



**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

**CITY OF MISHAWAKA
YEAR ENDED DECEMBER 31, 2004**

JEFFREY L. REA, MAYOR

ANNUAL FINANCIAL REPORT

2004

CITY OF MISHAWAKA

ST. JOSEPH COUNTY, INDIANA

CITY OF MISHAWAKA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR DECEMBER 31, 2004

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June 10, 2005

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, 2004.

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.

In accordance with the above-mentioned guidelines the accompanying report consists of four parts:

- 1) Introductory section, including the Controller's letter of transmittal;
- 2) Financial section, including Management Discussion and Analysis, the financial statements and supplemental data of the city accompanied by our independent auditor's opinion;
- 3) Statistical section, including a number of tables of unaudited data depicting the financial history of the city for the past ten years, information on overlapping governments, and demographic and other miscellaneous information.
- 4) Compliance section, including audit reports, federal financial assistance schedules and notes.

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 eighteenth 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,

Jeffrey L. Rea, Mayor

June 10, 2005

Honorable Mayor Jeffrey L. Rea
Members of the Common Council, and
The Citizens of Mishawaka

The Comprehensive Annual Financial Report of the City of Mishawaka, Indiana for the fiscal year ended December 31, 2004 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 aspects; that it 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, 2004, 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, 2004 are fairly presented in conformity with GAAP.

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, 2004. The independent auditor's opinion is located at the front of the financial section of this report.

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 2004 Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and compliance. The **introductory section** includes the transmittal letters, the government's organizational chart, a list of principal city officials, and the Certificate of Achievement for Excellence in Financial Reporting awarded to the City of Mishawaka for the year ended December 31, 2003. The **financial section** begins with the independent auditors' report on the City's financial statements, the management's discussion and analysis, the basic financial statements, notes to the financial statements, required supplementary information and combining statements and schedules. The **statistical section** contains selected financial and demographic information, generally presented on a multi year basis. The **compliance section** consists of supplemental audit reports, schedules of federal awards and the internal controls necessary for compliance.

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.

Economic Condition and General Overview

The City of Mishawaka, incorporated, as a city in 1899 is located in the north central part of the State of Indiana. The city currently occupies a land area of approximately 17 square miles and serves a population of 46,557.

The central government of the city consists of the Mayor (chief executive officer) and nine-member Common Council six members of which are elected by districts each serving a four-year term.

The annual budget serves as the foundation for the City of Mishawaka's financial planning and control. All departments are required to submit a request for appropriation to the Mayor during the month of July each year. The Mayor uses these requests as the starting point for developing a proposed budget. The Mayor then presents the proposed budget to the Common Council for review the Common Council then is required to hold a public hearing and adoption prior to September 30. Budgetary control is maintained by object classifications for all funds except for the General Fund, which is by object classification within each department. Budgeted appropriations cannot be transferred between object classifications without approval of the Common Council. Any revision to the appropriations for any fund or department of the General fund must be approved by the Common Council and, in some cases, by the Indiana Department of Local Finance. All annual appropriations lapse at fiscal year end unless encumbered by a purchase order or contract. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Encumbrances at year-end are carried forward and added to the ensuing year's budget. Budgetary comparisons are provided in this report for the General Fund on pages 60-64 and for all Non-Major funds on pages 81-95.

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 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'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. 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." In 2004 the city started updating our comprehensive plan.

Mishawaka's 2000 Census population increased to 46,557, a 9.3% increase since 1990 according to the U.S. Census Bureau. Steady job growth and population growth have contributed to the stability of the community. As of December 2004 the South Bend/Mishawaka area unemployment rate remains low at 5.1%. For the same area overall resident employment stands at 137,900.

The total estimated value of new construction in Mishawaka during 2004 was \$72,838,980.00, which was the third highest annual amount in the City's history. The highest annual amount in the City's history (\$90,580,698) was recorded in 1998. Highlighting the 2004 projects were the alteration/remodeling of Mishawaka High School (\$7,700,000), the addition to Granger Community Church (\$5,600,000), the addition/ enclosure to Verizon (\$2,580,000), the construction of Robert C. Beutter Park (\$3,325,842), the renovation of the old Speice building to a Masters Bowling (\$1,100,000), and an addition enclosure to Memorial Health Systems (\$1,100,000).

Retail sales in Mishawaka totaled \$1.4 billion according to a 2000 survey of market data in the South Bend Tribune. In 2004, 21 new commercial businesses were constructed at a cost of \$5.5 million. Of 28 tax abatements issued to 21 companies since 1985, 23 have been in the industrial-manufacturing area. In 2004 the city granted one tax abatement to Plastimatic Arts Corporation. At the end of 2004, only 11 tax abatements were outstanding. The capital investment for all abatements is estimated at \$45,015,999 as well as 2837 new or retained jobs.

Our city continues to be the leader in the use of Tax Incremental Financing (TIF) for new and improved infrastructure. No new projects using TIF funds were started in 2004 but projects from 2003 were either continued or completed in 2004. Projects under construction or completed are the Robert C. Beutter Riverfront Park, improvements to Kamm Island, Main Street Underpass, and other infrastructure improvements include Nyloncraft Storm Sewer Upgrade, Indiana Ridge Boulevard and North Main Street.

Major Initiatives

The following paragraphs briefly outline the some new and some old initiatives of the city.

The Mishawaka Riverwalk continues to be constructed in 2004. The Riverwalk will run east from the boat landing at Lincoln Park across a pedestrian bridge to Kamm Island, across Kamm Island to the east end where a second pedestrian bridge will return the walkway to the mainland of Mishawaka River Center. The Riverwalk project when completed will provide a ten-foot wide concrete pedestrian trail system along the riverfront connecting the central business district with four adjacent neighborhoods and three parks.

Following more than a decade of planning and discussion with St. Joseph County, the City of Mishawaka and St. Joseph County entered into an intergovernmental agreement in November 2004, for the design and construction of an underpass to replace the at-grade crossing of Main Street and the Canadian National Railroad.

Construction started in April 2004 and was completed in August 2004 on the Douglas

Road Improvement project. The primary design objective was adding dual left turn lanes for eastbound and westbound traffic, right turn lanes on the northeast and southwest quadrants of the Main/Douglas intersection and lane widening.

July 2004 was the completion date of improvements to Main Street between Douglas and Home Depot. This \$1.4 million project consisted of a right turn lane along the entire western curb of Main Street and reconstruction of both intersections to accommodate dual left turn lanes from Main Street.

The Electric Division of the Mishawaka Utilities completed installation of a SCADA system that allows it to monitor the status of hardware at all 11 substations in real-time.

The city in cooperation with the Solid Waste District continues a staffed Household Hazardous (HHH) waste collection facility. It is staffed full time and open all year round. In 2004 the facility serviced over 2,300 citizens.

In 1988, the city prepared its first Capital Improvement Program, which contained about forty projects with cost estimates and a prioritization schedule. The first five years of the program were specific and the second five years were necessarily more general. Having completed the first five years of the plan in 1994, a new plan was developed looking forward another ten years. The extension includes over 155 projects for the next ten years. Individual departmental Capital Improvement Plans are updated or implemented for departmental equipment needs as part of the budgeting process.

Planning For the Future

Design is in progress for an underpass type grade separation for the Canadian National Railroad at Main Street to provide for the first time a continuous unobstructed north-south arterial route connecting the central business district to major commercial and residential developments to the north. An estimated cost of this project is \$27 million with the city funding the project through TIF funds and St. Joseph County reimbursing the city over time for its portion of the cost.

One of the largest projects in consideration is the Capital Avenue/SR 331 urban expressway. This highway will connect two major roadways, the Indiana Toll Road (Interstate 80/90) and US Highway 20. This roadway will open up important economic development opportunities in the corridor.

Other public projects slated for 2005 are the Front Street Extension, Douglas Road intersection at Fir, McKinley at Normandy Island Installation, realignment of Main St. and Front St Intersection and extension of sanitary sewer due to growth east of Mishawaka along the SR 331 Corridor.

In June of 2004, St. Joseph Regional Medical Center confirmed its earlier decision to build a new healthcare campus in the Edison Lakes Corporate Park on the City's north side. To accommodate this project, the city annexed 163 acres of land south of Douglas Road between Main Street and Fir Road.

The City is continuing to develop a countywide Geographic Information System (GIS). The GIS computer technology combines mapping and information stored as data that can be collated and retrieved by location, etc. 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.

In November of 2004, ground was broken for the expansion of the Mishawaka Wastewater plant. This expansion has an estimated cost of over \$40 mill.

The Electric department delivered 574 million kilowatt-hours of electricity to 26,285 meters in 2004. The Mishawaka electric distribution system, second largest in Indiana, consists of nearly 300 miles of overhead lines, 170 miles of underground lines, and 11 substations. Several projects are planned to improve efficiency including reducing line loss, further decrease unplanned outages and expand the facilities to serve even greater demands.

Department Focus

The City of Mishawaka Parks and Recreation Department provides and maintains (31) parks and gardens, and over nine hundred acres of open space. While maintaining our facilities to exceptional standards, the department also provides a wide range of activities, special events and recreational programs for people of all ages. Maintaining focus to deliver essential services, the department relies heavily on the Park Five Year Master Plan to guide, direct and implement projects and improvements for city parks and facilities.

The Park Department has a full-time staff of (36) and is governed by a six-member board, commonly known as the Park Board Trustees. The department is also divided into various divisions including recreation and special events, pools and ice rink, community center, golf course, maintenance and landscaping. Within each division, managers oversee the daily operations to guide and lead their team to meet the needs of the community and to ensure that they have had a positive experience, during their leisure time. While the divisions perform their duties, the park administration office is the nucleus of the entire department, assisting managers with their duties and financial encounters. The administration office also assists patrons to reserve gardens for weddings, pavilions for outdoor gatherings and photo identification passes for season ticket holders in golf, disc golf and swimming. The administration office also performs all duties pertaining to employee payroll, receipts from revenues collected and produces claims for expenditures made by the department.

The Eberhart Golf Course is an eighteen-hole, 99-acre course that attracts nearly 41,000 rounds annually. In 2004, the course opened the doors offering golfers a new bridge between tee's number thirteen and eighteen. The new bridge, which extends three hundred and thirty feet across the St. Joseph River, cost the department over \$750,000.

With minimal full-time maintenance employee's, strategy is key in providing quality, clean, safe and fun parks for all to enjoy. Inheriting new responsibilities including the new Kamm Island, Ball Band Memorial Park, cities river walk extensions and the Robert C. Beutter Riverfront Park, has prompted maintenance and landscaping to work together and further educate staff. In 2004, the Park Board Trustees officially accepted the Robert C. Beutter Riverfront Park, Kamm Island and the Ball Band Memorial Park. Beutter Park had a developmental price tag of over 3.4 million dollars. The new urban park sits in downtown Mishawaka on the former Uniroyal site along the southern boundary of the St. Joseph River. The park was developed on the island raceway that was used by Uniroyal to generate power for operations. With two connecting bridges, the park was developed with over 38,000 plantings, concrete walkways that connect to the cities river walk, and the rivers race running thorough it. Concrete weirs and falls re-direct the water providing breath taking views and tranquil sounds.

Other continued developments within the park department included the ongoing adopt-a-park program. The adopt-a-park program was developed nearly seven years ago to assist the department with various tasks within our parks and gardens. Some of the ongoing projects include conversion of traffic islands into beautiful flower gardens, riverbank cleaning and clearing, and painting of park facilities and restroom houses. Volunteers that adopt-a-park, garden or project genuinely assists the department with needs which are too timely to manage and provides the volunteers with a sense of pride and ownership within their designated area.

Utilizing new and existing facilities and parks through structured, organized events is implemented through the parks recreation division. Each year, various programs are presented to the public, targeting people of all ages. The cities oldest and most notable event, Summerfest, is held annually in Mishawaka's Merrifield Park. The two-day event attracts 11-13,000 patrons and is geared for some good old-fashion fun in the park. Other special events and programs include adult softball, and basketball leagues, youth tackle football, Easter Egg Hunt and the summer concert series in Battell Park to name a few.

Other program and recreational classes can be found in the cities community center. The Battell Community Center was purchased from School City of Mishawaka in 1984. While only half of the old school building was purchased for the community center, the remaining half was purchased and developed into senior citizen apartments through the Mishawaka Housing Authority. In 2004 Battell Center had an annual building attendance of 42,000. While many visit the facility for its musical and play performances within the auditorium, others take advantage of the educational and recreational classes offered. From arts, crafts and music to kids and adult recreation, Battell has something for everyone's level of interest.

The parks in general set the tone, image and reputation for the city as a whole. The use of the parks can positively impact the surrounding community by reducing crime, bring people together to recreate during their leisure time and enhance the physical, social and emotional well being of all the citizens of Mishawaka. The Mishawaka Park and Recreation staff will continue to strive to deliver exceptional services and meet the needs of all who utilize the parks and the facilities provided.

Financial Information

The Management Discussion and Analysis (MD&A) (starting on page 3) summarizes the Statement of Net Assets and Statement of Activities and reviews the changes from the prior year. The actual statements are presented on pages 16-18. The Government-Wide Financial Statements are intended to present the City in a more corporate-style basis and provide a view of the whole picture. Additionally, the Fund Financial Statements starting on page 19 are designed to address the Major individual funds by category (governmental and proprietary, as well as the fiduciary by category). An explanation of these presentations can be found on page 4 of the MD&A and in the Notes to the Financial Statements starting on page 32.

Cash Management

Due to fluctuating market conditions, cash temporarily idle during the year was invested according to Indiana Code 5-13-1 in certificates of deposit and repurchase agreements. Investment is authorized by the city according to state statutes. All of the city's checking accounts are interest bearing and/ or invested overnight in repurchase agreements. The city, in cooperation with other local governmental entities participates in bidding banking services including using concentration accounts and daily repurchase agreement provisions. It is the city's policy to invest funds with local federally insured banks that have an office located within the city limits of Mishawaka, and have been designated depositories by the State of Indiana.

Risk Management

In 2004, the City-wide Safety Coordinator in partnership with the Human Resources Department continued a program to encourage on-the-job safety and recognize employees with accident free work records. An accident review committee has been set up to review all on-the-job injuries. The Departments follow a procedure for risk management that includes data collection, tracking trends, and safety committees. The department also administers an employee assistance program.

The city continued self-insurance for medical benefits for employees with specific and aggregate stop loss provisions. Medical claims exceeding \$125,000 per insured on an annual basis are covered through a private carrier. The city carries traditional insurance for workers' compensation, vehicle fleet collision and comprehensive, general liability, public official's liability, property and casualty, inland marine and boiler coverage.

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.

Certificate of Achievement for Excellence In Financial Reporting

The Government Finance Officers Association (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, 2003. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Mishawaka has received a Certificate of Achievement for the last eighteen consecutive years (years ended December 31, 1986-2003). We believe our CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

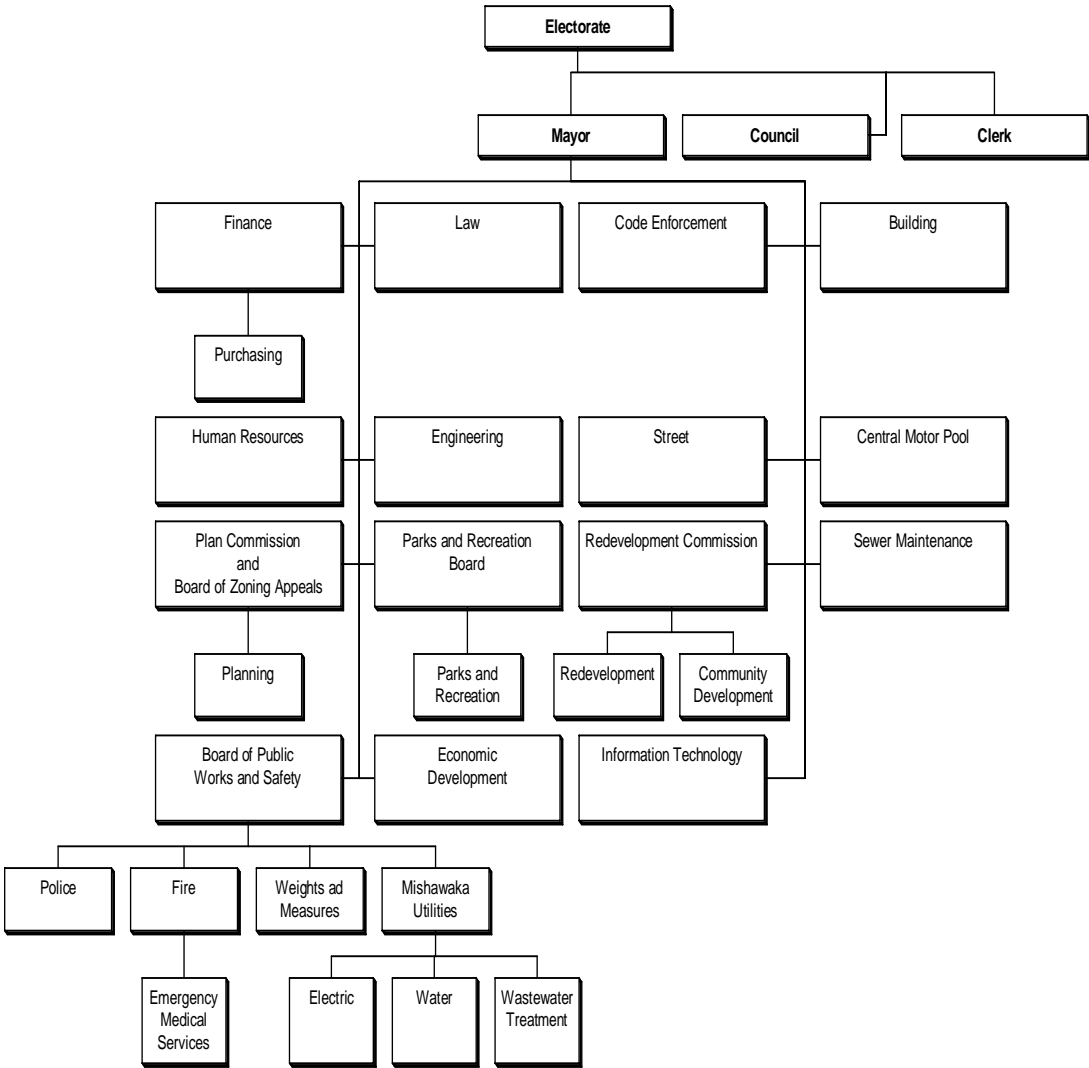
The preparation of this report has been a departmental challenge and could not have been accomplished without the support and dedication of the staff of the Controller's Office. Special appreciation is extended to Deputy Controller Rebecca Miller. I would like to thank Doug Wiese Area Supervisor for the State Board of Accounts and the Area Field Examiners Martha Harper, Lisa Jackson, Alex Flores and John Lindstrand for their assistance and encouragement. They have our sincere appreciation for the preparation of this report. Acknowledgment should also go to Mayor Jeffrey L. Rea and the members of the Mishawaka Common Council for their interest and support in planning and conducting the financial operations of the City.

Respectfully submitted

Yvonne Milligan
City Controller

Staff: Rebecca Miller, Deputy Controller
Elizabeth Ann Fisher
Janet Weber
Cindy Wagley
Deena Dipert
Kim Hill
Jennifer Botka

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, 2003

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.



Nancy L. Zielke

President

Jeffrey R. Emmer

Executive Director



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

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, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2004, 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.

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 a required part 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.

In accordance with Government Auditing Standards, we have also issued our report dated April 14, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The introductory section, combining and individual nonmajor fund financial statements, statistical tables and the accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

April 14, 2005

City of Mishawaka, Indiana
Management Discussion and Analysis
For the year ended December 31, 2004

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, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our basic financial statements and notes to the financial statements to enhance their understanding of Mishawaka's financial performance.

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

FINANCIAL HIGHLIGHTS

- The assets of the City of Mishawaka exceeded its liabilities at the close of the fiscal year by \$134,982,664. Of this amount, \$44,357,675 (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 \$17,312,191. Of this amount governmental activities assets increased by \$9,208,551 and business type activities increased by \$8,103,640. (2003 assets restated refer to Note III J.)
- As of the close of fiscal year 2004, the City of Mishawaka's governmental funds reported combined ending fund balances of \$40,955,753, an increase of \$4,703,355.
- At the end of 2004, unreserved fund balance for the general fund was \$1,771,831(8.4% of General Fund Expenditures) compared to \$2,177,804 for 2003 which was about 10% of total general fund expenditures for that year.
- At the end of 2004, unreserved fund balance for TIF NW General was \$17,246,965 (which was 362% of TIF NW General expenditures for the same year) compared to \$11,881,752 for 2003 which was about 89% of total TIF NW General expenditures for that year.
- At the end of 2004, unreserved fund balance for Other Governmental Funds was \$8,949,069 (which was 44.9% of Other Governmental Funds expenditures) compared to \$7,549,829 for 2003 which was about 54% of total Other Governmental Funds expenditures for that year.
- The City of Mishawaka's total debt decreased during the current fiscal year by a net of \$2,231,606.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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: These statements are designed to provide readers with a broad overview of the City of Mishawaka's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the City of Mishawaka's assets and liabilities as of December 31, 2004, 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 of activities displays the expenses of the City's various programs 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, economic 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 and TIF NW General.

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, 2004.

<u>Revenues</u>	<u>2004 Amount</u>	<u>Percent of Total</u>
Taxes: General Property	\$31,755,211	69.7%
Licenses and permits	320,811	.6%
Intergovernmental	10,839,199	23.8%
Charges for services	1,491,691	3.3%
Fines and forfeits	84,243	.2%
Interest	278,677	.6%
Sales and Use of Property	166,146	.4%
Gifts and Donations	171,127	.4%
Other	<u>478,331</u>	<u>1.0%</u>
Total	\$45,585,436	100.0%

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 2004 the increase was 4.8%. The above property tax revenue includes taxes collected on behalf of the following funds: General Fund, Park and Recreation Fund, Motor Vehicle Highway Fund, Cumulative Capital Development Fund, Cumulative Sewer Fund, Cumulative Fire Equipment and Building Fund, Fire Pension Fund, Police Pension Fund, various capital funds for the City of Mishawaka's Redevelopment Tax Incremental Financing (TIF) Funds and a special levy to cover debt service on general obligation bonds. Approximately 71% of the General Funds 2004 total revenue was derived from property taxes, the TIF NW General derived 98% of its revenue from property tax and the Other Governmental Funds property tax percentage was 42% of total revenue. New sources of revenue need to be identified to shift the burden from homeowners, EDIT and COIT were established to support that purpose. Intergovernmental revenue primarily consists of Economic Development Income Tax (EDIT) and County Option Income Tax (COIT). Economic Development Income Tax was enacted July 1, 1995 at one-tenth of a percent (0.1%) but was then increased by ordinance beginning in 1998 to two-tenths of a percent (0.2%). The city received, \$1,000,495, \$1,342,863 and \$1,218,998 of EDIT distributions for the years 2002, 2003 and 2004 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 \$3,358,862,

\$2,813,697 and \$2,390,838 of COIT distributions for the years 2002, 2003 and 2004 respectively. Other intergovernmental revenue includes alcoholic beverage tax, wheel tax, vehicle excise tax and cigarette tax. User fees need to be reanalyzed in the future to also shift the burden of taxation.

General Government Expenditures- The following schedule presents a summary of general government expenditures for the year ended December 31, 2004.

<u>Expenditures</u>	<u>2004 Amount</u>
General Government	\$5,136,270
Public Safety	17,334,453
Highways and Streets	7,521,315
Sanitation	35,725
Culture and Recreation	6,067,551
Urban redevelopment and housing	3,198,211
Debt service	<u>6,367,416</u>
 Total	 \$45,660,941

The City of Mishawaka breaks its general government expenditures into six categories: general government, public safety, highways and streets, sanitation, culture and recreation, and urban redevelopment. 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 for general government \$17,334,453 or 38% while Highways and Streets and Debt Service are at 16% and 14 % respectively. The public safety and general government's functions were approximately 98% of the General Funds 2004 expenditures. 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 over 40 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 fund and the TIF NW General fund both 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. 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. Because this service predominantly benefits governmental rather than business-type activities, it has been included within the governmental activities in the government-wide 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 (explained below). The Agency Funds are Park Rental Deposit, Redevelopment Revolving, and Payroll with related employee deductions.

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 City of Mishawaka. This group of police officers and firefighters will continue to decline in the future, both as a total member and as a percentage of total payrolls of both the police and fire departments and of the City as a whole. The Utility Pension fund covers all the City of Mishawaka utility workers. The Utility Pension fund is also administered by the City of Mishawaka.

The 1925 and 1937 Police and Fire Pension Plans are funded through a combination of property taxes levied by the City and distributions from the State of Indiana Pension Relief Fund. As a result of the requirements of the state statute that created these funds, the City is legally prevented from funding them in any other way than a "pay as you go" basis. 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 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 and the TIF NW General Fund, a major capital project fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At December 31, 2004, the City of Mishawaka's assets exceeded liabilities by \$134,982,664 an increase of \$17.2 million from the previous year. The largest portion of the City of Mishawaka's net assets reflects its investment in capital assets (65%), less any related debt used to acquire those assets that is still outstanding. 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.

The City of Mishawaka has produced government-wide financial statements using full accrual basis of accounting and economic resources measurement focus. The following tables present a two year comparison of condensed financial information on net assets and changes in net assets.

City of Mishawaka						
Statement of Net Assets, Condensed						
	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Current and Other Assets	\$ 37,586,976	\$40,803,171	\$ 20,864,391	\$26,130,197	\$ 58,451,367	\$ 66,933,368
Capital assets	43,843,081	50,388,686	88,612,003	90,709,368	132,455,084	141,098,054
Total assets	81,430,057	91,191,857	109,476,394	116,839,565	190,906,451	208,031,422
Long-term liabilities	23,830,407	27,593,456	37,011,931	38,313,162	60,842,338	65,906,618
Other liabilities	6,276,612	3,066,812	6,117,028	4,075,328	12,393,640	7,142,140
Total liabilities	30,107,019	30,660,268	43,128,959	42,388,490	73,235,978	73,048,758
Net assets:						
Invested in capital assets, net of related debt	31,127,147	37,867,826	49,875,935	49,993,152	81,003,082	87,860,978
Restricted	1,773,669	447,219	1,921,475	2,316,792	3,695,144	2,764,011
Unrestricted	18,422,222	22,216,544	14,550,025	22,141,131	32,972,247	44,357,675
Total net assets	\$ 51,323,038	\$60,531,589	\$ 66,347,435	\$74,451,075	\$117,670,473	\$134,982,664

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.

At the end of 2004, the City of Mishawaka is 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 2003.

At year end the City of Mishawaka's net assets were \$134,982,664. This amount is made up of \$87,860,978 invested in capital assets net of related debt, \$2,764,011 assets with external restrictions upon its use, and \$44,357,675 of unrestricted assets that are available for future use as directed by management.

There was a decrease of \$1.3 million in restricted net assets reported in connection with the City of Mishawaka's governmental type activities. The governments net assets increased by \$17.3 million during the current fiscal year.

**City of Mishawaka's
Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Revenues						
Program revenues:						
Charges for services	\$ 6,089,107	\$ 2,443,569	\$48,769,594	\$52,866,373	\$54,858,701	\$55,309,942
Operating grants and contributions	1,823,220	2,143,953			1,823,220	2,143,953
Capital grants and contributions	3,750,172	4,494,949	567,998	846,168	4,318,170	5,341,117
General revenues:						
Property taxes	32,066,343	31,758,286			32,066,343	31,758,286
Grants and contributions not restricted to specific programs	4,033,427	4,201,761			4,033,427	4,201,761
Unrestricted investment earnings	196,261	278,677	198,056	204,666	394,317	483,343
Other revenue	171,491	268,780			171,491	268,780
Transfers		(90,756)		90,756		
Total revenues	48,130,021	45,499,219	49,535,648	54,007,963	97,665,669	99,507,182
Expenditures						
General government	9,449,040	5,922,122			9,449,040	5,922,122
Public safety	14,025,776	19,352,725			14,025,776	19,352,725
Highways and streets	3,477,535	3,834,156			3,477,535	3,834,156
Sanitation	115,742	35,725			115,742	35,725
Economic development	1,984,448	3,201,954			1,984,448	3,201,954
Culture and recreation	4,626,859	3,148,419			4,626,859	3,148,419
Interest on long-term debt	1,231,273	795,567			1,231,273	795,567
Water utility			6,553,431	6,973,978	6,553,431	6,973,978
Wastewater utility			5,705,703	5,747,658	5,705,703	5,747,658
Electric utility			33,809,655	33,182,687	33,809,655	33,182,687
Total expenditures	34,910,673	36,290,668	46,068,789	45,904,323	80,979,462	82,194,991
Changes in net assets	13,219,348	9,208,551	3,466,859	8,103,640	16,686,207	17,312,191
Net assets beginning	38,103,690	51,323,038	62,880,576	66,347,435	100,984,266	117,670,473
Net assets ending	\$51,323,038	\$60,531,589	66,347,435	\$74,451,075	\$117,670,473	\$134,982,664

Governmental Activities

The decrease in changes in net assets \$3.9 million in Governmental Activities was primarily due to a restatement of revenue in charges for services. Property taxes had a slight decrease due to appeals from reassessment which came about in 2003.

Business Type Activities

There was an increase in net assets of \$ 4.6 million in Business Type Activities. The increase was primarily due to a correction on a tracking factor used in utility billing this should level out for 2005.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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 \$40,955,753 an increase of \$4,703,355 from the prior year. Over one-half of this total (\$27,967,865) constitutes unreserved fund balance, which is available for spending at the City of Mishawaka's discretion. The majority of the increase in unreserved balances is for capital projects. The remainder of the balance (\$12,987,888) is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$2,316,756), to pay debt service (\$2,014,057), for loans receivable (\$405,575), and for capital assets held for resale (\$8,251,500).

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, 2004, the unreserved balance (\$1,771,831) and the total balance in the general fund was \$2,210,946 a slight decrease (\$157,705) from 2003. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 8% of the total general fund expenditures, while total fund balance represents 11% of the same amount.

The other major fund is TIF NW General. As of December 31, 2004, the unreserved balance (\$17,246,965) and the total balance in the TIF NW General was \$25,498,465, an increase of \$5,365,213 from 2003. TIF NW General is a capital project fund and the increase is due to major projects in the planning stage but not yet ready for construction. As a measure of the TIF NW General's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

Unreserved fund balance represents 363% of the total TIF NW General fund expenditures, while total fund balance represents 536% 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.

Unrestricted net assets of the water, wastewater and electric funds at the end of 2004 amounted to \$22,141,131 and the internal service funds were \$1,133,079. All proprietary funds had increases in net assets during the year. The basic proprietary fund financial statements can be found later in this report.

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 greater than the original budget by \$12,926,898. An amended original budget can be explained by either an encumbrance rollover or a current year budget increase. 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.

Because of a delay in the distribution of property tax from the county the City of Mishawaka had to obtain a tax anticipation warrant (\$12,680,000) which was the significant increase in the actual budget for 2004. Other factors in the budget differences included additional funds needed for overtime and gasoline and oil.

The actual revenues are \$5,903,465 under budget and expenditures are \$13,847,288 under budget. As noted earlier, a delay in sending out tax bills kept the city from

receiving its whole distribution in property tax. This delay caused a significant decrease in actual revenue. The actual tax distribution was lower by an estimate of \$6,407,382.

Small increases were seen in other revenue which primarily consisted of the sale of property and reimbursements from other units on services provided to them. The majority of the decrease in expenditures (\$13,847,288) from the budgeted amount was due to a tax anticipation warrant (\$12,680,000) that was not budgeted but will eventually show up in expenditures and revenue as loan proceeds and other services and charges as the loan repayment. Other savings seen in expenditures came from an implementation of an employee hiring freeze in 2004. The 2004 budget had employee positions in place but not filled, this created a savings on the salary along with the benefits that would have been charged to these positions. Other savings were seen from frugal spending, expenditures being less than originally anticipated, and purchases at the end of the year to be expended after December 31, 2004.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

Capital Assets: The City of Mishawaka's investment in capital assets for its governmental and business type activities at December 31, 2004 amounts to \$132,846,554 (net of accumulated depreciation). 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).

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

- Major Road Improvements listed below-\$1,760,683
- Main Street Gateway Ph IV
- Main Street Improvements Ph IV
- Douglas Road Improvements Ph I
- Fulmer Road Extension Ph I
- Summer Street Sidewalk and Curb Program
- Bittersweet Road Widening
- Eberhart Bridge - \$512,651
- Kamm Island Park- \$582,613

City of Mishawaka's Capital Assets (net of depreciation)

	Governmental Activities		Business Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Land	\$ 4,946,818	\$5,005,818	\$1,079,568	\$1,079,568	\$6,026,386	\$6,085,386
Construction in progress	4,302,537	7,763,518	2,076,905	2,715,209	6,379,442	10,478,727
Buildings	9,785,681	9,593,687	27,501,105	26,618,658	37,286,786	36,212,345
Improvements other than buildings	5,957,508	6,802,607	50,564,623	55,350,729	56,522,131	62,153,336
Machinery and equipment	5,374,019	5,551,846	6,794,996	4,289,154	12,169,015	9,841,000
Transportation equipment			594,806	656,050	594,806	656,050
Infrastructure	5,225,018	7,419,710			5,225,018	7,419,710
Total	\$35,591,581	\$ 42,137,186	\$88,612,003	\$90,709,368	\$124,035,584	\$132,846,554

Debt administration: At December 31, 2004, the City had a number of debt issues outstanding. These issues included \$3,250,000 of general obligation bonds, \$8,350,000 of revenue bonds payable from governmental funds, and \$15,020,895 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 \$1,205,587 from the prior year. This decrease was due to principal payments on the debt.

A detailed listing of this 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 economic condition and outlook of the government continues to show stable growth and vitality. Steady job growth and population growth have contributed to the stability of the community. The City of Mishawaka's 2000 Census population increased to 46,557. This was a 9.3% increase since 1990 according to the U.S. Census Bureau. Unemployment remains low at 5.1% for December 2004. Labor force for St. Joseph County rose slightly to 137,900 from 136,810.

New construction in Mishawaka was valued at \$72 million for 2004 which was the third highest annual amount in the City's history. The highest amount ever recorded was in 1998 in the amount of \$90,580,698.

The year 2005 should be a year of serious thought and consideration on how we can alleviate the burden of property tax on the citizens of Mishawaka. Many considerations are being looked at. Possibly some type of new income tax would be a fairer way to spread the burden.

CITY HIGHLIGHTS

- The City of Mishawaka is continuing to develop a county-wide Geographic Information System.
- In 2004 the city completed a Fire District Analysis and Plan for the Mishawaka Fire Department. This plan was initiated to determine and evaluate the effectiveness and deficiencies of the four current fire station locations with regard to both current conditions and future population growth and development inside and adjacent to the City of Mishawaka's corporate limits.
- A \$40 million dollar expansion to our wastewater treatment plant was started in 2004. This expansion will serve the dual purpose of providing capacity for continued growth in the city and will cut annual combined sewer overflow

volume in half. Wastewater utility rates were increased in 2004 due to this expansion.

- In 2004 we completed the construction of a new bridge at the Eberhart Golf Course.
- Our city continues to participate in public-private partnerships by utilizing Tax Incremental Financing (TIF) for new and improved infrastructure such as the soon to be started Mishawaka River Center. In 1999 the City acquired the entire Uniroyal Industrial site from the bankruptcy Trustee by exercising the purchase option of the lease. The site is now cleared and a Riverfront Park is being constructed. Completion of this park will be early 2005. The city is looking to the future with development along the St Joseph River in downtown Mishawaka available for investment and development. The conceptual plan for the Mishawaka River Center will dramatically change the downtown landscape and riverfront.
- Many large projects are on the horizon. A Grand Trunk Underpass is in the design stage. Capital Avenue/SR 331 Improvements is a highly anticipated road project in our area. State Road 933 to US 20 Bypass has had its preliminary engineering study completed and right of way acquisition should begin in the fall of 2005.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the City of Mishawaka's finances for all those with an interest in the City's finances. 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.mishawakacity.com.

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CITY OF MISHAWAKA
STATEMENT OF NET ASSETS
December 31, 2004

<u>Assets</u>	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 17,729,842	\$ 9,927,952	\$ 27,657,794
Receivables (net of allowances for uncollectibles):			
Interest	38,490	29,874	68,364
Taxes	22,611,880	-	22,611,880
Accounts	388,766	2,826,661	3,215,427
Other	-	41,513	41,513
Intergovernmental	499,312	-	499,312
Loans	1,656,159	-	1,656,159
Internal balances	(5,175,000)	5,175,000	-
Inventories	-	1,474,994	1,474,994
Prepaid expense	455,182	382,430	837,612
Deferred charges	151,191	1,385,381	1,536,572
Net pension asset	507,437	-	507,437
Restricted assets:			
Cash and cash equivalents	1,632,924	4,886,392	6,519,316
Taxes receivable	305,625	-	305,625
Intergovernmental receivable	1,363	-	1,363
Capital assets:			
Land, improvements and construction in progress	12,769,336	3,794,777	16,564,113
Other capital assets, net of depreciation	29,367,850	86,914,591	116,282,441
Assets held for resale	8,251,500	-	8,251,500
Total assets	91,191,857	116,839,565	208,031,422

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

Continued on next page

CITY OF MISHAWAKA
STATEMENT OF NET ASSETS
December 31, 2004
(Continued)

<u>Liabilities</u>	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Accounts payable	1,155,223	2,271,451	3,426,674
Accrued payroll and withholdings payable	71,732	64,495	136,227
Contracts payable	817,192	14,513	831,705
Taxes payable	-	202,367	202,367
Accrued interest payable	196,647	-	196,647
Unearned revenue	703,446	-	703,446
Estimate for unfiled claims	75,000	-	75,000
Line of credit payable	4,027	-	4,027
Payable from restricted assets:			
Customer deposits	-	1,123,602	1,123,602
Accounts payable	-	273,838	273,838
Interest payable	43,545	125,062	168,607
Noncurrent liabilities:			
Due within one year:			
General obligation bonds payable	610,000	-	610,000
Revenue bonds payable	-	1,115,000	1,115,000
TIF bonds payable	1,035,000	-	1,035,000
Compensated absences	132,676	165,533	298,209
Capital lease obligations	142,570	167,258	309,828
Notes and loans payable	1,272,854	506,000	1,778,854
Due in more than one year:			
General obligation bonds payable (net of unamortized discounts and deferred amount on refunding)	2,521,281	-	2,521,281
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	-	13,766,375	13,766,375
TIF bonds payable (net of unamortized discounts)	7,207,613	-	7,207,613
Compensated absences	53,984	75,598	129,582
Capital lease obligations	393,854	356,427	750,281
Notes and loans payable	1,127,082	21,763,255	22,890,337
Net pension obligation	13,096,542	397,716	13,494,258
Total liabilities	<u>30,660,268</u>	<u>42,388,490</u>	<u>73,048,758</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	37,867,826	49,993,152	87,860,978
Restricted for:			
Debt service	447,219	2,316,792	2,764,011
Unrestricted	<u>22,216,544</u>	<u>22,141,131</u>	<u>44,357,675</u>
Total net assets	<u>\$ 60,531,589</u>	<u>\$ 74,451,075</u>	<u>\$ 134,982,664</u>

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, 2004

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	Total
Primary government:							
Governmental activities:							
General government	\$ 5,922,122	\$ 952,684	\$ -	\$ 590,069	\$ (4,379,369)	\$ -	\$ (4,379,369)
Public safety	19,352,725	343,324	178,698	923,490	(17,907,213)	-	(17,907,213)
Highways and streets	3,834,156	232,955	-	2,905,461	(695,740)	-	(695,740)
Sanitation	35,725	-	-	-	(35,725)	-	(35,725)
Economic development	3,201,954	103,228	1,805,176	75,929	(1,217,621)	-	(1,217,621)
Culture and recreation	3,148,419	811,378	160,079	-	(2,176,962)	-	(2,176,962)
Interest on long-term debt	795,567	-	-	-	(795,567)	-	(795,567)
Total governmental activities	<u>36,290,668</u>	<u>2,443,569</u>	<u>2,143,953</u>	<u>4,494,949</u>	<u>(27,208,197)</u>	<u>-</u>	<u>(27,208,197)</u>
Business-type activities:							
Water	6,973,978	7,516,477	-	749,543	-	1,292,042	1,292,042
Wastewater	5,747,658	6,927,799	-	96,625	-	1,276,766	1,276,766
Electric	33,182,687	38,422,097	-	-	-	5,239,410	5,239,410
Total business-type activities	<u>45,904,323</u>	<u>52,866,373</u>	<u>-</u>	<u>846,168</u>	<u>-</u>	<u>7,808,218</u>	<u>7,808,218</u>
Total primary government	<u>\$ 82,194,991</u>	<u>\$ 55,309,942</u>	<u>\$ 2,143,953</u>	<u>\$ 5,341,117</u>	<u>(27,208,197)</u>	<u>7,808,218</u>	<u>(19,399,979)</u>
General revenues:							
Property taxes					31,758,286	-	31,758,286
Grants and contributions not restricted to specific programs					4,201,761	-	4,201,761
Unrestricted investment earnings					278,677	204,666	483,343
Other					268,780	-	268,780
Transfers					(90,756)	90,756	-
Total general revenues and transfers					<u>36,416,748</u>	<u>295,422</u>	<u>36,712,170</u>
Change in net assets					9,208,551	8,103,640	17,312,191
Net assets - restated beginning as detailed in note III parts C and J					<u>51,323,038</u>	<u>66,347,435</u>	<u>117,670,473</u>
Net assets - ending					<u>\$ 60,531,589</u>	<u>\$ 74,451,075</u>	<u>\$ 134,982,664</u>

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

CITY OF MISHAWAKA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004

<u>Assets</u>	<u>General</u>	<u>TIF NW General</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 24,882	\$ 8,398,229	\$ 9,505,261	\$ 17,928,372
Receivables (net of allowances for uncollectibles):				
Interest	22,091	14,375	2,024	38,490
Taxes	7,289,300	11,951,614	3,676,591	22,917,505
Accounts	215,182	-	173,584	388,766
Intergovernmental	133,219	-	367,456	500,675
Loans	-	-	1,656,159	1,656,159
Interfund receivable	-	-	1,960	1,960
Assets held for resale	-	8,251,500	-	8,251,500
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 7,684,674</u>	<u>\$ 28,615,718</u>	<u>\$ 15,383,035</u>	<u>\$ 51,683,427</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 588,673	\$ 19,837	\$ 320,398	\$ 928,908
Accrued payroll and withholdings payable	30,891	-	40,841	71,732
Contracts payable	-	737,230	79,962	817,192
Interfund payable:				
Interfund loans	3,200,000	-	375,000	3,575,000
Interfund services provided and used	-	1,600,000	1,960	1,601,960
Unearned revenue	1,654,164	760,186	1,318,532	3,732,882
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>5,473,728</u>	<u>3,117,253</u>	<u>2,136,693</u>	<u>10,727,674</u>
Fund balances:				
Reserved for:				
Encumbrances	439,115	-	1,877,641	2,316,756
Noncurrent loans receivable	-	-	405,575	405,575
Debt service	-	-	2,014,057	2,014,057
Assets held for resale	-	8,251,500	-	8,251,500
Unreserved, reported in:				
General fund	1,771,831	-	-	1,771,831
Special revenue funds	-	-	4,065,309	4,065,309
Capital projects funds	-	17,246,965	4,883,760	22,130,725
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>2,210,946</u>	<u>25,498,465</u>	<u>13,246,342</u>	<u>40,955,753</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 7,684,674</u>	<u>\$ 28,615,718</u>	<u>\$ 15,383,035</u>	

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

Continued on next page

CITY OF MISHAWAKA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004
(Continued)

	<u>Other Governmental Funds</u>	<u>Totals</u>
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets	57,947,643	
Less accumulated depreciation	<u>(15,810,457)</u>	42,137,186
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.</p>		
Prepaid expenses	455,182	
Deferred charges	151,191	
Net pension asset	<u>507,437</u>	1,113,810
<p>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.</p>		
		1,133,079
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
General obligation bonds payable	(3,250,000)	
TIF bonds payable	(8,350,000)	
Discount	131,725	
Deferred loss on refunding	94,381	
Accrued interest payable	(240,192)	
Compensated absences	(186,660)	
Capital lease obligations	(536,424)	
Notes and loans payable	(2,403,963)	
Net pension obligation	<u>(13,096,542)</u>	(27,837,675)
<p>Unearned revenue in governmental fund is susceptible to full accrual on the entity-wide statements</p>		
		<u>3,029,436</u>
Net assets of governmental activities		<u><u>\$ 60,531,589</u></u>

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

CITY OF MISHAWAKA
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2004

	General	TIF NW General	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 13,902,186	\$ 11,891,613	\$ 5,961,412	\$ 31,755,211
Licenses and permits	308,441	-	12,370	320,811
Intergovernmental	4,197,282	77,708	6,564,209	10,839,199
Charges for services	588,961	-	902,730	1,491,691
Fines and forfeits	66,018	-	18,225	84,243
Interest	131,021	128,363	19,293	278,677
Sale and use of property	58,262	-	107,884	166,146
Gifts and donations	-	-	171,127	171,127
Other	97,653	41,798	338,880	478,331
Total revenues	19,349,824	12,139,482	14,096,130	45,585,436
Expenditures:				
Current:				
General government	4,775,198	-	86,022	4,861,220
Public safety	15,916,902	-	281,505	16,198,407
Highways and streets	276,614	-	3,730,148	4,006,762
Sanitation	35,725	-	-	35,725
Culture and recreation	-	-	3,524,618	3,524,618
Urban redevelopment and housing	10,374	-	3,043,374	3,053,748
Debt service:				
Principal	-	-	2,860,884	2,860,884
Interest	-	-	782,120	782,120
Bond issuance costs	-	-	41,035	41,035
Advance refunding escrow	-	-	2,683,377	2,683,377

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

Continued on next page

CITY OF MISHAWAKA
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2004
(Continued)

	General	TIF NW General	Other Governmental Funds	Total Governmental Funds
Expenditures (continued):				
Capital outlay:				
General government	-	-	275,050	275,050
Public safety	-	-	1,136,046	1,136,046
Highways and streets	-	2,192,802	1,321,751	3,514,553
Culture and recreation	-	2,441,631	101,302	2,542,933
Urban redevelopment and housing	-	121,345	23,118	144,463
Total expenditures	<u>21,014,813</u>	<u>4,755,778</u>	<u>19,890,350</u>	<u>45,660,941</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,664,989)</u>	<u>7,383,704</u>	<u>(5,794,220)</u>	<u>(75,505)</u>
Other financing sources (uses):				
Transfers in	1,509,244	98,509	666,613	2,274,366
Transfers out	(1,960)	(2,117,000)	(246,162)	(2,365,122)
Capital leases	-	-	397,932	397,932
Bond issue proceeds	-	-	2,724,412	2,724,412
Loan proceeds	-	-	1,747,272	1,747,272
Total other financing sources and uses	<u>1,507,284</u>	<u>(2,018,491)</u>	<u>5,290,067</u>	<u>4,778,860</u>
Net change in fund balances	(157,705)	5,365,213	(504,153)	4,703,355
Fund balances - beginning	<u>2,368,651</u>	<u>20,133,252</u>	<u>13,750,495</u>	<u>36,252,398</u>
Fund balances - ending	<u>\$ 2,210,946</u>	<u>\$ 25,498,465</u>	<u>\$ 13,246,342</u>	<u>\$ 40,955,753</u>

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

CITY OF MISHAWAKA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2004

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

Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures and Changes in Fund Balances)	\$	-	\$ 4,703,355
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			
Expenditures for capital assets		8,620,591	
Less current year depreciation expense		<u>(2,074,986)</u>	6,545,605
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		<u>4,539</u>	4,539
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.			
Loan proceeds		(1,747,272)	
Bond proceeds		(2,724,412)	
Bond costs		41,035	
Lease financing		(397,932)	
Payments to escrow agent for refunding		2,683,377	
Principal debt payments		<u>2,860,884</u>	715,680
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Amortization of current year bond discount		(22,534)	
Amortization of current year bond issuance cost		(22,784)	
Amortization of deferred loss		(47,191)	
Accrued interest		79,062	
Change in prepaid expenses		56,734	
Change in compensated absences		(7,830)	
Change in net pension obligation		<u>(2,041,649)</u>	(2,006,192)
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.			<u>(754,436)</u>
Change in net assets of governmental activities (statement of activities)			<u>\$ 9,208,551</u>

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

CITY OF MISHAWAKA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2004

	Business-Type Activities - Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 672,396	\$ 2,329,813	\$ 6,925,743	\$ 9,927,952	\$ 1,434,394
Interest receivable	2,228	4,459	23,187	29,874	-
Accounts receivable (net of allowance)	353,516	362,326	2,110,819	2,826,661	-
Accounts receivable - other (net of allowance)	7,710	8	33,795	41,513	-
Interfund receivables:					
Interfund loans	-	-	3,725,000	3,725,000	-
Interfund services provided and used	-	1,600,000	33,750	1,633,750	-
Inventories	150,308	-	1,324,686	1,474,994	-
Prepaid items	111,164	100,494	170,772	382,430	-
 Total current assets	 <u>1,297,322</u>	 <u>4,397,100</u>	 <u>14,347,752</u>	 <u>20,042,174</u>	 <u>1,434,394</u>
Noncurrent assets:					
Restricted cash, cash equivalents and investments:					
Customer deposits	184,372	920	935,074	1,120,366	-
Revenue bond covenant accounts	1,138,568	1,178,224	604,000	2,920,792	-
Repair account	10,381	320,911	414,689	745,981	-
Capital outlay accounts	99,134	119	-	99,253	-
 Total restricted assets	 <u>1,432,455</u>	 <u>1,500,174</u>	 <u>1,953,763</u>	 <u>4,886,392</u>	 <u>-</u>
Deferred charges	168,248	220,038	997,095	1,385,381	-
Capital assets:					
Land, improvements to land and construction in progress	1,064,838	2,422,207	307,732	3,794,777	-
Other capital assets (net of accumulated depreciation)	42,366,876	22,896,515	21,651,200	86,914,591	-
 Total capital assets	 <u>43,431,714</u>	 <u>25,318,722</u>	 <u>21,958,932</u>	 <u>90,709,368</u>	 <u>-</u>
 Total noncurrent assets	 <u>45,032,417</u>	 <u>27,038,934</u>	 <u>24,909,790</u>	 <u>96,981,141</u>	 <u>-</u>
 Total assets	 <u>46,329,739</u>	 <u>31,436,034</u>	 <u>39,257,542</u>	 <u>117,023,315</u>	 <u>1,434,394</u>

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

Continued on next page

CITY OF MISHAWAKA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2004
(Continued)

<u>Liabilities</u>	<u>Business-Type Activities - Enterprise Funds</u>				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
Current liabilities:					
Accounts payable	95,535	79,326	2,096,590	2,271,451	226,315
Contracts payable	-	14,513	-	14,513	-
Accrued payroll and withholdings payable	17,748	17,701	29,046	64,495	-
Interfund payables:					
Interfund loans	150,000	-	-	150,000	-
Interfund services provided and used	16,875	16,875	-	33,750	-
Estimate for unfiled claims	-	-	-	-	75,000
Taxes payable	26,473	-	175,894	202,367	-
Accrued interest payable	13,259	74,956	36,847	125,062	-
Current liabilities payable from restricted assets:					
Customer deposits	186,972	920	935,710	1,123,602	-
Accounts payable	71,744	24,386	177,708	273,838	-
Compensated absences	49,192	43,454	72,887	165,533	-
Capital leases payable	65,329	101,929	-	167,258	-
Notes and loans payable	485,000	21,000	-	506,000	-
Revenue bonds payable	90,000	1,025,000	-	1,115,000	-
Total current liabilities	<u>1,268,127</u>	<u>1,420,060</u>	<u>3,524,682</u>	<u>6,212,869</u>	<u>301,315</u>
Noncurrent liabilities:					
Compensated absences	40,537	15,217	19,844	75,598	-
Capital leases payable	96,022	260,405	-	356,427	-
Notes and loans payable	21,226,906	536,349	-	21,763,255	-
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	4,554,026	9,212,349	-	13,766,375	-
Net pension obligation	147,155	95,452	155,109	397,716	-
Total noncurrent liabilities	<u>25,917,491</u>	<u>10,024,320</u>	<u>19,844</u>	<u>35,961,655</u>	<u>-</u>
Total liabilities	<u>27,332,773</u>	<u>11,539,832</u>	<u>3,699,635</u>	<u>42,572,240</u>	<u>301,315</u>
<u>Net Assets</u>					
Invested in capital assets, net of related debt	16,422,060	11,612,160	21,958,932	49,993,152	-
Restricted for debt service	1,138,568	1,178,224	-	2,316,792	-
Unrestricted	1,436,338	7,105,818	13,598,975	22,141,131	1,133,079
Total net assets	<u>\$ 18,996,966</u>	<u>\$ 19,896,202</u>	<u>\$ 35,557,907</u>	<u>\$ 74,451,075</u>	<u>\$ 1,133,079</u>

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

CITY OF MISHAWAKA
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2004

	Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
Operating revenues:					
Unmetered water revenue	\$ 10,944	\$ -	\$ -	\$ 10,944	\$ -
Metered water revenue:					
Residential	4,685,284	-	11,783,309	16,468,593	-
Commercial	1,429,159	-	21,257,694	22,686,853	-
Public street and highway lighting	-	-	367,811	367,811	-
Fire protection revenue	1,024,789	-	-	1,024,789	-
Penalties	37,306	-	151,942	189,248	-
Other water revenue	198,360	-	-	198,360	-
Employee/employer contributions	-	-	-	-	5,327,922
Measured revenue:					
Residential	-	3,662,245	-	3,662,245	-
Commercial	-	3,101,510	-	3,101,510	-
Other	130,150	83,577	4,861,341	5,075,068	-
Total operating revenues	<u>7,515,992</u>	<u>6,847,332</u>	<u>38,422,097</u>	<u>52,785,421</u>	<u>5,327,922</u>
Operating expenses:					
Source of supply and expense - operations and maintenance	1,164,430	830,808	-	1,995,238	-
Transmission and distribution	1,450,335	1,259,379	2,847,259	5,556,973	-
Treatment and disposal expense - operations and maintenance	577,952	619,355	-	1,197,307	-
Customer accounts	421,997	334,257	788,431	1,544,685	-
Administration and general	894,317	905,238	2,314,110	4,113,665	-
Insurance claims and premiums	-	-	-	-	6,082,358
Purchased power	-	-	25,432,024	25,432,024	-
Bad debt expense	14,131	3,479	57,597	75,207	-
Depreciation	1,386,901	1,221,278	1,473,304	4,081,483	-
Total operating expenses	<u>5,910,063</u>	<u>5,173,794</u>	<u>32,912,725</u>	<u>43,996,582</u>	<u>6,082,358</u>
Operating income (loss)	<u>1,605,929</u>	<u>1,673,538</u>	<u>5,509,372</u>	<u>8,788,839</u>	<u>(754,436)</u>
Nonoperating revenues (expenses):					
Interest and investment revenue	31,807	34,456	138,403	204,666	-
Miscellaneous revenue	485	80,467	-	80,952	-
Interest expense	(910,973)	(482,434)	(38,102)	(1,431,509)	-
Amortization expense	(10,066)	(14,183)	(27,358)	(51,607)	-
Loss on disposal of assets	(142,876)	(10,099)	(204,502)	(357,477)	-
Miscellaneous expense	-	(67,148)	-	(67,148)	-
Total nonoperating expenses	<u>(1,031,623)</u>	<u>(458,941)</u>	<u>(131,559)</u>	<u>(1,622,123)</u>	<u>-</u>
Income (loss) before contributions and transfers	574,306	1,214,597	5,377,813	7,166,716	(754,436)
Capital contributions	749,543	96,625	-	846,168	-
Transfers in	-	1,600,000	-	1,600,000	-
Transfers out	(452,915)	(253,171)	(803,158)	(1,509,244)	-
Change in net assets	870,934	2,658,051	4,574,655	8,103,640	(754,436)
Total net assets - beginning	<u>18,126,032</u>	<u>17,238,151</u>	<u>30,983,252</u>	<u>66,347,435</u>	<u>1,887,515</u>
Total net assets - ending	<u>\$ 18,996,966</u>	<u>\$ 19,896,202</u>	<u>\$ 35,557,907</u>	<u>\$ 74,451,075</u>	<u>\$ 1,133,079</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, 2004

	Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
Cash flows from operating activities:					
Receipts from customers and users	\$ 7,519,642	\$ 6,795,754	\$ 38,616,503	\$ 52,931,899	\$ -
Receipts from interfund services provided	-	-	-	-	5,327,922
Payments to suppliers	(1,731,849)	(1,695,556)	(28,061,061)	(31,488,466)	-
Payments to employees	(2,820,110)	(2,336,187)	(3,839,739)	(8,996,036)	-
Payments for interfund services used	-	-	-	-	(6,253,787)
Other receipts (payments)	485	13,319	(3,425,000)	(3,411,196)	-
Net cash provided by operating activities	<u>2,968,168</u>	<u>2,777,330</u>	<u>3,290,703</u>	<u>9,036,201</u>	<u>(925,865)</u>
Cash flows from noncapital financing activities:					
Transfer to other funds	(452,915)	(253,171)	(803,158)	(1,509,244)	-
Cash flows from capital and related financing activities:					
Capital contributions	749,543	96,625	-	846,168	-
Acquisition and construction of capital assets	(1,038,177)	(487,899)	(3,559,026)	(5,085,102)	-
Principal paid on bonds	(175,000)	(1,005,000)	-	(1,180,000)	-
Principal paid on capital debt	(97,527)	(130,110)	(16,240)	(243,877)	-
Principal paid on loans	(1,100,000)	(21,000)	-	(1,121,000)	-
Interest paid on bonds	(252,167)	(219,560)	-	(471,727)	-
Interest paid on capital debt	(9,825)	(16,943)	(1,255)	(28,023)	-
Interest paid on loans	(641,117)	(11,426)	-	(652,543)	-
Interest paid on customer deposits	(7,601)	-	(32,724)	(40,325)	-
Net cash used by capital and related financing activities	<u>(2,571,871)</u>	<u>(1,795,313)</u>	<u>(3,609,245)</u>	<u>(7,976,429)</u>	<u>-</u>
Cash flows from investing activities:					
Interest received	29,976	30,718	124,077	184,771	-
Net increase (decrease) in cash and cash equivalents	(26,642)	759,564	(997,623)	(264,701)	(925,865)
Cash and cash equivalents, January 1 (Including \$983,142 , \$1,921,475, \$425,070, \$ 859,421 and \$168,583 for the customer deposits, revenue bond covenant account, repair account, reserve account and capital outlay account, respectively, reported in restricted accounts)					
	<u>2,131,493</u>	<u>3,070,423</u>	<u>9,877,129</u>	<u>15,079,045</u>	<u>2,360,259</u>
Cash and cash equivalents, December 31 (Including \$1,120,366 , \$2,920,792, \$745,981 and \$99,253 for the customer deposits, revenue bond covenant account, repair account and capital outlay account, respectively, reported in restricted accounts)					
	<u>\$ 2,104,851</u>	<u>\$ 3,829,987</u>	<u>\$ 8,879,506</u>	<u>\$ 14,814,344</u>	<u>\$ 1,434,394</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, 2004
(Continued)

	Enterprise Funds				Internal Service Fund
	Water Utility	Wastewater Utility	Electric Utility	Total	
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$ 1,605,929	\$ 1,673,538	\$ 5,509,372	\$ 8,788,839	\$ (754,436)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,386,901	1,221,278	1,473,304	4,081,483	-
Nonoperating revenue	485	13,319	-	13,804	-
(Increase) decrease in assets:					
Accounts receivable	3,650	(51,578)	69,966	22,038	-
Interfund receivables	-	-	(3,458,750)	(3,458,750)	-
Inventories	5,371	-	(173,137)	(167,766)	-
Prepaid items	(17,022)	(3,853)	(97,802)	(118,677)	-
Increase (decrease) in liabilities:					
Customer deposits	5,429	840	124,440	130,709	-
Accounts payable	(21,490)	(54,784)	(68,429)	(144,703)	(163,329)
Accrued payroll and withholdings payable	(67,953)	(63,168)	(103,887)	(235,008)	-
Interfund loans	16,875	11,616	-	28,491	-
Compensated absence payable	2,016	(8,196)	(9,070)	(15,250)	-
Taxes payables	(16,267)	-	(4,787)	(21,054)	-
Net pension obligation payable	64,244	38,318	29,483	132,045	(8,100)
Total adjustments	<u>1,362,239</u>	<u>1,103,792</u>	<u>(2,218,669)</u>	<u>247,362</u>	<u>(171,429)</u>
Net cash provided by operating activities	<u>\$ 2,968,168</u>	<u>\$ 2,777,330</u>	<u>\$ 3,290,703</u>	<u>\$ 9,036,201</u>	<u>\$ (925,865)</u>
Noncash investing, capital and financing activities:					
Borrowing under capital lease	\$ -	\$ 168,000	\$ -	\$ 168,000	\$ -
Accreted value on capital appreciation bonds	-	183,395	-	183,395	-
Purchase of equipment on account	53,543	44,159	144,117	241,819	-
Debt issued cost incurred through debt (SRF loan)	-	122,815	-	122,815	-
Work in progress financed through debt (SRF loan)	1,188,011	56,534	-	1,244,545	-
Disposal of capital assets	181,500	181,588	422,402	785,490	-

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, 2004

<u>Assets</u>	Pension Trust Funds	Agency Funds
Cash and cash equivalents	\$ 1,884,625	\$ 167,073
Receivables:		
Accounts	-	32,596
Interest and dividends	15,063	-
Taxes	306,081	-
Intergovernmental	<u>1,235</u>	<u>-</u>
Total receivables	<u>322,379</u>	<u>32,596</u>
Investments at fair value:		
U.S. Government securities	2,203,451	-
Corporate obligations	134,520	-
Open-end mutual funds	<u>8,570,210</u>	<u>-</u>
Total investments	<u>10,908,181</u>	<u>-</u>
Total assets	<u>13,115,185</u>	<u>\$ 199,669</u>
 <u>Liabilities</u>		
Accounts payable	315	\$ 74,580
Accrued payroll and withholdings payable	<u>-</u>	<u>125,089</u>
Total liabilities	<u>315</u>	<u>\$ 199,669</u>
 <u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits and other purposes	<u>13,114,870</u>	
Total net assets	<u>\$ 13,114,870</u>	

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

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CITY OF MISHAWAKA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For The Year Ended December 31, 2004

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
Employer	\$ 3,234,091
Plan members	<u>23,770</u>
Total contributions	<u>3,257,861</u>
Investment income:	
Net increase in fair value of investments	524,299
Interest	<u>323,098</u>
Total investment income	847,397
Less investment expense:	
Investment activity expense	<u>25,359</u>
Net investment income	<u>822,038</u>
Total additions	<u>4,079,899</u>
 <u>Deductions</u>	
Benefits	3,876,151
Administrative expense	<u>23,552</u>
Total deductions	<u>3,899,703</u>
Changes in net assets	180,196
Net assets - beginning	<u>12,934,674</u>
Net assets - ending	<u><u>\$ 13,114,870</u></u>

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Related Organizations

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

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) 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.

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

The primary government reports the following major governmental funds:

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

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

The primary government reports the following major proprietary funds:

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

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

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

Additionally, the primary government reports the following fund types:

The internal service fund accounts for employee medical coverage provided to other departments or to the governments on a cost-reimbursement basis.

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 rental deposits, administrative costs of the Redevelopment Department and employee payroll and deductions.

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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

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

Open-end mutual funds are reported at fair value.

Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. 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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Property taxes levied are collected by the County Treasurer and are usually distributed to the primary government in June and in December. However, for the 2004 tax year, an additional distribution was received by the primary government in January, 2005 with a final distribution in April, 2005. Appropriate receivables have been recognized for these distributions. State statutes (IC 6-1.1-17-16) require the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 and/or proprietary funds, 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.

5. Restricted Assets

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

6. Capital Assets

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

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Capitalization Threshold	Depreciation Method	Estimated Useful Life (Years)
Buildings and improvements	\$ 5,000	Straight-line	20-50
Equipment	5,000	Straight-line	3-15
Roads – collectors and residential	5,000	Straight-line	10-35
Water collection systems	500	Straight-line	5-50
Wastewater distribution and collection systems	500	Straight-line	4-50
Electric distribution system	500	Straight-line	5-50

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

7. Compensated Absences

- a. Flexible Time – primary government employees earn flexible time off at the rate of one-half days per month and may accumulate to a maximum of twenty-five days. The primary government may buy back flexible time off days from any employee up to a maximum of six flexible time off days per year. Flexible time off is paid to employees upon termination.
- b. Vacation Leave – non-union primary government employees earn vacation leave at rates from ten days to twenty-five days per year based upon the number of years of service. Union utility employees earn vacation leave at rates from five to thirty days per year based upon the number of years of service, plus one day for each year of service after thirty years. Vacation leave does not accumulate from year to year.

Flexible time off is accrued when incurred.

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 and deferral of loss on refunding, 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, discount or deferral. 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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

9. Fund Equity

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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

On or before August 31, the City Controller submits to the Common Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Common Council to obtain taxpayer comments. In September of each year, the Common Council through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the 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

Deposits, made in accordance with IC 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

The primary government's investments are categorized below to give an indication of the level of risk assumed by the primary government at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the primary government or its agent in the primary government's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the primary government's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the primary government's name.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Category</u>			<u>Reported Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U.S. Government securities	\$ -	\$ -	\$ 2,203,451	\$ 2,203,451	\$ 2,203,451
Repurchase agreements	<u>-</u>	<u>-</u>	<u>134,520</u>	<u>134,520</u>	<u>134,520</u>
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,337,971</u>	2,337,971	2,337,971
Investments not subject to categorization:					
Mutual funds				<u>8,570,210</u>	<u>8,570,210</u>
Total investments				<u>\$ 10,908,181</u>	<u>\$ 10,908,181</u>

B. Loans Receivables

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

<u>Fund</u>	<u>Receivable</u>	<u>Noncurrent</u>
Special revenue funds:		
Industrial Development	\$ 49,657	\$ 35,913
Community Development	1,565,504	331,972
Property Rehabilitation Revolving	<u>40,998</u>	<u>37,690</u>
Totals	<u>\$ 1,656,159</u>	<u>\$ 405,575</u>

C. Capital Assets

For the year ended December 31, 2003, certain changes have been made to the financial statements to more accurately reflect financial activity of the primary government. The following schedule presents a summary of restated beginning balances by activity type:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Type	Balance December 31, 2003 Previously Reported	Adjustments	Balance December 31, 2003 Adjusted
Governmental activities:			
Land	\$ 3,015,698	\$ 1,931,120	\$ 4,946,818
Buildings	14,421,979	-	14,421,979
Improvements other than buildings	7,732,322	-	7,732,322
Machinery and equipment	12,565,945	(10,679)	12,555,266
Construction in progress	4,481,525	(178,988)	4,302,537
Infrastructure	5,368,130	-	5,368,130
Totals	<u>\$ 47,585,599</u>	<u>\$ 1,741,453</u>	<u>\$ 49,327,052</u>

Beginning net assets were also increased by \$1,741,453 from \$49,175,562 to \$50,917,015.

Capital asset activity for the year ended December 31, 2004, was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,946,818	\$ 59,000	\$ -	\$ 5,005,818
Construction in progress	4,302,537	5,573,859	2,112,878	7,763,518
Total capital assets, not being depreciated	<u>9,249,355</u>	<u>5,632,859</u>	<u>2,112,878</u>	<u>12,769,336</u>
Capital assets, being depreciated:				
Buildings	14,421,979	130,684	-	14,552,663
Improvements other than buildings	7,732,322	1,258,936	-	8,991,258
Machinery and equipment	12,555,266	1,340,194	97,564	13,797,896
Infrastructure	5,368,130	2,468,360	-	7,836,490
Totals	<u>40,077,697</u>	<u>5,198,174</u>	<u>97,564</u>	<u>45,178,307</u>
Less accumulated depreciation for:				
Buildings	4,636,298	322,678	-	4,958,976
Improvements other than buildings	1,774,814	413,837	-	2,188,651
Machinery and equipment	7,181,247	1,160,879	96,076	8,246,050
Infrastructure	143,112	273,668	-	416,780
Totals	<u>13,735,471</u>	<u>2,171,062</u>	<u>96,076</u>	<u>15,810,457</u>
Total capital assets, being depreciated, net	<u>26,342,226</u>	<u>3,027,112</u>	<u>1,488</u>	<u>29,367,850</u>
Total governmental activity capital assets, net	<u>\$ 35,591,581</u>	<u>\$ 8,659,971</u>	<u>\$ 2,114,366</u>	<u>\$ 42,137,186</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,079,568	\$ -	\$ -	\$ 1,079,568
Construction in progress	<u>2,076,905</u>	<u>2,091,664</u>	<u>1,453,360</u>	<u>2,715,209</u>
 Total capital assets, not being depreciated	 <u>3,156,473</u>	 <u>2,091,664</u>	 <u>1,453,360</u>	 <u>3,794,777</u>
Capital assets, being depreciated:				
Buildings	34,013,207	153,732	616	34,166,323
Improvements other than buildings	81,978,887	4,722,252	398,235	86,302,904
Machinery and equipment	9,593,113	567,911	186,264	9,974,760
Transportation	<u>2,917,275</u>	<u>386,772</u>	<u>200,375</u>	<u>3,103,672</u>
 Totals	 <u>128,502,482</u>	 <u>5,830,667</u>	 <u>785,490</u>	 <u>133,547,659</u>
Less accumulated depreciation for:				
Buildings	6,832,019	715,795	149	7,547,665
Improvements other than buildings	28,607,223	2,532,505	187,553	30,952,175
Machinery and equipment	5,285,240	507,657	107,291	5,685,606
Transportation	<u>2,322,470</u>	<u>325,527</u>	<u>200,375</u>	<u>2,447,622</u>
 Totals	 <u>43,046,952</u>	 <u>4,081,484</u>	 <u>495,368</u>	 <u>46,633,068</u>
 Total capital assets, being depreciated, net	 <u>85,455,530</u>	 <u>1,749,183</u>	 <u>290,122</u>	 <u>86,914,591</u>
 Total business-type activity capital assets, net	 <u>\$ 88,612,003</u>	 <u>\$ 3,840,847</u>	 <u>\$ 1,743,482</u>	 <u>\$ 90,709,368</u>

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

Governmental activities:	
General government	\$ 234,472
Public safety	844,078
Highways and streets	500,781
Culture and recreation	584,985
Community development	<u>6,746</u>
 Total depreciation expense - governmental activities	 <u>\$ 2,171,062</u>
 Business-type activities:	
Water	\$ 1,386,901
Wastewater	1,221,278
Electric	<u>1,473,304</u>
 Total depreciation expense - business-type activities	 <u>\$ 4,081,483</u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2004	Committed	Required Future Funding
Governmental activities:				
Fulmer Road	\$ 973,578	\$ 711,664	\$ 261,914	\$ -
Douglas Road	401,063	332,646	68,417	-
Main Street Gateway	1,248,649	1,148,693	99,956	-
Indian Ridge Blvd.	493,885	428,552	65,333	-
Curbs, Sidewalks and Street	735,723	735,723	-	-
North Main Street	1,405,341	1,073,885	331,456	-
Main Street at Catalpa	30,000	14,950	15,050	-
Sewer Street map updating	130,000	88,672	41,328	-
Jefferson Blvd.	1,213,431	535,603	677,828	-
Capital Ave. AEP easement	10,000	9,547	453	-
Main Street underpass	1,640,000	138,555	1,501,445	-
Park Projects	3,764,961	2,545,028	1,219,933	-
Totals - governmental	<u>\$ 12,046,631</u>	<u>\$ 7,763,518</u>	<u>\$ 4,283,113</u>	<u>\$ -</u>
Business-type activities:				
Wastewater Utility:				
WWTP Design	\$ 2,173,600	\$ 2,173,588	\$ 12	-
WWTP Expansion	1,931,168	56,534	1,900,078	-
Milburn Improvements	334,270	30,193	304,077	-
Water Utility:				
Village/Fir widening	541,233	444,353	280,377	-
Main St Market Place	38,250	10,541	27,709	-
Totals - business-type	<u>\$ 5,018,521</u>	<u>\$ 2,715,209</u>	<u>\$ 2,512,253</u>	<u>\$ -</u>

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2004, is as follows:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Receivable	Payable					
	Governmental			Business-type		Total
	General Fund	TIF NW General Fund	Nonmajor Governmental	Water Utility	Wastewater Utility	
Nonmajor Governmental	\$ -	\$ -	1,960	\$ -	\$ -	\$ 1,960
Business-type:						
Electric Utility	3,200,000	-	375,000	166,875	16,875	3,758,750
Wastewater Utility	-	1,600,000	-	-	-	1,600,000
Totals	<u>\$ 3,200,000</u>	<u>\$ 1,600,000</u>	<u>\$ 376,960</u>	<u>\$ 166,875</u>	<u>\$ 16,875</u>	<u>\$ 5,360,710</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, 2004, were as follows:

Transfer From	Transfer To				
	Governmental			Business-Type	Total
	General Fund	TIF NW General Fund	Nonmajor Governmental	Wastewater Utility	
General Fund	\$ -	\$ -	\$ 1,960	\$ -	\$ 1,960
TIF NW General Fund	-	-	517,000	1,600,000	2,117,000
Nonmajor Governmental	-	98,509	147,653	-	246,162
Business-type:					
Water Utility	452,915	-	-	-	452,915
Wastewater Utility	253,171	-	-	-	253,171
Electric Utility	803,158	-	-	-	803,158
Totals	<u>\$ 1,509,244</u>	<u>\$ 98,509</u>	<u>\$ 666,613</u>	<u>\$ 1,600,000</u>	<u>\$ 3,874,366</u>

The primary government typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the TIF general funds to the debt service funds for current-year debt service requirements.

F. Leases

Capital Leases

The primary government has entered into various capital leases for fire equipment, Clay Water and Wastewater Utilities, sewer cleaner, a telemetry system, construction equipment and transportation equipment. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2004, are as follows:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2005	\$ 162,277	\$ 192,609
2006	162,276	160,769
2007	89,157	96,961
2008	89,156	70,408
2009	89,157	34,000
2010-2014	<u>-</u>	<u>33,924</u>
 Total minimum lease payments	 592,023	 588,671
 Less amount representing interest	 <u>55,599</u>	 <u>64,986</u>
 Present value of net minimum lease payments	 <u>\$ 536,424</u>	 <u>\$ 523,685</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Improvements other than buildings	\$ -	\$ 442,000
Machinery and equipment	730,747	412,065
Transportation equipment	<u>-</u>	<u>283,200</u>
 Totals	 730,747	 1,137,265
 Accumulated depreciation	 <u>67,811</u>	 <u>556,858</u>
 Totals	 <u>\$ 662,936</u>	 <u>\$ 580,407</u>

G. Short-Term Liabilities

1. Tax Anticipation Notes

The primary government issued tax anticipation notes in advance of property tax collections, depositing the proceeds in its general, park and recreation, and motor vehicle highway funds. These notes were necessary because of the uncertainty that the county would be able to distribute the 2004 property taxes to governmental units in 2004.

2. Revolving Line of Credit

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Short-term debt activity for the year ended December 31, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Issued/ Draws</u>	<u>Redeemed Repayments</u>	<u>Ending Balance</u>
Tax anticipation notes	\$ -	\$ 15,383,000	\$ 15,383,000	\$ -
Line of credit	-	497,272	493,245	4,027

H. Long-Term Liabilities

1. General Obligation Bonds

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

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
1996 Park and recreation	5%	\$ 505,000
2004 Refunding of 1993 police station bonds	3%	<u>2,745,000</u>
Total		<u>\$ 3,250,000</u>

General obligation bonds at year end include the following amounts of unamortized discount and unamortized loss on refunding:

<u>Purpose</u>	<u>Balance at December 31, 2004</u>	<u>Unamortized Discount</u>	<u>Unamortized Loss on Refunding</u>	<u>Adjusted Balance</u>
1996 Park and recreation	\$ 505,000	\$ 3,750	\$ -	\$ 501,250
2004 Refunding of 1993 police station bonds	<u>2,745,000</u>	<u>20,588</u>	<u>94,381</u>	<u>2,630,031</u>
Totals	<u>\$ 3,250,000</u>	<u>\$ 24,338</u>	<u>\$ 94,381</u>	<u>\$ 3,131,281</u>

2. Tax Incremental Financing (TIF) Bonds

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Interest Rates	Amount
Governmental activities:		
1999 Redevelopment SS District TIF	5.1% to 5.8%	\$ 2,675,000
2001 Redevelopment MW District TIF refunding	5%	5,340,000
2001 Redevelopment CBD District TIF refunding	5%	<u>335,000</u>
Total		<u>\$ 8,350,000</u>

Purpose	Balance at December 31, 2004	Unamortized Discount	Adjusted Balance
1999 Redevelopment SS District TIF	\$ 2,675,000	\$ 33,431	\$ 2,641,569
2001 Redevelopment NW District TIF refunding	5,340,000	69,276	5,270,724
2001 Redevelopment CBD District TIF refunding	<u>335,000</u>	<u>4,680</u>	<u>330,320</u>
Totals	<u>\$ 8,350,000</u>	<u>\$ 107,387</u>	<u>\$ 8,242,613</u>

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

Year Ended December 31	Governmental Activities			
	General Obligation Bonds		TIF Bonds	
	Principal	Interest	Principal	Interest
2005	\$ 610,000	\$ 72,851	\$ 1,035,000	\$ 414,564
2006	510,000	85,110	1,085,000	361,979
2007	255,000	71,110	1,140,000	306,884
2008	265,000	63,384	1,195,000	248,807
2009	270,000	55,360	1,220,000	187,618
2010-2014	1,340,000	130,553	2,360,000	329,845
2015-2019	<u>-</u>	<u>-</u>	<u>315,000</u>	<u>9,135</u>
Totals	<u>\$ 3,250,000</u>	<u>\$ 478,368</u>	<u>\$ 8,350,000</u>	<u>\$ 1,858,832</u>

3. Revenue Bonds

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Interest Rates	Amount
Business-type activities:		
1994 Wastewater capital appreciation bonds	5.55% to 5.65%	\$ 3,407,005
2002 Wastewater refunding revenue bonds	1.3% to 3.7%	7,145,000
2000 Water revenue bonds	4.5% to 5.5%	<u>4,715,000</u>
Total		<u><u>\$ 15,267,005</u></u>

Revenue bonds at year end include the following amounts of unamortized discount and unamortized loss on refunding.

Purpose	Balance at December 31, 2004	Unamortized Discount	Unamortized Loss on Refunding	Adjusted Balance
Business-type activities:				
1994 Wastewater capital appreciation bonds	\$ 3,407,005	\$ 18,707	\$ 246,110	\$ 3,142,188
2002 Wastewater refunding revenue bonds	7,145,000	49,839	-	7,095,161
2000 Water revenue bonds	<u>4,715,000</u>	<u>70,974</u>	<u>-</u>	<u>4,644,026</u>
Totals	<u><u>\$ 15,267,005</u></u>	<u><u>\$ 139,520</u></u>	<u><u>\$ 246,110</u></u>	<u><u>\$ 14,881,375</u></u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Business-Type Activities	
	Principal	Interest
2005	\$ 1,210,000	\$ 445,885
2006	1,245,000	415,248
2007	1,280,000	380,793
2008	1,325,000	340,710
2009	1,365,000	295,639
2010-2014	5,218,299	3,019,951
2015-2019	3,383,706	380,281
2020-2024	<u>240,000</u>	<u>6,600</u>
Totals	<u><u>\$ 15,267,005</u></u>	<u><u>\$ 5,285,107</u></u>

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Notes and Loans Payable

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 1,272,854	\$ 48,046	\$ 1,001,000	\$ 650,410
2006	279,685	30,253	1,037,000	620,806
2007	288,644	22,244	1,063,000	590,308
2008	295,753	13,978	1,093,000	558,984
2009	174,000	5,500	1,119,000	526,775
2010-2014	89,000	1,113	6,145,000	2,116,478
2015-2019	-	-	7,031,906	11,563,770
2020-2024	-	-	3,600,000	158,050
Totals	<u>\$ 2,399,936</u>	<u>\$ 121,134</u>	<u>\$ 22,089,906</u>	<u>\$ 16,785,581</u>

Under terms of the State Revolving Loan Fund, revenue bonds have been purchased by the Indiana Bond Bank, the proceeds of which are set aside to finance the wastewater plant expansion and improvements. Funds are loaned to the Utility as construction costs are incurred to the maximum allowed. The 2004 loan established a maximum draw of \$41,620,000. As of December 31, 2004, the loan principal balance was \$179,349. Annual debt service requirements to maturity for the 2004 loan will not be determined until planned construction is completed. The interest rate on the loan is 3.69% but no interest accrues until 2005.

5. Advance Refunding

On December 3, 2004, the City of Mishawaka issued \$2,745,000 in refunding revenue bonds with an average interest rate of 3.55% to advance refund \$2,590,000 of 1993 police station bonds with an average interest rate of 5.45%. The net proceeds of \$2,683,377 (after payment of \$41,035 in issuance costs and \$20,588 in bond discount) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 police station bonds. As a result, these bonds are considered to be defeased and the liability for those bonds has been removed from the Balance Sheet. The refunding resulted in the accounting loss of \$141,572, which has been netted against the long term debt in the Balance Sheet. This amount will be amortized using the straight line method and charged to interest expense over the next three months. The City of Mishawaka in affect increased its aggregate debt service payment by \$177,203 over the next ten years and realized an economic gain (difference between the present values of the old and new debt service payments) of \$102,231.

In prior years, the Mishawaka Wastewater Utility defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the primary government's financial statements. At December 31, 2004, \$7,500,000 of bonds outstanding are considered defeased.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2004, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation	\$ 3,500,000	\$ 2,745,000	\$ 2,995,000	\$ 3,250,000	\$ 610,000
TIF	9,335,000	-	985,000	8,350,000	1,035,000
Less deferred amount:					
For issuance discounts	-	141,572	47,191	94,381	-
On refunding	<u>163,329</u>	<u>20,588</u>	<u>52,192</u>	<u>131,725</u>	<u>-</u>
Total bonds payable	12,671,671	2,582,840	3,880,617	11,373,894	1,645,000
Capital leases payable	596,067	397,932	457,575	536,424	142,570
Notes and loans payable	1,670,000	1,250,000	520,064	2,399,936	1,272,854
Net pension obligation	10,953,479	1,635,626	-	12,589,105	-
Compensated absences	<u>178,830</u>	<u>136,588</u>	<u>128,758</u>	<u>186,660</u>	<u>132,676</u>
Total governmental activities long-term liabilities	<u>\$ 26,070,047</u>	<u>\$ 6,002,986</u>	<u>\$ 4,987,014</u>	<u>\$ 27,086,019</u>	<u>\$ 3,193,100</u>
Business-type activities:					
Revenue bonds payable:					
Water Utility	\$ 4,890,000	\$ -	\$ 175,000	\$ 4,715,000	\$ 90,000
Wastewater Utility	11,373,611	183,394	1,005,000	10,552,005	1,025,000
Less deferred amounts:					
For issuance discounts	154,021	-	14,501	139,520	-
On refunding	<u>287,129</u>	<u>-</u>	<u>41,019</u>	<u>246,110</u>	<u>-</u>
Total revenue bonds payable	15,822,461	183,394	1,124,480	14,881,375	1,115,000
Interfund loan	300,000	-	150,000	150,000	150,000
Capital leases payable	599,562	168,000	243,877	523,685	167,258
Compensated absences	256,380	173,031	188,280	241,131	165,533
Notes and loans payable	21,872,895	1,367,360	971,000	22,269,255	506,000
Net pension obligation	<u>265,671</u>	<u>132,045</u>	<u>-</u>	<u>397,716</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 39,116,969</u>	<u>\$ 2,023,830</u>	<u>\$ 2,677,637</u>	<u>\$ 38,463,162</u>	<u>\$ 2,103,791</u>

Compensated absences for governmental activities typically have been liquidated from the general fund.

I. Restricted Assets

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Customer deposits	\$ 1,120,366
Revenue bond covenant accounts	2,920,792
Repair accounts	745,981
Capital outlay accounts	<u>99,253</u>
 Total restricted assets	 <u>\$ 4,886,392</u>

J. Restatement and Reclassification

For the year ended December 31, 2003, certain changes have been made to the financial statements to more appropriately reflect financial activity of the primary government. The prior period adjustment represents an increase in beginning net assets of \$406,023 due to the omission of the net pension assets of \$403,023 at December 31, 2003.

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; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees and Dependents

The primary government has chosen to establish a risk financing fund for risks associated with employee health insurance. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are charged to each fund based on the insured funds' number of employees and are reported as expenditures of the fund. Provisions are also made for unexpected and unusual claims.

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

	2003	2004
Unpaid claims, beginning of fiscal year	\$ 505,858	\$ 472,744
Incurred claims and changes in estimates	4,192,327	6,082,358
Claim payments	4,225,441	6,253,787
Unpaid claims, end of fiscal year	\$ 472,744	\$ 301,315

Job Related Illnesses or Injuries to Employees

During 2001, the primary government joined Indiana Public Employers Plan, a public entity risk pool currently operating as a common risk management and insurance program for several member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of claims related to job illnesses or injuries to employees. The primary government pays an annual premium to the risk pool for its coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Conduit Debt Obligation

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

As of December 31, 2004, there was one series of Economic Development Revenue Bonds outstanding with an aggregate principal amount payable of \$5,120,000.

C. Postemployment Benefits

In addition to the pension benefits described below, the primary government provides postemployment health care benefits, as authorized by IC 5-10-8, to all employees who retire from the primary government on or after attaining normal retirement age. Currently, sixty-six retirees meet these eligibility requirements. The primary government annually provides \$400 for PERF covered employees with less than twenty years of service and provides \$4,368 for each police and fire retiree and for each PERF covered employee with more than twenty years of service with the retirees paying the remainder of the cost of these postemployment benefits. Expenditures for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2004, expenditures of \$599,386 were recognized for postemployment benefits.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. 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 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.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The primary government's annual pension cost and related information as provided by the actuary, is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Assets.

c. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Assets.

d. Utility Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members are established by the plan administrator. Currently, employees are not required to make any contributions to the plan. The utilities' annual pension cost for the current year and related information, as provided by the actuary, is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Assets.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
Annual required contribution	\$ 287,508	\$ 2,210,400	\$ 3,312,400	\$ 550,325
Interest on net pension obligation	(29,437)	261,800	477,500	42,650
Adjustment to annual required contribution	<u>33,545</u>	<u>(419,400)</u>	<u>(764,800)</u>	<u>(2,308)</u>
Annual pension cost	291,616	2,052,800	3,025,100	590,667
Contributions made	<u>393,030</u>	<u>1,341,435</u>	<u>1,593,402</u>	<u>458,622</u>
Increase (decrease) in net pension obligation	(101,414)	711,365	1,431,698	132,045
Net pension obligation, beginning of year	<u>(406,023)</u>	<u>3,879,009</u>	<u>7,074,470</u>	<u>265,671</u>
Net pension obligation, end of year	<u>\$ (507,437)</u>	<u>\$ 4,590,374</u>	<u>\$ 8,506,168</u>	<u>\$ 397,716</u>
	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
Contribution rates:				
City	5.63%	833%	554%	10.2%
Plan members	3%	6%	6%	
Actuarial valuation date	07-01-04	01-01-03	01-01-03	01-01-04
Actuarial cost method	Entry age	Entry age	Entry age	Aggregate cost
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	*
Amortization period	40 years	40 years	40 years	*
Amortization period (from date)	07-01-97	12-31-77	12-31-77	*
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market	Market value

*The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities. The actuarial present value of projected benefits of the group in excess of the actuarial value of assets is allocated on a level basis over the earnings of the group.

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

e. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Assets:

<u>Assets</u>	1925 Police Officers' Pension	1937 Firefighters' Pension	Utility Pension
Cash and cash equivalents	\$ 549,064	\$ 937,480	\$ 398,081
Receivables:			
Interest and dividends	-	-	15,063
Taxes	127,092	178,989	-
Intergovernmental	478	757	-
	127,570	179,746	15,063
Total receivables			
Investments at fair value:			
U.S. Government securities	-	-	2,203,451
Corporate obligations	-	-	134,520
Mutual funds	126,619	119,470	8,324,121
	126,619	119,470	10,662,092
Total investments			
Total assets	803,253	1,236,696	11,075,236
<u>Liabilities</u>			
Accounts payable and other	-	-	315
<u>Net Assets</u>			
Held in trust for pension benefit obligations	\$ 803,253	\$ 1,236,696	\$ 11,074,921

Statements of Changes in Fiduciary Net Assets:

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Additions</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>	
Contributions:				
Plan members	\$ 7,215	\$ 16,555	\$ -	
Employer contributions	<u>1,068,719</u>	<u>1,525,623</u>	<u>639,749</u>	
Total contributions	<u>1,075,934</u>	<u>1,542,178</u>	<u>639,749</u>	
Investment income:				
Net increase in fair value of investment	-	-	524,299	
Interest	<u>12,980</u>	<u>15,678</u>	<u>294,440</u>	
Total investment income	12,980	15,678	818,739	
Less investment expense:				
Investment activity expense	<u>-</u>	<u>-</u>	<u>25,359</u>	
Net investment income	12,980	15,678	793,380	
Total additions	<u>1,088,914</u>	<u>1,557,856</u>	<u>1,433,129</u>	
<u>Deductions</u>				
Benefits and refunds paid to plan members and beneficiaries	1,351,923	1,938,957	585,271	
Administrative expenses	<u>2,789</u>	<u>6,598</u>	<u>14,165</u>	
Total deductions	<u>1,354,712</u>	<u>1,945,555</u>	<u>599,436</u>	
Changes in net assets	(265,798)	(387,699)	833,693	
Net assets - beginning	<u>1,069,051</u>	<u>1,624,395</u>	<u>10,241,228</u>	
Net assets – ending	<u>\$ 803,253</u>	<u>\$ 1,236,696</u>	<u>\$ 11,074,921</u>	
<u>Actuarial Assumptions</u>	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
Investment rate of return	7.25%	7%	7%	7.75%
Projected future salary increases:				
Total	5%	5%	5%	5%
Attributed to inflation	4%	4%	4%	4%
Attributed to merit/seniority	1%	1%	1%	1%
Cost-of-living adjustments	2%	0%	0%	0%

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-02	\$ 299,719	117%	\$ (361,364)
	06-30-03	330,960	113%	(406,023)
	06-30-04	291,616	135%	(507,437)
1925 Police Officers' Pension Plan	12-31-00	1,863,800	72%	4,020,872
	12-31-01	1,943,800	107%	3,879,009
	12-31-02	2,052,800	65%	4,590,374
1937 Firefighters' Pension Plan	12-31-00	2,988,100	58%	6,791,418
	12-31-01	3,075,100	91%	7,074,470
	12-31-02	3,025,100	53%	8,506,168
Utility Pension Plan	01-01-02	477,896	79%	123,267
	01-01-03	620,135	77%	265,671
	01-01-04	590,667	78%	397,716

Membership in the 1925 Police Officers' Pension Plan, the 1937 Firefighters' Pension Plan and Utility's Pension Plan at January 1, 2004, was comprised of the following:

	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>	<u>Utility Pension</u>
Retirees and beneficiaries currently receiving benefits	61	86	38
Terminated employees entitled to but not yet receiving benefits	-	-	-
Current active employees	4	9	148

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

CITY OF MISHAWAKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2004, 2003, and 2002, were \$1,476,249, \$1,384,354, and \$1,297,354, respectively, equal to the required contributions for each year.

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-02	\$ 6,485,883	\$ 6,744,796	\$ (258,913)	96%	\$ 6,058,840	(4%)
07-01-03	6,589,880	6,382,591	207,289	103%	6,631,519	3%
07-01-04	6,731,673	6,866,507	(134,834)	98%	6,984,326	(2%)

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)
01-01-98	\$ 245,334	\$ 21,778,374	\$ (21,533,040)	1%	\$ 390,130	(5,519%)
01-01-99	279,272	19,814,100	(19,534,828)	1%	283,100	(6,900%)
01-01-00	141,516	19,818,300	(19,676,784)	1%	231,800	(8,489%)
01-01-01	431,408	20,296,000	(19,864,592)	2%	207,400	(9,578%)
01-01-02	1,219,412	20,820,000	(19,600,588)	6%	145,900	(13,434%)
01-01-03	1,278,941	19,697,900	(18,418,959)	6%	265,300	(6,943%)

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)
01-01-98	\$ 567,172	\$ 31,923,407	\$ (31,356,235)	2%	\$ 600,200	(5,224%)
01-01-99	571,644	30,339,400	(29,767,756)	2%	566,200	(5,257%)
01-01-00	528,592	31,203,400	(30,674,808)	2%	563,100	(5,447%)
01-01-01	778,330	31,901,600	(31,123,270)	2%	484,000	(6,430%)
01-01-02	1,874,735	30,678,100	(28,803,365)	6%	467,200	(6,165%)
01-01-03	1,758,190	28,851,500	(27,093,310)	6%	597,800	(4,532%)

Utility Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-99	\$ 7,153,724	\$ 7,153,724	\$ -	100%	\$ 4,413,949	0%
01-01-00	8,298,261	8,298,261	-	100%	4,501,003	0%
01-01-01	8,544,105	8,544,105	-	100%	4,621,432	0%
01-01-02	8,652,005	8,652,005	-	100%	5,166,625	0%
01-01-03	8,507,480	8,507,480	-	100%	5,579,512	0%
01-01-04	10,220,018	10,220,018	-	100%	6,081,668	0%

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
12-31-97	\$ 1,979,700	19%	30%
12-31-98	2,088,500	24%	28%
12-31-99	1,934,700	20%	27%
12-31-00	1,980,200	35%	33%
12-31-01	2,090,800	26%	73%
12-31-02	2,210,400	26%	35%

1937 Firefighters' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-97	\$ 2,896,400	16%	28%
12-31-98	3,077,400	22%	26%
12-31-99	3,002,000	23%	24%
12-31-00	3,171,500	26%	28%
12-31-01	3,323,400	21%	63%
12-31-02	3,312,400	20%	28%

Employer Contributions - Utility Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage Contributed
01-01-00	307,904	120%
01-01-01	352,465	98%
01-01-02	443,370	86%
01-01-03	576,000	83%
01-01-04	550,325	83%

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended December 31, 2004

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 14,633,880	\$ 14,633,880	\$ 8,226,498	\$ (6,407,382)
Licenses and permits	281,550	281,550	308,004	26,454
Intergovernmental	4,091,710	4,091,710	4,182,852	91,142
Charges for services	425,690	425,690	495,699	70,009
Fines and forfeits	45,000	45,000	81,460	36,460
Interest	150,000	150,000	116,971	(33,029)
Other	150,000	150,000	462,881	312,881
Total revenues	19,777,830	19,777,830	13,874,365	(5,903,465)
Expenditures:				
Current:				
General government:				
Mayor				
Personal services	122,715	122,715	120,048	2,667
Supplies	2,596	2,596	2,360	236
Other services and charges	27,100	27,100	17,407	9,693
Capital outlay	1,000	1,000	-	1,000
City Clerk				
Personal services	102,062	102,062	102,062	-
Supplies	2,601	2,101	1,602	499
Other services and charges	34,070	33,570	29,555	4,015
Capital outlay	9,422	10,422	10,227	195
Central Motor Pool				
Personal services	532,022	532,022	504,270	27,752
Supplies	443,713	569,713	553,051	16,662
Other services and charges	64,538	78,538	59,705	18,833
Capital outlay	31,500	11,500	3,377	8,123
Common Council				
Personal services	81,336	81,336	81,336	-
Supplies	842	842	766	76
Other services and charges	14,876	14,876	10,090	4,786
City Hall				
Personal services	40,749	40,749	39,555	1,194
Supplies	3,500	3,563	3,560	3
Other services and charges	6,500	6,500	5,768	732
Capital outlay	500	500	258	242
Controller				
Personal services	5,737,323	5,716,323	5,242,522	473,801
Supplies	16,075	18,075	13,770	4,305
Other services and charges	1,881,712	14,587,448	1,783,911	12,803,537
Capital outlay	36,273	36,273	26,165	10,108

Continued on next page

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended December 31, 2004
(Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
General government (continued):				
Human Resources				
Personal services	98,384	98,384	96,004	2,380
Supplies	1,600	1,600	1,283	317
Other services and charges	21,170	21,170	16,834	4,336
Capital outlay	1,000	1,000	-	1,000
Information Technology				
Personal services	165,034	165,034	165,027	7
Supplies	2,000	2,000	1,295	705
Other services and charges	70,500	70,500	46,726	23,774
Capital outlay	2,000	2,000	837	1,163
Cemetery				
Other services and charges	15,000	15,000	15,000	-
Legal				
Personal services	108,750	108,750	108,747	3
Supplies	350	350	290	60
Other services and charges	27,400	27,400	22,444	4,956
Capital outlay	2,500	2,500	1,812	688
Planning				
Personal services	174,416	174,416	173,025	1,391
Supplies	4,766	4,766	4,279	487
Other services and charges	52,790	52,790	50,008	2,782
Capital outlay	3,670	3,670	1,488	2,182
Total general government	<u>9,944,355</u>	<u>22,751,154</u>	<u>9,316,464</u>	<u>13,434,690</u>
Public safety:				
Police				
Personal services	6,010,945	6,040,934	5,951,692	89,242
Supplies	58,143	60,643	57,732	2,911
Other services and charges	169,061	180,016	173,665	6,351
Capital outlay	44,890	21,220	18,956	2,264
Fire				
Personal services	4,515,126	4,622,346	4,561,867	60,479
Supplies	83,879	82,434	72,256	10,178
Other services and charges	379,929	383,779	371,929	11,850
Capital outlay	93,863	84,563	72,348	12,215
Code Enforcement				
Personal services	216,011	216,011	209,559	6,452
Supplies	2,100	2,550	2,329	221
Other services and charges	12,500	12,050	11,479	571
Capital outlay	2,250	2,250	1,988	262

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CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For The Year Ended December 31, 2004
 (Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public safety (continued):				
Building Department				
Personal services	204,449	204,449	175,203	29,246
Supplies	2,250	2,250	1,542	708
Other services and charges	4,695	4,695	2,267	2,428
Capital outlay	19,750	19,750	151	19,599
Emergency Medical Service				
Personal services	893,772	918,972	917,979	993
Supplies	43,036	38,536	25,954	12,582
Other services and charges	59,413	54,613	45,181	9,432
Capital outlay	58,034	42,134	34,961	7,173
Weights and Measures				
Personal services	20,882	20,882	15,842	5,040
Supplies	600	600	448	152
Other services and charges	2,500	2,500	740	1,760
Capital outlay	900	900	-	900
Total public safety	<u>12,898,978</u>	<u>13,019,077</u>	<u>12,726,068</u>	<u>293,009</u>
Highways and streets:				
Engineering				
Personal services	322,626	320,226	272,807	47,419
Supplies	8,363	8,363	6,001	2,362
Other services and charges	26,826	26,826	16,278	10,548
Capital outlay	<u>58,250</u>	<u>60,650</u>	<u>58,747</u>	<u>1,903</u>
Total highways and streets	<u>416,065</u>	<u>416,065</u>	<u>353,833</u>	<u>62,232</u>
Sanitation:				
Recycling				
Supplies	10,000	10,000	5,225	4,775
Other services and charges	<u>35,000</u>	<u>35,000</u>	<u>30,500</u>	<u>4,500</u>
Total sanitation	<u>45,000</u>	<u>45,000</u>	<u>35,725</u>	<u>9,275</u>

Continued on next page

CITY OF MISHAWAKA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended December 31, 2004
(Continued)

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Urban redevelopment and housing:				
Redevelopment				
Personal services	57,082	47,000	-	47,000
Supplies	1,000	1,000	289	711
Other services and charges	5,800	15,882	15,511	371
Capital outlay	1,076	1,076	1,076	-
Total urban redevelopment and housing	<u>64,958</u>	<u>64,958</u>	<u>16,876</u>	<u>48,082</u>
Total expenditures	<u>23,369,356</u>	<u>36,296,254</u>	<u>22,448,966</u>	<u>13,847,288</u>
Deficiency of revenues under expenditures	(3,591,526)	(16,518,424)	(8,574,601)	7,943,823
Other financing (sources) uses:				
Transfers in	1,560,000	1,560,000	1,509,244	(50,756)
Transfers out	-	(1,960)	(1,960)	-
Loan Proceeds	-	15,880,000	-	15,880,000
Total other financing sources (uses)	<u>1,560,000</u>	<u>17,438,040</u>	<u>1,507,284</u>	<u>15,829,244</u>
Net change in fund balances	(2,031,526)	919,616	(7,067,317)	23,773,067
Fund balances - beginning	<u>3,319,952</u>	<u>3,319,952</u>	<u>3,319,952</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,288,426</u>	<u>\$ 4,239,568</u>	<u>\$ (3,747,365)</u>	<u>\$ 23,773,067</u>

CITY OF MISHAWAKA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET/GAAP RECONCILIATION
 GENERAL FUND
 For The Year Ended December 31, 2004

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	\$ (7,067,317)
To adjust revenues for accruals	5,793,959
To adjust expenditures for accruals	543,986
To adjust expenditures for encumbrances	571,667
Net change in fund balance, GAAP basis	\$ (157,705)

NONMAJOR GOVERNMENTAL FUNDS

Special revenue funds

Motor Vehicle Highway -	To account for street construction and the operations of the street and maintenance department. Financing is provided by state motor vehicle highway distributions and a specific annual property tax levy.
Local Road and Street -	To account for operation and maintenance of local and arterial road and street systems. Financing is provided by state gasoline tax distributions.
Park and Recreation -	To account for the operation of the city park system. Financing is provided by a specific annual property tax levy to the extent that user fees and miscellaneous revenues are insufficient to provide such financing.
Park and Recreation Gift -	To account for donations to the Park and Recreation Department.
Rainy Day -	To account for supplemental distributions of COIT and CEDIT. These funds can be used for any purpose permitted by state statute for other revenues of the city.
Disaster Relief -	To account for state funds received for repairs after weather disasters.
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.
Mishawaka Gift -	To account for donations for various projects.
Law Enforcement Continuing Education -	To account for court fees, fees charged for furnishing accident reports, handgun application fees and fees charged for vehicle inspections. Expenditures are for the continuing education and training of law enforcement officers.
Local Law Enforcement Block Grant -	To account for federal grant funds received to purchase equipment for the Police Department.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Levy Excess -	To account for property taxes received which exceed 100% of the ad valorem property tax levy.
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 received 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 re-development and housing. Pay back monies from loans are also used for these purposes.
Property Rehabilitation Revolving -	To account for Housing and Urban Development (HUD) monies used for low or no interest residential rehabilitation loans. Pay back monies from loans are also used for this purpose.
DOC Community Development -	To account for specific projects originally funded by state grants from the Department of Commerce. Some of the grant money was used to make loans to local businesses. New projects funded with payback monies must be approved by the Department of Commerce.
Park Nonreverting Operating -	To account for some operating expenses at the city pools and golf course. Financing is provided by improvement fees charged by the Park Department.
Criminal Assistance Grant -	To account for state funds received for criminal prevention and intervention programs coordinated by the police department.
State Grant -	To account for state funds received for street improvements to the Capital Avenue corridor.
<u>Debt service funds</u>	
Municipal Bond No. 1 -	To account for debt retirement of the City's general obligation bonds and several capital leases. Financing is provided by a specific tax levy.
TIF (Tax Incremental Financing) CBD Redemption and Reserve -	To account for debt retirement of the Central Business District (CBD) bond issues. Financing is provided by transfers from the Tax Incremental Financing CBD General Fund.
TIF (Tax Incremental Financing) NW Redemption and Reserve -	To account for debt retirement for the Northwest (NW) District bond issues. Financing is provided by transfers from the Tax Incremental Financing NW General Fund.
TIF (Tax Incremental Financing) SS Redemption and Reserve -	To account for debt retirement for the Southside (SS) District bond issue. Financing is provided by transfers from the Tax Incremental Financing SS General Fund.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

Capital projects funds

Cumulative Building and Fire Fighting Equipment -	To account for financial resources for the purchase of fire equipment. Financing is provided by a specific property tax levy.
Cumulative Capital Improvement -	To account for financial resources related to improvement projects financed by state cigarette tax distributions. Transfers may be made to the General Fund.
Cumulative Sewer -	To account for financial resources for the construction or repairing of storm sewers or sewage disposal plants and sanitary sewers. Financing is provided by a specific property tax levy.
General Improvement -	To account for revenue and expenditures for public improvement projects. Project costs are assessed against property owners benefited by the improvement projects. The time period for payment of the assessments cannot exceed five years. All interest and penalties collected on assessments are received to the General Fund.
Consolidated Project Expenditures -	To account for balances remaining in closed out funds and to pay expenditures incurred on these past projects.
Cumulative Capital Development -	To account for financial resources related to development projects. Financing is provided by a specific property tax levy.
Park Bond Capital -	To account for expenditures made for various improvements to park properties. Financing is provided from proceeds of a general obligation bond issue.
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) CBD General -	To account for expenditures made for public improvement projects in the Central Business District (CBD) 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.
Tax Incremental Financing (TIF) SS General -	To account for expenditures made for public improvement projects in the Southside (SS) property tax incremental financing district. Financing is provided by incremental taxes collected on property located in this district. Amounts needed for bond retirement are transferred annually to the proper debt service fund.

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2004

	Special Revenue								
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Rainy Day	Disaster Relief	Police Drug Investigation Assistance	Off-Street Parking	Alley Paving
<u>Assets</u>									
Cash and cash equivalents	\$ 104,230	\$ 564,426	\$ 8,975	\$ 89,923	\$ 589,448	\$ 4,954	\$ 11,814	\$ 21,190	\$ 2,675
Receivables (net of allowances for uncollectibles):									
Interest	-	-	-	-	-	-	-	-	-
Taxes	574,792	-	1,171,766	-	-	-	-	-	-
Accounts	-	-	1,272	-	-	-	677	-	-
Intergovernmental	237,495	80,364	4,412	-	-	-	-	-	-
Interfund	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Total assets	\$ 916,517	\$ 644,790	\$ 1,186,425	\$ 89,923	\$ 589,448	\$ 4,954	\$ 12,491	\$ 21,190	\$ 2,675
<u>Liabilities and Fund Balances</u>									
Liabilities:									
Accounts payable	\$ 115,816	\$ -	\$ 89,174	\$ 868	\$ 6,900	\$ -	\$ -	\$ 244	\$ -
Accrued wages payable	24,118	-	16,723	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-	-	-
Interfund payables	-	-	375,000	-	-	-	-	-	-
Unearned revenue	128,347	-	249,669	-	-	-	-	-	-
Total liabilities	268,281	-	730,566	868	6,900	-	-	244	-
Fund balances:									
Reserved for:									
Encumbrances	101,098	263,506	2,607	-	135,855	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Unreserved, reported in:									
Special revenue funds	547,138	381,284	453,252	89,055	446,693	4,954	12,491	20,946	2,675
Capital projects funds	-	-	-	-	-	-	-	-	-
Total fund balances	648,236	644,790	455,859	89,055	582,548	4,954	12,491	20,946	2,675
Total liabilities and fund balances	\$ 916,517	\$ 644,790	\$ 1,186,425	\$ 89,923	\$ 589,448	\$ 4,954	\$ 12,491	\$ 21,190	\$ 2,675

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2004
 (Continued)

	Special Revenue							
	Sidewalk and Curb Repair	Industrial Development	Unsafe Building	Mishawaka Gift	Law Enforcement Continuing Education	Local Law Enforcement Block Grant	Levy Excess	Insurance Recovery
<u>Assets</u>								
Cash and cash equivalents	\$ -	\$ 11,862	\$ 987	\$ 73,688	\$ 65,216	\$ 29,944	\$ 643,817	\$ 100,865
Receivables (net of allowances for uncollectibles):								
Interest	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	14,000	5,328	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Interfund	-	-	-	-	-	1,960	-	-
Loans	-	49,657	-	-	-	-	-	-
Total assets	\$ -	\$ 61,519	\$ 987	\$ 87,688	\$ 70,544	\$ 31,904	\$ 643,817	\$ 100,865
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 658	\$ -	\$ -	\$ 4,908
Accrued wages payable	-	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-	-
Interfund payables	-	-	-	-	1,960	-	-	-
Unearned revenue	-	-	-	-	-	24,404	643,817	-
Total liabilities	-	-	-	-	2,618	24,404	643,817	4,908
Fund balances:								
Reserved for:								
Encumbrances	-	-	-	-	1,358	7,500	-	-
Noncurrent loans receivable	-	35,913	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	-	25,606	987	87,688	66,568	-	-	95,957
Capital projects funds	-	-	-	-	-	-	-	-
Total fund balances	-	61,519	987	87,688	67,926	7,500	-	95,957
Total liabilities and fund balances	\$ -	\$ 61,519	\$ 987	\$ 87,688	\$ 70,544	\$ 31,904	\$ 643,817	\$ 100,865

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2004
 (Continued)

	Special Revenue							Total
	Bicentennial Gift	Community Development	Property Rehabilitation Revolving	DOC Community Development	Park Nonreverting Operating	Criminal Assistance Grant	State Grant	
<u>Assets</u>								
Cash and cash equivalents	\$ 1,134	\$ 2,649	\$ 138,260	\$ 112,736	\$ 316,173	\$ 101,411	\$ 181,115	\$ 3,177,492
Receivables (net of allowances for uncollectibles):								
Interest	2	-	640	316	-	-	-	958
Taxes	-	-	-	-	-	-	-	1,746,558
Accounts	-	-	-	-	-	-	-	21,277
Intergovernmental	-	-	27,336	-	-	-	-	349,607
Interfund	-	-	-	-	-	-	-	1,960
Loans	-	1,565,504	40,998	-	-	-	-	1,656,159
	<u>1,136</u>	<u>1,568,153</u>	<u>207,234</u>	<u>113,052</u>	<u>316,173</u>	<u>101,411</u>	<u>181,115</u>	<u>6,954,011</u>
Total assets	\$ 1,136	\$ 1,568,153	\$ 207,234	\$ 113,052	\$ 316,173	\$ 101,411	\$ 181,115	\$ 6,954,011
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ -	\$ 2,181	\$ 8,844	\$ -	\$ 522	\$ 974	\$ 19,430	\$ 250,519
Accrued wages payable	-	-	-	-	-	-	-	40,841
Contracts payable	-	72,500	-	-	-	-	-	72,500
Interfund payables	-	-	-	-	-	-	-	376,960
Unearned revenue	-	-	-	-	-	35,225	-	1,081,462
	<u>-</u>	<u>74,681</u>	<u>8,844</u>	<u>-</u>	<u>522</u>	<u>36,199</u>	<u>19,430</u>	<u>1,822,282</u>
Total liabilities	-	74,681	8,844	-	522	36,199	19,430	1,822,282
Fund balances:								
Reserved for:								
Encumbrances	-	-	-	-	7,242	-	141,679	660,845
Noncurrent loans receivable	-	331,972	37,690	-	-	-	-	405,575
Debt service	-	-	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	1,136	1,161,500	160,700	113,052	308,409	65,212	20,006	4,065,309
Capital projects funds	-	-	-	-	-	-	-	-
	<u>1,136</u>	<u>1,493,472</u>	<u>198,390</u>	<u>113,052</u>	<u>315,651</u>	<u>65,212</u>	<u>161,685</u>	<u>5,131,729</u>
Total fund balances	1,136	1,493,472	198,390	113,052	315,651	65,212	161,685	5,131,729
Total liabilities and fund balances	\$ 1,136	\$ 1,568,153	\$ 207,234	\$ 113,052	\$ 316,173	\$ 101,411	\$ 181,115	\$ 6,954,011

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2004
 (Continued)

Debt Service

<u>Assets</u>	Municipal Bond No. 1	TIF CBD Redemption	TIF CBD Reserve	TIF NW Redemption	TIF NW Reserve	TIF SS Redemption	TIF SS Reserve	Totals
Cash and cash equivalents	\$ 257,659	\$ 46	\$ 68,566	\$ 15,498	\$ 946,184	\$ 14	\$ 344,957	\$ 1,632,924
Receivables (net of allowances for uncollectibles):								
Interest	-	-	-	-	-	-	-	-
Taxes	305,625	-	-	-	-	-	-	305,625
Accounts	152,307	-	-	-	-	-	-	152,307
Intergovernmental	1,363	-	-	-	-	-	-	1,363
Interfund	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Total assets	\$ 716,954	\$ 46	\$ 68,566	\$ 15,498	\$ 946,184	\$ 14	\$ 344,957	\$ 2,092,219
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 1,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,050
Accrued wages payable	-	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-	-
Interfund payables	-	-	-	-	-	-	-	-
Unearned revenue	77,112	-	-	-	-	-	-	77,112
Total liabilities	78,162	-	-	-	-	-	-	78,162
Fund balances:								
Reserved for:								
Encumbrances	-	-	-	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-	-	-	-
Debt service	638,792	46	68,566	15,498	946,184	14	344,957	2,014,057
Unreserved, reported in:								
Special revenue funds	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-
Total fund balances	638,792	46	68,566	15,498	946,184	14	344,957	2,014,057
Total liabilities and fund balances	\$ 716,954	\$ 46	\$ 68,566	\$ 15,498	\$ 946,184	\$ 14	\$ 344,957	\$ 2,092,219

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2004
 (Continued)

	Capital Projects					
	Cumulative Building and Fire Fighting Equipment	Cumulative Capital Improvement	Cumulative Sewer	General Improvement	Consolidated Project Expenditures	Cumulative Capital Development
<u>Assets</u>						
Cash and cash equivalents	\$ 88,089	\$ 952,609	\$ 1,184,526	\$ 55,567	\$ 38,641	\$ 389,338
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	-	-	-
Taxes	21,420	-	264,775	-	-	215,205
Accounts	-	-	-	-	-	-
Intergovernmental	85	14,478	1,048	-	-	875
Interfund	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Total assets	<u>\$ 109,594</u>	<u>\$ 967,087</u>	<u>\$ 1,450,349</u>	<u>\$ 55,567</u>	<u>\$ 38,641</u>	<u>\$ 605,418</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 40,903	\$ -	\$ -	\$ -
Accrued wages payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	7,462
Interfund payables	-	-	-	-	-	-
Unearned revenue	4,799	14,478	59,290	-	-	49,522
Total liabilities	<u>4,799</u>	<u>14,478</u>	<u>100,193</u>	<u>-</u>	<u>-</u>	<u>56,984</u>
Fund balances:						
Reserved for:						
Encumbrances	-	-	443,509	-	-	142,685
Noncurrent loans receivable	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	-	-	-	-	-	-
Capital projects funds	104,795	952,609	906,647	55,567	38,641	405,749
Total fund balances	<u>104,795</u>	<u>952,609</u>	<u>1,350,156</u>	<u>55,567</u>	<u>38,641</u>	<u>548,434</u>
Total liabilities and fund balances	<u>\$ 109,594</u>	<u>\$ 967,087</u>	<u>\$ 1,450,349</u>	<u>\$ 55,567</u>	<u>\$ 38,641</u>	<u>\$ 605,418</u>

Continued on next page

CITY OF MISHAWAKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2004
 (Continued)

<u>Assets</u>	Capital Projects					Total Nonmajor Governmental Funds
	Park Bond Capital	CEDIT	TIF CBD General	TIF SS General	Totals	
Cash and cash equivalents	\$ 123	\$ 1,373,773	\$ 125,747	\$ 486,432	\$ 4,694,845	\$ 9,505,261
Receivables (net of allowances for uncollectibles):						
Interest	-	-	210	856	1,066	2,024
Taxes	-	-	200,984	922,024	1,624,408	3,676,591
Accounts	-	-	-	-	-	173,584
Intergovernmental	-	-	-	-	16,486	367,456
Interfund	-	-	-	-	-	1,960
Loans	-	-	-	-	-	1,656,159
Total assets	\$ 123	\$ 1,373,773	\$ 326,941	\$ 1,409,312	\$ 6,336,805	\$ 15,383,035
 <u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ 27,920	\$ 6	\$ -	\$ 68,829	320,398
Accrued wages payable	-	-	-	-	-	40,841
Contracts payable	-	-	-	-	7,462	79,962
Interfund payables	-	-	-	-	-	376,960
Unearned revenue	-	-	11,426	20,443	159,958	1,318,532
Total liabilities	-	27,920	11,432	20,443	236,249	2,136,693
Fund balances:						
Reserved for:						
Encumbrances	-	630,602	-	-	1,216,796	1,877,641
Noncurrent loans receivable	-	-	-	-	-	405,575
Debt service	-	-	-	-	-	2,014,057
Unreserved, reported in:						
Special revenue funds	-	-	-	-	-	4,065,309
Capital projects funds	123	715,251	315,509	1,388,869	4,883,760	4,883,760
Total fund balances	123	1,345,853	315,509	1,388,869	6,100,556	13,246,342
Total liabilities and fund balances	\$ 123	\$ 1,373,773	\$ 326,941	\$ 1,409,312	\$ 6,336,805	\$ 15,383,035

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004

	Special Revenue								
	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Park and Recreation Gift	Rainy Day	Disaster Relief	Police Drug Investigation Assistance	Off-Street Parking	Alley Paving
Revenues:									
Taxes:									
Property	\$ 1,086,244	\$ -	\$ 2,113,028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	8,150	-
Intergovernmental	2,419,047	486,591	159,851	-	-	-	6,260	-	-
Charges for services	5,610	-	586,312	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Sale and use of property	-	-	68,125	-	-	-	-	-	-
Gifts and donations	-	-	-	90,506	-	-	-	-	-
Miscellaneous	1,332	-	-	-	-	-	-	-	2,675
Total revenues	<u>3,512,233</u>	<u>486,591</u>	<u>2,927,316</u>	<u>90,506</u>	<u>-</u>	<u>-</u>	<u>6,260</u>	<u>8,150</u>	<u>2,675</u>
Expenditures:									
Current:									
General government	-	-	-	-	24,144	-	-	-	-
Public safety	-	-	-	-	-	-	45,769	8,037	-
Highways, streets and roadways	3,267,668	443,282	-	-	-	-	-	-	-
Culture and recreation	-	-	3,239,509	71,239	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	92,965	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-
Capital outlay									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Highways, streets and roadways	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-	-
Total expenditures	<u>3,267,668</u>	<u>443,282</u>	<u>3,239,509</u>	<u>71,239</u>	<u>117,109</u>	<u>-</u>	<u>45,769</u>	<u>8,037</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>244,565</u>	<u>43,309</u>	<u>(312,193)</u>	<u>19,267</u>	<u>(117,109)</u>	<u>-</u>	<u>(39,509)</u>	<u>113</u>	<u>2,675</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Financing by capital lease	-	-	-	-	-	-	-	-	-
Bond issue proceeds	-	-	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	244,565	43,309	(312,193)	19,267	(117,109)	-	(39,509)	113	2,675
Fund balances - January 1	<u>403,671</u>	<u>601,481</u>	<u>768,052</u>	<u>69,788</u>	<u>699,657</u>	<u>4,954</u>	<u>52,000</u>	<u>20,833</u>	<u>-</u>
Fund balances - December 31	<u>\$ 648,236</u>	<u>\$ 644,790</u>	<u>\$ 455,859</u>	<u>\$ 89,055</u>	<u>\$ 582,548</u>	<u>\$ 4,954</u>	<u>\$ 12,491</u>	<u>\$ 20,946</u>	<u>\$ 2,675</u>

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Special Revenue							
	Sidewalk and Curb Repair	Industrial Development	Unsafe Building	Mishawaka Gift	Law Enforcement Continuing Education	Local Law Enforcement Block Grant	Levy Excess	Insurance Recovery
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	4,220	-	-	-
Intergovernmental	-	-	-	-	-	125,788	-	-
Charges for services	-	-	-	-	24,425	-	-	-
Fines and forfeits	-	-	-	-	18,225	-	-	-
Interest	-	-	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-	-	-
Gifts and donations	-	-	-	80,621	-	-	-	-
Miscellaneous	19,198	2,000	70	-	-	-	-	45,126
Total revenues	19,198	2,000	70	80,621	46,870	125,788	-	45,126
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	61,878
Public safety	-	-	-	-	30,568	132,061	-	-
Highways, streets and roadways	19,198	-	-	-	-	-	-	-
Culture and recreation	-	-	-	48,247	-	-	-	-
Urban redevelopment and housing	-	-	1,300	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Capital outlay								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways, streets and roadways	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Total expenditures	19,198	-	1,300	48,247	30,568	132,061	-	61,878
Excess (deficiency) of revenues over (under) expenditures	-	2,000	(1,230)	32,374	16,302	(6,273)	-	(16,752)
Other financing sources (uses):								
Transfers in	-	-	-	-	1,960	1,960	-	-
Transfers out	-	-	-	(39,000)	(1,960)	-	-	-
Financing by capital lease	-	-	-	-	-	-	-	-
Bond issue proceeds	-	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	(39,000)	-	1,960	-	-
Net change in fund balances	-	2,000	(1,230)	(6,626)	16,302	(4,313)	-	(16,752)
Fund balances - January 1	-	59,519	2,217	94,314	51,624	11,813	-	112,709
Fund balances - December 31	\$ -	\$ 61,519	\$ 987	\$ 87,688	\$ 67,926	\$ 7,500	\$ -	\$ 95,957

Continued on next page

CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Special Revenue							Totals
	Bicentennial Gift	Community Development	Property Rehabilitation Revolving	DOC Community Development	Park Nonreverting Operating	Criminal Assistance Grant	State Grant	
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,199,272
Licenses and permits	-	-	-	-	-	-	-	12,370
Intergovernmental	-	907,773	897,403	-	-	46,650	-	5,049,363
Charges for services	-	-	-	-	118,321	-	-	734,668
Fines and forfeits	-	-	-	-	-	-	-	18,225
Interest	16	-	3,156	2,697	-	-	-	5,869
Sale and use of property	-	-	-	1,139	38,620	-	-	107,884
Gifts and donations	-	-	-	-	-	-	-	171,127
Miscellaneous	-	48,023	38,721	13,125	-	-	-	170,270
Total revenues	<u>16</u>	<u>955,796</u>	<u>939,280</u>	<u>16,961</u>	<u>156,941</u>	<u>46,650</u>	<u>-</u>	<u>9,469,048</u>
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	86,022
Public safety	-	-	-	-	-	65,070	-	281,505
Highways, streets and roadways	-	-	-	-	-	-	-	3,730,148
Culture and recreation	-	-	-	-	165,623	-	-	3,524,618
Urban redevelopment and housing	-	1,906,950	999,179	114,769	-	-	21,176	3,043,374
Debt service:								
Principal	-	250,000	493,245	-	-	-	-	743,245
Interest and fiscal charges	-	-	-	-	-	-	-	92,965
Bond issuance costs	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Capital outlay								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways, streets and roadways	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>2,156,950</u>	<u>1,492,424</u>	<u>114,769</u>	<u>165,623</u>	<u>65,070</u>	<u>21,176</u>	<u>11,501,877</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16</u>	<u>(1,201,154)</u>	<u>(553,144)</u>	<u>(97,808)</u>	<u>(8,682)</u>	<u>(18,420)</u>	<u>(21,176)</u>	<u>(2,032,829)</u>
Other financing sources (uses):								
Transfers in	-	-	34,393	-	-	-	-	38,313
Transfers out	-	(34,393)	-	-	-	-	-	(75,353)
Financing by capital lease	-	-	-	-	-	-	-	-
Bond issue proceeds	-	-	-	-	-	-	-	-
Loan proceeds	-	1,250,000	497,272	-	-	-	-	1,747,272
Total other financing sources and uses	<u>-</u>	<u>1,215,607</u>	<u>531,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,710,232</u>
Net change in fund balances	16	14,453	(21,479)	(97,808)	(8,682)	(18,420)	(21,176)	(322,597)
Fund balances - January 1	<u>1,120</u>	<u>1,479,019</u>	<u>219,869</u>	<u>210,860</u>	<u>324,333</u>	<u>83,632</u>	<u>182,861</u>	<u>5,454,326</u>
Fund balances - December 31	<u>\$ 1,136</u>	<u>\$ 1,493,472</u>	<u>\$ 198,390</u>	<u>\$ 113,052</u>	<u>\$ 315,651</u>	<u>\$ 65,212</u>	<u>\$ 161,685</u>	<u>\$ 5,131,729</u>

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Debt Service							
	Municipal Bond No. 1	TIF CBD Redemption	TIF CBD Reserve	TIF NW Redemption	TIF NW Reserve	TIF SS Redemption	TIF SS Reserve	Totals
Revenues:								
Taxes:								
Property	\$ 656,308	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 656,308
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	49,371	-	-	-	-	-	-	49,371
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-	-	-
Miscellaneous	152,307	-	-	-	-	-	-	152,307
Total revenues	857,986	-	-	-	-	-	-	857,986
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways, streets and roadways	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	737,194	65,000	-	893,000	-	180,000	-	1,875,194
Interest and fiscal charges	173,743	18,672	-	320,676	-	151,098	-	664,189
Bond issuance costs	41,035	-	-	-	-	-	-	41,035
Payment to refunded bond escrow agent	2,683,377	-	-	-	-	-	-	2,683,377
Capital outlay								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways, streets and roadways	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Total expenditures	3,635,349	83,672	-	1,213,676	-	331,098	-	5,263,795
Excess (deficiency) of revenues over (under) expenditures	(2,777,363)	(83,672)	-	(1,213,676)	-	(331,098)	-	(4,405,809)
Other financing sources (uses):								
Transfers in	-	43,600	-	517,000	-	67,700	-	628,300
Transfers out	-	-	-	-	-	-	-	-
Financing by capital lease	-	-	-	-	-	-	-	-
Bond issue proceeds	2,724,412	-	-	-	-	-	-	2,724,412
Loan proceeds	-	-	-	-	-	-	-	-
Total other financing sources and uses	2,724,412	43,600	-	517,000	-	67,700	-	3,352,712
Net change in fund balances	(52,951)	(40,072)	-	(696,676)	-	(263,398)	-	(1,053,097)
Fund balances - January 1	691,743	40,118	68,566	712,174	946,184	263,412	344,957	3,067,154
Fund balances - December 31	<u>\$ 638,792</u>	<u>\$ 46</u>	<u>\$ 68,566</u>	<u>\$ 15,498</u>	<u>\$ 946,184</u>	<u>\$ 14</u>	<u>\$ 344,957</u>	<u>\$ 2,014,057</u>

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (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	\$ 40,607	\$ -	\$ 501,790	\$ -	\$ -	\$ 419,125
Licenses and permits	-	-	-	-	-	-
Intergovernmental	3,072	173,737	37,961	-	-	31,707
Charges for services	-	-	168,062	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Sale and use of property	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Miscellaneous	-	-	16,153	-	150	-
Total revenues	<u>43,679</u>	<u>173,737</u>	<u>723,966</u>	<u>-</u>	<u>150</u>	<u>450,832</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways, streets and roadways	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Capital outlay						
General government	-	-	-	-	-	206,050
Public safety	4,857	-	275,392	-	-	-
Highways, streets and roadways	-	-	-	-	-	470,898
Culture and recreation	-	-	-	-	-	4,000
Urban redevelopment and housing	-	-	-	-	6,606	-
Total expenditures	<u>4,857</u>	<u>-</u>	<u>275,392</u>	<u>-</u>	<u>6,606</u>	<u>680,948</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,822</u>	<u>173,737</u>	<u>448,574</u>	<u>-</u>	<u>(6,456)</u>	<u>(230,116)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Financing by capital lease	-	-	-	-	-	-
Bond issue proceeds	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	38,822	173,737	448,574	-	(6,456)	(230,116)
Fund balances - January 1	<u>65,973</u>	<u>778,872</u>	<u>901,582</u>	<u>55,567</u>	<u>45,097</u>	<u>778,550</u>
Fund balances - December 31	<u>\$ 104,795</u>	<u>\$ 952,609</u>	<u>\$ 1,350,156</u>	<u>\$ 55,567</u>	<u>\$ 38,641</u>	<u>\$ 548,434</u>

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CITY OF MISHAWAKA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Capital Projects					Total Nonmajor Governmental Funds
	Park Bond Capital	CEDIT	TIF CBD General	TIF SS General	Totals	
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ 197,432	\$ 946,878	\$ 2,105,832	\$ 5,961,412
Licenses and permits	-	-	-	-	-	12,370
Intergovernmental	-	1,218,998	-	-	1,465,475	6,564,209
Charges for services	-	-	-	-	168,062	902,730
Fines and forfeits	-	-	-	-	-	18,225
Interest	-	-	2,085	11,339	13,424	19,293
Sale and use of property	-	-	-	-	-	107,884
Gifts and donations	-	-	-	-	-	171,127
Miscellaneous	-	-	-	-	16,303	338,880
Total revenues	<u>-</u>	<u>1,218,998</u>	<u>199,517</u>	<u>958,217</u>	<u>3,769,096</u>	<u>14,096,130</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	86,022
Public safety	-	-	-	-	-	281,505
Highways, streets and roadways	-	-	-	-	-	3,730,148
Culture and recreation	-	-	-	-	-	3,524,618
Urban redevelopment and housing	-	-	-	-	-	3,043,374
Debt service:						
Principal	-	242,445	-	-	242,445	2,860,884
Interest and fiscal charges	-	24,966	-	-	24,966	782,120
Bond issuance costs	-	-	-	-	-	41,035
Payment to refunded bond escrow agent	-	-	-	-	-	2,683,377
Capital outlay						
General government	-	69,000	-	-	275,050	275,050
Public safety	-	855,797	-	-	1,136,046	1,136,046
Highways, streets and roadways	-	198,690	-	652,163	1,321,751	1,321,751
Culture and recreation	-	97,302	-	-	101,302	101,302
Urban redevelopment and housing	-	-	16,512	-	23,118	23,118
Total expenditures	<u>-</u>	<u>1,488,200</u>	<u>16,512</u>	<u>652,163</u>	<u>3,124,678</u>	<u>19,890,350</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(269,202)</u>	<u>183,005</u>	<u>306,054</u>	<u>644,418</u>	<u>(5,794,220)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	666,613
Transfers out	-	-	(43,600)	(127,209)	(170,809)	(246,162)
Financing by capital lease	-	397,932	-	-	397,932	397,932
Bond issue proceeds	-	-	-	-	-	2,724,412
Loan proceeds	-	-	-	-	-	1,747,272
Total other financing sources and uses	<u>-</u>	<u>397,932</u>	<u>(43,600)</u>	<u>(127,209)</u>	<u>227,123</u>	<u>5,290,067</u>
Net change in fund balances	-	128,730	139,405	178,845	871,541	(504,153)
Fund balances - January 1	<u>123</u>	<u>1,217,123</u>	<u>176,104</u>	<u>1,210,024</u>	<u>5,229,015</u>	<u>13,750,495</u>
Fund balances - December 31	<u>\$ 123</u>	<u>\$ 1,345,853</u>	<u>\$ 315,509</u>	<u>\$ 1,388,869</u>	<u>\$ 6,100,556</u>	<u>\$ 13,246,342</u>

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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, 2004

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 1,143,415	\$ 1,085,588	\$ 637,531	\$ (448,057)
Intergovernmental	2,250,318	1,497,266	2,364,907	867,641
Charges for services	5,610	5,610	5,610	-
Other	<u>-</u>	<u>-</u>	<u>1,332</u>	<u>1,332</u>
Total revenues	<u>3,399,343</u>	<u>2,588,464</u>	<u>3,009,380</u>	<u>420,916</u>
Expenditures:				
Current:				
Highways and streets				
Personal services	1,947,244	1,864,344	1,798,043	66,301
Supplies	482,927	522,227	511,751	10,476
Other services and charges	567,470	1,211,070	1,161,920	49,150
Capital outlay	<u>15,700</u>	<u>15,700</u>	<u>10,574</u>	<u>5,126</u>
Total expenditures	<u>3,013,341</u>	<u>3,613,341</u>	<u>3,482,288</u>	<u>131,053</u>
Net change in fund balances	386,002	(1,024,877)	(472,908)	551,969
Fund balances - beginning	<u>368,241</u>	<u>368,241</u>	<u>368,241</u>	<u>-</u>
Fund balances - ending	<u>\$ 754,243</u>	<u>\$ (656,636)</u>	<u>\$ (104,667)</u>	<u>\$ 551,969</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (472,908)	
To adjust revenues for accruals			502,853	
To adjust expenditures for accruals			5,823	
To adjust expenditures for encumbrances			<u>208,797</u>	
Net change in fund balance, GAAP basis			<u>\$ 244,565</u>	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - LOCAL ROAD AND STREET
 For The Year Ended December 31, 2004

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 487,477	\$ 478,788	\$ 484,278	\$ 5,490
Expenditures:				
Current:				
Highways and streets Capital outlay	875,315	875,315	770,518	104,797
Net change in fund balances	(387,838)	(396,527)	(286,240)	110,287
Fund balances - beginning	587,160	587,160	587,160	-
Fund balances - ending	\$ 199,322	\$ 190,633	\$ 300,920	\$ 110,287
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (286,240)	
To adjust revenues for accruals			2,313	
To adjust expenditures for accruals			63,730	
To adjust expenditures for encumbrances			263,506	
Net change in fund balance, GAAP basis			\$ 43,309	

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, 2004

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Budgetary Basis Amounts	With Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 2,224,240	\$ 1,858,087	\$ 1,186,519	\$ (671,568)
Intergovernmental	161,996	137,419	159,851	22,432
Charges for services	450,000	450,000	586,792	136,792
Other	-	-	68,125	68,125
	<u>2,836,236</u>	<u>2,445,506</u>	<u>2,001,287</u>	<u>(444,219)</u>
Total revenues				
Expenditures:				
Current:				
Culture and recreation:				
Personal services	2,264,544	2,254,544	2,092,566	161,978
Supplies	258,657	276,657	259,306	17,351
Other services and charges	556,681	576,794	541,649	35,145
Capital outlay	525,717	525,038	484,002	41,036
	<u>3,605,599</u>	<u>3,633,033</u>	<u>3,377,523</u>	<u>255,510</u>
Total expenditures				
Net change in fund balances	(769,363)	(1,187,527)	(1,376,236)	(699,729)
Fund balances - beginning	<u>933,221</u>	<u>933,221</u>	<u>933,221</u>	<u>-</u>
Fund balances - ending	<u>\$ 163,858</u>	<u>\$ (254,306)</u>	<u>\$ (443,015)</u>	<u>\$ (699,729)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (1,376,236)	
To adjust revenues for accruals			926,029	
To adjust expenditures for accruals			61,384	
To adjust expenditures for encumbrances			<u>76,630</u>	
Net change in fund balance, GAAP basis			<u>\$ (312,193)</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, 2004

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 699,657	\$ 699,657
Expenditures:				
Current:				
General government:				
Other services and charges	-	159,999	159,999	-
Debt service:				
Interest and fiscal agent fees	-	166,001	92,965	73,036
Total expenditures	-	326,000	252,964	73,036
Net change in fund balances	-	(326,000)	446,693	772,693
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ (326,000)</u>	<u>\$ 446,693</u>	<u>\$ 772,693</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			446,693	
To adjust revenues for accruals			(699,657)	
To adjust expenditures for accruals			(6,900)	
To adjust expenditures for encumbrances			<u>142,755</u>	
Net change in fund balance, GAAP basis			<u>\$ (117,109)</u>	

CITY OF MISHAWAKA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - UNSAFE BUILDING
 For The Year Ended December 31, 2004

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 70	\$ 70
Expenditures:				
Current:				
Urban redevelopment and housing				
Other services and charges	1,300	1,300	1,300	-
Net change in fund balances	(1,300)	(1,300)	(1,230)	70
Fund balances - beginning	2,217	2,217	2,217	-
Fund balances - ending	<u>\$ 917</u>	<u>\$ 917</u>	<u>\$ 987</u>	<u>\$ 70</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
SPECIAL REVENUE FUNDS - LAW ENFORCEMENT CONTINUING EDUCATION
For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 4,000	\$ 4,000	\$ 4,220	\$ 220
Charges for services	21,000	21,000	24,494	3,494
Fines and forfeits	4,000	4,000	12,939	8,939
	<u>29,000</u>	<u>29,000</u>	<u>41,653</u>	<u>12,653</u>
Expenditures:				
Current:				
Public safety				
Supplies	4,000	4,000	4,000	-
Other services and charges	28,363	28,363	20,829	7,534
Capital outlay	16,000	16,000	7,415	8,585
	<u>48,363</u>	<u>48,363</u>	<u>32,244</u>	<u>16,119</u>
Other financing sources:				
Transfers in	-	1,960	1,960	-
	<u>(19,363)</u>	<u>(17,403)</u>	<u>11,369</u>	<u>28,772</u>
Fund balances - beginning	<u>51,851</u>	<u>51,851</u>	<u>51,851</u>	<u>-</u>
Fund balances - ending	<u>\$ 32,488</u>	<u>\$ 34,448</u>	<u>\$ 63,220</u>	<u>\$ 28,772</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 11,369	
To adjust revenues for accruals			5,217	
To adjust expenditures for accruals			(2,280)	
To adjust expenditures for encumbrances			1,996	
Net change in fund balance, GAAP basis			<u>\$ 16,302</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - LOCAL LAW ENFORCEMENT BLOCK GRANT
For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 17,644	\$ 17,644
Expenditures:				
Current:				
Public safety				
Capital outlay	<u>150,491</u>	<u>168,136</u>	<u>168,136</u>	<u>-</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>1,960</u>	<u>-</u>	<u>(1,960)</u>
Net change in fund balances	(150,491)	(166,176)	(150,492)	15,684
Fund balances - beginning	<u>151,422</u>	<u>151,422</u>	<u>151,422</u>	<u>-</u>
Fund balances - ending	<u>\$ 931</u>	<u>\$ (14,754)</u>	<u>\$ 930</u>	<u>\$ 15,684</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (150,492)	
To adjust revenues for accruals			110,104	
To adjust expenditures for accruals			7,061	
To adjust expenditures for encumbrances			<u>29,014</u>	
Net change in fund balance, GAAP basis			<u>\$ (4,313)</u>	

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, 2004

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 189,000	\$ 189,000	\$ 118,539	\$ (70,461)
Other	<u>-</u>	<u>-</u>	<u>38,620</u>	<u>38,620</u>
Total revenues	<u>189,000</u>	<u>189,000</u>	<u>157,159</u>	<u>(31,841)</u>
Expenditures:				
Current:				
Culture and recreation:				
Supplies	18,290	18,290	6,858	11,432
Other services and charges	19,000	19,000	19,000	-
Capital outlay	<u>169,028</u>	<u>169,028</u>	<u>151,251</u>	<u>17,777</u>
Total expenditures	<u>206,318</u>	<u>206,318</u>	<u>177,109</u>	<u>29,209</u>
Net change in fund balances	(17,318)	(17,318)	(19,950)	(2,632)
Fund balances - beginning	<u>328,881</u>	<u>328,881</u>	<u>328,881</u>	<u>-</u>
Fund balances - ending	<u>\$ 311,563</u>	<u>\$ 311,563</u>	<u>\$ 308,931</u>	<u>\$ (2,632)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (19,950)	
To adjust revenues for accruals			(218)	
To adjust expenditures for accruals			4,244	
To adjust expenditures for encumbrances			<u>7,242</u>	
Net change in fund balance, GAAP basis			<u>\$ (8,682)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - STATE GRANT
For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Urban redevelopment and housing				
Capital outlay	\$ 162,855	\$ 162,855	\$ 162,855	\$ -
Net change in fund balances	(162,855)	(162,855)	(162,855)	-
Fund balances - beginning	<u>182,861</u>	<u>182,861</u>	<u>182,861</u>	<u>-</u>
Fund balances - ending	<u>\$ 20,006</u>	<u>\$ 20,006</u>	<u>\$ 20,006</u>	<u>\$ -</u>
 <u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (162,855)	
To adjust expenditures for accruals			(19,430)	
To adjust expenditures for encumbrances			<u>161,109</u>	
Net change in fund balance, GAAP basis			<u>\$ (21,176)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS - MUNICIPAL BOND NO.1
For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 686,965	\$ 857,457	\$ 426,432	\$ (431,025)
Intergovernmental	50,067	63,416	49,371	(14,045)
Other	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total revenues	<u>777,032</u>	<u>960,873</u>	<u>515,803</u>	<u>(445,070)</u>
Expenditures:				
Debt service:				
Principal	737,194	737,194	737,194	-
Interest and fiscal agent fees	<u>193,836</u>	<u>234,871</u>	<u>274,300</u>	<u>(39,429)</u>
Total expenditures	<u>931,030</u>	<u>972,065</u>	<u>1,011,494</u>	<u>(39,429)</u>
Other financing sources:				
Bond issue proceeds	<u>-</u>	<u>-</u>	<u>41,035</u>	<u>41,035</u>
Net change in fund balances	(153,998)	(11,192)	(454,656)	(443,464)
Fund balances - beginning	<u>691,743</u>	<u>691,743</u>	<u>691,743</u>	<u>-</u>
Fund balances - ending	<u>\$ 537,745</u>	<u>\$ 680,551</u>	<u>\$ 237,087</u>	<u>\$ (443,464)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (454,656)	
To adjust revenues for accruals			382,183	
To adjust expenditures for accruals			(1,050)	
To adjust expenditures for encumbrances			<u>20,572</u>	
Net change in fund balance, GAAP basis			<u>\$ (52,951)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE BUILDING AND FIRE FIGHTING EQUIPMENT
For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 42,744	\$ 40,906	\$ 23,901	\$ (17,005)
Intergovernmental	<u>3,116</u>	<u>3,025</u>	<u>3,072</u>	<u>47</u>
Total revenues	<u>45,860</u>	<u>43,931</u>	<u>26,973</u>	<u>(16,958)</u>
Expenditures:				
Capital outlay				
Public safety				
Capital outlay	<u>25,000</u>	<u>25,000</u>	<u>4,857</u>	<u>20,143</u>
Net change in fund balances	20,860	18,931	22,116	3,185
Fund balances - beginning	<u>65,973</u>	<u>65,973</u>	<u>65,973</u>	<u>-</u>
Fund balances - ending	<u>\$ 86,833</u>	<u>\$ 84,904</u>	<u>\$ 88,089</u>	<u>\$ 3,185</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 22,116	
To adjust revenues for accruals			<u>16,706</u>	
Net change in fund balance, GAAP basis			<u>\$ 38,822</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, 2004

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 177,382	\$ 184,347	\$ 202,323	\$ 17,976
Fund balances - beginning	<u>750,286</u>	<u>750,286</u>	<u>750,286</u>	<u>-</u>
Fund balances - ending	<u>\$ 750,286</u>	<u>\$ 750,286</u>	<u>\$ 750,286</u>	<u>\$ -</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ 202,323	
To adjust revenues for accruals			<u>(28,586)</u>	
Net change in fund balance, GAAP basis			<u>\$ 173,737</u>	

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, 2004

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 528,200	\$ 505,035	\$ 295,257	\$ (209,778)
Intergovernmental	38,496	37,352	37,961	609
Charges for services	-	-	168,062	168,062
Other	-	-	16,153	16,153
	<u>566,696</u>	<u>542,387</u>	<u>517,433</u>	<u>(24,954)</u>
Total revenues				
Expenditures:				
Capital outlay				
Public safety				
Other services and charges	356,724	726,958	726,958	-
Capital outlay	16,893	16,893	16,893	-
	<u>373,617</u>	<u>743,851</u>	<u>743,851</u>	<u>-</u>
Total expenditures				
Net change in fund balances	193,079	(201,464)	(226,418)	(24,954)
Fund balances - beginning	<u>930,317</u>	<u>930,317</u>	<u>930,317</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,123,396</u>	<u>\$ 728,853</u>	<u>\$ 703,899</u>	<u>\$ (24,954)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (226,418)	
To adjust revenues for accruals			206,533	
To adjust expenditures for accruals			(12,168)	
To adjust expenditures for encumbrances			<u>480,627</u>	
Net change in fund balance, GAAP basis			<u>\$ 448,574</u>	

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, 2004

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 441,184	\$ 449,968	\$ 252,567	\$ (197,401)
Intergovernmental	<u>32,155</u>	<u>33,279</u>	<u>31,707</u>	<u>(1,572)</u>
Total revenues	<u>473,339</u>	<u>483,247</u>	<u>284,274</u>	<u>(198,973)</u>
Expenditures:				
Capital outlay				
General government				
Other services and charges	224,845	224,845	183,463	41,382
Capital outlay	<u>848,210</u>	<u>848,210</u>	<u>756,674</u>	<u>91,536</u>
Total expenditures	<u>1,073,055</u>	<u>1,073,055</u>	<u>940,137</u>	<u>132,918</u>
Net change in fund balances	(599,716)	(589,808)	(655,863)	(66,055)
Fund balances - beginning	<u>902,516</u>	<u>902,516</u>	<u>902,516</u>	<u>-</u>
Fund balances - ending	<u>\$ 302,800</u>	<u>\$ 312,708</u>	<u>\$ 246,653</u>	<u>\$ (66,055)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (655,863)	
To adjust revenues for accruals			166,558	
To adjust expenditures for accruals			116,504	
To adjust expenditures for encumbrances			<u>142,685</u>	
Net change in fund balance, GAAP basis			<u>\$ (230,116)</u>	

CITY OF MISHAWAKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CEDIT
For The Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,342,863	\$ 1,342,863	\$ 1,218,998	\$ (123,865)
Expenditures:				
Capital outlay				
General government				
Other services and charges	79,000	103,290	69,000	34,290
Public safety				
Capital outlay	702,471	731,176	659,979	71,197
Highways and streets				
Capital outlay	522,642	576,262	576,262	-
Culture and recreation				
Capital outlay	224,439	353,797	304,760	49,037
Debt service:				
Principal	125,381	125,381	125,381	-
Interest and fiscal agent fees	11,067	11,067	11,067	-
Total expenditures	<u>1,665,000</u>	<u>1,900,973</u>	<u>1,746,449</u>	<u>154,524</u>
Net change in fund balances	(322,137)	(558,110)	(527,451)	30,659
Fund balances - beginning	<u>1,242,703</u>	<u>1,242,703</u>	<u>1,242,703</u>	<u>-</u>
Fund balances - ending	<u>\$ 920,566</u>	<u>\$ 684,593</u>	<u>\$ 715,252</u>	<u>\$ 30,659</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (527,451)	
To adjust expenditures for accruals			(2,340)	
To adjust expenditures for encumbrances			<u>658,521</u>	
Net change in fund balance, GAAP basis			<u>\$ 128,730</u>	

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FIDUCIARY FUNDS

Pension trust funds

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

Agency funds

- Park Rental Deposit - To account for the deposits and refunds for rental of park facilities.
- 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.
- Payroll - To account for the payroll of City employees.

CITY OF MISHAWAKA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 December 31, 2004

<u>Assets</u>	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
Cash and cash equivalents	\$ 549,064	\$ 937,480	\$ 398,081	\$ 1,884,625
Receivables:				
Interest and dividends	-	-	15,063	15,063
Taxes	127,092	178,989	-	306,081
Intergovernmental	478	757	-	1,235
Total receivables	127,570	179,746	15,063	322,379
Investments at fair value:				
U.S. Government securities	-	-	2,203,451	2,203,451
Corporate obligations	-	-	134,520	134,520
Mutual funds	126,619	119,470	8,324,121	8,570,210
Total investments	126,619	119,470	10,662,092	10,908,181
Total assets	803,253	1,236,696	11,075,236	13,115,185
 <u>Liabilities</u>				
Accounts payable	-	-	315	315
 <u>Net Assets</u>				
Held in trust for:				
Employees' pension benefits	\$ 803,253	\$ 1,236,696	\$ 11,074,921	13,114,870

CITY OF MISHAWAKA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2004

<u>Additions</u>	1925 Police Pension	1937 Firefighters' Pension	Utility Pension	Totals
Contributions:				
Employer	\$ 1,068,719	\$ 1,525,623	\$ 639,749	\$ 3,234,091
Plan members	7,215	16,555	-	23,770
Total contributions	<u>1,075,934</u>	<u>1,542,178</u>	<u>639,749</u>	<u>3,257,861</u>
Investment income:				
Net increase in fair value of investments	-	-	524,299	524,299
Interest	12,980	15,678	294,440	323,098
Total investment income	12,980	15,678	818,739	847,397
Less investment expense:				
Investment activity expense	-	-	25,359	25,359
Net investment income	<u>12,980</u>	<u>15,678</u>	<u>793,380</u>	<u>822,038</u>
Total additions	<u>1,088,914</u>	<u>1,557,856</u>	<u>1,433,129</u>	<u>4,079,899</u>
<u>Deductions</u>				
Benefits	1,351,923	1,938,957	585,271	3,876,151
Administrative expense	2,789	6,598	14,165	23,552
Total deductions	<u>1,354,712</u>	<u>1,945,555</u>	<u>599,436</u>	<u>3,899,703</u>
Changes in net assets	(265,798)	(387,699)	833,693	180,196
Net assets - beginning	<u>1,069,051</u>	<u>1,624,395</u>	<u>10,241,228</u>	<u>12,934,674</u>
Net assets - ending	<u>\$ 803,253</u>	<u>\$ 1,236,696</u>	<u>\$ 11,074,921</u>	<u>\$ 13,114,870</u>

CITY OF MISHAWAKA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 December 31, 2004

	Park Rental Deposit	Redevelopment Revolving	Payroll	Totals
<u>Assets</u>				
Cash and cash equivalents	\$ 2,030	\$ 36,811	\$ 128,232	\$ 167,073
Accounts receivable	-	32,596	-	32,596
	-	32,596	-	32,596
Total assets	\$ 2,030	\$ 69,407	\$ 128,232	\$ 199,669
 <u>Liabilities</u>				
Accounts payable	\$ 2,030	\$ 68,992	\$ 3,558	\$ 74,580
Accrued payroll and withholdings payable	-	415	124,674	125,089
	-	415	124,674	125,089
Total liabilities	\$ 2,030	\$ 69,407	\$ 128,232	\$ 199,669

CITY OF MISHAWAKA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS
 For The Year Ended December 31, 2004

	Park Rental Deposit	Redevelopment Revolving	Payroll	Totals
Assets:				
Cash and cash equivalents, January 1, 2004	\$ 2,030	\$ -	\$ 3,386	\$ 5,416
Additions	-	489,004	27,756,937	28,245,941
Deductions	-	(452,193)	(27,632,091)	(28,084,284)
Cash and cash equivalents, December 31, 2004	<u>2,030</u>	<u>36,811</u>	<u>128,232</u>	<u>167,073</u>
Accounts receivable, January 1, 2004	-	18,298	-	18,298
Additions	-	32,596	-	32,596
Deductions	-	(18,298)	-	(18,298)
Accounts receivable, December 31, 2004	<u>-</u>	<u>32,596</u>	<u>-</u>	<u>32,596</u>
Total assets, December 31, 2004	<u>\$ 2,030</u>	<u>\$ 69,407</u>	<u>\$ 128,232</u>	<u>\$ 199,669</u>
Liabilities:				
Accounts payable, January 1, 2004	\$ 2,030	\$ 9,199	\$ 3,386	\$ 14,615
Additions	-	68,992	172	69,164
Deductions	-	(9,199)	-	(9,199)
Accounts payables, December 31, 2004	<u>2,030</u>	<u>68,992</u>	<u>3,558</u>	<u>74,580</u>
Accrued payroll and withholdings payable, January 1, 2004	-	9,099	-	9,099
Additions	-	415	27,756,765	27,757,180
Deductions	-	(9,099)	(27,632,091)	(27,641,190)
Accrued payroll and withholdings payable, December 31, 2004	<u>-</u>	<u>415</u>	<u>124,674</u>	<u>125,089</u>
Total liabilities, December 31, 2004	<u>\$ 2,030</u>	<u>\$ 69,407</u>	<u>\$ 128,232</u>	<u>\$ 199,669</u>

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STATISTICAL SECTION
(Not Covered by Auditors' Opinion)

CITY OF MISHAWAKA, INDIANA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
Last Ten Years

<u>Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Highways and Streets</u>	<u>Sanitation</u>	<u>Culture - Recreation</u>	<u>Urban Redevelopment and Housing</u>	<u>Debt Service</u>	<u>Total</u>
2004	\$ 5,136,270	\$ 17,334,453	\$ 7,521,315	\$ 35,725	\$ 6,067,551	\$ 3,198,211	\$ 6,367,416	\$ 45,660,941 *
2003	9,336,803	13,443,758	9,129,425	115,742	5,013,647	1,973,710	9,317,272	48,330,357 *
2002	8,048,679	11,573,768	3,403,586	164,763	2,795,278	1,385,062	2,786,494	30,157,630
2001	6,805,581	11,094,616	4,212,487	169,152	2,658,787	1,001,281	11,114,603	37,056,507
2000	6,467,581	10,509,034	3,523,517	169,829	2,580,065	1,032,799	1,941,948	26,224,773
1999	6,038,788	9,966,703	3,742,550	119,688	2,470,891	877,703	1,914,603	25,130,926
1998	5,453,298	9,357,992	3,733,510	21,311	2,434,991	1,018,629	1,861,971	23,881,702
1997	5,279,511	8,790,852	2,928,778	6,682	2,320,857	750,578	1,861,839	21,939,097
1996	4,667,260	7,950,563	2,588,331	50,963	2,282,891	907,053	1,907,560	20,354,621
1995	4,421,277	7,385,701	2,489,713	61,230	1,996,492	773,978	2,137,502	19,265,893

Includes all Governmental Fund Types

* Beginning in 2003, the City implemented GASB 34. Under the new reporting model, capital outlay was distributed to the corresponding functions.

CITY OF MISHAWAKA, INDIANA
GENERAL GOVERNMENT REVENUE BY SOURCE
Last Ten Years

Year	Taxes	Licenses and Permits	Inter-governmental	Charges for Services	Fines and Forfeits	Interest	Sale and Use of Property	Gifts and Donations	Miscellaneous	Total
2004	\$ 31,755,211	\$ 320,811	\$ 10,839,199	\$ 1,491,691	\$ 84,243	\$ 278,677	\$ 166,146	\$ 171,127	\$ 478,331	\$ 45,585,436
2003	32,034,284	306,397	10,679,742	2,830,702	106,222	196,261	803,226	126,139	1,020,898	48,103,871
2002	21,670,312	336,675	3,107,064	2,723,399	61,263	155,979	76,052	131,198	333,252	28,595,194
2001	18,444,484	324,325	3,696,335	2,630,322	87,454	347,050	56,952	92,144	312,497	25,991,563
2000	16,984,155	323,599	4,534,687	2,546,544	74,586	499,905	122,426	155,006	339,498	25,580,406
1999	16,035,125	298,562	4,457,407	2,527,476	47,013	308,247	62,848	145,415	203,045	24,085,138
1998	15,100,272	296,085	3,764,762	2,302,134	48,103	509,903	67,686	135,203	393,776	22,617,924
1997	14,290,818	269,376	3,392,111	1,588,131	38,879	401,019	232,927	305,417	186,716	20,705,394
1996	12,956,232	279,382	3,166,776	1,353,444	40,370	407,786	60,821	83,159	322,060	18,670,030
1995	13,243,077	302,184	2,958,379	1,391,370	33,880	494,342	120,627	89,916	184,527	18,818,302

Includes all Governmental Fund Types

CITY OF MISHAWAKA, INDIANA
PROPERTY TAX LEVIES AND COLLECTIONS (A) (B)
Last Ten Years

<u>Year</u>	<u>Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes of Tax Levy</u>
2004								
2003	\$ 62,337,292	\$ 58,737,605	94.2%	\$ 2,813,845	\$ 61,551,450	98.7%	\$ 5,171,870	8.3%
2002	55,254,404	52,827,942	95.6%	3,176,192	56,004,134	101.4%	3,958,841	7.2%
2001	53,561,623	50,021,861	93.4%	951,095	50,972,956	95.2%	5,008,601	9.4%
2000	52,463,442	50,853,805	96.9%	1,607,885	52,461,690	100.0%	5,063,980	9.7%
1999	52,419,106	50,079,239	95.5%	923,275	51,002,514	97.3%	5,250,143	10.0%
1998	46,694,334	44,536,672	95.4%	1,462,889	45,999,561	98.5%	4,117,408	8.8%
1997	46,488,610	44,885,773	96.6%	1,476,956	46,362,729	99.7%	4,095,680	8.8%
1996	41,722,316	40,628,413	97.4%	510,624	41,139,037	98.6%	3,952,000	9.5%
1995	41,195,979	39,871,331	96.8%	1,229,742	41,101,073	99.8%	3,912,873	9.5%

Notes: (A) Includes General, Special Revenue, Debt Service, Capital Projects and Fiduciary Fund Types, and levies for all other governmental units within Mishawaka City limits.
(B) Data is presented on the cash basis.

CITY OF MISHAWAKA, INDIANA
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (A)
 Last Ten Years

Year	Real Property		Personal Property		Total	
	Assessed Value (B) (C)	Estimated Actual Value	Assessed Value (B) (C)	Estimated Actual Value	Assessed Value (B) (C)	Estimated Actual Value
2004					1,526,588,768	1,526,588,768
2003	\$ 1,233,005,325	\$ 1,233,005,325	\$ 415,019,595	\$ 415,019,595	1,648,024,920	1,648,024,920
2002	622,477,285	622,477,285	397,447,827	397,447,827	1,019,925,112	1,019,925,112
2001	202,163,413	606,490,239	132,667,932	398,003,796	334,831,345	1,004,494,035
2000	196,503,008	589,509,024	127,871,300	383,613,900	324,374,308	973,122,924
1999	192,907,798	578,723,394	129,657,145	388,971,435	322,564,943	967,694,829
1998	187,307,937	561,923,811	114,569,574	343,708,722	301,877,511	905,632,533
1997	183,410,216	550,230,648	113,624,321	340,872,963	297,034,537	891,103,611
1996	182,639,481	547,918,443	99,703,336	299,110,008	282,342,817	847,028,451
1995	163,008,034	489,024,102	92,602,258	277,806,774	255,610,292	766,830,876

Notes: (A) Taxable property was assessed at 33 1/3% of true cash value prior to 2002.
 (B) Source: St. Joseph County Auditor's Certified Abstract.
 (C) A general reassessment of the real property in all counties in Indiana was effective for taxes payable in 1996 and 2003.

CITY OF MISHAWAKA, INDIANA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND
NET BONDED DEBT PER CAPITA
Last Ten Years

Year	Population (B)	Assessed Value (C)	Gross Bonded Debt (A)	Monies Available for Debt Service	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita (D)
2004	46,557	\$ 1,526,588,768	\$ 3,250,000	\$ 638,792	\$ 2,611,208	0.2%	\$ 56.09 (D)
2003	46,557	1,648,024,920	3,500,000	691,743	2,808,257	0.2%	60.32 (A)
2002	46,557	1,019,925,112	3,880,000	694,634	3,185,366	0.3%	68.42 (A)
2001	46,557	334,831,345	4,235,000	660,918	3,574,082	1.1%	76.77 (A)
2000	42,635	324,374,308	4,570,000	621,371	3,948,629	1.2%	92.61 (A)
1999	42,635	322,564,943	4,625,000	335,271	4,289,729	1.3%	100.62 (A)
1998	42,635	301,877,511	4,820,000	371,753	4,448,247	1.5%	104.33 (A)
1997	42,635	297,034,537	4,955,000	320,123	4,634,877	1.6%	108.71 (A)
1996	42,635	282,342,817	5,065,000	295,742	4,769,258	1.7%	111.86 (A)
1995	42,635	255,610,292	3,670,000	338,734	3,331,266	1.3%	78.13 (A)

- Notes: (A) Includes Park District debt and Police Station Bond debt.
(B) Source: U.S. Bureau of Census - 2000 Census
(C) Taxable property was assessed at 33 1/3% of the true cash value prior to 2002.
Source: St. Joseph County Auditor's Certified abstract.
(D) Includes Park District debt and Refunded Police Station debt

CITY OF MISHAWAKA, INDIANA
 COMPUTATION OF LEGAL DEBT MARGIN
 December 31, 2004

	<u>Civil City</u>	<u>Park District</u>	<u>Total</u>
Assessed Value (A)	\$ 508,862,922	\$ 508,862,922	\$ 508,862,922
Debt Limit Percentage	<u>2%</u>	<u>2%</u>	<u>2%</u>
Debt Limit	10,177,258	10,177,258	20,354,517
Bonds Outstanding	<u>2,745,000</u>	<u>505,000</u>	<u>3,250,000</u>
Subtotal	7,432,258	9,672,258	17,104,517
Amount Available for Debt Service	<u>638,792</u>	<u>-</u>	<u>638,792</u>
Legal Debt Margin	<u>\$ 8,071,050</u>	<u>\$ 9,672,258</u>	<u>\$ 17,743,309</u>

Note: (A) Beginning in year 2002, only one-third of the actual assessed value can be used to calculate the legal debt margin.

CITY OF MISHAWAKA, INDIANA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES (A)
Last Ten Years

Year	General Obligation Bonds		Tax Incremental Financing Bonds		Total Bonded Debt Service	Total General Government Expenditures	Ratio of Debt Service to Total General Government Expenditures
	Principal	Interest	Principal	Interest			
2004	\$ 405,000	\$ 174,030	\$ 985,000	\$ 464,646	2,028,676	\$ 45,660,941	4.4%
2003	380,000	193,435	935,000	512,105	2,020,540	48,330,357	4.2%
2002	355,000	211,380	940,000	820,612	2,326,992	30,157,630	7.7%
2001	335,000	228,120	610,000	1,026,261	2,199,381	37,056,507	5.9%
2000	55,000	237,488	475,000	789,260	1,556,747	26,224,773	5.9%
1999	195,000	249,775	445,000	673,328	1,563,103	25,130,926	6.2%
1998	135,000	262,309	415,000	700,661	1,512,970	23,881,702	6.3%
1997	110,000	274,086	400,000	727,653	1,511,739	21,939,097	6.9%
1996	105,000	202,190	435,000	815,520	1,557,710	20,354,621	7.7%
1995	95,000	208,745	470,000	1,013,240	1,786,985	19,265,893	9.3%

Notes: (A) Prior to 2003, included General, Special Revenue and Debt Service funds. Starting in 2003, includes all government

CITY OF MISHAWAKA, INDIANA
REVENUE BOND COVERAGE
Last Ten Years

Year	Gross Revenue (A)	Direct Operating Expenses (B)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 53,071,039	\$ 39,915,099	\$ 13,155,940	\$ 1,180,000	\$ 471,727	1,651,727	796.5%
2003	48,967,650	40,361,840	8,605,810	825,000	415,403	1,240,403	693.8%
2002	47,915,590	40,044,928	7,870,662	1,310,000	722,886	2,032,886	387.2%
2001	46,628,035	37,657,686	8,970,349	1,575,000	793,956	2,368,956	378.7%
2000	44,333,915	38,929,678	5,404,237	1,300,000	660,592	1,960,592	275.6%
1999	43,323,370	39,060,707	4,262,663	945,000	561,715	1,506,715	282.9%
1998	44,451,245	36,687,382	7,763,863	905,000	602,928	1,507,928	514.9%
1997	38,749,914	32,661,070	6,088,844	800,000	707,926	1,507,926	403.8%
1996	38,400,439	31,435,297	6,965,142	860,000	700,100	1,560,100	446.5%
1995	37,533,853	31,397,730	6,136,123	1,260,000	770,460	2,030,460	302.2%

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

CITY OF MISHAWAKA, INDIANA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$100 of Assessed Value) (B)
Last Ten Years

Year	City of Mishawaka (A)						Overlapping Governments							Total
	General Fund	Special Revenue Funds	Trust and Agency Funds	Debt Service	Capital Projects	Total	Township	Library	School District	County	Airport	Transpo	State	
2004	\$ 0.9586	\$ 0.2206	\$ 0.0408	\$ 0.0450	\$ 0.0663	1.3313	\$ 0.0172	\$ 0.1319	\$ 1.5932	\$ 0.7652	\$ 0.0346	\$ 0.0827	\$ 0.0024	3.9585
2003	0.9030	0.1871	0.0397	0.0545	0.0633	1.2476	0.0163	0.1325	1.4205	0.7366	0.0472	0.0768	0.0033	3.6808
2002	1.2951	0.2827	0.1199	0.0863	0.0787	1.8627	0.0221	0.1567	2.2303	0.9473	0.0406	0.1079	0.0033	5.3709
2001	3.8205	0.7793	0.3885	0.2765	0.2359	5.5007	0.0705	0.5556	6.3580	3.1402	0.1261	0.3150	0.0100	16.0761
2000	3.5958	0.6852	0.4631	0.2617	0.2359	5.2417	0.0708	0.5139	6.3353	3.1142	0.1219	0.2994	0.0100	15.7072
1999	3.6141	0.7233	0.3195	0.2248	0.2359	5.1176	0.0118	0.5008	6.6302	3.5002	0.1312	0.2959	0.0100	16.1977
1998	3.5783	0.7302	0.3606	0.2449	0.2359	5.1499	0.0214	0.5946	5.4497	3.0079	0.0839	0.2883	0.0100	14.6057
1997	3.5569	0.7414	0.2651	0.2418	0.2089	5.0141	0.0654	0.6321	5.4750	3.2256	0.0831	0.2795	0.0100	14.7848
1996	3.4044	0.6536	0.3412	0.2002	0.2089	4.8083	0.0669	0.5020	5.4419	2.9274	0.0813	0.2726	0.0100	14.1104
1995	3.7395	0.7566	0.3408	0.2350	0.2234	5.2953	0.0745	0.5244	6.8447	2.7700	0.1386	0.2618	0.0100	15.9193

Notes: (A) The majority of Mishawaka is in Penn Township, Mishawaka School City School District, and Mishawaka-Penn Public Library District. Mishawaka overlaps into the following units (with 2003 tax rates).

Clay Township	\$ 0.0193
Harris Township	0.0066
South Bend Community School Corporation	1.6201
St. Joseph County Public Library	0.1830
Penn-Harris-Madison School Corporation	1.6581

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

CITY OF MISHAWAKA, INDIANA
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 As of December 31, 2004

Unit	Outstanding Debt at December 31, 2004(A)	Percentage Applicable to Mishawaka Coterminous Territory (B)	Debt Applicable to Coterminous Territory
<u>Direct Debt:</u>			
City of Mishawaka	\$ 3,786,424	100.00%	\$ 3,786,424
<u>Overlapping Debt:</u>			
School City of Mishawaka	46,152,193	99.10%	45,736,823
Mishawaka-Penn Library	10,300,000	42.74%	4,402,220
Penn-Harris-Madison School Corporation	116,307,375	19.91%	23,156,798
St. Joseph County	20,485,000	17.24%	3,531,614
St. Joseph County Airport Authority	18,710,000	17.24%	3,225,604
St. Joseph County Public Library	2,034,600	4.71%	95,830
South Bend Community School Corporation	<u>220,821,047</u>	4.95%	<u>10,930,642</u>
Subtotal for Overlapping Debt	<u>434,810,215</u>		<u>91,079,531</u>
Total Direct and Overlapping Debt	<u>\$ 438,596,639</u>		<u>\$ 94,865,955</u>

Notes: (A) Source: Includes General Obligation Bonded Debt and Capital Leases
 (B) Source: St. Joseph County Auditor

CITY OF MISHAWAKA, INDIANA
 DEMOGRAPHIC STATISTICS
 Last Ten Years

Year	K-12 Public School Enrollment (A)	St. Joseph County Per Capita Income (B)	St. Joseph County Unemployment (C)(G)	Electric Utility Customers (D)	Street Lights (D)	Area in Square Miles (E)	Miles of Streets (E)	Miles of Sewers (E)
2004	5,177	(F)	5.1%	26,285	3,725	17.22	174.08	239.85
2003	5,102	29,927	5.0%	25,928	3,709	17.21	174.08	236.89
2002	5,086	28,806	4.2%	25,648	3,687	17.02	174.08	232.89
2001	5,041	27,923	3.4%	25,276	3,745	16.76	173.84	222.73
2000	5,065	26,515	3.5%	24,707	4,105	16.69	173.35	218.83
1999	5,248	25,455	3.1%	24,330	4,074	16.69	167.45	212.30
1998	5,050	24,730	3.3%	24,164	3,985	16.69	166.62	209.53
1997	5,068	23,101	3.3%	23,933	3,977	16.20	165.99	203.39
1996	5,171	22,264	4.0%	23,642	3,423	16.02	165.76	200.52
1995	5,118	21,441	4.1%	23,206	3,353	15.99	165.24	197.39

- Notes: (A) Source: School City of Mishawaka
 (B) Source: U.S. Department of Commerce, Bureau Economic Analysis
 (C) Source: Indiana Employment and Security Division
 (D) Source: Mishawaka Municipal Utilities
 (E) Source: City of Mishawaka, Department of Engineering
 (F) 2003 Information not available at this time
 (G) 2002 Information updated

CITY OF MISHAWAKA, INDIANA
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
Last Ten Years

Year	Estimated Actual Property Value (A)	Construction (B)		Financial Institutions (C) (D)
		Units	Value of Buildings	
2004	\$ 1,526,588,768	1,119	\$ 72,838,980	(D)
2003	1,648,024,920	1,033	57,007,896	(D)
2002	1,019,925,112	1,250	68,778,689	(D)
2001	1,004,494,035	1,342	80,741,910	(D)
2000	973,122,924	1,498	67,381,387	(D)
1999	967,694,829	1,241	56,877,752	(D)
1998	905,632,533	1,171	90,580,698	(D)
1997	891,103,611	1,355	71,705,315	(D)
1996	847,028,451	1,537	51,299,939	\$ 820,669,677
1995	766,830,876	1,489	55,819,276	832,082,042

- Notes: (A) Source: St. Joseph County Auditor
(B) Source: City of Mishawaka Building Department
(C) Source: Banks, Savings and Loan, and Credit Union deposits
for current depositories furnished by financial institutions.
(D) All Financial Institutions no longer have to report deposits
from branches located within the City

CITY OF MISHAWAKA, INDIANA
 PRINCIPAL TAXPAYERS
 December 31, 2004

Taxpayer	Type of Business	Assessed Valuation (A)	Percentage of Total Assessed Valuation	Number of Employees 12-31-04 (B)
Edward Rose of IN	Rental Multi-Unit Housing	\$ 93,300,400	6.11%	35
Bayer Corporation	Manufacturing	\$ 58,900,689	3.86%	642
University Park Associates	Retail/Management	\$ 33,513,000	2.20%	9
Meijer	Retail	\$ 32,933,930	2.16%	765
Nyloncraft	Manufacturing	\$ 29,001,400	1.90%	406
Wal-Mart Stores	Retail	\$ 26,914,730	1.76%	397
Main Street Village	Rental Multi-Housing	\$ 21,550,400	1.41%	11
Gurley Leep	Automotive Dealership	\$ 18,268,690	1.20%	344
Carriage House	Rental Multi-Housing	\$ 18,189,200	1.19%	11
Amerisource	Wholesale Merchandising	\$ 14,865,540	0.97%	130
Total		<u>\$ 254,137,579</u>	16.65%	

Note: (A) Represents 2003 payable 2004 valuations supplied by St. Joseph County Auditor.
 (B) Source: Individual Industries

CITY OF MISHAWAKA, INDIANA
 MISCELLANEOUS STATISTICS
 December 31, 2004

Founded	1833
Incorporated as Village	1839
Incorporated as City	1899
Form of Government	Mayor/Council
Population	46,557
Area in Square Miles	17.22
Miles of Streets	174.08
Number of Street Lights	3,725
Fire Protection:	
Number of Stations	4
Number of Firefighters	92
Police Protection:	
Number of Stations	1
Number of Substations	2
Number of Police Officers	103
Emergency Medical Services:	
Number of Stations	1
Number of Paramedics/EMTs	16
Education:	
Attendance Centers	8
Number of Students	5,177
Recreation and Culture:	
Number of Parks	27
Number of Acres	435
Number of Outdoor Pools	2
Number of Ice Skating Rinks	1
Number of Golf Courses	1
Number of Senior Citizen Centers	1
Number of Libraries	1 Main Library/2 Branches
Number of Volumes	253,515
Number of Museums	1
Other:	
Number of Employees	571
Number of Registered Voters	26,518

CITY OF MISHAWAKA, INDIANA
SALARIES OF PRINCIPAL OFFICIALS
YEAR 2004

Name	Title	Salary
Elected Officials:		
Jeffrey L. Rea	Mayor	\$ 61,212
Deborah Block	City Clerk	42,626
James Benjamin	Council President	7,733
Greg Hixenbaugh	Council Vice-President	7,733
John Roggeman	Council Member	7,733
Ronald Banicki	Council Member	7,733
John Gleissner	Council Member	7,733
Jason Mazurkiewicz	Council Member	7,733
Marsha McClure	Council Member	7,733
Dale Emmons	Council Member	7,733
David Wood	Council Member	7,733
Appointed Officials:		
Yvonne Milligan	City Controller	59,664
John Gourley	Corporation Counsel	27,903
Gary West	City Engineer	59,664
Larry Fuchs	Building Commissioner	45,879
Phillip Fick	Code Enforcement Director	44,814
Dale Freeman	Fire /EMSChief	51,728
Kenneth Witkowski	Police Chief	52,287
Lora Bentley	Human Resource Director	42,500
Philip Miller	Utilities General Manager	62,792
Laura Wagley	Community Devel/Redevel Director	55,000
Michael Faulkner	Park Superintendent	51,620
Ronald Watson	Street Commissioner	46,437
Kenneth Prince	City Planner	54,765
William Kuhl	Information Tech Director	49,319

CITY OF MISHAWAKA, INDIANA
LARGEST WATER UTILITY USERS*
DECEMBER 31, 2004

<u>Customer</u>	<u>Type of Business</u>	<u>Consumption Cubic Feet</u>	<u>Revenue</u>
A M General	Manufacturing	14,809,973	\$ 132,485
Village Green	Mobile Home Park	12,224,090	189,702
Indian Lakes Apts	Apartment Complex	6,977,560	74,146
Hickory Village	Apartment Complex	5,416,500	84,087
RMG Foundry	Manufacturing	5,054,040	47,869
Carriage House	Apartment Complex	4,017,946	63,063
School City	Education	3,358,552	46,902
Wastewater Treatment	Utility	2,970,927	33,107
Eagle Products	Manufacturing	2,445,325	25,024
Bayer Corp.	Manufacturing	<u>2,308,284</u>	<u>22,354</u>
Totals		59,583,197	\$ 718,739

* Source: Mishawaka Utilities

CITY OF MISHAWAKA, INDIANA
 LARGEST WASTEWATER UTILITY USERS*
 DECEMBER 31, 2004

<u>Customer</u>	<u>Type of Business</u>	<u>Consumption Cubic Feet</u>	<u>Revenue</u>
A.M. General	Manufacturing	12,456,027	\$ 257,627
Village Green	Mobile Home Park	12,224,090	165,600
Indian Lakes Apts.	Apartment Complex	5,628,085	173,083
Hickory Village	Apartment Complex	5,148,583	73,200
Carriage House	Apartment Complex	4,017,946	58,212
RMG Foundry	Manufacturing	3,768,266	53,119
Eagle Products	Manufacturing	2,434,210	35,304
Bayer Corp.	Manufacturing	2,308,062	33,249
Mid America Mgmnt	Management	2,177,010	29,845
School City	Education	<u>1,843,682</u>	<u>36,162</u>
Totals		52,005,961	\$ 915,401

* Source: Mishawaka Utilities

CITY OF MISHAWAKA, INDIANA
 LARGEST ELECTRIC UTILITY USERS*
 DECEMBER 31, 2004

<u>Customer</u>	<u>Type of Business</u>	<u>Consumption Cubic Feet</u>	<u>Revenue</u>
Nyloncraft	Manufacturing	18,663,000	\$ 1,000,529
Contech	Manufacturing	11,127,520	626,119
Scott Brass Inc.	Manufacturing	9,294,800	555,162
School City	Education	8,949,217	626,694
Meijer	Retail	8,291,700	423,124
Martin's	Grocery Chain	7,219,700	378,294
Patrick Industries	Manufacturing	6,153,120	336,873
Wal-Mart	Retail	6,050,400	313,049
Kroger's	Grocery Chain	5,796,400	304,249
Standard Motor Products	Manufacturing	<u>5,697,000</u>	<u>316,202</u>
Totals		87,242,857	\$ 4,880,294

*Source: Mishawaka Utilities

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDIANAPOLIS, INDIANA 46204-2765

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the City of Mishawaka (City), as of and for the year ended December 31, 2004, and have issued our report thereon dated April 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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 grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have discussed with the management of the City on April 14, 2005. These immaterial instances of noncompliance were subsequently communicated to management in a separate letter.

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

STATE BOARD OF ACCOUNTS

April 14, 2005



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

Compliance

We have audited the compliance of the City of Mishawaka (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2004. 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2004.

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.

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

April 14, 2005

CITY OF MISHAWAKA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2004

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:			
Community Development Block Grants/Entitlement Grants	14.218	B03MC180017 B04MC180017	\$ 479,104 <u>341,408</u>
			<u>820,512</u>
Total for program			
Pass-Through St. Joseph County Housing Consortium HOME Investment Partnerships Program	14.239	HO-03-806 HO-04-480 FY 2004	652,387 244,755 17,501
Pass-Through Federal Home Loan Bank of Indianapolis		FHLBI AHP	<u>325,000</u>
			<u>1,239,643</u>
Total for federal grantor agency			
			<u>2,060,155</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant:			
Local Law Enforcement Block Grants Program	16.592	2002-LB-BX-1736 2003-LB-BX-2089	54,232 <u>71,553</u>
			<u>125,785</u>
Total for program			
Bulletproof Vest Partnership Program	16.607	FY 2004	<u>1,112</u>
Public Safety Partnership and Community Policing Grants	16.710	00SHWX0770	18,630
Pass-Through School City of Mishawaka Public Safety Partnership and Community Policing Grants	16.710	00SHWX0770	<u>54,741</u>
			<u>73,371</u>
Total for program			
Pass-Through the St. Joseph County Prosecutor Violence Against Women Formula Grants	16.588		<u>10,000</u>
Total for federal grantor agency			
			<u>210,268</u>

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

Continued on next page

CITY OF MISHAWAKA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2004
 (Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (Or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	154AL-04-03-03-65	61,140
		154AL-05-03-03-92	<u>4,808</u>
Total for federal grantor agency			<u>65,948</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Department of Environmental Management			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS18232701	99,037
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW-19910602	<u>343,035</u>
Total for federal grantor agency			<u>442,072</u>
Total federal awards expended			<u>\$ 2,778,443</u>

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

CITY OF MISHAWAKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2004:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant/Entitlement Grants	14.218	\$ <u>33,106</u>

CITY OF MISHAWAKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? no
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
 Material weaknesses identified? no
 Reportable conditions identified that are not considered to be material weaknesses? none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.239	HOME Investment Partnership Program

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.