims	-	-	-	-	-	2,355,972
Current liabilities payable from restricted assets:						
Accounts payable	-	965,056	-	-	965,056	-
Contracts and retainage payable	19,932	360,560	-	-	380,492	-
Customer deposits	1,381,109	-	-	-	1,381,109	-
Mortgage bonds payable	-	59,040	-	-	59,040	-
Revenue bonds payable	655,000	3,175,000	-	590,000	4,420,000	-
Capital leases payable	4,865	-	-	310,995	315,860	-
Notes and loans payable	149,128	1,561,450	-	-	1,710,578	-
Accrued interest payable	-	338,644	-	26,365	365,009	-
Total current liabilities	2,873,029	7,284,686	336,231	1,417,988	11,911,934	3,806,955
Noncurrent liabilities:						
Advances from other funds	-	-	-	1,759,923	1,759,923	-
Mortgage bonds payable (net of unamortized discount)	-	594,633	-	-	594,633	-
Revenue bonds payable (net of unamortized discounts, premiums, and deferred amount on refunding)	12,561,261	71,369,543	-	588,882	84,519,686	-
Capital leases payable	2,546	-	-	759,236	761,782	13,824
Notes and loans payable	1,599,599	12,232,195	-	-	13,831,794	-
Unamortized gain on sale/leaseback	-	-	-	14,891	14,891	-
Total noncurrent liabilities	14,163,406	84,196,371	-	3,122,932	101,482,709	13,824
Total liabilities	17,036,435	91,481,057	336,231	4,540,920	113,394,643	3,820,779
Net Assets						
Invested in capital assets, net of related debt	47,165,632	33,501,672	16,641,420	6,614,304	103,923,028	1,305,486
Restricted for debt service	-	-	-	708,678	708,678	-
Restricted for capital outlay	505,712	10,318,594	1,344,057	60,947	12,229,310	-
Unrestricted	6,322,441	37,518,126	357,770	3,341,976	47,540,313	12,555,991
Total net assets	$ 53,993,785	$ 81,338,392	$ 18,343,247	$ 10,725,905	$ 164,401,329	$ 13,861,477

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

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

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:						
Metered revenue:						
Residential	$ 6,389,576	$ 16,353,165	$ -	$ -	$ 22,742,741	$ -
Commercial	3,185,309	7,256,986	-	-	10,442,295	-
Industrial	341,065	4,245,361	-	-	4,586,426	-
Fire protection revenue	1,937,020	-	-	-	1,937,020	-
Leak insurance revenue	896,094	-	-	-	896,094	-
Penalties	116,430	484,040	-	-	600,470	-
Convention fees	-	-	1,346,965	-	1,346,965	-
Licenses and permits	-	-	-	887,852	887,852	-
Parking fees	-	-	144,669	1,066,566	1,211,235	-
Solid waste fees	-	-	-	4,830,342	4,830,342	-
Golf course fees	-	-	-	1,392,999	1,392,999	-
Employee/employer contributions	-	-	-	-	-	14,556,574
Charges for sales and services	-	-	-	-	-	3,367,063
Other	461,910	527,871	-	12,285	1,002,066	61,643
Total operating revenues	13,327,404	28,867,423	1,491,634	8,190,044	51,876,505	17,985,280
Operating expenses:						
Source of supply and expense/collection system expense - operations and maintenance	871,146	5,465,674	-	-	6,336,820	-
Transmission and distribution/pumping expense - operations and maintenance	4,352,121	7,390,943	-	-	11,743,064	-
Treatment and disposal expense - operations and maintenance	681,013	-	-	-	681,013	-
Operations and maintenance	-	-	-	6,423,567	6,423,567	2,808,807
Customer accounts	1,703,612	104,416	-	-	1,808,028	-
Administration and general	1,693,660	1,264,811	2,477,498	1,208,136	6,644,105	865,927
Insurance claims and premiums	-	-	-	-	-	13,651,252
Depreciation	1,764,774	4,491,208	515,667	627,287	7,398,936	70,757
Total operating expenses	11,066,326	18,717,052	2,993,165	8,258,990	41,035,533	17,396,743
Operating income (loss)	2,261,078	10,150,371	(1,501,531)	(68,946)	10,840,972	588,537
Nonoperating revenues (expenses):						
Interest and investment revenue	35,754	156,124	1,775	12,756	206,409	57,175
Hotel/motel tax	-	-	1,313,437	-	1,313,437	-
Repair fund revenues	-	537,632	-	-	537,632	-
Management fees	668,916	(643,816)	-	-	25,100	-
Miscellaneous revenue	84,272	-	89,842	-	174,114	-
Interest expense	(829,608)	(2,573,712)	-	(127,552)	(3,530,872)	(419)
Amortization expense	(72,216)	(56,100)	-	(560,340)	(688,656)	-
Repair fund expenses	-	(269,325)	-	-	(269,325)	-
Gain (loss) on disposition of assets	(4,690)	2,208	(107,319)	(39,490)	(149,291)	690
Total nonoperating revenue (expenses)	(117,572)	(2,846,989)	1,297,735	(714,626)	(2,381,452)	57,446
Income (loss) before contributions and transfers	2,143,506	7,303,382	(203,796)	(783,572)	8,459,520	645,983
Capital contributions	377,308	3,300,000	614,423	-	4,291,731	2,784
Transfers in	-	-	-	651,500	651,500	-
Transfers out	(1,398,419)	(2,290,752)	-	(3,505)	(3,692,676)	-
Change in net assets	1,122,395	8,312,630	410,627	(135,577)	9,710,075	648,767
Total net assets - beginning	52,871,390	73,025,762	17,932,620	10,861,482	154,691,254	13,212,710
Total net assets - ending	$ 53,993,785	$ 81,338,392	$ 18,343,247	$ 10,725,905	$ 164,401,329	$ 13,861,477

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

CITY OF SOUTH BEND
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended December 31, 2011

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	Internal Service Fund
Cash flows from operating activities:						
Receipts from customers and users	$ 13,315,183	$ 29,405,509	$ 1,508,179	$ 8,112,974	$ 52,341,845	$ 904,238
Receipts from interfund services provided	749,336	126,036	-	52,000	927,372	17,068,557
Payments to suppliers	(4,188,843)	(5,588,504)	(2,430,805)	(3,892,356)	(16,100,508)	(13,951,950)
Payments to employees	(4,100,718)	(7,481,392)	-	(2,264,763)	(13,846,873)	(2,408,567)
Payments for interfund services used	(1,275,620)	(2,031,124)	(138,393)	(1,370,872)	(4,816,009)	(455,030)
Net cash provided (used) by operating activities	4,499,338	14,430,525	(1,061,019)	636,983	18,505,827	1,157,248
Cash flows from noncapital financing activities:						
Interfund loan repaid	-	-	-	-	-	25,000
Hotel/motel tax	-	-	1,313,436	-	1,313,436	-
Transfer from other funds	-	-	-	651,500	651,500	-
Transfer to other funds	(1,398,419)	(2,290,752)	-	(2,511)	(3,691,682)	-
Net cash provided (used) by noncapital financing activities	(1,398,419)	(2,290,752)	1,313,436	648,989	(1,726,746)	25,000
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(880,804)	(12,389,132)	(124,281)	(53,598)	(13,447,815)	(152,847)
Proceeds from capital debt issued	-	21,500,000	-	45,108	21,545,108	-
Bond issue costs paid	-	(212,518)	-	-	(212,518)	-
Principal paid on capital debt	(2,734,501)	(4,145,510)	-	(828,331)	(7,708,342)	(4,280)
Interest paid on capital debt	(823,114)	(2,866,546)	-	(109,529)	(3,799,189)	(186)
Proceeds from sales of capital assets	1,932	2,208	-	3,772	7,912	690
Net cash provided (used) by capital and related financing activities	(4,436,487)	1,888,502	(124,281)	(942,578)	(3,614,844)	(156,623)
Cash flows from investing activities:						
Contributions	-	3,300,000	-	-	3,300,000	2,784
Purchase of investments	(4,734,183)	(32,518,973)	-	(2,155,718)	(39,408,874)	(9,964,724)
Interest received	27,074	101,213	1,838	9,813	139,938	46,877
Net cash provided (used) by investing activities	(4,707,109)	(29,117,760)	1,838	(2,145,905)	(35,968,936)	(9,915,063)
Net increase (decrease) in cash and cash equivalents	(6,042,677)	(15,089,485)	129,974	(1,802,511)	(22,804,699)	(8,889,438)
Cash and cash equivalents, January 1 (Including $641,685, $1,368,729, $10,628,673, and $17,220,708 for the repair fund, customer deposits, revenue bond covenants and capital outlays, respectively, reported in restricted accounts)	8,269,967	29,741,115	1,821,230	3,319,753	43,152,065	13,590,129
Cash and cash equivalents, December 31 (Including $293,495, $439,600, $3,731,486, and $13,070,525 for the repair fund, customer deposits, revenue bond covenants and capital outlays, respectively, reported in restricted accounts)	$ 2,227,290	$ 14,651,630	$ 1,951,204	$ 1,517,242	$ 20,347,366	$ 4,700,691

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

Continued on next page

CITY OF SOUTH BEND
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For The Year Ended December 31, 2011
(Continued)

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	$ 2,261,078	$ 10,150,371	$ (1,501,531)	$ (68,946)	$ 10,840,972	$ 588,537
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	1,764,774	4,491,208	515,667	627,287	7,398,936	70,757
Bad debt expense	93,277	104,416	-	51,087	248,780	-
Nonoperating revenues (expenses)	753,189	(375,509)	89,842	-	467,522	-
Lease proceeds used for non capital purchases	-	-	-	45,358	45,358	-
(Increase) decrease in assets:						
Accounts receivable	37,442	(414)	(8,658)	(67,492)	(39,122)	8,939
Accounts receivable - other	(58,750)	(20,103)	10,917	-	(67,936)	-
Interfund receivables	(1,122)	42,591	-	(8,666)	32,803	(21,424)
Inventories	34,325	19,630	-	1,969	55,924	(75,191)
Prepaid items	(1,487)	3,328	2,743	(3,184)	1,400	-
Increase (decrease) in liabilities:						
Customer deposits	(86,921)	-	7,777	-	(79,144)	-
Accounts payable	(190,608)	21,066	(64,778)	25,174	(209,146)	419,920
Contracts payable	-	(31,452)	-	-	(31,452)	-
Accrued payroll payable	17,597	16,634	-	3,724	37,955	7,745
Interfund payables	(88,786)	18,615	(29,665)	41,207	(58,629)	4,542
Compensated absence payable	(32,776)	(9,856)	-	(10,592)	(53,224)	1,376
Taxes payable	(1,894)	-	-	57	(1,837)	-
Deferred revenue	-	-	(83,333)	-	(83,333)	-
Estimated unfiled claims	-	-	-	-	-	152,047
Total adjustments	2,238,260	4,280,154	440,512	705,929	7,664,855	568,711
Net cash provided (used) by operating activities	$ 4,499,338	$ 14,430,525	$ (1,061,019)	$ 636,983	$ 18,505,827	$ 1,157,248
Noncash investing, capital and financing activities:						
Capital assets contributed	$ 318,755	$ -	$ 614,423	$ -	$ 933,178	$ -
Capital assets acquired by capital debt	52,982	594,523	-	478,419	1,125,924	10,511
Capital assets purchased on account	22,732	1,234,770	-	-	1,257,502	-
Capital asset disposals	108,897	149,763	111,225	219,783	589,668	39,361
Interest payments added to capital assets	-	331,090	-	-	331,090	-
Completed project transferred to capital assets	1,423,517	16,054,794	62,794	-	17,541,105	-

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

CITY OF SOUTH BEND
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
December 31, 2011

Assets	Pension Trust Funds	Private-Purpose Trust Fund	Agency Fund
Cash and cash equivalents	$ 1,236,262	$ 13,033	$ 1,292,223
Investments	2,645,556	27,891	860,343
Receivables:			
Interest	3,957	41	-
Total assets	3,885,775	40,965	2,152,566
Liabilities			
Current liabilities:			
Accounts payable	230	-	$ -
Accrued payroll and withholdings payable	620	-	2,152,566
Total liabilities	850	-	$ 2,152,566
Net Assets			
Held in trust for:			
Employees' pension benefits	3,884,925	-	
Individuals, organizations, and other governments	-	40,965	
Total net assets	$ 3,884,925	$ 40,965	

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

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

	Pension Trust Funds	Private-Purpose Trust Fund
Additions		
Contributions:		
On behalf	$ 12,005,856	$ -
Other	5,703	-
Total contributions	12,011,559	-
Investment income:		
Interest	13,658	160
Total additions	12,025,217	160
Deductions		
Benefits	12,299,275	-
Administrative expense	23,093	-
Total deductions	12,322,368	-
Changes in net assets	(297,151)	160
Net assets - beginning	4,182,076	40,805
Net assets - ending	$ 3,884,925	$ 40,965

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

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of South Bend (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, water, sewer, and urban redevelopment and housing.

The accompanying financial statements present the activities of the primary government and its significant component units. The component units discussed below are included in the primary government's reporting entity because of the significance of their operational or financial relationships with the primary government. Blended component units, although legally separate entities, are in substance part of the government's operations and exist solely to provide services for the government; data from these units is combined with data of the primary government.

Blended Component Units

The South Bend Redevelopment Authority, a legally separate entity, is a significant blended component unit of the primary government. The Redevelopment Authority's sole purpose is to finance and construct land, buildings, and other improvements for use by the primary government. Financial statements for the Redevelopment Authority are available at the City Controller's Office, City of South Bend, 227 West Jefferson, 1200N County-City Building, South Bend, Indiana 46601.

The South Bend Building Corporation, Inc., is also a legally separate nonprofit corporation, and is a significant blended component unit of the primary government. The Building Corporation's main purpose is to finance construction and remodeling of City buildings for the City of South Bend. Debt of the Building Corporation is repaid through lease payments from the City. Financial statements for the Building Corporation are available at the City Controller's Office, City of South Bend, 227 West Jefferson, 1200N, County-City Building, South Bend, Indiana 46601.

Related Organizations

The primary government's officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointments. The Mayor and the Common Council appoint the board members of the South Bend Housing Authority, South Bend Public Transportation Corporation (TRANSPO), Urban Enterprise Association, and the Special Funds Board of Managers.

During 2011, the Special Funds Board of Managers provided $1,313,437 to the City's Century Center to finance operations and $494,325 to the City's Professional Sports Development Fund, to finance capital costs of the College Football Hall of Fame.

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

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 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 park and recreation fund is used 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.

The public safety local option income tax (LOIT) fund is used to account for the City's share of the public safety local option income tax. Expenditures are restricted to public safety.

The county option income tax (COIT) fund is used to account for the City's share of the county option income tax. Expenditures include any lawful purpose of the City.

The economic development income tax (EDIT) is to account for the City's share of the County Economic Development Tax. Expenditures include any lawful purpose of the City.

The tax incremental financing (TIF) airport fund is used to account for public improvement projects in the airport economic development area. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment.

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 Century Center fund accounts for the operation and maintenance of the City's convention center. Financing is received from various user fees for conventions, meetings, and other events held at the civic center and a subsidy from the St. Joseph County's Special Funds Board of Managers.

Additionally, the primary government reports the following fund types:

The internal service funds account for various City liability coverage, employee medical coverage, unemployment claims, and central services such as fuel, vehicle repairs, and various supplies provided to other departments on a cost-reimbursement basis.

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

The private-purpose trust fund reports a trust arrangement under which principal and income benefits cemetery maintenance.

The agency funds account for assets held by the primary government as an agent for employee payroll, pension, and payroll deductions and held for an entertainment center's event deposits.

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 payments of administrative costs. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

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

Open-end mutual funds are reported at fair value.

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

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

2. Interfund Transactions and Balances

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

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are usually distributed to the primary government in June and in December. State statutes (IC 6-1.1-17-16) require 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.

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	$ 5,000	Straight-Line	20 to 30 years
Computer and office equipment	1,000	Straight-Line	5 to 10 years
Other equipment	5,000	Straight-Line	5 to 20 years
Roads – collectors and residential	5,000	Straight-Line	40 to 50 years
Utilities' infrastructure (small)	5,000	Straight-Line	30 to 99 years
Utilities' infrastructure (large)	5,000	Straight-Line	30 to 99 years

The City has implemented retroactive reporting of its infrastructure as of December 31, 2006.

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 $331,090.

7. Compensated Absences

   a. Sick Leave – primary government employees earn sick leave at the rate of 4 to 8 days per year, depending upon employee classification and length of service. Policemen, teamsters, 40 hour per week firemen, and all other employees earn 8 sick days per year, regardless of tenure of service. Firemen working 24-hour workdays with tenure greater than 5 years earn 5 days of sick leave per year, and firemen working 24-hour workdays with tenure less than 5 years, earn 4 days of sick leave per year. Sick leave may accumulate to a maximum 90 days for policemen, 100 for 40 hour per week firemen, 38 days for 24 per day fireman, 75 days for teamsters and 65 days for all other employees. Accumulated sick leave is paid to firemen and policemen upon termination of employment depending upon the number of sick leave hours transacted, at a rate of 50 percent to 100 percent of the base hourly rate of pay for firemen and at a rate of one-half the 1st class patrolman rank rate of pay for policemen. Accumulated sick leave is paid to teamster employees, upon retirement, at a rate of $25 for each accumulated sick leave day transacted. Sick leave buy-back during employment is paid to firemen and policemen annually upon request. Upon request, firemen are paid unused sick days earned in the previous year in excess of 252 hours in the sick day bank at the base hourly rate of pay. Upon request, policemen are paid up to a maximum 8 unused sick days at the 1st class patrolman rate of pay.

   b. Vacation Leave – primary government employees earn vacation leave at rates from 0 days to 28 days based upon hire date, years of service, and employee classification. Vacation leave does not accumulate from year to year for policemen, firemen, and teamster employees, except in instances where special cases are approved. Nonbargaining carryover to the following year unused vacation time up to a maximum of 80 hours. Employees earn vacation leave during the year for use in the succeeding year. Unused vacation leave is paid to employees upon termination of employment. Firemen may sell back vacation leave, up to a maximum 3 days per year, during selected times of the year, at the employee's normal hourly rate of pay.

   c. Personal Leave – primary government policemen earn personal leave at the rate of 7 days per year, and have the opportunity to earn an additional 3 days leave with participation in regularly scheduled police practice shooting exercises. Policemen personal leave does not accumulate from year to year. Policemen unused personal leave may be rolled into sick leave. City employees under the teamster contract can use up to 4 days of their sick leave for personal leave.

   d. Compensatory Leave – primary government firemen can elect to receive compensation for overtime hours worked either through wage payment or compensatory time off work up to a maximum of 240 hours. All other nonexempt employees working overtime hours earn compensatory time off up to a maximum balance of 32 hours, after which they are paid overtime wage. All other exempt employees working overtime hours earn compensatory time up to a maximum balance of 160 hours.

Unused vacation leave for all City employees, and unused sick leave and compensatory leave of firemen, policemen, and teamsters is accrued when incurred and reported as a liability in the Statement of Net Assets. Amounts due and payable at year end are included in the proprietary fund statements. No liability is recognized in the governmental fund statements.

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. Debt 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.

Net assets restricted for debt service and for capital outlay shown in the business-type activities and in the enterprise funds are restricted pursuant to state statute and/or local ordinance.

9. Fund Equity

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 Common 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 that 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:

		Major Governmental Funds						
	General Fund	Park and Recreation	Public Safety LOIT	COIT	EDIT	TIF Airport	Other Governmental Funds	Total Governmental Funds
Nonspendable:								
Noncurrent loans receivable	$ -	$ -	$ -	$ 66,667	$ -	$ -	$ 7,280,301	$ 7,346,968
Inventory	-	64,231	-	-	-	-	-	64,231
Property held for resale	240,432	-	-	1,100,746	449,831	9,562,208	8,603,995	19,957,212
Advances to other funds	874,593	-	-	2,228,424	-	1,759,923	5,920,513	10,783,453
Total nonspendable	1,115,025	64,231	-	3,395,837	449,831	11,322,131	21,804,809	38,151,864
Restricted:								
General government	327,267	-	-	-	-	-	1,557,717	1,884,984
Public safety	-	-	2,228,508	-	-	-	3,561,310	5,789,818
Highways and streets	-	-	-	-	-	-	12,025,980	12,025,980
Economic development	-	-	-	-	-	-	7,899,954	7,899,954
Culture and recreation	-	4,463,123	-	-	-	-	2,300,188	6,763,311
Debt service	-	-	-	-	-	-	10,717,257	10,717,257
Total restricted	327,267	4,463,123	2,228,508	-	-	-	38,062,406	45,081,304
Committed:								
General government	-	-	-	-	-	-	5,269,252	5,269,252
Public safety	-	-	-	-	-	-	5,581,275	5,581,275
Economic development	-	-	-	-	-	-	289,333	289,333
Culture and recreation	-	-	-	-	-	-	689,214	689,214
Total committed	-	-	-	-	-	-	11,829,074	11,829,074
Assigned:								
General government	69,023	-	-	14,533,001	9,387,581	-	8,557,638	32,547,243
Public safety	-	-	-	-	-	-	532,492	532,492
Highways and streets	166,882	-	-	-	-	-	-	166,882
Economic development	-	-	-	-	-	19,117,175	25,332,397	44,449,572
Culture and recreation	19,382	-	-	-	-	-	-	19,382
Total assigned	255,287	-	-	14,533,001	9,387,581	19,117,175	34,422,527	77,715,571
Unassigned	26,233,637	-	-	-	-	-	(2,777,374)	23,456,263
Total fund balance	$ 27,931,216	$ 4,527,354	$ 2,228,508	$ 17,928,838	$ 9,837,412	$ 30,439,306	$ 103,341,442	$ 196,234,076

The government-wide Statement of Net Assets reports restricted net assets for debt service and capital outlay, which is restricted by enabling legislation.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

General

Major governmental funds:
  Special revenue funds - park and recreation, public safety local option income tax (LOIT), county option income tax (COIT), economic development income tax (EDIT)

  Capital projects fund – TIF Airport

Nonmajor governmental funds:
  Special revenue funds - motor vehicle highway, recreation nonreverting, Studebaker Oliver revitalization grants, economic development State grants, CED operating, community development, police state seizure, juvenile positive assistance, law enforcement continuing education, loss recovery, general grant, local road and street, excess welfare distribution, human rights federal, east race waterway, Morris and Palais marketing, police block grants, economic development commission, hazmat, Indiana river rescue, COPS block grant II, regional police academy, COPS MORE grant, federal drug enforcement, gift, urban development action grant, leaf collection and removal, police K-9 unit, rainy day

  Debt service fund - college football hall of fame debt service, redevelopment bond – central development, redevelopment bond – airport taxable, Coveleski bond debt service reserve, redevelopment – Palais Royale

  Capital projects funds - emergency medical services, central development area bond proceeds, professional sports development, Coveleski stadium capital, zoo endowment, park nonreverting capital, cumulative capital development, cumulative capital improvement, cumulative sewer, Morris Performing Arts Center capital, TIF downtown, TIF Leighton Plaza, TIF – West Washington, redevelopment general, community revitalization enhancement district, TIF No. 1 – southside development, TIF No. 2 – southside development, TIF No. 3 – southside development, TIF – central medical service area, football hall of fame capital, major moves, TIF – northeast development, TIF Douglas road, TIF northeast residential, Coveleski bond construction, Palais Royale historic preservation, airport urban enterprise zone

On or before August 31, the City Controller submits to the Common Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Common Council to obtain taxpayer comments. Prior to November 1 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 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, within the park and recreation fund, within the public safety LOIT fund, within the COIT fund, within the EDIT fund, or within any other major or nonmajor governmental fund which required legally, approved budgets, except in the general fund, mayor's personal service account, by $26,140.

B. Deficit Fund Equity

At December 31, 2011, the following funds reported deficits in fund equity, which are violations of state statute:

	Deficit
Governmental funds:	
TIF - Douglas Road	$ 617,554
TIF - Northeast Residential	2,159,820

Fund equity deficits arose primarily from expenditures or expenses exceeding revenues due to the underestimate of current requirements. It is anticipated that these deficits will be repaid from future revenues.

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. At December 31, 2011, the bank balances held at Wells Fargo Bank NA, US Bank National Association, 1st Source Bank, KeyBank, and at Suntrust in the amounts of $2,761,345; $6,045,273; $1,581,654; $722,513; and $45,126; respectively, were collateralized with securities held by the pledging financial institution's trust department or agent in the depositor-City's name. 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. The City has not formally adopted a deposit policy for custodial credit risk.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2011, the City had the following investments:

	Primary Government	Investment Maturities (in Years)		
Investment Type	Fair Value	Less Than 1	1-2	More Than 2
U.S. government agency securities	$ 124,591,623	$4,774,320	$ 119,817,303	$ -

Investment Policies

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

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

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments. At December 31, 2011, the City held investments in U.S. government agency securities in the amount of $124,591,623. These investments were held by the counterparty's trust department or agent but not in the City's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The City does not have a formal investment policy for interest rate risk. The following schedule is a summary of the interest rate risk disclosure as of December 31, 2011:

Primary Government:

	Investment Maturities (in Years)		
Investment Type	Less Than 1	1-2	More Than 2
U.S. government agency securities	$ 4,774,320	$ 119,817,303	$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. government agency securities are implicitly guaranteed by the full faith and credit of the U.S. government and are recognized as one of the safest investment available. The City does not have a formal investment policy for credit risk.

Concentration of Credit Risk

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

Foreign Currency Risk

The City does not have a formal policy in regards to foreign currency risk. The City does not have any foreign currency.

B. Receivables

The following receivable accounts have timing and credit characteristics different from typical accounts receivable. As of December 31, 2011, City funds recognized the following loan receivable balances. The schedule shows the total receivable and the portion that is not due within one year. These loans were for economic development projects:

Fund	Receivable	Noncurrent
Major governmental funds:		
County Option Income Tax	$ 100,000	$ 66,667
Nonmajor governmental funds:		
Economic Development State Grants	1,774,947	1,462,358
Community Development	1,168,167	1,065,170
Urban Development Action Grant	2,365,402	1,276
Industrial Revolving	5,039,272	4,751,497
Totals	$ 10,447,788	$ 7,346,968

C. Capital Assets

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

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 12,435,772	$ 1,914,899	$ 1,065,222	$ 13,285,449
Construction in progress	49,034,174	5,534,042	41,417,911	13,150,305
Total capital assets, not being depreciated	61,469,946	7,448,941	42,483,133	26,435,754
Capital assets, being depreciated:				
Buildings	97,928,133	18,316,638	-	116,244,771
Improvements other than buildings	22,970,590	20,681,681	317,065	43,335,206
Machinery and equipment	42,320,643	6,679,164	1,780,877	47,218,930
Roads being depreciated	370,055,466	10,445,049	-	380,500,515
Totals	533,274,832	56,122,532	2,097,942	587,299,422
Less accumulated depreciation for:				
Buildings	31,401,511	2,360,479	-	33,761,990
Improvements other than buildings	7,226,570	958,187	21,219	8,163,538
Machinery and equipment	31,249,330	2,451,248	1,747,516	31,953,062
Roads being depreciated	236,674,004	9,341,119	-	246,015,123
Totals	306,551,415	15,111,033	1,768,735	319,893,713
Total capital assets, being depreciated, net	226,723,417	41,011,499	329,207	267,405,709
Total governmental activities capital assets, net	$ 288,193,363	$ 48,460,440	$ 42,812,340	$ 293,841,463

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 3,020,576	$ 4,006	$ -	$ 3,024,582
Construction in progress	16,404,487	14,492,615	18,679,853	12,217,249
Total capital assets, not being depreciated	19,425,063	14,496,621	18,679,853	15,241,831
Capital assets, being depreciated:				
Buildings	88,941,215	-	25,710	88,915,505
Improvements other than buildings	143,262,590	16,938,865	197,117	160,004,338
Machinery and equipment	51,262,296	4,023,701	485,131	54,800,866
Totals	283,466,101	20,962,566	707,958	303,720,709
Less accumulated depreciation for:				
Buildings	42,206,773	1,911,088	25,710	44,092,151
Improvements other than buildings	24,547,762	1,716,008	50,000	26,213,770
Machinery and equipment	35,176,348	3,771,840	420,559	38,527,629
Totals	101,930,883	7,398,936	496,269	108,833,550
Total capital assets, being depreciated, net	181,535,218	13,563,630	211,689	194,887,159
Total business-type activities capital assets, net	$ 200,960,281	$ 28,060,251	$ 18,891,542	$ 210,128,990

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

Governmental activities:	
General government	$ 185,358
Public safety	2,102,445
Highways and streets, including depreciation of general infrastructure assets	10,158,212
Culture and recreation	2,484,801
Economic development	109,460
Internal service funds*	70,757
Total depreciation expense - governmental activities	$ 15,111,033

*Capital assets held by the primary government's internal service funds are charged to the various functions based on their usage of the assets.

Business-type activities:	
Water	$ 1,764,774
Wastewater	4,491,208
Civic center	515,667
Building permits	14,587
Parking garage	216,232
Solid waste	241,291
Golf course	155,177
Total depreciation expense - business-type activities	$ 7,398,936

D. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2011	Committed	Required Future Funding
Governmental activities:				
Portage Avenue Improvements	$ 5,509,294	$ 5,351,391	$ 157,903	$ -
Triangle Infrastructure	1,727,397	40,201	1,687,196	-
Ewing Avenue	834,281	829,450	4,831	-
Erskine Detention Pond Reconstruction	1,248,148	1,289,574	(41,426)	-
Western & Walnut Intersection Improvements	1,588,667	1,088,681	499,986	-
Cotter Street Construction	664,991	571,899	93,092	-
Morris Civic Center Renovations	665,329	506,935	158,394	-
Animal Shelter (Eclipse Pl)	1,757,999	647,711	1,110,288	-
Potawatomi Conservatory	1,149,030	163,918	985,112	-
Northside Trail	616,548	513,515	103,033	-
Edison/Gordon Turn Lane widening	113,400	78,400	35,000	-
Coveleski Stadium Synthetic Turf	978,149	-	978,149	-
Wayne Street Parking Garage Façade	87,021	-	87,021	-
Main & Jefferson Streetscape Improvements	164,899	66,294	98,605	-
Ignition Park	2,090,184	-	2,090,184	-
Chapin Street Bridge	238,400	-	238,400	-
Mayflower Boulevard Construction	2,584,949	2,002,336	582,613	-
Hydroelectric Turbine installation	117,117	-	117,117	-
Total - governmental activities	$ 22,135,803	$ 13,150,305	$ 8,985,498	$ -
Business-type activities:				
Water Utility:				
Olive street spout replacement	$ 2,300	$ 2,300	$ -	$ -
Point of sale software - add on module	14,310	8,425	5,885	-
Ironwood & Auten main	22,849	22,849	-	-

Project	Total Project Authorized	Expended to December 31, 2011	Committed	Required Future Funding
Business-type activities (continued):				
Wastewater Utility:				
Diamond Ave. Storm Sewer	4,570,497	4,514,550	55,947	-
Mayflower Rd. Sanitary Sewer Phase I	762,594	602,872	159,722	-
Coveleski Stormwater System	415,954	405,954	10,000	-
Bowman Creek Control Structure	85,900	40,391	45,509	-
East Bank Sewer Separation Phase 1	397,490	390,833	6,657	-
East Bank Sewer Separation Phase 1A	2,343,370	2,301,583	41,787	-
Sewer Overflow Sensory Network	287,719	231,497	56,222	-
Blowers 1A & 1B Replacement	2,569,370	2,530,284	39,086	-
River Commons Lift Station Replacement	131,871	29,004	102,867	-
Clay-Cleveland Lift Station Replacement	198,963	129,982	68,981	-
Digester Upgrade at WWTP	595,000	486,360	108,640	-
CSO Trunk Sewer Mods. At Steel Warehouse	202,120	129,580	72,540	-
Michigan St. Lift Station Replacement	91,088	79,863	11,225	-
East Bank Sewer Separation Phase 2	287,733	89,830	197,903	-
East Bank Sewer Separation Phase 3	252,000	148,300	103,700	-
Aeration Controls	79,673	38,871	40,802	-
Century Center				
New Pavilion-Island Park	659,940	33,921	626,019	-
Totals - business-type activities	$ 13,970,741	$ 12,217,249	$ 1,753,492	$ -

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

Fund	Interfund Receivable	Interfund Payable
General	$ 54,922	$ 238,332
Park and recreation	596	57,041
COIT	7,153	-
TIF Airport	74,909	-
Other governmental funds:		
Motor vehicle highway	-	108,936
Recreation nonreverting	-	86
CED operating	4,871	10,247
Community development	-	34,174
Law enforcement continuing education	-	780
Leaf collection an removal	-	581
Rainy day	25,000	-
Industrial revolving	-	4,871
Redevelopment bond - central development	-	834

Fund	Interfund Receivable	Interfund Payable
Other governmental funds (continued):		
Redevelopment bond - airport taxable	-	1,090
Redevelopment bond - palais royale	-	1,734
Emergency medical services	-	72,825
TIF Downtown	2,568	8,478
Totals - other governmental funds	32,439	244,636
Total - governmental funds	170,019	540,009
Water Utility	15,360	32,003
Wastewater Utlity	-	85,944
Other enterprise funds:		
Consolidated building	8,666	2,146
Solid waste	4,333	74,301
Blackthorn golf course	-	994
Total - other enterprise funds	12,999	77,441
Total - enterprise funds	28,359	195,388
Liability insurance premium reserve	-	258
Self-funded employee benefits	-	596
Central services	568,445	2,499
Police take home vehicle	-	3,073
Unemployment compensation insurance	-	25,000
Total - internal service funds	568,445	31,426
Total - all funds	$ 766,823	$ 766,823

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

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. Advances Between Funds

The advances between funds record noncurrent portions of long-term loans from one fund to another. Advances at December 31, 2011, were as follows:

	Advances	
Fund	To Other Funds	From Other Funds
General	$ 874,593	$ -
COIT	2,228,424	-
TIF Airport	1,759,923	500,000
Other governmental funds:		
Studebaker Oliver revitalization grants	500,000	-
Economic development state grants	-	392,158
Urban development action grant	-	2,228,424
Industrial revolving	392,158	-
Football hall of fame	-	874,593
Major moves	5,028,355	-
TIF Douglas road	-	992,849
TIF Northeast residential	-	4,035,506
Total - other governmental funds	5,920,513	8,523,530
Total - governmental funds	10,783,453	9,023,530
Other enterprise funds:		
Blackthorn golf course	-	1,759,923
Total - all funds	$ 10,783,453	$ 10,783,453

3. Interfund Transfers

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

	Transfers	
Fund	From Other Funds	To Other Funds
General	$ 8,451,430	$ 219,279
Park and recreation	580,875	185,450
Public safety LOIT	214,990	4,976,969
COIT	-	1,263,386
EDIT	-	2,536,759
TIF Airport	890,216	1,944,500

Fund	Transfers From Other Funds	To Other Funds
Other governmental funds:		
Motor vehicle highway	470,000	-
CED operating	1,850,346	-
Community development	200,000	546,087
Leaf collection and removal	-	230,000
College football hall of fame debt service	92,984	-
Redevelopment bond - central development	-	2,942
Redevelopment bond - airport taxable	-	886,711
Redevelopment bond - palais royale	640,792	4,540
Redevelopment authority debt service	4,958,092	1,277
South Bend building corporation debt service	2,316,386	-
TIF Erskine village debt service	496,080	-
Emergency medical services	-	500,000
Central development area bond proceeds	-	898,258
Park nonreverting capital	185,450	-
Cumulative capital development	45,140	-
Cumulative capital improvement	-	594,000
TIF downtown	1,089,506	1,772,058
TIF No. 3 - southside development	-	496,080
TIF - northeast residential	-	2,384,000
Century Center construction	-	92
Edy street commons construction	1,277	-
Total - other governmental funds	12,346,053	8,316,045
Total - governmental funds	22,483,564	19,442,388
Water utility	-	1,398,419
Wastewater utility	-	2,290,752
Other enterprise funds:		
Blackthorn golf course	651,500	3,505
Total - enterprise funds	651,500	3,692,676
Total - all funds	$ 23,135,064	$ 23,135,064

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

F. Leases

1. Operating Leases

The primary government has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for golf cart global positioning systems, vehicles, copiers, and office space. Rental expenditures for these leases were $233,253. The following is a schedule by years of future minimum rental payments as of December 31, 2011:

Year Ended December 31	Annual Payment
2012	$ 228,270
2013	224,673
2014	134,716
2015	42,000
2016	42,000
Total	$ 671,659

2. Capital Leases

The primary government has entered into various capital leases for various types of equipment, and two parking garages. The parking garage capital leases are being repaid from governmental funds. 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:

	Governmental Activities	Business-Type Activities
2012	$ 1,663,783	$ 341,698
2013	1,502,021	339,106
2014	1,350,349	256,897
2015	1,330,454	177,280
2016	910,146	36,598
2017-2021	1,200,580	-
2022-2026	800,000	-
Total minimum lease payments	8,757,333	1,151,579
Less amount representing interest	1,246,584	73,937
Present value of net minimum lease payments	$ 7,510,749	$ 1,077,642

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

	Governmental Activities	Business-Type Activities
Buildings	$ -	$ 4,115,612
Improvements other than buildings	1,458,939	-
Machinery and equipment	4,546,475	1,188,502
Totals	6,005,414	5,304,114
Accumulated depreciation	1,426,842	1,971,189
Totals	$ 4,578,572	$ 3,332,925

G. Long-Term Liabilities

1. Mortgage Bonds

Mortgage Bonds outstanding at year end are as follows:

Purpose	Interest Rates	Original Issue	Outstanding 12-31-11
Governmental Activities			
2010 Public Works Service Center Refunding - maturity February 1, 2021 - installments of $465,000 to $640,000 plus interest	3.0% to 5.0%	$ 5,327,775	$ 4,709,490
2003 New Fire Station/Police renovations - maturity February 1, 2023 - installments of $470,000 to $840,000 plus interest	2% to 5%	21,335,000	15,015,000
Total - governmental activities		$ 26,662,775	$ 19,724,490
Business-Type Activities			
2010 Public Works Service Center Refunding - maturity February 1, 2021 - installments of $465,000 to $640,000 plus interest	3.0% to 5.0%	$ 747,225	$ 660,510

Mortgage bonds at year end include the following amounts of unamortized bond discount (premium) and unamortized loss (gain) on refunding:

Purpose	Balance at December 31	Unamortized Discount (Premium)	Unamortized Loss (Gain) on Refunding	Adjusted Balance
Governmental Activities				
2010 Public Works Service Center Refunding	$ 4,709,490	$ (126,117)	$ 135,298	$ 4,700,309
2003 New Fire Station/Police renovations	15,015,000	(352,717)	-	15,367,717
Total governmental activities	$ 19,724,490	$ (478,834)	$ 135,298	$20,068,026
Business-Type Activities				
2010 Public Works Service Center Refunding	$ 660,510	$ (14,730)	$ 21,567	$ 653,673

Mortgage debt service requirements to maturity are as follows:

Year Ended	Governmental Activities		Business-Type Activities	
December 31	Principal	Interest	Principal	Interest
2012	$ 1,450,960	$ 857,984	$ 59,040	$ 23,727
2013	1,512,885	793,682	62,115	20,729
2014	1,575,425	730,824	64,575	17,912
2015	1,637,965	670,653	67,035	15,956
2016	1,701,120	608,109	68,880	13,927
2017-2021	9,396,135	1,842,672	338,865	32,966
2022-2026	2,450,000	123,625	-	-
Totals	$ 19,724,490	$ 5,627,549	$ 660,510	$ 125,217

2. Revenue Bonds

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

Purpose	Interest Rates	Original Issue	Outstanding 12-31-11
Governmental Activities			
Tax Incremental Financing Revenue Bonds:			
2002 TJX Special Taxing District - maturity January 1, 2022 - installments of $295,000 to $500,000 plus interest	3.0% to 4.75%	$ 6,620,000	$ 4,085,000
2003 Amended Airport TIF Refunding - maturity February 1, 2025 - installments of $254,036 to $530,000 plus interest	4.0% to 5.20%	14,420,000	10,389,036
2003 Amended Downtown TIF Refunding - maturity February 1, 2025 - installments of $260,000 to $935,000 plus interest	4.0% to 5.20%	19,795,000	17,358,395
2005 Southside TIF - maturity February 1, 2027 - installments of $165,000 to $465,000 plus interest	6.1% to 6.75%	5,485,000	4,845,000

Purpose	Interest Rates	Original Issue	Outstanding 12-31-11
Governmental Activities (continued)			
Redevelopment Authority Revenue Bonds:			
1996 Central Development Area Refinancing	4% to 5.85%	3,790,000	265,000
- maturity February 1, 2012			
- installments of $235,000 to $265,000 plus interest			
2008 Eddy Street Common Improvements	4.0% to 6.0%	36,000,000	35,600,000
- maturity February 15, 2033			
- installments of $145,000 to $1,420,000 plus interest			
2008 Century Center Improvements	4.0% to 5.63%	4,655,000	4,335,000
- maturity May 1, 2028			
- installments of $155,000 to $375,000 plus interest *			
2009 Morris Performing Arts Center Refinancing	3.0% to 4.0%	7,210,000	5,125,000
- maturity February 1, 2017			
- installments of $400,000 to $515,000 plus interest			
2011 Hall of Fame Refinancing	.8% to 3.65%	7,580,000	7,580,000
- maturity February 1, 2018			
- installments of $550,000 to $615,000 plus interest			
2011 Century Center Refinancing	2.0% to 3.0%	2,980,000	2,980,000
- maturity February 1, 2018			
- installments of $215,000 to $260,000 plus interest			
CEDIT Revenue Bonds:			
2006 CEDIT Refinancing Bonds	3.75% to 4%	7,440,000	4,215,000
- maturity February 1, 2017			
- installments of $310,000 to $430,000 plus interest			
Professional Sports/Convention Development Revenue Bonds:			
2010 Taxable	1.75% to 5.2%	4,980,000	4,695,000
- maturity January 5, 2019			
- installments of $580,000 to $670,000 plus interest			
Total governmental activities		$ 120,955,000	$ 101,472,431

*St. Joseph County has irrevocably pledged hotel-motel tax revenues to finance debt payments.

Business-Type Activities

2002 Water Works Improvement	3.5% to 5.0%	$ 5,975,000	$ 3,945,000
- maturity January 1, 2023			
- installments of $255,000 to $460,000 plus interest			
2006 Water Works Improvement	4.25% to 4.50%	4,710,000	3,885,000
- maturity January 1, 2027			
- installments of $170,000 to $350,000 plus interest			
2009 Water Works Improvement	3.8% to 5.89%	5,380,000	5,380,000
- maturity January 1, 2030			
- installments of $195,000 to $455,000 plus interest			
2004 Sewage Works Improvement	2.5% to 4.75%	11,425,000	8,465,000
- maturity December 1, 2024			
- installments of $450,000 to $860,000 plus interest			
2006 Sewage Works Improvement	3.6% to 4.625%	7,630,000	6,745,000
- maturity December 1, 2026			
- installments of $295,000 to $630,000 plus interest			
2007A Sewage Works Improvement	4.0% to 4.5%	16,600,000	14,305,000
- maturity December 1, 2027			
- installments of $585,000 to $1,225,000 plus interest			

Purpose	Interest Rates	Original Issue	Outstanding 12-31-11
Business-Type Activities (continued)			
2007B Sewage Works Improvement - maturity December 1, 2027 - installments of $580,000 to $1,230,000 plus interest	4.0% to 4.5%	16,515,000	14,240,000
2010 Sewage Works Revenue - maturity December 1, 2030 - installments of $365,000 to $665,000 plus interest	2.0% to 4.5%	9,345,000	8,980,000
2011 Sewage Works Revenue - maturity December 1, 2031 - installments of $365,000 to $665,000 plus interest	3% to 4%	21,500,000	21,500,000
1998 Blackthorn Golf Course Refinancing - maturity March 1, 2013 - installments of $540,000 to $620,000 plus interest	3.25% to 4.8%	6,135,000	1,210,000
Total business-type activities		$ 105,215,000	$ 88,655,000

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

During 2011, the Water Utility paid $3,557,615 in debt payments or approximately 27 percent of operating revenues. The Wastewater Utility paid $7,012,056 in debt payments or approximately 24 percent of operating revenues.

The City has pledged tax incremental financing revenues to meet tax incremental financing and Redevelopment Authority, including the Blackthorn Golf Course, debt requirements. The City has pledged county economic development income taxes (CEDIT) to meet the CEDIT revenue bond debt requirements. The City has also pledged taxes in the Professional Sports and Convention Development (PSCD) Area to meet the PSCD revenue bonds.

Revenue bonds at year end include the following amounts of unamortized bond discount (premium) and unamortized loss (gain) on refunding:

Purpose	Balance at December 31	Unamortized Discount (Premium)	Unamortized Loss (Gain) on Refunding	Adjusted Balance
Governmental Activities				
Tax Incremental Financing Revenue Bonds:				
2002 TJX Special Taxing District	$ 4,085,000	$ 35,646	$ -	$ 4,049,354
2003 Amended Airport TIF Refunding	10,389,036	-	(481,209)	10,870,245
2003 Amended Downtown TIF Refunding	17,358,395	-	(1,415,626)	18,774,021
2005 Southside TIF	4,845,000	49,310	-	4,795,690
Redevelopment Authority Revenue Bonds:				
1996 Central Development Area Refinancing	265,000	358	-	264,642
2008 Eddy Street Common Improvements	35,600,000	(1,475,863)	-	37,075,863
2008 Century Center Improvements	4,335,000	76,098	-	4,258,902
2009 Morris Performing Arts Center Refinancing	5,125,000	(55,653)	206,383	4,974,270
2011 Hall of Fame Refinancing	7,580,000	-	130,102	7,449,898
2011 Century Center Refinancing	2,980,000	(26,877)	248,042	2,758,835

Purpose	Balance at December 31	Unamortized Discount (Premium)	Unamortized Loss (Gain) on Refunding	Adjusted Balance
Governmental Activities (continued)				
CEDIT Revenue Bonds:				
2006 CEDIT Refinancing Bonds	4,215,000	(24,368)	208,970	4,030,398
Professional Sports/Convention Development Revenue Bonds:				
2010 Taxable	4,695,000	-	-	4,695,000
Total governmental activities	$ 101,472,431	$ (1,421,349)	$ (1,103,338)	$ 103,997,118
Business-Type Activities				
2002 Water Works Improvement	$ 3,945,000	$ (26,376)	$ -	$ 3,971,376
2006 Water Works Improvement	3,885,000	20,100	-	3,864,900
2009 Water Works Improvement	5,380,000	15	-	5,379,985
2004 Sewage Works Improvement	8,465,000	(142,560)	-	8,607,560
2006 Sewage Works Improvement	6,745,000	(28,790)	-	6,773,790
2007A Sewage Works Improvement	14,305,000	462	-	14,304,538
2007B Sewage Works Improvement	14,240,000	(75,966)	-	14,315,966
2010 Sewage Works Revenue	8,980,000	(177,919)	-	9,157,919
2011 Sewage Works Revenue	21,500,000	115,230	-	21,384,770
1998 Blackthorn Golf Course Refinancing	1,210,000	6,420	24,698	1,178,882
Total business-type activities	$ 88,655,000	$ (309,384)	$ 24,698	$ 88,939,686

Revenue bonds debt service requirements to maturity are as follows:

Year Ended	Governmental Activities		Business-Type Activities	
December 31	Principal	Interest	Principal	Interest
2012	$ 6,057,431	$ 4,777,856	$ 4,420,000	$ 3,778,761
2013	7,115,000	4,565,098	4,665,000	3,535,380
2014	7,455,000	4,314,338	4,190,000	3,375,446
2015	7,720,000	4,034,833	4,340,000	3,218,600
2016	8,030,000	3,728,403	4,500,000	3,054,467
2017-2021	27,900,000	14,165,709	25,485,000	12,406,794
2022-2026	20,390,000	7,652,494	27,900,000	6,550,621
2027-2031	12,665,000	3,208,393	13,155,000	1,403,441
2032-2036	4,140,000	250,800	-	-
Totals	$ 101,472,431	$46,697,924	$ 88,655,000	$ 37,323,510

3. Notes and Loans Payable

The primary government has entered into various notes/loans. Annual debt service requirements to maturity for the notes/loans are as follows:

Year Ended	Governmental Activities		Business-Type Activities	
December 31	Principal	Interest	Principal	Interest
2012	$ 1,078,232	$ 167,079	$ 1,710,578	$ 452,983
2013	1,082,134	127,717	1,781,596	403,206
2014	1,113,002	85,877	1,830,729	351,578
2015	407,465	42,031	1,885,127	298,523
2016	233,870	25,526	1,939,796	243,893
2017-2021	517,168	326,900	4,828,760	469,968
2022-2026	-	-	1,114,737	176,843
2027-2031	-	-	451,049	26,565
Totals	$ 4,431,871	$ 775,130	$15,542,372	$ 2,423,559

4. Bond Refunding

On August 16, 2011, the City of South Bend issued $7,580,000 in refunding revenue bonds with an average interest rate of 2.71 percent to refund $7,550,000 of outstanding Redevelopment Authority College Football Hall of Fame Refunding Revenue Bonds of 2000 with an average interest rate of 5.61 percent. The net proceeds of $7,444,493 (after payment of $133,257 in issuance costs) and local contributions of $154,964 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the Redevelopment Authority College Football Hall of Fame Refunding Revenue Bonds of 2000. As a result, the 2000 bonds are defeased and the liability for those bonds has been removed from the Statement of Net Assets. The refunding resulted in the accounting loss of $130,102, which has been recognized on the Statement of Net Assets as deferral of loss on refunding. This amount will be amortized using the straight line method and charged to interest expense over the next seven years. The City, in effect, reduced its aggregate debt service payment by $654,515 over the next seven years and realized an economic gain (difference between the present values of the old and new debt service payments) of $565,747.

On August 16, 2011, the City of South Bend issued $2,980,000 in refunding revenue bonds with an average interest rate of 2.39 percent to refund $3,255,000 of outstanding Redevelopment Authority Century Center Refunding Bonds of 2001 with an average interest rate of 4.55 percent. The net proceeds of $2,952,237 (after payment of $54,640 in issuance costs and $26,877 bond premium) and local contributions of $321,796 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the Redevelopment Authority Century Center Refunding Bonds of 2001. As a result, the 2001 bonds are defeased and the liability for those bonds has been removed from the Statement of Net Assets. The refunding resulted in the accounting loss of $248,042, which has been recognized on the Statement of Net Assets as deferral of loss on refunding. This amount will be amortized using the straight line method and charged to interest expense over the next seven years. The City, in effect, reduced its aggregate debt service payment by $287,610 over the next seven years and realized an economic gain (difference between the present values of the old and new debt service payments) of $231,826.

On December 29, 2011, the City of South Bend issued $10,389,036 in refunding revenue bonds with an average interest rate of 4.64 percent to refund $10,435,000 of outstanding 2003 Airport Development District Tax Incremental Financing (TIF) Revenue Bonds with an average interest rate of 4.64 percent. The net proceeds of $10,389,036 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2003 Airport Development District TIF Revenue Bonds. As a part of the refunding, the City received $484,761, a call rights modification fee, net of local contributions. As a result, the 2003 bonds are defeased and the liability for those bonds has been removed from the Statement of Net Assets. The refunding resulted in the accounting gain of $481,208, which has been recognized on the Statement of Net Assets as deferral of gain on refunding. This amount will be amortized using the straight-line method and charged to interest expense over the next 13 years. The City, in effect, reduced its aggregate debt service payment by $530,725 over the next 13 years and realized an economic gain (difference between the present values of the old and new debt service payments) of $528,651.

On December 29, 2011, the City of South Bend issued $17,358,395 in refunding revenue bonds with an average interest rate of 4.64 percent to refund $18,030,000 of outstanding 2003 Downtown Development District Tax Incremental Financing (TIF) Revenue Bonds with an average interest rate of 4.64 percent. The net proceeds of $17,358,395 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2003 Downtown Development District TIF Revenue Bonds. As a part of the refunding, the City received $834,554, a call rights modification fee, net of local contributions. As a result, the 2003 bonds are defeased and the liability for those bonds has been removed from the Statement of Net Assets. The refunding resulted in the accounting gain of $1,412,626, which has been recognized on the Statement of Net Assets as deferral of gain on refunding. This amount will be amortized using the straight-line method and charged to interest expense over the next 13 years. The City, in effect, reduced its aggregate debt service payment by $1,505,016 over the next 13 years and realized an economic gain (difference between the present values of the old and new debt service payments) of $1,475,224.

5. Early Debt Extinguishment

On February 1, 2011, the City of South Bend paid off $3,285,000 outstanding tax incremental financing revenue bonds (2005 Erskine Commons). The bonds were due in installments of $110,000 to $355,000, plus interest, with a February 1, 2025 final maturity. The early debt extinguishment resulted in no accounting gain or loss.

6. Changes in Long-Term Liabilities

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

Primary Government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue	$ 111,510,000	$ 38,307,431	$ 48,345,000	$ 101,472,431	$ 6,057,431
Mortgage	21,117,295	-	1,392,805	19,724,490	1,450,960
Total bonds payable	132,627,295	38,307,431	49,737,805	121,196,921	7,508,391
Notes and loans payable	6,323,199	-	1,891,328	4,431,871	1,078,232
Capital leases	5,299,341	3,488,750	1,277,342	7,510,749	1,428,988
Compensated absences	4,987,211	3,687,495	3,715,543	4,959,163	3,687,495
Net other postemployment benefits obligation	4,138,354	1,245,859	-	5,384,213	-
Net pension obligation	61,263,372	1,627,061	-	62,890,433	-
Total governmental activities long-term liabilities	$ 214,638,772	$ 48,356,596	$ 56,622,018	$ 206,373,350	$ 13,703,106

*Beginning balance has been restated to recognize the current actuary study and increased $1,043,151 more than the December 31, 2010 balance previously reported, $3,095,203.

Primary Government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds payable:					
Water Utility	$ 15,795,000	$ -	$ 2,585,000	$ 13,210,000	$ 655,000
Wastewater Utility	55,085,000	21,500,000	2,350,000	74,235,000	3,175,000
Blackthorn Golf Course	1,775,000	-	565,000	1,210,000	590,000
Total revenue bonds payable	72,655,000	21,500,000	5,500,000	88,655,000	4,420,000
Mortgage bonds payable	717,705	-	57,195	660,510	59,040
Capital leases payable	799,402	568,885	290,645	1,077,642	315,860
Notes and loans payable:	16,755,369	647,505	1,860,502	15,542,372	1,710,578
Total business-type activities long-term liabilities	$ 90,927,476	$ 22,716,390	$ 7,708,342	$ 105,935,524	$ 6,505,478

Compensated absences for governmental activities typically have been liquidated from the general fund and special revenue funds. All of the December 31, 2011, business-type activities' compensated absences are due within one year. Net pension obligation will be liquidated from the pension trust funds. Net OPEB obligation will be liquidated from the general fund.

H. Segment Information

The primary government issued revenue bonds to finance Blackthorn Golf Course improvements. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the Blackthorn Golf Course is presented below.

Condensed Statement of Net Assets

Assets:	
Current assets	$ 79,088
Deferred charges	5,058
Restricted assets	1,392,949
Capital assets	2,625,665
Total assets	$ 4,102,760
Liabilities:	
Current liabilities	$ 9,882
Restricted liabilities	658,336
Noncurrent liabilities	2,503,533
Total liabilities	$ 3,171,751
Net assets:	
Invested in capital assets, net of related debt	$ 1,244,848
Restricted	708,678
Unrestricted	(1,022,517)
Total net assets	$ 931,009

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

Operating revenues	$ 1,392,999
Depreciation expense	155,177
Other operating expenses	1,426,787
Operating loss	(188,965)
Nonoperating revenues (expenses):	
Investment earnings	3,544
Interest expense	(103,841)
Loss on disposal of assets	(3,237)
Transfers in	651,500
Transfers out	(3,505)
Change in net assets	355,496
Beginning net assets	575,513
Ending net assets	$ 931,009

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	$ 5,063
Noncapital financing activities	648,989
Capital and related financing activities	(747,767)
Investing activities	(665,336)
Net decrease	(759,051)
Beginning cash and cash equivalents	1,536,054
Ending cash and cash equivalents	$ 777,003

I. Restricted Assets

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

Cash, cash equivalents, and investments	
Repair funds	$ 921,564
Customer deposits	1,380,326
Revenue bond covenant accounts	6,429,752
Capital outlay accounts	43,703,832
Cash with fiscal agent	45,126
Interest receivable	68,931
Total restricted assets	$ 52,549,531

J. Restatements and Reclassifications

The following schedule presents a summary of restated beginning balances.

Governmental activities:	
Net assets balances as reported, December 31, 2010	$ 293,194,909
Recognize updated OPEB actuary study	(1,043,151)
Net assets balances as restated, January 1, 2011	$ 292,151,758

K. Loss on Sale/Leaseback of Leighton Parking Garage

During 2000, the City completed construction of the Leighton Parking Garage and capitalized the cost of the garage, $11,439,712, in the Parking Garage Fund, an enterprise fund. On December 1, 2000, the City sold the garage to the South Bend Transportation Company (TRANSPO) for $3,000,000 as part of a sale/leaseback agreement. The proceeds were receipted into the County Option Income Tax Fund. This fund is also making the future lease payments to TRANSPO.

The present value of the lease, $1,960,044, was the new basis for the parking garage. As part of this sale/leaseback, the Parking Garage Fund recognized a deferred loss of $8,439,712, which is being amortized over the 15-year life of the lease.

L. Property Held for Resale

The City's Redevelopment Commission has purchased properties in blighted areas for redevelopment and subsequent resale. At December 31, 2011, the market value of these properties was not known. These properties are recognized as assets in the funds that purchased the property.

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; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; 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.

Liability Insurance

The primary government has chosen to establish a risk financing fund for risks associated with job related illnesses or injuries to employees, automobile liability, and comprehensive liability. The risk financing fund is accounted for in the Liability Insurance Premium Reserve Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of $350,000 per claim for job related illnesses or injuries to employees and $100,000 per claim for damage to and destruction of assets. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. A premium is charged to each fund based on a study of paid claims and based on the number of employees and percent of the total budget. Provisions are also made for unexpected and unusual claims.

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

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

	2010	2011
Unpaid claims, beginning of fiscal year	$ 1,227,339	$ 2,103,925
Incurred claims and changes in estimates	3,554,559	2,070,065
Claim payments	2,677,973	1,918,018
Unpaid claims, end of fiscal year	$ 2,103,925	$ 2,255,972

Group Health Insurance

The primary government has chosen to establish a risk financing fund for risks associated with medical benefits of employees and their covered dependents. The risk financing fund is accounted for in the Self-Funded Employee Benefits Fund, an internal service fund, where assets are set aside for benefit costs. An excess policy through commercial insurance covers individual claims in excess of $300,000 per year. One claim resulting from this risk exceeded commercial insurance coverage in the past three years. The claim occurred during 2011 and the gross claim cost was $564,932. A premium is charged to each fund based on the number of employees and estimated costs exceeding the employees' contributions. Provisions are also made for unexpected and unusual claims.

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

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

	2010	2011
Unpaid claims, beginning of fiscal year	$ 741,656	$ 424,689
Incurred claims and changes in estimates	9,931,029	11,328,758
Claim payments	10,247,996	10,963,486
Unpaid claims, end of fiscal year	$ 424,689	$ 789,961

The December 31, 2011, unpaid claims include $689,961 reported as current liabilities and expected to be paid within the current year.

During 2005, the City's former employee medical benefits' administrator, Healthcare Resources Group (HRG), failed to pay $1,111,899 in health care claims for City employees. The City had paid HRG for the claims. HRG was purchased by another business that has filed bankruptcy. The City has been notified by the bankruptcy court and the City's legal department has estimated that the City may receive approximately 25 percent of the total claims and the City has recognized a receivable for this percent of the total claims. Asset distribution may occur on or before September 30, 2012.

B. Subsequent Events

On October 25, 2011, the Common Council approved Ordinance 10127-11 authorizing the City to issue its economic development revenue bonds, $1,500,000, for the South Bend Career Academy Project. The City has pledged tax increment to be used to pay the debt.

On November 28, 2011, the Common Council approved Ordinance 10134-11 authorizing the City to issue its waterworks revenue bonds in an amount not to exceed $8,300,000 for construction of improvements. Bond issuance is planned for June 21, 2012.

During 2011, the City's Industrial Revolving Fund Board approved three loans totaling $1,088,625. None of these three loans have been closed and paid out as of December 31, 2011.

On February 28, 2012, the City, the United States of America, and the State of Indiana, agreed to a consent decree 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 by December 31, 2031, at a cost of approximately $509.5 million in 2007 dollars to comprehensively upgrade and expand the City's sewage collection, storage, conveyance, and treatment system.

On May 14, 2012, the Common Council approved Ordinance 10161-12 amending a lease with the South Bend Building Corporation, Inc., a blended component unit. The amended lease coincides with the Building Corporation's bond refinancing which is estimated to save the City approximately $450,000 over the remaining life of the existing debt.

C. Contingent Liabilities

College Football Hall of Fame Operations

During 2001, the City turned over the operations of the Hall of Fame to the National Football Foundation and College Football Hall of Fame, Inc. (NFF). The second interim agreement authorizing the NFF to operate the Hall of Fame shows that NFF has contributed $1,900,000 to cover operating deficits of the Hall of Fame during the period prior to December 31, 2000.

Under the second interim agreement, the City is obligated to provide the NFF $600,000 in 2006 and in 2007, $550,000 in 2008 and in 2009, and $500,000 in 2010 in operating subsidies. The City is also obligated to pay capital expenditures and to maintain a $1,000,000 capital reserve fund. The second interim agreement is in effect until December 31, 2010.

The NFF exercised its contractual right as defined in the Second Interim Agreement, to terminate the Original Agreements effective as of the last day of the Second Interim Agreement, which the NFF did by written notice dated September 22, 2009. As a result of the NFF election to terminate the Original Agreement, the NFF and the City have discussed and negotiated terms and conditions for the transition and discontinuation of the Hall of Fame in South Bend, Indiana.

In December, 2010, the NFF and the City entered into a Transition Agreement. That Transition Agreement commenced on January 1, 2011, and would have terminated on December 31, 2011, but renewed by mutual consent to terminate December 31, 2012. It is subject to further continuation through 2013 by mutual consent, although continuation past December 31, 2012, is unlikely.

The Transition Agreement includes the provision to terminate and release various claims and contentions accruing to the parties in all prior agreements. The Transition Agreement releases the City from the $1,900,000 contingent liability to the NFF. The Transition Agreement requires the City to provide the NFF operating subsidies of $500,000 in 2011 and in 2012. These subsidies are payable in equal monthly installments and would terminate if the NFF or City decide to terminate the Transition Agreement. As part of the Transition Agreement, the City has assumed the defense and liability of the NFF in a lawsuit pending in State court between the NFF and Jersey Mike's. Trial in this case is set for September 2012, but the City does not expect any liability to exceed $100,000.

D. Conduit Debt Obligation

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

As of December 31, 2011, there were several series of industrial revenue bonds outstanding. The City has been able to determine the aggregate principal amount payable is $31,806,318 for six outstanding industrial revenue bonds, but was unable to obtain the outstanding principal amount for five other industrial revenue bonds. During 2011, the City approved one new industrial revenue bond in the amount of $8,105,000 to finance certain facilities and to refinance an existing bond issue with $6,020,000 outstanding principal.

E. Other Postemployment Benefits (OPEB)

Plan Description

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

The City issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report is available by contacting the City Controller's office: 227 West Jefferson Blvd. Rm. 1200N, South Bend, IN 46601, Ph. (574)235-9216.

Funding Policy

The contribution requirements of plan members for the City of South Bend 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 date of the most recently completed actuarial study, the City contributed $703,134 to the plan for current premiums. Police and Fire members receiving benefits contributed approximately 30 percent of the total premiums, through their required contribution of $133 per month for retiree-only coverage and $395 for retiree and spouse coverage. General employee members receiving benefits contributed approximately 100 percent of the total premiums, through their required contribution of $346 per month for retiree-only coverage and $912 for retiree and spouse coverage.

Annual OPEB Cost and Net OPEB Obligation

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

Annual Required Contribution	$ 2,016,827
Interest on net OPEB obligation	186,226
Adjustment to annual required contribution	(254,060)
Annual OPEB cost	1,948,993
Contributions made	(703,134)
Increase in net OPEB obligation	1,245,859
Net OPEB obligation – beginning of year	4,138,354
Net OPEB obligation – end of year	$ 5,384,213

The City'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:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-09	$ 1,851,421	42.7%	$ 3,095,203
12-31-10	1,834,037	43.1%	4,138,354
12-31-11	1,948,993	36.1%	5,384,213

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 $18,649,906, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $18,649,906. The covered payroll (annual payroll of active employees covered by the plan) was not available, and the ratio of the UAAL to covered payroll was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as required supplementary information following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability 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 a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The UAAL is being amortized as a level dollar amount based on an open group. The remaining amortization period at December 31, 2011, was 30 years.

F. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

The primary government contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) 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.

INPRS 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 is available at www.in.gov/inprs/2341.htm or may be obtained by contacting:

Indiana Public Retirement System
One North Capital, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

Information to segregate the assets/liabilities and the actuarial study figures between the primary government and the Utilities is not available. Therefore, the Net Pension Asset is considered an obligation of the primary government and is presented in the governmental activities of the financial statements and is not presented as an asset of the proprietary funds.

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to 6 percent of the salary of a first class patrolman. The contribution requirements of plan members are established by state statute. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Assets. The State of Indiana is required by Statute to reimburse the City for benefits paid and has contributed $6,481,287 during 2011 on behalf of the City. The City has recognized these on behalf payments as intergovernmental revenue and public safety expenditures in the general fund.

c. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to 6 percent of the salary of a first class fireman. The contribution requirements of plan members are established by state statute. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Assets. The State of Indiana is required by Statute to reimburse the City for benefits paid and has contributed $5,524,569 during 2011 on behalf of the City. The City has recognized these on behalf payments as intergovernmental revenue and public safety expenditures in the general fund.

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	$ 2,554,982	$ 7,317,800	$ 6,399,700
Interest on net pension obligation	72,736	2,095,900	1,517,500
Adjustment to annual required contribution	(83,736)	(2,687,100)	(1,945,600)
Annual pension cost	2,543,982	6,726,600	5,971,600
Contributions made	1,603,562	6,486,990	5,524,569
Increase in net pension obligation	940,420	239,610	447,031
Net pension obligation, beginning of year	1,039,079	34,932,097	25,292,196
Net pension obligation, end of year	$ 1,979,499	$ 35,171,707	$ 25,739,227

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	6.63 %	1,348%	1,612%
Plan Members	3%	6%	6%
Actuarial valuation date	06-30-11	01-01-11	01-01-11
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05	01-01-05
Asset valuation method	4-year smoothing of gains/losses on market value with a 20% corridor	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

Actuarial Assumptions	PERF	1925 Police Officers' Pension	1937 Firefighter' Pension
Investment rate of return	7%	6%	6%
Projected future salary increases:			
. Total	3.25% to 4.5%	4%	4%
Cost-of-living adjustments	1%	.4%	4%
Cost-of-living adjustments (converted)	1%	2.25%	2.25%

For financial reporting purposes the projection of benefits for these plans does not explicitly incorporate the potential effects of the legal limit on employer contributions disclosed.

Three Year Trend Information

PERF

Year Ending		Annual Pension Cost (APC)	Percentage of APC Contributed		Net Pension Obligation
06-30-09	$	1,514,774	100%	$	620,420
06-30-10		1,907,328	78%		1,039,079
06-30-11		2,543,982	63%		1,979,499

1925 Police Officers' Pension

Year Ending		Annual Pension Cost (APC)	Percentage of APC Contributed		Net Pension Obligation
12-31-09	$	5,392,200	118%	$	34,701,923
12-31-10		6,040,600	96%		34,932,097
12-31-11		6,726,600	96%		35,171,707

1937 Firefighters' Pension Plan

Year Ending		Annual Pension Cost (APC)	Percentage of APC Contributed		Net Pension Obligation
12-31-09	$	4,823,000	112%	$	25,139,278
12-31-10		5,353,200	97%		25,292,196
12-31-11		5,971,600	93%		25,739,227

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

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retires and beneficiaries currently receiving benefits	239	205
Terminated employees entitled to but not yet receiving benefits	-	-
Current active employees	5	8

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 1925 Police Officers' and 1937 Firefighters' pension funds which is as of January 1, 2011) is as follows:

Retirement Plan	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
PERF	06-30-11	$ 23,111,685	$40,495,255	$ (17,383,570)	57.1%	$ 25,613,579	(68%)
1925 Police Officers'	01-01-11	2,367,050	89,947,300	(87,580,250)	2.63%	542,900	(16,132%)
1937 Firefighters'	01-01-11	1,815,026	79,076,500	(77,261,474)	2.30%	397,100	(19,456%)

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.

d. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Assets

	1925 Police Officers' Pension	1937 Firefighters' Pension
Assets		
Cash and cash equivalents	$ 689,384	$ 546,878
Investments	1,475,257	1,170,299
Receivables:		
Interest	2,206	1,751
Total assets	2,166,847	1,718,928

	1925 Police Officers' Pension	1937 Firefighters' Pension
Liabilities		
Accounts payable	88	142
Accrued payroll payable	-	620
Total liabilities	88	762
Net Assets		
Held in trust for pension benefit obligations	$ 2,166,759	$ 1,718,166

Statements of Changes in Fiduciary Net Assets

	1925 Police Officers' Pension	1937 Firefighters' Pension
Additions:		
Contributions:		
On behalf	$ 6,481,287	$5,524,569
Other	5,703	-
Total contributions	6,486,990	5,524,569
Investment income:		
Interest	7,641	6,017
Total additions	6,494,631	5,530,586
Deductions:		
Benefits and refunds paid to plan members and beneficiaries	6,683,830	5,615,445
Administrative expenses	11,092	12,001
Total deductions	6,694,922	5,627,446
Changes in net assets	(200,291)	(96,860)
Net assets - beginning	2,367,050	1,815,026
Net assets – ending	$ 2,166,759	$1,718,166

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 and IC 36-8-8.5) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46201
Phone (888) 526-1687

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, which has not changed since the inception of the plan, is 21 percent of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2011, 2010, and 2009 were $4,187,175, $4,344,470, and $4,024,540, respectively, equal to the required contributions for each year.

CITY OF SOUTH BEND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-09	$ 32,063,532	$ 37,732,769	$ (5,669,237)	85%	$ 25,423,994	(22%)
07-01-10	27,202,254	39,699,253	(12,496,999)	69%	24,385,338	(51%)
07-01-11	23,111,685	40,495,255	(17,383,570)	57%	25,613,579	(68%)

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	$ 83,559	$ 81,958,600	$ (81,875,041)	0.10%	$ 1,599,000	(5,120%)
01-01-07	1,188,997	87,910,800	(86,721,803)	1.35%	1,386,800	(6,253%)
01-01-08	3,522,332	85,203,100	(81,680,768)	4.13%	652,500	(12,518%)
01-01-09	2,549,705	80,233,300	(77,683,595)	3.18%	611,000	(12,714%)
01-01-10	2,809,527	86,097,800	(83,288,273)	3.26%	569,500	(14,625%)
01-01-11	2,367,050	89,947,300	(87,580,250)	2.63%	542,900	(16,132%)

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	$ 549,455	$ 69,066,200	$ (68,516,745)	0.80%	$ 1,550,400	(4,419%)
01-01-07	1,624,421	66,072,400	(64,447,979)	2.46%	1,338,200	(4,816%)
01-01-08	2,968,691	58,489,000	(55,520,309)	5.08%	519,400	(10,689%)
01-01-09	2,285,165	70,369,900	(68,084,735)	3.25%	474,450	(14,350%)
01-01-10	2,162,207	74,950,900	(72,788,693)	2.88%	429,500	(16,947%)
01-01-11	1,815,026	79,076,500	(77,261,474)	2.30%	397,100	(19,456%)

Other Postemployment Benefits

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)
01-01-09	$ -	$ 17,009,698	$ (17,009,698)	0.00%	$ 42,080,990	(40.4%)
01-01-10	-	17,641,023	(17,641,023)	0.00%	n/a	n/a
01-01-11	-	18,649,906	(18,649,906)	0.00%	n/a	n/a

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

1925 Police Officers' Pension Plan

Year Ending		Annual Required Contribution (ARC)	Percentage of ARC Contributed
12-31-06	$	6,255,300	100%
12-31-07		6,722,800	71%
12-31-08		6,421,500	79%
12-31-09		5,995,700	106%
12-31-10		6,673,100	87%
12-31-11		7,317,800	89%

1937 Firefighters' Pension Plan

Year Ending		Annual Required Contribution (ARC)	Percentage of ARC Contributed
12-31-06	$	5,369,400	108%
12-31-07		5,104,800	132%
12-31-08		4,436,200	106%
12-31-09		5,258,600	103%
12-31-10		5,811,400	89%
12-31-11		6,399,700	86%

CITY OF SOUTH BEND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2011

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes:				
Property	$ 40,500,000	$ 40,500,000	$ 38,514,550	$ (1,985,450)
Licenses and permits	143,125	158,125	186,272	28,147
Intergovernmental	9,192,625	9,359,889	9,244,963	(114,926)
Charges for services	3,624,786	3,791,574	3,475,612	(315,962)
Fines and forfeits	240,900	240,900	80,993	(159,907)
Other	9,604,888	9,478,732	9,194,289	(284,443)
Total revenues	63,306,324	63,529,220	60,696,679	(2,832,541)
Expenditures:				
Current:				
General Government:				
Mayor:				
Personal services	528,197	539,031	565,171	(26,140)
Supplies	29,203	43,203	39,780	3,423
Other services and charges	59,021	40,633	29,269	11,364
Other uses	216	2,424	2,208	216
City Clerk:				
Personal services	260,836	260,836	245,199	15,637
Supplies	8,700	8,700	4,095	4,605
Other services and charges	58,654	65,457	44,733	20,724
Capital outlay	60,000	60,000	17,301	42,699
Other uses	60	60	60	-
Common Council:				
Personal services	219,465	219,465	198,689	20,776
Supplies	12,516	12,694	7,370	5,324
Other services and charges	189,057	190,788	83,407	107,381
Capital outlay	14,000	19,200	5,200	14,000
Other uses	2,076	2,076	2,076	-
Administration/Finance:				
Personal services	1,303,693	1,295,039	1,260,322	34,717
Supplies	248,935	182,836	40,695	142,141
Other services and charges	158,978	160,903	127,405	33,498
Other uses	264	264	264	-
City Attorney:				
Personal services	820,758	818,445	817,366	1,079
Supplies	15,893	15,393	13,478	1,915
Other services and charges	43,224	46,037	38,745	7,292
Other uses	2,112	2,112	2,112	-

Continued on next page

CITY OF SOUTH BEND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2011
(Continued)

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Expenditures (continued):				
Current (continued):				
General Government (continued):				
Building Maintenance:				
Personal services	149,156	149,156	143,000	6,156
Supplies	18,020	20,275	3,066	17,209
Other services and charges	13,412	14,981	6,898	8,083
Capital outlay	-	37,533	35,231	2,302
Other uses	120	120	120	-
Human Rights:				
Personal services	223,844	223,844	222,780	1,064
Supplies	3,209	4,659	4,099	560
Other services and charges	36,258	34,808	28,053	6,755
Other uses	24	24	24	-
Energy Office:				
Personal services	89,894	89,894	87,980	1,914
Supplies	800	800	-	800
Other services and charges	100,700	566,087	516,261	49,826
Capital outlay	-	292,473	292,217	256
Neighborhood Code Enforcement:				
Personal services	869,370	838,370	829,712	8,658
Supplies	56,891	81,362	72,005	9,357
Other services and charges	567,701	626,076	489,251	136,825
Capital outlay	32,000	32,000	31,160	840
Other uses	52,552	52,552	48,219	4,333
Code Hearing Officer:				
Other services and charges	40,000	46,000	44,848	1,152
Total General Government	6,289,809	7,098,610	6,399,869	698,741
Public Safety:				
Police Department:				
Personal services	23,045,794	22,831,794	21,919,505	912,289
Supplies	1,176,880	1,470,423	1,397,404	73,019
Other services and charges	3,190,614	3,231,472	3,009,436	222,036
Capital outlay	-	175,000	174,594	406
Other uses	8,916	11,916	11,592	324
Communication Center:				
Personal services	1,940,136	1,940,136	1,867,869	72,267
Supplies	4,029	4,029	2,756	1,273
Other services and charges	21,867	22,367	20,309	2,058
Other uses	36	36	36	-

Continued on next page

CITY OF SOUTH BEND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2011
(Continued)

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Expenditures (continued):				
Current (continued):				
Public Safety (continued):				
Fire Department:				
Personal services	20,090,780	20,134,842	19,991,703	143,139
Supplies	567,264	616,135	570,721	45,414
Other services and charges	1,574,619	1,590,431	1,448,433	141,998
Other uses	5,304	5,304	5,304	-
Junk Vehicle:				
Personal services	49,559	49,559	48,053	1,506
Supplies	2,433	2,433	1,217	1,216
Other services and charges	12,098	12,098	10,165	1,933
Capital outlay	90,000	73,000	61,666	11,334
Other uses	36	36	36	-
Animal Control:				
Personal services	372,289	375,289	367,766	7,523
Supplies	57,796	59,440	58,107	1,333
Other services and charges	88,524	88,524	75,267	13,257
Capital outlay	-	17,000	7,754	9,246
Other uses	444	444	444	-
Total Public Safety	52,299,418	52,711,708	51,050,137	1,661,571
Highways and Streets:				
Engineering:				
Personal services	1,077,349	1,077,349	1,056,163	21,186
Supplies	17,664	33,643	28,920	4,723
Other services and charges	367,084	391,213	366,482	24,731
Capital outlay	24,150	45,542	44,131	1,411
Other uses	90,888	90,888	89,724	1,164
Street Department:				
Personal services	97,758	97,758	95,546	2,212
Supplies	775,835	905,325	849,340	55,985
Other services and charges	961,200	973,221	948,381	24,840
Capital outlay	-	8,000	7,816	184
Other uses	3,156	3,156	3,156	-
Total Highways and Streets	3,415,084	3,626,095	3,489,659	136,436

Continued on next page

CITY OF SOUTH BEND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2011
(Continued)

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Expenditures (continued):				
Current (continued):				
Culture and Recreation:				
Palais Royale Ballroom:				
Personal services	162,659	162,659	154,033	8,626
Supplies	12,200	12,320	7,403	4,917
Other services and charges	185,721	196,125	160,567	35,558
Other uses	96	96	96	-
Morris Performing Arts Center:				
Personal services	565,865	568,170	559,551	8,619
Supplies	28,550	26,484	17,795	8,689
Other services and charges	324,119	341,620	315,340	26,280
Other uses	216	216	216	-
Total Culture and Recreation	1,279,426	1,307,690	1,215,001	92,689
Economic Development:				
Unsafe Building:				
Other services and charges	102,587	102,587	69,718	32,869
Total Economic Development	102,587	102,587	69,718	32,869
Total expenditures	63,386,324	64,844,690	62,224,384	2,620,306
Net change in fund balances	(80,000)	(1,315,470)	(1,527,705)	(212,235)
Fund balances - beginning	30,003,941	30,003,941	30,003,941	-
Fund balances - ending	$ 29,923,941	$ 28,688,471	$ 28,476,236	$ (212,235)

Continued on next page

CITY OF SOUTH BEND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2011
(Continued)

	Park and Recreation Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes:				
Property	$ 7,900,000	$ 7,900,000	$ 7,613,760	$ (286,240)
Intergovernmental	1,157,275	1,174,630	1,193,869	19,239
Charges for services	2,898,340	2,898,340	2,959,472	61,132
Fines and forfeits	1,000	1,000	425	(575)
Other	192,912	199,912	221,527	21,615
Total revenues	12,149,527	12,173,882	11,989,053	(184,829)
Expenditures:				
Current:				
Culture and recreation:				
Personal services	7,305,325	7,320,355	7,189,989	130,366
Supplies	1,483,993	1,658,906	1,578,620	80,286
Other services and charges	1,861,619	1,979,697	1,900,263	79,434
Other uses	200,592	202,592	201,756	836
Capital outlay	940,800	959,306	837,505	121,801
Total expenditures	11,792,329	12,120,856	11,708,133	412,723
Other financing sources (uses):				
Transfers out	(190,500)	(190,500)	(186,278)	4,222
Net change in fund balances	166,698	(137,474)	94,642	232,116
Fund balances - beginning	4,390,714	4,390,714	4,390,714	-
Fund balances - ending	$ 4,557,412	$ 4,253,240	$ 4,485,356	$ 232,116

Continued on next page

CITY OF SOUTH BEND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS

For The Year Ended December 31, 2011
(Continued)

	Public Safety LOIT Fund			
	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes:				
County option income tax	$ 4,992,000	$ 5,293,619	$ 5,293,619	$ -
Other	3,000	3,000	2,308	(692)
Total revenues	4,995,000	5,296,619	5,295,927	(692)
Other financing sources (uses):				
Transfers in	-	-	214,990	214,990
Transfers out	(4,992,000)	(4,992,000)	(4,976,969)	15,031
Total other financing sources (uses)	(4,992,000)	(4,992,000)	(4,761,979)	230,021
Net change in fund balances	3,000	304,619	533,948	229,329
Fund balances - beginning	1,143,195	1,143,195	1,143,195	-
Fund balances - ending	$ 1,146,195	$ 1,447,814	$ 1,677,143	$ 229,329

Continued on next page

CITY OF SOUTH BEND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES -
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2011
(Continued)

	COIT Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes:				
County option income	$ 6,300,000	$ 6,458,586	$ 7,097,462	$ 638,876
Other	458,626	1,086,202	1,126,350	40,148
Total revenues	6,758,626	7,544,788	8,223,812	679,024
Expenditures:				
Current:				
General Government:				
Supplies	16,879	16,879	6,453	10,426
Other services and charges	6,157,247	6,571,186	5,773,230	797,956
Capital outlay	582,000	2,353,066	2,246,693	106,373
Other uses	1,224	1,224	-	1,224
Total expenditures	6,757,350	8,942,355	8,026,376	915,979
Other financing sources (uses):				
Transfers out	(240,000)	(240,000)	(240,000)	-
Net change in fund balances	(238,724)	(1,637,567)	(42,564)	1,595,003
Fund balances - beginning	12,126,103	12,126,103	12,126,103	-
Fund balances - ending	$ 11,887,379	$ 10,488,536	$ 12,083,539	$ 1,595,003

Continued on next page

CITY OF SOUTH BEND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2011
(Continued)

	EDIT Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes:				
County economic development income tax	$ 6,875,000	$ 7,300,866	$ 7,300,866	$ -
Other	162,000	162,000	647,700	485,700
Total revenues	7,037,000	7,462,866	7,948,566	485,700
Expenditures:				
General Government:				
Other services and charges	2,853,184	3,321,683	2,973,042	348,641
Capital outlay	-	2,530,157	2,394,983	135,174
Total expenditures	2,853,184	5,851,840	5,368,025	483,815
Other financing sources (uses):				
Transfers out	(4,804,259)	(4,804,259)	(4,804,259)	-
Net change in fund balances	(620,443)	(3,193,233)	(2,223,718)	969,515
Fund balances - beginning	8,906,171	8,906,171	8,906,171	-
Fund balances - ending	$ 8,285,728	$ 5,712,938	$ 6,682,453	$ 969,515

CITY OF SOUTH BEND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET/GAAP RECONCILIATION - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
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. Encumbrances 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

	General	Park and Recreation	Public Safety LOIT	COIT	EDIT
Net change in fund balances (budgetary basis)	$ (1,527,705)	$ 94,642	$ 533,948	$ (42,564)	$ (2,223,718)
Adjustments:					
To adjust revenues for accruals	12,353,181	(15,355)	550,934	(203,210)	631,647
To adjust expenditures for accruals	(12,631,914)	(88,228)	-	(867,304)	150,149
To adjust expenditures for encumbrances	1,000,512	135,785	-	2,123,904	1,697,805
Net change in fund balances (GAAP basis)	$ (805,926)	$ 126,844	$ 1,084,882	$ 1,010,826	$ 255,883

THE CITY OF SOUTH BEND, INDIANA

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III Government Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Motor Vehicle Highway -	To account for street construction and the operations of the street maintenance department. Financing is provided by state motor vehicle highway distributions.
Recreation Nonreverting -	To account for fees and related expenses from park department activities.
Studebaker/Oliver Revitalization Grants -	To account for expenditures related to the Studebaker and Oliver revitalization projects. Financing is provided by federal and state grants and loans from other organizations.
Economic Development State Grants -	To account for expenditures related to projects promoting economic development. Financing is provided by state grants and loan payments. Expenditures include grants and related expenses.
CED Operating -	To account for the operating expenditures related to the South Bend Community Economic Development Department. Financing will be provided by revenues received from charges for services, other revenue sources, and from fund transfers.
Community Development -	To account for revenues received from the U.S. Department of Housing and Urban Development related to community improvement projects
Police State Seizure -	To account for law enforcement expenditures financed by the authorized state or local agencies' sale of confiscated property.
Juvenile Positive Assistance -	To account for monies received from penalties paid for curfew violations. Expenditures include Drug Abuse Resistance Education and Juvenile Aid Bureau.
Law Enforcement Continuing Education -	To account for police fees collected to finance police officers' continuing education, training, and supplies and equipment.
Loss Recovery -	To account for compensatory or exemplary damage payments from third parties arising from loss or damage to City tangible or intangible property.
General Grant -	To account for grants and donations used solely for the purposes specified in the grant application or by the donor.
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.
Excess Welfare Distribution -	To account for a special distribution from the County that can only be spent on public safety expenditures.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Human Rights - Federal -	To account for expenditures to prevent discrimination and to promote human rights. Financing is provided by federal grants.
East Race Waterway -	To account for donations for the promotion and development of the East Race Waterway.
Morris and Palais Marketing -	To account for marketing and promotion expenditures financed by sponsorship solicitations and donations.
Police Block Grants -	To account for federal grants which provide financing for police activities.
Economic Development Commission -	To account for administrative expenditures of the Economic Development Commission. Financing is provided by fees from businesses applying for Economic Development Revenue Bonds.
Hazmat -	To account for monies generated by the South Bend Fire Department's response to hazardous materials incidents. Funds are used to purchase, repair, or replace haz-mat equipment, or for training and supplies.
Indiana River Rescue -	To account for expenditures related to river rescue training. Financing is provided by registration fees.
COPS Block Grant II -	To account for federal grants which provide financing for police activities.
Regional Police Academy -	To account for revenues (tuition) and expenditures (seminars, travel, lectures, and career days) related to the advancement of present and future police officers.
COPS MORE Grant -	To account for a COPS MORE grant which provides financing for police activities.
Federal Drug Enforcement -	To account for expenditures for drug enforcement. Financing is provided by distributions from the authorized federal agencies' confiscated property sale.
Gift -	To account for donations, gifts, or bequeaths for purposes designated by the donor.
Urban Development Action Grant -	To account for economic development expenditures which are financed by federal grants and loan repayments.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Leaf Collection and Removal -	To account for the expenditures of a program to remove leaves from the City each fall. Financing is provided by a monthly service fee charged to all City residents.
Police K-9 Unit -	To account for donations for development and maintenance of the K-9 unit.
Rainy Day -	To account for unused and unencumbered funds that are transferred from a fund that has a tax levy. Revenues in this fund also include special distributions of county option income tax (COIT) and county economic development income tax (CEDIT).
Industrial Revolving -	To account for the revenue and expenditures of providing special loans to qualifying local firms. Financing was originally provided by a $5,000,000 Economic Adjustment Assistance Grant from the U.S. Department of Commerce.

Debt Service Funds

College Football Hall of Fame Debt Service -	To accumulate monies for the payment of Redevelopment Authority bonds issued to refinance bonds issued for construction of the College Football Hall of Fame. Financing is to be provided by an annual property tax levy.
Redevelopment Bond - Central Development -	To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the central development project.
Redevelopment Bond – Airport Taxable -	To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the airport taxable project.
Coveleski Bond Debt Service Reserve -	To accumulate monies as a reserve for the payment of the Coveleski Stadium recovery zone economic development bonds. Financing for debt payments is to be provided by professional sports and convention development area taxes (PSCDA) and county option income tax revenues if PSCDA revenues are insufficient.
Redevelopment Bond – Palais Royale	To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the Palais Royale project.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Redevelopment Authority Debt Service -	To accumulate monies for the payment of Redevelopment Authority bonds issued to refinance bonds issued for construction of a parking garage facility, bonds issued for central development area land acquisition and construction of public improvements, bonds issued to purchase the Palais Royale, bonds issued to refinance bonds issued for construction of Century Center improvements, and bonds issued to refinance bonds issued for renovations to the Morris Performing Art Center.
South Bend Building Corporation Debt Service -	To account for debt retirement of the Building Corporation's Mortgage Bonds. Funding is provided by transfers from other City funds.
TIF Erskine Village Debt Service -	To account for Erskine Village project debt retirement of the south side tax incremental financing (TIF) district. Financing is provided by transfers from the TIF south side development fund.

Capital Projects Funds

Emergency Medical Services -	To account for purchases of necessary equipment for the Fire Department and Emergency Medical Services Department. Financing is provided by ambulance fees.
Central Development Area Bond Proceeds -	To account for expenses financed by a 2003 revenue bond issue.
Professional Sports Development -	To account for Hotel/Motel Tax and Professional Sports Development Tax revenues dedicated towards the College Football Hall of Fame. Based on an agreement with the National Football Foundation (NFF), the City pays the NFF to assist with the operation and capital costs.
Coveleski Stadium Capital-	To account for expenditures related to the maintenance and improvement of the baseball stadium. Financing is provided by a rental paid by the semi-pro baseball team.
Zoo Endowment -	To account for construction projects at the City's zoo. Financing is provided by gifts and donations.
Park Nonreverting Capital -	To account for specific revenues used to finance capital improvements at the City parks.
Cumulative Capital Development -	To account for expenditures relating to the purchase or lease of capital improvements in the City. Financing is provided by a specific property tax levy.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Cumulative Capital Improvement -	To account for state cigarette tax distributions used for improvement projects.
Cumulative Sewer -	To account for financial resources for the construction or repairing of storm sewers or sewage disposal plants and sanitary sewers.
Morris Performing Art Center Capital -	To accumulate monies for major repairs and capital improvements to the Morris Civic Auditorium. Financing is provided by a surcharge on ticket sales for events held at the auditorium.
Tax Incremental Financing (TIF) - Downtown -	To account for expenditures for public improvements in the central business tax incremental district. Also, transfers are made to debt service funds to meet debt obligations as they mature. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) – Leighton Plaza -	To account for expenditures for public improvement projects in the Leighton Plaza tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment.
Tax Incremental Financing (TIF) – West Washington -	To account for expenditures for public improvement projects in the West Washington Economic Development Area. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment.
Redevelopment General -	To account for eligible redevelopment activities in the Studebaker Corridor financed by proceeds from land sales or leases.
Community Revitalization Enhancement District -	To account for public improvements in the Studebaker/Oliver Community Revitalization Enhancement District. Financing is provided by income tax and gross retail tax increments in the district.
Tax Incremental Financing (TIF) No. 1 – Southside Development -	To account for expenditures for improvements in the southside development tax incremental district no. 1. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Tax Incremental Financing (TIF) No. 2 – Southside Development -	To account for expenditures for improvements in the southside development tax incremental district no. 2. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) No. 3 – Southside Development -	To account for expenditures for improvements in the southside development tax incremental district no. 3. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) - Central Medical Service Area -	To account for expenditures for public improvements in the central business tax incremental district, medical service area. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Football Hall of Fame Capital -	To account for capital expenditures for the College Football Hall of Fame. Financing was provided by a transfer from the City's Professional Sports Development Fund. This fund also accounts for the advance from the general fund which may be repaid from future operating surpluses.
Major Moves -	To account for state distributions used for road construction and other uses authorized by Indiana statute.
Tax Incremental Financing (TIF) – Northeast Development -	To account for expenditures for improvements in the northeast development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) – Douglas Road -	To account for expenditures for improvements in the Douglas Road development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) – Northeast Residential -	To account for expenditures for improvements in the Northeast Neighborhood Residential development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Coveleski Bond Construction -	To account for capital improvement expenditures at the Stanley Coveleski Regional Stadium. Financing is provided by a 2010 bond issue.
Certified Technology Park -	To account for expenditures related to acquisition, improvements, construction and maintenance of public facilities, debt service and other permitted uses under Indiana Code 36-7-32-23 in connection with a certified technology park. Financing is provided by property tax proceeds, state gross retail and uses taxes, and other revenues.
Palais Royale Historic Preservation -	To account for expenditures financed by a two percent fee charged for all Palais Royale services.
Airport Urban Enterprise Zone -	To account expenditures for improvements in the Zone area, financed by property taxes on qualifying properties in the Zone.
Century Center Construction -	To account for construction and related costs of the Century Center renovations. Financing was provided by a 2008 Redevelopment Authority bond issue.
Eddy Street Commons Construction -	To account for construction and related costs of the Eddy Street Commons project public improvements. Financing was provided by a 2008 Redevelopment Authority bond issue.
Equipment Leasing -	To account for proceeds from capital lease-purchase agreements used to finance major equipment needs of the City.

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

	Special Revenue						
	Motor Vehicle Highway	Recreation Nonreverting	Studebaker Oliver Revitalization Grants	Economic Development State Grants	CED Operating	Community Development	Police State Seizure
Assets							
Cash and cash equivalents	$ 450,492	$ 193,801	$ 503,486	$ 288,338	$ 134,460	$ 95,441	$ 40,388
Cash with fiscal agent	-	-	-	-	-	-	-
Investments	964,037	415,369	733,693	617,034	351,939	204,240	86,386
Receivables (net of allowances for uncollectibles):							
Interest	1,435	617	1,122	918	526	290	128
Taxes	-	-	-	-	-	-	-
Accounts	-	5,446	-	-	-	-	5,099
Intergovernmental	300,796	-	-	-	-	-	-
Loans	-	-	-	1,774,947	-	1,168,167	-
Interfund receivable:							
Interfund loans	-	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	4,871	-	-
Advances to other funds	-	-	500,000	-	-	-	-
Property held for sale	-	-	3,550	-	-	2,125,452	-
Total assets	$ 1,716,760	$ 615,233	$ 1,741,851	$ 2,681,237	$ 521,796	$ 3,593,590	$ 131,981
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	$ 68,553	$ 25,045	$ -	$ -	$ 3,061	$ 317,596	$ -
Accrued payroll payable	108,549	10,659	-	-	63,628	-	-
Interfund payable:						-	
Interfund services provided and used	108,936	86	-	-	10,247	34,174	-
Performance deposits payable	-	-	-	-	-	-	-
Other current payables	-	-	-	-	-	7,141	-
Advances from other funds	-	-	-	392,158	-	-	-
Total liabilities	286,038	35,790	-	392,158	76,936	358,911	-
Fund balances:							
Nonspendable:							
Noncurrent loans receivable	-	-	-	1,462,358	-	1,065,170	-
Property held for resale	-	-	3,550	-	-	2,125,452	-
Advances to other funds	-	-	500,000	-	-	-	-
Restricted	1,430,722	579,443	1,238,301	826,721	-	44,057	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	444,860	-	131,981
Unassigned	-	-	-	-	-	-	-
Total fund balances	1,430,722	579,443	1,741,851	2,289,079	444,860	3,234,679	131,981
Total liabilities and fund balances	$ 1,716,760	$ 615,233	$ 1,741,851	$ 2,681,237	$ 521,796	$ 3,593,590	$ 131,981

Continued on next page

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

	Special Revenue					
	Juvenile Positive Assistance	Law Enforcement Continuing Education	Loss Recovery	General Grant	Local Road and Street	Excess Welfare Distribution
Assets						
Cash and cash equivalents	$ 3,318	$ 331,728	$ 1,431,630	$ -	$ 390,592	$ 723,972
Cash with fiscal agent	-	-	-	-	-	-
Investments	7,101	709,885	3,063,637	-	835,853	1,549,275
Receivables (net of allowances for uncollectibles):						
Interest	11	1,057	4,349	-	1,247	2,304
Taxes	-	-	-	-	-	-
Accounts	-	39,202	208	-	89,083	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund loans	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
Total assets	$ 10,430	$ 1,081,872	$ 4,499,824	$ -	$ 1,316,775	$ 2,275,551
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ -	$ 29,264	$ 36,300	$ -	$ 47,810	$ -
Accrued payroll payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	780	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	-	30,044	36,300	-	47,810	-
Fund balances:						
Nonspendable:						
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted	-	1,051,828	-	-	1,268,965	2,275,551
Committed	10,430	-	4,463,524	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	10,430	1,051,828	4,463,524	-	1,268,965	2,275,551
Total liabilities and fund balances	$ 10,430	$ 1,081,872	$ 4,499,824	$ -	$ 1,316,775	$ 2,275,551

Continued on next page

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

	Special Revenue					
	Human Rights Federal	East Race Waterway	Morris and Palais Marketing	Police Block Grants	Economic Development Commission	Hazmat
Assets						
Cash and cash equivalents	$ 149,662	$ 7,083	$ 7,558	$ 40,672	$ 8,571	$ 851
Cash with fiscal agent	-	-	-	-	-	-
Investments	320,271	15,158	16,174	87,036	18,341	1,820
Receivables (net of allowances for uncollectibles):						
Interest	476	23	24	130	27	3
Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund loans	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
Total assets	$ 470,409	$ 22,264	$ 23,756	$ 127,838	$ 26,939	$ 2,674
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 2,322	$ -	$ -	$ -	$ -	$ -
Accrued payroll payable	3,330	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	5,652	-	-	-	-	-
Fund balances:						
Nonspendable:						
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted	464,757	-	-	127,838	-	-
Committed	-	22,264	23,756	-	26,939	2,674
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	464,757	22,264	23,756	127,838	26,939	2,674
Total liabilities and fund balances	$ 470,409	$ 22,264	$ 23,756	$ 127,838	$ 26,939	$ 2,674

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

	Special Revenue					
	Indiana River Rescue	COPS Block Grant II	Regional Police Academy	COPS MORE Grant	Federal Drug Enforcement	Gift
Assets						
Cash and cash equivalents	$ 22,859	$ 358	$ 24,329	$ 33,737	$ 311,015	$ 14,856
Cash with fiscal agent	-	-	-	-	-	-
Investments	48,918	767	52,062	72,197	245	31,791
Receivables (net of allowances for uncollectibles):						
Interest	73	1	77	107	67	47
Taxes	-	-	-	-	-	-
Accounts	500	-	-	-	27,332	100
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund loans	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
Total assets	$ 72,350	$ 1,126	$ 76,468	$ 106,041	$ 338,659	$ 46,794
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ -	$ -	$ 607	$ 1,074	$ 10,498	$ -
Accrued payroll payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	-	-	607	1,074	10,498	-
Fund balances:						
Nonspendable:						
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted	-	1,126	-	104,967	-	46,794
Committed	-	-	75,861	-	-	-
Assigned	72,350	-	-	-	328,161	-
Unassigned	-	-	-	-	-	-
Total fund balances	72,350	1,126	75,861	104,967	328,161	46,794
Total liabilities and fund balances	$ 72,350	$ 1,126	$ 76,468	$ 106,041	$ 338,659	$ 46,794

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

	Special Revenue					
	Urban Development Action Grant	Leaf Collection and Removal	Police K-9 Unit	Rainy Day	Industrial Revolving	Totals
Assets						
Cash and cash equivalents	$ 68,986	$ 244,523	$ 725	$ 2,714,680	$ 1,581,654	$ 9,849,745
Cash with fiscal agent	-	-	-	-	-	-
Investments	147,627	523,270	1,551	5,809,319	-	16,684,996
Receivables (net of allowances for uncollectibles):						
Interest	216	778	2	8,639	7,698	32,392
Taxes	-	-	-	-	-	-
Accounts	-	37,738	-	-	-	204,708
Intergovernmental	-	-	-	-	-	300,796
Loans	2,365,402	-	-	-	5,039,272	10,347,788
Interfund receivable:						
Interfund loans	-	-	-	25,000	-	25,000
Interfund services provided and used	-	-	-	-	-	4,871
Advances to other funds	-	-	-	-	392,158	892,158
Property held for sale	-	-	-	-	339,300	2,468,302
Total assets	$ 2,582,231	$ 806,309	$ 2,278	$ 8,557,638	$ 7,360,082	$ 40,810,756
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ -	$ 2,042	$ 544,172
Accrued payroll payable	-	-	-	-	-	186,166
Interfund payable:						
Interfund services provided and used	-	581	-	-	4,871	159,675
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	7,141
Advances from other funds	2,228,424	-	-	-	-	2,620,582
Total liabilities	2,228,424	581	-	-	6,913	3,517,736
Fund balances:						
Nonspendable:						
Noncurrent loans receivable	1,276	-	-	-	4,751,497	7,280,301
Property held for resale	-	-	-	-	339,300	2,468,302
Advances to other funds	-	-	-	-	392,158	892,158
Restricted	352,531	-	-	-	1,870,214	11,683,815
Committed	-	805,728	2,278	-	-	5,433,454
Assigned	-	-	-	8,557,638	-	9,534,990
Unassigned	-	-	-	-	-	-
Total fund balances	353,807	805,728	2,278	8,557,638	7,353,169	37,293,020
Total liabilities and fund balances	$ 2,582,231	$ 806,309	$ 2,278	$ 8,557,638	$ 7,360,082	$ 40,810,756

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

	Debt Service					
	College Football Hall of Fame Debt Service	Redevelopment Bond - Central Development	Redevelopment Bond - Airport Taxable	Coveleski Bond Debt Service Reserve	Redevelopment Bond - Palais Royale	Redevelopment Authority Debt Service
Assets						
Cash and cash equivalents	$ 201,062	$ 262,040	$ 330,984	$ 159,064	$ 553,020	$ 4,530,966
Cash with fiscal agent	-	-	-	-	-	-
Investments	408,121	560,756	708,293	340,392	1,183,443	-
Receivables (net of allowances for uncollectibles):						
Interest	579	834	1,090	506	1,734	-
Taxes	-	-	-	-	-	-
Accounts	5,900	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund loans	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
Total assets	$ 615,662	$ 823,630	$ 1,040,367	$ 499,962	$ 1,738,197	$ 4,530,966
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -
Accrued payroll payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	834	1,090	-	1,734	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	-	834	1,090	-	1,734	-
Fund balances:						
Nonspendable:						
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted	615,662	822,796	1,039,277	499,962	1,736,463	4,530,966
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	615,662	822,796	1,039,277	499,962	1,736,463	4,530,966
Total liabilities and fund balances	$ 615,662	$ 823,630	$ 1,040,367	$ 499,962	$ 1,738,197	$ 4,530,966

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

	Debt Service			Capital Projects		
	South Bend Building Corporation Debt Service	TIF Erskine Village Debt Service	Totals	Emergency Medical Services	Central Development Area Bond Proceeds	Professional Sports Development
Assets						
Cash and cash equivalents	$ 570,448	$ 901,659	$ 7,509,243	$ 1,761,392	$ -	$ 351,219
Cash with fiscal agent	-	-	-	-	-	-
Investments	-	-	3,201,005	3,769,317	-	751,596
Receivables (net of allowances for uncollectibles):						
Interest	-	24	4,767	5,608	-	1,119
Taxes	-	-	-	-	-	-
Accounts	-	-	5,900	124,650	-	-
Intergovernmental	-	-	-	-	-	149,248
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund loans	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
Total assets	$ 570,448	$ 901,683	$ 10,720,915	$ 5,660,967	$ -	$ 1,253,182
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ 98,110	$ -	$ -
Accrued payroll payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	-	3,658	72,825	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	-	-	3,658	170,935	-	-
Fund balances:						
Nonspendable:						
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted	570,448	901,683	10,717,257	-	-	1,253,182
Committed	-	-	-	5,490,032	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	570,448	901,683	10,717,257	5,490,032	-	1,253,182
Total liabilities and fund balances	$ 570,448	$ 901,683	$ 10,720,915	$ 5,660,967	$ -	$ 1,253,182

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

	Capital Projects					
	Coveleski Stadium Capital	Zoo Endowment	Park Nonreverting Capital	Cumulative Capital Development	Cumulative Capital Improvement	Cumulative Sewer
Assets						
Cash and cash equivalents	$ 26,314	$ 11,353	$ 148,791	$ 261,954	$ 16,171	$ -
Cash with fiscal agent	-	-	-	-	-	-
Investments	56,310	24,295	318,407	560,571	34,606	-
Receivables (net of allowances for uncollectibles):						
Interest	84	36	471	823	50	-
Taxes	-	-	-	20,121	-	-
Accounts	-	-	-	-	5,900	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund loans	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
Total assets	$ 82,708	$ 35,684	$ 467,669	$ 843,469	$ 56,727	$ -
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ -	$ -	$ 106	$ -	$ -	$ -
Accrued payroll payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	-	-	106	-	-	-
Fund balances:						
Nonspendable:						
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted	-	-	467,563	843,469	56,727	-
Committed	82,708	35,684	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	82,708	35,684	467,563	843,469	56,727	-
Total liabilities and fund balances	$ 82,708	$ 35,684	$ 467,669	$ 843,469	$ 56,727	$ -

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

	Capital Projects					
	Morris Performing Arts Center Capital	TIF Downtown	TIF Leighton Plaza	TIF - West Washington	Redevelopment General	Community Revitalization Enhancement District
Assets						
Cash and cash equivalents	$ 153,173	$ 1,264,340	$ 29,283	$ 296,875	$ 10,989	$ 447,697
Cash with fiscal agent	-	-	12,952	-	-	-
Investments	327,784	2,705,643	62,665	635,302	23,515	-
Receivables (net of allowances for uncollectibles):						
Interest	487	3,923	93	935	35	99
Taxes	-	33,302	-	23,180	-	-
Accounts	-	34	2,192	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund loans	-	-	-	-	-	-
Interfund services provided and used	-	2,568	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	5,594,003	-	436,690	-	105,000
Total assets	$ 481,444	$ 9,603,813	$ 107,185	$ 1,392,982	$ 34,539	$ 552,796
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 4,365	$ 142,310	$ 6,112	$ 381	$ -	$ -
Accrued payroll payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	8,478	-	-	-	-
Performance deposits payable	-	71,546	4,264	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	4,365	222,334	10,376	381	-	-
Fund balances:						
Nonspendable:						
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	5,594,003	-	436,690	-	105,000
Advances to other funds	-	-	-	-	-	-
Restricted	-	-	-	-	-	447,796
Committed	477,079	-	-	-	-	-
Assigned	-	3,787,476	96,809	955,911	34,539	-
Unassigned	-	-	-	-	-	-
Total fund balances	477,079	9,381,479	96,809	1,392,601	34,539	552,796
Total liabilities and fund balances	$ 481,444	$ 9,603,813	$ 107,185	$ 1,392,982	$ 34,539	$ 552,796

Continued on next page

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

	Capital Projects					
	TIF No. 1 - Southside Development	TIF No. 2 - Southside Development	TIF No. 3 - Southside Development	TIF-Central Medical Service Area	Football Hall of Fame Capital	Major Moves
Assets						
Cash and cash equivalents	$ 1,194,981	$ 445,728	$ 1,812,656	$ 1,114,338	$ 278,591	$ 2,970,639
Cash with fiscal agent	-	-	-	-	-	-
Investments	2,557,216	953,842	3,879,020	2,384,643	596,175	6,357,062
Receivables (net of allowances for uncollectibles):						
Interest	3,775	1,444	5,756	3,511	887	9,456
Taxes	443,307	1,778,979	839,050	1,806,175	-	-
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund loans	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	5,028,355
Property held for sale	-	-	-	-	-	-
Total assets	$ 4,199,279	$ 3,179,993	$ 6,536,482	$ 5,308,667	$ 875,653	$ 14,365,512
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 189,178	$ -	$ -	$ 2,238	$ 1,060	$ 10,864
Accrued payroll payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	874,593	-
Total liabilities	189,178	-	-	2,238	875,653	10,864
Fund balances:						
Nonspendable:						
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	5,028,355
Restricted	-	-	-	-	-	9,326,293
Committed	-	-	-	-	-	-
Assigned	4,010,101	3,179,993	6,536,482	5,306,429	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	4,010,101	3,179,993	6,536,482	5,306,429	-	14,354,648
Total liabilities and fund balances	$ 4,199,279	$ 3,179,993	$ 6,536,482	$ 5,308,667	$ 875,653	$ 14,365,512

Continued on next page

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

	Capital Projects					
	TIF - Northeast Development	TIF Douglas Road	TIF - Northeast Residential	Coveleski Bond Construction	Certified Technology Park	Palais Royale Historic Preservation
Assets						
Cash and cash equivalents	$ 287,392	$ 61,383	$ 597,132	$ -	$ 258,946	$ 14,716
Cash with fiscal agent	-	-	-	-	-	-
Investments	615,008	131,358	1,277,843	-	554,136	31,491
Receivables (net of allowances for uncollectibles):						
Interest	900	190	1,848	-	787	47
Taxes	84,230	185,574	-	-	-	-
Accounts	-	-	-	-	-	1,469
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund loans	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
Total assets	$ 987,530	$ 378,505	$ 1,876,823	$ -	$ 813,869	$ 47,723
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 7,733	$ 3,210	$ 1,137	$ -	$ -	$ -
Accrued payroll payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	992,849	4,035,506	-	-	-
Total liabilities	7,733	996,059	4,036,643	-	-	-
Fund balances:						
Nonspendable:						
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted	-	-	-	-	813,869	-
Committed	-	-	-	-	-	47,723
Assigned	979,797	-	-	-	-	-
Unassigned	-	(617,554)	(2,159,820)	-	-	-
Total fund balances	979,797	(617,554)	(2,159,820)	-	813,869	47,723
Total liabilities and fund balances	$ 987,530	$ 378,505	$ 1,876,823	$ -	$ 813,869	$ 47,723

Continued on next page

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

	Capital Projects					
	Airport Urban Enterprise Zone	Century Center Construction	Eddy Street Commons Construction	Equipment Leasing	Totals	Total Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	$ 83,482	$ -	$ 2,306,465	$ 722,513	$ 16,928,513	$ 34,287,501
Cash with fiscal agent	-	-	-	-	12,952	12,952
Investments	178,649	-	-	-	28,786,454	48,672,455
Receivables (net of allowances for uncollectibles):						
Interest	263	-	-	136	42,763	79,922
Taxes	-	-	-	-	5,213,918	5,213,918
Accounts	-	-	-	-	134,245	344,853
Intergovernmental	-	-	-	-	149,248	450,044
Loans	-	-	-	-	-	10,347,788
Interfund receivable:						
Interfund loans	-	-	-	-	-	25,000
Interfund services provided and used	-	-	-	-	2,568	7,439
Advances to other funds	-	-	-	-	5,028,355	5,920,513
Property held for sale	-	-	-	-	6,135,693	8,603,995
Total assets	$ 262,394	$ -	$ 2,306,465	$ 722,649	$ 62,434,709	$ 113,966,380
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ 576,679	$ 1,043,483	$ 1,587,655
Accrued payroll payable	-	-	-	-	-	186,166
Interfund payable:						
Interfund services provided and used	-	-	-	-	81,303	244,636
Performance deposits payable	-	-	-	-	75,810	75,810
Other current payables	-	-	-	-	-	7,141
Advances from other funds	-	-	-	-	5,902,948	8,523,530
Total liabilities	-	-	-	576,679	7,103,544	10,624,938
Fund balances:						
Nonspendable:						
Noncurrent loans receivable	-	-	-	-	-	7,280,301
Property held for resale	-	-	-	-	6,135,693	8,603,995
Advances to other funds	-	-	-	-	5,028,355	5,920,513
Restricted	-	-	2,306,465	145,970	15,661,334	38,062,406
Committed	262,394	-	-	-	6,395,620	11,829,074
Assigned	-	-	-	-	24,887,537	34,422,527
Unassigned	-	-	-	-	(2,777,374)	(2,777,374)
Total fund balances	262,394	-	2,306,465	145,970	55,331,165	103,341,442
Total liabilities and fund balances	$ 262,394	$ -	$ 2,306,465	$ 722,649	$ 62,434,709	$ 113,966,380

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

	Special Revenue						
	Motor Vehicle Highway	Recreation Nonreverting	Studebaker Oliver Revitalization Grants	Economic Development State Grants	CED Operating	Community Development	Police State Seizure
Revenues:							
Taxes:							
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Professional sports development	-	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-	-
Intergovernmental	4,836,917	-	406,968	1,000,000	359,168	5,580,759	-
Charges for services	203,566	990,780	-	-	276,755	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interest	6,543	2,625	5,404	42,511	2,336	3,434	477
Donations	-	-	-	-	-	-	-
Sale of property	874	-	-	-	-	8,000	-
Other	30,315	36,296	-	-	1,107	220,648	40,090
Total revenues	5,078,215	1,029,701	412,372	1,042,511	639,366	5,812,841	40,567
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	6,060,241	-	-	-	-	-	16,502
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	71,738	1,501,025	2,044,852	5,773,933	-
Culture and recreation	-	1,075,243	-	-	-	-	-
Debt service:				-	-		
Principal	883	-	389,982	130,133	-	-	-
Interest and fiscal charges	112	-	12,943	78,287	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total expenditures	6,061,236	1,075,243	474,663	1,709,445	2,044,852	5,773,933	16,502
Excess (deficiency) of revenues over (under) expenditures	(983,021)	(45,542)	(62,291)	(666,934)	(1,405,486)	38,908	24,065
Other financing sources (uses):							
Transfers in	470,000	-	-	-	1,850,346	200,000	-
Transfers out	-	-	-	-	-	(546,087)	-
Debt issuance	-	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Total other financing sources and uses	470,000	-	-	-	1,850,346	(346,087)	-
Net change in fund balances	(513,021)	(45,542)	(62,291)	(666,934)	444,860	(307,179)	24,065
Fund balances - beginning	1,943,743	624,985	1,804,142	2,956,013	-	3,541,858	107,916
Fund balances - ending	$ 1,430,722	$ 579,443	$ 1,741,851	$ 2,289,079	$ 444,860	$ 3,234,679	$ 131,981

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

	Special Revenue					
	Juvenile Positive Assistance	Law Enforcement Continuing Education	Loss Recovery	General Grant	Local Road and Street	Excess Welfare Distribution
Revenues:						
Taxes:						
Property	$ -	$ -	$ -	$ -	$ -	$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	-	66,479	-	-	1,031,040	-
Charges for services	-	101,827	-	-	-	-
Fines and forfeits	1,125	71,666	-	-	-	-
Interest	40	4,099	17,304	-	7,006	8,933
Donations	-	2,520	-	-	-	-
Sale of property	-	-	-	-	-	-
Other	-	66,007	211,701	-	-	-
Total revenues	1,165	312,598	229,005	-	1,038,046	8,933
Expenditures:						
Current:						
General government	-	-	120,432	-	-	-
Public safety	-	227,984	-	163	-	-
Highways and streets	-	-	-	-	1,998,189	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total expenditures	-	227,984	120,432	163	1,998,189	-
Excess (deficiency) of revenues over (under) expenditures	1,165	84,614	108,573	(163)	(960,143)	8,933
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-
Net change in fund balances	1,165	84,614	108,573	(163)	(960,143)	8,933
Fund balances - beginning	9,265	967,214	4,354,951	163	2,229,108	2,266,618
Fund balances - ending	$ 10,430	$ 1,051,828	$ 4,463,524	$ -	$ 1,268,965	$ 2,275,551

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CITY OF SOUTH BEND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2011

(Continued)

	Special Revenue					
	Human Rights Federal	East Race Waterway	Morris and Palais Marketing	Police Block Grants	Economic Development Commission	Hazmat
Revenues:						
Taxes:						
Property	$ -	$ -	$ -	$ -	$ -	$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	137,710	-	-	-	-	-
Charges for services	-	-	-	-	850	572
Fines and forfeits	-	-	-	-	-	-
Interest	1,894	99	87	3,465	105	11
Donations	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Other	15,141	-	4,058	-	-	-
Total revenues	154,745	99	4,145	3,465	955	583
Expenditures:						
Current:						
General government	156,237	-	-	-	-	-
Public safety	-	-	-	308,260	-	447
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	9,915	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total expenditures	156,237	9,915	-	308,260	-	447
Excess (deficiency) of revenues over (under) expenditures	(1,492)	(9,816)	4,145	(304,795)	955	136
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-
Net change in fund balances	(1,492)	(9,816)	4,145	(304,795)	955	136
Fund balances - beginning	466,249	32,080	19,611	432,633	25,984	2,538
Fund balances - ending	$ 464,757	$ 22,264	$ 23,756	$ 127,838	$ 26,939	$ 2,674

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

	Special Revenue					
	Indiana River Rescue	COPS Block Grant II	Regional Police Academy	COPS MORE Grant	Federal Drug Enforcement	Gift
Revenues:						
Taxes:						
Property	$ -	$ -	$ -	$ -	$ -	$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	-	49,038	-	-	-	-
Charges for services	26,850	-	21,800	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	271	1	311	429	715	165
Donations	-	-	-	2,500	-	10,844
Sale of property	-	-	-	-	6,003	-
Other	-	-	2,018	27,110	105,788	-
Total revenues	27,121	49,039	24,129	30,039	112,506	11,009
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	18,699	49,038	27,662	50,394	41,550	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total expenditures	18,699	49,038	27,662	50,394	41,550	-
Excess (deficiency) of revenues over (under) expenditures	8,422	1	(3,533)	(20,355)	70,956	11,009
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-
Net change in fund balances	8,422	1	(3,533)	(20,355)	70,956	11,009
Fund balances - beginning	63,928	1,125	79,394	125,322	257,205	35,785
Fund balances - ending	$ 72,350	$ 1,126	$ 75,861	$ 104,967	$ 328,161	$ 46,794

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

	Special Revenue					
	Urban Development Action Grant	Leaf Collection and Removal	Police K-9 Unit	Rainy Day	Industrial Revolving	Totals
Revenues:						
Taxes:						
Property	$ -	$ -	$ -	$ -	$ -	$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	13,468,079
Charges for services	-	429,327	-	-	-	2,052,327
Fines and forfeits	-	-	-	-	-	72,791
Interest	1,739	2,944	8	33,424	228,492	374,872
Donations	-	-	1,000	-	-	16,864
Sale of property	-	-	-	-	-	14,877
Other	-	-	-	-	59,341	819,620
Total revenues	1,739	432,271	1,008	33,424	287,833	16,819,430
Expenditures:						
Current:						
General government	-	112,072	-	-	-	388,741
Public safety	-	-	-	-	-	6,800,940
Highways and streets	-	-	-	-	-	1,998,169
Economic development	94,969	-	-	-	142,028	9,628,545
Culture and recreation	-	-	-	-	-	1,085,158
Debt service:						
Principal	-	-	-	-	-	520,998
Interest and fiscal charges	-	-	-	-	-	91,342
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total expenditures	94,969	112,072	-	-	142,028	20,513,913
Excess (deficiency) of revenues over (under) expenditures	(93,230)	320,199	1,008	33,424	145,805	(3,694,483)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	2,520,346
Transfers out	-	(230,000)	-	-	-	(776,087)
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources and uses	-	(230,000)	-	-	-	1,744,259
Net change in fund balances	(93,230)	90,199	1,008	33,424	145,805	(1,950,224)
Fund balances - beginning	447,037	715,529	1,270	8,524,214	7,207,364	39,243,244
Fund balances - ending	$ 353,807	$ 805,728	$ 2,278	$ 8,557,638	$ 7,353,169	$ 37,293,020

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

	Debt Service					
	College Football Hall of Fame Debt Service	Redevelopment Bond - Central Development	Redevelopment Bond - Airport Taxable	Coveleski Bond Debt Service Reserve	Redevelopment Bond - Palais Royale	Redevelopment Authority Debt Service
Revenues:						
Taxes:						
Property	$ 1,549,954	$ -	$ -	$ -	$ -	$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	107,203	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	820	3,238	6,382	1,962	5,163	2,706
Donations	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Other	5,899	-	-	-	-	8
Total revenues	1,663,876	3,238	6,382	1,962	5,163	2,714
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	940,000	-	-	-	-	2,325,000
Interest and fiscal charges	462,038	-	-	-	-	2,621,573
Bond issuance costs	133,257	-	-	-	-	54,640
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total expenditures	1,535,295	-	-	-	-	5,001,213
Excess (deficiency) of revenues over (under) expenditures	128,581	3,238	6,382	1,962	5,163	(4,998,499)
Other financing sources (uses):						
Transfers in	92,984	-	-	-	640,792	4,958,092
Transfers out	-	(2,942)	(886,711)	-	(4,540)	(1,277)
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	26,877
Issuance of refunding bonds	7,580,000	-	-	-	-	2,980,000
Payment to refunded bond escrow agent	(7,601,707)	-	-	-	-	(3,274,033)
Total other financing sources and uses	71,277	(2,942)	(886,711)	-	636,252	4,689,659
Net change in fund balances	199,858	296	(880,329)	1,962	641,415	(308,840)
Fund balances - beginning	415,804	822,500	1,919,606	498,000	1,095,048	4,839,806
Fund balances - ending	$ 615,662	$ 822,796	$ 1,039,277	$ 499,962	$ 1,736,463	$ 4,530,966

Continued on next page

CITY OF SOUTH BEND

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2011

(Continued)

	Debt Service			Capital Projects		
	South Bend Building Corporation Debt Service	TIF Erskine Village Debt Service	Totals	Emergency Medical Services	Central Development Area Bond Proceeds	Professional Sports Development
Revenues:						
Taxes:						
Property	$ -	$ -	$ 1,549,954	$ -	$ -	$ -
Professional sports development	-	-	-	-	-	558,268
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	-	-	107,203	600,000	-	494,325
Charges for services	-	-	-	1,871,416	-	-
Fines and forfeits	-	-	-	9,240	-	-
Interest	78	117	20,466	21,115	2,163	4,569
Donations	-	-	-	-	-	-
Sale of property	-	-	-	1,858	-	-
Other	-	-	5,907	24,611	-	49,691
Total revenues	78	117	1,683,530	2,528,240	2,163	1,106,853
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	1,392,805	175,000	4,832,805	143,008	-	285,000
Interest and fiscal charges	920,307	316,418	4,320,336	6,846	-	110,423
Bond issuance costs	-	-	187,897	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	1,503,220	-	-
Economic development	-	-	-	-	620,295	-
Culture and recreation	-	-	-	-	-	600,000
Total expenditures	2,313,112	491,418	9,341,038	1,653,074	620,295	995,423
Excess (deficiency) of revenues over (under) expenditures	(2,313,034)	(491,301)	(7,657,508)	875,166	(618,132)	111,430
Other financing sources (uses):						
Transfers in	2,316,386	496,080	8,504,334	-	-	-
Transfers out	-	-	(895,470)	(500,000)	(898,258)	-
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	26,877	-	-	-
Issuance of refunding bonds	-	-	10,560,000	-	-	-
Payment to refunded bond escrow agent	-	-	(10,875,740)	-	-	-
Total other financing sources and uses	2,316,386	496,080	7,320,001	(500,000)	(898,258)	-
Net change in fund balances	3,352	4,779	(337,507)	375,166	(1,516,390)	111,430
Fund balances - beginning	567,096	896,904	11,054,764	5,114,866	1,516,390	1,141,752
Fund balances - ending	$ 570,448	$ 901,683	$ 10,717,257	$ 5,490,032	$ -	$ 1,253,182

Continued on next page

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

	Capital Projects					
	Coveleski Stadium Capital	Zoo Endowment	Park Nonreverting Capital	Cumulative Capital Development	Cumulative Capital Improvement	Cumulative Sewer
Revenues:						
Taxes:						
Property	$ -	$ -	$ -	$ 538,511	$ -	$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	-	-	-	43,514	459,544	-
Charges for services	-	-	3,721	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	344	136	1,544	2,689	69	-
Donations	-	3,660	-	-	-	-
Sale of property	-	-	60,300	-	-	-
Other	-	-	524	-	30,900	-
Total revenues	344	3,796	66,089	584,714	490,513	-
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	432,450	-	-
Interest and fiscal charges	-	-	-	22,893	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	42,838	-	80,224
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	14,990	-	207,231	-	-	-
Total expenditures	14,990	-	207,231	498,181	-	80,224
Excess (deficiency) of revenues over (under) expenditures	(14,646)	3,796	(141,142)	86,533	490,513	(80,224)
Other financing sources (uses):						
Transfers in	-	-	185,450	45,140	-	-
Transfers out	-	-	-	-	(594,000)	-
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources and uses	-	-	185,450	45,140	(594,000)	-
Net change in fund balances	(14,646)	3,796	44,308	131,673	(103,487)	(80,224)
Fund balances - beginning	97,354	31,888	423,255	711,796	160,214	80,224
Fund balances - ending	$ 82,708	$ 35,684	$ 467,563	$ 843,469	$ 56,727	$ -

Continued on next page

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

	Capital Projects					
	Morris Performing Arts Center Capital	TIF Downtown	TIF Leighton Plaza	TIF - West Washington	Redevelopment General	Community Revitalization Enhancement District
Revenues:						
Taxes:						
Property	$ -	$ 3,666,775	$ -	$ 454,265	$ -	$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	733,100
Intergovernmental	-	400,000	-	-	-	-
Charges for services	84,125	51,238	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	2,007	13,411	417	4,195	142	1,433
Donations	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Other	163	27,587	111,154	-	-	-
Total revenues	86,295	4,159,011	111,571	458,460	142	734,533
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	650,018	-	-	-	720,000
Interest and fiscal charges	-	889,534	-	-	-	128,322
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	-	2,921,047	159,399	506,726	5,071	-
Culture and recreation	122,148	-	-	-	-	-
Total expenditures	122,148	4,460,599	159,399	506,726	5,071	848,322
Excess (deficiency) of revenues over (under) expenditures	(35,853)	(301,588)	(47,828)	(48,266)	(4,929)	(113,789)
Other financing sources (uses):						
Transfers in	-	1,089,506	-	-	-	-
Transfers out	-	(1,772,058)	-	-	-	-
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	17,358,395	-	-	-	-
Payment to refunded bond escrow agent	-	(16,737,918)	-	-	-	-
Total other financing sources and uses	-	(62,075)	-	-	-	-
Net change in fund balances	(35,853)	(363,663)	(47,828)	(48,266)	(4,929)	(113,789)
Fund balances - beginning	512,932	9,745,142	144,637	1,440,867	39,468	666,585
Fund balances - ending	$ 477,079	$ 9,381,479	$ 96,809	$ 1,392,601	$ 34,539	$ 552,796

Continued on next page

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

	Capital Projects					
	TIF No. 1 - Southside Development	TIF No. 2 - Southside Development	TIF No. 3 - Southside Development	TIF-Central Medical Service Area	Football Hall of Fame Capital	Major Moves
Revenues:						
Taxes:						
Property	$ 2,252,260	$ 2,563,351	$ 2,442,232	$ 1,855,972	$ -	$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	14,285	5,133	19,774	13,602	3,748	87,579
Donations	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Other	-	6,098	-	-	165,334	-
Total revenues	2,266,545	2,574,582	2,462,006	1,869,574	169,082	87,579
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	3,285,000	-	-	-	-
Interest and fiscal charges	-	131,400	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	2,404,439	3,600	-	1,897,695	-	47,700
Culture and recreation	-	-	-	-	169,082	-
Total expenditures	2,404,439	3,420,000	-	1,897,695	169,082	47,700
Excess (deficiency) of revenues over (under) expenditures	(137,894)	(845,418)	2,462,006	(28,121)	-	39,879
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(496,080)	-	-	-
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources and uses	-	-	(496,080)	-	-	-
Net change in fund balances	(137,894)	(845,418)	1,965,926	(28,121)	-	39,879
Fund balances - beginning	4,147,995	4,025,411	4,570,556	5,334,550	-	14,314,769
Fund balances - ending	$ 4,010,101	$ 3,179,993	$ 6,536,482	$ 5,306,429	$ -	$ 14,354,648

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

	Capital Projects					
	TIF - Northeast Development	TIF Douglas Road	TIF - Northeast Residential	Coveleski Bond Construction	Certified Technology Park	Palais Royale Historic Preservation
Revenues:						
Taxes:						
Property	$ 782,649	$ 459,880	$ 2,446,103	$ -	$ -	$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	-	-	-	-	812,791	12,619
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	2,214	495	152,029	5,268	1,078	169
Donations	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Other	-	-	-	-	-	1,469
Total revenues	784,863	460,375	2,598,132	5,268	813,869	14,257
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	134,317	-	-	-	-
Interest and fiscal charges	-	85,586	-	-	-	-
Bond issuance costs	-	-	-	62,904	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	44,528	21,695	8,510	-	-	-
Culture and recreation	-	-	-	4,355,954	-	3,983
Total expenditures	44,528	241,598	8,510	4,418,858	-	3,983
Excess (deficiency) of revenues over (under) expenditures	740,335	218,777	2,589,622	(4,413,590)	813,869	10,274
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(2,384,000)	-	-	-
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources and uses	-	-	(2,384,000)	-	-	-
Net change in fund balances	740,335	218,777	205,622	(4,413,590)	813,869	10,274
Fund balances - beginning	239,462	(836,331)	(2,365,442)	4,413,590	-	37,449
Fund balances - ending	$ 979,797	$ (617,554)	$ (2,159,820)	$ -	$ 813,869	$ 47,723

Continued on next page

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

	Capital Projects					
	Airport Urban Enterprise Zone	Century Center Construction	Eddy Street Commons Construction	Equipment Leasing	Totals	Total Nonmajor Governmental Funds
Revenues:						
Taxes:						
Property	$ 123,165	$ -	$ -	$ -	$ 17,585,163	$ 19,135,117
Professional sports development	-	-	-	-	558,268	558,268
Community revitalization enhancement district	-	-	-	-	733,100	733,100
Intergovernmental	-	-	-	-	2,822,793	16,398,075
Charges for services	-	-	-	-	2,010,500	4,062,827
Fines and forfeits	-	-	-	-	9,240	82,031
Interest	785	-	1,006	1,578	362,977	758,315
Donations	-	-	-	-	3,660	20,524
Sale of property	-	-	-	-	62,158	77,035
Other	-	-	-	-	417,531	1,243,058
Total revenues	123,950	-	1,006	1,578	24,565,390	43,068,350
Expenditures:						
Current:						
General government	-	-	-	-	-	388,741
Public safety	-	-	-	-	-	6,800,940
Highways and streets	-	-	-	-	-	1,998,189
Economic development	-	-	-	-	-	9,628,545
Culture and recreation	-	-	-	-	-	1,085,158
Debt service:						
Principal	-	-	-	-	5,649,793	11,003,596
Interest and fiscal charges	-	-	-	-	1,375,004	5,786,682
Bond issuance costs	-	-	-	-	62,904	250,801
Capital outlay:						
General government	-	-	-	1,297,430	1,420,492	1,420,492
Public safety	-	-	-	1,081,944	2,585,164	2,585,164
Economic development	-	-	158,060	-	8,798,765	8,798,765
Culture and recreation	-	-	-	948,067	6,421,455	6,421,455
Total expenditures	-	-	158,060	3,327,441	26,313,577	56,168,528
Excess (deficiency) of revenues over (under) expenditures	123,950	-	(157,054)	(3,325,863)	(1,748,187)	(13,100,178)
Other financing sources (uses):						
Transfers in	-	-	1,277	-	1,321,373	12,346,053
Transfers out	-	(92)	-	-	(6,644,488)	(8,316,045)
Debt issuance	-	-	-	3,471,833	3,471,833	3,471,833
Premium on debt issuance	-	-	-	-	-	26,877
Issuance of refunding bonds	-	-	-	-	17,358,395	27,918,395
Payment to refunded bond escrow agent	-	-	-	-	(16,737,918)	(27,613,658)
Total other financing sources and uses	-	(92)	1,277	3,471,833	(1,230,805)	7,833,455
Net change in fund balances	123,950	(92)	(155,777)	145,970	(2,978,992)	(5,266,723)
Fund balances - beginning	138,444	92	2,462,242	-	58,310,157	108,608,165
Fund balances - ending	$ 262,394	$ -	$ 2,306,465	$ 145,970	$ 55,331,165	$ 103,341,442

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - TIF AIRPORT
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Property taxes	$ -	$ 11,400,000	$ 11,187,768	$ (212,232)
Other	-	367,741	1,242,766	875,025
Total revenues	-	11,767,741	12,430,534	662,793
Expenditures:				
Current:				
Economic Development:				
Other services and charges	-	16,337,402	14,737,583	1,599,819
Capital outlay	-	17,517,030	13,363,298	4,153,732
Total expenditures	-	33,854,432	28,100,881	5,753,551
Other financing sources (uses):				
Transfers in	-	11,000	889,068	878,068
Net change in fund balances	-	(22,075,691)	(14,781,279)	7,294,412
Fund balances - beginning	28,535,435	28,535,435	28,535,435	-
Fund balances - ending	$ 28,535,435	$ 6,459,744	$ 13,754,156	$ 7,294,412

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (14,781,279)
To adjust revenues for accruals	9,335,949
To adjust expenditures for accruals	(8,938,735)
To adjust expenditures for encumbrances	6,010,639
Net change in fund balance, GAAP basis	$ (8,373,426)

CITY OF SOUTH BEND
SCHEDULES 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 Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 4,947,000	$ 4,947,000	$ 4,814,355	$ (132,645)
Charges for services	177,940	177,940	105,773	(72,167)
Other	191,500	111,500	137,366	25,866
Total revenues	5,316,440	5,236,440	5,057,494	(178,946)
Expenditures:				
Current:				
Highways and Streets:				
Personal services	3,250,417	3,241,122	2,904,298	336,824
Supplies	2,521,175	2,962,490	2,875,569	86,921
Other services and charges	419,948	420,898	386,252	34,646
Capital outlay	100,000	251,370	249,407	1,963
Other uses	170,016	170,016	170,016	-
Total expenditures	6,461,556	7,045,896	6,585,542	460,354
Other financing sources (uses):				
Transfers in	507,344	507,344	507,344	-
Net change in fund balances	(637,772)	(1,302,112)	(1,020,704)	281,408
Fund balances - beginning	2,012,185	2,012,185	2,012,185	-
Fund balances - ending	$ 1,374,413	$ 710,073	$ 991,481	$ 281,408

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (1,020,704)
To adjust revenues for accruals	(16,623)
To adjust expenditures for accruals	101,669
To adjust expenditures for encumbrances	422,637
Net change in fund balance, GAAP basis	$ (513,021)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - RECREATION NONREVERTING
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for services	$ 1,563,109	$ 1,563,109	$ 986,996	$ (576,113)
Other	5,000	5,000	36,639	31,639
Total revenues	1,568,109	1,568,109	1,023,635	(544,474)
Expenditures:				
Current:				
Culture and Recreation:				
Personal services	684,018	684,018	466,185	217,833
Supplies	309,503	327,438	233,953	93,485
Other services and charges	391,546	396,594	194,425	202,169
Other uses	169,848	169,848	161,930	7,918
Capital outlay	75,000	80,500	38,922	41,578
Total expenditures	1,629,915	1,658,398	1,095,415	562,983
Net change in fund balances	(61,806)	(90,289)	(71,780)	18,509
Fund balances - beginning	652,088	652,088	652,088	-
Fund balances - ending	$ 590,282	$ 561,799	$ 580,308	$ 18,509

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (71,780)
To adjust revenues for accruals	6,066
To adjust expenditures for accruals	(8,767)
To adjust expenditures for encumbrances	28,939
Net change in fund balance, GAAP basis	$ (45,542)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - STUDEBAKER OLIVER REVITALIZATION GRANTS
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ -	$ 403,761	$ 406,968	$ 3,207
Other	1,000	3,900	4,486	586
Total revenues	1,000	407,661	411,454	3,793
Expenditures:				
Current:				
Economic Development:				
Supplies	-	1,775,270	974,694	800,576
Net change in fund balances	1,000	(1,367,609)	(563,240)	804,369
Fund balances - beginning	1,800,032	1,800,032	1,800,032	-
Fund balances - ending	$ 1,801,032	$ 432,423	$ 1,236,792	$ 804,369
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ (563,240)	
To adjust revenues for accruals			918	
To adjust expenditures for accruals			(214,545)	
To adjust expenditures for encumbrances			714,576	
Net change in fund balance, GAAP basis			$ (62,291)	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - ECONOMIC DEVELOPMENT STATE GRANTS
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ -	$ 1,000,000	$ 1,000,000	$ -
Other	236,679	236,679	39,422	(197,257)
Total revenues	236,679	1,236,679	1,039,422	(197,257)
Expenditures:				
Current:				
Economic Development:				
Other services and charges	209,449	1,709,449	1,709,445	4
Net change in fund balances	27,230	(472,770)	(670,023)	(197,253)
Fund balances - beginning	1,575,071	1,575,071	1,575,071	-
Fund balances - ending	$ 1,602,301	$ 1,102,301	$ 905,048	$ (197,253)
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ (670,023)	
To adjust revenues for accruals			3,089	
Net change in fund balance, GAAP basis			$ (666,934)	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - CED OPERATING
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 503,263	$ 503,263	$ 359,168	$ (144,095)
Other	210,000	304,600	274,615	(29,985)
Total revenues	713,263	807,863	633,783	(174,080)
Expenditures:				
Current:				
Economic Development:				
Personal services	1,814,562	1,814,538	1,616,580	197,958
Supplies	24,801	24,801	20,904	3,897
Other services and charges	138,255	138,255	90,721	47,534
Other uses	239,904	239,928	239,928	-
Total expenditures	2,217,522	2,217,522	1,968,133	249,389
Other financing sources (uses):				
Transfers in	1,504,259	1,850,346	1,850,346	-
Net change in fund balances	-	440,687	515,996	75,309
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ 440,687	$ 515,996	$ 75,309

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 515,996
To adjust revenues for accruals	5,583
To adjust expenditures for accruals	(84,052)
To adjust expenditures for encumbrances	7,333
Net change in fund balance, GAAP basis	$ 444,860

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - COMMUNITY DEVELOPMENT
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ -	$ 12,042,067	$ 5,584,509	$ (6,457,558)
Other	-	277,250	322,138	44,888
Total revenues	-	12,319,317	5,906,647	(6,412,670)
Expenditures:				
Current:				
Economic Development:				
Personal services	-	2,993	2,993	-
Supplies	-	2,294	971	1,323
Other services and charges	-	11,972,081	11,800,863	171,218
Capital outlay	-	9,433	9,433	-
Total expenditures	-	11,986,801	11,814,260	172,541
Other financing sources (uses):				
Transfers in	-	200,000	200,000	-
Transfers out	-	(546,087)	(546,087)	-
Total other financing sources (uses)	-	(346,087)	(346,087)	-
Net change in fund balances	-	(13,571)	(6,253,700)	(6,240,129)
Fund balances - beginning	502,423	502,423	502,423	-
Fund balances - ending	$ 502,423	$ 488,852	$ (5,751,277)	$ (6,240,129)

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (6,253,700)
To adjust revenues for accruals	(93,806)
To adjust expenditures for accruals	5,867,786
To adjust expenditures for encumbrances	172,541
Net change in fund balance, GAAP basis	$ (307,179)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - POLICE STATE SEIZURE
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ 27,000	$ 27,000	$ 41,271	$ 14,271
Expenditures:				
Current:				
Public Safety:				
Supplies	30,000	30,000	-	30,000
Other services and charges	65,000	65,000	6,502	58,498
Capital outlay	10,000	10,000	10,000	-
Total expenditures	105,000	105,000	16,502	88,498
Net change in fund balances	(78,000)	(78,000)	24,769	102,769
Fund balances - beginning	101,938	101,938	101,938	-
Fund balances - ending	$ 23,938	$ 23,938	$ 126,707	$ 102,769

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 24,769
To adjust revenues for accruals	(704)
Net change in fund balance, GAAP basis	$ 24,065

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - JUVENILE POSITIVE ASSISTANCE
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Fines and fees	$ 1,500	$ 1,500	$ 1,125	$ (375)
Other	-	-	28	28
Total revenues	1,500	1,500	1,153	(347)
Expenditures:				
Current:				
Public Safety:				
Supplies	1,000	1,000	-	1,000
Other services and charges	2,500	2,500	-	2,500
Total expenditures	3,500	3,500	-	3,500
Net change in fund balances	(2,000)	(2,000)	1,153	3,153
Fund balances - beginning	9,262	9,262	9,262	-
Fund balances - ending	$ 7,262	$ 7,262	$ 10,415	$ 3,153

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 1,153
To adjust revenues for accruals	12
Net change in fund balance, GAAP basis	$ 1,165

CITY OF SOUTH BEND
SCHEDULES 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 Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 225,000	$ 225,000	$ 50,709	$ (174,291)
Charges for services	140,000	140,000	102,557	(37,443)
Fines and fees	105,000	105,000	75,091	(29,909)
Other	25,000	25,000	69,542	44,542
Total revenues	495,000	495,000	297,899	(197,101)
Expenditures:				
Current:				
Public Safety:				
Supplies	151,000	155,089	11,362	143,727
Other services and charges	385,000	385,000	95,321	289,679
Capital outlay	245,000	245,000	124,573	120,427
Total expenditures	781,000	785,089	231,256	553,833
Net change in fund balances	(286,000)	(290,089)	66,643	356,732
Fund balances - beginning	943,976	943,976	943,976	-
Fund balances - ending	$ 657,976	$ 653,887	$ 1,010,619	$ 356,732

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 66,643
To adjust revenues for accruals	14,699
To adjust expenditures for accruals	(27,347)
To adjust expenditures for encumbrances	30,619
Net change in fund balance, GAAP basis	$ 84,614

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LOSS RECOVERY
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ 12,000	$ 224,000	$ 224,246	$ 246
Expenditures:				
Current:				
General Government:				
Other services and charges	-	113,813	110,933	2,880
Capital outlay	-	34,699	34,699	-
Total expenditures	-	148,512	145,632	2,880
Net change in fund balances	12,000	75,488	78,614	3,126
Fund balances - beginning	4,368,809	4,368,809	4,368,809	-
Fund balances - ending	$ 4,380,809	$ 4,444,297	$ 4,447,423	$ 3,126

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 78,614
To adjust revenues for accruals	4,759
To adjust expenditures for accruals	(21,032)
To adjust expenditures for encumbrances	46,232
Net change in fund balance, GAAP basis	$ 108,573

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - GENERAL GRANT
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ -	$ 1	$ -	$ (1)
Expenditures:				
Current:				
General Government:				
Other services and charges	-	164	163	1
Net change in fund balances	-	(163)	(163)	-
Fund balances - beginning	163	163	163	-
Fund balances - ending	$ 163	$ -	$ -	$ -

Budget/GAAP Reconciliation

No reconcilement necessary since budgetary basis equals GAAP basis

CITY OF SOUTH BEND
SCHEDULES 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 Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 1,044,000	$ 1,044,000	$ 1,030,958	$ (13,042)
Other	7,000	7,000	6,031	(969)
Total revenues	1,051,000	1,051,000	1,036,989	(14,011)
Expenditures:				
Current:				
Highways and Streets:				
Supplies	-	460,500	459,406	1,094
Other services and charges	146,292	161,292	161,292	-
Capital outlay	1,051,000	1,725,240	1,563,080	162,160
Total expenditures	1,197,292	2,347,032	2,183,778	163,254
Net change in fund balances	(146,292)	(1,296,032)	(1,146,789)	149,243
Fund balances - beginning	2,194,756	2,194,756	2,194,756	-
Fund balances - ending	$ 2,048,464	$ 898,724	$ 1,047,967	$ 149,243

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (1,146,789)
To adjust revenues for accruals	1,057
To adjust expenditures for accruals	7,552
To adjust expenditures for encumbrances	178,037
Net change in fund balance, GAAP basis	$ (960,143)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - EXCESS WELFARE DISTRIBUTION
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ 25,000	$ 12,000	$ 6,545	$ (5,455)
Expenditures:				
Current:				
Public Safety:				
Capital outlay	-	1,538,748	1,538,747	1
Net change in fund balances	25,000	(1,526,748)	(1,532,202)	(5,454)
Fund balances - beginning	2,265,887	2,265,887	2,265,887	-
Fund balances - ending	$ 2,290,887	$ 739,139	$ 733,685	$ (5,454)
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ (1,532,202)	
To adjust revenues for accruals			2,388	
To adjust expenditures for encumbrances			1,538,747	
Net change in fund balance, GAAP basis			$ 8,933	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - HUMAN RIGHTS FEDERAL
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 158,000	$ 158,000	$ 137,710	$ (20,290)
Other	26,200	26,200	16,543	(9,657)
Total revenues	184,200	184,200	154,253	(29,947)
Expenditures:				
Current:				
General Government:				
Personal services	96,047	96,047	95,817	230
Supplies	3,112	3,533	2,681	852
Other services and charges	67,812	73,192	55,340	17,852
Capital outlay	2,000	1,300	750	550
Other uses	2,640	2,640	2,640	-
Total expenditures	171,611	176,712	157,228	19,484
Net change in fund balances	12,589	7,488	(2,975)	(10,463)
Fund balances - beginning	472,443	472,443	472,443	-
Fund balances - ending	$ 485,032	$ 479,931	$ 469,468	$ (10,463)

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (2,975)
To adjust revenues for accruals	492
To adjust expenditures for accruals	696
To adjust expenditures for encumbrances	295
Net change in fund balance, GAAP basis	$ (1,492)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - EAST RACE WATERWAY
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ -	$ 100	$ 78	$ (22)
Expenditures:				
Current:				
Culture and Recreation:				
Supplies	14,000	14,000	9,843	4,157
Other services and charges	2,000	2,000	-	2,000
Other uses	72	72	72	-
Total expenditures	16,072	16,072	9,915	6,157
Net change in fund balances	(16,072)	(15,972)	(9,837)	6,135
Fund balances - beginning	32,070	32,070	32,070	-
Fund balances - ending	$ 15,998	$ 16,098	$ 22,233	$ 6,135

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (9,837)
To adjust revenues for accruals	21
Net change in fund balance, GAAP basis	$ (9,816)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - MORRIS AND PALAIS MARKETING
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ 8,100	$ 8,100	$ 4,118	$ (3,982)
Expenditures:				
Current:				
Culture and Recreation:				
Other services and charges	6,000	9,100	-	9,100
Other uses	72	72	72	-
Total expenditures	6,072	9,172	72	9,100
Net change in fund balances	2,028	(1,072)	4,046	5,118
Fund balances - beginning	19,606	19,606	19,606	-
Fund balances - ending	$ 21,634	$ 18,534	$ 23,652	$ 5,118

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 4,046
To adjust revenues for accruals	27
To adjust expenditures for accruals	72
Net change in fund balance, GAAP basis	$ 4,145

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - POLICE BLOCK GRANTS
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 100,000	$ 100,000	$ -	$ (100,000)
Other	2,000	6,000	3,433	(2,567)
Total revenues	102,000	106,000	3,433	(102,567)
Expenditures:				
Current:				
Public Safety:				
Other services and charges	45,000	75,000	31,943	43,057
Capital outlay	475,000	495,818	280,349	215,469
Total expenditures	520,000	570,818	312,292	258,526
Net change in fund balances	(418,000)	(464,818)	(308,859)	155,959
Fund balances - beginning	436,521	436,521	436,521	-
Fund balances - ending	$ 18,521	$ (28,297)	$ 127,662	$ 155,959

Budget/GAAP Reconciliation

Net change in fund balance, budget basis	$ (308,859)
To adjust revenues for accruals	32
To adjust expenditures for accruals	4,032
Net change in fund balance, GAAP basis	$ (304,795)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - ECONOMIC DEVELOPMENT COMMISSION
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for services	$ -	$ -	$ 850	$ 850
Other	-	-	76	76
Total revenues	-	-	926	926
Net change in fund balances	-	-	926	926
Fund balances - beginning	25,976	25,976	25,976	-
Fund balances - ending	$ 25,976	$ 25,976	$ 26,902	$ 926

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 926
To adjust revenues for accruals	29
Net change in fund balance, GAAP basis	$ 955

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - HAZMAT
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for services	$ -	$ 100	$ 572	$ 472
Other	-	-	8	8
Total revenues	-	100	580	480
Expenditures:				
Current:				
Public Safety:				
Capital outlay	1,000	1,000	448	552
Net change in fund balances	(1,000)	(900)	132	1,032
Fund balances - beginning	2,537	2,537	2,537	-
Fund balances - ending	$ 1,537	$ 1,637	$ 2,669	$ 1,032
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ 132	
To adjust revenues for accruals			3	
To adjust expenditures for accruals			1	
Net change in fund balance, GAAP basis			$ 136	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - INDIANA RIVER RESCUE
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for services	$ 40,000	$ 40,000	$ 26,350	$ (13,650)
Other	-	-	195	195
Total revenues	40,000	40,000	26,545	(13,455)
Expenditures:				
Current:				
Public Safety:				
Personals services	3,000	6,650	4,805	1,845
Supplies	3,100	21,100	10,338	10,762
Other services and charges	9,300	9,276	6,341	2,935
Capital outlay	5,000	-	-	-
Other uses	-	24	24	-
Total expenditures	20,400	37,050	21,508	15,542
Net change in fund balances	19,600	2,950	5,037	2,087
Fund balances - beginning	66,101	66,101	66,101	-
Fund balances - ending	$ 85,701	$ 69,051	$ 71,138	$ 2,087
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ 5,037	
To adjust revenues for accruals			576	
To adjust expenditures for accruals			2,197	
To adjust expenditures for encumbrances			612	
Net change in fund balance, GAAP basis			$ 8,422	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - COPS BLOCK GRANT II
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 150,000	$ 150,000	$ 49,038	$ (100,962)
Expenditures:				
Current:				
Public Safety:				
Supplies	25,000	25,000	-	25,000
Other services and charges	50,000	50,000	49,038	962
Capital outlay	150,000	150,000	-	150,000
Total expenditures	225,000	225,000	49,038	175,962
Net change in fund balances	(75,000)	(75,000)	-	75,000
Fund balances - beginning	1,125	1,125	1,125	-
Fund balances - ending	$ (73,875)	$ (73,875)	$ 1,125	$ 75,000
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ -	
To adjust revenues for accruals			1	
Net change in fund balance, GAAP basis			$ 1	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - REGIONAL POLICE ACADEMY
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 20,000	$ 32,000	$ 21,800	$ (10,200)
Charges for services	2,000	2,000	-	(2,000)
Other	3,000	3,000	2,248	(752)
Total revenues	25,000	37,000	24,048	(12,952)
Expenditures:				
Current:				
Public Safety:				
Supplies	7,500	4,500	768	3,732
Other services and charges	33,500	36,500	26,336	10,164
Total expenditures	41,000	41,000	27,104	13,896
Net change in fund balances	(16,000)	(4,000)	(3,056)	944
Fund balances - beginning	79,418	79,418	79,418	-
Fund balances - ending	$ 63,418	$ 75,418	$ 76,362	$ 944

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (3,056)
To adjust revenues for accruals	81
To adjust expenditures for accruals	(558)
Net change in fund balance, GAAP basis	$ (3,533)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - COPS MORE GRANT
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ 80,600	$ 80,600	$ 30,063	$ (50,537)
Expenditures:				
Current:				
Public Safety:				
Supplies	43,000	43,322	9,870	33,452
Other services and charges	65,300	65,300	16,148	49,152
Capital outlay	7,500	31,480	23,980	7,500
Total expenditures	115,800	140,102	49,998	90,104
Net change in fund balances	(35,200)	(59,502)	(19,935)	39,567
Fund balances - beginning	125,447	125,447	125,447	-
Fund balances - ending	$ 90,247	$ 65,945	$ 105,512	$ 39,567

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (19,935)
To adjust revenues for accruals	(24)
To adjust expenditures for accruals	(948)
To adjust expenditures for encumbrances	552
Net change in fund balance, GAAP basis	$ (20,355)

CITY OF SOUTH BEND

SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS - FEDERAL DRUG ENFORCEMENT

For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 50,000	$ 50,000	$ 77,910	$ 27,910
Other	4,000	4,000	7,272	3,272
Total revenues	54,000	54,000	85,182	31,182
Expenditures:				
Current:				
Public Safety:				
Supplies	81,000	82,400	9,005	73,395
Other services and charges	60,000	60,000	33,252	26,748
Capital outlay	40,000	40,000	-	40,000
Total expenditures	181,000	182,400	42,257	140,143
Net change in fund balances	(127,000)	(128,400)	42,925	171,325
Fund balances - beginning	257,130	257,130	257,130	-
Fund balances - ending	$ 130,130	$ 128,730	$ 300,055	$ 171,325

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 42,925
To adjust revenues for accruals	27,324
To adjust expenditures for accruals	(10,498)
To adjust expenditures for encumbrances	11,205
Net change in fund balance, GAAP basis	$ 70,956

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - GIFT
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ 6,000	$ 6,150	$ 10,856	$ 4,706
Net change in fund balances	6,000	6,150	10,856	4,706
Fund balances - beginning	35,774	35,774	35,774	-
Fund balances - ending	$ 41,774	$ 41,924	$ 46,630	$ 4,706

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 10,856
To adjust revenues for accruals	153
Net change in fund balance, GAAP basis	$ 11,009

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - URBAN DEVELOPMENT ACTION GRANT
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ 481,576	$ 497,576	$ 558,646	$ 61,070
Expenditures:				
Current:				
Economic Development:				
Other services and charges	-	472,140	472,140	-
Net change in fund balances	481,576	25,436	86,506	61,070
Fund balances - beginning	130,028	130,028	130,028	-
Fund balances - ending	$ 611,604	$ 155,464	$ 216,534	$ 61,070
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ 86,506	
To adjust revenues for accruals			(556,907)	
To adjust expenditures for accruals			377,171	
Net change in fund balance, GAAP basis			$ (93,230)	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LEAF COLLECTION AND REMOVAL
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for services	$ 427,000	$ 427,000	$ 429,327	$ 2,327
Other	-	2,000	2,111	111
Total revenues	427,000	429,000	431,438	2,438
Expenditures:				
Current:				
General Government:				
Personal services	63,993	63,993	42,507	21,486
Supplies	8,000	8,045	7,799	246
Other services and charges	90,012	90,012	52,433	37,579
Capital outlay	140,000	140,000	-	140,000
Other uses	243,692	243,692	242,059	1,633
Total expenditures	545,697	545,742	344,798	200,944
Net change in fund balances	(118,697)	(116,742)	86,640	203,382
Fund balances - beginning	682,298	682,298	682,298	-
Fund balances - ending	$ 563,601	$ 565,556	$ 768,938	$ 203,382

<u>Budget/GAAP Reconciliation</u>

Net change in fund balance, budget basis	$ 86,640
To adjust revenues for accruals	833
To adjust expenditures for accruals	2,726
Net change in fund balance, GAAP basis	$ 90,199

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - POLICE K-9 UNIT
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ 2,500	$ 2,500	$ 1,006	$ (1,494)
Expenditures:				
Current:				
Public Safety:				
Other services and charges	5,000	5,000	-	5,000
Net change in fund balances	(2,500)	(2,500)	1,006	3,506
Fund balances - beginning	1,269	1,269	1,269	-
Fund balances - ending	$ (1,231)	$ (1,231)	$ 2,275	$ 3,506
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ 1,006	
To adjust revenues for accruals			2	
Net change in fund balance, GAAP basis			$ 1,008	

CITY OF SOUTH BEND
SCHEDULES 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

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ 30,000	$ 30,000	$ 24,477	$ (5,523)
Net change in fund balances	30,000	30,000	24,477	(5,523)
Fund balances - beginning	8,521,464	8,521,464	8,521,464	-
Fund balances - ending	$ 8,551,464	$ 8,551,464	$ 8,545,941	$ (5,523)

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 24,477
To adjust revenues for accruals	8,947
Net change in fund balance, GAAP basis	$ 33,424

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS - COLLEGE FOOTBALL HALL OF FAME DEBT SERVICE
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes:				
Property	$ 1,200,000	$ 1,200,000	$ 1,549,954	$ 349,954
Intergovernmental	166,695	168,477	195,898	27,421
Total revenues	1,366,695	1,368,477	1,745,852	377,375
Expenditures:				
Debt Service:				
Principal	940,000	940,000	940,000	-
Interest and fiscal agent fees	467,500	467,500	465,000	2,500
Total expenditures	1,407,500	1,407,500	1,405,000	2,500
Other financing sources (uses):				
Transfers in	-	4,289	4,289	-
Net change in fund balances	(40,805)	(34,734)	345,141	379,875
Fund balances - beginning	415,804	415,804	415,804	-
Fund balances - ending	$ 374,999	$ 381,070	$ 760,945	$ 379,875

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 345,141
To adjust revenues for accruals	7,586,719
To adjust expenditures for accruals	(7,732,002)
Net change in fund balance, GAAP basis	$ 199,858

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS - REDEVELOPMENT BOND - CENTRAL DEVELOPMENT
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ -	$ 2,000	$ 2,373	$ 373
Other financing sources (uses):				
Transfers out	-	(3,000)	(2,373)	627
Net change in fund balances	-	(1,000)	-	1,000
Fund balances - beginning	132,623	132,623	132,623	-
Fund balances - ending	$ 132,623	$ 131,623	$ 132,623	$ 1,000
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ -	
To adjust revenues for accruals			865	
To adjust expenditures for accruals			(569)	
Net change in fund balance, GAAP basis			$ 296	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS - REDEVELOPMENT BOND - AIRPORT TAXABLE
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ -	$ 4,000	$ 5,538	$ 1,538
Other financing sources (uses):				
Transfers out	-	(7,000)	(886,240)	(879,240)
Net change in fund balances	-	(3,000)	(880,702)	(877,702)
Fund balances - beginning	1,919,606	1,919,606	1,919,606	-
Fund balances - ending	$ 1,919,606	$ 1,916,606	$ 1,038,904	$ (877,702)

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (880,702)
To adjust revenues for accruals	844
To adjust expenditures for accruals	(471)
Net change in fund balance, GAAP basis	$ (880,329)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS - COVELESKI BOND DEBT SERVICE RESERVE
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ -	$ 1,000	$ 1,277	$ 277
Net change in fund balances	-	1,000	1,277	277
Fund balances - beginning	498,000	498,000	498,000	-
Fund balances - ending	$ 498,000	$ 499,000	$ 499,277	$ 277
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ 1,277	
To adjust revenues for accruals			685	
Net change in fund balance, GAAP basis			$ 1,962	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS - REDEVELOPMENT BOND - PALAIS ROYALE
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ -	$ 3,000	$ 3,159	$ 159
Other financing sources (uses):				
Transfers out	-	(3,300)	(637,633)	(634,333)
Net change in fund balances	-	(300)	(634,474)	(634,174)
Fund balances - beginning	1,095,048	1,095,048	1,095,048	-
Fund balances - ending	$ 1,095,048	$ 1,094,748	$ 460,574	$ (634,174)
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ (634,474)	
To adjust revenues for accruals			642,796	
To adjust expenditures for accruals			633,093	
Net change in fund balance, GAAP basis			$ 641,415	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - EMERGENCY MEDICAL SERVICES
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ -	$ 600,000	$ 600,000	$ -
Charges for services	2,269,794	2,269,764	1,919,330	(350,434)
Other	66,000	66,000	49,170	(16,830)
Total revenues	2,335,794	2,935,764	2,568,500	(367,264)
Expenditures:				
Public Safety:				
Supplies	147,500	252,921	223,437	29,484
Other services and charges	1,381,264	1,390,214	366,799	1,023,415
Capital outlay	307,000	1,241,823	1,058,843	182,980
Total expenditures	1,835,764	2,884,958	1,649,079	1,235,879
Other financing sources (uses):				
Transfers out	(500,000)	(500,000)	(500,000)	-
Net change in fund balances	30	(449,194)	419,421	868,615
Fund balances - beginning	5,038,447	5,038,447	5,038,447	-
Fund balances - ending	$ 5,038,477	$ 4,589,253	$ 5,457,868	$ 868,615
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ 419,421	
To adjust revenues for accruals			(40,260)	
To adjust expenditures for accruals			(87,294)	
To adjust expenditures for encumbrances			83,299	
Net change in fund balance, GAAP basis			$ 375,166	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CENTRAL DEVELOPMENT AREA BOND PROCEEDS
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ -	$ 2,700	$ 2,657	$ (43)
Expenditures:				
Current:				
Economic Development:				
Other services and charges	-	49,665	42,665	7,000
Capital outlay	-	1,282,606	704,581	578,025
Total expenditures	-	1,332,271	747,246	585,025
Other financing sources (uses):				
Transfers out	-	-	(586,184)	(586,184)
Net change in fund balances	-	(1,329,571)	(1,330,773)	(1,202)
Fund balances - beginning	1,330,773	1,330,773	1,330,773	-
Fund balances - ending	$ 1,330,773	$ 1,202	$ -	$ (1,202)
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ (1,330,773)	
To adjust revenues for accruals			(494)	
To adjust expenditures for accruals			(185,123)	
Net change in fund balance, GAAP basis			$ (1,516,390)	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - PROFESSIONAL SPORTS DEVELOPMENT
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes:				
Professional sports development	$ -	$ 494,325	$ 494,325	$ -
Intergovernmental	-	640,000	409,020	(230,980)
Other	-	54,200	53,105	(1,095)
Total revenues	-	1,188,525	956,450	(232,075)
Expenditures:				
Culture and Recreation:				
Other services and charges	-	395,423	395,423	-
Other uses	-	600,000	600,000	-
Total expenditures	-	995,423	995,423	-
Net change in fund balances	-	193,102	(38,973)	(232,075)
Fund balances - beginning	1,141,391	1,141,391	1,141,391	-
Fund balances - ending	$ 1,141,391	$ 1,334,493	$ 1,102,418	$ (232,075)

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (38,973)
To adjust revenues for accruals	150,403
Net change in fund balance, GAAP basis	$ 111,430

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS - COVELESKI STADIUM CAPITAL
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ 2,000	$ 2,000	$ 262	$ (1,738)
Expenditures:				
Culture and Recreation:				
Supplies	-	2,100	2,002	98
Other services and charges	23,264	16,664	10,758	5,906
Capital outlay	-	4,500	4,233	267
Total expenditures	23,264	23,264	16,993	6,271
Other financing sources (uses):				
Transfers in	200,000	-	-	-
Net change in fund balances	178,736	(21,264)	(16,731)	4,533
Fund balances - beginning	97,323	97,323	97,323	-
Fund balances - ending	$ 276,059	$ 76,059	$ 80,592	$ 4,533
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ (16,731)	
To adjust revenues for accruals			82	
To adjust expenditures for accruals			1	
To adjust expenditures for encumbrances			2,002	
Net change in fund balance, GAAP basis			$ (14,646)	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS - ZOO ENDOWMENT
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ 400	$ 3,400	$ 3,757	$ 357
Net change in fund balances	400	3,400	3,757	357
Fund balances - beginning	31,878	31,878	31,878	-
Fund balances - ending	$ 32,278	$ 35,278	$ 35,635	$ 357

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 3,757
To adjust revenues for accruals	39
Net change in fund balance, GAAP basis	$ 3,796

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - PARK NONREVERTING CAPITAL
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for services	$ 2,500	$ 2,500	$ 3,721	$ 1,221
Other	3,500	63,800	61,520	(2,280)
Total revenues	6,000	66,300	65,241	(1,059)
Expenditures:				
Culture and Recreation:				
Supplies	7,700	76,340	69,455	6,885
Other services and charges	30,000	30,500	26,899	3,601
Capital outlay	261,700	245,332	139,122	106,210
Total expenditures	299,400	352,172	235,476	116,696
Other financing sources (uses):				
Transfers in	190,500	190,500	185,450	(5,050)
Net change in fund balances	(102,900)	(95,372)	15,215	110,587
Fund balances - beginning	437,291	437,291	437,291	-
Fund balances - ending	$ 334,391	$ 341,919	$ 452,506	$ 110,587

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 15,215
To adjust revenues for accruals	848
To adjust expenditures for accruals	28,245
Net change in fund balance, GAAP basis	$ 44,308

CITY OF SOUTH BEND
SCHEDULES 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 Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes:				
Property	$ 600,000	$ 600,000	$ 540,454	$ (59,546)
Intergovernmental	132,740	87,287	88,654	1,367
Other	1,000	1,000	1,769	769
Total revenues	733,740	688,287	630,877	(57,410)
Expenditures:				
General Government:				
Other services and charges	471,597	472,544	468,165	4,379
Capital outlay	-	46,637	33,325	13,312
Other uses	-	48	48	-
Total expenditures	471,597	519,229	501,538	17,691
Net change in fund balances	262,143	169,058	129,339	(39,719)
Fund balances - beginning	692,891	692,891	692,891	-
Fund balances - ending	$ 955,034	$ 861,949	$ 822,230	$ (39,719)

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 129,339
To adjust revenues for accruals	(1,023)
To adjust expenditures for accruals	3,357
Net change in fund balance, GAAP basis	$ 131,673

CITY OF SOUTH BEND
SCHEDULES 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 Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 433,400	$ 433,400	$ 459,544	$ 26,144
Other	50,000	25,000	25,036	36
Total revenues	483,400	458,400	484,580	26,180
Expenditures				
General Government:				
Other services and charges	596,000	596,000	594,000	2,000
Net change in fund balances	(112,600)	(137,600)	(109,420)	28,180
Fund balances - beginning	160,178	160,178	160,178	-
Fund balances - ending	$ 47,578	$ 22,578	$ 50,758	$ 28,180

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (109,420)
To adjust revenues for accruals	5,933
Net change in fund balance, GAAP basis	$ (103,487)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS - CUMULATIVE SEWER
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Expenditures:				
General Government:				
Capital outlay	$ 80,224	$ 80,224	$ 80,224	$ -
Net change in fund balances	(80,224)	(80,224)	(80,224)	-
Fund balances - beginning	80,224	80,224	80,224	-
Fund balances - ending	$ -	$ -	$ -	$ -

Budget/GAAP Reconciliation

No reconcilement necessary since budgetary basis equals GAAP basis

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS - MORRIS PERFORMING ARTS CENTER CAPITAL
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for services	$ 85,000	$ 85,000	$ 84,125	$ (875)
Other	1,500	1,500	1,666	166
Total revenues	86,500	86,500	85,791	(709)
Expenditures:				
Culture and Recreation:				
Supplies	-	513	513	-
Other services and charges	56,560	72,832	55,918	16,914
Capital outlay	-	229,215	227,608	1,607
Total expenditures	56,560	302,560	284,039	18,521
Net change in fund balances	29,940	(216,060)	(198,248)	17,812
Fund balances - beginning	515,676	515,676	515,676	-
Fund balances - ending	$ 545,616	$ 299,616	$ 317,428	$ 17,812

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (198,248)
To adjust revenues for accruals	504
To adjust expenditures for accruals	(1,465)
To adjust expenditures for encumbrances	163,356
Net change in fund balance, GAAP basis	$ (35,853)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - TIF DOWNTOWN
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ -	$ 3,900,000	$ 3,633,473	$ (266,527)
Intergovernmental	-	400,000	400,000	-
Charges for Services	-	59,000	51,203	(7,797)
Other	-	46,325	1,249,469	1,203,144
Total revenues	-	4,405,325	5,334,145	928,820
Expenditures:				
Economic Development:				
Other services and charges	-	3,628,369	3,465,294	163,075
Capital outlay	-	3,112,272	2,745,966	366,306
Total expenditures	-	6,740,641	6,211,260	529,381
Other financing sources (uses):				
Transfers in	-	7,000	183,296	176,296
Transfers out	-	-	(824,558)	(824,558)
Total other financing sources (uses)	-	7,000	(641,262)	(648,262)
Net change in fund balances	-	(2,328,316)	(1,518,377)	809,939
Fund balances - beginning	5,004,735	5,004,735	5,004,735	-
Fund balances - ending	$ 5,004,735	$ 2,676,419	$ 3,486,358	$ 809,939

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (1,518,377)
To adjust revenues for accruals	17,089,471
To adjust expenditures for accruals	(17,027,450)
To adjust expenditures for encumbrances	1,092,693
Net change in fund balance, GAAP basis	$ (363,663)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - TIF LEIGHTON PLAZA
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for Services	$ -	$ 81,195	$ 82,334	$ 1,139
Other	-	26,996	30,761	3,765
Total revenues	-	108,191	113,095	4,904
Expenditures:				
Economic Development:				
Supplies	-	9,300	9,300	-
Other services and charges	-	152,105	149,264	2,841
Capital outlay	-	18,300	18,300	-
Total expenditures	-	179,705	176,864	2,841
Net change in fund balances	-	(71,514)	(63,769)	7,745
Fund balances - beginning	132,623	132,623	132,623	-
Fund balances - ending	$ 132,623	$ 61,109	$ 68,854	$ 7,745

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (63,769)
To adjust revenues for accruals	(1,524)
To adjust expenditures for accruals	3,465
To adjust expenditures for encumbrances	14,000
Net change in fund balance, GAAP basis	$ (47,828)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - TIF - WEST WASHINGTON
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ -	$ 630,000	$ 431,085	$ (198,915)
Other	-	2,772	3,141	369
Total revenues	-	632,772	434,226	(198,546)
Expenditures:				
Economic Development:				
Other services and charges	-	108,926	65,923	43,003
Capital outlay	-	1,442,115	595,155	846,960
Total expenditures	-	1,551,041	661,078	889,963
Net change in fund balances	-	(918,269)	(226,852)	691,417
Fund balances - beginning	1,155,962	1,155,962	1,155,962	-
Fund balances - ending	$ 1,155,962	$ 237,693	$ 929,110	$ 691,417

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (226,852)
To adjust revenues for accruals	24,234
To adjust expenditures for accruals	151,618
To adjust expenditures for encumbrances	2,734
Net change in fund balance, GAAP basis	$ (48,266)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - REDEVELOPMENT GENERAL
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ -	$ 120	$ 107	$ (13)
Expenditures:				
Economic Development:				
Other services and charges	-	15,071	15,071	-
Net change in fund balances	-	(14,951)	(14,964)	(13)
Fund balances - beginning	39,455	39,455	39,455	-
Fund balances - ending	$ 39,455	$ 24,504	$ 24,491	$ (13)

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (14,964)
To adjust revenues for accruals	35
To adjust expenditures for encumbrances	10,000
Net change in fund balance, GAAP basis	$ (4,929)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS - COMMUNITY REVITALIZATION ENHANCEMENT DISTRICT
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 600,000	$ 733,100	$ 733,100	$ -
Other	2,000	2,000	1,507	(493)
Total revenues	602,000	735,100	734,607	(493)
Expenditures:				
Economic Development:				
Other services and charges	848,322	848,322	848,322	-
Net change in fund balances	(246,322)	(113,222)	(113,715)	(493)
Fund balances - beginning	561,411	561,411	561,411	-
Fund balances - ending	$ 315,089	$ 448,189	$ 447,696	$ (493)

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (113,715)
To adjust revenues for accruals	(74)
Net change in fund balance, GAAP basis	$ (113,789)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - TIF No. 1 - SOUTHSIDE DEVELOPMENT
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ -	$ 4,100,000	$ 1,808,952	$ (2,291,048)
Other	-	14,480	10,154	(4,326)
Total revenues	-	4,114,480	1,819,106	(2,295,374)
Expenditures:				
Economic Development:				
Other services and charges	-	1,690,981	1,540,266	150,715
Capital outlay	-	3,455,362	1,613,999	1,841,363
Total expenditures	-	5,146,343	3,154,265	1,992,078
Net change in fund balances	-	(1,031,863)	(1,335,159)	(303,296)
Fund balances - beginning	4,167,405	4,167,405	4,167,405	-
Fund balances - ending	$ 4,167,405	$ 3,135,542	$ 2,832,246	$ (303,296)

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (1,335,159)
To adjust revenues for accruals	447,439
To adjust expenditures for accruals	(168,778)
To adjust expenditures for encumbrances	918,604
Net change in fund balance, GAAP basis	$ (137,894)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - TIF No. 2 - SOUTHSIDE DEVELOPMENT
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ -	$ -	$ 784,373	$ 784,373
Other	-	11,447	10,127	(1,320)
Total revenues	-	11,447	794,500	783,053
Expenditures:				
Economic Development:				
Other services and charges	-	3,420,000	3,420,000	-
Net change in fund balances	-	(3,408,553)	(2,625,500)	783,053
Fund balances - beginning	4,024,569	4,024,569	4,024,569	-
Fund balances - ending	$ 4,024,569	$ 616,016	$ 1,399,069	$ 783,053

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (2,625,500)
To adjust revenues for accruals	1,780,082
Net change in fund balance, GAAP basis	$ (845,418)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - TIF No. 3 - SOUTHSIDE DEVELOPMENT

For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ -	$ 1,860,000	$ 1,603,182	$ (256,818)
Other	-	16,238	13,192	(3,046)
Total revenues	-	1,876,238	1,616,374	(259,864)
Expenditures:				
Economic Development:				
Other services and charges	-	500,000	496,080	3,920
Net change in fund balances	-	1,376,238	1,120,294	(255,944)
Fund balances - beginning	4,569,340	4,569,340	4,569,340	-
Fund balances - ending	$ 4,569,340	$ 5,945,578	$ 5,689,634	$ (255,944)

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 1,120,294
To adjust revenues for accruals	845,632
Net change in fund balance, GAAP basis	$ 1,965,926

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - TIF - CENTRAL MEDICAL SERVICE AREA
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ -	$ 1,740,000	$ 1,704,238	$ (35,762)
Other	-	14,720	10,028	(4,692)
Total revenues	-	1,754,720	1,714,266	(40,454)
Expenditures:				
Economic Development:				
Other services and charges	-	691,076	625,641	65,435
Capital outlay	-	2,157,929	1,879,487	278,442
Total expenditures	-	2,849,005	2,505,128	343,877
Net change in fund balances	-	(1,094,285)	(790,862)	303,423
Fund balances - beginning	3,878,195	3,878,195	3,878,195	-
Fund balances - ending	$ 3,878,195	$ 2,783,910	$ 3,087,333	$ 303,423

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (790,862)
To adjust revenues for accruals	155,308
To adjust expenditures for accruals	197,042
To adjust expenditures for encumbrances	410,391
Net change in fund balance, GAAP basis	$ (28,121)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS - FOOTBALL HALL OF FAME CAPITAL
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ 5,000	$ 5,000	$ 2,910	$ (2,090)
Expenditures:				
Culture and Recreation:				
Supplies	14,500	15,331	9,274	6,057
Other services and charges	48,556	458,556	421,528	37,028
Capital outlay	7,500	7,500	-	7,500
Total expenditures	70,556	481,387	430,802	50,585
Net change in fund balances	(65,556)	(476,387)	(427,892)	48,495
Fund balances - beginning	1,039,805	1,039,805	1,039,805	-
Fund balances - ending	$ 974,249	$ 563,418	$ 611,913	$ 48,495

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (427,892)
To adjust revenues for accruals	166,172
To adjust expenditures for accruals	261,720
Net change in fund balance, GAAP basis	$ -

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - MAJOR MOVES
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ 119,672	$ 122,885	$ 109,896	$ (12,989)
Expenditures:				
Highways and Streets:				
Capital outlay	-	2,651,644	1,796,389	855,255
Net change in fund balances	119,672	(2,528,759)	(1,686,493)	842,266
Fund balances - beginning	9,551,125	9,551,125	9,551,125	-
Fund balances - ending	$ 9,670,797	$ 7,022,366	$ 7,864,632	$ 842,266

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (1,686,493)
To adjust revenues for accruals	(22,317)
To adjust expenditures for accruals	288,966
To adjust expenditures for encumbrances	1,459,723
Net change in fund balance, GAAP basis	$ 39,879

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - TIF - NORTHEAST DEVELOPMENT
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ -	$ 748,980	$ 715,063	$ (33,917)
Other	-	644	1,040	396
Total revenues	-	749,624	716,103	(33,521)
Expenditures:				
Economic Development:				
Other services and charges	-	27,321	27,321	-
Capital outlay	-	372,679	31,000	341,679
Total expenditures	-	400,000	58,321	341,679
Net change in fund balances	-	349,624	657,782	308,158
Fund balances - beginning	222,769	222,769	222,769	-
Fund balances - ending	$ 222,769	$ 572,393	$ 880,551	$ 308,158
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ 657,782	
To adjust revenues for accruals			68,760	
To adjust expenditures for accruals			(7,733)	
To adjust expenditures for encumbrances			21,526	
Net change in fund balance, GAAP basis			$ 740,335	

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - TIF - DOUGLAS ROAD
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ -	$ 420,000	$ 306,053	$ (113,947)
Other	-	673	246	(427)
Total revenues	-	420,673	306,299	(114,374)
Expenditures:				
Economic Development:				
Other services and charges	-	463,030	288,569	174,461
Capital outlay	-	28,970	-	28,970
Total expenditures	-	492,000	288,569	203,431
Net change in fund balances	-	(71,327)	17,730	89,057
Fund balances - beginning	156,796	156,796	156,796	-
Fund balances - ending	$ 156,796	$ 85,469	$ 174,526	$ 89,057

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 17,730
To adjust revenues for accruals	154,076
To adjust expenditures for accruals	28,828
To adjust expenditures for encumbrances	18,145
Net change in fund balance, GAAP basis	$ 218,777

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - TIF - NORTHEAST RESIDENTIAL
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ -	$ 2,000,000	$ 2,446,103	$ 446,103
Other	-	3,244	2,266	(978)
Total revenues	-	2,003,244	2,448,369	445,125
Expenditures:				
Economic Development:				
Other services and charges	-	2,400,000	2,392,700	7,300
Net change in fund balances	-	(396,756)	55,669	452,425
Fund balances - beginning	1,817,307	1,817,307	1,817,307	-
Fund balances - ending	$ 1,817,307	$ 1,420,551	$ 1,872,976	$ 452,425

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 55,669
To adjust revenues for accruals	149,763
To adjust expenditures for accruals	(1,137)
To adjust expenditures for encumbrances	1,327
Net change in fund balance, GAAP basis	$ 205,622

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - COVELESKI BOND CONSTRUCTION
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ -	$ 7,000	$ 5,268	$ (1,732)
Expenditures:				
Economic Development:				
Other services and charges	-	77,516	77,516	-
Capital outlay	-	4,387,343	4,387,342	1
Total expenditures	-	4,464,859	4,464,858	1
Net change in fund balances	-	(4,457,859)	(4,459,590)	(1,731)
Fund balances - beginning	4,459,590	4,459,590	4,459,590	-
Fund balances - ending	$ 4,459,590	$ 1,731	$ -	$ (1,731)

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ (4,459,590)
To adjust expenditures for accruals	46,000
Net change in fund balance, GAAP basis	$ (4,413,590)

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS - PALAIS ROYALE HISTORICAL PRESERVATION
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Other	$ 16,125	$ 16,125	$ 14,320	$ (1,805)
Expenditures:				
Culture and Recreation:				
Other services and charges	8,000	8,000	3,983	4,017
Net change in fund balances	8,125	8,125	10,337	2,212
Fund balances - beginning	35,854	35,854	35,854	-
Fund balances - ending	$ 43,979	$ 43,979	$ 46,191	$ 2,212

Budget/GAAP Reconciliation	
Net change in fund balance, budget basis	$ 10,337
To adjust revenues for accruals	(63)
Net change in fund balance, GAAP basis	$ 10,274

CITY OF SOUTH BEND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - AIRPORT URBAN ENTERPRISE ZONE
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ -	$ 123,165	$ 123,165	$ -
Other	-	500	473	(27)
Total revenues	-	123,665	123,638	(27)
Expenditures:				
Economic Development:				
Other services and charges	-	58,332	58,322	10
Net change in fund balances	-	65,333	65,316	(17)
Fund balances - beginning	196,722	196,722	196,722	-
Fund balances - ending	$ 196,722	$ 262,055	$ 262,038	$ (17)
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			$ 65,316	
To adjust revenues for accruals			312	
To adjust expenditures for accruals			58,322	
Net change in fund balance, GAAP basis			$ 123,950	

THE CITY OF SOUTH BEND, INDIANA

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IV Non Major Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

Consolidated Building -	To account for the operation of the consolidated St. Joseph County/South Bend Building Department.
Parking Garage -	To account for the operation and maintenance of the City's parking garages.
Solid Waste -	To account for the provision of solid waste services.
Blackthorn Golf Course -	To account for the operation and maintenance of the City's Blackthorn Golf Course.

CITY OF SOUTH BEND
COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS
December 31, 2011

Assets	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
Current assets:					
Cash and cash equivalents	$ 22,147	$ 291,474	$ 376,451	$ 53,250	$ 743,322
Investments	47,394	623,745	805,593	-	1,476,732
Interest receivable	70	927	1,825	-	2,822
Accounts receivable (net of allowance)	1,200	64	430,876	-	432,140
Interfund receivables:					
Interfund services provided and used	8,666	-	4,333	-	12,999
Inventories	-	-	-	22,654	22,654
Prepaid items	-	-	-	3,184	3,184
Restricted assets:					
Cash and cash equivalents:					
Revenue bond covenant accounts	-	-	-	723,753	723,753
Capital outlay accounts	-	-	5,041	-	5,041
Investments:					
Revenue bond covenant accounts	-	-	-	668,200	668,200
Capital outlay accounts	-	-	10,786	-	10,786
Cash with fiscal agent	-	-	45,126	-	45,126
Interest receivable	-	-	-	996	996
Total current assets	79,477	916,210	1,680,031	1,472,037	4,147,755
Noncurrent assets:					
Deferred charges:					
Unamortized debt issue costs	-	-	-	5,058	5,058
Unamortized loss on sale/leaseback	-	2,250,595	-	-	2,250,595
Total deferred charges	-	2,250,595	-	5,058	2,255,653
Capital assets:					
Land and construction in progress	-	1,132,020	-	448,469	1,580,489
Other capital assets (net of accumulated depreciation)	56,790	3,869,177	1,179,765	2,177,196	7,282,928
Total capital assets	56,790	5,001,197	1,179,765	2,625,665	8,863,417
Total noncurrent assets	56,790	7,251,792	1,179,765	2,630,723	11,119,070
Total assets	136,267	8,168,002	2,859,796	4,102,760	15,266,825

Continued on next page

CITY OF SOUTH BEND
COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS
December 31, 2011
(Continued)

Liabilities	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
Current liabilities:					
Accounts payable	253	52,552	183,942	8,599	245,346
Interfund payables:					
Interfund services provided and used	2,146	-	74,301	994	77,441
Accrued payroll payable	24,845	-	52,925	-	77,770
Compensated absences payable	42,697	-	47,085	-	89,782
Taxes payable	-	-	-	289	289
Current liabilities payable from restricted assets:					
Revenue bonds payable	-	-	-	590,000	590,000
Capital leases payable	7,672	-	256,116	47,207	310,995
Accrued interest payable	32	-	5,204	21,129	26,365
Total current liabilities	77,845	52,552	619,573	668,218	1,417,988
Noncurrent liabilities:					
Advances from other funds	-	-	-	1,759,923	1,759,923
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	-	-	-	588,882	588,882
Capital leases payable	28,050	-	576,458	154,728	759,236
Unamortized gain on sale/leaseback	-	14,891	-	-	14,891
Total noncurrent liabilities	28,050	14,891	576,458	2,503,533	3,122,932
Total liabilities	105,695	67,443	1,196,031	3,171,751	4,540,920
Net Assets					
Invested in capital assets, net of related debt	21,068	5,001,197	347,191	1,244,848	6,614,304
Restricted for debt service	-	-	-	708,678	708,678
Restricted for capital asset outlays	-	-	60,947	-	60,947
Unrestricted	9,504	3,099,362	1,255,627	(1,022,517)	3,341,976
Total net assets	$ 30,572	$ 8,100,559	$ 1,663,765	$ 931,009	$ 10,725,905

CITY OF SOUTH BEND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2011

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
Operating revenues:					
Licenses and permits	$ 887,852	$ -	$ -	$ -	$ 887,852
Parking fees	-	1,066,566	-	-	1,066,566
Solid waste fees	-	-	4,830,342	-	4,830,342
Golf course fees	-	-	-	1,392,999	1,392,999
Other	7,773	4,512	-	-	12,285
Total operating revenues	895,625	1,071,078	4,830,342	1,392,999	8,190,044
Operating expenses:					
Operating and maintenance	835,484	-	4,325,874	1,262,209	6,423,567
Administrative and general expense:	20,724	691,074	331,760	164,578	1,208,136
Depreciation	14,587	216,232	241,291	155,177	627,287
Total operating expenses	870,795	907,306	4,898,925	1,581,964	8,258,990
Operating income (loss)	24,830	163,772	(68,583)	(188,965)	(68,946)
Nonoperating revenues (expenses):					
Interest and investment revenue	196	3,188	5,828	3,544	12,756
Interest expense	(504)	-	(23,207)	(103,841)	(127,552)
Amortization expense	-	(560,340)	-	-	(560,340)
Gain (loss) on disposition of assets	3,772	-	(40,025)	(3,237)	(39,490)
Total nonoperating revenue (expenses)	3,464	(557,152)	(57,404)	(103,534)	(714,626)
Income (loss) before contributions and transfers	28,294	(393,380)	(125,987)	(292,499)	(783,572)
Transfers in		-	-	651,500	651,500
Transfers out	-	-	-	(3,505)	(3,505)
Change in net assets	28,294	(393,380)	(125,987)	355,496	(135,577)
Total net assets - beginning	2,278	8,493,939	1,789,752	575,513	10,861,482
Total net assets - ending	$ 30,572	$ 8,100,559	$ 1,663,765	$ 931,009	$ 10,725,905

CITY OF SOUTH BEND
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2011

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
Cash flows from operating activities:					
Receipts from customers and users	$ 887,718	$ 1,072,118	$ 4,757,139	$ 1,395,999	$ 8,112,974
Receipts from interfund services provided	-	-	52,000	-	52,000
Payments to suppliers	(32,423)	(735,328)	(1,718,844)	(1,405,761)	(3,892,356)
Payments to employees	(739,646)	-	(1,525,117)	-	(2,264,763)
Payments for interfund services used	(82,322)	(17,400)	(1,285,975)	14,825	(1,370,872)
Net cash provided by operating activities	33,327	319,390	279,203	5,063	636,983
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	-	651,500	651,500
Transfers to other funds	-	-	-	(2,511)	(2,511)
Net cash provided by noncapital financing activities	-	-	-	648,989	648,989
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	-	-	(53,598)	(53,598)
Proceeds from capital debt issued	-	-	45,108	-	45,108
Principal paid on capital debt	(3,878)	-	(214,878)	(609,575)	(828,331)
Interest paid on capital debt	(472)	-	(24,463)	(84,594)	(109,529)
Proceeds from sales of capital assets	3,772	-	-	-	3,772
Net cash used by capital and related financing activities	(578)	-	(194,233)	(747,767)	(942,578)
Cash flows from investing activities:					
Investments purchased	(47,394)	(623,745)	(816,379)	(668,200)	(2,155,718)
Interest received	138	2,441	4,370	2,864	9,813
Net cash used by investing activities	(47,256)	(621,304)	(812,009)	(665,336)	(2,145,905)
Net decrease in cash and cash equivalents	(14,507)	(301,914)	(727,039)	(759,051)	(1,802,511)
Cash and cash equivalents, January 1 (Including $1,363,178 and $1,597 for the revenue bond covenants and capital outlays, respectively, reported in restricted accounts)	36,654	593,388	1,153,657	1,536,054	3,319,753
Cash and cash equivalents, December 31 (Including $723,753 and $5,041 for the revenue bond covenants and capital outlays, respectively, reported in restricted accounts)	$ 22,147	$ 291,474	$ 426,618	$ 777,003	$ 1,517,242

Continued on next page

CITY OF SOUTH BEND
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2011
(Continued)

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 24,830	$ 163,772	$ (68,583)	$ (188,965)	$ (68,946)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	14,587	216,232	241,291	155,177	627,287
Bad debt expense	-	-	51,087	-	51,087
Lease proceeds used for noncapital purchases	-	-	45,358	-	45,358
(Increase) decrease in assets:					
Accounts receivable	759	1,040	(72,291)	3,000	(67,492)
Interfund receivable	(8,666)	-	-	-	(8,666)
Inventories	-	-	-	1,969	1,969
Prepaid items	-	-	-	(3,184)	(3,184)
Increase (decrease) in liabilities:					
Accounts payable	(73)	(61,654)	88,717	(1,816)	25,174
Interfund payable	360	-	2,022	38,825	41,207
Accrued payroll payable	852	-	2,872	-	3,724
Compensated absence payable	678	-	(11,270)	-	(10,592)
Taxes payable	-	-	-	57	57
Total adjustments	8,497	155,618	347,786	194,028	705,929
Net cash provided (used) by operating activities	$ 33,327	$ 319,390	$ 279,203	$ 5,063	$ 636,983
Noncash investing, capital and financing activities:					
Capital asset disposals	$ -	$ -	$ 219,783	$ -	$ 219,783
Capital assets acquired through debt	39,600	-	438,819	-	478,419

THE CITY OF SOUTH BEND, INDIANA

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V Internal Service Funds

INTERNAL SERVICE FUNDS

Liability Insurance Premium Reserve -	To account for expenses related to maintaining the City's self-funded liability insurance including administrative costs, claims, and premiums. Funding is provided by assessments to certain other City funds.
Self-Funded Employee Benefits -	To account for employer and employees' contributions for a medical insurance plan.
Central Services -	To account for expenses related to fuel, vehicle repairs and various supplies provided to City departments on a cost-reimbursement basis.
Police Take Home Vehicle -	To account for expenses associated with claims arising from use of program vehicles occurring while officers are not on duty. Funding is provided by officers participating in the program.
Unemployment Compensation Insurance -	To account for payment of unemployment claims to the Indiana Department of Workforce Development. Financing is provided by allocating costs to user departments to cover the estimated costs of claims.

CITY OF SOUTH BEND
COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS
December 31, 2011

	Liability Insurance Premium Reserve	Self-Funded Employee Benefits	Central Services	Police Take Home Vehicle	Unemployment Compensation Insurance	Totals
Assets						
Current assets:						
Cash and cash equivalents	$ 1,418,154	$ 2,850,787	$ 318,639	$ 108,144	$ 4,967	$ 4,700,691
Investments	3,034,799	6,005,994	681,877	231,424	10,630	9,964,724
Interest receivable	4,514	8,950	1,014	344	17	14,839
Accounts receivable	39	279,911	36,759	-	-	316,709
Interfund receivables:						
Interfund services provided and used	-	-	568,445	-	-	568,445
Inventories	-	-	779,416	-	-	779,416
Total current assets	4,457,506	9,145,642	2,386,150	339,912	15,614	16,344,824
Capital assets:						
Other capital assets (net of accumulated depreciation)	31,946	-	1,305,486	-	-	1,337,432
Total assets	4,489,452	9,145,642	3,691,636	339,912	15,614	17,682,256
Liabilities						
Current liabilities:						
Accounts payable	5,559	748,708	447,681	-	14,301	1,216,249
Interfund payables:						
Interfund loans	-	-	-	-	25,000	25,000
Interfund services provided and used	258	596	2,499	3,073	-	6,426
Accrued payroll payable	4,641	-	78,087	-	-	82,728
Compensated absences	5,566	-	110,353	-	-	115,919
Capital leases payable	-	-	4,428	-	-	4,428
Interest payable	-	-	233	-	-	233
Estimate of unfiled claims	2,255,972	100,000	-	-	-	2,355,972
Total current liabilities	2,271,996	849,304	643,281	3,073	39,301	3,806,955
Noncurrent liabilities:						
Capital leases payable	-	-	13,824	-	-	13,824
Total liabilities	2,271,996	849,304	657,105	3,073	39,301	3,820,779
Net Assets						
Invested in capital assets, net of related debt	-	-	1,305,486	-	-	1,305,486
Unrestricted	2,217,456	8,296,338	1,729,045	336,839	(23,687)	12,555,991
Total net assets	$ 2,217,456	$ 8,296,338	$ 3,034,531	$ 336,839	$ (23,687)	$ 13,861,477

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

	Liability Insurance Premium Reserve	Self-Funded Employee Benefits	Central Services	Police Take Home Vehicle	Unemployment Compensation Insurance	Totals
Operating revenues:						
Employee/employer contributions	$ 3,005,286	$ 11,248,561	$ -	$ 85,326	$ 217,401	$ 14,556,574
Charges for sales and services	-	-	3,367,063	-	-	3,367,063
Other	61,643	-	-	-	-	61,643
Total operating revenues	3,066,929	11,248,561	3,367,063	85,326	217,401	17,985,280
Operating expenses:						
Operation and maintenance	-	-	2,808,807	-	-	2,808,807
Administration	297,716	379,752	188,459	-	-	865,927
Insurance claims and premiums	2,070,065	11,328,758	-	11,237	241,192	13,651,252
Depreciation	533	-	70,224	-	-	70,757
Total operating expenses	2,368,314	11,708,510	3,067,490	11,237	241,192	17,396,743
Operating income (loss)	698,615	(459,949)	299,573	74,089	(23,791)	588,537
Nonoperating revenues:						
Interest and investment revenue	15,979	36,771	3,106	1,215	104	57,175
Interest expense	-	-	(419)	-	-	(419)
Gain on disposition of assets	690	-	-	-	-	690
Total nonoperating revenue (expenses)	16,669	36,771	2,687	1,215	104	57,446
Contributed capital	2,784	-	-	-	-	2,784
Change in net assets	718,068	(423,178)	302,260	75,304	(23,687)	648,767
Total net assets - beginning	1,499,388	8,719,516	2,732,271	261,535	-	13,212,710
Total net assets - ending	$ 2,217,456	$ 8,296,338	$ 3,034,531	$ 336,839	$ (23,687)	$ 13,861,477

CITY OF SOUTH BEND
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2011

	Liability Insurance Premium Reserve	Self-Funded Employee Benefits	Central Services	Police Take Home Vehicle	Unemployment Compensation Insurance	Totals
Cash flows from operating activities:						
Receipts from customers and users	$ 61,604	$ 649,952	$ 107,356	$ 85,326	$ -	$ 904,238
Receipts from interfund services provided	3,005,286	10,597,981	3,247,889	-	217,401	17,068,557
Payments to suppliers	(2,002,161)	(11,382,919)	(339,979)	-	(226,891)	(13,951,950)
Payments to employees	(155,079)	(1,244)	(2,252,244)	-	-	(2,408,567)
Payments for interfund services used	(115,427)	(188,368)	(143,071)	(8,164)	-	(455,030)
Net cash provided (used) by operating activities	794,223	(324,598)	619,951	77,162	(9,490)	1,157,248
Cash flows from noncapital financing activities:						
Interfund loan proceeds	-	-	-	-	25,000	25,000
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(32,479)	-	(120,368)	-	-	(152,847)
Principal paid on capital debt	-	-	(4,280)	-	-	(4,280)
Interest paid on capital debt	-	-	(186)	-	-	(186)
Proceeds from sales of capital assets	690	-	-	-	-	690
Net cash used by capital and related financing activities	(31,789)	-	(124,834)	-	-	(156,623)
Cash flows from investing activities:						
Contributions	2,784	-	-	-	-	2,784
Purchased of investments	(3,034,799)	(6,005,994)	(681,877)	(231,424)	(10,630)	(9,964,724)
Interest received	12,666	30,893	2,276	955	87	46,877
Net cash used by investing activities	(3,019,349)	(5,975,101)	(679,601)	(230,469)	(10,543)	(9,915,063)
Net increase (decrease) in cash and cash equivalents	(2,256,915)	(6,299,699)	(184,484)	(153,307)	4,967	(8,889,438)
Cash and cash equivalents, January 1	3,675,069	9,150,486	503,123	261,451	-	13,590,129
Cash and cash equivalents, December 31	$ 1,418,154	$ 2,850,787	$ 318,639	$ 108,144	$ 4,967	$ 4,700,691

Continued on next page

CITY OF SOUTH BEND
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2011
(Continued)

	Liability Insurance Premium Reserve	Self-Funded Employee Benefits	Central Services	Police Take Home Vehicle	Unemployment Compensation Insurance	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	$ 698,615	$ (459,949)	$ 299,573	$ 74,089	$ (23,791)	$ 588,537
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	533	-	70,224	-	-	70,757
(Increase) decrease in assets:						
Accounts receivable	(39)	(628)	9,606	-	-	8,939
Interfund receivables	-	-	(21,424)	-	-	(21,424)
Inventories	-	-	(75,191)	-	-	(75,191)
Increase (decrease) in liabilities:						
Accounts payable	(57,095)	136,005	326,709	-	14,301	419,920
Interfund payables	(51)	596	924	3,073	-	4,542
Accrued payroll payable	(384)	-	8,129	-	-	7,745
Compensated absences payable	597	(622)	1,401	-	-	1,376
Estimated unfiled claims	152,047	-	-	-	-	152,047
Total adjustments	95,608	135,351	320,378	3,073	14,301	568,711
Net cash provided (used) by operating activities	$ 794,223	$ (324,598)	$ 619,951	$ 77,162	$ (9,490)	$ 1,157,248
Noncash investing, capital and financing activities:						
Capital assets acquired by capital debt	$ -	$ -	$ 10,511	$ -	$ -	$ 10,511
Capital asset disposals	-	-	39,361	-	-	39,361

THE CITY OF SOUTH BEND, INDIANA
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VI Fiduciary Funds

FIDUCIARY FUNDS

Pension Trust Funds

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

Agency Fund

Payroll -	To account for the payroll of City employees and pension benefits of the Police and Firefighters' Pension Funds. Gross payroll and pension benefits are treated as expenditures in other City funds and transferred into this fund, which serves as a clearing account.
Morris Palais Royale Box Office -	To account for Morris Entertainment Center and Palais Royale event advance deposits and related expenses.

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

	1925 Police Pension	1937 Firefighters' Pension	Total Pension Trust Funds
Assets			
Cash and cash equivalents	$ 689,384	$ 546,878	$ 1,236,262
Investments	1,475,257	1,170,299	2,645,556
Receivables:			
Interest	2,206	1,751	3,957
Total assets	2,166,847	1,718,928	3,885,775
Liabilities			
Current liabilities:			
Accounts payable	88	142	230
Accrued payroll payable	-	620	620
Total liabilities	88	762	850
Net Assets			
Held in trust for:			
Employees' pension benefits	$ 2,166,759	$ 1,718,166	$ 3,884,925

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

	1925 Police Pension	1937 Firefighters' Pension	Total Pension Trust Funds
Additions			
Contributions:			
On behalf	$ 6,481,287	$ 5,524,569	$ 12,005,856
Other	5,703	-	5,703
Total contributions	6,486,990	5,524,569	12,011,559
Net investment income:			
Interest	7,641	6,017	13,658
Total additions	6,494,631	5,530,586	12,025,217
Deductions			
Benefits	6,683,830	5,615,445	12,299,275
Administrative expense	11,092	12,001	23,093
Total deductions	6,694,922	5,627,446	12,322,368
Changes in net assets	(200,291)	(96,860)	(297,151)
Net assets - beginning	2,367,050	1,815,026	4,182,076
Net assets - ending	$ 2,166,759	$ 1,718,166	$ 3,884,925

CITY OF SOUTH BEND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - AGENCY FUND
For the Year Ended December 31, 2011

	Payroll	Morris Palais Royale Box Office	Total Agency Funds
Assets:			
Cash and cash equivalents, January 1	$ 1,260,717	$ -	$ 1,260,717
Additions	94,843,597	2,133,343	96,776,940
Deductions	(95,502,064)	(1,243,370)	(96,745,434)
Cash and cash equivalents, December 31	402,250	889,973	1,292,223
Investments, January 1	-	-	-
Additions	860,343	-	860,343
Deductions	-	-	-
Investments, December 31	860,343	-	860,343
Total assets, December 31	$ 1,262,593	$ 889,973	$ 2,152,566
Liabilities:			
Accrued payroll and withholdings payable, January 1	$ 1,260,717	$ -	$ 1,260,717
Additions	95,503,940	2,133,343	97,637,283
Deductions	(95,502,064)	(1,243,370)	(96,745,434)
Total liabilities, December 31	$ 1,262,593	$ 889,973	$ 2,152,566

THE CITY OF SOUTH BEND, INDIANA

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VII Statistical Section

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City of South Bend's financial position and performance have changed over time.

City of South Bend, Indiana
Net Assets by Component
Last Ten Fiscal Years

	2002	2003	2004	2005	2006 (1)	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	31,654,852	31,254,629	7,383,902	35,777,247	208,509,577	200,634,954	178,178,047	178,483,535	186,771,216	195,361,678
Restricted	7,167,628	6,381,082	1,966,388	6,138,257	5,225,642	5,370,627	11,077,687	12,825,227	8,840,610	9,354,772
Unrestricted	16,463,922	31,095,490	59,250,281	26,957,659	24,900,036	47,150,229	56,786,214	82,877,695	96,539,932	88,347,096
Total governmental activities net assets	55,286,402	68,731,201	68,600,571	68,873,163	238,635,255	253,155,810	246,041,948	274,186,457	292,151,758	293,063,546
Business-type activities										
Invested in capital assets, net of related debt	49,514,614	102,466,792	93,370,899	94,833,960	97,670,533	112,194,451	124,705,327	119,607,643	122,108,095	103,923,028
Restricted	44,235,716	14,456,725	13,254,447	17,942,700	22,535,858	8,273,257	8,630,542	14,075,339	13,320,967	12,937,988
Unrestricted	37,874,655	12,837,127	19,015,375	8,751,584	7,168,852	15,793,782	9,209,917	12,597,138	19,262,192	47,540,313
Total business-type activities net assets	131,624,985	129,760,644	125,640,721	121,528,244	127,375,243	136,261,490	142,545,786	146,280,120	154,691,254	164,401,329
Primary government										
Invested in capital assets, net of related debt	81,169,466	133,721,421	100,754,801	130,611,207	306,180,110	312,829,405	302,883,374	298,091,178	308,879,311	299,284,706
Restricted	51,403,344	20,837,807	15,220,835	24,080,957	27,761,500	13,643,884	19,708,229	26,900,566	22,161,577	22,292,760
Unrestricted	54,338,577	43,932,617	78,265,656	35,709,243	32,068,888	62,944,011	65,996,131	95,474,833	115,802,124	135,887,409
Total primary government net assets	186,911,387	198,491,845	194,241,292	190,401,407	366,010,498	389,417,300	388,587,734	420,466,577	446,843,012	457,464,875

Source - City of South Bend Comprehensvie Annual Financial Reports (includes prior period adjustments)

(1) The City implemented the retroactive reporting of infrastructure assets required by GASB Statement No. 34 during 2006.

Net assets is defined as the difference between total assets and total liabilities and can generally be thought of as the net worth of the City of South Bend.

City of South Bend, Indiana
Changes in Net Assets
Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
General government	(18,940,766)	(12,857,643)	(17,523,559)	(15,033,018)	(17,194,920)	(13,680,203)	(10,253,389)	(7,903,378)	(8,261,861)	(16,783,351)
Public safety	(38,925,286)	(48,254,995)	(45,799,395)	(72,450,941)	(56,600,175)	(52,751,974)	(49,728,256)	(50,800,573)	(62,106,991)	(73,530,442)
Highways and streets	(10,359,307)	(6,370,307)	(9,855,890)	(9,010,971)	(21,813,189)	(17,904,129)	(22,292,012)	(15,042,344)	(9,526,537)	(7,574,003)
Health and welfare	(75,000)	(99,586)	(102,314)	(75,352)	(114,131)	(75,000)	(75,000)	0	0	0
Culture and recreation	(7,488,084)	(10,899,340)	(13,689,893)	(8,840,970)	(14,994,300)	(16,454,667)	(18,311,807)	(17,981,839)	(16,036,194)	(15,566,794)
Economic development	(16,670,062)	(17,708,054)	(18,102,343)	(22,436,802)	(18,813,636)	(18,206,948)	(27,299,233)	(4,335,618)	(30,744,012)	(34,648,975)
Interest on long-term debt	(3,988,586)	(3,979,222)	(6,209,012)	(5,943,021)	(5,841,032)	(5,859,102)	(7,080,166)	(8,049,610)	(7,339,548)	(6,798,531)
Total governmental activities expenses	(96,447,091)	(100,169,147)	(111,282,406)	(133,791,075)	(135,371,383)	(124,932,023)	(135,039,863)	(104,113,362)	(134,015,143)	(154,902,096)
Business-type activities:										
Water	(11,003,062)	(11,676,058)	(12,275,029)	(12,447,141)	(11,916,504)	(13,061,750)	(13,492,744)	(12,584,679)	(12,525,246)	(11,972,840)
Wastewater	(13,681,575)	(14,402,563)	(16,125,258)	(18,452,785)	(16,972,401)	(18,295,813)	(23,020,991)	(27,047,143)	(21,403,663)	(22,260,005)
Civic Center	(3,395,569)	(3,460,137)	(3,592,627)	(3,478,359)	(3,355,531)	(3,490,103)	(3,562,285)	(3,488,266)	(2,989,586)	(3,100,484)
Building department	(1,038,341)	(1,052,861)	(1,134,986)	(1,047,007)	(1,102,164)	(1,090,327)	(1,108,940)	(1,113,867)	(930,120)	(871,299)
Parking	(1,378,563)	(1,451,385)	(1,739,235)	(1,165,502)	(1,261,942)	(1,444,146)	(1,466,200)	(1,471,960)	(1,438,288)	(1,467,646)
Solid waste	(3,715,963)	(3,775,137)	(4,015,831)	(4,920,464)	(4,187,706)	(4,072,910)	(4,299,846)	(4,036,001)	(4,204,056)	(4,962,157)
Golf course	(1,655,435)	(1,706,537)	(1,778,107)	(1,736,939)	(1,811,757)	(1,811,801)	(1,829,122)	(1,881,982)	(1,995,556)	(1,689,042)
Total business-type activities net expenses	(35,868,508)	(37,524,678)	(40,661,073)	(43,248,197)	(40,608,005)	(43,266,850)	(48,780,128)	(51,623,898)	(45,486,515)	(46,323,473)
Total primary government net assets	(132,315,599)	(137,693,825)	(151,943,479)	(177,039,272)	(175,979,388)	(168,198,873)	(183,819,991)	(155,737,260)	(179,501,658)	(201,225,569)

Changes in net assets is defined as the incremental difference between total assets and total liabilities as a result of operations during the fiscal year.

City of South Bend, Indiana
Changes in Net Assets, Last Ten Fiscal Years (continued)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:										
Charges for services:										
General government	$5,200,416	$10,979,276	$6,054,637	$148,150	$6,883,104	$6,553,121	$6,647,223	$6,855,830	$6,964,269	$1,165,018
Public safety	3,595,877	2,070,815	2,075,522	2,239,368	5,132,285	4,228,405	5,035,433	5,051,827	4,916,958	4,096,566
Highways and streets	159,853	0	0	135,313	44,250	0	0	5,152	28,110	227,000
Economic development	883,576	192,135	168,523	516,570	562,807	604,873	636,722	332,454	283,420	683,503
Culture and recreation	3,788,266	1,327,538	1,044,512	3,784,176	4,940,629	5,057,076	5,300,818	5,063,896	4,995,049	4,681,536
Operating grants and contributions	14,826,421	14,813,675	10,718,149	12,916,362	12,452,463	15,628,287	11,356,682	12,199,444	29,467,573	32,091,246
Capital grants and contributions	3,842,673	1,790,912	10,326,795	9,447,723	13,793,363	960,502	1,176,783	780,137	1,472,233	2,328,468
Total governmental activities program revenue	32,297,082	31,174,351	30,388,138	29,187,662	43,808,901	33,032,264	30,153,661	30,288,740	48,127,612	45,273,337
Business-type activities:										
Charges for services:										
Water	12,953,580	13,021,168	12,513,333	12,130,549	14,757,819	15,336,891	14,926,833	14,151,289	14,194,442	14,080,592
Wastewater	12,665,696	13,076,885	14,773,651	14,830,607	18,725,903	21,349,401	23,567,973	25,012,163	26,001,156	29,407,263
Civic Center	1,848,097	1,704,787	1,837,763	1,604,352	3,113,264	3,371,553	3,370,802	2,873,966	2,869,010	2,894,913
Building Department	979,781	1,020,325	983,102	1,125,312	1,039,405	1,078,258	1,169,788	977,050	875,481	899,397
Parking	731,007	1,211,222	768,503	763,581	799,350	861,307	1,003,889	1,070,519	1,047,784	1,071,078
Solid Waste	4,029,171	3,987,183	3,964,487	3,764,229	4,177,897	4,187,821	4,343,120	4,759,530	4,745,547	4,830,342
Golf Course	1,541,311	1,630,975	1,689,984	1,546,244	1,565,649	1,512,150	1,493,519	1,557,951	1,479,415	1,392,999
Operating grants and contributions	1,020,628	1,130,575	1,165,243	1,282,780	0	0	0	0	0	0
Capital grants and contributions	850,967	72,390	118,953	1,479,581	1,413,861	1,253,332	1,209,380	4,038,412	1,889,165	4,291,731
Total business-type activites program revenue	36,620,238	36,855,510	37,815,019	38,527,235	45,593,148	48,950,713	51,085,304	54,440,880	53,102,000	58,868,315
Total primary government program revenues	68,917,320	68,029,861	68,203,157	67,714,897	89,402,049	81,982,977	81,238,965	84,729,620	101,229,612	104,141,652
Net (Expense)/Revenue										
Governmental activities	(64,150,009)	(68,994,796)	(80,894,268)	(104,603,413)	(91,562,482)	(91,899,759)	(104,886,202)	(73,824,622)	(85,887,531)	(109,628,759)
Business-type activities	751,730	(669,168)	(2,846,054)	(4,720,962)	4,985,143	5,683,863	2,305,176	2,816,982	7,615,485	12,544,842
Total primary government net expense	(63,398,279)	(69,663,964)	(83,740,322)	(109,324,375)	(86,577,339)	(86,215,896)	(102,581,026)	(71,007,640)	(78,272,046)	(97,083,917)

City of South Bend, Indiana
Changes in Net Assets, Last Ten Fiscal Years (continued)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	$58,552,988	$67,965,063	$62,279,784	$72,743,697	$68,256,602	$77,120,683	$76,109,499	$73,882,128	$77,315,641	$76,445,349
County Option Income Tax	7,750,067	7,374,318	7,001,198	5,695,618	6,410,405	8,072,623	5,813,846	10,270,179	11,502,052	13,219,723
Economic Development Income Tax	3,077,665	3,512,369	3,448,688	3,464,152	4,013,475	4,681,134	3,788,754	4,536,245	7,335,113	8,044,773
Professional Sports Development Tax	316,173	341,093	378,099	385,553	336,281	435,791	453,268	522,788	597,406	558,268
Community Revitalization District Tax	0	0	655,269	965,052	1,000,000	1,000,000	955,315	605,623	416,149	733,100
Unrestricted grants and contributions	4,989,809	5,286,477	5,133,838	5,160,298	5,063,541	4,032,300	5,664,011	7,597,883	4,883,081	3,964,336
Unrestricted Investment earnings	1,559,320	1,124,825	1,660,720	3,543,469	4,762,484	6,247,113	4,961,410	859,135	868,023	1,050,768
Other	785,900	903,574	598,600	10,790,170	3,520,138	5,016,902	2,007,821	2,781,368	2,627,341	3,483,054
Loss on Sale of Redevelopment Properties	(1,083,637)	0	0	0	0	0	0	0	0	0
Net Pension Obligation	(5,324,182)	0	0	0	0	0	0	0	0	0
Transfers	(60,033)	12,533	14,873	33,589	44,200	3,735	34,970	(645,992)	(648,823)	3,041,176
Total governmental activities	70,564,070	86,520,252	81,171,069	102,781,598	93,407,126	106,610,281	99,788,894	100,409,357	104,895,983	110,540,547
Business-type activities:										
Unrestricted Investment earnings	462,674	266,610	362,676	745,966	906,056	1,301,348	1,514,287	271,360	146,826	206,409
Other	0	0	0	1,990,515	0	0	0	0	0	0
Transfers	60,033	(12,533)	(14,873)	(33,589)	(44,200)	(3,735)	(34,970)	645,992	648,823	(3,041,176)
Total business-type activities	522,707	254,077	347,803	2,702,892	861,856	1,297,613	1,479,317	917,352	795,649	(2,834,767)
Total primary government	71,086,777	86,774,329	81,518,872	105,484,490	94,268,982	107,907,894	101,268,211	101,326,709	105,691,632	107,705,780
Special Item (Governmental activities):										
Well field contamination settlement	0	0	0	0	0	0	4,462,214	0	0	0
Change in Net Assets										
Governmental activities	6,414,061	17,525,456	276,801	(1,821,815)	1,844,644	14,710,522	(635,094)	26,584,735	19,008,452	911,788
Business-type activities	1,274,437	(415,091)	(2,498,251)	(2,018,070)	5,846,999	6,981,476	3,784,493	3,734,334	8,411,134	9,710,075
Total primary government	$7,688,498	$17,110,365	($2,221,450)	($3,839,885)	$7,691,643	$21,691,998	$3,149,399	$30,319,069	$27,419,586	$10,621,863

Excludes prior period adjustments

Source : City of South Bend Comprehensive Annual Financial Reports

City of South Bend, Indiana
Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 [1]
General fund										
Reserved	2,695,612	2,002,641	2,365,669	10,581,739	4,162,853	2,213,970	3,245,271	1,516,159	1,824,454	-
Unreserved	14,359,310	18,503,386	19,656,024	18,162,455	21,688,442	21,546,783	24,171,313	23,102,296	26,912,688	-
Nonspendable	-	-	-	-	-	-	-	-	-	1,115,025
Restricted	-	-	-	-	-	-	-	-	-	327,267
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	255,287
Unassigned	-	-	-	-	-	-	-	-	-	26,233,637
Total - General Fund	17,054,922	20,506,027	22,021,693	28,744,194	25,851,295	23,760,753	27,416,584	24,618,455	28,737,142	27,931,216
Other Governmental Funds										
Reserved	37,163,342	33,911,725	39,224,425	38,498,351	34,251,520	36,374,517	60,213,915	56,819,802	62,230,229	-
Unreserved, reported in:										
Special revenue funds	9,981,610	9,881,359	10,159,432	14,134,371	19,348,846	25,703,180	32,054,329	36,398,024	31,996,398	-
Capital projects funds	22,299,698	70,656,781	43,815,737	40,624,644	60,447,079	66,593,906	87,571,056	78,214,132	85,237,947	-
Debt service funds	-	-	-	-	(7,828)	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	37,036,839
Restricted	-	-	-	-	-	-	-	-	-	44,754,037
Committed	-	-	-	-	-	-	-	-	-	11,829,074
Assigned	-	-	-	-	-	-	-	-	-	77,460,284
Unassigned	-	-	-	-	-	-	-	-	-	(2,777,374)
Total - Other Governmental Funds	69,444,650	114,449,865	93,199,594	93,257,366	114,039,617	128,671,603	179,839,300	171,431,958	179,464,574	168,302,860
Grand Total - Governmental Funds	86,499,572	134,955,892	115,221,287	122,001,560	139,890,912	152,432,356	207,255,884	196,050,413	208,201,716	196,234,076

(1) - The City of South Bend adopted Statement No. 54 of the Governmental Accounting Standards Board requiring new classfications for Fund Balance reporting for fiscal year 2011.

Source: City of South Bend Comprehensive Annual Financial Reports

City of South Bend, Indiana
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	73,697,617	80,533,464	75,289,946	78,650,044	84,049,414	88,695,023	96,930,953	89,139,585	101,785,765	99,001,213
Licenses, fees and permits	236,267	212,261	223,006	246,780	186,470	173,604	177,329	206,594	192,397	190,943
Fines and forfeits	203,837	264,704	302,376	245,680	444,861	437,732	412,707	423,981	409,775	636,749
Charges for services	13,187,884	14,030,134	15,187,711	15,293,779	16,931,744	15,832,139	17,030,160	16,678,584	16,585,634	13,990,267
Intergovernmental	20,859,845	19,873,378	17,968,454	18,665,828	31,275,541	21,400,166	18,196,118	20,577,464	35,822,886	34,419,714
Investment earnings	1,559,320	1,124,825	1,668,050	3,543,469	4,762,484	6,248,605	4,962,768	859,135	868,023	1,050,768
Other revenues	3,287,910	2,977,325	2,732,127	10,791,555	3,414,731	5,039,373	2,007,821	3,046,791	2,677,796	3,587,518
Total revenues	**113,032,680**	**119,016,091**	**113,371,670**	**127,437,135**	**141,065,245**	**137,826,642**	**139,717,856**	**130,932,134**	**158,342,276**	**152,877,172**
Expenditures										
General government	7,530,213	5,798,497	6,814,675	7,828,275	11,244,734	9,611,354	6,902,426	5,969,141	5,214,424	6,680,855
Public Safety	38,896,338	45,498,413	44,371,673	49,010,645	51,050,640	53,203,005	50,413,055	48,790,068	62,586,177	69,612,754
Highways and Streets	12,366,777	7,499,367	12,638,026	9,874,281	13,583,761	13,257,781	13,369,611	11,716,810	10,702,555	5,079,041
Health and Welfare	75,000	75,000	75,000	75,000	75,000	75,000	75,000	0	0	0
Culture and Recreation	12,352,525	12,855,102	14,347,497	14,226,463	13,849,622	13,469,798	14,542,481	12,733,094	12,841,596	13,816,699
Economic Development	9,755,980	14,518,827	13,208,131	7,531,650	9,752,254	7,710,242	9,726,718	8,938,134	17,408,376	9,698,611
Captial Outlay	24,217,175	23,264,716	30,722,396	29,299,053	16,391,192	17,293,302	26,695,208	37,485,105	21,952,522	46,691,030
Debt Service										
Interest and Fiscal Charges	3,938,296	4,417,477	5,287,658	5,793,386	6,144,611	5,718,572	7,258,201	8,053,995	7,499,683	7,186,494
Principal	4,883,106	10,197,689	5,597,717	7,074,887	7,435,722	7,870,166	9,040,095	9,276,363	12,552,681	13,632,195
Total expenditures	**114,015,410**	**124,125,088**	**133,062,773**	**130,713,640**	**129,527,536**	**128,209,220**	**138,022,795**	**142,962,710**	**150,758,014**	**172,397,679**
Excess of revenues over (under) expenditures	**(982,730)**	**(5,108,997)**	**(19,691,103)**	**(3,276,505)**	**11,537,709**	**9,617,422**	**1,695,061**	**(12,030,576)**	**7,584,262**	**(19,520,507)**
Other Financing Sources (Uses)										
Proceeds from debt issuance	12,016,706	55,953,290	613,767	10,023,189	14,050,557	2,920,287	45,622,808	1,771,318	5,280,314	3,478,239
Premium (discount) on debt issuance	0	0	0	0	0	0	1,626,186	80,950	146,030	26,877
Proceeds from refunding	0	598,086	0	0	0	0	0	7,210,000	5,327,775	38,307,431
Payments to refunded bond escrow agent	0	(1,793,917)	0	0	(8,371,711)	0	0	(7,591,171)	(5,538,255)	(37,300,856)
Financing By Capital Lease	755,000	795,325	0	0	0	0	0	0	0	0
Transfers in	6,864,298	8,201,665	6,571,247	8,332,742	8,928,540	7,872,575	10,574,625	8,687,172	16,314,577	22,483,564
Transfers out	(7,724,331)	(10,189,132)	(6,556,374)	(8,299,153)	(8,884,340)	(7,868,840)	(10,539,655)	(9,333,164)	(16,963,400)	(19,442,388)
Other	455,120	0	0	0	0	0	0	0	0	0
Total other financing sources (uses)	**12,366,793**	**53,565,317**	**628,640**	**10,056,778**	**5,723,046**	**2,924,022**	**47,283,964**	**825,105**	**4,567,041**	**7,552,867**
Special Item:										
Well field contamination settlement	0	0	0	0	0	0	4,462,214	0	0	0
Net change in fund balances	**11,384,063**	**48,456,320**	**(19,062,463)**	**6,780,273**	**17,260,755**	**12,541,444**	**53,441,239**	**(11,205,471)**	**12,151,303**	**(11,967,640)**
Debt service as a percentage of noncapital expenditures (1)	**8.6%**	**13.5%**	**9.8%**	**11.1%**	**10.8%**	**11.4%**	**12.1%**	**17.6%**	**15.4%**	**13.8%**

Excludes prior period adjustments

(1) Formula = Deb service payments (principal and interest) / (Total Governmental Fund expenditures - Governmental Fund capital outlay per reconciliation)

Source: City of South Bend Comprehensive Annual Financial Reports

REVENUE CAPACITY

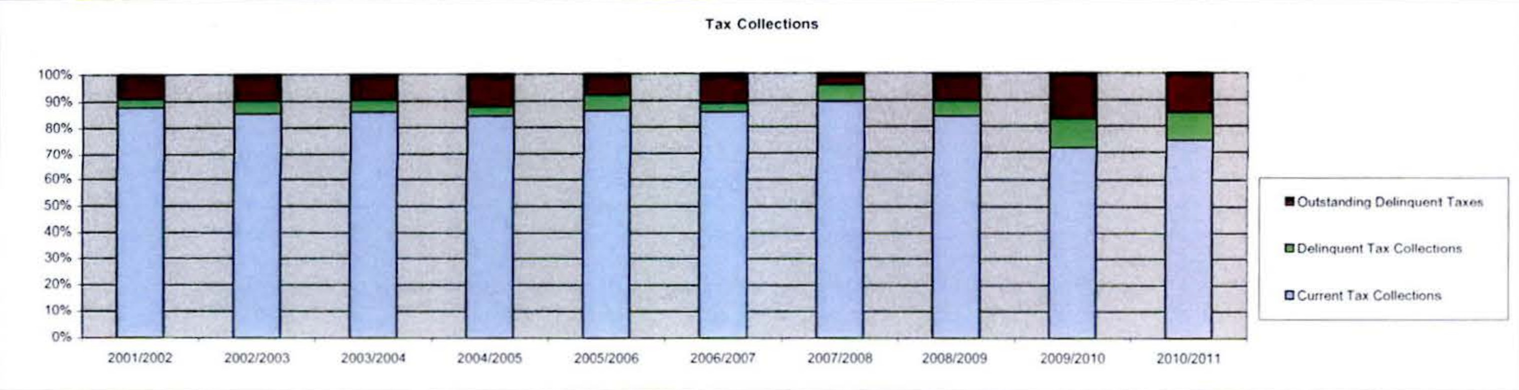
These schedules contain information to help the reader assess the factors affecting the City of South Bend's ability to generate and maintain revenue.

CITY OF SOUTH BEND, INDIANA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Tax Year/ Collection Year	Per DLGF Current Tax Levy	Estimated Circuit Breaker Levy Reduction	Adjusted Current Tax Levy (County Abstract)	Current Tax Collections	Current Tax Collections as a Percent of Adjusted Tax Levy	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as a Percent of Adjusted Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Adjusted Tax Levy
2001/2002	52,762,157	0	52,762,157	49,330,749	93.50%	1,789,947	51,120,696	96.89%	5,083,451	9.63%
2002/2003	58,326,066	0	58,326,066	53,726,528	92.11%	2,928,994	56,655,522	97.14%	6,203,521	10.64%
2003/2004	59,875,358	0	59,875,358	56,031,449	93.58%	2,914,419	58,945,868	98.45%	6,189,942	10.34%
2004/2005	60,833,109	0	60,833,109	56,114,865	92.24%	2,335,278	58,450,143	96.08%	8,093,237	13.30%
2005/2006	62,058,519	0	62,058,519	58,849,337	94.83%	3,847,872	62,697,209	101.03%	5,495,442	8.86%
2006/2007	62,723,113	0	62,723,113	57,979,187	92.44%	2,289,138	60,268,325	96.09%	7,411,505	11.82%
2007/2008	65,534,282	0	65,534,282	59,589,537	90.93%	4,113,095	63,702,632	97.21%	2,831,650	4.32%
2008/2009	64,546,050	7,863,846	56,682,204	47,497,697	83.80%	3,355,161	50,852,858	89.72%	5,810,503	10.25%
2009/2010	66,929,179	14,346,110	52,583,069	41,813,442	79.52%	6,380,600	48,194,042	91.65%	10,026,236	19.07%
2010/2011	68,662,101	17,692,787	50,969,314	40,876,844	80.20%	5,791,920	46,668,764	91.56%	8,165,775	16.02%

Source - St. Joseph County Auditor's Settlement Worksheets and Abstract. City of South Bend budget forms approved by the Department of Local Government Finance (DLGF).

Data provided for General Fund, Parks & Recreation, Cumulative Capital Development, Fire Pension and Police Pension funds. Excludes College Football Hall of Fame and Tax Increment Financing Funds. Delinquent tax collections are not broken out by individual taxing unit. A calculation of South Bend's share of delinquent taxes has been made based on proportionate tax rates.



City of South Bend, Indiana
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per $100 of net assessed value)

	City Direct Rates						Overlapping Rates						
Tax Year/ Collection Year	General Fund	Parks/ Recreation	Firefighters' Pension	Police Pension	Cumulative Capital Development	Total Direct	St. Joseph County	Schools Districts	Township	Library	Other (1)	Total Overlapping	Grand Total
2001/2002	2.1304	0.3591	0.0669	0.0600	0.0287	2.6451	0.9473	2.1725	0.0382	0.2496	0.2501	3.6577	6.3028
2002/2003	1.5668	0.2647	0.0493	0.0442	0.0356	1.9606	0.7366	1.4792	0.1122	0.1686	0.2240	2.7206	4.6812
2003/2004	1.6871	0.2859	0.0532	0.0477	0.0376	2.1115	0.7652	1.6201	0.0923	0.1830	0.2209	2.8815	4.9930
2004/2005	1.6845	0.2902	0.0540	0.0485	0.0376	2.1148	0.7831	1.5969	0.0276	0.1854	0.1828	2.7758	4.8906
2005/2006	1.7386	0.2981	0.0554	0.0498	0.0376	2.1795	0.9899	1.6033	0.0269	0.2027	0.1501	2.9729	5.1524
2006/2007	1.6838	0.2858	0.0531	0.0477	0.0342	2.1046	0.8711	1.5419	0.0285	0.1957	0.1737	2.8109	4.9155
2007/2008	1.7924	0.2979	0.0579	0.0572	0.0342	2.2396	0.7576	1.5417	0.0482	0.2216	0.1944	2.7635	5.0031
2008/2009	1.9777	0.3656	0.0117	0.0189	0.0342	2.4081	0.5693	1.0297	0.0537	0.2257	0.1733	2.0517	4.4598
2009/2010 (2)	2.2536	0.4401	0.0000	0.0000	0.0342	2.7279	0.5866	1.0728	0.0406	0.2657	0.1835	2.1492	4.8771
2010/2011	2.4381	0.4818	0.0000	0.0000	0.0342	2.9541	0.5424	1.2211	0.0438	0.3027	0.1958	2.3058	5.2599

Source: St. Joseph County Auditor's Office - Certified Tax Rate Schedules - Rates presented for Portage Township in South Bend

(1) Includes State of Indiana, Redevelopment Commission (Hall of Fame), South Bend Transportation and South Bend Regional Airport.

(2) Firefighters' Pension and Police Pension no longer tax burden for the City of South Bend as the State of Indiana has assumed responsibity for funding these programs.

(3) Information provided for Portage Township in the City of South Bend. Property tax rates applied to net assessed valuation. Property tax billings are also subject to "circuit breaker" property tax caps on grossed assessed valuation of 1% (homestead residential property), 2% (other residential/rental property), and 3% (nonresidential real and personal property).

CITY OF SOUTH BEND, INDIANA
DETAIL OF NET ASSESSED VALUATION
(Assessment For the Year 2010 Payable in 2011)

	South Bend Centre Twp	South Bend Clay Twp	South Bend German Twp	South Bend Penn Twp	South Bend Warren Twp	South Bend Portage Twp	Totals	Percent
Value of land	$118,740,000	$15,764,500	$53,867,000	$17,012,100	$844,300	$370,867,100	$577,095,000	
Value of improvements	613,258,800	146,688,600	418,140,700	91,929,500	17,706,300	2,474,218,400	3,761,942,300	
Total value of real estate	**731,998,800**	**162,453,100**	**472,007,700**	**108,941,600**	**18,550,600**	**2,845,085,500**	**4,339,037,300**	
Less: Mortgage, veterans, blind, age 65 & other exemptions	(236,087,383)	(36,326,003)	(84,241,379)	(27,468,336)	0	(968,497,830)	(1,352,620,931)	
Tax-exempt property	(43,368,540)	(7,979,950)	(15,919,370)	(9,774,900)	0	(258,787,150)	(335,829,910)	
Investment Deduction	0	0	0	0	0	(1,137,680)	(1,137,680)	
Tax increment financing	(187,740,764)	(13,382,430)	(235,965,536)	0	(15,808,910)	(309,840,592)	(762,738,232)	
Tax abatements	(16,684,060)	(76,875)	(20,803,090)	(4,734,160)	(2,741,690)	(32,146,938)	(77,186,813)	
Net value of real estate	**248,118,053**	**104,687,842**	**115,078,325**	**66,964,204**	**0**	**1,274,675,310**	**1,809,523,734**	**77.85%**
Gross personal property assessments	28,575,920	6,969,790	142,523,440	2,163,910	6,100,070	365,486,160	551,819,290	
Less: Tax abatements	(272,820)	0	(7,257,220)	0	0	(12,546,210)	(20,076,250)	
Tax-exempt property	(1,751,250)	(172,230)	(2,726,500)	(855,950)	0	(98,008,012)	(103,513,942)	
Investment deduction	0	0	0	0	0	(10,660)	(10,660)	
Tax increment financing	0	0	0	0	0	(14,300,070)	(14,300,070)	
Net value of personal property	**26,551,850**	**6,797,560**	**132,539,720**	**1,307,960**	**6,100,070**	**240,621,208**	**413,918,368**	**17.81%**
Net value of utilities	**7,958,730**	**4,290,960**	**10,858,680**	**956,230**	**276,190**	**76,668,970**	**101,009,760**	**4.35%**
Total net assessed valuation	**282,628,633**	**115,776,362**	**258,476,725**	**69,228,394**	**6,376,260**	**1,591,965,488**	**2,324,451,862**	**100.00%**
Percentage of Total	**12.16%**	**4.98%**	**11.12%**	**2.98%**	**0.27%**	**68.49%**	**100.00%**	

Summary

	Real Property	Personal Property/ Utilties	Total	Percent
Total value	4,339,037,300	652,829,050	4,991,866,350	100.00%
Deductions & exemptions	(1,353,758,611)	(10,660)	(1,353,769,271)	-27.12%
Tax exempt property	(335,829,910)	(103,513,942)	(439,343,852)	-8.80%
Tax increment financing	(762,738,232)	(14,300,070)	(777,038,302)	-15.57%
Tax abatements	(77,186,813)	(20,076,250)	(97,263,063)	-1.95%
Total net assessed valuation	**1,809,523,734**	**514,928,128**	**2,324,451,862**	**46.56%**
Percent	**77.85%**	**22.15%**	**100.00%**	

Source: St. Joseph County Auditor's Office - Information from the County Abstract prepared by the Indiana Department of Local Government Finance.

City of South Bend, Indiana
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Tax Year/ Collection Year	Gross Assessed Values				Less: Non-Taxed Property (1)	Total Net Taxable Value	Total City Tax Rate	% Taxable
	Real Property	Personal Property	Utilities Property	Total Value				
2001/2002	1,970,940,960	809,870,700	85,998,130	2,866,809,790	907,974,963	1,958,834,827	2.6451	68.33%
2002/2003	3,849,091,300	816,672,723	74,065,200	4,739,829,223	1,771,726,609	2,968,102,614	1.9606	62.62%
2003/2004	3,731,377,160	659,263,940	103,129,310	4,493,770,410	1,685,920,064	2,807,850,346	2.1115	62.48%
2004/2005	3,764,507,180	689,419,365	105,604,270	4,559,530,815	1,740,625,997	2,818,904,818	2.1148	61.82%
2005/2006	3,789,447,190	655,066,401	98,165,420	4,542,679,011	1,707,413,121	2,835,265,890	2.1795	62.41%
2006/2007	4,374,431,415	544,460,152	90,443,780	5,009,335,347	1,986,978,200	3,022,357,147	2.1046	60.33%
2007/2008	4,420,513,240	527,383,785	92,736,090	5,040,633,115	2,064,552,317	2,976,080,798	2.2396	59.04%
2008/2009	4,698,989,240	592,538,950	95,891,770	5,387,419,960	2,718,532,541	2,668,887,419	2.4081	49.54%
2009/2010	4,368,497,000	604,951,450	98,433,750	5,071,882,200	2,618,376,627	2,453,505,573	2.7279	48.37%
2010/2011	4,339,037,300	551,819,290	101,009,760	4,991,866,350	2,667,414,488	2,324,451,862	2.9541	46.56%

(1) non-taxed property includes adjustments for deductions & exemptions, tax exempt property, tax increment financing property, and tax abatements.

Source: St. Joseph County Auditor's Office

CITY OF SOUTH BEND, INDIANA
NET ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

	Real	Personal	Utilities	Total	
Tax Year/ Collection Year	Net Assessed Value	Net Assessed Value	Net Assessed Value	Net Assessed Value	Percent Change
2001/2002	1,272,814,731	600,021,966	85,998,130	1,958,834,827	0.56%
2002/2003	2,320,892,057	573,145,357	74,065,200	2,968,102,614	51.52%
2003/2004	2,215,693,906	489,027,130	103,129,310	2,807,850,346	-5.40%
2004/2005	2,179,070,901	534,229,647	105,604,270	2,818,904,818	0.39%
2005/2006	2,200,118,689	536,981,781	98,165,420	2,835,265,890	0.58%
2006/2007	2,520,098,365	411,815,002	90,443,780	3,022,357,147	6.60%
2007/2008	2,493,481,003	389,863,705	92,736,090	2,976,080,798	-1.53%
2008/2009	2,137,129,242	435,866,407	95,891,770	2,668,887,419	-10.32%
2009/2010	1,911,818,036	443,253,787	98,433,750	2,453,505,573	-8.07%
2010/2011	1,809,523,734	413,918,368	101,009,760	2,324,451,862	-5.26%

Source: St. Joseph County Auditor's office

City of South Bend, Indiana
Property Tax Collections - Cash Basis
2003-2011

Fund Name	Fund Number	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual (2)	2009 Actual (3)	2010 Actual	2011 Actual
General Fund	101	$44,986,015	$44,149,333	$44,999,550	$48,768,150	$48,720,726	$14,574,480	$79,162,937	$38,780,847	$38,514,550
Parks & Recreation	201	7,602,784	7,479,711	7,754,973	8,363,955	8,271,741	2,461,101	13,919,096	7,591,932	7,613,760
Redevelopment Bonds Studebaker Corridor	310	673,281	609,732	565,420	0	11,590	0	0	0	0
College Football Hall of Fame Debt Service	313	1,301,840	1,300,588	1,246,067	899,472	1,127,140	360,682	2,362,057	1,488,453	1,549,954
Airport TIF District (1)	324	6,546,484	5,588,045	6,246,028	7,515,744	8,851,077	33,400	10,808,912	21,508,430	11,187,768
Cumulative Capital Development	406	1,022,511	984,945	1,004,779	1,054,963	989,824	291,600	1,420,833	587,063	540,454
Sample-Ewing TIF District (1)	414	685,925	533,304	525,671	732,356	778,093	0	0	0	0
South Bend Central Development Area TIF	420	3,018,424	2,606,365	2,359,430	3,283,075	3,276,169	12,696	3,870,188	7,336,117	3,633,473
West Washington Street TIF District	422	254,555	216,948	193,911	255,510	287,095	1,785	358,844	860,049	431,085
Central Medical Service Area TIF District	426	318,653	337,721	329,269	333,585	928,113	2,793	919,174	3,524,962	1,704,238
Northeast TIF District	429	0	0	0	0	13,468	0	22,191	195,400	715,063
Southside Development Area TIF District	430	0	0	25,351	28,565	457,985	1,756	355,596	4,094,135	1,808,952
Erskine Commons TIF District (5)	431	0	0	548	2,585	2,891	10	1,240,184	5,978,592	784,373
Erskine Village TIF District	432	0	0	109,248	305,399	775,622	2,713	1,531,403	3,759,287	1,603,182
Douglas Road TIF District	435	0	0	0	0	13,941	0	125,294	460,760	306,053
Northeast Residential TIF	436	0	0	0	0	0	0	0	1,815,829	2,446,103
Airport Urban Enterprise	454	0	0	0	0	0	0	0	301,430	123,165
Fire Department Employees Pension (4)	701	1,416,008	1,293,471	1,443,033	1,554,387	1,536,839	462,375	1,437,539	(5,867)	0
Police Department Employees Pension (4)	702	1,269,527	1,128,733	1,296,055	1,397,265	1,380,555	425,760	1,609,905	(9,479)	0
Total		$69,096,006	$66,228,896	$68,099,332	$74,495,010	$77,422,867	$18,631,150	$119,144,153	$98,267,940	$72,962,173

Source - City Accounting System

(1) Fund 414 closed out during 2008 into Fund 324.

(2) Delays in sending out property tax bills until December 19, 2008 (with an on-time due date of February 20, 2009) resulted in interfund borrowing in the General Fund (101), Parks and Recreation Fund (201) and the College Football Hall of Fame Debt Service Fund (313) at year end. The remainder of property tax revenue was received during the first half of 2009 with final settlement with the St. Joseph County Auditor in July, 2009

(3) Includes collections of 2008 taxes as noted above. Tax Increment Financintg (TIF) 2009 property tax collections were received from the County Auditor on January 21, 2010.

(4) Property tax levy for Police and Fire pension plans eliminated. Funding provided by the State of Indiana.

(5) Erskine Commons TIF District funds were released and outstanding bonds were paid off.

City of South Bend, Indiana
Principal Property Taxpayers - Current and Nine Years Ago
December 31, 2011

		2011			2002		
Taxpayer	**Type of Business**	**Net Assessed Value**	**Rank**	**Percent of Total**	**Net Assessed Value**	**Rank**	**Percent of Total**
Memorial Health Systems, Inc.	Health Care	82,771,750	1	3.56%	-	-	-
University of Notre Dame	Education	61,529,837	2	2.65%	-	-	-
Edward Rose of Indiana	Apartments & Real Estate	58,467,300	3	2.52%	8,653,070	4	0.44%
Wal Mart	Retail Store	50,670,900	4	2.18%	-	-	-
Park Jefferson Realty, LLC	Apartments & Real Estate	32,950,000	5	1.42%	-	-	-
Lowes Home Center	Retail Store	23,117,400	6	0.99%	-	-	-
KSK Mall	Retail Store	22,183,300	7	0.95%	-	-	-
Maple Lane Apartments	Apartments & Real Estate	15,033,500	8	0.65%	-	-	-
Meijer	Retail Store	13,994,100	9	0.60%	-	-	-
Indiana Bell	Telephone Utility	6,843,000	10	0.29%	9,869,590	2	0.50%
Honeywell	Airplane & Auto Parts	-	-	-	21,228,300	1	1.08%
South Bend Tribune	Newspaper	-	-	-	4,579,050	10	0.23%
Ameritech	Telephone Utility	-	-	-	6,039,290	7	0.31%
Northern Indiana Public Service Corporation	Gas Utility	-	-	-	7,486,770	5	0.38%
Holy Cross Health System Corporation	Medical	-	-	-	7,483,680	6	0.38%
New Energy Company	Ethanol Plant	-	-	-	4,768,830	9	0.24%
American Electric Power	Electric Utility	-	-	-	9,429,950	3	0.48%
Federal Mogul	Manufacturing	-	-	-	5,004,630	8	0.26%
Total Net Assessed Value - Ten Largest Taxpayers		**$367,561,087**		**15.81%**	**84,543,160**		**4.32%**
Total Net Assessed Value		**$2,324,451,862**		**100.00%**	**$1,958,834,827**		**100.00%**

Source: St. Joseph County Auditor's Office and 2002 City of South Bend Comprehensive Annual Financial Report

CITY OF SOUTH BEND, INDIANA
LOCAL OPTION INCOME TAX REVENUE
LAST TEN YEARS

ECONOMIC DEVELOPMENT INCOME TAX (EDIT) REVENUE

Distribution Year	EDIT (1) Tax Rate	Total Est County EDIT Collections	Rate of Growth	South Bend EDIT Distribution	Rate of Growth	South Bend as a Percent of Total	Actual City Collections During Year
2002	0.20%	14,687,146	58.94%	5,462,867	59.25%	37.19%	5,462,867
2003	0.20%	9,378,695	-36.14%	3,689,202	-32.47%	39.34%	3,689,202
2004	0.20%	9,106,517	-2.90%	3,448,688	-6.52%	37.87%	3,448,688
2005	0.20%	8,984,150	-1.34%	3,464,152	0.45%	38.56%	3,464,152
2006	0.20%	10,610,460	18.10%	4,013,475	15.86%	37.83%	4,013,475
2007	0.20%	10,558,004	-0.49%	3,702,467	-7.75%	35.07%	3,702,467
2008	0.20%	11,136,493	5.48%	3,997,997	7.98%	35.90%	3,997,997
2009	0.20%	11,938,605	7.20%	4,612,694	15.38%	38.64%	3,843,912
2010 (2)	0.40%	22,789,919	90.89%	8,321,633	80.41%	36.51%	9,090,415
2011	0.40%	18,826,685	-17.39%	7,300,866	-12.27%	38.78%	7,300,866
Total - 10 years		**$128,016,674**		**$48,014,041**		**37.51%**	**$48,014,041**

(1) This tax was first enacted as of July 1, 1995 at the rate of 0.1% of City residents' adjusted gross income. The rate was increased to 0.2% effective July 1, 1997.

(2) The EDIT tax rate for 2010 and subsequent years was increased by City of South Bend Common Council and the Saint Joseph County Common Council.

Source - State of Department of Local Government Finance CEDIT Distribution Reports
Actual City Collections During Year per City Accounting System

CITY OF SOUTH BEND, INDIANA
LOCAL OPTION INCOME TAX REVENUE
LAST TEN YEARS (continued)

COUNTY OPTION INCOME TAX (COIT) REVENUE

Distribution Year	COIT Tax Rate (1)	Total County COIT Distributions	Rate of Growth	South Bend COIT Distribution	Rate of Growth	South Bend as a Percent of Total	Actual City Collections During Year
2002	0.60%	28,930,003	102.76%	9,458,584	107.57%	32.69%	9,531,190
2003	0.60%	19,386,147	-32.99%	6,576,985	-30.47%	33.93%	8,015,302
2004	0.60%	21,977,497	13.37%	7,089,689	7.80%	32.26%	7,001,198
2005	0.60%	16,628,131	-24.34%	5,490,218	-22.56%	33.02%	5,695,618
2006	0.60%	21,276,623	27.96%	6,950,396	26.60%	32.67%	6,410,405
2007	0.60%	16,993,346	-20.13%	5,160,903	-25.75%	30.37%	5,816,766
2008	0.60%	20,689,958	21.75%	6,382,478	23.67%	30.85%	6,192,452
2009	0.60%	26,973,887	30.37%	8,952,424	40.27%	33.19%	8,302,694
2010	0.60%	25,147,806	-6.77%	7,855,776	-12.25%	31.24%	7,648,824
2011	0.60%	19,907,430	-20.84%	6,458,586	-17.79%	32.44%	7,097,462
Total - 10 years		**$217,910,828**		**$70,376,039**		**32.30%**	**$71,711,911**

(1) This tax was first enacted as of July 1, 1997 at the rate of 0.2% of City residents' adjusted gross income. The COIT rate increased 0.1% each year until it reached 0.6% as of July 1, 2001. The above collections/distribution amounts are net of the additional homestead credits that accompanied the passage of this income tax.

Source - State of Indiana Department of Local Government Finance COIT Distribution Reports
Actual City Collections During Year per City Accounting System

CITY OF SOUTH BEND, INDIANA
LOCAL OPTION INCOME TAX REVENUE
LAST TEN YEARS (continued)

PUBLIC SAFETY LOCAL OPTION INCOME TAX REVENUE

Distribution Year		PS LOIT Tax Rate	Total County LOIT Distributions	Rate of Growth	South Bend LOIT Distribution	Rate of Growth	South Bend as a Percent of Total	Actual City Collections During Year
2010	(1)	0.25%	13,846,267	100.00%	6,078,454	100.00%	43.90%	6,078,454
2011		0.25%	11,371,882	-17.87%	5,293,619	-12.91%	46.55%	52,936,119
Total - 1 year			**$25,218,149**		**$11,372,073**		**45.09%**	**$59,014,573**

(1) This tax was effective in October 2009 at the rate of 0.25% of City residents' adjusted gross income. The measure is being used to support the Public Safety operations consisting of the Police Department and the Fire Department, to keep the staffing levels at their full complement.

Source - State of Indiana Department of Local Government Finance LOIT Public Safety Distribution Reports
Actual City Collections During Year per City Accounting System

CITY OF SOUTH BEND, INDIANA
TOTAL COUNTY OPTION INCOME TAX DISTRIBTUIONS BY TAXING UNIT
LAST TEN YEARS
2002-2011

Unit of Government	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total County Certified Distribution	37,769,988	28,136,084	26,536,784	26,484,316	31,044,322	30,859,812	32,574,042	34,801,729	33,231,041	27,292,516
Less: Homestead Credit (1)	(8,839,985)	(8,749,937)	(4,559,287)	(9,856,185)	(9,767,699)	(13,866,466)	(11,884,084)	(7,827,842)	(8,083,235)	(7,385,086)
Total Distributive Shares	**28,930,003**	**19,386,147**	**21,977,497**	**16,628,131**	**21,276,623**	**16,993,346**	**20,689,958**	**26,973,887**	**25,147,806**	**19,907,430**
Distributive Shares/Total County Distribution	**76.60%**	**68.90%**	**82.82%**	**62.78%**	**68.54%**	**55.07%**	**63.52%**	**77.51%**	**75.68%**	**72.94%**
Amount										
St. Joseph County	11,721,648	7,245,150	8,578,046	6,427,640	8,440,988	7,376,623	8,825,206	10,358,300	9,819,576	7,383,180
Townships	1,039,887	783,227	1,002,449	759,050	834,727	648,364	820,241	1,180,913	1,168,352	1,054,827
City of South Bend - Civil City	9,100,110	6,342,861	6,849,450	5,306,680	6,733,129	5,077,450	6,266,381	8,748,506	7,677,730	6,304,223
City of South Bend - Redevelopment	358,474	234,124	240,239	183,538	217,267	83,453	116,097	203,918	178,046	154,363
Other Cities & Towns	3,644,267	2,536,818	2,658,984	2,028,358	2,616,698	1,982,192	2,367,929	3,592,330	3,462,786	2,667,400
Libraries	2,051,510	1,555,407	1,699,459	1,319,023	1,706,495	1,285,029	1,646,819	2,007,809	2,042,942	1,762,365
Special Districts	1,014,107	688,560	948,870	603,842	727,319	540,235	647,285	882,111	798,374	581,071
Total	**28,930,003**	**19,386,147**	**21,977,497**	**16,628,131**	**21,276,623**	**16,993,346**	**20,689,958**	**26,973,887**	**25,147,806**	**19,907,429**
Percentage of Distribution										
St. Joseph County	40.52%	37.37%	39.03%	38.66%	39.67%	43.41%	42.65%	38.40%	39.05%	37.09%
Townships	3.59%	4.04%	4.56%	4.56%	3.92%	3.82%	3.96%	4.38%	4.65%	5.30%
City of South Bend - Civil City	31.46%	32.72%	31.17%	31.91%	31.65%	29.88%	30.29%	32.43%	30.53%	31.67%
City of South Bend - Redevelopment	1.24%	1.21%	1.09%	1.10%	1.02%	0.49%	0.56%	0.76%	0.71%	0.78%
Other Cities & Towns	12.60%	13.09%	12.10%	12.20%	12.30%	11.66%	11.44%	13.32%	13.77%	13.40%
Libraries	7.09%	8.02%	7.73%	7.93%	8.02%	7.56%	7.96%	7.44%	8.12%	8.85%
Special Districts	3.51%	3.55%	4.32%	3.63%	3.42%	3.18%	3.13%	3.27%	3.17%	2.92%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

(1) A portion of the county option income tax is used for property tax relief through homestead credits for residential property owners.

Source - State of Indiana Department of Local Government Finance COIT Distribution Reports

CITY OF SOUTH BEND, INDIANA
TEN LARGEST WATER CUSTOMERS
DECEMBER 31, 2011

Name		2011 Revenue	Percentage of Total Water Operating Revenue	Usage CCF*
South Bend Community Schools	$	140,885	1.06%	68,573
Allied Signal Aerospace Company		101,145	0.76%	94,113
Memorial Health Systems		94,973	0.71%	96,289
Irish Hills Apartments		72,452	0.54%	57,677
Park Jefferson LLC		38,950	0.29%	40,556
Castle Point Realty LLC		32,045	0.24%	39,370
Amarak Uniform Services, Inc.		28,986	0.22%	35,603
Countryside Association		27,479	0.21%	27,366
BOC Gases		25,170	0.19%	30,159
Steel Warehouse Co LLC		19,992	0.15%	22,773
Total of Ten Largest Water Customers	**$**	**582,077**	**4.37%**	
Total for Operating Revenue for Water Works	**$**	**13,327,404**	**100.00%**	

*Hundreds of Cubic Feet

CITY OF SOUTH BEND, INDIANA
TEN LARGEST SEWAGE WORKS CUSTOMERS
DECEMBER 31, 2011

Name		2011 Revenue	Percentage of Wastewater Operating Revenue	Usage CCF*
I/N TEK Plant	$	1,550,956	5.37%	747,474
University of Notre Dame		983,646	3.41%	534,033
New Energy Company of Indiana		770,827	2.67%	351,910
South Bend Community School Corp.		421,125	1.46%	67,605
Memorial Health System		307,222	1.06%	94,113
Allied Signal Aerospace Co		300,962	1.04%	89,395
Town of New Carlisle		119,680	0.41%	48,823
Aramark Uniform Services, Inc.		93,955	0.33%	35,614
Sisters of the Holy Cross		42,151	0.15%	10,992
Unifrax Corporation		41,437	0.14%	17,801
Total of Ten Largest Sewer Customers	**$**	**4,631,959**	**16.05%**	
Total Operating Revenue for Wastewater	**$**	**28,867,423**	**100.00%**	

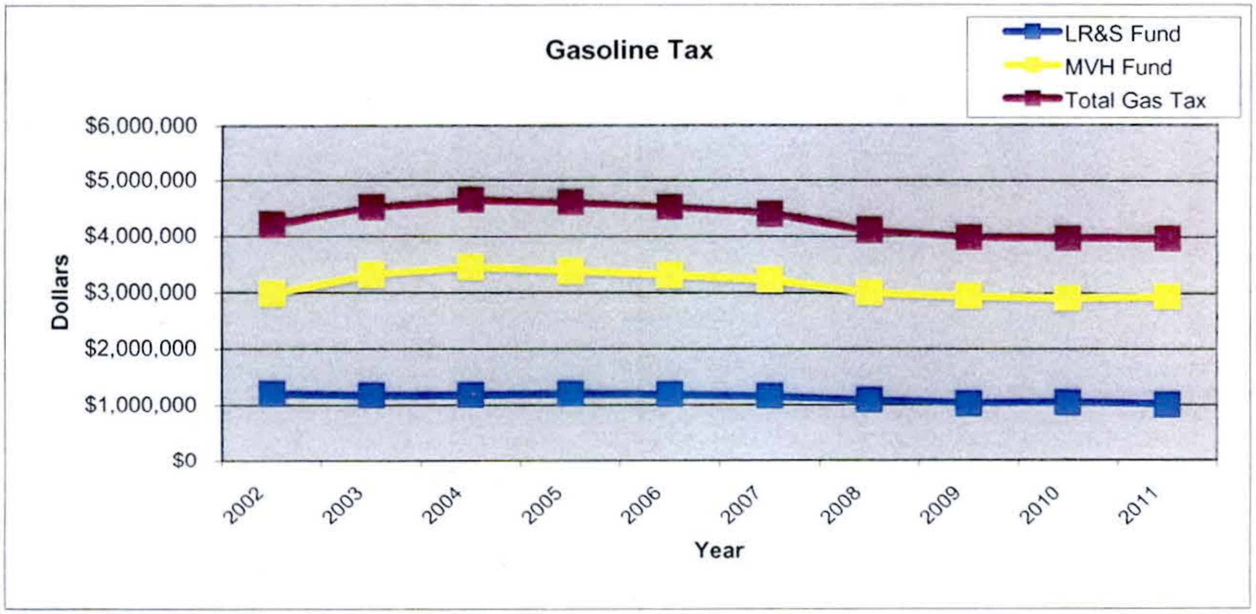
*Hundreds of Cubic Feet

City of South Bend, Indiana
Gasoline Tax Collections - Cash Basis
Last Ten Fiscal Years

Year	LR&S Fund	MVH Fund	Total Gas Tax	% Change
2002	1,213,106	2,996,407	4,209,512	-18.11%
2003	1,186,193	3,334,298	4,520,491	7.39%
2004	1,192,574	3,461,563	4,654,137	2.96%
2005	1,212,413	3,397,433	4,609,846	-0.95%
2006	1,201,538	3,327,314	4,528,852	-1.76%
2007	1,171,732	3,243,818	4,415,549	-2.50%
2008	1,104,260	3,016,198	4,120,458	-6.68%
2009	1,045,477	2,954,086	3,999,562	-2.93%
2010	1,064,149	2,922,165	3,986,314	-0.33%
2011	1,030,958	2,951,072	3,982,030	-0.11%

Distributions of gas tax revenue are made monthly by the Indiana Department of Revenue to the Local Road and Street (LR&S) and Motor Vehicle Highway (MVH) funds for use in construction and maintenance of streets and highways. Distributions are based on a complex formula developed by the state which takes into account population, road and street mileage and other factors. Gas tax revenue has been declining in recent years.

Source: City Accounting Records



City of South Bend, Indiana
Wheel and Excise Surtax Collections - Cash Basis
2004 - 2011

Year	LR&S Fund	MVH Fund	Total Wheel Tax	% Change
2004	1,953,079	0	1,953,079	100.00%
2005	1,914,530	0	1,914,530	-1.97%
2006	1,849,924	0	1,849,924	-3.37%
2007	1,966,003	0	1,966,003	6.27%
2008	0	2,040,751	2,040,751	3.80%
2009	0	1,893,982	1,893,982	-7.19%
2010	0	1,975,397	1,975,397	4.30%
2011	0	1,863,283	1,863,283	-5.68%

Effective January 1 2004, St. Joseph County enacted a wheel tax and annual license excise surtax as allowed by State law to provide additional funding for road maintenance and repair. State law allows an annual wheel tax of $5-40 per vehicle and an annual license excise surtax of 2-10%. St. Joseph County has enacted a $25 County Excise surtax. The tax applies to all passenger cars, trucks less than 11,000 pounds, buses, tractors and motorcycles registered in the County. (Other rates apply to recreational vehicles, semitrailers and trucks exceeding 11,000 pounds.) The tax is collected by the Indiana Bureau of Motor Vehicles, remitted to the County and distributed monthly to the local units based on population and road miles.

During 2004-2007, the City of South Bend deposited the wheel tax and excise surtax in its Local Road and Street (LR&S) fund. During 2008 and thereafter, the City will deposit the taxes in its Motor Vehicle Highway (MVH) fund, as required by the Indiana State Board of Accounts.

Source: City Accounting Records

City of South Bend, Indiana
Hotel/Motel Tax Revenue - Cash Basis
Last Ten Fiscal Years

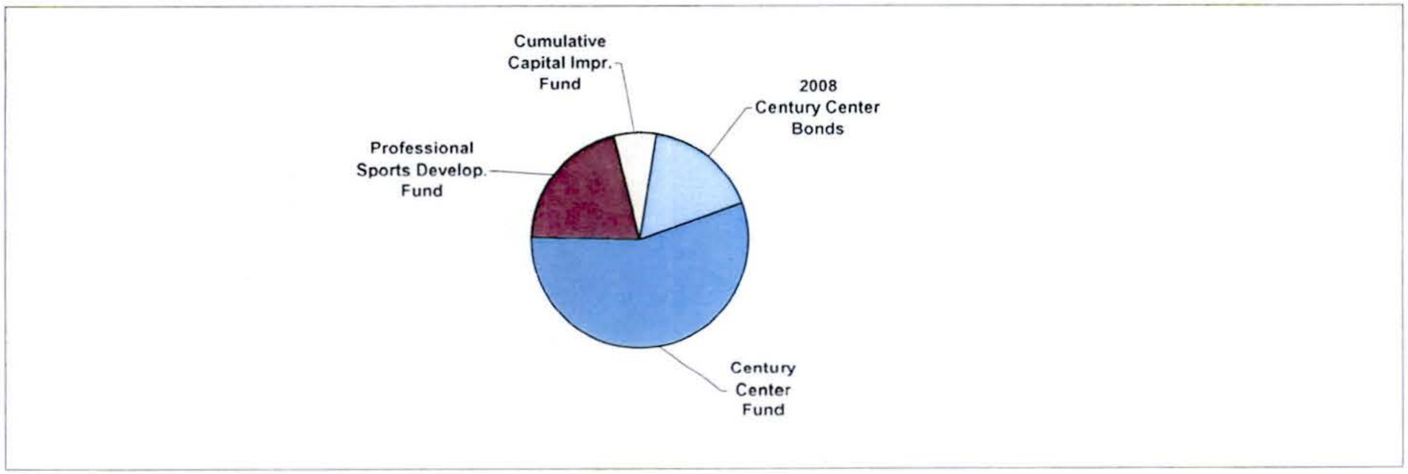
	Paid to City of South Bend					Direct Payments				
Year	Century Center Fund	Professional Sports Develop. Fund	Cumulative Capital Impr. Fund	2008 Century Center Bonds	Subtotal: Paid to City of South Bend	1992 Century Center Bonds	2008 Century Center Bonds	Other South Bend Projects	Total Hotel/ Motel Tax	% Change
2002	1,020,628	433,185	150,000	0	1,603,813	400,550	0	39,087	2,043,450	-10.43%
2003	1,130,575	460,991	150,000	0	1,741,566	366,622	0	42,933	2,151,121	5.27%
2004	1,164,493	461,423	150,000	0	1,775,916	365,892	0	46,466	2,188,274	1.73%
2005	1,235,849	465,177	150,000	0	1,851,026	360,087	0	46,931	2,258,044	3.19%
2006	1,247,928	473,258	150,000	0	1,871,186	357,135	0	364,150	2,592,471	14.81%
2007	1,361,263	507,585	150,000	0	2,018,848	354,916	0	136,330	2,510,094	-3.18%
2008	1,497,390	589,620	150,000	0	2,237,010	356,918	0	694,135	3,288,063	30.99%
2009	1,347,651	530,137	150,000	0	2,027,788	0	198,500	265,258	2,491,546	-24.22%
2010	1,313,152	521,800	150,000	399,000	2,383,952	0	0	97,000	2,480,952	-0.43%
2011	1,313,436	494,325	150,000	400,000	2,357,761	0	0	0	2,357,761	-4.97%

The hotel/motel tax was enacted in 1973 and the current tax rate is 6%. The tax is accounted for in a fund of the Saint Joseph County government and is administered by the 11 member Saint Joseph County Board of Managers for Hotel-Motel Tax. Appointments to the Board of Managers are made by the mayors of South Bend and Mishawaka and the Saint Joseph County Commissioners.

Proceeds from the hotel/motel tax fund are budgeted and distributed annually to important economic development and tourism projects in the County. South Bend receives distributions for the operations, maintenance and debt service of Century Center (convention center), Professional Sports Development Fund (used primarily for operations of the College Football Hall of Fame), the Cumulative Capital Development Fund (used for repayment of 1994 Century Center Bonds), repayment of a 1992 Century Center bond directly from the fund, repayment of a 2008 Century Center Bond and other capital projects.

The hotel/motel tax fund also supports other activities not included in the City of South Bend's financial statements such as the South Bend/Mishawaka Convention and Visitors Bureau. The total distribution of hotel/motel tax during 2011 to all organizations was $ 3,125,228. The cash balance in the County Hotel/Motel Tax Fund was $1,461,945 at December 31, 2011.

Source: City Accounting Records and Saint Joseph County Auditor's Office



City of South Bend, Indiana
Professional Sports Development (PSDA) Tax - Cash Basis
Last Ten Fiscal Years

Year	Total PSDA Tax	% Change
2002	339,059	4.29%
2003	337,571	-0.44%
2004	370,013	9.61%
2005	384,906	4.02%
2006	370,556	-3.73%
2007	387,813	4.66%
2008	396,873	2.34%
2009	617,304	55.54%
2010	640,760	3.80%
2011	409,020	-36.17%

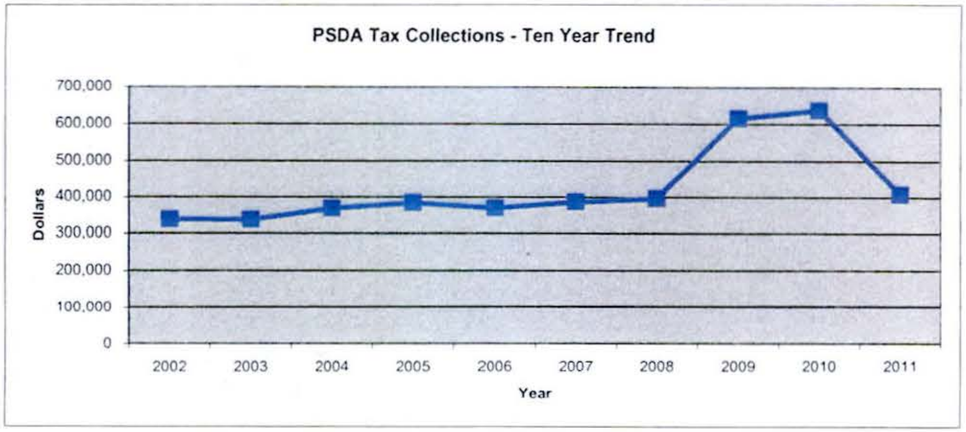
The Professional Sports Development Area (PSDA) tax is a combination of state income tax withholding, local income tax witholding and sales tax withholding from businesses and employees in South Bend's designated PSDA area, which includes the College Football Hall of Fame, Century Center, Coveleski Stadium, Morris Performings Arts Center, Palais Royale Ballroom and Studebaker National Museum. South Bend's PSDA area was formed on November 3, 1997 and expires on December 31, 2027. PSDA capture of state sales and income taxes ends in 2018.

The PSDA taxes are collected by the Indiana Department of Revenue and are remitted on a monthly basis to Saint Joseph County which issues a check to the City of South Bend. There are currently four professional sports development areas in the State--South Bend, Indianapolis/Marion County, Evansville and Ft. Wayne.

PSDA tax revenue increased in 2009 primarily due to the increase in the State of Indiana sales tax rate from 6% to 7% and the increase in local option income taxes from .8% to 1.75% as a consequence of property tax reform. PSDA tax revenue decreased in 2011 due to delays in payments in amounts owed by the State until 2012.

In prior years, PSDA tax revenue has been used to fund the College Football Hall of Fame Capital Fund and the Century Center Capital Account. Beginning in 2011, PSDA tax revenue will continue to fund the Century Center Capital Account and has also been pledged to pay debt service on 2010 Coveleski Stadium Taxable Revenue bonds in the amount of $4,980,000 issued on December 23, 2010. The bond proceeds were used to make certain capital improvements to the City-owned facility. The operations of the minor league baseball team (South Bend Silverhawks) in the stadium accounts for the majority of PSDA tax revenue earned each year.

Source: City Accounting Records



DEBT CAPACITY

These schedules present information to help the reader to assess the affordability of the City of South Bend's current level of outstanding debt and the ability of the City of South Bend to issue additional debt in the future.

CITY OF SOUTH BEND, INDIANA
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2011

Civil City

Net Assessed Valuation (2010 pay 2011) of Taxable Property in South Bend	$2,324,451,862
Debt limit: 2% of one third thereof	15,496,346
Less Bonds subject to limitation:	
County Economic Developlment Income Tax Refunding Revenue Bonds, Series 2006 A	(2,195,000)
County Economic Developlment Income Tax Refunding Revenue Bonds, Series 2006 B	(2,020,000)
South Bend Redevelopment District Taxable Revenue Bonds, Series 2010	(4,695,000)
Issuance Margin	$6,586,346
Amount of debt subject to limit/debt limit	57.50%

Redevelopment District

Net Assessed Valuation (2010 pay 2011) of Taxable Property in South Bend	$2,324,451,862
Debt limit: 2% of one third thereof	15,496,346
Less Bonds subject to limitation:	
Special Taxing District Bonds of 2002	(4,085,000)
Issuance Margin	$11,411,346
Amount of debt subject to limit/debt limit	26.36%

A 2% debt limit is established by the Constitution of the State of Indiana. This limit is established for general obligation bonds, Economic Development Income Tax revenue bonds, tax revenue notes and other types of indebtedness. This limitation does not include revenue bonds payable from governmental funds (excluding EDIT bonds) shown in the general long term debt account group. Indiana law allows the creation of separate municipal corporations to provide vital governmental functions. Each of these municipal corporations (including the Redevelopment Authority and Redevelopment Commission) has its own 2% debt limit, even if they have the same or similar boundaries.

City of South Bend, Indiana
Legal Debt Margin Information
Last Ten Fiscal Years

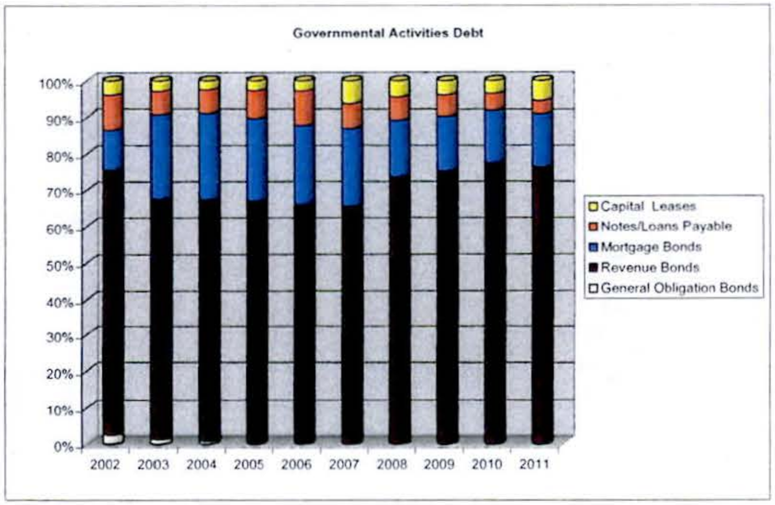
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Civil City										
Debt Limit (1)	$13,058,899	$19,787,351	$18,719,002	$18,792,699	$18,901,773	$20,149,048	$19,840,538	$17,792,583	$16,356,704	$15,496,346
Total Net Debt Applicable To Limit	9,882,500	9,412,500	8,937,500	8,395,000	7,367,825	6,685,000	6,105,000	5,500,000	9,850,000	8,910,000
Legal Debt Margin	3,176,399	10,374,851	9,781,502	10,397,699	11,533,948	13,464,048	13,735,538	12,292,583	6,506,704	6,586,346
Percentage of Debt Limit	**75.68%**	**47.57%**	**47.75%**	**44.67%**	**38.98%**	**33.18%**	**30.77%**	**30.91%**	**60.22%**	**57.50%**
Redevelopment District										
Debt Limit (1)	$13,058,899	$19,787,351	$18,719,002	$18,792,699	$18,901,773	$20,149,048	$19,840,538	$17,792,583	$16,356,704	$15,496,346
Total Net Debt Applicable To Limit	1,810,000	7,855,000	6,998,000	6,115,000	5,850,000	5,580,000	5,300,000	5,010,000	4,715,000	4,085,000
Legal Debt Margin	11,248,899	11,932,351	11,721,002	12,677,699	13,051,773	14,569,048	14,540,538	12,782,583	11,641,704	11,411,346
Percentage of Debt Limit	**13.86%**	**39.70%**	**37.38%**	**32.54%**	**30.95%**	**27.69%**	**26.71%**	**28.16%**	**28.83%**	**26.36%**

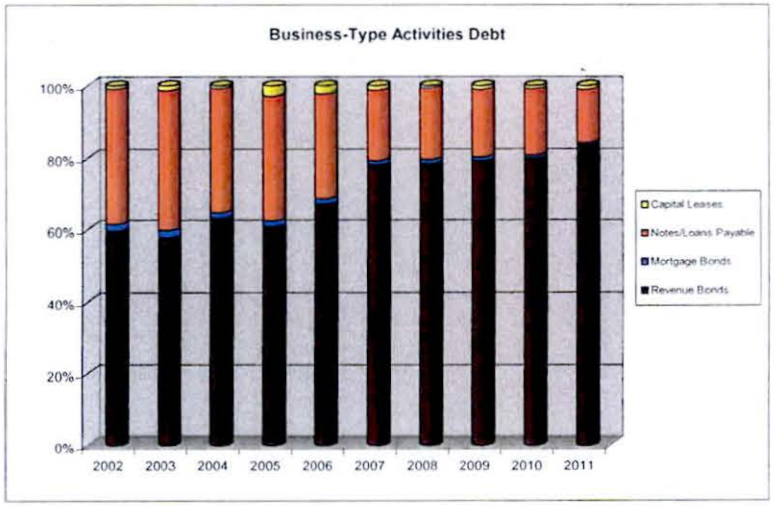
(1) A 2% of net assessed value debt limit has been established by the Constitution of the State of Indiana.for certain type of debt including general obligation bonds. Economic Development Income Tax bonds and tax revenue notes. This limitation does not apply to revenue bonds payable from governmental or proprietary funds.

City of South Bend, Indiana
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities					Business-Type Activities							South Bend	South Bend
Fiscal Year	General Obligation Bonds	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases	Total Primary Government	Estimated Population	Debt Per Capita	Estimated Personal Income	Debt Percent of Income
2002	2,085,000	63,175,000	9,565,497	8,172,424	3,455,652	34,675,000	1,137,000	21,999,758	578,455	144,843,786	106,558	1,359	3,080,485,222	4.70%
2003	1,525,000	85,070,000	30,112,808	8,131,984	3,659,322	31,625,000	1,099,005	21,338,647	794,885	183,356,651	105,540	1,737	3,143,825,520	5.83%
2004	935,000	82,135,000	29,525,289	7,948,868	2,971,007	39,815,000	1,058,415	21,730,271	520,389	186,639,239	105,206	1,774	3,297,156,040	5.66%
2005	320,000	84,225,000	28,994,057	9,539,771	3,454,627	35,990,000	1,015,980	20,659,864	1,710,033	185,909,332	105,743	1,758	3,418,459,704	5.44%
2006	0	82,445,000	27,337,124	11,758,552	3,533,187	44,345,000	972,315	19,258,433	1,523,594	191,173,205	104,457	1,830	3,450,632,538	5.54%
2007	0	78,570,000	25,957,839	7,900,658	7,695,487	73,145,000	926,805	18,380,491	1,127,394	213,703,674	104,069	2,053	3,511,183,991	6.09%
2008	0	115,240,000	24,534,464	9,543,790	7,388,443	67,535,000	878,835	17,031,649	628,427	242,780,608	104,905	2,314	3,709,126,085	6.55%
2009	0	113,975,000	23,061,148	8,470,308	6,214,206	68,225,000	829,020	16,145,358	893,233	237,813,273	106,192	2,239	3,679,658,992	6.46%
2010	0	111,510,000	21,117,295	6,323,199	5,299,341	72,655,000	717,705	16,755,369	799,402	235,177,311	101,168	2,325	3,505,572,368	6.71%
2011	0	101,472,431	19,724,490	4,431,871	7,510,749	88,655,000	660,510	15,542,372	1,077,642	239,075,065	101,168	2,363	3,371,120,096	7.09%
Percent of Total Debt	0.00%	42.44%	8.25%	1.85%	3.14%	37.08%	0.28%	6.50%	0.45%	100.00%				

Sources: City of South Bend Comprehensive Annual Financial Reports
Population statistics obtained from the U.S. Census Bureau.
City of South Bend estimated personal income is computed as estimated City population x 2011 South Bend Metro Area Per Capita Income (see Demographic Statistics)





CITY OF SOUTH BEND, INDIANA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2011

	Gross Debt	Percentage Applicable to South Bend	Amount Applicable to South Bend	Debt Per Capita	Ratio of Debt/ Net Assessted Value	Ratio of Debt/ Personal Income
Direct Debt:						
City of South Bend						
General Obligation Bonds	$0	100.00%	$0			
Revenue Bonds - Governmental Activities	101,472,431	100.00%	101,472,431			
Revenue Bonds - Business-Type Activities	88,655,000	100.00%	88,655,000			
Mortgage Bonds - Governmental Activities	19,724,490	100.00%	19,724,490			
Mortgage Bonds - Business-Type Activities	660,510	100.00%	660,510			
Notes Payable - Governmental Activities	4,431,871	100.00%	4,431,871			
Notes Payable - Business-Type Activities	15,542,372	100.00%	15,542,372			
Capital Leases - Governmental Activities	7,510,749	100.00%	7,510,749			
Capital Leases - Business-Type Activities	1,077,642	100.00%	1,077,642			
Total Direct Debt and Lease Obligation Debt			**239,075,065**	**$2,363**	**10.3%**	**7.1%**
Overlapping Debt (3)(4)						
South Bend Community School Corporation	196,312,343	52.60%	103,260,292			
St. Joseph County Public Library	11,435,000	49.66%	5,678,621			
South Bend Regional Airport Authority	0	27.62%	0			
St. Joseph County	56,020,000	27.62%	15,472,724			
Penn-Harris-Madison School Corporation	57,007,567	2.86%	1,630,416			
Mishawaka-Penn-Harris Public Library	5,575,000	2.27%	126,553			
Total Overlapping and Underlying Direct Debt and Lease Obligations			**126,168,606**	**1,247**	**5.4%**	**3.7%**
Total Direct Debt and Lease Obligation Debt and Overlapping and Underlying Direct Debt and Lease Obligations			**$365,243,671**	**$3,610**	**15.7%**	**10.8%**

Ratio Factors

Net Assessed Valuation (2010 payable 2011)	2,324,451,862
Population - 2010 US Census Bureau	101,168 (1)
South Bend Metropolitan Area Per Capita Income	33,322 (2)
Estimated South Bend Total Personal Income (1 x 2)	3,371,120,096

(1) Population statistics obtained from the U.S. Census Bureau (http://factfinder.census/gov/servlet).

(2) South Bend-Mishawaka, IN_Metropolitan area Profile (www.stats.indiana.edu).

(3) Overlapping debt information and schedule preparation by Crowe Horwath LLP, Indianapolis, Indiana.

(4) Overlapping debt percentages are based the net assessed value of South Bend properties in proportion to the total net assessed value.

CITY OF SOUTH BEND, INDIANA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GOVERNMENTAL FUND EXPENDITURES
LAST TEN YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total Governmental Fund Expenditures	Ratio of Debt Service To Governmental Fund Expenditures
2002	535,000	121,778	656,778	114,015,410	0.58%
2003	560,000	96,260	656,260	124,125,088	0.53%
2004	590,000	66,260	656,260	133,062,773	0.49%
2005	615,000	39,445	654,445	130,713,640	0.50%
2006	320,000	8,160	328,160	129,527,536	0.25%
2007	0	0	0	128,209,220	0.00%
2008	0	0	0	138,022,795	0.00%
2009	0	0	0	142,962,710	0.00%
2010	0	0	0	150,758,014	0.00%
2011	0	0	0	172,397,679	0.00%

The City of South Bend has no General Obligation Bonds outstanding. The 1977 Studebaker Corridor bonds were paid off during 2006.

Source - City of South Bend Comprehensive Annual Financial Reports

CITY OF SOUTH BEND, INDIANA
RATIO OF NET GENERAL BONDED DEBT TO NET ASSESSED VALUATION AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS

Tax Year/ CollectionYear	Population (1)	Net Assessed Value	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Percent of Net Bonded Debt To Net Assessed Value	Net Bonded Debt Per Capita
2001/2002	106,558	1,948,862,000	2,085,000	275,000	1,810,000	0.09%	16.99
2002/2003	105,540	2,968,102,614	1,525,000	290,000	1,235,000	0.04%	11.70
2003/2004	105,206	2,807,850,346	935,000	305,000	630,000	0.02%	5.99
2004/2005	105,743	2,818,940,818	320,000	320,000	0	0.00%	0.00
2005/2006	104,457	2,835,265,890	0	0	0	0.00%	0.00
2006/2007	104,069	3,022,157,147	0	0	0	0.00%	0.00
2007/2008	104,905	2,976,080,798	0	0	0	0.00%	0.00
2008/2009	106,192	2,668,887,419	0	0	0	0.00%	0.00
2009/2010	101,168	2,453,505,573	0	0	0	0.00%	0.00
2010/2011	101,168	2,324,451,862	0	0	0	0.00%	0.00

(1) Population statistics obtained from the U.S. Census Bureau (http://factfinder.census/gov/servlet).

CITY OF SOUTH BEND, INDIANA
SCHEDULE OF REVENUE BOND COVERAGE
WATER UTILITY BONDS
LAST TEN YEARS

Year	Gross Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage
				Principal	Interest	Total	
2002	11,756,071	6,317,766	5,438,305	1,755,000	956,443	2,711,443	201%
2003	11,745,196	6,637,856	5,107,340	1,845,000	878,570	2,723,570	188%
2004	11,323,882	7,256,695	4,067,187	1,935,000	795,540	2,730,540	149%
2005	11,926,479	7,770,464	4,156,015	2,040,000	708,030	2,748,030	151%
2006	13,166,166	7,369,035	5,797,131	2,485,622	1,042,309	3,527,931	164%
2007	13,748,213	8,296,075	5,452,138	2,764,265	1,015,524	3,779,789	144%
2008	13,343,210	8,528,933	4,814,277	2,908,014	888,199	3,796,213	127%
2009	13,471,890	8,838,405	4,633,485	2,481,871	754,108	3,235,979	143%
2010	13,513,995	8,560,390	4,953,605	2,605,840	937,293	3,543,133	140%
2011	13,327,404	9,301,552	4,025,852	2,729,925	823,265	3,553,190	113%

(1) Operating expenses excluding depreciation and payment in lieu of taxes.

Operating revenue used to make debt service payments is obtained primarily through monthly user charges to water customers.

Source - City of South Bend Comprehensive Annual Financial Reports and Crowe Horwath, LLP.

CITY OF SOUTH BEND, INDIANA
SCHEDULE OF REVENUE BOND COVERAGE
WASTEWATER UTILITY BONDS
LAST TEN YEARS

Year	Gross Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage
				Principal	Interest	Total	
2002	12,096,411	7,618,883	4,477,528	655,000	238,963	893,963	501%
2003	12,415,376	8,175,595	4,239,781	680,000	185,175	865,175	490%
2004	14,124,695	9,337,324	4,787,371	705,000	266,586	971,586	493%
2005	14,639,963	11,200,692	3,439,271	1,180,000	577,943	1,757,943	196%
2006	18,058,615	9,650,301	8,408,314	2,481,626	1,273,423	3,755,049	224%
2007	20,685,490	10,389,691	10,295,799	2,863,218	1,364,272	4,227,490	244%
2008 (3)	22,941,734	14,079,734	8,862,000	3,701,524	2,647,324	6,348,848	140%
2009	24,313,147	17,504,825	6,808,322	3,130,000	2,557,940	5,687,940	120%
2010	25,444,404	12,193,373	13,251,031	3,385,205	2,314,275	5,699,480	232%
2011	28,867,423	14,225,844	14,641,579	3,867,584	2,737,027	6,604,611	222%

(1) Operating expenses excluding depreciation and payment in lieu of taxes.

(2) The Sewage Works Revenue Bonds were refunded during 2001.

(3) Two large Sewage Works revenue bonds were issued during 2007 with principal and interests payments beginning in 2008. These bonds are part of the City of South Bend's long term combined sewer overflow (CSO) control plan.

Operating revenue used to make debt service payments is obtained primarily through monthly user charges to sewer customers.

Source - City of South Bend Comprehensive Annual Financial Report and Annual Reports and Crowe Horvath, LLP.

City of South Bend, Indiana
SOUTH BEND MUNICIPAL SEWAGE WORKS

Annual Wastewater Flow Data

	2005	2006	2007	2008	2009	2010	2011
Capacity (MGD)	48	48	48	48	48	48	48
Average Daily Flow	32.80	31.67	32.45	37.80	38.42	30.861	35.8
Peak Flow	50.7	50.7	60.3	75.0	68.8	62	72.5
Annual Flow (MG)	11,972	11,559	11,845	13,835	14,024	11.264	13,068

Number of Customers - South Bend Municipal Sewage Works

Total Number Of Customers	Year
39,185	2005
39,124	2006
37,018	2007
38,282	2008
36,664	2009
38,455	2010
39,027	2011

Source - City of South Bend Environmental Services Department

SOUTH BEND MUNICIPAL SEWAGE WORKS

South Bend, Indiana ($'s whole)

Statement of City-Owned Utility Debt

South Bend Municipal Sewage Works		
Sewage Works Revenue Bonds of 1998		
State Revolving Fund (SRF) Loan	$	10,865,000
Public Works Building Corporation		
Sewage Works Portion of Bonds		722,010
Sewage Works Revenue Bonds of 2004		8,465,000
Sewage Works Revenue Bonds of 2006		6,745,000
Sewage Works Revenue Bonds of 2007		14,305,000
Sewage Works Revenue Bonds of 2007 B		14,240,000
Sewage Works Revenue Bonds of 2009		3,029,211
Sewage Works Revenue Bonds of 2010		8,980,000
Sewage Works Revenue Bonds of 2011		21,500,000
Total Sewage Utility Debt	$	88,851,221
South Bend Municipal Waterworks		
Waterworks Revenue Bonds of 2000		
State Revolving Fund (SRF) Loan		1,321,395
Waterworks Revenue Bonds of 2002		3,945,000
Waterworks Revenue Bonds of 2006		3,885,000
Waterworks Revenue Bonds of 2009, Series A		
State Revolving Fund (SRF) Loan		429,000
Waterworks Revenue Bonds of 2009, Series B		
Indiana Bond Bank		5,380,000
Total Water Utility Debt	$	14,960,395
Total Utility Debt	$	103,811,616

Source: City of South Bend Finance Administration and Crowe Horwath

SOUTH BEND MUNICIPAL SEWAGE WORKS

City of South Bend, Indiana

Estimated Debt Service Coverage Calculation

Operating Revenues	$ 28,867,423
Less: Operation and Maintenance Expenses (Net of Depreciation and PILOT)	(14,225,844)
Net Revenues Available for Debt Service	14,641,579
Estimated Combined Annual Debt Service	6,604,611
Coverage - $	$ 8,036,968
Coverage - %	222%

SOUTH BEND MUNICIPAL WATER UTILITY
City of South Bend, Indiana

Estimated Debt Service Coverage Calculation

Operating Revenues	$ 13,327,404
Less: Operation and Maintenance Expenses (Net of Depreciation and PILOT)	(9,301,552)
Net Revenues Available for Debt Service	4,025,852
Estimated Combined Maximum Annual Debt Service	3,553,190
Coverage - $	$ 472,662
Coverage - %	113%

CITY OF SOUTH BEND BUILDING CORPORATION

Projected City of South Bend COIT Revenues ($'s whole)
.6% COIT Tax Rate
Levy is used to Distribute COIT

Year of Collection	St. Joseph County Projected Distribution (1)	Projected COIT Ratio (1)	Projected COIT Amount Available For Debt Service (1)
2011	$ 19,907,430	31.67%	$ 6,304,223
2012	$ 19,907,430	31.67%	$ 6,304,223
2013	$ 19,907,430	31.67%	$ 6,304,223
2014	$ 19,907,430	31.67%	$ 6,304,223
2015	$ 19,907,430	31.67%	$ 6,304,223
2016	$ 19,907,430	31.67%	$ 6,304,223
2017	$ 19,907,430	31.67%	$ 6,304,223
2018	$ 19,907,430	31.67%	$ 6,304,223
2019	$ 19,907,430	31.67%	$ 6,304,223
2020	$ 19,907,430	31.67%	$ 6,304,223
2021	$ 19,907,430	31.67%	$ 6,304,223
2022	$ 19,907,430	31.67%	$ 6,304,223
		Total	$ 75,650,676

(1) Kept constant based on 2011.

CITY OF SOUTH BEND BUILDING CORPORATION

Statement of Estimated Cash Flow and Debt Service Coverage

Year	Projected City of South Bend COIT Revenues	South Bend Redevelopment District Taxable Revenue Bonds, Series 2010	COIT Lease Revenue Bonds of 2010 Debt Service	First Mortgage Revenue Bonds, Series 2003 Debt Service	Estimated Execess Funds	Estimated Coverage
2011	6,304,223	784,858	676,000	1,720,260	3,123,105	1.98
2012	6,304,223	773,720	679,000	1,718,210	3,133,293	1.99
2013	6,304,223	770,995	674,000	1,714,172	3,145,056	2.00
2014	6,304,223	762,645	676,000	1,720,253	3,145,325	2.00
2015	6,304,223	746,317	680,000	1,718,103	3,159,803	2.00
2016	6,304,223	732,603	673,000	1,719,005	3,179,615	2.02
2017	6,304,223	720,905	675,000	1,719,250	3,189,068	2.02
2018	6,304,223	706,650	675,000	1,713,750	3,208,823	2.04
2019	6,304,223	-	673,000	1,715,125	3,916,098	2.64
2020	6,304,223	-	678,000	1,718,000	3,908,223	2.63
2021	6,304,223	-	-	1,717,000	4,587,223	3.67
2022	6,304,223	-	-	1,717,375	4,586,848	3.67
Total	$ 75,650,676	$ 5,998,693	$ 6,759,000	$ 20,610,503	$ 42,282,480	2.27

CITY OF SOUTH BEND, INDIANA

Erskine Village Project

Estimated Tax Increment Revenue

Tax Year / Collection Year	Estimated Tax Increment (1)	11/12 Net Tax Rate (2)	Estimated Tax Increment Revenue
2011/2012	-	3.6726	-

(1) The City passed back incremental assessed value for payble year 2012
The City will make a yearly decision on the passback of incremental assessed value.

(2) Circuit Breaker rate of $3.00 and exempt rate of .6726

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules present various demographic and economic indicators to help the reader understand the environment within the City of South Bend that affects the City's financial activities.

CITY OF SOUTH BEND, INDIANA
DEMOGRAPHIC STATISTICS
LAST TEN YEARS

Year	City of South Bend Population (1)	Percent Increase/ (Decrease)	South Bend Metropolitan Area Median Family Income (4)	Percent Increase/ (Decrease)	South Bend Metro Area Total Personal Income (3) (Millions)	Percent Increase/ (Decrease)	South Bend Metro Area Per Capita Income (3)	Percent Increase/ (Decrease)	City of South Bend Median Age (4)	City of South Bend Public School Enrollment (2)	Percent Increase/ (Decrease)
2002	106,558	-1.1%	40,816	0.0%	7,671	3.3%	28,909	3.4%	32.7	21,059	-1.4%
2003	105,540	-1.0%	37,140	-9.0%	7,887	2.8%	29,788	3.0%	32.7	21,981	4.4%
2004	105,206	-0.3%	39,940	7.5%	8,295	5.2%	31,340	5.2%	32.7	22,140	0.7%
2005	105,743	0.5%	37,971	-4.9%	8,565	3.3%	32,328	3.2%	34.5	22,100	-0.2%
2006	104,457	-1.2%	39,046	2.8%	8,958	4.6%	33,034	2.2%	34.6	21,926	-0.8%
2007	104,069	-0.4%	44,400	13.7%	8,978	0.2%	33,739	2.1%	34.6	21,715	-1.0%
2008	104,905	0.8%	40,684	-8.4%	9,396	4.7%	35,357	4.8%	34.6	21,595	-0.6%
2009	106,192	1.2%	43,403	6.7%	9,466	0.7%	34,651	-2.0%	32.3	21,261	-1.5%
2010	101,168	-4.7%	40,789	-6.0%	9,289	-1.9%	34,286	-1.1%	33.4	20,771	-2.3%
2011	101,168	0.0%	40,873	0.2%	8,891	-4.3%	33,322	-2.8%	33.3	20,134	-3.1%

<u>Sources:</u>

(1) U.S. Census Bureau 2010 Census information (http://factfinder2.census.gov). No 2011 information available.
(2) South Bend Community School Corporation Administration office for enrollment on October 1, 2010
(3) South Bend-Mishawaka, IN_MI Metropolitan Area Profile (http://www.stats.indiana.edu). Labor and employment statistics for December of 2011.
(4) U.S. Census Bureau (http://factfinder2.census.gov). No 2011 information available.
(5) Information not available at this time due to 2010 Census numbers still being compiled and input.

CITY OF SOUTH BEND, INDIANA
DEMOGRAPHIC STATISTICS (CONTINUED)
LAST TEN YEARS

Year	December South Bend Metropolitan Area Labor Force (1)	Percent Increase/ (Decrease)	December South Bend Metropolitan Area Unemployment (1)	Percent Increase/ (Decrease)	December South Bend Metropolitan Unemployment Rate (1)
2002	133,240	0.3%	6,496	-11.4%	4.9%
2003	131,283	-1.5%	6,288	-3.2%	4.8%
2004	132,981	1.3%	6,669	6.1%	5.0%
2005	134,033	0.8%	6,956	4.3%	5.2%
2006	134,651	0.5%	6,501	-6.5%	4.8%
2007	132,693	-1.5%	6,291	-3.2%	4.7%
2008	133,433	0.6%	12,476	98.3%	9.4%
2009	123,792	-7.2%	13,474	8.0%	10.9%
2010	125,853	-5.7%	12,648	1.4%	10.0%
2011	129,438	4.6%	12,366	-8.2%	9.6%

Source:

(1) South Bend-Mishawaka, IN_MI Metropolitan Area Profile (http://www.stats.indiana.edu).
Labor and employment statistics for December, 2011.

CITY OF SOUTH BEND, INDIANA
COMPARISON OF GROWTH RATES IN PERSONAL INCOME FOR ST. JOSEPH COUNTY, THE STATE OF INDIANA AND U.S. PERSONAL INCOME
LAST TEN YEARS

	Amount in Millions		Amount in Billions	Annual Percentage Increase		
Calendar Year	**St. Joseph Co. Personal Income**	**Indiana Personal Income**	**U.S. Personal Income**	**St. Joseph Co. Personal Income**	**Indiana Personal Income**	**U.S. Personal Income**
2002	7,671	172,474	8,873	3.30%	2.74%	1.79%
2003	7,887	178,675	9,150	2.82%	3.60%	3.12%
2004	8,295	186,210	9,711	5.17%	4.22%	6.13%
2005	8,565	193,348	10,284	3.25%	3.83%	5.90%
2006	8,958	203,502	10,968	4.59%	5.25%	6.65%
2007	8,978	204,877	11,074	0.22%	0.68%	0.97%
2008	9,396	210,447	11,634	4.66%	2.72%	5.06%
2009	9,466	220,670	12,225	0.74%	4.86%	5.08%
2010	9,289	218,527	12,168	-1.87%	-0.97%	-0.47%
2011	8,891	220,555	12,353	-4.28%	0.93%	1.52%
	Average Annual Growth - Most Recent 5 Years			**-0.11%**	**1.64%**	**2.43%**
	Average Annual Growth - Most Recent 10 Years			**1.86%**	**2.78%**	**3.58%**

Source

STATS Indiana, a website sponsored by the Indiana Business Research Center at Indiana University's Kelley School of Business.Website address: www.stats.indiana.edu. Accessed May 9, 2012. Information is updated through 2011.

City of South Bend, Indiana
Principal Employers - Current and Nine Years Ago
December 31, 2011

Employer	Type of Business	2011 Number of Employees	Percent of Total	Rank	2002 Number of Employees	Percent of Total	Rank
		FTE's			FTE's		
University of Notre Dame	College/University	5,213	4.03%	1	4,100	3.08%	1
South Bend Community School Corporation	Public Schools	3,298	2.55%	2	3,000	2.25%	4
Memorial Health System	Health Care	3,000	2.32%	3	3,300	2.48%	3
St. Joseph Regional Medical Center	Health Care	2,221	1.72%	4	3,358	2.52%	2
The Diocese of Fort Wayne/South Bend	Parochial Schools	1,456	1.12%	5	-	-	-
Indiana University at South Bend	College/University	1,445	1.12%	6	1,481	1.11%	8
AM General Corportion	Manufacturing/Assembly	1,349	1.04%	7	2,300	1.73%	5
1st Source Bank	Banks/Financial Institutions	1,223	0.94%	8	-	-	-
City of South Bend, Indiana	Government	1,133	0.88%	9	1,300	0.98%	10
St. Joseph County, Indiana	Government	1,049	0.81%	10	1,631	1.22%	7
Honeywell	Manufacturing/Assembly	-	-	-	1,913	1.44%	6
Martins Super Markets	Grocery / Retail	-	-	-	1,435	1.08%	9
Total Number of Employees		**21,387**	**16.52%**		**23,818**	**17.88%**	
Total Employees - South Bend Metropolitan Area Labor Force		**129,438**	**100.00%**		**133,240**	**100.00%**	

Sources:

City of South Bend 2002 Comprehensive Annual Financial Report

Telephone calls to individuals employers for 2011 employment levels.

(Information for Dioceses of Fort Wayne/South Bend and 1st Source Bank was not available for 2002)

South Bend-Mishawaka, IN Metropolitan Area Profile (http://wwww.stats.indiana.edu)

OPERATING AND OTHER INFORMATION

These schedules contain information about the City of South Bend's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. Included in this section is other non-required information that the City has determined is relevant and useful to the reader of the financial statements.

City of South Bend, Indiana
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
Function/program	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Police										
Physical arrests	4,990	5,003	5,041	5,056	5,932	4,589	4,091	3,785	3,077	3,626
Parking violations	623	655	688	722	515	1,820	1,672	1,479	979	904
Traffic violations	13,936	13,873	14,052	13,411	16,583	1,626	5,901	11,746	14,163	4,236
Fire										
Emergency responses	20,112	19,429	19,031	20,438	21,815	21,942	23,282	25,563	24,876	26,042
Fires extinguished	485	541	407	564	601	543	520	627	494	223
Inspections	10,332	5,375	4,820	5,584	4,875	4,302	4,467	4,205	4,233	4,395
Refuse collection										
Refuse collected (tons per day) (1)	266	284	266	238	269	267	137	70	120	123
Other public works										
Street resurfacing (miles)	28.00	27.50	30.20	29.30	15.00	16.50	14.70	14.50	20.30	18.10
Potholes repaired (tonnage)	389.10	341.87	560.41	372.06	239.88	923.00	898.00	629.22	380.00	332.32
Parks and recreation										
Athletic field permits issued	N/A	700	700	750	700	1,000	738	700	381	227
Fitness Center Admissions	16,773	33,361	35,426	37,247	61,452	63,088	70,193	74,438	60,118	67,408
Water										
New billable housing starts	407	439	427	445	471	321	299	194	179	144
Water mains breaks	72	90	78	80	54	105	72	87	76	60
Average daily consumption (thousands of gallons)	22,678	20,269	19,461	20,071	17,704	19,042	18,280	16,100	15,955	15,600
Wastewater										
Average daily sewage treatment (thousands of gallons)	44,100	38,200	31,800	31,800	32,800	35,970	37,800	41,200	30,861	35,800

Sources: Various city departments

N/A - information not available

(1) 2007 and prior years were in cubic yards

City of South Bend, Indiana
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

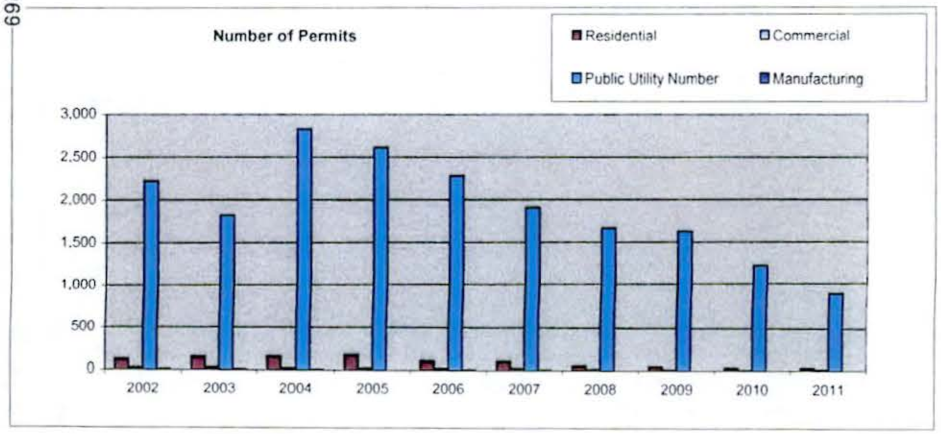
	Fiscal Year									
Function/program	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	2	2	2	2	2	2	2	2	2	2
Patrol units	24	24	25	25	25	25	25	25	25	25
Fire										
Stations	11	11	11	11	11	11	11	11	11	11
Rescue units	31	31	31	31	31	32	32	33	33	33
Refuse collection										
Collection trucks	24	24	21	23	22	22	22	21	23	23
Other public works										
Streets (miles)	496	496	498	498	500	500	500	532	532	499
Streetlights	931	950	963	966	1,060	1,170	1,242	2,500	2,500	2,500
Traffic signals	161	162	163	164	167	160	160	162	162	164
Parks and recreation										
Acreage	1,278	1,292	1,292	1,292	1,292	1,292	1,292	1,292	1,292	1,292
Playgrounds	47	47	47	47	47	47	47	47	47	47
Baseball/softball diamonds	26	26	26	26	26	27	27	27	27	27
Soccer/football fields	17	17	17	17	17	17	17	17	17	17
Swimming pools	2	2	2	2	2	2	2	2	2	2
Community center	5	5	5	5	5	5	5	5	5	5
Water										
Water mains (miles)	527	529	538	547	553	558	560	560	580	582
Fire hydrants	4,481	4,669	4,819	4,914	5,013	4,000	5,081	5,317	5,345	5,377
Storage capacity (thousands of gallons)	15,800	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300
Wastewater										
Sanitary sewers (miles)	540	540	540	540	540	540	540	534	534	534
Storm sewers (miles)	200	200	200	200	200	200	200	200	127	127
Treatment capacity (thousands of gallons)	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000

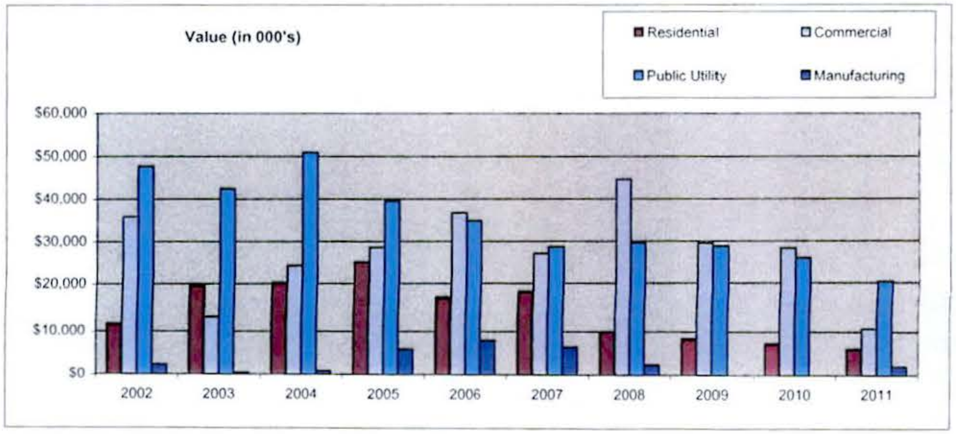
Sources: Various city departments

CITY OF SOUTH BEND, INDIANA
NEW CONSTRUCTION - NUMBER OF PERMITS AND PROPERTY VALUES
Last Ten Fiscal Years
(Dollar Amounts in 000's)

Year	Residential Number of Permits	Residential Value (in 000's)	Residential Value Increase/ (Decrease)	Commercial Number of Permits	Commercial Value (in 000's)	Public Utility Number of Permits	Public Utility Value (in 000's)	Manufacturing Number of Permits	Manufact Value (in 000's)	Commercial, Public Utility and Manufacturing Total Value (in 000's)	Total Value Increase/ (Decrease)
2002	107	11,707	3.5%	24	35,810	2,222	47,710	2	2,475	85,995	-4.1%
2003	140	19,573	67.2%	28	13,280	1,822	42,435	2	375	56,090	-34.8%
2004	147	20,203	3.2%	20	24,340	2,823	50,910	3	847	76,097	35.7%
2005	166	25,123	24.4%	17	28,578	2,611	39,435	1	6,000	74,013	-2.7%
2006	102	17,241	-31.4%	21	36,749	2,282	34,836	2	7,927	79,512	7.4%
2007	103	18,314	6.2%	28	27,082	1,907	28,720	5	6,612	62,414	-21.5%
2008	55	10,032	-45.2%	15	44,678	1,662	29,685	1	2,416	76,779	23.0%
2009	48	8,467	-15.6%	10	29,451	1,627	28,785	0	0	58,236	-24.2%
2010	35	7,450	-12.0%	5	28,283	1,221	25,998	0	0	54,281	-6.8%
2011	33	6,300	-15.4%	14	10,737	880	20,265	1	2,023	33,025	-39.2%

Source - Consolidated City/County Building Department and City Engineering Department.





City of South Bend, Indiana
Full-Time Equivalent City Government Employees by Department
Last Ten Fiscal Years

Department	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Mayor's Office	10.00	10.00	10.00	10.00	10.00	10.00	9.00	8.00	7.00	7.00
City Clerk's Office	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Common Council (elected officials, part-time)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Administration and Finance	28.00	28.00	29.00	31.00	32.00	31.00	29.00	26.00	26.00	27.00
City Attorney's Office	13.00	14.00	15.00	15.00	15.00	15.00	15.00	9.00	9.00	9.00
Code Enforcement	27.00	27.00	28.00	28.00	28.00	27.00	27.00	27.00	23.00	25.00
Engineering	21.00	21.00	20.00	19.00	19.00	18.50	18.50	16.00	19.00	17.00
Public Safety										
Police Department	317.00	316.00	315.00	317.00	317.00	320.00	317.00	279.00	293.00	293.00
Communication Center	28.00	29.00	31.00	31.00	31.00	30.00	30.00	37.00	38.00	35.00
Fire Department	257.00	257.00	257.00	255.00	255.00	254.00	254.00	246.00	255.00	258.00
Building Maintenance	6.00	6.00	6.00	7.00	7.00	7.00	7.00	4.00	3.00	3.00
Culture and Recreation										
Parks and Recreation	132.00	126.00	124.00	123.00	122.00	122.00	121.00	111.00	113.00	114.00
Convention and Events Management (1)	48.33	49.00	50.00	50.00	49.00	16.00	15.00	13.00	13.00	14.00
Economic Development										
Community and Economic Development	45.00	44.00	42.00	42.00	42.00	35.00	33.00	26.00	26.00	25.00
Highways and Streets										
Street Department	81.00	77.00	71.00	71.00	66.00	54.00	54.00	51.00	52.00	56.00
Traffic & Lighting	12.00	11.00	11.00	11.00	11.00	11.00	11.00	6.00	0.00	0.00
Enterprise Funds										
Water Works	95.00	87.00	87.00	86.00	86.00	86.00	80.00	82.00	75.00	74.00
Wastewater	59.00	55.00	55.00	51.00	53.00	54.50	56.50	48.00	51.00	49.00
Sewer	30.00	30.00	30.00	30.00	29.00	28.00	28.00	33.00	35.00	36.00
Solid Waste	42.00	35.00	31.00	31.00	31.00	26.00	26.00	26.00	26.00	23.00
Building Department	20.00	20.00	22.00	22.00	22.00	22.00	22.00	15.00	13.00	13.00
Internal Service Fund										
Central Services	53.00	53.00	50.00	50.00	49.00	49.00	46.00	39.00	41.00	41.00
Total Positions	1,338.33	1,309.00	1,298.00	1,294.00	1,288.00	1,230.00	1,213.00	1,116.00	1,132.00	1,133.00

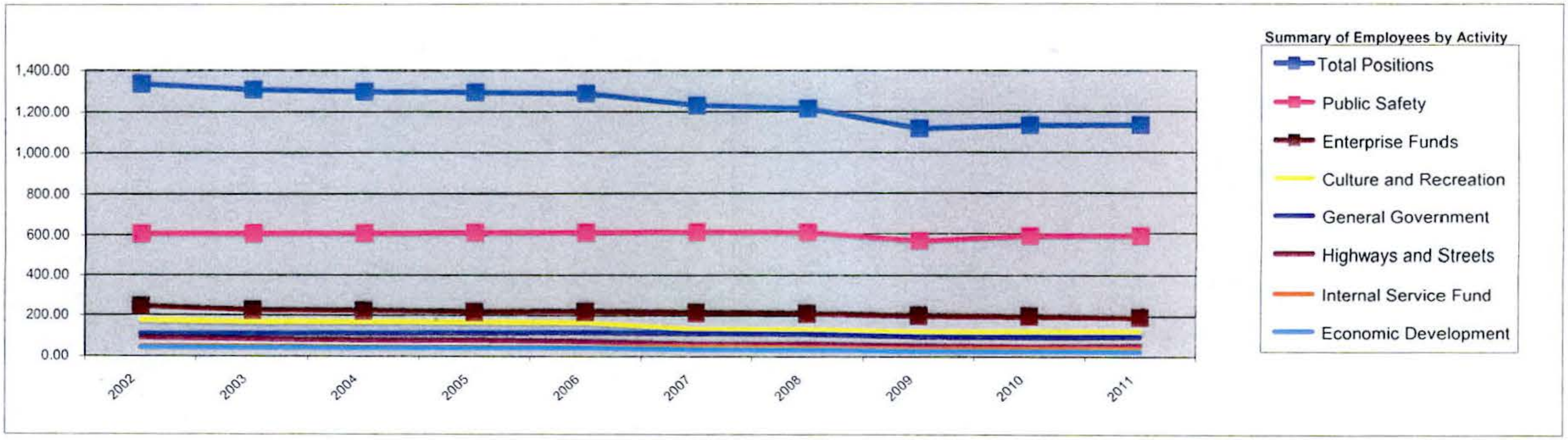
City of South Bend, Indiana
Full-Time Equivalent City Government Employees by Department
Last Ten Fiscal Years

Department	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Summary by Activity										
General Government	113.00	114.00	116.00	117.00	118.00	115.50	112.50	100.00	98.00	99.00
Public Safety	608.00	608.00	609.00	610.00	610.00	611.00	608.00	566.00	589.00	589.00
Culture and Recreation	180.33	175.00	174.00	173.00	171.00	138.00	136.00	124.00	126.00	128.00
Economic Development	45.00	44.00	42.00	42.00	42.00	35.00	33.00	26.00	26.00	25.00
Highways and Streets	93.00	88.00	82.00	82.00	77.00	65.00	65.00	57.00	52.00	56.00
Enterprise Funds	246.00	227.00	225.00	220.00	221.00	216.50	212.50	204.00	200.00	195.00
Internal Service Fund	53.00	53.00	50.00	50.00	49.00	49.00	46.00	39.00	41.00	41.00
Total Positions	**1,338.33**	**1,309.00**	**1,298.00**	**1,294.00**	**1,288.00**	**1,230.00**	**1,213.00**	**1,116.00**	**1,132.00**	**1,133.00**

Excludes seasonal, part-time and temporary positions

(1) Includes reduction of 34 positions in the City's convention facility (Century Center) during 2007. Century Center is being managed by a private company under an agreement with the City of South Bend.

Source: City of South Bends Performance Based Budgets and personnel records



City of South Bend, Indiana
Employee Statistics
December 31, 2011

	Years of Service													
Age	<1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total	*Percent*	12/31/09	*Percent*
Under 25	5	18	-	-	-	-	-	-	-	-	23	*2.34%*	23	*2.37%*
25 to 29	16	46	14	-	-	-	-	-	-	-	76	*7.73%*	58	*5.99%*
30 to 34	4	36	51	8	-	-	-	-	-	-	99	*10.07%*	113	*11.66%*
35 to 39	6	29	45	53	10	-	-	-	-	-	143	*14.55%*	162	*16.72%*
40 to 44	3	15	21	57	54	9	1	-	-	-	160	*16.28%*	161	*16.62%*
45 to 49	5	9	12	30	44	38	2	-	-	-	140	*14.24%*	127	*13.11%*
50 to 54	4	18	16	20	14	27	17	16	2	-	134	*13.63%*	130	*13.42%*
55 to 59	2	10	9	15	13	13	13	28	10	-	113	*11.50%*	117	*12.07%*
60 to 64	-	4	8	14	7	12	8	5	17	2	77	*7.83%*	58	*5.99%*
65 to 69	-	2	4	2	1	2	-	-	-	3	14	*1.42%*	16	*1.65%*
70 & up	-	-	1	-	-	-	-	1	-	2	4	*0.41%*	4	*0.41%*
Total - 12/31/11	45	187	181	199	143	101	41	50	29	7	983	*100.00%*	969	*100.00%*
Percent	*4.58%*	*19.02%*	*18.41%*	*20.24%*	*14.55%*	*10.27%*	*4.17%*	*5.09%*	*2.95%*	*0.71%*	*100.00%*			
Total - 12/31/09	28	197	214	198	114	96	41	55	21	5	969			
Percent	*2.89%*	*20.33%*	*22.08%*	*20.43%*	*11.76%*	*9.91%*	*4.23%*	*5.68%*	*2.17%*	*0.52%*	*100.00%*			

Group	Single	Non-Single	Total	Average Age	Average Service
Fire Dept.	74	154	228	42.0	14.3
Non-Bargaining	146	155	301	49.5	13.5
Police Dept.	87	136	223	41.3	14.6
Teamsters	107	124	231	45.5	12.1
Total - 12/31/11	414	569	983	45.0	13.6
Total - 12/31/09	292	677	969	44.7	13.2

Source: City of South Bend GASB 45 Valuation Reports for 2011 and 2009. Reports prepared by the Nyhart Company, Indianapolis, Indiana.
The GASB 45 report is updated every two years. Information is presented for active employees enrolled in the City health insurance program.

City of South Bend, Indiana
Salary Rate Comparison
1990 - 2011

	-----1st Class Patrol Officer-----		---1st Class Fire Fighter---			
Year	**Percent**	**Base Salary**	**Percent**	**Base Salary**	**Non-bargaining**	**Teamsters**
1990	3.62%	20,071.00	4.74%	19,869.00	3.00-4.00%	.25 per hour
1991	0.92%	20,256.00	2.52%	20,369.00	3.00%	.25 per hour
1992	4.69%	21,206.00	2.45%	20,869.00	3.00%	.30 per hour
1993	0.44%	21,300.00	5.00%	21,912.00	4.24%	0.00%
1994	2.35%	21,800.00	0.00%	21,912.00	1.50% + $300 bonus	.15 per hour
1995	4.82%	22,850.00	3.00%	22,569.00	1.50% + $300 bonus	.30 per hour
1996	4.38%	23,850.00	5.00%	23,697.00	3.00%	.27 per hour
1997	4.19%	24,850.00	4.87%	24,850.00	3.00%	.33 per hour
1998	4.63%	26,000.00	0.60%	25,000.00	3.00%	.37 per hour
1999	3.85%	27,000.00	2.60%	25,650.00	3.25%	3.50%
2000	5.56%	28,500.00	9.34%	28,045.00	3.50%	3.50%
2001	9.74%	31,275.00	11.52%	31,275.00	3.50%	4.00%
2002	4.50%	32,682.00	4.03%	32,534.00	4.00%	4.00%
2003	5.57%	34,504.00	4.04%	33,850.00	4.00%	4.00%
2004	6.01%	36,578.00	5.17%	35,600.00	4.00%	4.00%
2005	9.36%	40,000.00	12.36%	40,000.00	4.00%	4.00%
2006	2.50%	41,000.00	2.00%	40,800.00	2.00%	4.25%
2007	2.50%	42,025.00	2.50%	41,820.00	$750/0%	.38 per hour
2008	3.50%	43,496.00	3.50%	43,285.00	3.00%	3.00%
2009	2.20%	44,453.00	2.00%	44,150.00	2.00%	2.00%
2010	0.00%	44,453.00	6.80%	47,150.00	2.00%	2.00%
2011	11.50%	49,563.00	4.06%	49,066.00	2.00%	0.00%

Source - City of South Bend personnel records

CITY OF SOUTH BEND, INDIANA
INSURANCE COVERAGE
2011

Type of Coverage		Limits of Liability	Estimated Annual Premium
LIABILITY			
Comprehensive General Liability		Statutory	Self-Insured
Police Professional Liability		Statutory	Self-Insured
Ambulance Malpractice Liability		Statutory	Self-Insured
Premises Liability (Clay Utilities, Century Center, Parking Garages)		Statutory	Self-Insured
CGL - Stadium		Statutory	Self-Insured
Liquor Liability	4/26/11 - 12	$1,000,000	$1,708 Premium
CRIME			
Public Employee Dishonesty	12/31/11 - 12	$1,000,000	$8,534 Premium
PROPERTY	7/1/11 - 12		
All risk blanket building & contents		$550,000,000	$233,124 Premium
Business Income		Included in above	Included in above
Machinery Breakdown		Included in above	Included in above
Fine Arts		Included in above	Included in above
Valuable Papers & Records		Included in above	Included in above
Contractors Equipment		Included in above	Included in above
Flood Insurance - Pump station & contents	1/15/11 - 12	$537,500	$4,940 Premium
Eddy Street Commons Parking Garage	3/2/11 - 12		
Building & Infrastructure		$36,000,000	$21,675 Premium
Business Income & Rental Value		$15,000,000	Included in above
Flood		$25,000,000	Included in above
Earthquake		$25,000,000	Included in above
OTHER	1/1/11 - 12		
Workers Compensation		Statutory	Self-Insured
Third Party Fee		Statutory	$65,000 Fee
Excess Over Self-insured $350,000 Retention Each Accident		Statutory	$90,216 Premium/Fee

Source: City of South Bend Administration & Finance Department
Gibson Insurance Company

City of South Bend, Indiana
Miscellaneous Statistics
December 31, 2011

Police Department

	2010	2011
Authorized Officers	260	260
Vehicles	334	341
Special Officer Groups:		
K-9 Patrols	10	12
SWAT Team	17	17
Metro Drug Task Force (of 20 total	18	16
NEST - Special Neighborhood Unit	9	7
Bicycle Patrol Officers	4	4
Motorcycle Patrol Officers	3	3
Community Relations Officers	4	4
Bomb Squad	7	7
Crime Prevention Officers	4	4
2011 Crime Data:		
Murders	6	9
Rapes	52	60
Robbery	339	406
Aggravated Assault	349	269
Residential Burglary	1,706	1,704
Non-residential Burglary	511	631
Larceny	3,411	3,437
Auto Theft	302	324
Arson	51	43
Calls for Service	181,920	183,516
Dispatches	108,170	108,266
Miles Driven	3,447,189	3,565,947
Arrests	3,077	3,626

Fire Department

Paid Department established 1887

	2010	2011
Sworn Firefighters (59 of which are Paramedics)	235	253
Fire Apparatus	20	20
Hazardous Materials Truck	1	1
Reserve Pumper Trucks	3	3
Reserve Ladder Trucks	2	2
River Rescue Boats	3	3
Ambulances	7	7
Neonatal (Newborn) Units	3	3
Fire Runs	24,876	26,042
Ambulance Runs	14,100	14,782

Department of Public Works

	2010	2011
Traffic Signals	162	164
Street Lights (City maintained)	2,500	2,500
Miles of Streets	532	499.06
Miles of Sidewalks	695	695
Miles of Alleys	398	398
Miles of Sanitary Sewers and Storm Drains	661	661
City Owned Vehicles	442	438
Trash Picked Up Per Week (in tons)	840/wk	495/wk

Sign Shop

	2010	2011
Work orders for sign maintenance, installation or removal	1,500	1,100
Miles of yellow and white paint	251	213
Pre-formed plastic arrows used for street markings	82	74
Crosswalk painting at intersections	90	330
Turn arrows in turn lanes	82	82
Detour routes	54	58
Temporary No Parking postings	450	386
Built Portables	0	80
Railroad Crossings	39	39
Built Barricades	0	0
Special Signs Built	1200+	1100
Barricades set up for 2011 events (# of events):		89
Block Parties	56	41

Sewer Utility

	2010	2011
Customers	38,455	39,027
Dry Tons of Sludge produced per year	2,806	3,151
Miles of Sanitary Sewer Lines	534	534
Miles of Storm Sewer Lines	127	127

Water Utility

	2010	2011
Customers/Meters	39,098	39,407
Irrigation Customers	2,782	2,760
Wells/Pumps in service	30	30
Pumping Capacity	80 m.g.d.	80 m.g.d.
Daily Consumption	15.9 m.g.d.	15.6 m.g.d.
Peak Demand	30.3 m.g.d.	29.8 m.g.d.
Miles of Distribution Systems	580	582
Fire Hydrants	5,345	5,377

City of South Bend, Indiana
Miscellaneous Statistics
December 31, 2011

South Bend Regional Airport

Year	Passenger Volume
2002	812,080
2003	802,191
2004	780,033
2005	693,675
2006	729,619
2007	779,356
2008	704,418
2009	625,077
2010	626,597
2011	599,127

The South Bend Regional Airport had 33,495 take-offs and landings during 2010. Approximately 28 commercial airline flights per day fly to 10 hub airports.

Commercial airlines with operations at South Bend Regional Airport (market share):

	2010	2011
Allegiant Air	23.22%	20.61%
Continental Connection	3.83%	4.58%
Delta Connection	49.44%	49.40%
United Express	23.51%	25.41%
Total	100.00%	100.00%

Bus Passengers	Unavailable	31,933
Train Passengers (South Shor	256,886	257,800

Transpo

South Bend Public Transportation Corporation

	2010	2011
Route Miles	282.0	301.6
Ridership	2,105,135	2,204,247
Miles of Service	1,601,736	1,673,423

Convention Facilities

Century Center	75,000 square feet of exhibit space 2,590 available seating 750 seat theater
Morris Performing Arts Center	2,500 available seating
Motels	30 motels/hotels 6 Bed and Breakfasts Over 4,700 available rooms

Major motels and meeting rooms:

Magnuson Grand Hotel	facilities to seat 200
Double Tree	facilities to seat 300

Other Transportation

43 Trucking Lines, 33 Terminals
2 Interstate Bus Lines
4 Major Rail Systems (freight and passenger)

Health Care

The City of South Bend has excellent health care access at costs below the national average and the lowest in the midwest region. The City has one major hospital:

Memorial Health Systems	526 beds

Other

- Incorporated in 1865
- County Seat of St. Joseph County
- South Bend officially began under the name South Hold but the name was changed by the Post Office in 1830 to avoid confusion with other communities that used that name. The name South Bend was used because the City is located at the southernmost point of the St. Joseph River.
- Average High Temperature:

January	27.8 degrees Farenheit
July	87.4 degrees Farenheit

Colleges and Universities

Universities and Colleges	Enrollment 2010	Enrollment 2011
The University of Notre Dame	11,992	12,004
Indiana University at South Bend	8,590	8,386
Bethel College	2,152	2,076
St. Mary's College	1,555	1,510
Holy Cross College	427	451
Trine University - South Bend	76	84
Brown Mackie College - South Bend	1,008	855

Technical Colleges	Enrollment 2010	Enrollment 2011
IVY Tech Community College	5,617	5,800
ITT Technical College	361	0

Communications

Access to:
4 Major Television Networks (WNDU, WSJV, WSBT, WBND)
1 Public Broadcasting Television Station (WNIT)
2 Local Television Stations (WHME, WMWB)
1 Major Newspaper (The South Bend Tribune)
25 Radio Stations

Famous Residents

South Bend has been the home to the many distinguished individuals including the following persons:

Ryan Newman, racecar driver
John Fogerty, singer
Michael Warren, actor
Chad Everett, actor
Sidney Pollack, actor/director
Knute Rockne, football coach
John Wooden, basketball coach
Joe Kernan, former South Bend Mayor and Indiana Governor

THE CITY OF SOUTH BEND, INDIANA

1865

VIII 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

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

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

TO: THE OFFICIALS OF THE CITY OF SOUTH BEND, 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 South Bend (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 30, 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 opinion 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free 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, Common 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 30, 2012

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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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 SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

Compliance

We have audited the compliance of the City of South Bend (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 each of its major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs are 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 each of its major federal programs 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 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 APPLICABLE TO 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 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 of South Bend as of and for the year ended December 31, 2011, and have issued our report thereon dated May 30, 2012. Our audit was performed for the purpose of forming 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, Common 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 30, 2012

CITY OF SOUTH BEND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
U.S. DEPARTMENT OF COMMERCE			
Direct Grant			
Economic Development Cluster			
Economic Adjustment Assistance	11.307	06-19-01251	$ 1,241,669
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Grant			
CDBG-Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218	B-09-MC-180-011	397,179
		B-10-MC-180-011	2,482,495
ARRA - Community Development Block Grants/Entitlement Grants	14.218	B-08-MN-18-011	1,453,209
Total for program			4,332,883
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R)	14.253	B-09-MY-18-0011	115,518
Total for Cluster			4,448,401
Emergency Shelter Grants Program	14.231	S-10-MC-180-011	12,830
		E-11-MC-180-011	98,726
Total for program			111,556
Shelter Plus Care	14.238	IN0087CH00901	70,685
		IN0009C5H000802	140,673
		IN0009C5H001003	38,761
		IN0010C5H000802	32,857
Total for program			282,976
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	B00-BD-180-030	402,956
Community Development Block Grants-Section 108 Loan Guarantees	14.248		4,099
ARRA - Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257	S0-09-MY-18-0011	606,297
Fair Housing Assistance Program-State and Local	14.401	FF205K105014	71,352
Total for federal grantor agency			5,927,637

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

CITY OF SOUTH BEND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
U.S. DEPARTMENT OF JUSTICE			
Direct Grant			
Community Capacity Development Office	16.595	2009-WSQ-0071	78,725
		2010-WSQ-0059	8,701
Total for program			87,426
ARRA - Public Safety Partnership and Community Policing Grants	16.710	09RKWX0352	817,765
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	08DJBX0134	11,609
		09DJBX0926	27,905
		09DJBX0855	49,038
Total for program			88,552
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-1280	309,974
Total for Cluster			398,526
Total for federal grantor agency			1,303,717
U.S. DEPARTMENT OF LABOR			
Direct Grant			
WIA Pilots, Demonstrations, and Research Projects	17.261	EA-20279-10-60-A-18	198,611
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION			
Direct Grant			
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	EECCN100092	85,886
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Direct Grant			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-965-645-01	564,946
ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	66.818	2B-00E97101-0	6,792
Total for program			571,738

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

CITY OF SOUTH BEND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
U.S. ENVIRONMENTAL PROTECTION AGENCY (continued)			
Pass-Through Indiana Finance Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458	WW09547102	284,063
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW09087102	25,315
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW09087102	27,667
Total for program			52,982
Total for federal grantor agency			908,783
U.S. DEPARTMENT OF ENERGY			
Direct Grant			
ARRA - Office of Science Financial Assistance Program	81.049	DE-FG02-08CH11514	9,424
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-SC0002273	424,221
Total for federal grantor agency			433,645
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct Grant			
Assistance to Firefighters Grant	97.044	EMW-2009-FV-03783	600,000
Total federal awards expended			$ 10,699,948

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

CITY OF SOUTH BEND
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 South Bend (primary government) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Subrecipients

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	$ 3,508,060
ARRA – Community Development Block Grant ARRA Entitlement Grants (CDGB-R)	14.253	115,518
Emergency Shelter Grants Program	14.231	107,806
Shelter Plus Care	14.238	282,976
ARRA – Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257	588,160
Community Capacity Development Office	16.595	87,426
WIA Pilots, Demonstrations, and Research Projects	17.261	198,611
ARRA – Office of Science Financial Assistance Program	81.049	9,424

CITY OF SOUTH BEND
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 programs:	
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 Programs:

CFDA Number	Name of Federal Program or Cluster
14.246	Community Development Block Grants/Brownfields Economic Development Initiative
14.257	ARRA – Homelessness Prevention and Rapid Re-Housing Program (Recovery Act funded)
	JAG Program Cluster
66.818	Brownfields Assessment and Cleanup Cooperative Agreements
81.128	ARRA – Energy Efficiency and Conservation Block Program (EECBG)
97.044	Assistance to Firefighters Grant

Dollar threshold used to distinguish between Type A and Type B programs: $320,998

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 SOUTH BEND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

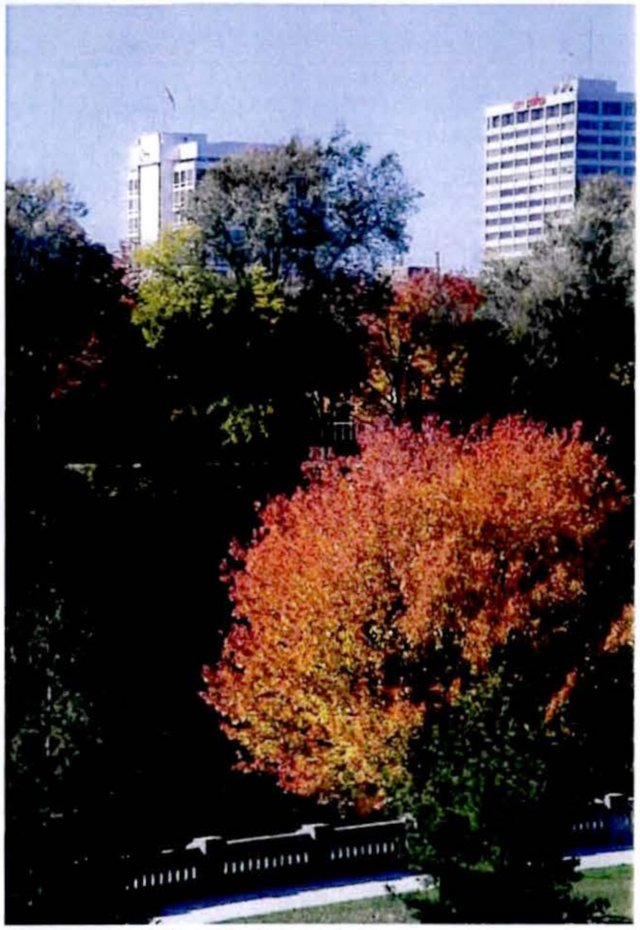

Photo courtesy of City of South Bend Archives

All-America City Award 2011

National Civic League, 2011

West Washington Neighborhood: 2012 Best Places to Live list

This Old House Magazine, 2012

Morris Performing Arts Center: Top 100 Venues worldwide

Pollstar Magazine, 2012

National League of Cities Gold Award for Municipal Excellence

Northeast Neighborhood Revitalization

Local Government Cooperation Award—Bike the Bend event

Indiana Association of Cities and Towns

South Bend has impact!

Blackthorn Golf Club: 39th Best Municipal Course in U.S.

Golf Week Magazine, 2008-09

Bicycle Friendly community (bronze designation)

League of American Bicyclist, 2010

Tree City USA Community

Department of Natural Resources, 2010

Potawatomi Zoo: 20 Best Zoos for Kids

www.child.com

Photo courtesy of Matt Cashore

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www.SouthbendIN.gov

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City of South Bend

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