



**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

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

DAVID A. WOOD, MAYOR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF MISHAWAKA

Year Ended December 31, 2011



PREPARED BY

CITY CONTROLLER'S OFFICE

Yvonne Milligan, City Controller

INTRODUCTORY SECTION

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

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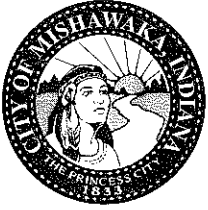
CITY OF MISHAWAKA
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 FOR THE YEAR DECEMBER 31, 2011

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CITY OFFICIALS

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



CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

OFFICE OF THE MAYOR

June 25, 2012

Members of the Common Council
Mishawaka, Indiana

Dear Council Members:

In accordance with Indiana statute, I hereby transmit to you the annual financial report of the City of Mishawaka as of December 31, 2011

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

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

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

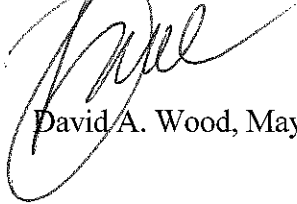
The preparation of this annual financial report could not have been accomplished without the professional competence and dedication of City Controller Yvonne Milligan and her entire staff. Their efforts over the years to upgrade the accounting and financial reporting systems of the city have substantially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

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

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

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

Sincerely,

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

David A. Wood, Mayor



CITY OF MISHAWAKA

DAVID A. WOOD, MAYOR

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

June 25, 2012

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

The Comprehensive Annual Financial Report of the City of Mishawaka, Indiana for the fiscal year ended December 31, 2011 is hereby submitted.

This report was prepared by the City Controller's Office in conjunction with the State Board of Accounts of the State of Indiana. Responsibility for the accuracy, completeness and fairness of the presentation rests with the city. We believe the data as presented is accurate in all material respects and is presented fairly as set forth in the financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the city as of December 31, 2011 and that all disclosures necessary to enable the reader to gain the maximum understanding of the city's financial affairs have been included. The financial statements of the City of Mishawaka for the year-ended December 31, 2011 are fairly presented in conformity with GAAP.

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

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

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

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

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

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

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CITY PROFILE

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

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

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

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

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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 2011 but at a slower pace than we would like. We continue to make the long-term investments in our infrastructure and to then maintain those investments over time. Despite recent staff reductions the City of Mishawaka continues to maintain such services as street sweeping and leaf collections to keep our neighborhoods clean and an attractive place to live.

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

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

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

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

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

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

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

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

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

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

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

ECONOMIC INDICATORS

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

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

MAJOR INITIATIVES/PROGRAMS

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDIT

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

AWARDS AND ACKNOWLEDGEMENTS

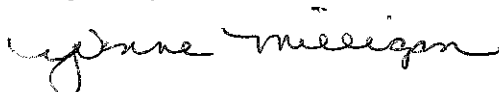
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mishawaka for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2010. The Certificate of Achievement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

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

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

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

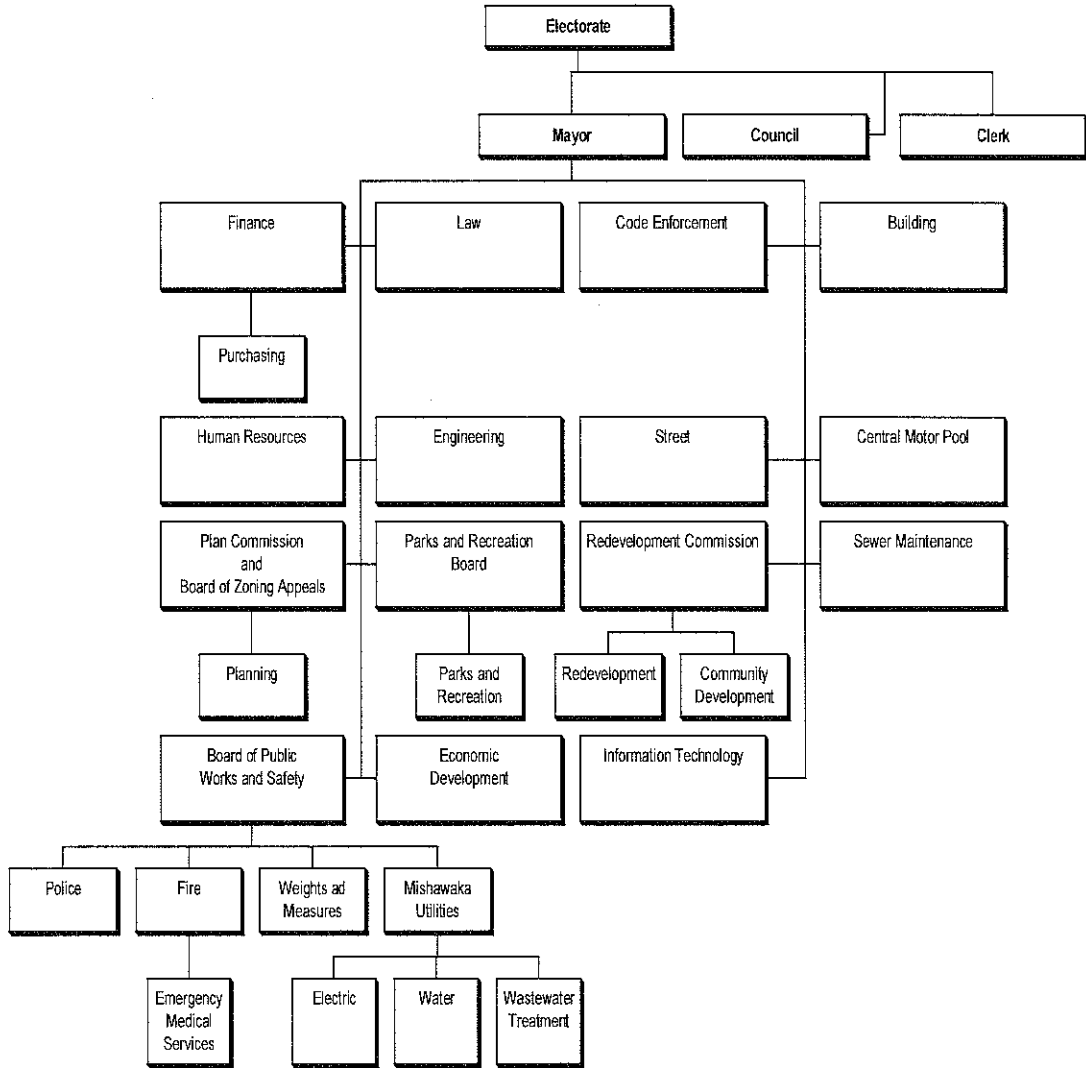
Respectfully submitted



Yvonne Milligan
City Controller

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

Mishawaka City Government



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mishawaka
Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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



Linda C. Dawson

President

Jeffrey R. Enos

Executive Director

FINANCIAL SECTION



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

STATE BOARD OF ACCOUNTS

May 21, 2012

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

As management of the City of Mishawaka, we offer the readers of the City of Mishawaka's financial statements this narrative overview and analysis of the financial activities of the City of Mishawaka for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our basic financial statements and notes to the financial statements to enhance their understanding of Mishawaka's financial performance.

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

Financial Highlights

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

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

General Government Revenues

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

<u>Revenues</u>	<u>2011 Amount</u>	<u>% of Total</u>
Taxes: General Property	\$ 45,201,867	64.60%
Licenses and permits	418,629	.60%
Intergovernmental	18,452,396	26.37%
Charges for services	4,191,957	5.99%
Fines and forfeits	55,098	.08%
Interest	34,289	.05%
Sales and Use of Property	276,241	.39%
Gifts and Donations	120,587	.17%
Other	<u>1,225,387</u>	<u>1.75%</u>
Total	<u>\$ 69,976,451</u>	<u>100.00%</u>

As shown above, the City of Mishawaka's single largest source of revenue is generated by property taxation. This revenue is based on a relationship between assessed property valuation of industrial, commercial and residential parcels, both real and personal and the application of a tax rate to arrive at the total levy. Taxable property is assessed at 100% of the true tax value.

The City of Mishawaka has the ability through the State of Indiana to increase its general property tax levy by a maximum of 5%. In 2011 the increase was 2.9%. The above property tax revenue includes taxes collected on behalf of the following funds: General Fund, Park and Recreation Fund, Motor Vehicle Highway Fund, Cumulative Capital Development Fund, Cumulative Sewer Fund, Cumulative Fire

Equipment and Building Fund, Levy Excess Fund, various capital funds for the City of Mishawaka's Redevelopment Tax Incremental Financing (TIF) Funds and a special levy to cover debt service on general obligation bonds. Approximately 62.0% of the General Funds 2011 total revenue was derived from property taxes, the TIF NW General derived 99.5% of its revenue from property tax and the Other Governmental Funds property tax percentage was 32.92% of total revenue.

EDIT, COIT and LOIT were established to support the purpose of taking the tax burden away from homeowners. The years of distribution listed are on a cash basis not accrual. Intergovernmental revenue primarily consists of Economic Development Income Tax (EDIT), County Option Income Tax (COIT) and Public Safety Local Option Income Tax (LOIT). Economic Development Income Tax was enacted July 1, 1995 at one-tenth of a percent (0.1%) but was then increased by ordinance beginning in 1998 to two-tenths of a percent (0.2%) and in 2009 it was increased to its maximum of (0.4%). The city received \$1,404,697, \$3,531,576 and \$2,636,726 of CEDIT distributions for the years 2009, 2010 and 2011 respectively. County Option Income Tax was enacted in July of 1997 at two-tenths of a percent (0.2%) and increased yearly by one-tenth of a percent (0.1%) to a maximum of six-tenths of a percent (0.6%). The city received \$2,954,165, \$2,891,687 and \$2,537,616 of COIT distributions for the years 2009, 2010 and 2011 respectively. In October of 2009 a Public Safety Local Option Income Tax was enacted at .25%. The city received \$2,432,036 and \$1,911,804 of LOIT distributions for the years 2010 and 2011. Other intergovernmental revenue includes alcoholic beverage tax, wheel tax, vehicle excise tax and cigarette tax. User fees are analyzed each year with future increases to be implemented to help shift some of the burden of taxation.

General Government Expenditures

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

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

The City of Mishawaka breaks its general government expenditures into six categories: general government, public safety, highways and streets, sanitation, culture and recreation, and community development. Combined in the expenditure totals are also capital outlay which is listed separately on the statement of revenues, expenditures, and changes in fund balances for governmental funds. Debt service is also listed separately in the report. As you can see in the above summary, Public Safety has the highest total of expenditures at \$27,819,906 or 43.86% of the total expenditures while Highways and Streets and General Government are at 20.36% and 12.18% respectively. Data for each non-major fund is provided in the form of combining statements elsewhere in this report.

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

The City of Mishawaka maintains 46 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General, TIF NW General, and the Local Major Moves Construction funds

all of which are considered to be major funds. Data from the other funds are combined and presented in one column labeled Other Governmental Funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

Pension Trust Fund Operations

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

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

Notes to the financial statements

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

Other information

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

Government-Wide Financial Statement Analysis

Summary of Net Assets

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

City of Mishawaka Statement of Net Assets

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

Normal Impacts

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

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

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

Current Year Impacts

At December 31, 2011, the City of Mishawaka's assets exceeded liabilities by \$309,544,323 an increase of \$17.3 million from the previous year (based on restated values). The largest portion of the City of Mishawaka's net assets reflects its investment in capital assets (73%), less any related debt used to acquire those assets that are still outstanding.

At the end of 2011, the City of Mishawaka was able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same held true for the prior year 2010.

At year end the City of Mishawaka's net assets were \$309,544,323. This amount is made up of \$228,596,301 invested in capital assets (e.g., land, buildings, machinery, and equipment) net of related debt, \$9,796,890 assets with external restrictions upon its use, and \$71,151,132 of unrestricted assets that are available for future use as directed by management.

Summary of Changes in Net Assets

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

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

Normal Impacts

Revenue:

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

Expenses:

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

Current Year Impacts

Governmental Activities:

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

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

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

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

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

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

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

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

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

Business Type Activities:

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

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

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

Fund Financial Statement Analysis

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

Governmental Funds:

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

As of the end of the current fiscal year, the City of Mishawaka's governmental funds reported combined ending fund balances of \$68,139,091 an increase of \$6,108,034 after restatement from the prior year.

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

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

Several funds had lower fund balances at 2011 year end for example the Motor Vehicle Fund went from \$2.2 million to \$898 thousand and Park and Recreation from \$1.6 million to \$640 thousand. Overall the City of Mishawaka has very prudent spending philosophies and will continue this in the future. Individual fund data for each of the non-major governmental funds is provided in the form of the combining statements in the Supplemental Information portion.

The general fund is also the chief operating fund of the City of Mishawaka. As of December 31, 2011, the unassigned balance was \$6,113,323 and the total balance in the general fund was \$6,131,240 an increase of \$577,126 from 2010. Each year the City of Mishawaka works hard at staying within our budget and being prudent spenders.

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

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

Proprietary Funds:

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

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

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

Fiduciary Funds:

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

General Fund Budgetary Highlights

The City of Mishawaka adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The final budget was more than the original budget by \$467,654. An amended original budget can be explained by an encumbrance rollover, a current year budget increase or a reduction in budget by the state. In 2011 the submitted budget to the state was increased with encumbrances from 2010, and an additional appropriation of \$270,000 which was to add funds for Health Insurance (\$50,000), pension payments (\$10,000), election expenses (40,000), gasoline and oil (50,000) and overtime for public safety (120,000) to the state so that we would be on an annual payment of pension contributions. The general fund budget is reviewed throughout the year and amended from time to time with the approval of the City Council. The City of Mishawaka tries to maintain its original budget by transferring funds from one account line to another. If this does not cover expenses then the City of Mishawaka appropriates from its fund balance. At the end of the fiscal year the actual expenditures are projected and the following financial information is condensed from the required supplementary information and the budget comparison schedules.

The actual revenues in 2011 were \$1,878,111 over budget and expenditures were \$972,375 under budget. Only one category of revenue was under budget in 2011 that category was Taxes. Actual shortage in taxes compared to the budget was \$915,761. All other categories were over budget for 2011. In 2011 the Payment in Lieu of Taxes came in over budget by \$2,100,000 and County Option Income Tax came in higher by \$637,000 than the budget. The City of Mishawaka continues to be frugal in its spending which has held true for many years.

Capital Assets and Long Term Debt Liability:

Capital Assets

The City of Mishawaka's investment in capital assets for its governmental and business type activities at December 31, 2011 amounts to \$324,641,976 (net of accumulated depreciation), which represents a net increase (additions less retirements and depreciation) of \$5.0million. This investment in capital assets includes land, construction in progress, buildings, improvements, equipment, vehicles and roads. A detailed note of these capital assets can be found in the Notes to the Financial Statements (Note III C).

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

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

Change in Capital Assets

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

* Reduction in accumulated depreciation related to retirements.

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

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

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

Debt Outstanding

At December 31, 2011, the City had a number of debt issues outstanding. These issues included \$5,750,000 of general obligation bonds, \$5,870,000 of revenue bonds payable from governmental funds, and \$51,598,474 of revenue bonds payable from enterprise funds. Under the Indiana Constitution and state statute the City of Mishawaka's general obligation bonded debt issuances are subject to a legal limitation based upon 2% of assessed value of real and personal property.

The City's bonded debt decreased by \$6,684,878 from the prior year.

Outstanding Bonded Debt at Year-end

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

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

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

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

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

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

Economic Factors and next year's budgets and rates

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

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

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

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

City Highlights:

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

Requests for information

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

CITY OF MISHAWAKA
STATEMENT OF NET ASSETS
December 31, 2011

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

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

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

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

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

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

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

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

CITY OF MISHAWAKA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
For The Year Ended December 31, 2011

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

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

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

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

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

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

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

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

Net change in fund balances - total governmental funds	\$	-	\$ 6,108,034
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>			
Expenditures for capital assets			7,489,158
Less current year depreciation expense			(5,324,135)
Loss on disposal of assets			(34,173)
			2,130,850
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
			(419,631)
<p>The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>			
Principal debt payments			4,909,254
			4,909,254
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>			
Amortization of current year bond discount			(43,581)
Amortization of current year bond issuance cost			(36,241)
Accrued interest			78,496
Prepaid expenses			35,931
Change in compensated absences			176,505
Change in net other postemployment benefits obligation			(2,610,940)
Change in net pension obligation			224,093
			(2,175,737)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.</p>			
			62,183
Change in net assets of governmental activities (Statement of Activities)			\$ 10,614,953

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

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

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

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

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

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

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

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

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

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

Continued on next page

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

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

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

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

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

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

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

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

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

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CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Blended Component Unit

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

Related Organizations

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

B. Government-Wide and Fund Financial Statements

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

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

The primary government reports the following major governmental funds:

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

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

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

The primary government reports the following major enterprise funds:

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

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the primary government reports the following fund types:

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

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

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

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

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Open-end mutual funds are reported at fair value.

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

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

2. Interfund Transactions and Balances

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

3. Property Taxes

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

4. Inventories and Prepaid Items

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

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

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

5. Restricted Assets

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

6. Capital Assets

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

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

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

	<u>Capitalization 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. The total interest expense incurred by the City in its business-type activities during the current year was \$4,004,881. Of the amount, \$1,590,320 was included as part of the cost of capital assets under construction in connection with wastewater facilities construction project.

7. Compensated Absences

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

CITY OF MISHAWAKA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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

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

8. Long-Term Obligations

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

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

9. Encumbrances

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

10. Fund Balances

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

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

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

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

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

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

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

General

Major governmental funds:

Capital projects fund – Local Major Moves Construction

Nonmajor governmental funds:

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

Debt service fund – Municipal Bond No. 1

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

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

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

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Utilities Pension Fund Board of Trustees has established an investment policy for the Utility's Retirement Plan. This investment policy outlines parameters for investment activity for the pension plan. As of December 31, 2011, the City's Utility Pension Fund had the following investments:

Primary Government:

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

Statutory Authorization for Investments

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

Investment Custodial Credit Risk

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

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

Primary Government:

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Interest Rate Risk

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

Credit Risk

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

Primary Government:

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

Concentration of Credit Risk

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

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Loans Receivables

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

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

C. Capital Assets

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

D. Construction Commitments

Construction work in progress is composed of the following:

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

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

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

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

2. Interfund Transfers

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

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

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

F. Leases

Capital Leases

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

G. Short-Term Liabilities

Revolving Line of Credit:

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

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

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

H. Long-Term Liabilities

1. General Obligation Bonds

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Purpose	Interest Rates	Balance at December 31	Due Within One Year	Less: Unamortized Discount	Due in More Than One Year
\$2,745,000 2004 Refunding of 1993 police station bonds due in installments of \$120,000 to \$245,000 plus interest through February 1, 2014	3%	\$ 770,000	\$ 300,000	\$ 5,418	\$ 464,582
\$5,000,000 2005 Communication equipment bonds due in installments of \$155,000 to \$300,000 plus interest through February 1, 2016	3.5% to 4%	2,505,000	515,000	10,404	1,979,596
\$3,000,000 2007 Communication equipment bonds due in installments of \$55,000 to \$225,000 plus interest through February 1, 2016	3.9% to 4%	1,870,000	385,000	24,751	1,460,249
\$1,550,000 2006 Park and recreation bonds due in installments of \$90,000 to \$125,000 plus interest through February 1, 2014	3.85%	605,000	235,000	2,144	367,856
Totals		<u>\$ 5,750,000</u>	<u>\$ 1,435,000</u>	<u>\$ 42,717</u>	<u>\$ 4,272,283</u>

2. Tax Incremental Financing (TIF) Bonds

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

3. Intergovernmental Loan

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

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

Purpose	Interest Rates	Balance 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%			
	Governmental funds	\$ 893,302	\$ 223,325	\$ 669,977
	Business-type activities	199,700	49,925	149,775
	Combined	<u>\$ 1,093,002</u>	<u>\$ 273,250</u>	<u>\$ 819,752</u>

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

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

4. Revenue Bonds

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Interest Rates	Balance at December 31	Due Within One Year	Plus: 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%	\$ 3,190,000	\$ 315,000	\$ 21,554	\$ 20,062	\$ 223,403	\$ 2,653,089
\$1,875,130 1994 Wastewater capital appreciation bonds due in four installments of \$1,380,000 plus interest through March 1, 2015	5.55% to 5.65%	5,018,474	1,380,000	-	5,827	-	3,632,647
\$8,450,000 2006 Wastewater revenue bonds, Series A due in installments of \$145,000 to \$290,000 plus interest through September 1, 2026	3.625% to 4.0%	6,790,000	345,000	-	52,544	-	6,392,456
\$350,000 2007 Wastewater revenue bonds, Series A due in installments of \$45,000 to \$305,000 plus interest through March 1, 2027	4.25%	350,000	-	-	-	-	350,000
\$37,225,000 2010 Wastewater revenue bonds, Series B, due in installments of \$975,000 to \$2,775,000 plus interest through September 1, 2030	2% to 5%	<u>36,250,000</u>	<u>1,375,000</u>	<u>-</u>	<u>351,869</u>	<u>-</u>	<u>34,523,131</u>
Totals		<u>\$ 51,598,474</u>	<u>\$ 3,415,000</u>	<u>\$ 21,554</u>	<u>\$ 430,302</u>	<u>\$ 223,403</u>	<u>\$ 47,551,323</u>

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

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

Revenue bonds debt service requirements to maturity are as follows:

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Notes and Loans Payable

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

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

6. Changes in Long-Term Liabilities

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

I. Restricted Assets

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

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

J. Restatements and Reclassifications

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retiree, and Dependents

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Other Postemployment Benefits

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funded Status and Funding Progress

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

Actuarial Methods and Assumption

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy

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

Annual Pension Cost

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

b. 1925 Police Officers' Pension Plan

Plan Description

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Funding Policy

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

Annual Pension Cost

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

c. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

Annual Pension Cost

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

d. Utility Pension Plan

Plan Description

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

Funding Policy

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

Annual Pension Cost

For 2011, the Utilities' annual pension cost and related information for the Utility Pension Plan, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plans

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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%	3.00%	3.00%	2.50%
Attributed to merit/seniority	1.00%	1.00%	1.00%	1.00%
Cost-of-living adjustments	1.00%	2.25%/4%*	2.25%/4%*	2%^

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

*2.25% converted members; 4% nonconverted members

Three Year Trend Information

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funded Status and Funding Progress for the Above Plans

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

Retirement Plan	Actuarial 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	\$ 4,961,827	\$ 9,487,093	\$ 4,525,266	52.30%	\$ 6,605,323	69%
Utility Pension Plan	13,660,853	15,651,282	1,990,429	87.28%	5,685,044	35%
1925 Police Officers Pension Plan	589,540	17,884,600	17,295,060	3.30%	98,700	17,523%
1937 Firefighters' Pension Plan	902,540	30,566,300	29,663,760	2.95%	48,900	60,662%

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

e. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Assets:

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

Funding Policy and Annual Pension Costs

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

E. Subsequent Events

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

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

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-09	\$ 6,767,837	\$ 8,779,530	\$ (2,011,693)	77%	\$ 7,160,537	(28%)
07-01-10	5,698,283	9,121,439	(3,423,156)	62%	6,370,061	(54%)
07-01-11	4,961,827	9,487,093	(4,525,266)	52%	6,605,323	(69%)

1925 Police Officers' Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-06	\$ 476,410	\$ 21,277,300	\$ (20,800,890)	2%	\$ 176,500	(11,785%)
01-01-07	502,195	21,441,100	(20,938,905)	2%	182,000	(11,505%)
01-01-08	368,239	21,519,500	(21,151,261)	2%	185,900	(11,378%)
01-01-09	276,566	17,137,900	(16,861,334)	2%	**	**
01-01-10	475,282	17,848,000	(17,372,718)	3%	94,900	(18,306%)
01-01-11	589,540	17,884,600	(17,295,060)	3%	98,700	(17,523%)

1937 Firefighters' Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-06	\$ 754,049	\$ 29,758,700	\$ (29,004,651)	3%	\$ 262,600	(11,045%)
01-01-07	656,068	29,188,400	(28,532,332)	2%	225,700	(12,642%)
01-01-08	473,089	29,320,500	(28,847,411)	2%	138,300	(20,859%)
01-01-09	292,384	35,408,600	(35,116,216)	1%	**	**
01-01-10	829,813	30,278,300	(29,448,487)	3%	94,000	(31,328%)
01-01-11	902,540	30,566,300	(29,663,760)	3%	48,900	(60,662%)

Utility Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-06	\$ 11,287,256	\$ 11,287,256	\$ -	100%	\$ 6,227,897	0%
01-01-07	12,979,939	12,979,939	-	100%	5,587,670	0%
01-01-08	13,977,669	14,128,822	(151,153)	99%	6,131,927	(2%)
01-01-09	13,585,001	14,870,175	(1,285,174)	91%	6,624,741	(19%)
01-01-10	13,578,454	15,373,954	(1,795,500)	88%	5,891,118	(30%)
01-01-11	13,660,853	15,651,282	(1,990,429)	87%	5,685,044	(35%)

Other Postemployment Benefits (OPEB)						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-09	\$ -	\$ 42,131,601	\$ (42,131,601)	0%	\$ 26,508,798	(159%)
01-01-10	-	43,153,157	(43,153,157)	0%	24,341,096	(177%)
01-01-11	-	45,723,694	(45,723,694)	0%	25,071,329	(182%)

**Information not available

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

1925 Police Officers' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-06	\$ 1,569,200	38%	53%
12-31-07	1,602,900	34%	46%
12-31-08	1,630,400	32%	50%
12-31-09	1,280,600	19%	109%
12-31-10	1,381,900	0%	118%
12-31-11	1,448,900	0%	109%

1937 Firefighters' Pension Plan

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

Employer Contributions - Utility Pension Plan

Year 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, 2011

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

Continued on next page

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Law Enforcement 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 and for the First Time Home Buyers program. Pay back monies from loans are also used for this purpose.
DOC Community Development -	To account for specific projects originally funded by state grants from the Department of Commerce. Some of the grant money was used to make loans to local businesses. New projects funded with payback monies must be approved by the Department of Commerce.
Park Nonreverting Operating -	To account for some operating expenses at the City pools and golf course. Financing is provided by improvement fees charged by the Park Department.
Criminal Assistance Grant -	To account for federal funds received for criminal prevention and intervention programs coordinated by the police department.
NSP (1) Grant -	To account for federal funds received for a neighborhood stabilization program.
NSP (3) Grant -	To account for federal funds received for a neighborhood stabilization program.
State Grant -	To account for state funds received for street improvements to the Capital Avenue corridor.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Debt Service Funds

Municipal Bond No. 1 - To account for debt retirement of the City's general obligation bonds. Financing is provided by a specific tax levy.

TIF (Tax Incremental Financing)
NW Redemption and Reserve - To account for debt retirement for the Northwest (NW) District bond issues. Financing is provided by transfers from the Tax Incremental Financing NW General Fund.

TIF (Tax Incremental Financing)
SS Redemption and Reserve - To account for debt retirement for the Southside (SS) District bond issue. Financing is provided by transfers from the Tax Incremental Financing SS General Fund.

Capital Projects Funds

Cumulative Building and Fire Fighting Equipment - To account for financial resources for the purchase of fire equipment. Financing is provided by a specific property tax levy.

Cumulative Capital Improvement - To account for financial resources related to improvement projects financed by state cigarette tax distributions. Transfers may be made to the General Fund.

Cumulative Sewer - To account for financial resources for the construction or repairing of storm sewers or sewage disposal plants and sanitary sewers. Financing is provided by a specific property tax levy.

General Improvement - To account for revenue and expenditures for public improvement projects. Project costs are assessed against property owners benefitted by the improvement projects. The time period for payment of the assessments cannot exceed five years. All interest and penalties collected on assessments are receipted to the General Fund.

Consolidated Project Expenditures - To account for balances remaining in closed out funds and to pay expenditures incurred on these past projects.

Cumulative Capital Development - To account for financial resources related to development projects. Financing is provided by a specific property tax levy.

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

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Park Bond Capital -	To account for expenditures made for various improvements to park properties. Financing is provided from proceeds of a general obligation bond issue.
County Economic Development 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, 2011

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

Continued on next page

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

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

Continued on next page

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

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

Continued on next page

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

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

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

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

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CITY OF MISHAWAKA
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2011
 (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	\$ 832,311	\$ 269,200	\$ 1,232,139	\$ 44,767	\$ 376,319	\$ 2,754,736
Receivables (net of allowances for uncollectibles):						
Taxes	84,965	-	-	-	-	84,965
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Total assets	\$ 917,276	\$ 269,200	\$ 1,232,139	\$ 44,767	\$ 376,319	\$ 2,839,701
<u>Liabilities and Fund Balances</u>						
<u>Liabilities:</u>						
Accounts payable	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 500
Accrued payroll and withholdings payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Short-term loan payable	-	-	-	-	-	-
Energy savings bonds	-	-	-	-	-	-
Unearned revenue	84,965	-	-	-	-	84,965
Total liabilities	85,465	-	-	-	-	85,465
<u>Fund balances:</u>						
<u>Nonspendable:</u>						
Long-term loans receivable	-	-	-	-	-	-
Restricted	831,811	269,200	1,232,139	44,767	376,319	2,754,236
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total fund balances	831,811	269,200	1,232,139	44,767	376,319	2,754,236
Total liabilities and fund balances	\$ 917,276	\$ 269,200	\$ 1,232,139	\$ 44,767	\$ 376,319	\$ 2,839,701

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

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

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

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

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

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

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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, 2011
 (Continued)

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

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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, 2011
 (Continued)

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

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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, 2011
 (Continued)

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

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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, 2011
 (Continued)

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

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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, 2011
 (Continued)

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

Continued on next page

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

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

Continued on next page

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 DEBT SERVICE FUNDS - MUNICIPAL BOND NO.1
 For The Year Ended December 31, 2011

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

Budget/GAAP Reconciliation

No reconciliation necessary since budgetary basis equals GAAP basis

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

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

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

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

Budget/GAAP Reconciliation

No reconciliation necessary since budgetary basis equals GAAP basis

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

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

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

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

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

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

Budget/GAAP Reconciliation

No reconciliation necessary since budgetary basis equals GAAP basis

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

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

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - LOCAL MAJOR MOVES CONSTRUCTION
 For The Year Ended December 31, 2011

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

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INTERNAL SERVICE FUNDS

Self-Funding Insurance -

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

Mishawaka Bond Bank-

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

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

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

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

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

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

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

FIDUCIARY FUNDS

Pension Trust Funds

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

Agency Funds

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

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

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

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

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

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

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

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

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

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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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	<u>Page(s)</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Net Assets by Component	116
Changes in Net Assets	117-118
Fund Balances, Governmental Funds	119
Changes in Fund Balances, Governmental Funds	120
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
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Direct and Overlapping Property Tax Rates	122
Principal Property Tax Payers	123
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Debt Capacity	
These Schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
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**CITY OF MISHAWAKA, INDIANA
CONTENTS (CONTINUED)**

Demographic and Economic Information

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

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Operating Information

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

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

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities									
Invested in capital assets, net of related debt	\$ 134,670,237	\$ 136,795,681	\$ 116,947,337	\$ 97,252,778	\$ 69,230,461	\$ 55,396,506	\$ 43,584,806	\$ 37,867,826	\$ 31,127,147
Restricted	2,839,701	2,692,556	-	-	-	993,490	1,184,297	447,219	1,773,669
Unrestricted	47,612,406	34,769,529	44,630,003	31,666,692	33,539,008	25,069,658	22,743,313	22,216,544	18,422,222
Total governmental activities net assets	\$ 185,122,344	\$ 174,257,766	\$ 161,577,340	\$ 128,919,470	\$ 102,769,469	\$ 81,459,654	\$ 67,512,416	\$ 60,531,589	\$ 51,323,038
Business-type activities									
Invested in capital assets, net of related debt	\$ 93,926,064	\$ 66,090,580	\$ 85,021,905	\$ 81,573,161	\$ 76,739,094	\$ 53,687,905	\$ 58,414,662	\$ 49,093,152	\$ 49,875,935
Restricted	6,957,189	7,378,580	5,340,800	8,301,530	7,785,873	6,886,627	3,321,019	231,679	1,921,475
Unrestricted	23,538,726	47,432,882	21,735,544	16,551,499	20,939,948	29,319,393	21,037,256	22,141,131	14,550,025
Total business-type activities net assets	\$ 124,421,979	\$ 120,902,042	\$ 112,118,249	\$ 106,426,190	\$ 105,464,915	\$ 89,895,925	\$ 82,772,937	\$ 74,451,075	\$ 66,347,435
Primary government									
Invested in capital assets, net of related debt	\$ 228,596,301	\$ 202,886,261	\$ 201,969,242	\$ 178,825,939	\$ 145,969,555	\$ 109,084,411	\$ 101,999,468	\$ 87,860,978	\$ 81,003,082
Restricted	9,796,890	10,071,136	5,340,800	8,301,530	7,785,873	7,880,117	4,505,316	2,764,011	3,695,144
Unrestricted	71,151,132	82,202,411	66,385,547	48,218,191	54,478,956	54,389,051	43,780,569	44,357,675	32,972,247
Total primary government net assets	\$ 309,544,323	\$ 295,159,808	\$ 273,695,589	\$ 235,345,660	\$ 208,234,384	\$ 171,353,579	\$ 150,285,353	\$ 134,982,664	\$ 117,670,473

Note: 9 years of data available in this format

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses									
Governmental activities:									
General government	\$ 7,967,985	\$ 7,509,133	\$ 5,675,449	\$ 5,362,211	\$ 4,008,462	\$ 5,220,058	\$ 5,874,794	\$ 5,922,122	\$ 9,493,699
Public safety	29,631,615	29,219,741	25,470,868	22,188,373	17,750,725	25,344,096	23,380,191	19,352,725	14,025,776
Highways and streets	6,927,174	1,816,872	5,948,204	3,959,300	7,631,344	4,954,958	4,745,217	3,834,156	3,477,535
Sanitation	1,954,482	1,958,050	1,970,859	4,500	15,000	4,876	20,000	35,725	115,742
Community development	2,191,347	1,936,054	862,581	2,723,191	2,337,991	997,139	2,657,176	3,201,954	1,984,448
Culture and recreation	6,062,941	4,939,870	4,084,573	4,786,048	3,352,339	3,452,283	3,595,595	3,148,419	4,626,859
Interest on long-term debt	627,328	862,291	1,087,319	1,274,966	873,678	669,642	847,749	795,567	1,231,273
Total governmental activities expenses	\$ 55,362,872	\$ 48,242,011	\$ 45,099,853	\$ 40,298,589	\$ 35,969,539	\$ 40,643,052	\$ 41,120,722	\$ 36,290,668	\$ 34,955,332
Business type activities:									
Water utility	\$ 6,699,816	\$ 6,779,663	\$ 6,933,322	\$ 6,884,829	\$ 6,617,469	\$ 6,794,418	\$ 6,597,036	\$ 6,973,978	\$ 6,553,431
Wastwater utility	11,541,256	11,507,526	11,566,254	11,954,930	6,377,448	5,547,712	5,849,788	5,747,658	5,705,703
Electric utility	49,813,781	49,900,996	43,830,644	44,275,026	42,999,782	35,934,114	34,530,146	33,182,687	33,809,655
Total business-type activities expenses	68,054,853	68,188,185	62,330,220	63,114,785	55,994,699	48,276,244	46,976,970	45,904,323	46,068,789
Total primary government expenses	\$ 123,417,725	\$ 116,430,196	\$ 107,430,073	\$ 103,413,374	\$ 91,964,238	\$ 88,919,296	\$ 88,097,692	\$ 82,194,991	\$ 81,024,121
Program Revenues									
Governmental activities:									
Charges for services:									
General government	498,317	645,300	714,830	1,049,593	973,326	892,455	941,009	952,684	3,355,867
Public safety	1,702,518	817,492	600,824	643,933	896,332	657,308	344,116	343,324	493,067
Highways and streets	132,033	118,354	114,428	28,347	44,617	27,462	343,430	232,955	1,216,084
Sanitation	2,074,781	2,084,642	2,102,200						
Community development	586,681	150,539	260,098	535,101	794,695	624,524	156,850	103,228	235,297
Culture and recreation	938,755	1,093,526	995,386	1,023,173	1,033,864	915,956	913,704	811,378	788,792
Interest on long-term debt									
Operating grants and contributions	4,411,769	4,490,139	3,283,506	1,191,352	2,400,968	1,257,136	1,661,515	2,143,953	1,823,220
Capital grants and contributions	5,834,032	6,851,310	4,358,580	4,745,714	4,944,558	10,410,884	4,326,826	4,494,949	3,750,172
Total governmental activities revenue	16,178,886	16,251,302	12,429,852	9,217,213	11,088,360	14,785,725	8,687,450	9,082,471	11,662,499
Business type activities:									
Charges for services:									
Water utility	7,721,105	7,881,467	7,574,977	8,037,964	8,356,853	7,804,735	8,074,554	7,516,477	7,693,485
Wastwater utility	13,047,673	11,163,904	9,333,576	9,422,150	9,576,399	8,284,304	7,797,148	6,927,799	6,355,832
Electric utility	50,153,710	50,363,745	46,262,804	43,278,603	47,457,258	37,573,938	37,031,707	38,422,097	34,720,277
Capital grants and contributions	167,104	6,652,868	5,113,577	3,250,069	3,044,903	1,656,673	1,451,446	846,168	567,998
Total business-type activities revenue	71,089,592	76,061,984	68,284,934	63,988,786	68,435,413	55,319,650	54,354,855	53,712,541	49,337,592
Total primary government revenue	87,268,478	92,313,286	80,714,786	73,205,999	79,523,773	70,105,375	63,042,305	62,795,012	61,000,091
Net (Expenses) Revenues									
Governmental activities:	(39,183,986)	(31,990,709)	(32,670,001)	(31,081,376)	(24,881,179)	(25,857,327)	(32,433,272)	(27,208,197)	(23,292,833)
Business-type activities	3,034,739	7,873,799	5,954,714	874,001	12,440,714	7,043,406	7,377,885	7,808,218	3,268,803
Total primary government net expense	\$ (36,149,247)	\$ (24,116,910)	\$ (26,715,287)	\$ (30,207,375)	\$ (12,440,465)	\$ (18,813,921)	\$ (25,055,387)	\$ (19,399,979)	\$ (20,024,030)

Note: 9 years of data available in this format

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>General revenues and Other Changes in Net Assets</u>									
Governmental activities:									
Property Taxes	\$ 44,782,236	\$ 49,872,423	\$ 40,092,134	\$ 43,572,448	\$ 40,325,388	\$ 34,552,665	\$ 35,172,645	\$ 31,758,286	\$ 32,066,343
Grants and Contributions not restricted									
to specific programs	8,206,595	8,570,832	4,943,387	3,846,190	3,794,657	3,808,209	3,667,444	4,201,761	4,033,427
Unrestricted investment earnings	34,289	42,251	13,542	872,964	2,022,465	1,908,162	981,943	278,677	196,261
Other	354,814	115,993	169,346	267,649	2,345	31,568	41,646	268,780	171,491
Loss on sale of Assets	-	-	-	-	-	-	(243,984)		
Special Items: Litigation Settlement	-	-	-	8,154,390					
Transfers	(3,578,995)	(762,454)	959,856	517,736	46,139	(79,102)	(205,595)	(90,756)	
Total governmental activities	<u>\$ 49,798,939</u>	<u>\$ 57,839,045</u>	<u>\$ 46,178,265</u>	<u>\$ 57,231,377</u>	<u>\$ 46,190,994</u>	<u>\$ 40,241,502</u>	<u>\$ 39,414,099</u>	<u>\$ 36,416,748</u>	<u>\$ 36,467,522</u>
Business type activities:									
Unrestricted investment earnings	\$ 112,130	\$ 15,686	\$ 24,935	\$ 605,010	\$ 1,802,870	\$ 1,372,025	\$ 738,382	\$ 204,666	\$ 198,056
Other	-	-	672,266						
Transfers	3,578,995	762,454	(959,856)	(517,736)	(46,139)	79,102	205,595	90,756	
Total business-type activities	<u>3,691,125</u>	<u>778,140</u>	<u>(262,655)</u>	<u>87,274</u>	<u>1,756,731</u>	<u>1,451,127</u>	<u>943,977</u>	<u>295,422</u>	<u>198,056</u>
Total primary government expenses	<u>\$ 53,490,064</u>	<u>\$ 58,617,185</u>	<u>\$ 45,915,610</u>	<u>\$ 57,318,651</u>	<u>\$ 47,947,725</u>	<u>\$ 41,692,629</u>	<u>\$ 40,358,076</u>	<u>\$ 36,712,170</u>	<u>\$ 36,665,578</u>
<u>Change in Net Assets</u>									
Governmental activities:	\$ 10,614,953	\$ 25,848,336	\$ 13,508,264	\$ 26,150,001	\$ 21,309,815	\$ 14,384,175	\$ 6,980,827	\$ 9,208,551	\$ 13,174,689
Business-type activities	\$ 6,725,864	\$ 8,651,939	\$ 5,692,059	\$ 961,275	\$ 14,197,445	\$ 8,494,533	\$ 8,321,862	\$ 8,103,640	\$ 3,466,859
Total primary government	<u>\$ 17,340,817</u>	<u>\$ 34,500,275</u>	<u>\$ 19,200,323</u>	<u>\$ 27,111,276</u>	<u>\$ 35,507,260</u>	<u>\$ 22,878,708</u>	<u>\$ 15,302,689</u>	<u>\$ 17,312,191</u>	<u>\$ 16,641,548</u>

Note: 9 years of data available in this format

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

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

Note: 9 years of data available in this format

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

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

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

Note:9 years of data available in this format

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

Fiscal Year Ended December 31	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2002	622,477,285	397,447,827	1,019,925,112	1.8627
2003	1,253,760,445	394,264,475	1,648,024,920	1.2476
2004	1,208,609,588	346,458,605	1,555,068,193 (1)	1.3313
2005	1,210,835,883	360,559,477	1,571,395,360	1.3382
2006	1,232,572,354	346,777,992	1,579,350,346	1.3899
2007	1,543,475,510	207,350,000	1,750,825,510	1.3326
2008	1,455,483,993	152,870,480	1,608,354,473	1.5283
2009	1,199,456,581	190,860,770	1,390,317,351	1.6557
2010	1,234,269,393	208,951,270	1,443,220,663	1.6741
2011	1,222,738,085	206,998,725	1,429,736,810	1.7362

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

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

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

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

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
2002	1.8627	0.0221	0.0000	0.1567	2.2303	0.9473	0.0406	0.1079	0.0033	0.0000	5.3709
2003	1.2476	0.0163	0.0502	0.1325	1.4205	0.7366	0.0472	0.0768	0.0033	0.0000	3.7310
2004	1.3313	0.0172	0.0565	0.1319	1.5932	0.7652	0.0346	0.0827	0.0024	0.0000	4.0150
2005	1.3382	0.0171	0.0540	0.1277	1.5691	0.7831	0.0297	0.0831	0.0024	0.0000	4.0044
2006	1.3899	0.0318	0.0520	0.1325	1.6726	0.5002	0.0301	0.0856	0.0024	0.4897	4.3868
2007	1.3326	0.0268	0.0000	0.1276	1.6892	0.4581	0.0277	0.0821	0.0024	0.4130	4.1595
2008	1.5283	0.0279	0.0000	0.0943	1.6448	0.4989	0.0292	0.0821	0.0024	0.2587	4.1666
2009	1.6557	0.0397	0.0000	0.1437	1.0735	0.5693	0.0353	0.0821	0.0000	0.0000	3.5993
2010	1.6741	0.0288	0.0000	0.1583	1.3221	0.5866	0.0342	0.0821	0.0000	0.0000	3.8862
2011	1.7362	0.0287	0.0000	0.1462	1.3381	0.5424	0.0297	0.0934	0.0000	0.0000	3.9147

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

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

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

Source: St. Joseph County Auditor

**CITY OF MISHAWAKA, INDIANA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST NINE 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%
2011	24,743,565	23,471,734	94.86%

Source: St. Joseph County Auditor

Note: City of Mishawaka Corporation collections only

Note: 9 years of data available in this format

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

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

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

Note: 9 years of data available in this format

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value(1) of Property	Per Capita(2)
2002	3,880,000	694,634	3,185,366	0.3%	68.42
2003	3,500,000	691,743	2,808,257	0.2%	60.32
2004	3,250,000	638,792	2,611,208	0.2%	56.09
2005	7,640,000	556,263	7,083,737	0.5%	152.15
2006	8,525,000	448,846	8,076,154	0.5%	173.47
2007	10,745,000	471,651	10,273,349	0.6%	220.66
2008	9,775,000	731,989	9,043,011	0.6%	194.24
2009	8,485,000	595,262	7,889,738	0.6%	169.46
2010	7,145,000	689,228	6,455,772	0.4%	133.79
2011	5,750,000	917,276	4,832,724	0.3%	100.16

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

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

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

CITY OF MISHAWAKA, INDIANA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2011

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

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

(2) Source: St. Joseph County Auditor

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

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

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

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

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

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

<u>Year</u>	<u>General Obligation Bonds</u>		<u>Tax Incremental Financing Bonds</u>		<u>Total Bonded Debt Service</u>	<u>Total General Government Expenditures</u>	<u>Ratio of Debt Service to Total General Government Expenditures</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>			
2002	355,000	211,380	940,000	820,612	2,326,992	30,157,630	7.7%
2003	380,000	193,435	935,000	512,105	2,020,540	48,330,357	4.2%
2004	405,000	174,030	985,000	464,646	2,028,676	45,660,941	4.4%
2005	610,000	72,851	1,035,000	367,966	2,085,817	44,300,598	4.7%
2006	665,000	229,644	1,125,000	329,627	2,349,271	54,273,951	4.3%
2007	780,000	281,091	1,180,000	272,642	2,513,733	58,758,825	4.3%
2008	970,000	438,940	2,570,000	709,778	4,688,718	72,311,168	6.5%
2009	1,290,000	357,376	4,010,000	689,471	6,346,847	64,654,524	9.8%
2010	1,340,000	311,150	4,155,000	519,348	6,325,498	69,952,690	9.0%
2011	1,395,000	262,409	3,340,000	352,121	5,349,530	63,429,489	8.4%

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

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

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

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

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-B
2003	46,557	7,946,402	37,140	30,019	34.9	5,102	131,756	5.3%
2004	46,557	8,266,157	39,940	31,246	34.9	5,177	132,550	5.1%
2005	46,557	8,433,861	37,971	31,846	35.0	5,178	133,939	5.2%
2006	46,557	9,289,258	39,046	33,815	35.0	5,242	134,788	5.1%
2007	46,557	9,283,064	44,706	34,857	35.0	5,272	133,337	4.9%
2008	46,557	9,571,597	43,931	36,229	36.0	5,116	133,363	6.5%
2009	46,557	9,148,555	43,544	34,712	35.0	5,043	123,867	11.8%
2010	48,252	8,891,812	42,316	33,322	36.2	5,288	125,853	10.0%
2011	48,252	(D)	(D)	(D)	(D)	4,978	129,274	9.6%

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

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

Note: 9 years of data available in this format

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

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

Note: (A) Source: Individual Companies

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

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

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

Full-time Equivalent Employees as of December 31

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

Source: City Payroll System

Note: 9 years of data available in this format

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

Function	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police									
Arrests	3,300	1,869	2,006	1,633	2,241	2,350	2,059	2,256	2,293
Parking Violations	1,188	1,218	1,622	2,540	2,510	1,474	2,289	2,692	3,111
Traffic Violations	5,531	4,080	9,364	7,276	4,125	4,568	4,044	4,163	3,987
Traffic Accident Calls	2,060	2,037	1,969	2,382	2,424	2,453	2,717	2,832	2,820
Cases Reviewed	8,028	8,135	8,675	8,207	8,093	8,114	7,812	8,106	8,911
Fire									
Fire Calls	1,207	1,260	1,026	1,066	201	213	253	334	244
Medical Calls	4,804	4,467	4,157	4,384	4,352	4,123	4,191	4,108	4,131
Inspections	1,500	1,423	1,372	1,190	1,603	917	1,100	964	875
Streets									
Blocks of Streets Paved	85	65	73	88	123	136	99	119	85
Leaf Pickup Cubic Yards	14,500	15,062	18,390	11,075	11,332	16,338	10,132	14,010	11,850
Blocks of Streets Swept	565	445	637	620	799	833	1,092	899	1,365
Culture & recreation									
Pool Attendance(patrons)	17,131	18,014	16,810	18,860	19,573	18,512	18,176	10,740	13,664
Community Ctr Attendance	41,165	48,388	43,120	49,645	46,730	53,000	50,355	42,023	55,961
Facility Rentals	1,447	1,116	1,579	1,135	544	770	696	404	428
Plantings	902	166	145	86	129	213	95	502	69
Water									
New service lines	54	50	56	42	206	428	419	288	527
Average daily consumption MGD	7.55	7.85	6.6	8.21	10	9	9	9	9
Wastewater									
Annual Sewage Treatment (billions of gallons)	4.2	4.6	4.6	5.2	4.2	4.5	4.5	4.4	3.9
Pollutants removed (in mill of lbs.)	7.2	7.0	7.0	6.8	6.5	8.5	8.5	8.5	8.4
Electric									
Energy consumption (kW) (in thousands)	621,122	597,728	538,572	623,032	642,779	637,903	617,257	588,830	574,000
Unplanned outages	11	22	11	14	16	7	12	22	21

Note: 9 years of data available in this format

Source: Various city departments

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

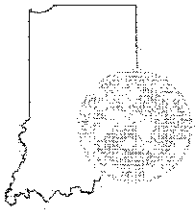
Function	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police									
Stations	1	1	1	1	1	1	1	1	1
Patrol Units	89	89	89	89	89	89	89	89	89
Fire									
Stations	5	5	5	5	5	5	5	5	5
Streets									
Miles of Streets	177.04	175.40	175.13	174.30	174.30	174.30	174.08	174.08	174.08
Street Lights	3538	3538	3538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

Source: Various city departments

Note: 9 years of data available in this format

COMPLIANCE SECTION

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mishawaka (City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

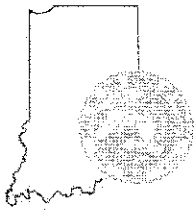
Compliance

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

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

STATE BOARD OF ACCOUNTS

May 21, 2012



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Mishawaka (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended December 31, 2011. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied in all material respects with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2011, and have issued our report thereon dated May 21, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

STATE BOARD OF ACCOUNTS

May 21, 2012

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

Federal Grantor Agency/Pass-Through Entity 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 Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218	B10MC180017 B11MC180017	\$ 492,001 56,696
Total for program			<u>548,696</u>
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253	B-09-MY-18-0017	<u>33,075</u>
Total for cluster			<u>581,772</u>
Pass-Through Indiana Housing and Community Development Authority			
CDBG-State Administered CDBG Cluster			
Community Development Block Grants/State's Program and Non Entitlement Grants in Hawaii (State Administered Small Cities Program)	14.228	NSP3 NSP1	38,527 552,348
Total for cluster			<u>590,875</u>
Pass-Through St. Joseph County Housing Consortium			
HOME Investment Partnerships Program	14.239	HO-10-840 HO-11-840	226,149 66,833
Total for program			<u>292,982</u>
Total for federal grantor agency			<u>1,465,629</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011DJBX3359 2008DJBX0134 2010DJBX0855	9,691 11,609 29,038
Pass-Through the City of South Bend			<u>50,338</u>
Total for cluster			<u>50,338</u>
Direct Grant			
Bulletproof Vest Partnership Program	16.607		<u>3,192</u>
Direct Grant			
Public Safety Partnership and Community Policing Grants	16.710	2009CKWX0555 2010UMWX0116	210,000 25,632
COPS Technology Grant			<u>235,632</u>
COPS Hiring Grant			
Total for program			<u>235,632</u>
Total for federal grantor agency			<u>289,162</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PT-11-04-04-21 PT-12-04-04-19 K8-11-03-03-26 K8-12-03-03-27 CA-2011-08-01-16 RD-11-02-02-21 FACT D3104122	107,222 26,688 65,262 9,662 25,493 9,722 34,673
Pass-Through St. Joseph County Prosecutor			<u>278,722</u>
Total for federal grantor agency			<u>278,722</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS18232701	55,732
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	WW09367103	<u>1,188,892</u>
Total for federal grantor agency			<u>1,254,624</u>
Total federal awards expended			<u>\$ 3,288,137</u>

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

CITY OF MISHAWAKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Subrecipients

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

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

CITY OF MISHAWAKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	no

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.458	ARRA -- Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF MISHAWAKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.