



**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

**CITY OF MISHAWAKA
YEAR ENDED DECEMBER 31, 2010**

DAVID A. WOOD, MAYOR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MISHAWAKA

Year Ended December 31, 2010



PREPARED BY

CITY CONTROLLER'S OFFICE

Yvonne Milligan, City Controller

INTRODUCTORY SECTION

CITY OF MISHAWAKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR DECEMBER 31, 2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Yvonne Milligan	01-01-08 to 12-31-11
Mayor	Jeffrey L. Rea David A. Wood	01-01-08 to 09-06-10 09-07-10 to 12-31-11
President of the Board of Public Works and Safety	Gary E. West	01-01-10 to 12-31-11
Members of the Common Council	John Gleissner Gregg A. Hixenbaugh David A. Wood Marsha G. McClure Dale E. Emmons Ronald S. Banicki John J. Roggeman Michael S. Compton Ross J. Deal Michael A. Belovich	01-01-08 to 12-31-11 01-01-08 to 12-31-11 01-01-08 to 09-06-10 01-01-08 to 12-31-11 01-01-08 to 12-31-11 01-01-08 to 12-31-11 01-01-08 to 12-31-11 01-01-08 to 12-31-11 01-01-08 to 12-31-11 01-01-08 to 12-31-11 09-24-10 to 12-31-11



CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

OFFICE OF THE MAYOR

June 14, 2011

Members of the Common Council
Mishawaka, Indiana

Dear Council Members,

In accordance with Indiana statute, I hereby transmit to you the annual financial report of the City of Mishawaka as of December 31, 2010

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

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

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

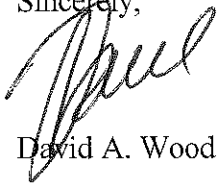
The preparation of this annual financial report could not have been accomplished without the professional competence and dedication of City Controller Yvonne Milligan and her entire staff. Their efforts over the years to upgrade the accounting and financial reporting systems of the City have substantially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

All of us in Mishawaka can take great pride that for the twenty fourth consecutive year, Mishawaka has earned the Certificate of Achievement for Excellence in Financial Reporting from the Government Financial Officers Association. This is the highest form of recognition in the area of governmental financial reporting. Few municipalities in the State of Indiana ever receive this prestigious award.

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

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

Sincerely,

A handwritten signature in cursive script, appearing to read "David A. Wood".

David A. Wood, Mayor



CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

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

June 14, 2011

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

The Comprehensive Annual Financial Report of the City of Mishawaka, Indiana for the fiscal year ended December 31, 2010 is hereby submitted.

This report was prepared by the City Controller's Office in conjunction with the State Board of Accounts of the State of Indiana. Responsibility for the accuracy, completeness and fairness of the presentation rests with the city. We believe the data as presented is accurate in all material respects and is presented fairly as set forth in the financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the city as of December 31, 2010 and that all disclosures necessary to enable the reader to gain the maximum understanding of the city's financial affairs have been included. The financial statements of the City of Mishawaka for the year-ended December 31, 2010 are fairly presented in conformity with GAAP.

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

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

The State Board of Accounts of the State of Indiana, have issued an unqualified opinion on the City of Mishawaka's financial statements for the year ended December 31, 2010. The independent auditor's opinion is located at the front of the financial section of this report.

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

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

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

CITY PROFILE

The City of Mishawaka was incorporated as a city in 1899. The City of Mishawaka is located in the north central part of the State of Indiana. Mishawaka is approximately 100 miles east of Chicago and 140 miles north of Indianapolis. The city currently occupies a land area of approximately 17.66 square miles and serves a population of an estimated 48,252. The central government of the city consists of the Mayor (chief executive officer) and a nine-member Common Council six members of which are elected by districts each serving a four-year term. The City of Mishawaka also elects a City Clerk.

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

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

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

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ECONOMIC CONDITION

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

The City of Mishawaka has made hard choices in the last six years to position ourselves for the downturn in the economy that occurred in 2009. The City of Mishawaka has continued to grow in 2010 but at a slower pace than we would like. We continue to make the long-term investments in our infrastructure and to then maintain those investments over time. Despite recent staff reductions the City of Mishawaka continues to maintain such services as street sweeping and leaf collections to keep our neighborhoods clean and an attractive place to live.

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

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

Mishawaka's 2000 Census population was 46,557 the estimated population of Mishawaka increased to 48,252 or 3.6% according to the 2010 U.S. Census. Steady job growth and population growth have contributed to the stability of the community. As of December 2010 the South Bend/Mishawaka area unemployment rate was 10.2%. The South Bend/Mishawaka area overall resident employment stands at 124,297 for 2010.

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

The largest employers in Mishawaka are in the Health, Education and Retail fields. The St. Joseph Regional Medical Center employs approximately 2534 people, the School City of Mishawaka employs an estimate of 996 people and Meijer Retail employs approximately 654 people.

The total estimated value of new construction in Mishawaka during 2010 was \$42.8 million. Residential permits totaled \$8.9 million and the commercial permits totaled \$33.8 million. Highlighting the 2010 completed projects was the new Humane Society (\$2,198,550), Cancer Care Addition (\$8,900,000), Tractor Supply Store (\$1,600,000) and The Center PC Remodel (\$1,280,000).

In 2010, 9 new commercial permits were issued with a value of \$8.8 million and 114 commercial alterations/additions at a value of \$25 million. New single family housing was down in 2009 (22) with a \$3.3 million value compared to (32) at a \$5.2 million value in 2008. Although the City of Mishawaka is benefiting from long-term strategic planning, such as the relocation of the St. Joseph Regional Medical Center, the poor housing market, saturated retail market, and the effects of the economic recession continue to be a drag on the quantities of new construction in Mishawaka.

Four annexations petitions were submitted to the City Council in 2010. These annexations added a total of 52.71 acres to the City of Mishawaka.

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

In 2010 the City of Mishawaka continues to experience business retention and neighborhood revitalization.

47 tax abatements have been issued by the City of Mishawaka since 1986. 40 of the 47 abatements issued have been in the industrial-manufacturing area and 32 of the 47 were issued to different companies. The City of Mishawaka did not award any tax abatements in 2010. At the end of 2010, only 8 tax abatements were outstanding.

ECONOMIC INDICATORS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Population	48252	46557	46557	46557	46557	46557
Assessed Value (in billions)	1.4	1.3	1.6	1.7	1.5	1.5
Dollar Value of Building Permits (in millions)	42.	53.	316.	116.	108.	90.
Building Permits- New Construction	31	40	67	136	125	162
Labor Force (St. Joseph County)	124,297	123,867	133,363	133,337	134,788	133,939

Sources: Stats Indiana, Indiana Employment and Security adjusted in 2010.

MAJOR INITIATIVES/PROGRAMS

The following initiatives, some new and some on-going are briefly outlined to indicate the challenges and opportunities related to development currently facing the City.

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

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

The city's neighborhood stabilization plan continues to be implemented in 2010. The City Planning Department prepared a redevelopment plan for the Hillis Hans Park Neighborhood. The results of this \$80,000.00 site improvement plan will be a safer, cleaner, and more secure neighborhood.

The City of Mishawaka entered into an agreement with DLZ of Indiana LLC to update its 2004 Fire District Study. The study is the first step necessary for the design to replace the current Fire Station # 4. With all the changes in the Capital Avenue Area and the opening of the Main Street Underpass it was time to review the Fire District and make changes as necessary.

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

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

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

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

In 2011 the City of Mishawaka took advantage of a Guaranteed Energy Savings Contract. The idea of this contract is to have the energy savings pay for the funding of the improvements. Some examples of these improvements were energy efficient lighting and extensive HVAC and control improvements.

INDEPENDENT AUDIT

Indiana state statute IC 5-13-1 requires each municipality to be audited by the State Board of Accounts, an agency of the State of Indiana. This requirement has been satisfied and the auditor's opinion has been included in this report.

AWARDS AND ACKNOWLEDGEMENTS

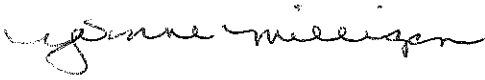
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mishawaka for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2009. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of a state and local government financial report.

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

A Certificate of Achievement is valid for a period of one year only. The City of Mishawaka has received a Certificate of Achievement for the last twenty four consecutive years (years ended December 31, 1986-2009). We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

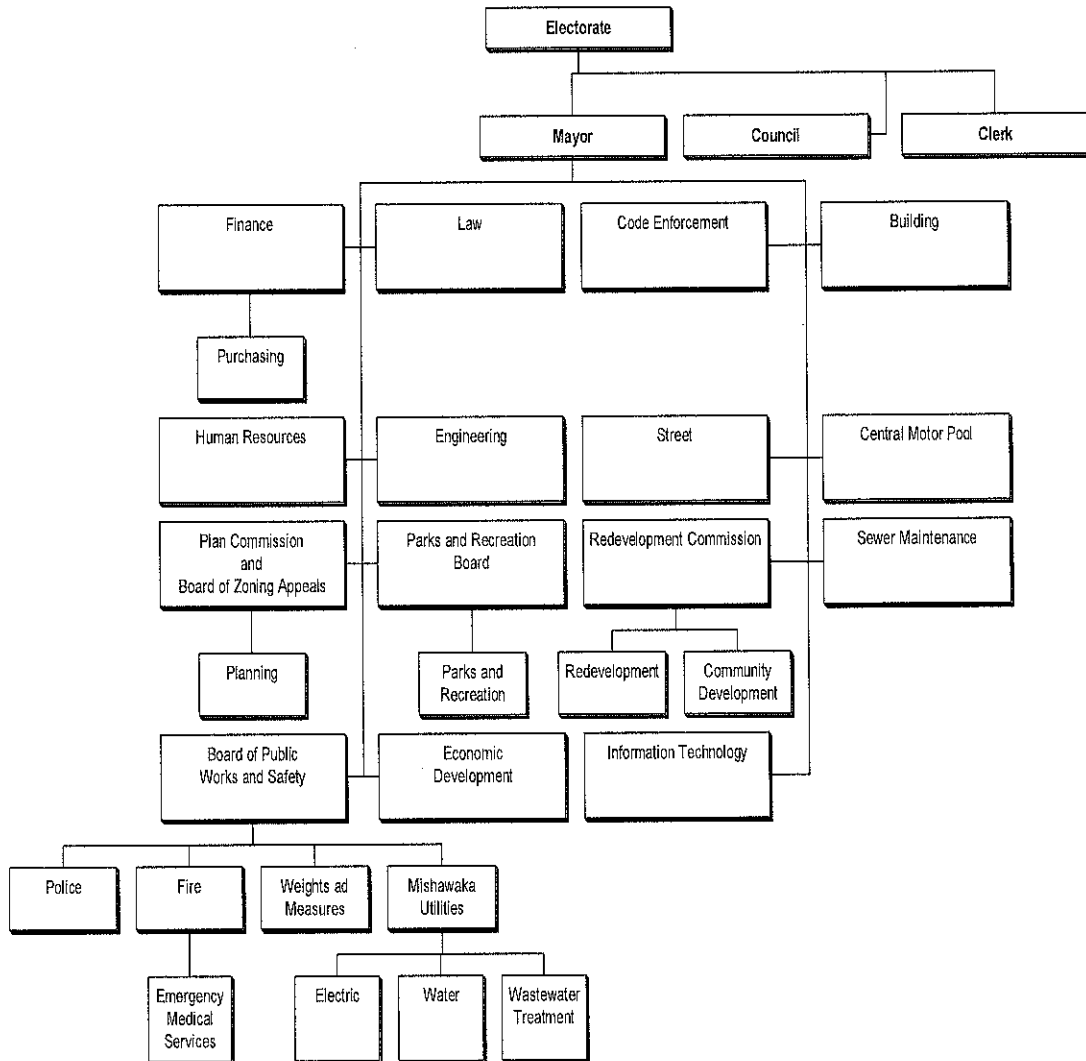
Respectfully submitted



Yvonne Milligan
City Controller

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

Mishawaka City Government



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mishawaka
Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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.



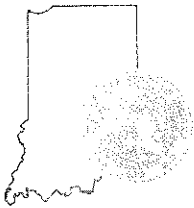
A stylized handwritten signature in black ink, appearing to be 'J. J.', positioned above the title 'President'.

President

A handwritten signature in black ink, appearing to be 'Jeffrey R. Emmer', positioned above the title 'Executive Director'.

Executive Director

FINANCIAL SECTION



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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Fax: (317) 232-4711
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mishawaka (City), as of and for the year ended December 31, 2010, which collectively comprise the City's primary government basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with Government Auditing Standards, we have also issued our report dated May 17, 2011, 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.

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

STATE BOARD OF ACCOUNTS

May 17, 2011

City of Mishawaka, Indiana
Management Discussion and Analysis
For the year ended December 31, 2010

As management of the City of Mishawaka, we offer the readers of the City of Mishawaka's financial statements this narrative overview and analysis of the financial activities of the City of Mishawaka for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our basic financial statements and notes to the financial statements to enhance their understanding of Mishawaka's financial performance.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the Transmittal Letter, city's financial statements, and the other Required Supplemental Information ("RSI") that is provided in addition to this MD&A.

Financial Highlights

- The assets of the City of Mishawaka exceeded its liabilities at the close of the fiscal year by \$295,159,808. Of this amount, \$82,202,411 (unrestricted net assets) may be used to meet the City of Mishawaka's ongoing obligations to citizens and creditors.
- The government's total assets increased by \$34,500,275. Of this amount governmental activities assets increased by \$25,848,336 and business type activities increased by \$8,651,939. The beginning balances for governmental activities have been restated from the 2009 CAFR.
- As of the close of fiscal year 2010, the City of Mishawaka's governmental funds reported combined ending fund balances of \$63,147,684, an increase of \$2,006,645 from restated figures for 2009.
- At the end of 2010, unreserved fund balance for the General fund was \$5,554,114 (19.0% of General Fund Expenditures) compared to \$6,218,193 for 2009 which was about 27.0% of total general fund expenditures for that year.
- At the end of 2010, unreserved fund balance for TIF NW General was \$15,793,364 (which was 86% of TIF NW General expenditures for the same year) compared to \$18,579,396 for 2009 which was about 82% of total TIF NW General expenditures for that year.
- At the end of 2010, unreserved fund balance for Local Major Moves Construction was \$3,610,876 (512% of Local Major Moves Expenditures) compared to \$5,553,291 for 2009.
- At the end of 2010, unreserved fund balance for Other Governmental Funds was \$16,865,639 (which was 75% of Other Governmental Funds expenditures) compared to \$11,530,238 for 2009, which was about 61% of total Other Governmental Funds expenditures for that year.
- The City of Mishawaka's total bonded debt increased during the current fiscal year by a net of \$30,179,868.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Mishawaka's basic financial statements. Those statements are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all government and business-type activities are consolidated in columns, which add to a total for the Primary Government.

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are recorded in the period in which the underlying event takes place, which may differ from the period in which the cash is received or disbursed. The statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and business type activities net of the related revenues, as well as a separate presentation of revenues available for general purposes.

Both of the government-wide financial statements distinguish the functions of the City of Mishawaka that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Mishawaka include general government, public safety, highways and streets, sanitation, community development, culture and recreation and interest on long-term debt. The business type activities of the City of Mishawaka include a water, wastewater and electric utility. The major governmental activities of the City of Mishawaka consist of General Government, TIF NW General and Local Major Moves Construction funds.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and reporting of resources that are segregated for specific activities or objectives. The City of Mishawaka, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Mishawaka are divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The focus is on Major Funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Governmental funds use the modified accrual basis of accounting.

General Government Revenues

The following schedule presents a summary of general revenues for the year ended December 31, 2010.

<u>Revenues</u>	<u>2010 Amount</u>	<u>% of Total</u>
Taxes: General Property	\$ 46,375,159	64.99%
Licenses and permits	372,368	.52%
Intergovernmental	19,912,281	27.91%
Charges for services	3,536,355	4.96%
Fines and forfeits	108,165	.15%
Interest	42,251	.06%
Sales and Use of Property	288,654	.40%
Gifts and Donations	181,674	.25%
Other	<u>538,630</u>	<u>.76%</u>
Total	<u>\$ 71,355,537</u>	<u>100.00%</u>

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

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

The City of Mishawaka has the ability through the State of Indiana to increase its general property tax levy by a maximum of 5%. In 2010 the increase was 3.8%. The above property tax revenue includes taxes collected on behalf of the following funds: General Fund, Park and Recreation Fund, Motor Vehicle Highway Fund, Cumulative Capital Development Fund, Cumulative Sewer Fund, Cumulative Fire Equipment and Building Fund, Levy Excess Fund, various capital funds for the City of Mishawaka's Redevelopment Tax Incremental Financing (TIF) Funds and a special levy to cover debt service on general obligation bonds. Approximately 61.0% of the General Funds 2010 total revenue was derived from property taxes, the TIF NW General derived 99.0% of its revenue from property tax and the Other Governmental Funds property tax percentage was 36.0% of total revenue. EDIT and COIT were established to support the purpose of taking the tax burden away from homeowners. Intergovernmental revenue primarily consists of Economic Development Income Tax (EDIT) and County Option Income Tax (COIT). Economic Development Income Tax was enacted July 1, 1995 at one-tenth of a percent (0.1%) but was then increased by ordinance beginning in 1998 to two-tenths of a percent (0.2%) and in 2009 it was increased to its maximum of (0.4%). In October of 2009 a Public Safety Local Option Income Tax was enacted at .25% with 2010 revenue being \$2,432,036. The city received, \$1,329,813, \$1,404,697 and \$3,531,576 of CREDIT distributions for the years 2008, 2009 and 2010 respectively. County Option Income Tax was enacted in July of 1997 at two-tenths of a percent (0.2%) and increased yearly by one-tenth of a percent (0.1%) to a maximum of six-tenths of a percent (0.6%). The city received \$2,024,657, \$2,954,165 and \$2,891,687 of COIT distributions for the years 2008, 2009 and 2010 respectively. Other intergovernmental revenue includes alcoholic beverage tax, wheel tax, vehicle excise tax and cigarette tax. User fees have been analyzed each year with future increases to be implemented in 2011 to help shift some of the burden of taxation.

General Government Expenditures

The following schedule presents a summary of general government expenditures for the year ended December 31, 2010.

<u>Expenditures</u>	<u>2010 Amount</u>	<u>% of Total</u>
General Government	\$ 7,361,221	10.52%
Public Safety	26,682,791	38.14%
Highways and Streets	21,259,169	30.39%
Sanitation	1,958,050	2.80%
Culture and Recreation	4,456,337	6.37%
Community Development	1,633,287	2.34%
Debt service	<u>6,601,835</u>	<u>9.44%</u>
Total	<u>\$ 69,952,690</u>	<u>100.00%</u>

The City of Mishawaka breaks its general government expenditures into six categories: general government, public safety, highways and streets, sanitation, culture and recreation, and community development. Combined in the expenditure totals are also capital outlay which is listed separately on the statement of revenues, expenditures, and changes in fund balances for governmental funds. Debt service is also listed separately in the report. As you can see in the above summary, Public Safety has the highest total of expenditures at \$26,682,791 or 38.14% of the total expenditures while Highways and Streets and General Government are at 30.39% and 10.52% respectively. Data for each non-major fund is provided in the form of combining statements elsewhere in this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Mishawaka's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues,

expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Mishawaka maintains 45 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, TIF NW General, and the Local Major Moves Construction funds all of which are considered to be major funds. Data from the other funds are combined and presented in one column labeled Other Governmental Funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Mishawaka adopts an annual appropriated budget for the majority of its funds. A budgetary comparison statement has been provided for the major funds to demonstrate compliance with the budgets as required supplementary information.

Proprietary funds: Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Information is provided separately in the proprietary statement of net assets and the proprietary statement of revenues, expense and changes in fund net assets for the electric, water and wastewater utility which are considered major funds. Proprietary funds use the accrual basis of accounting. The City of Mishawaka maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Mishawaka maintains three enterprise funds to account for its electric, water and wastewater utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Mishawaka's various functions. The City of Mishawaka uses an internal service fund to account for its self-funding group health insurance and an additional internal service fund to account for the Mishawaka Local Bond Bank. Because these services predominantly benefit governmental rather than business-type activities, it has been included within the governmental activities in the government-wide financial statements but is combined into an aggregated presentation in the proprietary fund financial statements.

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

The City of Mishawaka's fiduciary duties are accounted for in both Trust and Agency Funds. The primary trust funds are the Police Pension, Fire Pension, and Utility Pension Funds. The two Agency funds are the Redevelopment Revolving and a Special Judgment Fund.

Pension Trust Fund Operations

Most City of Mishawaka employees are covered by the Public Employees Retirement Fund and the 1977 Police Officers' and Firefighters' Pension Fund, both administered by the State of Indiana. However, certain police officers and firefighters hired before May 1, 1977, who did not opt into the 1977 fund, continue to be members of the 1925 Police Pension and the 1937 Firefighters' Pension Fund. These two funds are administered by the Local Pension Board. This group of police officers and firefighters are continuing to decline, both as a total member and as a percentage of total payrolls of both the police and fire departments and of the City as a whole. In 2009 the State of Indiana took over the funding of the 1925 and 1937 Police and Fire Pension. This funding will be paid directly to the City of Mishawaka through the State of Indiana Pension Relief Fund.

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

Notes to the financial statements

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

Other information

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

Government-Wide Financial Statement Analysis

Summary of Net Assets

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

City of Mishawaka Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Current and other assets	\$69,555,260	\$75,876,344	\$34,790,379	\$ 67,322,032	\$104,345,639	\$143,198,376
Capital assets	<u>125,772,348</u>	<u>144,064,302</u>	<u>157,893,628</u>	<u>175,530,268</u>	<u>283,665,976</u>	<u>319,594,570</u>
Total assets	<u>195,327,608</u>	<u>219,940,646</u>	<u>192,684,007</u>	<u>242,852,300</u>	<u>388,011,615</u>	<u>462,792,946</u>
Long-term liabilities	27,795,405	42,132,794	68,663,269	109,743,788	96,458,674	151,876,582
Other liabilities	<u>5,954,863</u>	<u>3,550,086</u>	<u>11,902,489</u>	<u>12,206,470</u>	<u>17,857,352</u>	<u>15,756,556</u>
Total liabilities	<u>33,750,268</u>	<u>45,682,880</u>	<u>80,565,758</u>	<u>121,950,258</u>	<u>114,316,026</u>	<u>167,633,138</u>
Net assets:						
Invested in capital assets, net of related debt	117,005,886	136,795,681	85,685,924	66,090,580	202,691,810	202,886,261
Restricted		2,692,556	5,340,800	7,378,580	5,340,800	10,071,136
Unrestricted	<u>44,571,454</u>	<u>34,769,529</u>	<u>21,091,525</u>	<u>47,432,882</u>	<u>65,662,979</u>	<u>82,202,411</u>
Total net assets	<u>\$161,577,340</u>	<u>\$174,257,766</u>	<u>\$112,118,249</u>	<u>\$120,902,042</u>	<u>\$273,695,589</u>	<u>\$295,159,808</u>

Normal Impacts

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Current and other assets consist mainly of cash, investments, and receivables from property taxes, intergovernmental sources, and interest. Capital assets include land, improvements to land, construction in progress, buildings and improvements, equipment, and infrastructure such as roads, and sidewalks and curbs. Long-term liabilities consist mainly of notes and loans payable, bonds payable and capital leases. Other liabilities include mainly accounts payable, accrued payroll, customer deposits and taxes payable.

Borrowing of capital will increase current assets and long-term debt. Spending borrowed proceeds on new capital will reduce current assets and increase capital assets. Spending of non-borrowed current assets on new capital will reduce current assets and increase capital assets and will reduce unrestricted net assets and increase invested in capital assets, net of related debt. Principal payment on debt will reduce current assets and reduce long-term debt and reduce unrestricted net assets and increase invested in capital assets,

net of related debt. Reduction of Capital Assets through depreciation will reduce capital assets and invested in capital assets, net of related debt.

Current Year Impacts

At December 31, 2010, the City of Mishawaka's assets exceeded liabilities by \$295,159,808 an increase of \$34.5 million from the previous year. The largest portion of the City of Mishawaka's net assets reflects its investment in capital assets (69%), less any related debt used to acquire those assets that are still outstanding.

At the end of 2010, the City of Mishawaka was able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same held true for the prior year 2009.

At year end the City of Mishawaka's net assets were \$295,159,808. This amount is made up of \$202,886,261 invested in capital assets (e.g., land, buildings, machinery, and equipment) net of related debt, \$10,071,136 assets with external restrictions upon its use, and \$82,202,411 of unrestricted assets that are available for future use as directed by management.

Summary of Changes in Net Assets

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

City of Mishawaka						
Changes in Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
REVENUES						
Program revenues:						
Charges for services	\$4,787,766	\$4,909,853	\$63,171,357	\$69,409,116	\$67,959,123	\$74,318,969
Operating grants and contributions	3,283,506	4,490,139			3,283,506	4,490,139
Capital grants and contributions	4,358,580	6,851,310	5,113,577	6,652,868	9,472,157	13,504,178
General revenues:						
Property taxes	40,092,134	49,872,423			40,092,134	49,872,423
Grants and contributions not restricted to specific programs	4,943,387	8,570,832			4,943,387	8,570,832
Unrestricted investment earnings	13,542	42,251	24,935	15,686	38,477	57,937
Other revenue	169,346	115,993	672,266		841,612	115,993
Special Items:						
Litigation settlement (see note IV D)						
Total revenues	\$57,648,261	\$74,852,801	\$68,982,135	\$76,077,670	\$126,630,396	\$150,930,471
EXPENSES						
General government	5,675,449	7,509,133			5,675,449	7,509,133
Public safety	25,470,868	29,219,741			25,470,868	29,219,741
Highways and streets	5,948,204	1,816,872			5,948,204	1,816,872
Sanitation	1,970,859	1,958,050			1,970,859	1,958,050
Community development	862,581	1,936,054			862,581	1,936,054
Culture and recreation	4,084,573	4,939,870			4,084,573	4,939,870
Interest on long-term debt	1,087,319	862,291			1,087,319	862,291
Water utility			6,933,322	6,779,663	6,933,322	6,779,663
Wastewater utility			11,566,254	11,507,526	11,566,254	11,507,526
Electric utility			43,830,644	49,900,996	43,830,644	49,900,996
Total expenses	\$45,099,853	\$48,242,011	\$62,330,220	\$68,188,185	\$107,430,073	116,430,196
Changes in net assets before transfers	12,548,408	26,610,790	6,651,915	7,889,485	19,200,323	34,500,275
Transfers	959,856	(762,454)	(959,856)	762,454		
Change in net assets	13,508,264	25,848,336	5,692,059	8,651,939	19,200,323	34,500,275
Net assets-Beginning, restated	148,069,076	148,409,430	106,426,190	112,250,103	254,495,266	260,659,533
Net assets-Ending	\$161,577,340	\$174,257,766	\$112,118,249	\$120,902,042	\$273,695,589	\$295,159,808

Normal Impacts

Revenue:

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

Expenses:

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

Current Year Impacts

Governmental Activities:

Net assets of the governmental activities increased from 2009 to 2010 by \$25.8 million after the restatement.

Charges for services revenue increased \$122 thousand in 2010. No one area of services and charges had a significant impact on 2010 revenue. Overall for the year 2010 most charges for services revenue were stable although some areas showed slight increases or decreases either due to weather or economic conditions. A nice warm summer had a slight increase in Park Revenue (\$98,140). The decline in the economy slowed construction slightly again in 2010 showing a decrease of construction permits(\$22,000) and engineering receipts(\$9,778) and lower loan payments in Redevelopment/Community Development funds(\$110,000).

Operating grants and contributions saw an increase of \$1.2 million. In 2010 the City of Mishawaka started receiving funds for a Public Safety Local Option Income Tax. This tax contributed \$2.4 million to the city in 2010. In 2009 the City of Mishawaka received a one time distribution of excess welfare funds in the amount of \$1,040,000 this netted the increase in Public Safety to \$1.3 million over 2009. The General Fund revenue for operating grants and revenues was down due to lower proceeds from the county option income tax in 2010 (\$63,000) compared to 2009.

Capital grants and contributions increased by \$2.5 million. Highways and Streets revenue was increased due to an additional allocation of CEDIT funds attributed to Highways and Streets.

Property tax revenue increased \$9.7 million. The past few years' tax collections have been between 87% and 95%. In 2010 we had an average collection of 94.2%. The Tax Incremental Financing property tax collections averaged 98.6%. A receivable was added to this amount of \$3.4 million, 2009 did not carry a taxes receivable.

Grants and contributions not restricted to specific programs was increased from 2009 due to a change in reporting of Police and Fire contributions received from the State of Indiana to fund these old pensions.

Unrestricted investment earnings increased \$28,000. This increase was primarily due to the interest rate going up just a little and a better cash flow in 2010 due to property tax bills being sent out on a regular schedule for the first time in 5 years.

Business Type Activities:

Business Type Activities net assets increased by \$6.3 million. The electric utility saw an increase in revenue of \$4.1 million due to a higher consumption in 2010 and tracker adjustments to the utility billings. The water and wastewater utility had increases also in 2010. The water utility increase was \$307,000 due to higher consumption in 2010. The wastewater increase of \$ 1.8 million was due to a rate increase implemented in January 2010. Overall the Mishawaka utility revenue was fairly stable.

Fund Financial Statement Analysis

As noted earlier, the City of Mishawaka uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Mishawaka can be divided into three categories: government funds, proprietary funds, and fiduciary funds.

Governmental Funds:

The focus of the City of Mishawaka's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Mishawaka's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Mishawaka's governmental funds reported combined ending fund balances of \$63,147,684 an increase of \$2,006,645 after restatement from the prior year. The only increase was in Other Governmental Funds at \$6.9 million. The major funds all had decreases in fund balances. General decrease was \$ 741,300, NW TIF General of \$3.5 million and Local Major Moves at \$698,272. Public Safety LOIT was a new Other Governmental Fund in 2010 with a fund balance of \$1.9 million. With 2010 being a good year of tax distributions and prudent spending several funds carried heavier funds balances than previous year for example Motor Vehicle Fund went from \$802,000 to \$2.2 million, Park and Recreation from \$360,000 to \$1.5 million. The TIF NW Capital is a capital improvements fund; during 2010 several large projects were started and completed which lead to a lower fund balance for 2010. The General fund balance had a decrease of \$741,300 in its fund balance due to larger expenditures in 2010 one of which was an increase health insurance cost (\$705,000). Overall the City of Mishawaka has very prudent spending philosophies and will continue this in the future. Individual fund data for each of the non-major governmental funds is provided in the form of the combining statements in the Supplemental Information portion.

The general fund is also the chief operating fund of the City of Mishawaka. As of December 31, 2010, the unreserved balance was \$5,554,114 and the total balance in the general fund was \$5,554,114 a decrease of \$741,300 from 2009. The majority of the General fund balance decrease from 2009 was due to an increase in health insurance costs. Each year the City of Mishawaka works hard at staying within our budget and being prudent spenders.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 19.3% of the total general fund expenditures, while total fund balance represents 19.3% of the same amount.

Another major fund is TIF NW General. As of December 31, 2010, the unreserved balance was \$15,793,364 and the total fund balance in the TIF NW General was \$28,160,322, an increase of \$1.5 million in total fund balance from 2009. TIF NW General is a capital project fund and the fund balance can fluctuate due to the number of projects going on in a year's time.

As a measure of the TIF NW General's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 86% of the total TIF NW General fund expenditures while total fund balance represents 154% of the same amount.

Another major fund is Local Major Moves. As of December 31, 2010 the unreserved fund balance was \$3,610,876 million and the total fund balance in the Local Major Moves Fund was \$4,855,019, a decrease of \$698,272. The Local Major Moves Fund is a capital fund that was set up as a one time payment to local entities after the Indiana Toll Road was leased to a private company. We have set up capital projects that have decreased the fund balance in 2010. Once these funds are exhausted the fund will be closed permanently.

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

Proprietary Funds:

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

All three utilities of the City of Mishawaka saw an increase in total net assets for 2010. Total net assets for the City of Mishawaka proprietary funds increased by \$8.6 million, of this, investment of capital assets net of related debt decreased by \$19.6 million, restricted for debt service increased \$2.0 million and unrestricted net assets increased \$26.3 million. Overall cash and cash equivalents increased by \$32.6 million and total capital assets increased \$17.6 million. The total liabilities for the proprietary funds had an increase from 2009 of \$41.4 million. The basic proprietary fund financial statements can be found later in this report.

The internal service funds unrestricted assets were \$6,542,554 of this amount \$5.1 million is set up in a Local Mishawaka Bond Bank to be used for capital projects and borrowing as necessary and \$1.4 million is and interfund revenue bond.

Fiduciary Funds:

The City of Mishawaka's fiduciary funds are used to account for resources held for the benefit of parties outside the government. The basic fiduciary funds financial statements can be found later in this report.

General Fund Budgetary Highlights

The City of Mishawaka adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The final budget was more than the original budget by \$1,036,612. An amended original budget can be explained by an encumbrance rollover, a current year budget increase or a reduction in budget by the state. In 2010 the submitted budget to the state was increased with encumbrances from 2010, and an additional appropriation of \$900,000 which was to add funds for Health Insurance (\$505,000) and adding one quarter to pension payments (\$438,000) to the state so that we would be on an annual payment of pension contributions. The general fund budget is reviewed throughout the year and amended from time to time with the approval of the City Council. The City of Mishawaka tries to maintain its original budget by transferring funds from one account line to another. If this does not cover expenses then the City of Mishawaka appropriates from its fund balance. At the end of the fiscal year the actual expenditures are projected and the following financial information is condensed from the required supplementary information and the budget comparison schedules.

The actual revenues in 2010 were \$1,755,363 over budget and expenditures were \$1,117,416 under budget. Only two of the categories of revenue were under budget in 2010 taxes and interest. Intergovernmental and Charges for Services are two categories that had an actual over the budgeted amount. In 2010 County Option Income Tax came in higher (\$1.2 million) than the budget which was the majority of the increase in Intergovernmental revenue. In 2010 we had a full year of outsourcing our ambulance run billings, having a company that deals strictly in ambulance run insurance filings helps considerably with incoming revenue. Again not knowing what was going to happen in 2010 when the original budget was submitted in 2009

interest came in low with a shortage of \$41,805. The City of Mishawaka continues to be frugal in its spending which has held true for many years.

**Capital Assets and Long Term Debt Liability:
Capital Assets**

The City of Mishawaka's investment in capital assets for its governmental and business type activities at December 31, 2010 amounts to \$319,594,570 (net of accumulated depreciation), which represents a net increase (additions less retirements and depreciation) of \$35.8 million. This investment in capital assets includes land, construction in progress, buildings, improvements, equipment, vehicles and roads. A detailed note of these capital assets can be found in the Notes to the Financial Statements (Note III C).

	Governmental Activities		Business Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Land	\$12,188,434	\$12,648,166	\$1,219,223	\$ 1,505,150	\$13,407,657	\$14,153,316
Construction in progress	49,414,444	42,616,756	13,310,791	21,869,803	62,725,235	64,486,559
Buildings	9,295,145	8,992,579	42,112,396	40,374,535	51,407,541	49,367,114
Improvements other than buildings	6,226,092	14,321,649	76,654,458	90,320,023	82,880,550	104,641,672
Machinery and equipment	10,722,388	10,127,877	24,140,884	21,116,243	34,863,272	31,244,120
Transportation equipment			587,730	344,514	587,730	344,514
Infrastructure being depreciated	<u>37,925,845</u>	<u>55,357,275</u>	-0-		<u>37,925,845</u>	<u>55,357,275</u>
Total	<u>\$125,772,348</u>	<u>\$144,064,302</u>	<u>\$158,025,482</u>	<u>\$175,530,268</u>	<u>\$283,797,830</u>	<u>\$319,594,570</u>

Change in Capital Assets

	Governmental Activities	Business Type Activities	Total
Beginning Balance	\$125,772,348	\$158,025,482	\$283,797,830
Additions	37,930,005	33,387,111	71,317,116
Retirements:			
CIP	15,059,541	6,614,158	21,673,699
Other	1,218,687	1,279,720	2,498,407
Depreciation	4,364,125	8,204,312	12,568,437
Retirements *	<u>1,004,302</u>	<u>215,865</u>	<u>1,220,167</u>
Ending Balance	<u>\$144,064,302</u>	<u>\$175,530,268</u>	<u>\$319,594,570</u>

* Reduction in accumulated depreciation related to retirements.

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

- Main Street Improvements-\$30,117,043
- Front Street Reconstruction- \$3,426,656
- 2010 Summer Street, Sidewalk and Curb Program- \$772,213
- Mishawaka Riverwalk-\$803,670
- Major Milburn Area Sewer Separation -\$14,643,948
- Juday Creek Force main- \$3,068,055
- Wastewater Treatment Plant Improvements-\$2,731,579

Debt Outstanding

At December 31, 2010, the City had a number of debt issues outstanding. These issues included \$7,145,000 of general obligation bonds, \$9,210,000 of revenue bonds payable from governmental funds, and \$53,548,352 of revenue bonds payable from enterprise funds. Under the Indiana Constitution and state statute the City of Mishawaka's general obligation bonded debt issuances are subject to a legal limitation based upon 2% of assessed value of real and personal property.

The City's bonded debt increased by \$30,179,868 from the prior year.

Outstanding Bonded Debt at Year-end

	<u>2009</u>	<u>2010</u>
Governmental:		
General Obligation	\$ 8,485,000	\$ 7,145,000
Tax Increment	<u>13,365,000</u>	<u>9,210,000</u>
Sub-total	\$21,850,000	\$16,355,000
Business Type:		
Water Utility	\$ 3,785,000	\$3,495,000
Wastewater Utility	<u>14,088,484</u>	<u>50,053,352</u>
Sub-total	<u>17,873,484</u>	<u>53,548,352</u>
Total	\$39,723,484	\$69,903,352

Principal payments of \$5,495,000 and \$1,785,000 (on bonds) were made in the governmental and business type activities, respectively.

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

In 2010 our latest enterprise bond rating was an A+.

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

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

Economic Factors and next year's budgets and rates

The City of Mishawaka is located in the north central part of the State of Indiana. The City of Mishawaka is approximately 140 miles north of Indianapolis and 100 miles east of Chicago. 2010 was another year of economic strain across the country with Mishawaka being no exception. The City of Mishawaka's building permit total dollar amount of \$42.9 million in 2010 was the lowest valued construction in the past ten years. All areas of construction were down in 2010. We are optimistic that Mishawaka will continue to grow in a slow and orderly fashion. The City of Mishawaka tends to be an affordable place to live the median home cost, obtained by Sterling Best Places, is \$91,240.00. Steady population growth has always contributed to the stability of the community. Although the City of Mishawaka is benefiting from its long-term strategic planning, such as the relocation of the new St. Joseph Regional Medical Center the actual lingering effects of the national economic recession will continue to be a drag on new construction for years to come. The City of Mishawaka's 2000 census number was 46,557 the 2010 census number was 48,252 a 3.6% increase in the last ten years. Unemployment in St Joseph County Indiana went from 11.8% in 2009 to 10.2% in 2010. Labor force for St. Joseph County increased in 2010 to 124,297 compared to 123,927 in 2009.

In 2005 the State of Indiana enacted a phase in of a circuit breaker. The circuit breaker legislation (amended in 2008) had its greatest reduction of all residential property tax in 2010 (1%). In 2011 as a city we will again revisit our fee structure. Our new ambulance run fees were enacted in January of 2011. The

higher fees will help us to increase staffing and add one more ambulance to the fleet. As a city, in 2011 we will still have to keep our spending at a minimum, the city's health insurance program will be adjusted, and costs of services will be analyzed to best prepare the city for any future legislative changes in the property tax laws. In 2010 the City of Mishawaka submitted another balanced budget. The City of Mishawaka has had to make difficult decisions to be able to provide the best services to its citizens at the best cost possible. In 2010 we received a 94% distribution of our property tax which left us short \$1.3 million in funds but with cautious spending and fiscal management we can make it through uncertain times.

The adopted FY2011 Civil City Budget is \$44,701,500 which is 2.78% higher than in FY2010. The General Fund budget for FY2011 is \$27,312,524 which is 3.0% higher than FY2010. Electric and Water rates will stay steady for FY2011. An increase in Wastewater rates will occur in FY2011.

City Highlights:

The city continues to plan extensions in 2011 to our River Walk. The most recent construction of the River Walk is the Merrifield/Crawford Park Connector. This project was included as part of the restoration and widening of Mishawaka Avenue a connective tunnel underneath Mishawaka Avenue Bridge between Merrifield Park and the Riverwalk. This project should be completed in early 2011.

- In December of 2010 Census figures were released and The City of Mishawaka continues to grow in population from 46,557 in 2000 to 48,252 in 2010.
- In 2010 the city again joined in cooperation with MACOG to receive 5 hybrids this will move Mishawaka working toward a greener city.
- The Redevelopment Department's First Time Homebuyer Program continues to be a success in 2010. Since 2004 the Redevelopment Department has built 28 new homes through this program.
- In 2010 the city continued efforts to renovate an existing building built in 1924. The building will be converted into a 32 unit apartment development for senior citizens. Once the construction is complete, the apartments will provide independent housing for low to moderate income citizens at least 55 years of age.
- In 2006, the City of Mishawaka began a partnership with Rivervalley Church and Vineyard Community Church to create the program known as Summer in Service. In 2010, the city again joined efforts with local faith-based organizations to complete service and repair projects on two homes in Mishawaka.
- In 2010 the Community Development Department funded the removal and replacement of 2202 square yards of sidewalk, 2305 linear feet of curb and gutter, and 500 square yards of pavement.
- In 2010 the Engineering department assisted in overseeing 20,625 lineal feet of street milling and resurfacing and 2,107 linear feet of alley paving.
- The City of Mishawaka constructed its first ever Off-Leash Dog Park in 2010.
- In 2010 the Planning Department began work on a Park Capital Improvement Plan this plan will assess the needs of the Park Department as a whole.

Requests for information

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

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CITY OF MISHAWAKA
STATEMENT OF NET ASSETS
December 31, 2010

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ 54,516,829	\$ 8,325,475	\$ 62,842,304
Receivables (net of allowances for uncollectibles):			
Interest	-	76	76
Taxes	3,410,758	-	3,410,758
Accounts	464,986	4,514,022	4,979,008
Other	-	147,870	147,870
Intergovernmental	823,485	-	823,485
Loans	6,256,877	-	6,256,877
Inventories	-	2,642,795	2,642,795
Prepaid expense	422,085	309,600	731,685
Deferred charges	141,353	1,335,751	1,477,104
Restricted assets:			
Cash and cash equivalents	2,606,050	50,046,443	52,652,493
Taxes receivable	86,506	-	86,506
Assets held for resale	6,943,837	-	6,943,837
Capital assets:			
Land and construction in progress	55,264,922	23,374,953	78,639,875
Other capital assets, net of depreciation	88,799,380	152,155,315	240,954,695
Net pension asset	203,578	-	203,578
Total assets	219,940,646	242,852,300	462,792,946
Liabilities			
Accounts payable	653,087	5,071,804	5,724,891
Accrued payroll and withholdings payable	443,954	173,833	617,787
Contracts payable	2,008,096	-	2,008,096
Short-term loans payable	182,441	-	182,441
Taxes payable	-	252,106	252,106
Accrued interest payable	10,502	694,995	705,497
Payable from restricted assets:			
Customer deposits	-	2,547,925	2,547,925
Accounts payable	500	252,878	253,378
Contracts payable	-	3,212,929	3,212,929
Interest payable	251,506	-	251,506
Noncurrent liabilities:			
Due within one year:			
General obligation bonds payable	1,395,000	-	1,395,000
Revenue bonds payable	-	2,218,653	2,218,653
TIF bonds payable	3,334,672	-	3,334,672
Compensated absences	506,705	73,500	580,205
Capital lease obligations	174,254	-	174,254
Notes and loans payable	-	2,141,000	2,141,000
Due in more than one year:			
General obligation bonds payable (net of unamortized discounts)	5,699,367	-	5,699,367
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	-	50,645,709	50,645,709
TIF bonds payable (net of unamortized discounts)	5,787,295	-	5,787,295
Compensated absences	316,909	177,382	494,291
Notes and loans payable	-	54,434,326	54,434,326
Net other postemployment benefits obligation	7,448,737	-	7,448,737
Net pension obligation	17,469,855	53,218	17,523,073
Total liabilities	45,682,880	121,950,258	167,633,138
Net Assets			
Invested in capital assets, net of related debt	136,795,681	66,090,580	202,886,261
Restricted for:			
Debt service	2,692,556	7,378,580	10,071,136
Unrestricted	34,769,529	47,432,882	82,202,411
Total net assets	\$ 174,257,766	\$ 120,902,042	\$ 295,159,808

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

CITY OF MISHAWAKA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 7,509,133	\$ 645,300	\$ 90,066	\$ 219,000	\$ (6,554,767)	\$ -	\$ (6,554,767)
Public safety	29,219,741	817,492	2,742,523	221,731	(25,437,995)	-	(25,437,995)
Highways and streets	1,816,872	118,354	-	6,410,579	4,712,061	-	4,712,061
Sanitation	1,958,050	2,084,642	-	-	126,592	-	126,592
Community development	1,936,054	150,539	1,495,303	-	(290,212)	-	(290,212)
Culture and recreation	4,939,870	1,093,526	162,247	-	(3,684,097)	-	(3,684,097)
Interest on long-term debt	862,291	-	-	-	(862,291)	-	(862,291)
Total governmental activities	48,242,011	4,909,853	4,490,139	6,851,310	(31,990,709)	-	(31,990,709)
Business-type activities:							
Water	6,779,663	7,881,467	-	-	-	1,101,804	1,101,804
Wastewater	11,507,526	11,163,904	-	6,652,868	-	6,309,246	6,309,246
Electric	49,900,996	50,363,745	-	-	-	462,749	462,749
Total business-type activities	68,188,185	69,409,116	-	6,652,868	-	7,873,799	7,873,799
Total primary government	\$ 116,430,196	\$ 74,318,969	\$ 4,490,139	\$ 13,504,178	(31,990,709)	7,873,799	(24,116,910)
General revenues:							
Property taxes					49,872,423	-	49,872,423
Grants and contributions not restricted to specific programs					8,570,832	-	8,570,832
Unrestricted investment earnings					42,251	15,686	57,937
Other					115,993	-	115,993
Transfers					(762,454)	762,454	-
Total general revenues and transfers					57,839,045	778,140	58,617,185
Change in net assets					25,848,336	8,651,939	34,500,275
Net assets - beginning, restated					148,409,430	112,250,103	260,659,533
Net assets - ending					\$ 174,257,766	\$ 120,902,042	\$ 295,159,808

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

CITY OF MISHAWAKA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

<u>Assets</u>	<u>General</u>	<u>TIF NW General</u>	<u>Local Major Moves Construction</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 5,450,042	\$ 17,474,107	\$ 4,892,194	\$ 24,129,033	\$ 51,945,376
Receivables (net of allowances for uncollectibles):					
Taxes	857,302	2,158,640	-	481,322	3,497,264
Accounts	282,751	-	-	182,235	464,986
Intergovernmental	324,848	85,434	-	413,203	823,485
Loans	-	5,602,468	-	654,409	6,256,877
Assets held for resale	-	6,943,837	-	-	6,943,837
Total assets	\$ 6,914,943	\$ 32,264,486	\$ 4,892,194	\$ 25,860,202	\$ 69,931,825
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 134,090	\$ 32,288	\$ -	\$ 486,008	\$ 652,386
Accrued payroll and withholdings payable	369,437	-	-	74,517	443,954
Contracts payable	-	1,913,236	37,175	57,685	2,008,096
Short-term loans payable	-	-	-	182,441	182,441
Unearned revenue	857,302	2,158,640	-	481,322	3,497,264
Total liabilities	1,360,829	4,104,164	37,175	1,281,973	6,784,141
Fund balances:					
Reserved for:					
Encumbrances	-	-	1,244,143	4,514,624	5,758,767
Noncurrent loans receivable	-	5,423,121	-	592,416	6,015,537
Debt service	-	-	-	2,605,550	2,605,550
Assets held for resale	-	6,943,837	-	-	6,943,837
Unreserved, reported in:					
General fund	5,554,114	-	-	-	5,554,114
Special revenue funds	-	-	-	8,749,197	8,749,197
Capital projects funds	-	15,793,364	3,610,876	8,116,442	27,520,682
Total fund balances	5,554,114	28,160,322	4,855,019	24,578,229	63,147,684
Total liabilities and fund balances	\$ 6,914,943	\$ 32,264,486	\$ 4,892,194	\$ 25,860,202	\$ 69,931,825

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

CITY OF MISHAWAKA
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 For The Year Ended December 31, 2010

Amounts reported for governmental activities in the statement of net assets are different because:

Total Fund Balances	\$	-	\$ 63,147,684
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Governmental capital assets			172,761,545
Less accumulated depreciation			<u>(28,697,243)</u>
			144,064,302
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Prepaid expenses			422,085
Deferred charges			141,353
Net pension asset			<u>203,578</u>
			767,016
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			
			6,542,554
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligation bonds payable			(7,145,000)
TIF bonds payable			(9,210,000)
Bond discount			138,666
Accrued interest payable			(262,008)
Compensated absences			(823,614)
Capital lease obligations			(174,254)
Net other postemployment benefits obligation			(7,448,737)
Intergovernmental loan			(1,366,252)
Net pension obligation			<u>(17,469,855)</u>
			(43,761,054)
Unearned revenue in governmental fund is susceptible to full accrual on the entity-wide statements			
			<u>3,497,264</u>
Net assets of governmental activities			<u>\$ 174,257,766</u>

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

CITY OF MISHAWAKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2010

	General	TIF NW General	Local Major Moves Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 15,465,168	\$ 22,480,220	\$ -	\$ 8,429,771	\$ 46,375,159
Licenses and permits	289,965	-	-	82,403	372,368
Intergovernmental	8,570,832	56,895	-	11,284,554	19,912,281
Charges for services	828,409	-	-	2,707,946	3,536,355
Fines and forfeits	103,297	-	-	4,868	108,165
Interest	6,488	22,415	7,585	5,763	42,251
Sale and use of property	8,005	-	-	280,649	288,654
Gifts and donations	-	-	-	181,674	181,674
Other	115,993	83,129	-	339,508	538,630
Total revenues	<u>25,388,157</u>	<u>22,642,659</u>	<u>7,585</u>	<u>23,317,136</u>	<u>71,355,537</u>
Expenditures:					
Current:					
General government	4,618,832	-	-	247,280	4,866,112
Public safety	23,761,387	-	-	1,236,558	24,997,945
Highways and streets	346,784	-	-	3,358,974	3,705,758
Sanitation	-	-	-	1,958,050	1,958,050
Culture and recreation	-	-	-	2,799,182	2,799,182
Community development	-	-	-	1,576,950	1,576,950
Debt service:					
Principal	-	-	-	5,749,757	5,749,757
Interest	-	-	-	852,078	852,078
Capital outlay:					
General government	-	917,529	-	1,577,580	2,495,109
Public safety	-	-	-	1,684,846	1,684,846
Highways and streets	-	15,886,032	705,857	961,522	17,553,411
Culture and recreation	-	1,446,546	-	210,609	1,657,155
Community development	-	48,909	-	8,428	57,337
Total expenditures	<u>28,727,003</u>	<u>18,299,016</u>	<u>705,857</u>	<u>22,220,814</u>	<u>69,952,690</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,338,846)</u>	<u>4,343,643</u>	<u>(698,272)</u>	<u>1,096,322</u>	<u>1,402,847</u>
Other financing sources (uses):					
Transfers in	2,597,546	-	-	4,764,461	7,362,007
Transfers out	-	(7,793,500)	-	(330,961)	(8,124,461)
Intergovernmental loan issuance	-	-	-	1,366,252	1,366,252
Total other financing sources and uses	<u>2,597,546</u>	<u>(7,793,500)</u>	<u>-</u>	<u>5,799,752</u>	<u>603,798</u>
Net change in fund balances	<u>(741,300)</u>	<u>(3,449,857)</u>	<u>(698,272)</u>	<u>6,896,074</u>	<u>2,006,645</u>
Fund balances - beginning, restated	<u>6,295,414</u>	<u>31,610,179</u>	<u>5,553,291</u>	<u>17,682,155</u>	<u>61,141,039</u>
Fund balances - ending	<u>\$ 5,554,114</u>	<u>\$ 28,160,322</u>	<u>\$ 4,855,019</u>	<u>\$ 24,578,229</u>	<u>\$ 63,147,684</u>

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

CITY OF MISHAWAKA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2010

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

Net change in fund balances - total governmental funds	\$	-	\$ 2,006,645
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>			
Expenditures for capital assets			23,540,940
Less current year depreciation expense			(4,364,125)
Loss on disposal of assets			(884,861)
			18,291,954
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
			3,497,264
<p>The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>			
Intergovernmental loan issuance			(1,366,252)
Principal debt payments			5,749,757
			4,383,505
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>			
Amortization of current year bond discount			(48,911)
Amortization of current year bond issuance cost			(42,542)
Accrued interest			81,240
Prepaid expenses			32,973
Change in compensated absences			(58,584)
Change in net other postemployment benefits obligation			(2,509,796)
Change in net pension obligation			552,285
			(1,993,335)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.</p>			
			(337,697)
Change in net assets of governmental activities (Statement of Activities)			\$ 25,848,336

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

CITY OF MISHAWAKA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2010

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Totals	
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,465,462	\$ 1,729,510	\$ 5,130,503	\$ 8,325,475	\$ 5,177,503
Interest receivable	21	55	-	76	-
Accounts receivable (net of allowance)	314,684	529,666	3,669,672	4,514,022	-
Accounts receivable - other (net of allowance)	16,019	75	131,776	147,870	-
Interfund receivables:					
Interfund services provided and used	-	-	48,906	48,906	-
Intergovernmental loan	-	-	-	-	1,366,252
Inventories	367,318	-	2,276,477	2,642,795	-
Prepaid items	89,693	104,113	115,794	309,600	-
Restricted cash and cash equivalents:					
Construction	-	29,079,400	-	29,079,400	-
Customer deposits	399,254	2,385	2,137,021	2,538,660	-
Revenue bond covenant accounts	1,204,608	5,419,972	754,000	7,378,580	-
Repair account	2,362,450	8,686,899	454	11,049,803	-
Total current assets:	6,219,509	45,552,075	14,263,603	66,035,187	6,543,755
Noncurrent assets:					
Deferred charges	92,173	410,633	832,945	1,336,751	-
Capital assets:					
Land and construction in progress	675,890	22,391,331	307,732	23,374,953	-
Other capital assets (net of accumulated depreciation)	42,086,609	76,173,873	33,894,833	152,155,315	-
Total capital assets	42,762,499	98,565,204	34,202,565	175,530,268	-
Total noncurrent assets	42,854,672	98,975,837	35,035,510	176,866,019	-
Total assets	49,074,181	144,527,912	49,299,113	242,901,206	6,543,755
Liabilities					
Current liabilities:					
Accounts payable	185,543	186,085	4,700,176	5,071,804	1,201
Accrued payroll and withholdings payable	44,301	59,763	69,769	173,833	-
Interfund payables:					
Interfund services provided and used	24,453	24,453	-	48,906	-
Taxes payable	5,890	-	246,216	252,106	-
Accrued interest payable	200	694,795	-	694,995	-
Compensated absences	12,100	10,000	51,400	73,500	-
Current liabilities payable from restricted assets:					
Customer deposits	408,519	2,385	2,137,021	2,547,925	-
Accounts payable	10,002	200,136	42,740	252,878	-
Contract payable	-	3,212,929	-	3,212,929	-
Notes and loans payable	1,170,000	971,000	-	2,141,000	-
Revenue bonds payable	305,000	1,913,653	-	2,218,653	-
Total current liabilities	2,166,008	7,275,199	7,247,322	16,688,529	1,201
Noncurrent liabilities:					
Compensated absences	62,281	55,641	59,460	177,382	-
Notes and loans payable	14,575,000	39,859,326	-	54,434,326	-
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	2,941,460	47,704,249	-	50,645,709	-
Net pension obligation	13,305	13,305	26,608	53,218	-
Total noncurrent liabilities	17,592,046	87,632,521	86,068	105,310,635	-
Total liabilities	19,758,054	94,907,720	7,333,390	121,999,164	1,201
Net Assets					
Invested in capital assets, net of related debt	23,771,039	8,116,976	34,202,565	66,090,580	-
Restricted for debt service	1,204,608	5,419,972	754,000	7,378,580	-
Unrestricted	4,340,480	36,083,244	7,009,158	47,432,882	6,542,554
Total net assets	\$ 29,316,127	\$ 49,620,192	\$ 41,965,723	\$ 120,902,042	\$ 6,542,554

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

CITY OF MISHAWAKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2010

	Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Totals	
Operating revenues:					
Unmetered water revenue	\$ 2,918	\$ -	\$ -	\$ 2,918	\$ -
Metered water revenue:					
Residential	4,962,453	-	17,461,712	22,424,165	-
Commercial	1,338,231	-	32,017,393	33,355,624	-
Public street and highway lighting	-	-	364,355	364,355	-
Fire protection revenue	1,165,734	-	-	1,165,734	-
Penalties	42,778	168,261	223,046	434,085	-
Employee/employer contributions	-	-	-	-	7,924,851
Measured revenue:					
Residential	-	6,247,881	-	6,247,881	-
Commercial	-	4,426,811	-	4,426,811	-
Other	258,216	320,951	294,905	874,072	-
Total operating revenues	<u>7,770,330</u>	<u>11,163,904</u>	<u>50,361,411</u>	<u>69,295,645</u>	<u>7,924,851</u>
Operating expenses:					
Source of supply and expense - operations and maintenance	1,007,382	1,445,911	-	2,453,293	-
Transmission and distribution	1,583,855	-	3,272,805	4,856,660	-
Treatment and disposal expense - operations and maintenance	651,506	636,916	-	1,288,422	-
Customer accounts	314,957	10,402	808,108	1,133,467	-
Administration and general	923,967	1,517,089	2,803,773	5,244,829	-
Insurance claims and premiums	-	-	-	-	8,274,674
Purchased power	-	-	40,342,304	40,342,304	-
Sewer - operation and maintenance	-	1,339,487	-	1,339,487	-
Pre treatment - operation and maintenance	-	92,123	-	92,123	-
Chemicals	-	187,399	-	187,399	-
Depreciation	1,471,483	4,108,226	2,624,603	8,204,312	-
Total operating expenses	<u>5,953,150</u>	<u>9,337,553</u>	<u>49,851,593</u>	<u>65,142,296</u>	<u>8,274,674</u>
Operating income (loss)	<u>1,817,180</u>	<u>1,826,351</u>	<u>509,818</u>	<u>4,153,349</u>	<u>(349,823)</u>
Nonoperating revenues (expenses):					
Interest and investment revenue	4,648	7,278	3,760	15,686	12,126
Miscellaneous revenue	111,137	-	2,334	113,471	-
Interest expense	(641,396)	(2,080,732)	-	(2,722,128)	-
Amortization expense	(32,397)	(89,241)	(27,358)	(148,996)	-
Loss on disposal of assets	(152,720)	-	(22,045)	(174,765)	-
Total nonoperating revenues (expenses)	<u>(710,728)</u>	<u>(2,162,695)</u>	<u>(43,309)</u>	<u>(2,916,732)</u>	<u>12,126</u>
Income (loss) before contributions and transfers	1,106,452	(336,344)	466,509	1,236,617	(337,697)
Capital contributions	-	6,652,868	-	6,652,868	-
Transfers in	-	3,360,000	-	3,360,000	-
Transfers out	(578,161)	(850,269)	(1,169,116)	(2,597,546)	-
Change in net assets	528,291	8,826,255	(702,607)	8,651,939	(337,697)
Total net assets - beginning, restated	<u>28,787,836</u>	<u>40,793,937</u>	<u>42,668,330</u>	<u>112,250,103</u>	<u>6,880,251</u>
Total net assets - ending	<u>\$ 29,316,127</u>	<u>\$ 49,620,192</u>	<u>\$ 41,965,723</u>	<u>\$ 120,902,042</u>	<u>\$ 6,542,554</u>

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

CITY OF MISHAWAKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2010

	Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Totals	
Cash flows from operating activities:					
Receipts from customers and users	\$ 7,762,970	\$ 11,084,576	\$ 49,720,995	\$ 68,568,541	\$ -
Receipts from interfund services provided	-	-	-	-	7,945,970
Payments to suppliers	(2,133,658)	(2,429,185)	(43,695,837)	(48,258,680)	-
Payments to employees	(2,799,993)	(2,914,955)	(4,077,584)	(9,792,532)	-
Payments for interfund services used	-	-	-	-	(8,951,104)
Other receipts (payments)	111,137	-	2,334	113,471	-
Net cash provided (used) by operating activities	2,940,456	5,740,436	1,949,908	10,630,800	(1,005,134)
Cash flows from noncapital financing activities:					
Interfund loans	-	800,000	-	800,000	-
Intergovernmental loan	-	-	-	-	(1,366,252)
Transfer from other funds	-	4,190,000	-	4,190,000	-
Transfer to other funds	(578,161)	(850,269)	(1,169,116)	(2,597,546)	-
Net cash provided (used) by noncapital financing activities	(578,161)	4,139,731	(1,169,116)	2,392,454	(1,366,252)
Cash flows from capital and related financing activities:					
Issuance of capital debt	-	36,854,611	-	36,854,611	-
Issue costs paid	-	(93,502)	-	(93,502)	-
Acquisition and construction of capital assets	(848,140)	(8,394,662)	(1,743,509)	(10,986,311)	-
Principal paid on bonds	(290,000)	(1,495,000)	-	(1,785,000)	-
Principal paid on capital leases	(16,112)	(16,112)	-	(32,224)	-
Principal paid on loans	(1,140,000)	(885,000)	-	(2,025,000)	-
Interest paid on bonds	(154,313)	(351,109)	-	(505,422)	-
Interest paid on capital leases	(850)	(850)	-	(1,700)	-
Interest paid on loans	(483,122)	(1,365,330)	-	(1,848,452)	-
Interest paid on customer deposits	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	(2,932,537)	24,253,046	(1,743,509)	19,577,000	-
Cash flows from investing activities:					
Interest received	4,685	7,368	3,760	15,813	13,362
Net increase (decrease) in cash and cash equivalents	(565,557)	34,140,581	(958,957)	32,616,067	(2,358,024)
Cash and cash equivalents, January 1					
(Including \$2,184,957, \$5,340,800 and \$8,953,339 for the customer deposits, revenue bond covenant account and repair account, respectively, reported in restricted accounts)	5,997,331	10,777,585	8,980,935	25,755,851	7,535,527
Cash and cash equivalents, December 31					
(Including \$2,538,660, \$7,378,580, \$11,049,803, and \$29,079,400 for the customer deposits, revenue bond covenant account, repair account, and capital outlay account, respectively, reported in restricted accounts)	\$ 5,431,774	\$ 44,918,166	\$ 8,021,978	\$ 58,371,918	\$ 5,177,503

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

Continued on next page

CITY OF MISHAWAKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2010
(Continued)

	Enterprise Funds			Totals	Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility		
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 1,817,180	\$ 1,826,351	\$ 509,818	\$ 4,153,349	\$ (349,823)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,471,483	4,108,226	2,624,603	8,204,312	-
Nonoperating revenue	111,137	-	2,334	113,471	-
(Increase) decrease in assets:					
Accounts receivable	(7,360)	(79,328)	(640,416)	(727,104)	21,119
Interfund services provided or used	-	-	68,078	68,078	-
Inventories	(335,638)	-	(1,669,666)	(2,025,324)	-
Prepaid items	1,199	10,901	(16,864)	(4,764)	-
Increase (decrease) in liabilities:					
Customer deposits	60,954	320	289,959	351,233	-
Accounts payable	(65,559)	18,066	754,046	706,553	(661,430)
Accrued payroll and withholdings payable	(10,543)	(6,462)	(22,031)	(39,036)	-
Interfund payables	(34,039)	(34,039)	-	(68,078)	-
Taxes payables	(16,199)	-	131,076	114,877	-
Estimate for unfilled claims	-	-	-	-	(115,000)
Contracts payable	-	(68,093)	-	(68,093)	-
Compensated absences payable	(11,492)	5,161	20,327	13,996	-
Net pension obligation payable	(40,667)	(40,667)	(81,336)	(162,670)	-
Total adjustments	<u>1,123,276</u>	<u>3,914,085</u>	<u>1,440,090</u>	<u>6,477,451</u>	<u>(655,311)</u>
Net cash provided (used) by operating activities	<u>\$ 2,940,456</u>	<u>\$ 5,740,436</u>	<u>\$ 1,949,908</u>	<u>\$ 10,630,800</u>	<u>\$ (1,005,134)</u>
Noncash investing, capital and financing activities:					
Accreted value on capital appreciation bonds	\$ -	\$ 234,868	\$ -	\$ 234,868	\$ -
Purchase of capital assets on account	21,827	336,127	36,629	394,583	-
Material and supply inventory converted to capital items	132,540	-	1,244,925	1,377,565	-
Work in progress on account	-	3,212,993	-	3,212,993	-
Work in progress financed through debt (SRF loan)	-	3,963,208	-	3,963,208	-
Disposal of capital assets	255,231	-	135,399	390,630	-
Contributed capital assets from government	-	6,652,868	-	6,652,868	-
Transfer of work in progress to depreciated capital assets	22,395	5,198,720	1,393,043	6,614,158	-
Reclassified capital assets; from buildings to improvements other than buildings	-	889,090	-	889,090	-

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

CITY OF MISHAWAKA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2010

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 1,533,779	\$ 84,179
Receivables:		
Interest and dividends	20,978	-
Investments at fair value:		
Government sponsored enterprise	617,459	-
Municipal bonds	1,281,609	-
Mutual funds	<u>11,572,779</u>	<u>-</u>
Total investments	<u>13,471,847</u>	<u>-</u>
Total assets	<u>15,026,604</u>	<u>\$ 84,179</u>
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable	800	\$ 78,928
Accrued payroll and withholdings payable	<u>-</u>	<u>5,251</u>
Total liabilities	<u>800</u>	<u>\$ 84,179</u>
 <u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits and other purposes	<u>15,025,804</u>	
Total net assets	<u>\$ 15,025,804</u>	

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

CITY OF MISHAWAKA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For The Year Ended December 31, 2010

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
On behalf	\$ 4,074,755
Employer	<u>610,728</u>
Total contributions	<u>4,685,483</u>
Investment income:	
Net increase in fair value of investments	1,121,167
Interest	<u>315,186</u>
Total investment income	1,436,353
Less investment expense:	
Investment activity expense	<u>33,847</u>
Net investment loss	<u>1,402,506</u>
Total additions	<u>6,087,989</u>
 <u>Deductions</u>	
Benefits	4,713,395
Administrative expense	<u>20,532</u>
Total deductions	<u>4,733,927</u>
Changes in net assets	1,354,062
Net assets - beginning	<u>13,671,742</u>
Net assets - ending	<u>\$ 15,025,804</u>

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Blended Component Units

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

Related Organizations

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

B. Government-Wide and Fund Financial Statements

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

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

The primary government reports the following major governmental funds:

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

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

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

The primary government reports the following major enterprise funds:

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

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the primary government reports the following fund types:

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

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the water, wastewater and electric functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Open-end mutual funds are reported at fair value.

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

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

2. Interfund Transactions and Balances

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

3. Property Taxes

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

4. Inventories and Prepaid Items

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Restricted Assets

Certain proceeds of the primary government's general obligation, TIF and revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because their use is limited by applicable bond covenants. None of the restricted net assets are restricted due to enabling legislation.

6. Capital Assets

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

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in 2010.

7. Compensated Absences

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

- b. Vacation Leave – non-Union primary government employees earn vacation leave at rates from ten days to twenty-five days per year based upon the number of years of service. Union utility employees earn vacation leave at rates from five to thirty days per year based upon the number of years of service, plus one day for each year of service after thirty years. Vacation leave does not accumulate from year to year.
- c. Compensatory Leave – Police officers, firefighters and emergency medical technicians have accumulated overtime-compensatory leave for a variety of reasons.

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

8. Long-Term Obligations

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

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

9. Fund Equity

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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

General

Major governmental funds:

Capital projects fund – Local Major Moves Construction

Nonmajor governmental funds:

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

Debt service fund – Municipal Bond No. 1

Capital projects funds – Cumulative Building and Fire Fighting Equipment, Cumulative Capital Improvement, Cumulative Sewer, Cumulative Capital Development, Energy Saving Improvements, CEDIT

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

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

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The primary government does not have a deposit policy for custodial credit risk. At December 31, 2010, the primary government had deposit balances in the amount of \$117,177,563. Of this amount, the following was exposed to custodial credit risk:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Amount
Uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent, but not in the depositor-government's name	\$ 81,485
Total	\$ 81,485

The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Utilities Pension Fund Board of Trustees has established an investment policy for the Utility's Retirement Plan. This investment policy outlines parameters for investment activity for the pension plan. As of December 31, 2010, the City's Utility Pension Fund had the following investments:

Primary Government:

Investment Type	Market Value	Investment Maturities (in Years)		
		Less Than 1	1-2	More Than 2
Utility Pension Fund:				
Government sponsored enterprises	\$ 617,459	\$ -	\$ 646	\$ 616,813
Municipal bonds	1,281,609	-	-	1,281,609
Mutual funds	11,572,779	11,572,779	-	-
Totals	\$ 13,471,847	\$ 11,572,779	\$ 646	\$ 1,898,422

Statutory Authorization for Investments

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

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50 percent

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

of the funds held by the primary government and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

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

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

Investment Custodial Credit Risk

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

At December 31, 2010, the following investments held by the Utility's Pension Plan were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, but not in the government's name:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Primary Government:

Investment Type	Not in the Government's Name
Government sponsored enterprises	\$ 617,459
Municipal bonds	1,281,609
Mutual funds	11,572,779
Total	\$ 13,471,847

Interest Rate Risk

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

Credit Risk

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

Primary Government:

Standard & Poor's Rating	Moody's Rating	City's Investments		
		Government Sponsored Enterprise	Municipal Bonds	Mutual Funds
AAA	Aaa	\$ 617,459	\$ 380,767	\$ -
AA	Aa	-	693,575	-
A	A	-	207,267	-
Unrated	Unrated	-	-	11,572,779
Totals		\$ 617,459	\$ 1,281,609	\$ 11,572,779

Concentration of Credit Risk

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Primary Government:

Issuer	2010
Russell Investment Grade Bond	\$ 1,585,308

B. Loans Receivables

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

Fund	Receivable	Noncurrent
Major fund:		
TIF NW General	\$ 5,602,468	\$ 5,423,121
Special revenue funds:		
Industrial Development	7,852	3,719
Community Development	646,557	588,697
Totals	\$ 6,256,877	\$ 6,015,537

C. Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activity:				
Capital assets, not being depreciated:				
Land	\$ 12,188,434	\$ 624,175	\$ 164,443	\$ 12,648,166
Construction in progress	49,414,444	8,261,853	15,059,541	42,616,756
Total capital assets, not being depreciated	61,602,878	8,886,028	15,223,984	55,264,922
Capital assets, being depreciated:				
Buildings	14,894,067	7,965	-	14,902,032
Improvements other than buildings	10,948,976	8,549,396	-	19,498,372
Machinery and equipment	22,040,449	1,683,715	1,054,244	22,669,920
Infrastructure being depreciated	41,623,398	18,802,901	-	60,426,299
Totals	89,506,890	29,043,977	1,054,244	117,496,623

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activity (continued):				
Capital assets, being depreciated (continued):				
Less accumulated depreciation for:				
Buildings	5,598,922	310,531	-	5,909,453
Improvements other than buildings	4,722,884	453,839	-	5,176,723
Machinery and equipment	11,318,061	2,228,284	1,004,302	12,542,043
Infrastructure being depreciated	3,697,553	1,371,471	-	5,069,024
Totals	<u>25,337,420</u>	<u>4,364,125</u>	<u>1,004,302</u>	<u>28,697,243</u>
Total capital assets, being depreciated, net	<u>64,169,470</u>	<u>24,679,852</u>	<u>49,942</u>	<u>88,799,380</u>
Total governmental activity capital assets, net	<u>\$ 125,772,348</u>	<u>\$ 33,565,880</u>	<u>\$ 15,273,926</u>	<u>\$ 144,064,302</u>
Business-type activity:				
Capital assets, not being depreciated:				
Land	\$ 1,219,223	\$ 285,927	\$ -	\$ 1,505,150
Construction in progress	13,310,791	15,173,170	6,614,158	21,869,803
Total capital assets, not being depreciated	<u>14,530,014</u>	<u>15,459,097</u>	<u>6,614,158</u>	<u>23,374,953</u>
Capital assets, being depreciated: *				
Buildings	53,184,604	218,843	889,091	52,514,356
Improvements other than buildings	112,333,200	17,279,673	388,378	129,224,495
Machinery and equipment	44,917,803	429,498	2,251	45,345,050
Transportation	3,355,617	-	-	3,355,617
Totals	<u>213,791,224</u>	<u>17,928,014</u>	<u>1,279,720</u>	<u>230,439,518</u>
Less accumulated depreciation for: *				
Buildings	11,072,208	1,067,613	-	12,139,821
Improvements other than buildings	35,678,742	3,439,886	214,156	38,904,472
Machinery and equipment	20,776,919	3,453,597	1,709	24,228,807
Transportation	2,767,887	243,216	-	3,011,103
Totals - restated	<u>70,295,756</u>	<u>8,204,312</u>	<u>215,865</u>	<u>78,284,203</u>
Total capital assets, being depreciated, net	<u>143,495,468</u>	<u>9,723,702</u>	<u>1,063,855</u>	<u>152,155,315</u>
Total business-type activity capital assets, net	<u>\$ 158,025,482</u>	<u>\$ 25,182,799</u>	<u>\$ 7,678,013</u>	<u>\$ 175,530,268</u>

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Governmental activities:	
General government	\$ 101,180
Public safety	1,882,351
Highways and streets	1,707,273
Culture and recreation	671,111
Community development	<u>2,210</u>
Total depreciation expense - governmental activities	<u>\$ 4,364,125</u>
Business-type activities:	
Water	\$ 1,471,483
Wastewater	4,108,226
Electric	<u>2,624,603</u>
Total depreciation expense - business-type activities	<u>\$ 8,204,312</u>

D. Construction Commitments

Construction work in progress is composed of the following:

Project	Expended to December 31, 2010	Committed
Governmental activities:		
Main Street projects	\$ 30,117,043	\$ 4,824,701
Front Street	3,426,656	399,505
Other street projects	3,181,526	259,494
Riverfront Park	3,880,903	100,649
Riverwalk	803,760	86,372
Other park projects	<u>1,206,868</u>	<u>50,000</u>
Totals - governmental activities	<u>\$ 42,616,756</u>	<u>\$ 5,720,721</u>
Business-type activities:		
Wastewater Utility:		
Milburn improvements	\$ 14,643,948	\$ 15,479,695
Treatment plant expansion	2,731,579	2,781,579
Northeast trunk phase I	320,248	320,248
Northwest trunk sewer rehab	498,821	709,502
Juday creek force main	3,068,055	3,860,150
Other projects (4)	<u>607,152</u>	<u>659,551</u>
Totals - business-type activities	<u>\$ 21,869,803</u>	<u>\$ 23,810,725</u>

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2010, is as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>			
	<u>Water</u>	<u>Wastewater</u>	<u>Nonmajor Governmental</u>	<u>Totals</u>
Governmental activities:				
Internal service	\$ -	\$ -	\$ 1,366,252	\$ 1,366,252
Business-type activities:				
Electric	<u>24,453</u>	<u>24,453</u>	<u>-</u>	<u>48,906</u>
Totals	<u>\$ 24,453</u>	<u>\$ 24,453</u>	<u>\$ 1,366,252</u>	<u>\$ 1,415,158</u>

Interfund balances resulted from the time lag between the dates that (1) Interfund loans are repaid, (2) Interfund goods and services are provided or reimbursable expenditures occur, (3) transactions are recorded in the accounting system and (4) payments between funds are made. Additionally, in 2010, the Mishawaka Bond Bank internal service fund loaned the City 1,366,252 for an energy improvement project which will be repaid over five years.

2. Interfund Transfers

Interfund transfers at December 31, 2010, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>			<u>Totals</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Wastewater Utility</u>	
Governmental:				
TIF NW General Fund	\$ -	\$ 4,433,500	\$ 3,360,000	\$ 7,793,500
Nonmajor Governmental	-	330,961	-	330,961
Business-type:				
Water Utility	578,161	-	-	578,161
Wastewater Utility	850,269	-	-	850,269
Electric Utility	<u>1,169,116</u>	<u>-</u>	<u>-</u>	<u>1,169,116</u>
Totals	<u>\$ 2,597,546</u>	<u>\$ 4,764,461</u>	<u>\$ 3,360,000</u>	<u>\$ 10,722,007</u>

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Leases

Capital Leases

The primary government has entered into various capital leases for fire equipment. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2010, are as follows:

	Governmental Activities
2010	\$ 183,187
Less amount representing interest	8,933
Present value of net minimum lease payments	\$ 174,254

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

	Governmental Activities
Machinery and equipment	\$ 817,499
Accumulated depreciation	(194,273)
Total	\$ 623,226

G. Short-Term Liabilities

Revolving Line of Credit:

The primary government uses a revolving line of credit to finance the First Time Home Buyers Program and the Neighborhood Stabilization Program which is a reimbursement grant program.

Short-term debt activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Issued/ Draws	Redeemed Repayments	Ending Balance
Line of credit	\$ 178,971	\$ 888,194	\$ 884,724	\$ 182,441

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

H. Long-Term Liabilities

1. General Obligation Bonds

The primary government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

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

Purpose	Interest Rates	Balance at December 31	Due Within One Year	Less: Unamortized Discount	Due in More Than One Year
\$2,745,000 2004 Refunding of 1993 police station bonds due in installments of \$120,000 to \$245,000 plus interest through February 1, 2014	3%	\$ 1,060,000	\$ 290,000	\$ 7,585	\$ 762,415
\$5,000,000 2005 Communication equipment bonds due in installments of \$155,000 to \$300,000 plus interest through February 1, 2016	3.5% to 4%	3,010,000	505,000	13,377	2,491,623
\$3,000,000 2007 Communication equipment bonds due in installments of \$55,000 to \$225,000 plus interest through February 1, 2016	3.85% to 4%	2,245,000	375,000	26,813	1,843,187
\$1,550,000 2006 Park and recreation bonds due in installments of \$90,000 to \$125,000 plus interest through February 1, 2014	3.85%	830,000	225,000	2,858	602,142
Totals		<u>\$ 7,145,000</u>	<u>\$ 1,395,000</u>	<u>\$ 50,633</u>	<u>\$ 5,699,367</u>

2. Tax Incremental Financing (TIF) Bonds

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Interest Rates	Balance December 31	Due Within One Year	Less Unamortized Discount	Due in More Than One Year
\$7,500,000 2001 Redevelopment NW District TIF refunding bonds due in installments of \$35,000 to \$505,000 plus interest through February 1, 2012 *	5%	\$ 35,000	\$ 29,672	\$ -	\$ -
\$14,800,000 2007 Redevelopment NW District TIF bond due in installments of \$1,335,000 to \$1,635,000 plus interest through February 1, 2013	4%	7,815,000	3,025,000	67,262	4,722,738
\$2,625,000 2005 Redevelopment SS District TIF refunding bonds due in installments of \$115,000 to \$165,000 plus interest through February 1, 2015	3.75% to 4.1%	1,360,000	280,000	15,443	1,064,557
Totals		<u>\$ 9,210,000</u>	<u>\$ 3,334,672</u>	<u>\$ 82,705</u>	<u>\$ 5,787,295</u>

*The amount due within one year includes a deduction of \$5,328 for the unamortized discount which will be expensed within one year. The gross amount of bonds payable is \$35,000.

The primary government has pledged future tax incremental revenues to repay the revenue bonds issued in 2001, 2005, and 2007. Proceeds from the bonds provided financing for infrastructure improvements. The bonds are payable solely from tax revenues and are payable through 2015. Annual principal and interest payments are expected to require less than 21 percent of net revenues.

3. Intergovernmental Loan

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

The City has pledged future local income tax revenue to repay the loan.

Purpose	Interest Rates	Balance December 31	Due Within One Year	Due in More Than One Year
\$1,366,252 2010 energy savings bonds due in annual installments of \$273,250 plus interest through February 1, 2015	2.10%	<u>\$ 1,366,252</u>	<u>\$ 273,250</u>	<u>\$ 1,093,002</u>

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Governmental Activities					
	General Obligation Bonds		TIF Bonds		Intergovernmental Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 1,395,000	\$ 262,409	\$ 3,340,000	\$ 352,121	\$ 273,250	\$ 27,575
2012	1,435,000	211,066	3,450,000	210,709	273,250	21,459
2013	1,500,000	156,399	1,940,000	63,309	273,250	15,737
2014	1,270,000	97,086	315,000	16,265	273,250	10,015
2015	435,000	51,700	165,000	3,382	273,252	2,861
2016	1,110,000	10,500	-	-	-	-
Totals	<u>\$ 7,145,000</u>	<u>\$ 789,160</u>	<u>\$ 9,210,000</u>	<u>\$ 645,786</u>	<u>\$ 1,366,252</u>	<u>\$ 77,647</u>

4. Revenue Bonds

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

Purpose	Interest Rates	Balance at December 31	Due Within One Year	Plus: Unamortized Premium	Less: Unamortized Discount	Less: Deferral on Refunding	Due in More Than One Year
\$4,475,000 2007 Water refunding revenue bonds due in installments of \$40,000 to \$220,000 plus interest through July 1, 2020	3.9% to 5.0%	\$ 3,495,000	\$ 305,000	\$ 24,140	\$ 22,469	\$ 250,211	\$ 2,941,460
\$1,875,130 1994 Wastewater capital appreciation bonds due in four installments of \$1,380,000 plus interest through March 1, 2015	5.55% to 5.65%	4,748,352	-	-	7,667	-	4,740,685
\$8,810,000 2002 Wastewater refunding revenue bonds due in installments of \$160,000 to \$605,000 plus interest through March 1, 2011	1.3% to 3.7%	605,000	603,653	-	1,347	-	-
\$8,450,000 2006 Wastewater revenue bonds, Series A due in installments of \$145,000 to \$290,000 plus interest through September 1, 2026	3.625% to 4.0%	7,125,000	335,000	-	56,047	-	6,733,953
\$350,000 2007 Wastewater revenue bonds, Series A due in installments of \$45,000 to \$305,000 plus interest through March 1, 2027	4.25%	350,000	-	-	-	-	350,000
\$37,225,000 2010 Wastewater revenue bonds, Series B, due in installments of \$975,000 to \$2,775,000 plus interest through September 1, 2030	2% to 5%	37,225,000	975,000	-	370,389	-	35,879,611
Totals		<u>\$ 53,548,352</u>	<u>\$ 2,218,653</u>	<u>\$ 24,140</u>	<u>\$ 457,919</u>	<u>\$ 250,211</u>	<u>\$ 50,645,709</u>

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

During 2010, the Water Utility paid \$444,313 in debt payments or approximately 6 percent of operating revenues. The Wastewater Utility paid \$1,846,109 in debt payments or approximately 17 percent of operating revenues.

Revenue bonds debt service requirements to maturity are as follows:

	Business-Type Activities	
	Principal	Interest
2011	\$ 2,220,000	\$ 1,529,517
2012	3,415,000	1,944,950
2013	3,475,000	1,883,724
2014	3,530,000	1,802,518
2015	2,813,352	1,732,001
2016-2020	12,075,000	7,388,509
2021-2025	12,540,000	4,908,324
2026-2030	13,480,000	1,829,841
Totals	\$ 53,548,352	\$ 23,019,384

*The amount due within one year includes a deduction of \$1,347 for the unamortized discount which will be expensed within one year. The gross amount of bonds payable is \$35,000.

5. Notes and Loans Payable

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

	Principal	Interest
2011	\$ 2,141,000	\$ 1,961,358
2012	2,084,000	1,835,221
2013	2,147,000	1,767,766
2014	2,224,000	1,698,098
2015	2,984,000	1,626,061
2016-2020	20,277,000	6,224,102
2021-2025	18,146,000	2,744,051
2026-2030	6,572,326	241,645
Totals	\$ 56,575,326	\$ 18,098,302

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Advance Refunding

In prior years, the Mishawaka Wastewater Utility defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the primary government's financial statements. At December 31, 2010, \$625,000 of outstanding bonds were considered defeased:

7. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2010, was as follows:

Primary Government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 8,485,000	\$ -	\$ 1,340,000	\$ 7,145,000	\$ 1,395,000
TIF	13,365,000	-	4,155,000	9,210,000	3,334,672
Less deferred amount:					
For issuance discounts	187,577	-	48,911	138,666	-
Total bonds payable	21,662,423	-	5,446,089	16,216,334	4,729,672
Capital leases	340,011	-	165,757	174,254	174,254
Notes and loans payable	89,000	-	89,000	-	-
Net other postemployment benefit obligation	4,938,941	2,509,796	-	7,448,737	-
Compensated absences	765,030	506,705	448,121	823,614	506,705
Net pension obligation	18,167,910	-	698,055	17,469,855	-
Total governmental activities long-term liabilities	\$ 45,963,315	\$ 3,016,501	\$ 6,847,022	\$ 42,132,794	\$ 5,410,631
Business-type activities:					
Revenue bonds payable:					
Water Utility	\$ 3,785,000	\$ -	\$ 290,000	\$ 3,495,000	\$ 305,000
Wastewater Utility	14,088,484	37,459,868	1,495,000	50,053,352	1,913,653
Less deferred amount:					
For issuance discounts/premium:	76,635	370,389	13,245	433,779	-
On refunding	318,037	-	67,826	250,211	-
Total revenue bonds payable	17,478,812	37,089,479	1,703,929	52,864,362	2,218,653
Capital leases	32,224	-	32,224	-	-
Compensated absences	236,886	13,996	-	250,882	73,500
Notes and loans payable	54,637,118	3,963,208	2,025,000	56,575,326	2,141,000
Net pension obligation	215,888	-	162,670	53,218	-
Total business-type activities long-term liabilities	\$ 72,600,928	\$ 41,066,683	\$ 3,923,823	\$ 109,743,788	\$ 4,433,153

Compensated absences, net other postemployment benefit obligations and net pension obligations for governmental activities typically have been liquidated from the general fund and special revenue funds. The net pension obligation typically has been liquidated from the Water, Wastewater, and Electric Utility Funds.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

I. Restricted Assets

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

Construction	\$ 29,079,400
Customer deposits	2,538,660
Revenue bond covenant accounts	7,378,580
Repair accounts	<u>11,049,803</u>
 Total restricted assets	 <u><u>\$ 50,046,443</u></u>

J. Restatements and Reclassifications

For the year ended December 31, 2010, certain changes have been made to the financial statements to more appropriately reflect financial activity of the primary government.

In 2009, a change in funding contributions of the 1925 Police and 1937 Firefighters' Pensions was enacted based on the following law change: Indiana Code 5-10.3-11-4.7 states "(a) In 2009 and each year thereafter, the state board shall distribute from the pension relief fund to each unit of local government the total amount of pension, disability, and survivor benefit payments from the 1925 police pension fund (IC 36-8-6), and the 1937 firefighters' pension fund (IC 36-8-7), and the 1953 police pension fund (IC 36-8-7.5) to be made by the unit in the calendar year, as estimated by the state board under section 4 of this chapter, after subtracting any distributions to the unit from the public deposit insurance fund that will be used for benefit payments." Based on an interpretation of this law, it was determined that the primary government no longer was liable for the pension obligations of the 1925 Police and 1937 Firefighters' Pensions. Upon further review at the state level and in consultation with GASB, it was determined that the local governments would retain reporting of the liabilities because those covered by these pensions are still local government employees and the local governments remain legally responsible for making the pension payments to them. The local governments are still legally responsible to administer the plans and make the pension payments. Therefore, the liability is reinstated.

The prior period adjustment represents the inclusion of a previously omitted receivable for the governmental activities and a deduction in accumulated depreciation for items which had been over-depreciated in prior audit periods.

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Opinion Unit	Balance as Reported December 31, 2009	Prior Period Adjustments	Reinstatement of Pension Liability	Balance as Restated January 1, 2010
Governmental activities:				
Net Assets	\$ 161,577,340	\$ 5,000,000	\$ 18,167,910	\$ 148,409,430
Governmental funds:				
NW TIF General:				
Total fund balances	26,610,179	5,000,000	-	31,610,179
Business-type activities:				
Net Assets	112,118,249	131,854	-	112,250,103
Proprietary funds:				
Net Assets (Wastewater Utility)	40,662,083	131,854	-	40,793,937

V. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retiree and Dependents

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

B. Conduit Debt Obligation

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

As of December 31, 2010, there was one series of Economic Development Revenue Bonds outstanding with an original issue amount of \$4,500,000. The principal amount payable was not available.

C. Other Postemployment Benefits

Plan Description

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

Funding Policy

The contribution requirements of plan members for the City of Mishawaka Retiree Healthcare Plan are established and can be amended by the City's Common Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2010, the primary government contributed \$1,352,041 to the plan for current premiums. For Pre-Medicare retirees, the primary government annually provides \$400 for PERF covered employees with less than 20 years of service and pays the full single premium cost for employees who retire with 20 or more years of service. For Post-Medicare employees, the primary government provides \$400 annually towards the cost of medical coverage regardless of the years of service.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 3,850,099
Interest on net OPEB obligation	222,252
Adjustment to annual required contribution	<u>(210,514)</u>
Annual OPEB cost	3,861,837
Contributions made	<u>1,352,041</u>
Increase in net OPEB obligation	2,509,796
Net OPEB obligation, beginning of year	<u>4,938,941</u>
Net OPEB obligation, end of year	<u><u>\$ 7,448,737</u></u>

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

The primary government's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-08	\$ 3,207,593	32.3%	\$ 2,173,104
12-31-09	3,992,086	30.7%	4,938,941
12-31-10	3,861,837	35.0%	7,448,737

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$43,153,157, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$43,153,157. Since the actuarial accrued liability was \$43,153,157 and covered payroll was \$24,341,096, the covered payroll as a percentage of the Actuarial Accrued Liability was (177 percent). Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumption

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

In the December 31, 2010, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 5 percent by 2018. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010, was 30 years.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

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

Public Employees' Retirement Fund
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687
www.in.gov/perf/2376.htm

Funding Policy

PERF members are required to contribute 3 percent of their annual covered salary. The primary government is required to contribute at an actuarially determined rate; the current rate is 6.625 percent of annual covered payroll. The contribution requirements of plan members and the primary government are established and may be amended by the PERF Board of Trustees.

Annual Pension Cost

For 2010, the primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

b. 1925 Police Officers' Pension Plan

Plan Description

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The Net Pension Obligation (NPO) is considered an obligation of the primary government and is reflected in the Statement of Net Assets. As provided by state statute, all administrative costs are paid from the fund. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan. On-behalf contributions from the State of Indiana as shown in the financial statements of \$1,628,076 approximate an equal amount paid out for benefits. The primary government has recognized these on-behalf payments as intergovernmental revenue and public safety expenditures in the general fund. The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established and can be amended by state statute.

Annual Pension Cost

For 2010, the primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

c. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The Net Pension Obligation (NPO) is considered an obligation of the primary government and is reflected in the Statement of Net Assets. As provided by state statute, all administrative costs are paid from the fund. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan. On-behalf contributions from the State of Indiana as shown in the financial statements of \$2,446,679 approximate an equal amount paid out for benefits. The primary government has recognized these on-behalf payments as intergovernmental revenue and public safety expenditures in the general fund. The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established and can be amended by state statute.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Annual Pension Cost

For 2010, the primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

d. Utility Pension Plan

Plan Description

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

Funding Policy

The contribution requirements of plan members are established by and can be amended by the plan administrator. Currently, employees are not required to make any contributions to the plan. The Net Pension Obligation (NPO) is considered an obligation of the Primary government and is reflected in the Statement of Net Assets. As provided by state statute, all administrative costs are paid from the fund. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan.

Annual Pension Cost

For 2010, the Utilities' annual pension cost and related information for the Utility Pension Plan, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Utility Pension
Annual required contribution	\$ 571,265	\$ 1,381,900	\$ 2,326,100	\$ 621,882
Interest on net pension obligation	(25,328)	421,700	668,400	10,996
Adjustment to annual required contribution	28,863	(549,800)	(871,400)	(12,422)
Annual pension cost	574,800	1,253,800	2,123,100	620,456
Contributions made	429,030	1,628,076	2,446,879	783,126
Increase (decrease) in net pension obligation	145,770	(374,276)	(323,779)	(162,670)
Net pension obligation, beginning of year	(349,348)	7,028,633	11,139,277	215,888
Net pension obligation, end of year	\$ (203,578)	\$ 6,654,357	\$ 10,815,498	\$ 53,218

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Utility Pension
Contribution rates:				
Government	6.625%	n/a	n/a	10%
Plan members	3%	6%	6%	0%
Actuarial valuation date	07-01-10	01-01-10	01-01-10	01-01-10
Actuarial cost method	Entry age, normal cost	Entry age	Entry age	Entry age, normal cost
Amortization method	Level percentage of payroll	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years	30 years	30 years
Amortization period (from date)	07-01-07	01-01-05	01-01-05	01-01-08
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital	Market value

e. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Assets:

<u>Assets</u>	1925 Police Pension	1937 Firefighters' Pension	Utility Pension
Cash and cash equivalents	\$ 589,540	\$ 902,540	\$ 41,699
Receivables:			
Interest and dividends	-	-	20,978
Investments at fair value:			
Government sponsored enterprise	-	-	617,459
Municipal bonds	-	-	1,281,609
Mutual funds	-	-	11,572,779
Total investments	-	-	13,471,847
Total assets	\$ 589,540	\$ 902,540	\$ 13,534,524
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	\$ -	\$ 600	\$ 200

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Net Assets</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
Held in trust for:			
Employees' pension benefits	\$ 589,540	\$ 901,940	\$ 13,534,324
Statements of Changes in Fiduciary Net Assets:			
	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
<u>Additions</u>			
Contributions:			
On-behalf Employer	\$ 1,628,076	\$ 2,446,679	\$ -
	-	200	610,528
Total contributions	<u>1,628,076</u>	<u>2,446,879</u>	<u>610,528</u>
Investment income:			
Net increase in fair value of investments	-	-	1,121,167
Interest	-	-	315,186
Total investment income	-	-	1,436,353
Less investment expense:			
Investment activity expense	-	-	33,847
Net investment income	<u>-</u>	<u>-</u>	<u>1,402,506</u>
Total additions	<u>1,628,076</u>	<u>2,446,879</u>	<u>2,013,034</u>
<u>Deductions</u>			
Benefits	1,551,642	2,404,518	757,235
Administrative expense	3,075	6,239	11,218
Total deductions	<u>1,554,717</u>	<u>2,410,757</u>	<u>768,453</u>
Changes in net assets	73,359	36,122	1,244,581
Net assets - beginning	<u>516,181</u>	<u>865,818</u>	<u>12,289,743</u>
Net assets - ending	<u>\$ 589,540</u>	<u>\$ 901,940</u>	<u>\$ 13,534,324</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension	Utility Pension
Investment rate of return	7.00%	6.00%	6.00%	7.50%
Projected future salary increases:				
Total	4.00%	4.00%	4.00%	3.50%
Attributed to inflation	3.00%	4.00%	4.00%	2.50%
Attributed to merit/seniority	1.00%	0.00%	0.00%	1.00%
Cost-of-living adjustments	1.00%	2.75%/4%*	2.75%/4%*	2%^

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

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-08	\$ 435,392	95.0%	\$ (381,689)
	06-30-09	479,016	93.0%	(349,348)
	06-30-10	574,800	75.0%	(203,578)
1925 Police Officers' Pension Plan	12-31-08	1,515,400	88.0%	7,509,961
	12-31-09	1,153,500	142.0%	7,028,633
	12-31-10	1,253,800	130.0%	6,654,357
1937 Firefighters' Pension Plan	12-31-08	2,005,300	107.0%	11,639,345
	12-31-09	2,449,100	120.0%	11,139,277
	12-31-10	2,123,100	115.0%	10,815,498
Utility Pension Plan	01-01-08	484,965	68.0%	178,316
	01-01-09	925,279	96.0%	215,888
	01-01-10	620,456	79.2%	53,218

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2010, was comprised of the following:

	Utility Pension	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	59	55	89
Terminated employees entitled to but not yet receiving benefits	-	-	-
Current active employees	136	1	2

Funded Status and Funding Progress for the Above Plans

The funded status of each plan as of July 1, 2010, the most recent actuarial valuation date (except the 1925 Police Officers', the 1937 Firefighters' and the Utility Pension Plans which are as of January 1, 2010) is as follows:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Retirement Plan	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL or (Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL or (Funding Excess) as a Percentage of Covered Payroll ((b-a)/c)
PERF	\$ 5,698,283	\$ 9,121,439	\$ 3,423,156	62%	\$ 6,370,061	54%
Utility Pension Plan	13,578,454	15,373,954	1,795,500	88.3%	5,891,118	30%
1925 Police Officers' Pension Plan	475,282	17,848,000	17,372,718	3%	94,900	18,306%
1937 Firefighters' Pension Plan	829,813	30,278,300	29,448,487	3%	94,000	31,328%

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.

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

Public Employees' Retirement Fund
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687
www.in.gov/perf/2376.htm

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2010, 2009, and 2008 were \$1,770,001, \$1,782,987, and \$1,840,187, respectively, equal to the required contributions for each year. The contribution requirements of plan members for the 1977 Police Officers' and Firefighters' Pension Plan are established and can be amended by state statute.

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-08	\$ 8,456,881	\$ 8,937,258	\$ (480,377)	95%	\$ 7,039,299	(7%)
07-01-09	6,767,837	8,779,530	(2,011,693)	77%	7,160,537	(28%)
07-01-10	5,698,283	9,121,439	(3,423,156)	62%	6,370,061	(54%)

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)
01-01-05	\$ 803,253	\$ 21,548,900	\$ (20,745,647)	4%	\$ 174,700	(11,875%)
01-01-06	476,410	21,277,300	(20,800,890)	2%	176,500	(11,785%)
01-01-07	502,195	21,441,100	(20,938,905)	2%	182,000	(11,505%)
01-01-08	368,239	21,519,500	(21,151,261)	2%	185,900	(11,378%)
01-01-09	276,566	17,137,900	(16,861,334)	2%	**	**
01-01-10	475,282	17,848,000	(17,372,718)	3%	94,900	(18,306%)

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)
01-01-05	\$ 1,236,696	\$ 30,914,900	\$ (29,678,204)	4%	\$ 433,100	(6,853%)
01-01-06	754,049	29,758,700	(29,004,651)	3%	262,600	(11,045%)
01-01-07	656,068	29,188,400	(28,532,332)	2%	225,700	(12,642%)
01-01-08	473,089	29,320,500	(28,847,411)	2%	138,300	(20,859%)
01-01-09	292,384	35,408,600	(35,116,216)	1%	**	**
01-01-10	829,813	30,278,300	(29,448,487)	3%	94,000	(31,328%)

Utility Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-05	\$ 10,677,318	\$ 10,677,318	\$ -	100%	\$ 5,959,667	0%
01-01-06	11,287,256	11,287,256	-	100%	6,227,897	0%
01-01-07	12,979,939	12,979,939	-	100%	5,587,670	0%
01-01-08	13,977,669	14,128,822	(151,153)	99%	6,131,927	(2%)
01-01-09	13,585,001	14,870,175	(1,285,174)	91%	6,624,741	(19%)
01-01-10	13,578,454	15,373,954	(1,795,500)	88%	5,891,118	(30%)

Other Post Employment Benefits (OPEB)						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-08	\$ -	\$ 33,644,642	\$ (33,644,642)	0%	\$ 25,736,697	(131%)
01-01-09	-	42,131,601	(42,131,601)	0%	26,508,798	(159%)
01-01-10	-	43,153,157	(43,153,157)	0%	24,341,096	(177%)

**Information not available

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

1925 Police Officers' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-05	\$ 1,569,000	23%	46%
12-31-06	1,569,200	38%	53%
12-31-07	1,602,900	34%	46%
12-31-08	1,630,400	32%	50%
12-31-09	1,280,600	19%	109%
12-31-10	1,381,900	0%	118%

1937 Firefighters' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-05	\$ 2,295,600	28%	47%
12-31-06	2,190,300	36%	59%
12-31-07	2,170,600	35%	61%
12-31-08	2,190,200	34%	64%
12-31-09	2,646,100	9%	102%
12-31-10	2,326,100	0%	105%

Employer Contributions - Utility Pension Plan

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

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ -	\$ 18,219,789	\$ 17,510,273	\$ (709,516)
Licenses and permits	185,150	185,150	259,786	74,636
Intergovernmental	-	3,011,890	4,457,468	1,445,578
Charges for services	236,000	236,000	770,545	534,545
Fines and forfeits	32,000	32,000	103,297	71,297
Interest	50,000	50,000	8,195	(41,805)
Sale and use of property	-	-	8,005	8,005
Other	518,000	518,000	890,623	372,623
Total revenues	1,021,150	22,252,829	24,008,192	1,755,363
Expenditures:				
Current:				
General government:				
Mayor:				
Personal services	131,529	182,978	182,977	1
Supplies	1,262	1,262	1,242	20
Other services and charges	19,470	20,577	20,180	397
City Clerk:				
Personal services	115,201	167,696	167,696	-
Supplies	2,650	2,650	1,321	1,329
Other services and charges	17,000	17,170	9,535	7,635
Central Motor Pool:				
Personal services	299,820	451,582	442,333	9,249
Supplies	1,027,191	1,027,191	776,787	250,404
Other services and charges	55,137	57,064	35,986	21,078
Common Council:				
Personal services	90,223	191,910	191,447	463
Supplies	250	336	312	24
Other services and charges	9,221	9,135	4,124	5,011
City Hall:				
Personal services	13,535	14,355	11,593	2,762
Supplies	6,000	6,000	5,937	63
Controller:				
Personal services	1,877,330	1,016,894	799,997	216,897
Supplies	15,169	15,169	13,461	1,708
Other services and charges	1,852,777	1,887,094	1,703,601	183,493
Human Resources:				
Personal services	96,649	146,297	129,469	16,828
Supplies	494	494	458	36
Other services and charges	20,634	20,635	17,921	2,714
Information Technology:				
Personal services	255,150	376,258	374,896	1,362
Supplies	1,000	1,000	858	142
Other services and charges	7,850	7,850	2,050	5,800
Cemetery:				
Other services and charges	20,000	20,000	20,000	-
Legal:				
Personal services	97,647	146,088	146,087	1
Supplies	2,087	2,087	2,059	28
Other services and charges	10,050	10,050	7,628	2,422
Planning:				
Personal services	168,662	241,583	241,359	224
Supplies	2,613	2,613	1,302	1,311
Other services and charges	9,400	9,400	2,397	7,003
Total general government	6,226,001	6,053,418	5,315,013	738,405

Continued on next page

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended December 31, 2010
(Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public safety:				
Police:				
Personal services	9,519,074	9,940,927	9,835,019	105,908
Supplies	71,166	78,599	76,860	1,739
Other services and charges	421,981	495,731	455,610	40,121
Fire:				
Personal services	8,869,228	9,181,143	9,076,289	104,854
Supplies	118,249	150,357	144,334	6,023
Other services and charges	217,344	312,345	271,494	40,851
Capital outlay	4,000	4,000	3,144	856
Code Enforcement:				
Personal services	210,633	294,372	283,540	10,832
Supplies	2,911	2,911	2,736	175
Other services and charges	25,640	25,640	10,989	14,651
Building Department:				
Personal services	179,683	271,050	264,467	6,583
Supplies	3,684	3,684	2,996	688
Other services and charges	4,584	4,584	3,723	861
Total public safety	<u>19,648,177</u>	<u>20,765,343</u>	<u>20,431,201</u>	<u>334,142</u>
Highways and streets:				
Engineering:				
Personal services	250,282	342,311	342,310	1
Supplies	4,087	4,087	1,981	2,106
Other services and charges	10,000	10,000	2,235	7,765
Total highways and streets	<u>264,369</u>	<u>356,398</u>	<u>346,526</u>	<u>9,872</u>
Sanitation:				
Recycling:				
Supplies	5,000	5,000	-	5,000
Other services and charges	30,000	30,000	-	30,000
Total sanitation	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total expenditures	<u>26,173,547</u>	<u>27,210,159</u>	<u>26,092,740</u>	<u>1,117,419</u>
Excess (deficiency) of revenues over (under) expenditures	(25,152,397)	(4,957,330)	(2,084,548)	2,872,782
Other financing sources:				
Transfers in	<u>1,865,000</u>	<u>1,865,000</u>	<u>2,597,546</u>	<u>732,546</u>
Net change in fund balances	(23,287,397)	(3,092,330)	512,998	3,605,328
Fund balances - beginning	<u>4,723,601</u>	<u>4,723,601</u>	<u>4,723,601</u>	<u>-</u>
Fund balances - ending	<u>\$ (18,563,796)</u>	<u>\$ 1,631,271</u>	<u>\$ 5,236,599</u>	<u>\$ 3,605,328</u>

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET/GAAP RECONCILIATION
 GENERAL FUND
 For The Year Ended December 31, 2010

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

- a. Revenues are recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP).
- c. Expenditures are recorded as expenditures for budgetary purposes when purchase orders are issued.

Adjustments necessary to convert the results of operations at the end of the year on a budgetary basis to a GAAP basis are as follows:

	General
Net change in fund balance, budget basis	\$ 512,998
To adjust revenues for accruals	(2,119,005)
To adjust expenditures for accruals	651,264
To adjust expenditures for encumbrances	213,443
Net change in fund balance, GAAP basis	\$ (741,300)

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Law Enforcement Continuing Education -	To account for court fees, fees charged for furnishing accident reports, handgun application fees and fees charged for vehicle inspections. Expenditures are for the continuing education and training of law enforcement officers.
Local Law Enforcement Block Grant -	To account for federal grant funds received to purchase equipment for the Police Department.
Levy Excess -	To account for the portion of the property taxes received which exceeds 100 percent of the unit's levy. In subsequent years, the balance in the fund will be used to reduce the amounts raised by taxation.
Insurance Recovery -	To account for insurance adjustment proceeds to cover repair claims.
Bicentennial Gift -	To account for donations for the bicentennial celebration. Interest earned on these monies is receipted to this fund.
Community Development -	To account for Housing and Urban Development (HUD) monies used for low or no interest residential rehabilitation loans and for urban redevelopment and housing. Pay back monies from loans are also used for these purposes.
Property Rehabilitation Revolving -	To account for Housing and Urban Development (HUD) monies used for low or no interest residential rehabilitation loans. Pay back monies from loans are also used for this purpose.
DOC Community Development -	To account for specific projects originally funded by state grants from the Department of Commerce. Some of the grant money was used to make loans to local businesses. New projects funded with payback monies must be approved by the Department of Commerce.
Park Nonreverting Operating -	To account for some operating expenses at the city pools and golf course. Financing is provided by improvement fees charged by the Park Department.
Edward Byrne JAG Grant -	To account for a federal grant received for criminal prevention and control programs coordinated by the police department.
Criminal Assistance Grant -	To account for federal funds received for criminal prevention and intervention programs coordinated by the police department.
NSP Grant -	To account for federal funds received for a neighborhood stabilization program.
State Grant -	To account for state funds received for street improvements to the Capital Avenue corridor.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Debt Service Funds

- Municipal Bond No. 1 - To account for debt retirement of the City's general obligation bonds and several capital leases. Financing is provided by a specific tax levy.
- TIF (Tax Incremental Financing)
NW Redemption and
Reserve - To account for debt retirement for the Northwest (NW) District bond issues. Financing is provided by transfers from the Tax Incremental Financing NW General Fund.
- TIF (Tax Incremental Financing)
SS Redemption and
Reserve - To account for debt retirement for the Southside (SS) District bond issue. Financing is provided by transfers from the Tax Incremental Financing SS General Fund.

Capital Projects Funds

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

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

- | | |
|---|---|
| Park Bond Capital - | To account for expenditures made for various improvements to park properties. Financing is provided from proceeds of a general obligation bond issue. |
| County Economic Development
Income Tax (CEDIT) - | To account for financial resources related to development projects. Financing is provided by a tax on income. |
| Tax Incremental Financing (TIF)
SS General - | To account for expenditures made for public improvement projects in the Southside (SS) property tax incremental financing district. Financing is provided by incremental taxes collected on property located in this district. Amounts needed for bond retirement are transferred annually to the proper debt service fund. |

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2010

	Special Revenue					
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Public Safety	Rainy Day
Assets						
Cash and cash equivalents	\$ 2,205,167	\$ 432,657	\$ 1,601,898	\$ 78,567	\$ 1,948,849	\$ 1,878,920
Receivables (net of allowances for uncollectibles):						
Taxes	113,634	-	155,832	-	-	-
Accounts	-	-	594	7	-	-
Intergovernmental	219,698	75,977	-	-	-	-
Loans receivable	-	-	-	-	-	-
Total assets	\$ 2,538,499	\$ 508,634	\$ 1,758,324	\$ 78,574	\$ 1,948,849	\$ 1,878,920
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 99,736	\$ -	\$ 40,259	\$ 475	\$ -	\$ -
Accrued payroll and withholdings payable	39,040	-	35,477	-	-	-
Contracts payable	-	-	-	-	-	36,475
Short term loan payable	-	-	-	-	-	-
Unearned revenue	113,634	-	155,832	-	-	-
Total liabilities	252,410	-	231,568	475	-	36,475
Fund Balances:						
Reserved for:						
Encumbrances	80,951	194,529	-	-	400,000	74,125
Noncurrent loans receivable	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	2,205,138	314,105	1,526,756	78,099	1,548,849	1,768,320
Capital projects funds	-	-	-	-	-	-
Total fund balances	2,286,089	508,634	1,526,756	78,099	1,948,849	1,842,445
Total liabilities and fund balances	\$ 2,538,499	\$ 508,634	\$ 1,758,324	\$ 78,574	\$ 1,948,849	\$ 1,878,920

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2010
 (Continued)

	Special Revenue					
	Rainy Day Public Safety	Police Drug Investigation Assistance	Off-Street Parking	Sidewalk and Curb Repair	Industrial Development	Unsafe Building
Assets						
Cash and cash equivalents	\$ 491,092	\$ 9,552	\$ 29,579	\$ 48,384	\$ 50,510	\$ 259
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans receivable	-	-	-	-	7,852	-
Total assets	\$ 491,092	\$ 9,552	\$ 29,579	\$ 48,384	\$ 58,362	\$ 259
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 5,828	\$ -	\$ 3,560	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Short term loan payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	5,828	-	3,560	-	-	-
Fund Balances:						
Reserved for:						
Encumbrances	482,746	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	3,719	-
Debt service	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	2,518	9,552	26,019	48,384	54,643	259
Capital projects funds	-	-	-	-	-	-
Total fund balances	485,264	9,552	26,019	48,384	58,362	259
Total liabilities and fund balances	\$ 491,092	\$ 9,552	\$ 29,579	\$ 48,384	\$ 58,362	\$ 259

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2010
 (Continued)

	Special Revenue					
	Trash Collection	Mishawaka Gift	Law Enforcement Continuing Education	Local Law Enforcement Block Grant	Levy Excess	Insurance Recovery
Assets						
Cash and cash equivalents	\$ 309,184	\$ 179,764	\$ 100,387	\$ 928	\$ 66,105	\$ 29,978
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	-
Accounts	131,473	-	35	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Total assets	\$ 440,657	\$ 179,764	\$ 100,422	\$ 928	\$ 66,105	\$ 29,978
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 162,557	\$ 150	\$ 15,037	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Short term loan payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	162,557	150	15,037	-	-	-
Fund Balances:						
Reserved for:						
Encumbrances	-	-	5,172	-	-	-
Noncurrent loans receivable	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	278,100	179,614	80,213	928	66,105	29,978
Capital projects funds	-	-	-	-	-	-
Total fund balances	278,100	179,614	85,385	928	66,105	29,978
Total liabilities and fund balances	\$ 440,657	\$ 179,764	\$ 100,422	\$ 928	\$ 66,105	\$ 29,978

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2010
 (Continued)

	Special Revenue				
	Bicentennial Gift	Community Development	Property Rehabilitation Revolving	DOC Community Development	Park Nonreverting Operating
<u>Assets</u>					
Cash and cash equivalents	\$ 1,325	\$ 15,957	\$ 32,843	\$ 5,581	\$ 428,428
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	-	-	-
Accounts	-	-	50,000	-	126
Intergovernmental	-	-	5,614	-	-
Loans receivable	-	646,557	-	-	-
Total assets	\$ 1,325	\$ 662,514	\$ 88,457	\$ 5,581	\$ 428,554
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	\$ 4,197	\$ 21,176	\$ -	\$ 400
Accrued payroll and withholdings payable	-	-	-	-	-
Contracts payable	-	-	-	-	-
Short term loan payable	-	-	50,000	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	4,197	71,176	-	400
Fund Balances:					
Reserved for:					
Encumbrances	-	-	-	-	124,436
Noncurrent loans receivable	-	588,697	-	-	-
Debt service	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	1,325	69,620	17,281	5,581	303,718
Capital projects funds	-	-	-	-	-
Total fund balances	1,325	658,317	17,281	5,581	428,154
Total liabilities and fund balances	\$ 1,325	\$ 662,514	\$ 88,457	\$ 5,581	\$ 428,554

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2010
 (Continued)

	Special Revenue				Totals
	Edward Byrne JAG Grant	Criminal Assistance Grant	NSP Grant	State Grant	
<u>Assets</u>					
Cash and cash equivalents	\$ -	\$ 63,932	\$ 99,940	\$ 70,146	\$ 10,179,932
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	-	-	269,466
Accounts	-	-	-	-	182,235
Intergovernmental	-	66,899	45,015	-	413,203
Loans receivable	-	-	-	-	654,409
Total assets	\$ -	\$ 130,831	\$ 144,955	\$ 70,146	\$ 11,699,245
<u>Liabilities and Fund Balances</u>					
<u>Liabilities:</u>					
Accounts payable	\$ -	\$ 66,899	\$ 12,500	\$ -	\$ 432,774
Accrued payroll and withholdings payable	-	-	-	-	74,517
Contracts payable	-	-	-	-	36,475
Short term loan payable	-	-	132,441	-	182,441
Unearned revenue	-	-	-	-	269,466
Total liabilities	-	66,899	144,941	-	995,673
<u>Fund Balances:</u>					
<u>Reserved for:</u>					
Encumbrances	-	-	-	-	1,361,959
Noncurrent loans receivable	-	-	-	-	592,416
Debt service	-	-	-	-	-
<u>Unreserved, reported in:</u>					
Special revenue funds	-	63,932	14	70,146	8,749,197
Capital projects funds	-	-	-	-	-
Total fund balances	-	63,932	14	70,146	10,703,572
Total liabilities and fund balances	\$ -	\$ 130,831	\$ 144,955	\$ 70,146	\$ 11,699,245

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2010
 (Continued)

	Debt Service					
	Municipal Bond No. 1	TIF NW Redemption	TIF NW Reserve	TIF SS Redemption	TIF SS Reserve	Totals
<u>Assets</u>						
Cash and cash equivalents	\$ 689,728	\$ 266,744	\$ 1,229,614	\$ 44,120	\$ 375,844	\$ 2,606,050
Receivables (net of allowances for uncollectibles):						
Taxes	86,506	-	-	-	-	86,506
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Total assets	<u>\$ 776,234</u>	<u>\$ 266,744</u>	<u>\$ 1,229,614</u>	<u>\$ 44,120</u>	<u>\$ 375,844</u>	<u>\$ 2,692,556</u>
<u>Liabilities and Fund Balances</u>						
<u>Liabilities:</u>						
Accounts payable	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 500
Accrued payroll and withholdings payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Short term loan payable	-	-	-	-	-	-
Unearned revenue	86,506	-	-	-	-	86,506
Total liabilities	<u>87,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,006</u>
<u>Fund Balances:</u>						
<u>Reserved for:</u>						
Encumbrances	-	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-	-
Debt service	689,228	266,744	1,229,614	44,120	375,844	2,605,550
<u>Unreserved, reported in:</u>						
Special revenue funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
Total fund balances	<u>689,228</u>	<u>266,744</u>	<u>1,229,614</u>	<u>44,120</u>	<u>375,844</u>	<u>2,605,550</u>
Total liabilities and fund balances	<u>\$ 776,234</u>	<u>\$ 266,744</u>	<u>\$ 1,229,614</u>	<u>\$ 44,120</u>	<u>\$ 375,844</u>	<u>\$ 2,692,556</u>

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2010
 (Continued)

	Capital Projects					
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	General Improvement	Consolidated Project Expenditures	Cumulative Capital Development
<u>Assets</u>						
Cash and cash equivalents	\$ 80,897	\$ 856,862	\$ 1,322,083	\$ 55,567	\$ 16,118	\$ 448,561
Receivables (net of allowances for uncollectibles):						
Taxes	2,110	-	26,072	-	-	20,044
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Total assets	<u>\$ 83,007</u>	<u>\$ 856,862</u>	<u>\$ 1,348,155</u>	<u>\$ 55,567</u>	<u>\$ 16,118</u>	<u>\$ 468,605</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 2,049	\$ -	\$ 6,100	\$ 44,585
Accrued payroll and withholdings payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Short term loan payable	-	-	-	-	-	-
Unearned revenue	2,110	-	26,072	-	-	20,044
Total liabilities	<u>2,110</u>	<u>-</u>	<u>28,121</u>	<u>-</u>	<u>6,100</u>	<u>64,629</u>
Fund Balances:						
Reserved for:						
Encumbrances	126	-	818,746	-	-	231,870
Noncurrent loans receivable	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	-	-	-	-	-	-
Capital projects funds	80,771	856,862	501,288	55,567	10,018	172,106
Total fund balances	<u>80,897</u>	<u>856,862</u>	<u>1,320,034</u>	<u>55,567</u>	<u>10,018</u>	<u>403,976</u>
Total liabilities and fund balances	<u>\$ 83,007</u>	<u>\$ 856,862</u>	<u>\$ 1,348,155</u>	<u>\$ 55,567</u>	<u>\$ 16,118</u>	<u>\$ 468,605</u>

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2010
 (Continued)

	Capital Projects					Total Nonmajor Governmental Funds
	Energy Saving Improvements	Park Bond Capital	CEDIT	TIF SS General	Totals	
<u>Assets</u>						
Cash and cash equivalents	\$ 475,576	\$ 588	\$ 4,038,310	\$ 4,048,489	\$ 11,343,051	\$ 24,129,033
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	77,124	125,350	481,322
Accounts	-	-	-	-	-	182,235
Intergovernmental	-	-	-	-	-	413,203
Loans receivable	-	-	-	-	-	654,409
Total assets	\$ 475,576	\$ 588	\$ 4,038,310	\$ 4,125,613	\$ 11,468,401	\$ 25,860,202
<u>Liabilities and Fund Balances</u>						
<u>Liabilities:</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 52,734	\$ 488,008
Accrued payroll and withholdings payable	-	-	-	-	-	74,517
Contracts payable	-	-	-	21,210	21,210	57,685
Short term loan payable	-	-	-	-	-	182,441
Unearned revenue	-	-	-	77,124	125,350	481,322
Total liabilities	-	-	-	98,334	199,294	1,281,973
<u>Fund Balances:</u>						
<u>Reserved for:</u>						
Encumbrances	475,576	-	1,626,347	-	3,152,665	4,514,624
Noncurrent loans receivable	-	-	-	-	-	592,416
Debt service	-	-	-	-	-	2,605,550
<u>Unreserved, reported in:</u>						
Special revenue funds	-	-	-	-	-	8,749,197
Capital projects funds	-	588	2,411,963	4,027,279	8,116,442	8,116,442
Total fund balances	475,576	588	4,038,310	4,027,279	11,269,107	24,578,229
Total liabilities and fund balances	\$ 475,576	\$ 588	\$ 4,038,310	\$ 4,125,613	\$ 11,468,401	\$ 25,860,202

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010

	Special Revenue					
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Public Safety	Rainy Day
Revenues:						
Taxes:						
Property	\$ 2,050,619	\$ -	\$ 2,811,994	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	2,162,719	491,926	162,247	-	2,432,036	-
Charges for services	5,700	-	469,227	14,347	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Sale and use of property	-	-	214,670	-	-	-
Gifts and donations	-	-	-	83,516	-	-
Other	24,562	-	32,386	-	-	-
Total revenues	4,243,600	491,926	3,690,524	97,863	2,432,036	-
Expenditures:						
Current:						
General government	-	-	-	-	-	244,875
Public safety	-	-	-	-	300,000	-
Highways and streets	2,760,219	598,755	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	2,524,304	105,964	-	-
Community development	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	165,757	-
Interest and fiscal charges	-	-	-	-	17,430	-
Capital Outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Total expenditures	2,760,219	598,755	2,524,304	105,964	483,187	244,875
Excess (deficiency) of revenues						
Over (under) expenditures	1,483,381	(106,829)	1,166,220	(8,101)	1,948,849	(244,875)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Interfund revenue bond issuance	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-
Net change in fund balances	1,483,381	(106,829)	1,166,220	(8,101)	1,948,849	(244,875)
Fund Balances - January 1	802,708	615,463	360,536	86,200	-	2,087,320
Fund Balances - December 31	\$ 2,286,089	\$ 508,634	\$ 1,526,756	\$ 78,099	\$ 1,948,849	\$ 1,842,445

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Special Revenue					
	Rainy Day Public Safety	Police Drug Investigation Assistance	Off-Street Parking	Sidewalk and Curb Repair	Industrial Development	Unsafe Building
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	9,839	-	-	-
Intergovernmental	1,427	595	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Other	-	-	-	11,027	315	-
Total revenues	<u>1,427</u>	<u>595</u>	<u>9,839</u>	<u>11,027</u>	<u>315</u>	<u>-</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	556,852	15,500	12,905	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital Outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Total expenditures	<u>556,852</u>	<u>15,500</u>	<u>12,905</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues						
Over (under) expenditures	<u>(555,425)</u>	<u>(14,905)</u>	<u>(3,066)</u>	<u>11,027</u>	<u>315</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Interfund revenue bond issuance	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(555,425)</u>	<u>(14,905)</u>	<u>(3,066)</u>	<u>11,027</u>	<u>315</u>	<u>-</u>
Fund Balances - January 1	<u>1,040,689</u>	<u>24,457</u>	<u>29,085</u>	<u>37,357</u>	<u>58,047</u>	<u>259</u>
Fund Balances - December 31	<u>\$ 485,264</u>	<u>\$ 9,552</u>	<u>\$ 26,019</u>	<u>\$ 48,384</u>	<u>\$ 58,362</u>	<u>\$ 259</u>

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Special Revenue					
	Trash Collection	Mishawaka Gift	Law Enforcement Continuing Education	Local Law Enforcement Block Grant	Levy Excess	Insurance Recovery
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ 66,105	\$ -
Licenses and permits	-	-	17,610	-	-	-
Intergovernmental	-	-	4,218	-	-	-
Charges for services	2,082,042	-	21,387	-	-	-
Fines and forfeits	-	-	4,868	-	-	-
Interest	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-
Gifts and donations	-	95,658	-	-	-	-
Other	2,600	-	175	-	-	12,140
Total revenues	<u>2,084,642</u>	<u>95,658</u>	<u>48,258</u>	<u>-</u>	<u>66,105</u>	<u>12,140</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	2,405
Public safety	-	-	46,206	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	1,958,050	-	-	-	-	-
Culture and recreation	-	20,757	-	-	-	-
Community development	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital Outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Total expenditures	<u>1,958,050</u>	<u>20,757</u>	<u>46,206</u>	<u>-</u>	<u>-</u>	<u>2,405</u>
Excess (deficiency) of revenues						
Over (under) expenditures	<u>126,592</u>	<u>74,901</u>	<u>2,052</u>	<u>-</u>	<u>66,105</u>	<u>9,735</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Interfund revenue bond issuance	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	126,592	74,901	2,052	-	66,105	9,735
Fund Balances - January 1	<u>151,508</u>	<u>104,713</u>	<u>83,333</u>	<u>928</u>	<u>-</u>	<u>20,243</u>
Fund Balances - December 31	<u>\$ 278,100</u>	<u>\$ 179,614</u>	<u>\$ 85,385</u>	<u>\$ 928</u>	<u>\$ 66,105</u>	<u>\$ 29,978</u>

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Special Revenue				
	Bicentennial Gift	Community Development	Property Rehabilitation Revolving	DOC Community Development	Park Nonreverting Operating
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	565,834	108,103	-	-
Charges for services	-	-	-	-	115,243
Fines and forfeits	-	-	-	-	-
Interest	3	-	-	-	-
Sale and use of property	-	-	-	-	65,979
Gifts and donations	-	-	-	-	2,500
Other	-	41,361	108,863	-	-
Total revenues	3	607,195	216,966	-	183,722
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	148,157
Community development	-	539,610	214,988	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	537	-	-
Capital Outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Total expenditures	-	539,610	215,525	-	148,157
Excess (deficiency) of revenues Over (under) expenditures	3	67,585	1,441	-	35,565
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Interfund revenue bond issuance	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
Net change in fund balances	3	67,585	1,441	-	35,565
Fund Balances - January 1	1,322	590,732	15,840	5,581	392,589
Fund Balances - December 31	\$ 1,325	\$ 658,317	\$ 17,281	\$ 5,581	\$ 428,154

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Special Revenue				Totals
	Edward Byrne JAG Grant	Criminal Assistance Grant	NSP Grant	State Grant	
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ 4,928,718
Licenses and permits	-	-	-	-	27,449
Intergovernmental	-	304,247	821,366	-	7,054,718
Charges for services	-	-	-	-	2,707,946
Fines and forfeits	-	-	-	-	4,868
Interest	-	-	-	-	3
Sale and use of property	-	-	-	-	280,649
Gifts and donations	-	-	-	-	181,674
Other	-	-	-	-	233,429
Total revenues	-	304,247	821,366	-	15,419,454
Expenditures:					
Current:					
General government	-	-	-	-	247,280
Public safety	868	304,227	-	-	1,236,558
Highways and streets	-	-	-	-	3,358,974
Sanitation	-	-	-	-	1,958,050
Culture and recreation	-	-	-	-	2,799,182
Community development	-	-	821,352	-	1,575,950
Debt Service:					
Principal	-	-	-	-	165,757
Interest and fiscal charges	-	-	-	-	17,967
Capital Outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Total expenditures	868	304,227	821,352	-	11,359,718
Excess (deficiency) of revenues					
Over (under) expenditures	(868)	20	14	-	4,059,736
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Interfund revenue bond issuance	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
Net change in fund balances	(868)	20	14	-	4,059,736
Fund Balances - January 1	868	63,912	-	70,146	6,643,836
Fund Balances - December 31	\$ -	\$ 63,932	\$ 14	\$ 70,146	\$ 10,703,572

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Debt Service					
	Municipal Bond No. 1	TIF NW Redemption	TIF NW Reserve	TIF SS Redemption	TIF SS Reserve	Totals
Revenues:						
Taxes:						
Property	\$ 1,657,550	\$ -	\$ -	\$ -	\$ -	\$ 1,657,550
Licenses and permits	-	-	-	-	-	-
Intergovernmental	90,066	-	-	-	-	90,066
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	-	2,448	2,448	432	432	5,760
Sale and use of property	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	1,747,616	2,448	2,448	432	432	1,753,376
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt Service:						
Principal	1,340,000	3,974,000	-	270,000	-	5,584,000
Interest and fiscal charges	313,650	459,500	-	60,961	-	834,111
Capital Outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Total expenditures	1,653,650	4,433,500	-	330,961	-	6,418,111
Excess (deficiency) of revenues						
Over (under) expenditures	93,966	(4,431,052)	2,448	(330,529)	432	(4,664,735)
Other financing sources (uses):						
Transfers in	-	4,433,500	-	330,961	-	4,764,461
Transfers out	-	-	-	-	-	-
Interfund revenue bond issuance	-	-	-	-	-	-
Total other financing sources and uses	-	4,433,500	-	330,961	-	4,764,461
Net change in fund balances	93,966	2,448	2,448	432	432	99,726
Fund Balances - January 1	595,262	264,296	1,227,166	43,688	375,412	2,505,824
Fund Balances - December 31	\$ 689,228	\$ 266,744	\$ 1,229,614	\$ 44,120	\$ 375,844	\$ 2,605,550

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Capital Projects					
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	General Improvement	Consolidated Project Expenditures	Cumulative Capital Development
Revenues:						
Taxes:						
Property	\$ 38,163	\$ -	\$ 470,489	\$ -	\$ -	\$ 361,606
Licenses and permits	-	-	54,954	-	-	-
Intergovernmental	2,196	136,317	27,146	-	-	219,535
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Other	-	-	32,736	-	-	68,380
Total revenues	<u>40,359</u>	<u>136,317</u>	<u>585,325</u>	<u>-</u>	<u>-</u>	<u>649,521</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital Outlay:						
General government	-	-	-	-	-	346,494
Public safety	45,007	-	1,358,482	-	-	85,641
Highways and streets	-	-	-	-	-	367,769
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	8,428	-
Total expenditures	<u>45,007</u>	<u>-</u>	<u>1,358,482</u>	<u>-</u>	<u>8,428</u>	<u>799,904</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>(4,648)</u>	<u>136,317</u>	<u>(773,157)</u>	<u>-</u>	<u>(8,428)</u>	<u>(150,383)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Interfund revenue bond issuance	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(4,648)	136,317	(773,157)	-	(8,428)	(150,383)
Fund Balances - January 1	<u>85,545</u>	<u>720,545</u>	<u>2,093,191</u>	<u>55,567</u>	<u>18,446</u>	<u>554,359</u>
Fund Balances - December 31	<u>\$ 80,897</u>	<u>\$ 856,862</u>	<u>\$ 1,320,034</u>	<u>\$ 55,567</u>	<u>\$ 10,018</u>	<u>\$ 403,976</u>

Continued on next page

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Capital Projects				Totals	Total Nonmajor Governmental Funds
	Energy Saving Improvements	Park Bond Capital	CEDIT	TIF SS General		
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ 973,245	\$ 1,843,503	\$ 8,429,771
Licenses and permits	-	-	-	-	54,954	82,403
Intergovernmental	-	-	3,754,576	-	4,139,770	11,284,554
Charges for services	-	-	-	-	-	2,707,946
Fines and forfeits	-	-	-	-	-	4,868
Interest	-	-	-	-	-	5,763
Sale and use of property	-	-	-	-	-	280,649
Gifts and donations	-	-	-	-	-	181,674
Other	-	-	-	4,963	106,079	339,508
Total revenues	-	-	3,754,576	978,208	6,144,306	23,317,136
Expenditures:						
Current:						
General government	-	-	-	-	-	247,280
Public safety	-	-	-	-	-	1,236,558
Highways and streets	-	-	-	-	-	3,358,974
Sanitation	-	-	-	-	-	1,958,050
Culture and recreation	-	-	-	-	-	2,799,182
Community development	-	-	-	-	-	1,575,950
Debt Service:						
Principal	-	-	-	-	-	5,749,757
Interest and fiscal charges	-	-	-	-	-	852,078
Capital Outlay:						
General government	890,676	-	340,410	-	1,577,580	1,577,580
Public safety	-	-	195,716	-	1,684,846	1,684,846
Highways and streets	-	-	311,118	282,635	961,522	961,522
Culture and recreation	-	-	210,609	-	210,609	210,609
Community development	-	-	-	-	8,428	8,428
Total expenditures	890,676	-	1,057,853	282,635	4,442,985	22,220,814
Excess (deficiency) of revenues Over (under) expenditures	(890,676)	-	2,696,723	695,573	1,701,321	1,096,322
Other financing sources (uses):						
Transfers in	-	-	-	-	-	4,764,461
Transfers out	-	-	-	(330,961)	(330,961)	(330,961)
Interfund revenue bond issuance	1,366,252	-	-	-	1,366,252	1,366,252
Total other financing sources and uses	1,366,252	-	-	(330,961)	1,035,291	5,799,752
Net change in fund balances	475,576	-	2,696,723	364,612	2,736,612	6,896,074
Fund Balances - January 1	-	588	1,341,587	3,662,667	8,532,495	17,682,155
Fund Balances - December 31	\$ 475,576	\$ 588	\$ 4,038,310	\$ 4,027,279	\$ 11,269,107	\$ 24,578,229

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - MOTOR VEHICLE HIGHWAY
For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ -	\$ 1,678,726	\$ 2,145,993	\$ 467,267
Intergovernmental	-	1,951,309	2,168,150	216,841
Charges for services	5,700	5,700	5,700	-
Other	-	-	24,562	24,562
Total revenues	5,700	3,635,735	4,344,405	708,670
Expenditures:				
Current:				
Highways and streets:				
Personal services	2,057,627	1,986,114	1,858,023	128,091
Supplies	717,060	717,060	628,358	88,702
Other services and charges	530,181	605,181	500,267	104,914
Capital outlay	200,000	200,000	70,334	129,666
Total expenditures	3,504,868	3,508,355	3,056,982	451,373
Net change in fund balances	(3,499,168)	127,380	1,287,423	1,160,043
Fund balances - beginning	702,283	702,283	702,283	-
Fund balances - ending	\$ (2,796,885)	\$ 829,663	\$ 1,989,706	\$ 1,160,043
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ 1,287,423	
To adjust revenues for accruals			(100,805)	
To adjust expenditures for accruals			81,302	
To adjust expenditures for encumbrances			215,461	
Net change in fund balance, GAAP basis			\$ 1,483,381	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - LOCAL ROAD AND STREET
 For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 434,016	\$ 488,767	\$ 54,751
Expenditures:				
Current:				
Highways and streets:				
Capital outlay	795,885	795,885	795,885	-
Net change in fund balances	(795,885)	(361,869)	(307,118)	54,751
Fund balances - beginning	545,246	545,246	545,246	-
Fund balances - ending	\$ (250,639)	\$ 183,377	\$ 238,128	\$ 54,751
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (307,118)	
To adjust revenues for accruals			3,159	
To adjust expenditures for accruals			2,601	
To adjust expenditures for encumbrances			194,529	
Net change in fund balance, GAAP basis			\$ (106,829)	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - PARK AND RECREATION
 For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ -	\$ 2,486,283	\$ 3,072,975	\$ 586,692
Intergovernmental	-	129,310	162,247	32,937
Charges for services	382,124	382,124	469,635	87,511
Other	117,876	-	247,056	247,056
Total revenues	<u>500,000</u>	<u>2,997,717</u>	<u>3,951,913</u>	<u>954,196</u>
Expenditures:				
Current:				
Culture and recreation:				
Personal services	2,132,091	2,105,723	1,669,256	436,467
Supplies	311,700	347,988	298,989	48,999
Other services and charges	668,457	675,949	573,035	102,914
Capital outlay	75,000	75,000	67,649	7,351
Total expenditures	<u>3,187,248</u>	<u>3,204,660</u>	<u>2,608,929</u>	<u>595,731</u>
Net change in fund balances	(2,687,248)	(206,943)	1,342,984	1,549,927
Fund balances - beginning	<u>209,225</u>	<u>209,225</u>	<u>209,225</u>	<u>-</u>
Fund balances - ending	<u>\$ (2,478,023)</u>	<u>\$ 2,282</u>	<u>\$ 1,552,209</u>	<u>\$ 1,549,927</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 1,342,984	
To adjust revenues for accruals			(261,389)	
To adjust expenditures for accruals			34,936	
To adjust expenditures for encumbrances			49,689	
Net change in fund balance, GAAP basis			<u>\$ 1,166,220</u>	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - PUBLIC SAFETY
 For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 2,432,036	\$ 2,432,036
Expenditures:				
Current:				
Public safety:				
Capital outlay	1,000,000	1,000,000	883,187	116,813
Net change in fund balances	(1,000,000)	(1,000,000)	1,548,849	2,548,849
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ (1,000,000)	\$ (1,000,000)	\$ 1,548,849	\$ 2,548,849
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 1,548,849	
To adjust expenditures for encumbrances			400,000	
Net change in fund balance, GAAP basis			\$ 1,948,849	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - RAINY DAY
 For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 711,305	\$ 711,305
Expenditures:				
Current:				
Public safety:				
Capital outlay	-	319,000	319,000	-
Net change in fund balances	-	(319,000)	392,305	711,305
Fund balances - beginning	1,376,015	1,376,015	1,376,015	-
Fund balances - ending	<u>\$ 1,376,015</u>	<u>\$ 1,057,015</u>	<u>\$ 2,406,320</u>	<u>\$ 711,305</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 392,305	
To adjust revenues for accruals			(711,305)	
To adjust expenditures for accruals			(36,475)	
To adjust expenditures for encumbrances			110,600	
Net change in fund balance, GAAP basis			<u>\$ (244,875)</u>	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - RAINY DAY PUBLIC SAFETY
 For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 1,427	\$ 1,427
Expenditures:				
Current:				
Public safety:				
Other services and charges	-	492,000	492,000	-
Capital outlay	1,000,000	550,116	547,598	2,518
Total expenditures	1,000,000	1,042,116	1,039,598	2,518
Net change in fund balances	(1,000,000)	(1,042,116)	(1,038,171)	-
Fund balances - beginning	1,040,689	1,040,689	1,040,689	-
Fund balances - ending	<u>\$ 2,040,689</u>	<u>\$ 2,082,805</u>	<u>\$ 2,083,141</u>	<u>\$ 6,463</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (1,038,171)	
To adjust expenditures for accruals			(5,828)	
To adjust expenditures for encumbrances			<u>488,574</u>	
Net change in fund balance, GAAP basis			<u>\$ (555,425)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LAW ENFORCEMENT CONTINUING EDUCATION
For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 8,000	\$ 8,000	\$ 17,670	\$ 9,670
Intergovernmental	-	-	4,218	4,218
Charges for services	18,000	18,000	21,407	3,407
Fines and forfeits	6,000	6,000	4,868	(1,132)
Other	-	-	175	175
Total revenues	32,000	32,000	48,338	16,338
Expenditures:				
Current:				
Public safety:				
Supplies	23,401	23,401	23,037	364
Other services and charges	30,445	30,445	12,527	17,918
Capital outlay	24,719	24,719	18,460	6,259
Total expenditures	78,565	78,565	54,024	24,541
Net change in fund balances	(46,565)	(46,565)	(5,686)	40,879
Fund balances - beginning	85,864	85,864	85,864	-
Fund balances - ending	\$ 39,299	\$ 39,299	\$ 80,178	\$ 40,879
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (5,686)	
To adjust revenues for accruals			(80)	
To adjust expenditures for accruals			(12,391)	
To adjust expenditures for encumbrances			20,209	
Net change in fund balance, GAAP basis			\$ 2,052	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - PARK NONREVERTING OPERATING
For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 63,000	\$ 63,000	\$ 115,122	\$ 52,122
Other	-	-	68,479	68,479
Total revenues	63,000	63,000	183,601	120,601
Expenditures:				
Current:				
Culture and recreation:				
Supplies	23,000	23,000	20,502	2,498
Capital outlay	268,500	268,500	252,887	15,613
Total expenditures	291,500	291,500	273,389	18,111
Net change in fund balances	(228,500)	(228,500)	(89,788)	138,712
Fund balances - beginning	393,380	393,380	393,380	-
Fund balances - ending	\$ 164,880	\$ 164,880	\$ 303,592	\$ 138,712
Budget/GAAP Reconciliation				
Net change in fund balance, budget basis			\$ (89,788)	
To adjust revenues for accruals			121	
To adjust expenditures for accruals			396	
To adjust expenditures for encumbrances			124,836	
Net change in fund balance, GAAP basis			\$ 35,565	

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INTERNAL SERVICE FUNDS

Self-Funding Insurance -

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

Mishawaka Bond Bank-

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

CITY OF MISHAWAKA
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 December 31, 2010

<u>Assets</u>	<u>Self- Funding Insurance</u>	<u>Mishawaka Bond Bank</u>	<u>Totals</u>
Current assets:			
Cash and cash equivalents	\$ 519,451	\$ 4,658,052	\$ 5,177,503
Intergovernmental loan	<u>-</u>	<u>1,366,252</u>	<u>1,366,252</u>
Total assets	<u>\$ 519,451</u>	<u>\$ 6,024,304</u>	<u>\$ 6,543,755</u>
 <u>Liabilities</u>			
Current liabilities:			
Accounts payable	<u>\$ 1,201</u>	<u>\$ -</u>	<u>\$ 1,201</u>
 <u>Net assets</u>			
Unrestricted	<u>\$ 518,250</u>	<u>\$ 6,024,304</u>	<u>\$ 6,542,554</u>

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 For The Year Ended December 31, 2010

	<u>Self- Funding Insurance</u>	<u>Mishawaka Bond Bank</u>	<u>Totals</u>
Operating revenues:			
Employee/employer contributions	\$ 7,924,851	\$ -	\$ 7,924,851
Operating expenses:			
Insurance claims and premiums	<u>8,274,674</u>	<u>-</u>	<u>8,274,674</u>
Operating loss	<u>(349,823)</u>	<u>-</u>	<u>(349,823)</u>
Nonoperating revenues:			
Interest and investment revenue	<u>-</u>	<u>12,126</u>	<u>12,126</u>
Change in net assets	(349,823)	12,126	(337,697)
Net assets - beginning	<u>888,073</u>	<u>6,012,178</u>	<u>6,880,251</u>
Net assets - ending	<u>\$ 518,250</u>	<u>\$ 6,024,304</u>	<u>\$ 6,542,554</u>

CITY OF MISHAWAKA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For The Year Ended December 31, 2010

	Self- Funding Insurance	Mishawaka Bond Bank	Totals
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 7,945,970	\$ -	\$ 7,945,970
Payments for interfund services used	<u>(8,951,104)</u>	<u>-</u>	<u>(8,951,104)</u>
Net cash used by operating activities	<u>(1,005,134)</u>	<u>-</u>	<u>(1,005,134)</u>
Cash flows from noncapital financing activities:			
Intergovernmental loan	<u>-</u>	<u>(1,366,252)</u>	<u>(1,366,252)</u>
Cash flows from investing activities:			
Interest received	<u>-</u>	<u>13,362</u>	<u>13,362</u>
Net decrease in cash and cash equivalents	(1,005,134)	(1,352,890)	(2,358,024)
Cash and cash equivalents, January 1	<u>1,524,585</u>	<u>6,010,942</u>	<u>7,535,527</u>
Cash and cash equivalents, December 31	<u>\$ 519,451</u>	<u>\$ 4,658,052</u>	<u>\$ 5,177,503</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (349,823)	\$ -	\$ (349,823)
Adjustments to reconcile operating loss to net cash used by operating activities:			
(Increase) decrease in assets:			
Accounts receivable	21,119	-	21,119
Increase (decrease) in liabilities:			
Accounts payable	(561,430)	-	(561,430)
Estimate for unfiled claims	<u>(115,000)</u>	<u>-</u>	<u>(115,000)</u>
Total adjustments	<u>(655,311)</u>	<u>-</u>	<u>(655,311)</u>
Net cash provided by operating activities	<u>\$ (1,005,134)</u>	<u>\$ -</u>	<u>\$ (1,005,134)</u>

FIDUCIARY FUNDS

Pension Trust Funds

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

Agency Funds

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

CITY OF MISHAWAKA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 December 31, 2010

<u>Assets</u>	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
Cash and cash equivalents	\$ 589,540	\$ 902,540	\$ 41,699	\$ 1,533,779
Receivables:				
Interest and dividends	-	-	20,978	20,978
Investments at fair value:				
Government sponsored enterprise	-	-	617,459	617,459
Municipal bonds	-	-	1,281,609	1,281,609
Mutual funds	-	-	11,572,779	11,572,779
Total investments	-	-	13,471,847	13,471,847
Total assets	<u>\$ 589,540</u>	<u>\$ 902,540</u>	<u>\$ 13,534,524</u>	<u>\$ 15,026,604</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 200</u>	<u>\$ 800</u>
<u>Net Assets</u>				
Held in trust for:				
Employees' pension benefits	<u>\$ 589,540</u>	<u>\$ 901,940</u>	<u>\$ 13,534,324</u>	<u>\$ 15,025,804</u>

CITY OF MISHAWAKA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2010

<u>Additions</u>	<u>1925 Police Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>	<u>Totals</u>
Contributions:				
On behalf contributions	\$ 1,628,076	\$ 2,446,679	\$ -	\$ 4,074,755
Employer	-	200	610,528	610,728
Total contributions	<u>1,628,076</u>	<u>2,446,879</u>	<u>610,528</u>	<u>4,685,483</u>
Investment income:				
Net increase in fair value of investments	-	-	1,121,167	1,121,167
Interest	-	-	315,186	315,186
Total investment income	-	-	1,436,353	1,436,353
Less investment expense:				
Investment activity expense	-	-	33,847	33,847
Net investment income	-	-	1,402,506	1,402,506
Total additions	<u>1,628,076</u>	<u>2,446,879</u>	<u>2,013,034</u>	<u>6,087,989</u>
<u>Deductions</u>				
Benefits	1,551,642	2,404,518	757,235	4,713,395
Administrative expense	3,075	6,239	11,218	20,532
Total deductions	<u>1,554,717</u>	<u>2,410,757</u>	<u>768,453</u>	<u>4,733,927</u>
Changes in net assets	73,359	36,122	1,244,581	1,354,062
Net assets - beginning	<u>516,181</u>	<u>865,818</u>	<u>12,289,743</u>	<u>13,671,742</u>
Net assets - ending	<u>\$ 589,540</u>	<u>\$ 901,940</u>	<u>\$ 13,534,324</u>	<u>\$ 15,025,804</u>

CITY OF MISHAWAKA, INDIANA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 December 31, 2010

	<u>Special Judgment</u>	<u>Redevelopment Revolving</u>	<u>Totals</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 71,807	\$ 12,372	\$ 84,179
 <u>Liabilities</u>			
Accounts payable	\$ 71,807	\$ 7,121	\$ 78,928
Accrued payroll and withholdings payable	-	5,251	5,251
Total liabilities	<u>\$ 71,807</u>	<u>\$ 12,372</u>	<u>\$ 84,179</u>

CITY OF MISHAWAKA, INDIANA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUND
 For The Year Ended December 31, 2010

	Special Judgment	Redevelopment Revolving	Totals
Assets:			
Cash and cash equivalents, January 1, 2010	\$ 71,674	\$ 13,383	\$ 85,057
Additions	133	354,122	354,255
Deductions	-	(355,133)	(355,133)
	71,807	12,372	84,179
Cash and cash equivalents, December 31, 2010			
Accounts receivable, January 1, 2010	-	17,120	17,120
Deductions	-	(17,120)	(17,120)
	-	-	-
Accounts receivable, December 31, 2010			
Total assets, December 31, 2010	\$ 71,807	\$ 12,372	\$ 84,179
Liabilities:			
Accounts payable, January 1, 2010	\$ 71,874	\$ 26,937	\$ 98,811
Additions	133	7,121	7,254
Deductions	-	(26,937)	(26,937)
	71,807	7,121	78,928
Accounts payable, December 31, 2010			
Accrued payroll and withholdings payable, January 1, 2010	-	3,566	3,566
Additions	-	5,251	5,251
Deductions	-	(3,566)	(3,566)
	-	5,251	5,251
Accrued payroll and withholdings payable, December 31, 2010			
Total liabilities, December 31, 2010	\$ 71,807	\$ 12,372	\$ 84,179

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STATISTICAL SECTION

(Not Covered by Auditor's Opinion)

CITY OF MISHAWAKA, INDIANA STATISTICAL SECTION

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

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities								
Invested in capital assets, net of related debt	\$ 136,795,681	\$ 116,947,337	\$ 97,252,778	\$ 69,230,461	\$ 55,396,506	\$ 43,584,806	\$ 37,867,826	\$ 31,127,147
Restricted	2,692,556	-	-	-	993,490	1,184,297	447,219	1,773,669
Unrestricted	34,769,529	44,630,003	31,666,692	33,539,008	25,069,658	22,743,313	22,216,544	18,422,222
Total governmental activities net assets	<u>\$ 174,257,766</u>	<u>\$ 161,577,340</u>	<u>\$ 128,919,470</u>	<u>\$ 102,769,469</u>	<u>\$ 81,459,654</u>	<u>\$ 67,512,416</u>	<u>\$ 60,531,589</u>	<u>\$ 51,323,038</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 66,090,580	\$ 85,021,905	\$ 81,573,161	\$ 76,739,094	\$ 53,687,905	\$ 58,414,662	\$ 49,993,152	\$ 49,875,935
Restricted	7,378,580	5,340,800	8,301,530	7,785,873	6,886,627	3,321,019	231,6792	1,921,475
Unrestricted	47,432,882	21,755,544	16,551,499	20,939,948	29,319,393	21,037,256	22,141,131	14,550,025
Total business-type activities net assets	<u>\$ 120,902,042</u>	<u>\$ 112,118,249</u>	<u>\$ 106,426,190</u>	<u>\$ 105,464,915</u>	<u>\$ 89,893,925</u>	<u>\$ 82,772,937</u>	<u>\$ 74,451,075</u>	<u>\$ 66,347,435</u>
Primary government								
Invested in capital assets, net of related debt	\$ 202,886,261	\$ 201,969,242	\$ 178,825,939	\$ 145,969,555	\$ 109,084,411	\$ 101,999,468	\$ 87,860,978	\$ 81,003,082
Restricted	10,071,136	5,340,800	8,301,530	7,785,873	7,880,117	4,505,316	2,764,011	3,695,144
Unrestricted	82,202,411	66,385,547	48,218,191	54,478,956	54,389,051	43,780,569	44,357,675	32,972,247
Total primary government net assets	<u>\$ 295,159,808</u>	<u>\$ 273,695,589</u>	<u>\$ 235,345,660</u>	<u>\$ 208,234,384</u>	<u>\$ 171,353,579</u>	<u>\$ 150,285,353</u>	<u>\$ 134,982,664</u>	<u>\$ 117,670,473</u>

Note: 8 years of data available in this format

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses								
Governmental activities:								
General government	\$ 7,509,133	\$ 5,675,449	\$ 5,362,211	\$ 4,008,462	\$ 5,220,058	\$ 5,874,794	\$ 5,922,122	\$ 9,493,699
Public safety	29,219,741	25,470,868	22,188,373	17,750,725	25,344,096	23,380,191	19,352,725	14,025,776
Highways and streets	1,816,872	5,948,204	3,959,300	7,631,344	4,954,958	4,745,217	3,834,156	3,477,535
Sanitation	1,958,050	1,970,859	4,500	15,000	4,876	20,000	35,725	115,742
Community development	1,936,054	862,581	2,723,191	2,337,991	997,139	2,657,176	3,201,954	1,984,448
Culture and recreation	4,939,870	4,084,573	4,786,048	3,352,339	3,452,283	3,595,595	3,148,419	4,626,859
Interest on long-term debt	862,291	1,087,319	1,274,966	873,678	669,642	847,749	795,567	1,231,273
Total governmental activities expenses	<u>\$ 48,242,011</u>	<u>\$ 45,099,853</u>	<u>\$ 40,298,589</u>	<u>\$ 35,969,539</u>	<u>\$ 40,643,052</u>	<u>\$ 41,120,722</u>	<u>\$ 36,290,668</u>	<u>\$ 34,955,332</u>
Business type activities:								
Water utility	\$ 6,779,663	\$ 6,933,322	\$ 6,884,829	\$ 6,617,469	\$ 6,794,418	\$ 6,597,036	\$ 6,973,978	\$ 6,553,431
Wastewater utility	11,507,526	11,566,254	11,954,930	6,377,448	5,547,712	5,849,788	5,747,658	5,705,703
Electric utility	49,900,996	43,830,644	44,275,026	42,999,782	35,934,114	34,530,146	33,182,687	33,809,655
Total business-type activities expenses	<u>68,188,185</u>	<u>62,330,220</u>	<u>63,114,785</u>	<u>55,994,699</u>	<u>48,276,244</u>	<u>46,976,970</u>	<u>45,904,323</u>	<u>46,068,789</u>
Total primary government expenses	<u>\$ 116,430,196</u>	<u>\$ 107,430,073</u>	<u>\$ 103,413,374</u>	<u>\$ 91,964,238</u>	<u>\$ 88,919,296</u>	<u>\$ 88,097,692</u>	<u>\$ 82,194,991</u>	<u>\$ 81,024,121</u>
Program Revenues								
Governmental activities:								
Charges for services:								
General government	645,300	714,830	1,049,593	973,326	892,455	941,009	952,684	3,355,867
Public safety	817,492	600,824	643,933	896,332	657,308	344,116	343,324	493,067
Highways and streets	118,354	114,428	28,347	44,617	27,462	343,430	232,955	1,216,084
Sanitation	2,084,642	2,102,200						
Community development	150,539	260,098	535,101	794,695	624,524	156,850	103,228	235,297
Culture and recreation	1,093,526	995,386	1,023,173	1,033,864	915,956	913,704	811,378	788,792
Interest on long-term debt								
Operating grants and contributions	4,490,139	3,283,506	1,191,352	2,400,968	1,257,136	1,661,515	2,143,953	1,823,220
Capital grants and contributions	6,851,310	4,358,580	4,745,714	4,944,558	10,410,884	4,326,826	4,494,949	3,750,172
Total governmental activities revenue	<u>16,251,302</u>	<u>12,429,852</u>	<u>9,217,213</u>	<u>11,088,360</u>	<u>14,785,725</u>	<u>8,687,450</u>	<u>9,082,471</u>	<u>11,662,499</u>
Business type activities:								
Charges for services:								
Water utility	7,881,467	7,574,977	8,037,964	8,356,853	7,804,735	8,074,554	7,516,477	7,693,485
Wastewater utility	11,163,904	9,333,576	9,422,150	9,576,399	8,284,304	7,797,148	6,927,799	6,355,832
Electric utility	50,363,745	46,262,804	43,278,603	47,457,258	37,573,938	37,031,707	38,422,097	34,720,277
Capital grants and contributions	6,652,868	5,113,577	3,250,069	3,044,903	1,656,673	1,451,446	846,168	567,998
Total business-type activities revenue	<u>76,061,984</u>	<u>68,284,934</u>	<u>63,988,786</u>	<u>68,435,413</u>	<u>55,319,650</u>	<u>54,354,855</u>	<u>53,712,541</u>	<u>49,337,592</u>
Total primary government revenue	<u>92,313,286</u>	<u>80,714,786</u>	<u>73,205,999</u>	<u>79,523,773</u>	<u>70,105,375</u>	<u>63,042,305</u>	<u>62,795,012</u>	<u>61,000,091</u>
Net (Expenses) Revenues								
Governmental activities:	(31,990,709)	(32,670,001)	(31,081,376)	(24,881,179)	(25,857,327)	(32,433,272)	(27,208,197)	(23,292,833)
Business-type activities	7,873,799	5,954,714	874,001	12,440,714	7,043,406	7,377,885	7,808,218	3,268,803
Total primary government net expense	<u>\$ (24,116,910)</u>	<u>\$ (26,715,287)</u>	<u>\$ (30,207,375)</u>	<u>\$ (12,440,465)</u>	<u>\$ (18,813,921)</u>	<u>\$ (25,055,387)</u>	<u>\$ (19,399,979)</u>	<u>\$ (20,024,030)</u>

Note: 8 years of data available in this format

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

(continued)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>General revenues and Other Changes in Net Assets</u>								
Governmental activities:								
Property Taxes	\$ 49,872,423	\$ 40,092,134	\$ 43,572,448	\$ 40,325,388	\$ 34,552,665	\$ 35,172,645	\$ 31,758,286	\$ 32,066,343
Grants and Contributions not restricted to specific programs	8,570,832	4,943,387	3,846,190	3,794,657	3,808,209	3,667,444	4,201,761	4,033,427
Unrestricted investment earnings	42,251	13,542	872,964	2,022,465	1,908,162	981,943	278,677	196,261
Other	115,993	169,346	267,649	2,345	51,568	41,646	268,780	171,491
Loss on sale of Assets	-	-	-	-	-	(243,984)		
Special Items: Litigation Settlement Transfers	(762,454)	959,856	517,736	46,139	(79,102)	(205,595)	(90,756)	
Total governmental activities	<u>\$ 57,839,045</u>	<u>\$ 46,178,265</u>	<u>\$ 57,231,377</u>	<u>\$ 46,190,994</u>	<u>\$ 40,241,502</u>	<u>\$ 39,414,099</u>	<u>\$ 36,416,748</u>	<u>\$ 36,467,522</u>
Business type activities:								
Unrestricted investment earnings	\$ 15,686	\$ 24,935	\$ 605,010	\$ 1,802,870	\$ 1,372,025	\$ 738,382	\$ 204,666	\$ 198,056
Other	-	672,266						
Transfers	762,454	(959,856)	(517,736)	(46,139)	79,102	205,595	90,756	
Total business-type activities	<u>778,140</u>	<u>(262,655)</u>	<u>87,274</u>	<u>1,756,731</u>	<u>1,451,127</u>	<u>943,977</u>	<u>295,422</u>	<u>198,056</u>
Total primary government expenses	<u>\$ 58,617,185</u>	<u>\$ 45,915,610</u>	<u>\$ 57,318,651</u>	<u>\$ 47,947,725</u>	<u>\$ 41,692,629</u>	<u>\$ 40,358,076</u>	<u>\$ 36,712,170</u>	<u>\$ 36,665,578</u>
<u>Change in Net Assets</u>								
Governmental activities:	\$ 25,848,336	\$ 13,508,264	\$ 26,150,001	\$ 21,309,815	\$ 14,384,175	\$ 6,980,827	\$ 9,208,551	\$ 13,174,689
Business-type activities	\$ 8,651,939	\$ 5,692,059	\$ 961,275	\$ 14,197,445	\$ 8,494,533	\$ 8,321,862	\$ 8,103,640	\$ 3,466,859
Total primary government	<u>\$ 34,500,275</u>	<u>\$ 19,200,323</u>	<u>\$ 27,111,276</u>	<u>\$ 35,507,260</u>	<u>\$ 22,878,708</u>	<u>\$ 15,302,689</u>	<u>\$ 17,312,191</u>	<u>\$ 16,641,548</u>

Note: 8 years of data available in this format

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund								
Reserved		77,221	59,968	60,901	407,757	436,498	439,115	190,847
Unreserved	5,554,114	6,218,193	5,256,482	1,191,764	2,560,240	1,982,889	1,771,831	2,177,804
Total general fund	<u>\$ 5,554,114</u>	<u>\$ 6,295,414</u>	<u>\$ 5,316,450</u>	<u>\$ 1,252,665</u>	<u>\$ 2,967,997</u>	<u>\$ 2,419,387</u>	<u>\$ 2,210,946</u>	<u>\$ 2,368,651</u>
All Other Governmental Funds								
Reserved	21,323,691	14,182,700	16,411,776	16,639,539	15,647,856	18,127,410	12,548,773	14,452,166
Unreserved, reported in :								
Special Revenue funds	8,749,197	5,598,449	3,292,490	4,271,864	3,962,226	3,019,006	4,065,309	3,040,534
Capital projects funds	<u>27,520,682</u>	<u>30,064,476</u>	<u>37,166,730</u>	<u>47,271,488</u>	<u>31,355,116</u>	<u>26,580,506</u>	<u>22,130,725</u>	<u>16,391,047</u>
Total all other governmental funds	<u>\$ 57,593,570</u>	<u>\$ 49,845,625</u>	<u>\$ 56,870,996</u>	<u>\$ 68,182,891</u>	<u>\$ 50,965,198</u>	<u>\$ 47,726,922</u>	<u>\$ 38,744,807</u>	<u>\$ 33,883,747</u>

Note: 8 years of data available in this format

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues								
Taxes	\$ 46,375,159	\$ 40,092,134	\$ 47,591,213	\$ 38,337,107	\$ 35,575,614	\$ 35,083,567	\$ 31,755,211	\$ 32,034,284
Licenses and permits	372,368	349,680	607,371	543,226	456,108	313,195	320,811	306,397
Intergovernmental	19,912,281	12,585,473	9,932,199	11,083,085	15,239,090	9,626,565	10,839,199	10,679,742
Charges for services	3,536,355	3,412,746	1,565,526	1,712,906	1,645,234	1,795,176	1,491,691	2,830,702
Fines and forfeits	108,165	47,051	48,797	76,695	59,303	88,543	84,243	106,222
Interest	42,251	13,542	872,964	2,022,465	1,908,162	981,943	278,677	196,261
Sale and use of property	288,654	243,067	275,255	120,004	348,167	108,537	166,146	803,226
Gifts and donations	181,674	192,726	140,278	118,607	109,615	90,933	171,127	126,139
Other	<u>538,630</u>	<u>711,842</u>	<u>910,569</u>	<u>1,173,741</u>	<u>790,441</u>	<u>344,371</u>	<u>478,331</u>	<u>1,020,898</u>
Total primary government revenues	<u>71,355,537</u>	<u>57,648,261</u>	<u>61,944,172</u>	<u>55,187,836</u>	<u>56,131,734</u>	<u>48,432,830</u>	<u>45,585,436</u>	<u>48,103,871</u>
Expenditures								
General government	4,866,112	4,421,867	4,218,163	3,296,707	4,812,775	5,512,833	4,861,220	8,695,207
Public safety	24,997,945	19,095,252	19,330,286	20,279,335	18,390,523	17,103,962	16,198,407	12,300,290
Highways and streets	3,705,758	3,516,087	4,513,971	4,747,151	3,291,749	4,455,162	4,006,762	3,596,912
Sanitation	1,958,050	1,970,859	4,500	15,000	4,876	20,000	35,725	115,742
Culture and recreation	2,799,182	2,811,787	3,340,629	3,223,074	2,970,164	3,108,446	3,524,618	3,205,792
Community development	1,575,950	1,017,300	1,202,378	1,828,843	1,204,852	2,126,001	3,053,748	1,365,347
Capital outlay	23,447,858	25,026,579	33,975,819	21,217,470	20,352,125	8,199,714	7,613,045	9,733,795
Debt service								
Principal	5,749,757	5,710,522	4,521,647	3,456,429	2,606,451	3,064,530	2,860,884	8,122,845
Interest	<u>852,078</u>	<u>1,084,271</u>	<u>1,203,775</u>	<u>607,737</u>	<u>611,817</u>	<u>586,338</u>	<u>782,120</u>	<u>1,194,427</u>
Total Expenditures	<u>69,952,690</u>	<u>64,654,524</u>	<u>72,311,168</u>	<u>58,671,746</u>	<u>54,245,332</u>	<u>44,176,986</u>	<u>42,936,529</u>	<u>48,330,357</u>
Excess of revenues over (under) expenditures	1,402,847	(7,006,263)	(10,366,996)	(3,483,910)	1,886,402	4,255,844	2,648,907	(226,486)
Other financing sources(uses):								
Transfers in	7,362,007	6,174,587	7,281,350	3,700,993	3,963,940	5,323,770	2,274,366	1,916,446
Transfers out	(8,124,461)	(5,214,731)	(6,763,614)	(3,654,854)	(4,043,042)	(5,529,365)	(2,365,122)	(1,916,446)
Bond issuance cost	-	-	-	(87,079)	(28,619)	(123,612)	(41,035)	-
Start up contribution for Mishawaka Bond Bank	-	-	(6,000,000)	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	2,625,000	(2,683,377)	-
General obligation bond issuance	-	-	-	17,800,000	1,550,000	5,000,000	2,724,412	-
Discount on bond issuance	-	-	-	(180,977)	(5,000)	(62,332)	-	-
Capital lease Issuance	-	-	-	817,499	-	-	397,932	-
Payment to refunded bond escrow agent	-	-	-	-	-	(2,557,799)	-	-
Interfund revenue bond issuance	1,366,252	-	-	-	-	-	-	-
Loan Issuance- short term	-	-	446,760	590,689	499,205	259,050	1,747,272	600,000
Total other financing sources and uses	<u>603,798</u>	<u>959,856</u>	<u>(5,035,504)</u>	<u>18,986,271</u>	<u>1,936,484</u>	<u>4,934,712</u>	<u>2,054,448</u>	<u>600,000</u>
Special Item: Proceeds from Litigation settlement	-	-	8,154,390	-	-	-	-	-
Net change in fund balances	\$ <u>2,006,645</u>	\$ <u>(6,046,407)</u>	\$ <u>(7,248,110)</u>	\$ <u>15,502,361</u>	\$ <u>3,822,886</u>	\$ <u>9,190,556</u>	\$ <u>4,703,355</u>	\$ <u>373,514</u>
Debt service as a percentage of non-capital expenditures	<u>14.2%</u>	<u>17.1%</u>	<u>14.9%</u>	<u>10.9%</u>	<u>9.5%</u>	<u>10.1%</u>	<u>10.3%</u>	<u>24.1%</u>

Note: 8 years of data available in this format

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

Fiscal Year Ended December 31	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2001	606,490,239	398,003,796	1,004,494,035	5.5007
2002	622,477,285	397,447,827	1,019,925,112	1.8627
2003	1,253,760,445	394,264,475	1,648,024,920	1.2476
2004	1,208,609,588	346,458,605	1,555,068,193	(1) 1.3313
2005	1,210,835,883	360,559,477	1,571,395,360	1.3382
2006	1,232,572,354	346,777,992	1,579,350,346	1.3899
2007	1,543,475,510	207,350,000	1,750,825,510	1.3326
2008	1,455,483,993	152,870,480	1,608,354,473	1.5283
2009	1,199,456,581	190,860,770	1,390,317,351	1.6557
2010	1,234,269,393	208,951,270	1,443,220,663	1.6741

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

Note: Beginning with 2002 taxes payable in 2003, real property is valued for assessment purposes at its "true tax value" as defined in the Real Property Assessment Rule, 50 IAC 2.3., the 2002 Real Property Assessment Manual, as adopted by the DLGF. The manual defines "true tax value" as "the market value in use of property for its current use as reflected by the utility received by the owner or a similar user from the property."

Note: Beginning 2008 Shift in personal to real property realized after deleting the inventory tax in Indiana

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

Fiscal Year Ended December 31	City	Townships	Redevelopment District	Library	School Districts	St. Joseph County	St Joseph Airport	Transpo	State of Indiana	St Joseph County Welfare	Total
2001	5.5007	0.0705	0.0000	0.5556	6.3580	3.1402	0.1261	0.3150	0.0100	0.0000	16.0761
2002	1.8627	0.0221	0.0000	0.1567	2.2303	0.9473	0.0406	0.1079	0.0033	0.0000	5.3709
2003	1.2476	0.0163	0.0502	0.1325	1.4205	0.7366	0.0472	0.0768	0.0033	0.0000	3.7310
2004	1.3313	0.0172	0.0565	0.1319	1.5932	0.7652	0.0346	0.0827	0.0024	0.0000	4.0150
2005	1.3382	0.0171	0.0540	0.1277	1.5691	0.7831	0.0297	0.0831	0.0024	0.0000	4.0044
2006	1.3899	0.0318	0.0520	0.1325	1.6726	0.5002	0.0301	0.0856	0.0024	0.4897	4.3868
2007	1.3326	0.0268	0.0000	0.1276	1.6892	0.4581	0.0277	0.0821	0.0024	0.4130	4.1595
2008	1.5283	0.0279	0.0000	0.0943	1.6448	0.4989	0.0292	0.0821	0.0024	0.2587	4.1666
2009	1.6557	0.0397	0.0000	0.1437	1.0735	0.5693	0.0353	0.0821	0.0000	0.0000	3.5993
2010	1.6741	0.0288	0.0000	0.1583	1.3221	0.5866	0.0342	0.0821	0.0000	0.0000	3.8862

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

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

<u>Taxpayer</u>	<u>Type of Business</u>	2010			2001		
		<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Edward Rose of Indiana	Real Estate Developer	\$ 98,728,970	1	6.84%	\$ 10,451,870	2	3.12%
University Park Associates	Retail/Management	68,249,240	2	4.73%	7,388,660	4	2.21%
Wilshire Plaza	Retail/Management	36,746,310	3	2.55%			
Meijer	Retail	34,362,940	4	2.38%	9,686,100	3	2.89%
Cressy Management	Real Estate	30,216,210	5	2.09%			
Wal-Mart Stores	Retail	28,933,680	6	2.00%	6,469,270	5	1.93%
Bayer Corporation	Manufacturing	27,184,710	7	1.88%	18,106,010	1	5.41%
Main Street Village	Rental Multi-Housing	27,137,100	8	1.88%			
CW, LLC	Retirement Community	24,504,380	9	1.70%			
Candlewood Apts.	Rental Multi-Housing	20,974,100	10	1.45%			
Gurley Leep	Automotive Dealership				4,916,800	6	1.47%
Jordan Ford	Automotive Dealership				3,738,490	7	1.12%
Sears	Retail Store				3,542,150	8	1.18%
Lowes of Mishawaka	Retail				3,291,390	9	0.98%
Indiana Bell Telephone	Telephone Utility				2,987,670	10	0.89%
Totals		<u>\$ 397,037,640</u>		<u>25.14%</u>	<u>\$ 70,578,410</u>		<u>21.20%</u>

Source: St. Joseph County Auditor

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

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

Source: St. Joseph County Auditor

Note: City of Mishawaka Corporation collections only

(A) not available

Note: 8 years of data available in this format

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

Fiscal Year	<u>Governmental Activities</u>				<u>Business Type Activities</u>				Total Primary Government	Percentage of Personal income	Per(1) Capita
	General Obligation Bonds	Tax Increment Revenue Bonds	State Revolving Loan	Capital Leases	Water Revenue Bonds	Wastewater Revenue Bonds	State Revolving Loan	Capital Leases			
2003	3,500,000	9,335,000	1,670,000	596,067	4,890,000	11,373,611	21,872,895	599,562.00	53,837,135	3.85%	1156.37
2004	3,250,000	8,350,000	2,399,936	536,424	4,715,000	10,552,005	22,269,255	523,685.00	52,596,305	3.70%	1129.72
2005	7,640,000	7,450,000	1,127,082	393,775	4,530,000	9,720,813	42,701,253	356,427.00	73,919,350	4.98%	1587.72
2006	8,525,000	6,325,000	847,397	247,098	4,330,000	17,330,654	55,361,331	212,419	93,178,899	5.91%	2001.39
2007	10,745,000	19,945,000	558,753	815,667	4,310,000	16,437,141	56,212,045	51,686	109,075,292	6.76%	2342.83
2008	9,775,000	17,375,000	263,000	576,533	4,055,000	15,265,945	55,546,339	68,148	102,924,965	6.25%	2210.73
2009	8,485,000	13,365,000	89,000	340,011	3,785,000	14,088,484	54,637,118	32,224	104,596,837	6.35%	2246.64
2010	7,145,000	9,210,000	-	174,254	3,495,000	50,053,352	56,575,326	-	136,427,932	7.95%	2930.34

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements
(1): See Demographic and Economic Statistics for personal income and population data

Note: 8 years of data available in this format

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value(1) of Property</u>	<u>Per Capita(2)</u>
2001	4,235,000	660,918	3,574,082	0.4%	76.77
2002	3,880,000	694,634	3,185,366	0.3%	68.42
2003	3,500,000	691,743	2,808,257	0.2%	60.32
2004	3,250,000	638,792	2,611,208	0.2%	56.09
2005	7,640,000	556,263	7,083,737	0.5%	152.15
2006	8,525,000	448,846	8,076,154	0.5%	173.47
2007	10,745,000	471,651	10,273,349	0.6%	220.66
2008	9,775,000	731,989	9,043,011	0.6%	194.24
2009	8,485,000	595,262	7,889,738	0.6%	169.46
2010	7,145,000	689,228	6,455,772	0.4%	138.66

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property

(2) See Demographic and Economic Statistics for personal income and population data

CITY OF MISHAWAKA, INDIANA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2010

<u>Governmental Units(3)</u>	<u>Outstanding Debt at December 31, 2010(1)</u>	<u>Estimated Percentage Applicable \$ (2)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
City Direct Debt (Governmental Activities)	\$ 7,145,000	100.00%	7,145,000
<u>Overlapping Debt:</u>			
School City of Mishawaka	54,778,550	98.92%	54,186,942
Mishawaka-Penn Library	6,350,000	42.13%	2,675,255
Penn-Harris-Madison School Corporation	87,598,588	22.08%	19,341,768
St. Joseph County	10,920,000	17.15%	1,872,780
St. Joseph County Airport Authority	11,450,000	17.15%	1,963,675
St. Joseph County Public Library	12,025,000	3.17%	381,193
South Bend Community School Corporation	<u>206,941,455</u>	3.37%	<u>6,973,927</u>
Subtotal for Overlapping Debt	<u>390,063,593</u>		<u>87,395,539</u>
Total Direct and Overlapping Debt(4)	<u>\$ 390,063,593</u>		<u>\$ 94,540,539</u>

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

(2) Source: St. Joseph County Auditor

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

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

CITY OF MISHAWAUKA, INDIANA
LEGAL DEBT MARGIN INFORMATION

	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assessed Value (2)	\$ 334,831,345	\$ 335,890,000	\$ 549,341,640	\$ 508,862,922	\$ 523,121,667	\$ 526,450,115	\$ 583,608,503	\$ 536,118,157	\$ 463,439,117	\$ 481,073,554
Debt Limit Percentage	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Debt Limit(1)	13,393,254	13,435,600	21,973,666	20,354,517	20,924,867	21,058,005	23,344,340	21,444,726	18,537,565	19,242,942
Bonds Outstanding	3,500,000	3,500,000	3,500,000	3,250,000	7,640,000	8,525,000	10,745,000	9,775,000	8,485,000	7,145,000
Subtotal	9,893,254	9,935,600	18,473,666	17,104,517	13,284,867	12,533,005	12,599,340	11,669,726	10,052,565	12,097,942
Amount Available for Debt Service	691,743	691,743	691,743	638,792	556,263	448,846	471,651	731,989	595,262	689,228
Legal Debt Margin	\$ 10,584,997	\$ 10,627,343	\$ 19,165,409	\$ 17,743,309	\$ 13,841,130	\$ 12,981,851	\$ 13,070,991	\$ 12,401,715	\$ 10,647,827	\$ 12,787,170
Total net debt applicable to the limit as a percentage of debt limit	33.07%	32.93%	18.26%	18.32%	55.20%	65.67%	82.20%	78.82%	79.69%	55.88%

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

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

<u>Year</u>	<u>General Obligation Bonds</u>		<u>Tax Incremental Financing Bonds</u>		<u>Total Bonded</u>	<u>Total General Government Expenditures</u>	<u>Ratio of Debt Service to Total General Government Expenditures</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>		
2001	335,000	228,120	610,000	1,026,261	2,199,381	37,056,507	5.9%
2002	355,000	211,380	940,000	820,612	2,326,992	30,157,630	7.7%
2003	380,000	193,435	935,000	512,105	2,020,540	48,330,357	4.2%
2004	405,000	174,030	985,000	464,646	2,028,676	45,660,941	4.4%
2005	610,000	72,851	1,035,000	367,966	2,085,817	44,300,598	4.7%
2006	665,000	229,644	1,125,000	329,627	2,349,271	54,273,951	4.3%
2007	780,000	281,091	1,180,000	272,642	2,513,733	58,758,825	4.3%
2008	970,000	438,940	2,570,000	709,778	4,688,718	72,311,168	6.5%
2009	1,290,000	357,376	4,010,000	689,471	6,346,847	64,654,524	9.8%
2010	1,340,000	311,150	4,155,000	519,348	6,325,498	69,952,690	9.0%

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

Year	Gross Revenue (A)	Direct Operating Expenses (B)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2001	46,628,035	37,657,686	8,970,349	1,575,000	793,956	2,368,956	378.7%
2002	47,915,590	40,044,928	7,870,662	1,310,000	722,886	2,032,886	387.2%
2003	46,510,389	43,611,528	2,898,861	825,000	415,403	1,240,403	233.7%
2004	51,163,298	39,915,099	11,248,199	1,180,000	471,727	1,651,727	681.0%
2005	51,696,748	41,056,799	10,639,949	1,210,000	445,885	1,655,885	642.6%
2006	52,336,869	42,827,190	9,509,679	1,245,000	461,096	1,706,096	557.4%
2007	65,462,854	49,998,303	15,464,551	1,655,000	621,380	2,276,380	679.3%
2008	57,798,526	51,847,654	5,950,872	1,710,000	565,949	2,275,949	261.5%
2009	60,925,718	51,057,879	9,867,839	1,785,000	516,422	2,301,422	428.8%
2010	66,378,913	56,937,984	9,440,929	2,220,000	1,529,517	3,749,517	251.8%

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

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

Year	Population(B)	St Joseph County Personal Income (B)	St. Joseph County Median Family Income (B)	St Joseph County Per Capita Income (B)	Median Age (B)	K-12 Public School Enrollment (A)	Labor Force (B)	St. Joseph County Unemployment Rate-C
2003	46,557	7,946,402	37,140	30,019	34.9	5,102	131,756	5.3%
2004	46,557	8,266,157	39,940	31,246	34.9	5,177	132,550	5.1%
2005	46,557	8,433,861	37,971	31,846	35.0	5,178	133,939	5.2%
2006	46,557	9,289,258	39,046	33,815	35.0	5,242	134,788	5.1%
2007	46,557	9,698,731	44,706	34,857	35.0	5,272	133,337	4.9%
2008	46,557	9,283,064	43,931	36,229	36.0	5,116	133,363	6.5%
2009	46,557	8,978,738	43,544	34,712	35.0	5,043	123,867	11.8%
2010	48,252	(D)	(D)	(D)	(D)	5,288	124,297	10.2%

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

- (A) Source: School City of Mishawaka
- (B) Source: Bureau of Economic Analysis updated in 2010
- (C) Source: Indiana Employment and Security Division Updated in 2010
- (D) Information not available at this time

Note: 8 years of data available in this format

**CITY OF MISHAWAKA, INDIANA
LARGEST EMPLOYERS
DECEMBER 31, 2010**

<u>Company</u>	<u>Type of Business</u>	<u>2010</u>			<u>2001</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage(B) of total Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage(C) of total Employment</u>
St. Joseph Regional Medical Center	Acute Healthcare	2,534	1	0.0204	950	1	0.0073
School City of Mishawaka	Public School	996	2	0.0080	801	3	0.0062
Meijer, Inc	Retail	654	3	0.0053	925	2	0.0071
City of Mishawaka	Government	531	4	0.0043	566	6	0.0044
Bayer Corporation	Manufacturing	517	5	0.0042	700	4	0.0054
Walmart	Retail	505	6	0.0041	356	10	0.0027
Liberty Mutual	Insurance	450	7	0.0036	597	5	0.0046
Family & Childrens Center	Social Service	425	8	0.0034	362	9	0.0028
Bethel College	College	417	9	0.0034	302		0.0023
Nyloncraft	Manufacturing	207	10	0.0017	445	7	0.0034
Thermoplastics	Manufacturing	0			370	8	0.0028
RMG Foundry	Manufacturing	0			300	10	0.0023

Note: (A) Source: Individual Companies

(B) Based on 124,297 employment of St. Joseph County

© Based on 130,050 employment of St. Joseph County

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

Full-time Equivalent Employees as of December 31

Function	2019	% of Total Employment	2009	% of Total Employment	2008	% of Total Employment	2007	% of Total Employment	2006	% of Total Employment	2005	% of Total Employment	2004	% of Total Employment	2003
General Government	53	11%	48	10%	54	10%	57	11%	60	11%	66	12%	63	12%	68
Public Safety															
<u>Police</u>															
Officers	103	21%	103	21%	103	20%	103	20%	103	19%	103	19%	103	19%	103
Civilians	22	5%	23	5%	31	6%	30	6%	30	6%	28	5%	26	5%	28
<u>Fire</u>															
Firefighters	107	22%	107	22%	107	20%	107	20%	107	20%	107	20%	107	20%	107
Civilians	1	0	1	0	2	0	2	0	2	0	1	0	1	0	1
Total Public Safety	233	48%	234	49%	243	49%	242	46%	242	45%	239	44%	237	44%	239
Highways and Streets	32	7%	30	6%	31	6%	34	7%	34	6%	37	7%	33	6%	38
Culture and Recreation	23	5%	22	5%	33	6%	34	6%	34	6%	35	6%	35	7%	35
Water	40	8%	37	8%	47	9%	49	9%	48	9%	47	9%	49	9%	50
Wastewater/Sewer	47	10%	48	10%	46	9%	38	7%	46	9%	46	8%	49	9%	47
Electric	52	12%	62	13%	70	13%	72	14%	69	13%	71	13%	70	13%	71
Total City Employees	487		481		524		526		533		543		536		548

Source: City Payroll System

Note: 8 years of data available in this format

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

Function	2010	2009	2008	2007	2006	2005	2004	2003
Police								
Arrests	1869	2006	1633	2,241	2,350	2,059	2,256	2,293
Parking Violations	1732	1629	2540	2,510	1,474	2,289	2,692	3,111
Traffic Violations	13473	7218	7276	4,125	4,568	4,044	4,163	3,987
Traffic Accident Calls	2037	1,969	2382	2,424	2,453	2,717	2,832	2,820
Cases Reviewed	8135	8,675	8207	8,093	8,114	7,812	8,106	8,911
Fire								
Fire Calls	1260	1026	1066	201	213	253	334	244
Medical Calls	4467	4157	4384	4,352	4,123	4,191	4,108	4,131
Inspections	1423	1372	1190	1,603	917	1,100	964	875
Streets								
Blocks of Streets Paved	65	73	88	123	136	99	119	85
Leaf Pickup Cubic Yards	15,062	18390	11075	11,332	16,338	10,132	14,010	11,850
Blocks of Streets Swept	445	637	620	799	833	1,092	899	1,365
Culture & recreation								
Pool Attendance(patrons)	18014	16810	18860	19,573	18,512	18,176	10,740	13,664
Community Ctr Attendance	48388	43120	49645	46,730	53,000	50,355	42,023	55,961
Facility Rentals	1116	1579	1135	544	770	696	404	428
Plantings	166	145	86	129	213	95	502	69
Water								
New service lines	50	56	42	206	428	419	288	527
Average daily consumption MGD	7.85	6.6	8.21	9.9	9.4	9.4	9.3	9.3
Wastewater								
Annual Sewage Treatment (billions of gallons)	4.6	4.6	5.2	4.2	4.5	4.5	4.4	3.9
Pollutants removed (in mill of lbs.)	7.0	7.0	6.8	6.5	8.5	8.5	8.5	8.4
Electric								
Energy consumption (kW) (in thousands)	597,728	538,572	623,032	642,779	637,903	617,257	588,830	574,000
Unplanned outages	22	11	14	16	7	12	22	21

Note: 8 years of data available in this format
Source: Various city departments

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

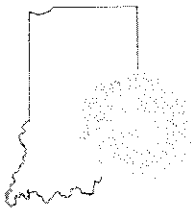
<u>Function</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police								
Stations	1	1	1	1	1	1	1	1
Patrol Units	89	89	89	89	89	89	89	89
Fire								
Stations	5	5	5	5	5	5	5	5
Streets								
Miles of Streets	175.40	175.13	174.30	174.30	174.30	174.08	174.08	174.08
Street Lights		3870	3870	3737	3737	3731	3725	3709
Traffic Signals	57	58	56	55	55	55	54	54
Culture & recreation								
Park Acreage	390	318	318	318	317	317	307	307
Number of Parks	29	28	28	28	27	27	26	26
Golf Courses	1	1	1	1	1	1	1	1
Swimming Pools	2	2	2	2	2	2	2	2
Tennis Courts	12	12	12	12	12	12	15	15
Community Centers	1	1	1	1	1	1	1	1
Water								
Total connections (taps)	17100	17,082	17,082	17001	15539	15852	16037	16150
Fire Hydrants	2773	2738	2698	2630	2555	2491	2459	2279
Wastewater								
Miles of Sewers	271.37	257.08	254.41	253.23	246.14	245.06	239.85	236.89
Electric								
Number of Sub-stations	11	11	11	11	11	11	11	11
Miles of Service Lines above/below ground	303	303	303	303	303	303	303	303

Source: Various city departments

Note: 8 years of data available in this format

COMPLIANCE SECTION

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mishawaka (City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

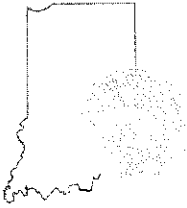
Compliance

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

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

STATE BOARD OF ACCOUNTS

May 17, 2011



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

Compliance

We have audited the compliance of the City of Mishawaka (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

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

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

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2010, and have issued our report thereon dated May 17, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

STATE BOARD OF ACCOUNTS

May 17, 2011

CITY OF MISHAWAKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (Or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant:			
CDBG - Entitlement and (HUD-Administered) Small Cities Cluster Community Development Block Grants/Entitlement Grants	14.218	B09MC180017 B10MC180017	\$ 455,609 <u>54,899</u>
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253	B-09-MY-18-0017	<u>55,356</u>
Total for cluster			<u>565,863</u>
Pass-Through Indiana Housing and Community Development Authority			
CDBG - State Administered Small Cities Program Cluster Community Development Block Grants/State's Program and Non Entitlement Grants in Hawaii	14.228		<u>818,694</u>
Pass-Through St. Joseph County Housing Consortium			
HOME Investment Partnerships Program	14.239	HO-09-840 HO-10-840	94,605 <u>13,498</u>
Total for program			<u>108,103</u>
Total for federal grantor agency			<u>1,492,660</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant:			
Bulletproof Vest Partnership Program	16.607		<u>6,508</u>
Pass-Through the City of South Bend			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>29,807</u>
Pass-Through the City of South Bend			
ARRA - Recovery Act: Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Grants to Units of Local Government	16.804		<u>868</u>
Total for federal grantor agency			<u>37,183</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PT-10-04-04-21 PT-11-04-04-21 K8-10-03-03-26 K8-11-03-03-26 K4-10-08-01-18 CA-2011-08-01-16 FACT	116,426 33,767 81,205 18,643 39,682 14,489 <u>5,979</u>
Pass-Through St. Joseph County Prosecutor			
Total for federal grantor agency			<u>310,191</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS18232701 WW09367103	474,972 <u>2,637,671</u>
ARRA - Capitalization Grants for Clean Water State Revolving Funds			
Total for federal grantor agency			<u>3,112,643</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Direct			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG), Recovery Act	81.128		<u>219,000</u>
Total federal awards expended			<u>\$ 5,171,677</u>

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

CITY OF MISHAWAKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Mishawaka (primary government) and is presented in conformity with accounting principles generally accepted in the United States of America which is the basis of accounting used in the presentation of the financial statements. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2010:

<u>Program Title</u>	<u>Amount Provided to Subrecipients</u>
CDBG - Entitlement and (HUD-Administered) Small Cities Cluster	\$ 52,087
Highway Safety Cluster	206,423

CITY OF MISHAWAKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	CDBG - Entitlement and (HUD Administered) Small Cities Cluster
	CDBG - State Administered Small Cities Program Cluster
	Highway Safety Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.458	ARRA – Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF MISHAWAKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.