



City of South Bend Board of Finance

Annual Investment Report For the year ended December 31, 2011

Report Date: ***January 18, 2012***

Report Distribution: ***Mayor***
Chief of Staff
Deputy Chief of Staff
City Clerk
South Bend Common Council Members
Common Council Attorney
City Attorney
State Board of Accounts (local office)

Submitted By: ***City Controller***

**City of South Bend
Board of Finance (B of F)
Annual Investment Report
For the year ended December 31, 2011**

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Executive Summary

On January 24, 2011, the Board of Finance of the City of South Bend, convened the annual meeting, elected Council Member Mr. Thomas LaFountain as President of the Board of Finance and Council Member Ms. Ann Puzzello as Board Secretary. At this meeting, the Board of Finance approved the 2011 City of South Bend Investment Policy and the 2011 City of South Bend Stale Dated Check Policy. At this meeting, the Board of Finance, reviewed, discussed and accepted the Annual Investment Report of the City of South Bend.

The City of South Bend has in fiscal 2011 operated in compliance with the investment policy approved by the Board of Finance and with the stale dated check policy approved by the Board of Finance.

The City of South Bend, during fiscal 2011, has operated with 1st Source Bank; a South Bend State of Indiana domiciled Commercial Bank, as its primary banking partner for depository and disbursement account activity.

The City of South Bend, during fiscal 2011, has invested certain funds with other commercial banks in accordance with the investment provisions defined in the City of South Bend Investment Policy.

On March 25, 2011, the City of South Bend entered into a pricing agreement with 1st Source Bank, with effective dates from April 1, 2011 thru March 31, 2013, whereby, 1st Source Bank will pay interest on a monthly basis on the higher of the two following interest rates: the average daily one month London Interbank Offered Rate (LIBOR01M) as reported by Bloomberg Finance L.P. or the average daily Federal Funds Effective Rate as published in the Federal Reserve H.15 report plus 20 basis points (.20%), on the average daily collected balance.

Interest income earned by the city in fiscal 2011, (does not include accrued interest or changes in market value of assets) with comparison to prior periods is as follows:

	Interest Earnings \$	Change vs. prior year	Effective Rate
2011 Interest Income	628,889	-22%	0.37%
2010 Interest Income	802,734	-40%	0.72%
2009 Interest Income	1,348,127	- 79%	0.90%
2008 Interest Income	6,281,325	- 10%	3.64%
2007 Interest Income	7,010,895	+ 36%	5.50%

For 2012, interest earned on investments will likely increase as the new 1st Source investment account will be in operation for a full year.

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Report of 2011 Investments

	Investment Date	Maturity Date	Funds Invested	Interest Rate	Financial Institution
Cert of Deposit	10/28/2010	01/28/2011	174,125	0.20%	Old National
Cert of Deposit	12/23/2010	03/23/2011	4,514,267	0.44%	Lake City
Cert of Deposit	03/25/2011	03/24/2012	5,700,000	0.52%	Fifth Third
Cert of Deposit	08/12/2011	12/10/2011	900,000	0.30%	Lake City
1 st Source Investment Acct	05/11/2011	N / A	150,000,000	Varies	1 st Source
Total			161,288,392		

Comment(s)

All investment instruments entered into during fiscal 2011 were/are in full compliance with the Board of Finance Investment Policy in effect during the time period.

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Report of 2011 Interest Earnings (Net of Investment fees)

Instrument	Interest \$ Earned	
Depository Accounts	268,720	Cash earned on depository accounts
Investment Instruments	343,506	Cash earned on investments
Other Instruments	16,663	Econ Development loan interest earned
Total Interest Earned	628,889	

Comment(s)

Depository Accounts are the interest earned on cash balances held in the city depository accounts.

Investment Instrument is the interest earned on Certificate of Deposit instruments maturing during the fiscal period and the 1st Source Investment account instrument which started in May of 2011.

Other Instruments is the interest earned from economic development loans outstanding in the period.

City of South Bend, Indiana
2011 Investment Summary Register Detail
October 1, 2010 through December 31, 2011

Financial Institution	Investment Date	Maturity Date	No. of Days	Interest Rate	Fiscal Officer	Principal	Interest Income	Days Per Year	Fund Name	Fund Number
Century Center										
Old National Bank	10/28/10	1/28/11	90	0 2000%	Church	174,125.00	85.87	365	Century Center	670
Quotes										
No quotes solicited. Must be kept at Old National Bank as collateral for bank loan to Century Center until loan is paid off. This CD in the amount of \$174,125.00 is a consolidated renewal of a \$99,000.00 CD that matured 10/13/10 and a \$75,125.00 CD that matured 10/14/10. After this renewal was made, the City planned to amend 2010 Century Center budget and pay off the loan principle balance and pay off loan by 12/31/10										
Sewage Works Debt Service Reserve										
Lake City Bank	12/23/10	3/23/11	91	0 4400%	Kurzhal	4,514,266.81	4,952.09	365	Sewage Works Debt Service Reserve	653
Quotes										
Lake City Bank	12/23/10	3/23/11	91	0 4400%	Kurzhal	4,514,266.81	4,952.09	365		
1st Source Bank	12/23/10	3/23/11	91	0 2000%	Kurzhal	4,514,266.81	2,250.95	365		
Key Bank	12/23/10	3/23/11	91	0 2000%	Kurzhal	4,514,266.81	2,250.95	365		
Horizon Bank	12/23/10	3/23/11	91	0 1500%	Kurzhal	4,514,266.81	1,688.21	365		
JP Morgan Chase	12/23/10	3/23/11	91	0 1000%	Kurzhal	4,514,266.81	1,125.47	365		
Fifth Third Bank	12/23/10	3/23/11	91	No Reply	Kurzhal	4,514,266.81	0.00	365		
Old National Bank	12/23/10	3/23/11	91	No Quote	Kurzhal	4,514,266.81	0.00	365		
Teachers Credit Union	12/23/10	3/23/11	91	No Reply	Kurzhal	4,514,266.81	0.00	365		
Wells Fargo	12/23/10	3/23/11	91	No Reply	Kurzhal	4,514,266.81	0.00	365		
Sewage Works Debt Service Reserve Requirement. CD investment at Lake City Bank. Copy of CD provided to Bank of New York Mellon to include in their trustee statement.										
Sewage Works Debt Service Reserve										
Fifth Third Bank	3/25/11	3/24/12	365	0 5200%	Kurzhal	5,700,000.00	29,640.00	365	Sewage Works Debt Service Reserve	653
Quotes										
Fifth Third Bank	3/25/11	3/24/12	365	0.5200%	Kurzhal	5,700,000.00	29,640.00	365		
Lake City Bank	3/25/11	3/24/12	365	0 5000%	Kurzhal	5,700,000.00	28,500.00	365		
JP Morgan Chase	3/25/11	3/24/12	365	0 1900%	Kurzhal	5,700,000.00	10,830.00	365		
Wells Fargo	3/25/11	3/24/12	365	0.0500%	Kurzhal	5,700,000.00	2,850.00	365		
1st Source Bank	3/25/11	3/24/12	365	No Reply	Kurzhal	5,700,000.00	0.00	365		
Key Bank	3/25/11	3/24/12	365	No Reply	Kurzhal	5,700,000.00	0.00	365		
Horizon Bank	3/25/11	3/24/12	365	Pass	Kurzhal	5,700,000.00	0.00	365		
Old National Bank	3/25/11	3/24/12	365	Pass	Kurzhal	5,700,000.00	0.00	365		
Teachers Credit Union	3/25/11	3/24/12	365	No Reply	Kurzhal	5,700,000.00	0.00	365		
Sewage Works Debt Service Reserve Requirement. CD investment at Fifth Third Bank. Copy of CD provided to Bank of New York Mellon to include in their trustee statement.										
Century Center										
Lake City Bank	8/12/11	12/10/11	120	0 3000%	Church	900,000.00	887.67	365	Century Center	670
Quotes										
Lake City Bank	8/12/11	12/10/11	120	0 3000%	Church	900,000.00	887.67	365		
1st Source Bank	8/12/11	12/10/11	120	0 2000%	Church	900,000.00	591.78	365		
Key Bank	8/12/11	12/10/11	120	0 2000%	Church	900,000.00	591.78	365		
JP Morgan Chase	8/12/11	12/10/11	120	0 1000%	Church	900,000.00	295.89	365		
Teachers Credit Union	8/12/11	12/10/11	120	0 1000%	Church	900,000.00	295.89	365		
Wells Fargo	8/12/11	12/10/11	120	0 0500%	Church	900,000.00	147.95	365		
Horizon Bank	8/12/11	12/10/11	120	Pass	Church	900,000.00	0.00	365		
Old National Bank	8/12/11	12/10/11	120	No Reply	Church	900,000.00	0.00	365		
Fifth Third Bank	8/12/11	12/10/11	120	No Reply	Church	900,000.00	0.00	365		
Invest Century Center Capital funds										
1st Source Bank	5/11/11	N/A	Various	Various	Zienlara	150,000,000.00	Varies	Varies	Various City Funds	--
Corporate Investment Agency Agreement - signed 4/4/2011 - a separate investment report is provided monthly by 1st Source Bank										

City of South Bend, Indiana
1st Source Investments
December 31, 2011

TYPE	INTEREST RATE/TERM	OTHER	UNITS HELD	MARKET PRICE	MARKET VALUE ON 12/31/11 ⁽¹⁾	COST BASIS
FEDERAL FARM CREDIT BANK	.84% DUE 04/04/2013	CALL 04/04/2012	\$2,605,000.00	\$100.14	\$2,608,751.20	\$2,611,851.15
FEDERAL FARM CREDIT BANK	.48% DUE 04/18/2013	CALL 10/18/2011	5,000,000.00	100.00	5,000,050.00	4,998,750.00
FEDERAL HOME LOAN BANK	.60% DUE 06/13/2013	CALLABLE 06/13/2012	10,000,000.00	100.10	10,009,800.00	10,000,000.00
FEDERAL HOME LOAN BANK	.6% DUE 06/28/2013	CALL 12/28/2011	2,000,000.00	100.05	2,000,960.00	2,000,000.00
FEDERAL HOME LOAN BANK	.50% DUE 02/02/2013	CALLABLE ON 11/8/2011	5,000,000.00	99.99	4,999,500.00	5,000,000.00
FEDERAL HOME LOAN BANK	.65% DUE 08/09/2013	CALL 02/09/2012	10,000,000.00	100.03	10,002,700.00	10,000,000.00
FEDERAL HOME LOAN BANK	.7% DUE 08/23/2013	CALL 11/23/2011	13,055,000.00	100.04	13,060,222.00	13,058,152.50
FEDERAL HOME LOAN MORTGAGE CORP	.75% DUE 12/28/2012		4,750,000.00	100.51	4,774,320.00	4,772,857.00
FEDERAL HOME LOAN MORTGAGE CORP	.55% DUE 09/30/2013	CALL 03/30/2012	10,000,000.00	99.92	9,991,800.00	10,000,000.00
FEDERAL HOME LOAN MORTGAGE CORP	.6% DUE 10/25/2013	CALL 01/25/2012	5,000,000.00	100.01	5,000,700.00	4,999,000.00
FEDERAL HOME LOAN MORTGAGE CORP	.6% DUE 08/22/2013	CALL 02/22/2012	900,000.00	100.04	900,324.00	901,350.00
FEDERAL HOME LOAN MORTGAGE CORP	.50% DUE 08/23/2013	CALL 11/23/2011	1,600,000.00	99.83	1,597,328.00	1,600,000.00
FEDERAL HOME LOAN MORTGAGE CORP	.50% DUE 09/06/2013	CALL 03/06/2012	2,962,000.00	99.88	2,958,475.22	2,962,000.00
FEDERAL NATIONAL MORTGAGE ASSN	0.75% DUE 02/26/2013		10,000,000.00	100.59	10,058,700.00	10,047,400.00
FEDERAL NATIONAL MORTGAGE ASSN	.6% DUE 09/12/2013	CALL 03/12/2012	10,000,000.00	100.03	10,002,500.00	10,006,000.00
FEDERAL NATIONAL MORTGAGE ASSN	.60 % DUE 09/27/2013		4,500,000.00	100.00	4,500,090.00	4,500,000.00
FEDERAL NATIONAL MORTGAGE ASSN	.50% DUE 09/26/2013	CALL 03/26/2012	1,000,000.00	99.86	998,570.00	1,000,000.00
FEDERAL NATIONAL MORTGAGE ASSN	06% DUE 10/24/2013	CALL 04/24/2012	5,000,000.00	100.01	5,000,400.00	5,000,000.00
FEDERAL NATIONAL MORTGAGE ASSN	.625% DUE 10/25/2013	CALLABLE 10/25/2012	900,000.00	100.10	900,873.00	900,000.00
FEDERAL NATIONAL MORTGAGE ASSN	.625% DUE 11/25/2013	CALL 05/25/2012	10,000,000.00	100.02	10,002,100.00	10,000,000.00
FEDERAL NATIONAL MORTGAGE ASSN	.65% DUE 11/29/2013	CALL 05/29/2012	3,000,000.00	99.93	2,997,780.00	3,000,000.00
FEDERAL NATIONAL MORTGAGE ASSN	.75% DUE 12/06/2013	CALL 06/06/2012	1,200,000.00	99.99	1,199,820.00	1,200,000.00
FEDERAL NATIONAL MORTGAGE ASSN	.75% DUE 12/18/2013		6,000,000.00	100.43	6,025,860.00	6,039,672.00
FEDERATED TREASURY OBLIGATIONS SS	FUND #398		5,206,905.26	1.00	5,206,905.26	5,206,905.26
ALLY BANK CD	1.00% DUE 06/10/2013		249,000.00	0.00	249,000.00	249,000.00
AMERICAN EXPRESS CENTURION CD	.75% DUE 03/22/2013	INTEREST SEMI-ANNUALLY	245,000.00	0.00	245,000.00	245,000.00
AURORA BANK FSB	.55% DUE 05/31/2012		240,000.00	0.00	240,000.00	240,000.00
BMW BANK NORTH AMERICA	.85% DUE 06/28/2013		249,000.00	0.00	249,000.00	249,000.00
CIT BANK CD	.7% DUE 12/10/2012		249,000.00	0.00	249,000.00	249,000.00
COMPASS BANK CD	.75% DUE 07/29/2013		240,000.00	0.00	240,000.00	240,000.00
DISCOVER BANK CD	.95% DUE 06/17/2013		243,000.00	0.00	243,000.00	243,000.00
FIFTH THIRD BANK CD #002-0668294635	1.12% DUE 05/12/2013	INTEREST MONTHLY	5,033,384.02	0.00	5,033,384.02	5,033,384.02
FIFTH THIRD BANK CD #002-0668301516	1.20% DUE 05/17/2013	INTEREST MONTHLY	7,050,086.24	0.00	7,050,086.24	7,050,086.24
GE CAPITAL FINANCIAL INC CD	.90% DUE 09/16/2013	INTEREST SEMI-ANNUALLY	245,000.00	0.00	245,000.00	245,000.00
GE MONEY BANK CD	1.00% DUE 06/10/2013		249,000.00	0.00	249,000.00	249,000.00
GOLDMAN SACHS BANK USA CD	.90% DUE 09/23/2013	INTEREST SEMI-ANNUALLY	245,000.00	0.00	245,000.00	245,000.00
LAKE CITY BANK CD	.68% DUE 06/19/2012	INTEREST ANNUALLY	5,000,000.00	0.00	5,000,000.00	5,000,000.00
MERRICK BANK CD	.60% DUE 03/20/2013		245,000.00	0.00	245,000.00	245,000.00
SAFRA NATIONAL BANK	.8% DUE 12/16/2013		249,000.00	0.00	249,000.00	249,000.00
SALLIE MAE BANK MURRAY UTAH CD	1.00% DUE 11/25/2013		249,000.00	0.00	249,000.00	249,000.00
TOTAL					150,078,998.94	150,084,408.17

(1) - Market value on 12/31/11 does not include accrued interest. The accrued interest amount of \$213,049.72 for December totaled with \$150,078,998.94 equals \$150,292,048.66, which is equivalent to the balance listed on the Controller's cash report.

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Report of Outstanding Loans

Debtor	Instrument	Principal \$ Outstanding	Interest Rate	Term
Bosch	IDFA Term Loan	620,135	3.0%	March, 2021
Bosch	State Sponsored Term Loan	1,154,812	4.0%	September, 2020
Various	CDBG – HIP Loan(s)	468,167	various	Various
Various	UDAG – Business Loan(s)	6,550	various	Various
Anchor Realty	Term Loan	100,000	1.25%	December, 2014
BDC	Term Loan	2,358,852	0%	January, 2016
Total		4,708,516		

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City Recommendations

For fiscal 2012, the city will maximize investment earnings, to the extent possible, given available funds for investment and interest rate potentials within the current state of economic conditions. The city will affect all investments within the context of conditions as established by the City of South Bend Investment policy as defined and approved for execution by the Board of Finance. The City of South Bend will continue to monitor the effectiveness of its investment agreement with 1st Source Bank.

**City of South Bend
Board of Finance (B of F)
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Other Business – Payroll Stale Dated Checks

The current policy, as defined and approved by the Board of Finance, has defined that payroll checks drawn on city accounts will have a two (2) year active life from the date of issuance as noted on the check. Un-cashed checks, beyond the two (2) year active life period, are no longer valid and shall be classified as a stale dated check.

Such checks, defined as stale dated, will be reported to the Board of Finance, with a recommendation from the City Controller on the disposition of the stale dated checks.

Therefore, following represents the list of Stale Dated Payroll Checks as of December 31, 2011.

Ck #	Name	Date	\$ Amount	Fund #	Fund Name
Payroll					
338756	Veal, R	01/09/2009	.71	600	Building
339014	Summers, R	01/23/2009	8.63	203	Parks
339419	Hall, B G	02/06/2009	125.85	203	Recreation
340471	Labonte, R	03/06/2009	137.83	101	General
340957	Henry, A	03/20/2009	31.36	203	Recreation
346258	Ballard, W	08/07/2009	44.07	201	Parks
346359	Paeplov, M	08/07/2009	126.50	201	Parks
346860	Musgrave, S	08/21/2009	202.94	203	Recreation
346862	Niedbalski, M	08/21/2009	29.97	203	Recreation
346864	Paeplov, M	08/21/2009	333.83	201	Parks
348243	Summers, R	09/18/2009	8.63	203	Recreation
351375	Horvath, D	12/11/2009	135.94	101	General
351445	Mroczkiewicz, A	12/11/2009	135.94	101	General
351624	Summers, R	12/11/2009	8.63	203	Recreation
Total			1,330.83		

City Recommendation

The city recommends that such payroll checks, classified by city policy as stale dated, to be approved by the Board of Finance for cancellation. Said checks, shall be voided within the city's payroll system and removed as a payroll liability of the City of South Bend.

Indiana Statute, allowing cancellation and voidance of un-cashed payroll checks defined as stale dated, will remain subject to claim by the payee for a period of seven (7) years from date of issuance. The city will maintain record of these potential liabilities, in the event a claim is made by any payee.

**City of South Bend
Board of Finance (B of F)
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Other Business – Disbursement Stale Dated Checks

The current policy, as defined and approved by the Board of Finance, has defined that disbursement checks drawn on city accounts will have a two (2) year active life from the date of issuance as noted on the check. Uncashed checks, beyond the two (2) year active life period, are no longer valid and shall be classified as a stale dated check.

Such checks, defined as stale dated, will be reported to the Board of Finance, with a recommendation from the City Controller on the disposition of the stale dated checks.

Therefore, following represents the list of stale dated disbursement checks as of December 31, 2011.

Name	Date	\$ Amount	Fund #	Fund Name
Hartford	05/03/2007	557.62	709	Payroll Liability
Glassman, D	06/07/2007	20.00	620	Water ops
Meek, J	06/07/2007	6.66	620	Water ops
Hancz, T	06/07/2007	12.94	620	Water ops
Fisette, S	06/07/2007	12.00	620	Water ops
Faulkner, G	06/07/2007	14.16	620	Water ops
DMK Signature	06/07/2007	3.99	620	Water ops
Wright, K	06/07/2007	40.00	620	Water ops
Walker, T	06/07/2007	1.25	620	Water ops
Christiansen, H	07/05/2007	110.13	620	Water ops
Jones, B	07/05/2007	55.47	620	Water ops
Trawick, O	07/05/2007	7.54	620	Water ops
Lovely, J	07/05/2007	4.60	620	Water ops
Marquez, X	07/05/2007	12.92	620	Water ops
L P, Rev W	07/05/2007	12.00	620	Water ops
Lang, T	07/05/2007	7.43	620	Water ops
Ernsberger, B	07/05/2007	40.00	620	Water ops
Ramirez, E	01/07/2009	7.71	620	Water ops
RJ's Espresso	01/07/2009	40.00	620	Water ops
Meredith, L	01/07/2009	9.66	620	Water ops
Dawson, S	02/05/2009	4.73	620	Water ops
Security Title Services	03/04/2009	52.89	620	Water ops
Fidelity National Title Ins	03/04/2009	43.16	620	Water ops
Teicheira, D	03/04/2009	4.96	620	Water ops
Voekler, S	03/16/2009	150.00	101	General
Johnson, T	03/30/2009	9.30	203	Recreation
Hall, T	04/03/2009	34.44	620	Water ops
Coca Cola Enterprises	04/13/2009	2016.87	226	Liability Ins
Cardoso, R	05/05/2009	16.46	620	Water ops

Jennings, S	05/11/2009	18.60	203	Recreation
Lara, V	05/18/2009	42.00	101	General
Zukowski, J	06/08/2009	6.04	620	Water ops
Marketing Concepts	06/15/2009	446.	619	Blackthorn
Toftshagen, N	06/29/2009	20.00	203	Recreation
Castaneda, E	07/02/2009	12.92	620	Water ops
Koski, L	07/02/2009	18.20	620	Water ops
Curlee, D	07/02/2009	6.87	620	Water ops
Holleman, A	07/02/2009	20.64	620	Water ops
Gallegos, P	08/03/2009	40.00	101	General
Vandersloot, D	08/04/2009	4.05	620	Water ops
Pankow, J H	10/05/2009	46.87	620	Water ops
Richardson, E	10/05/2009	3.56	620	Water ops
Tippecanoe Place Restaurant	10/12/2009	500.00	212	CED
Mata, T	10/12/2009	20.00	101	General
Higginbotham, R	10/26/2009	2.00	101	General
Investors Title Corp	11/03/2009	117.16	620	Water ops
Investors Title Corp	11/03/2009	125.67	620	Water ops
White, J	11/03/2009	66.61	620	Water ops
Lara, J D J	11/03/2009	14.33	620	Water ops
Steven Acoustics	11/09/2009	61.48	620	Water ops
Associates Home Equity Serv	11/09/2009	38.28	620	Water ops
Rachel & Bellakovich Besserra	11/09/2009	32.99	620	Water ops
Camrex Corporation	11/09/2009	58.24	620	Water ops
Moore, P	11/09/2009	50.96	620	Water ops
Saylor, J	11/09/2009	37.10	620	Water ops
Spychalski, K	11/09/2009	25.34	620	Water ops
Taylor, C	11/09/2009	26.86	620	Water ops
Adriel, J	11/09/2009	71.11	620	Water ops
Davis, A	11/09/2009	65.58	620	Water ops
Hoff, T	11/09/2009	54.19	620	Water ops
Johnson, W Jr	11/09/2009	52.50	620	Water ops
Alain Kareekezi & Catherine	11/09/2009	25.03	620	Water ops
Kirundke, J	11/09/2009	78.39	620	Water ops
Mndalila, S	11/09/2009	105.97	620	Water ops
Pritzel, S	11/09/2009	53.34	620	Water ops
Skinner, D	11/09/2009	49.52	620	Water ops
Traustason, L	11/09/2009	111.67	620	Water ops
Ullery, K	11/09/2009	37.56	620	Water ops
Voelker, D	11/09/2009	177.30	620	Water ops
Select Health Network	11/23/2009	117.46	288	EMS/Fire
Howard, D	11/30/2009	50.00	201	Parks
Malecki, F	11/30/2009	7.15	222	Central Services
Baker, J E	12/07/2009	13.81	620	Water ops
Reese, J A	12/07/2009	4.03	620	Water ops
Wachovia Capital Finance	12/07/2009	16.74	620	Water ops
Capeles, J	12/14/2009	7.00	101	General
Total		6,270.01		

City Recommendation

The city recommends that such disbursement checks, classified by city policy as stale dated, to be approved by the Board of Finance for cancellation. Said checks, shall be voided within the city's accounts payable disbursement system and removed as a liability of the City of South Bend.

Indiana Statute, allowing cancellation and voidance of un-cashed disbursement checks defined as stale dated, will remain subject to claim by the payee for a period of seven (7) years from date of issuance. The city will maintain record of these potential liabilities, in the event a claim is made by any payee.

**City of South Bend
Board of Finance (B of F)
Annual Investment Report
For the year ended December 31, 2011**

Investment Policy

The City of South Bend recommends the adoption of the attached Investment Policy:

Refer to Appendix 1

Administration & Finance Policy 2.8 Investment Policy

to be effective January 1, 2012,

said policy recommended is unchanged from the policy in effect during fiscal 2011.

Investment Officers

The city recommends the following Investment Officers for fiscal 2012:

Mark Neal
John Murphy

City Controller
Director – City Finance

**City of South Bend
Board of Finance (B of F)
Annual Investment Report
For the year ended December 31, 2011**

Stale Dated Check Policy

The City of South Bend recommends the adoption of the attached Stale Dated Check Policy:

Refer to Appendix 2

Administration & Finance Policy 2.11 Stale Dated Check Policy

to be effective January 1, 2012,

said policy recommended is unchanged from the policy in effect during fiscal 2011.

**City of South Bend
Board of Finance (B of F)
Annual Investment Report
For the year ended December 31, 2011**

Cash Reserve Policy

The City of South Bend recommends the adoption of the attached Cash Reserve Policy:

Refer to Appendix 4

Administration & Finance Policy 2.3 Cash Reserve Policy

to be effective January 1, 2012,

said policy recommended is unchanged from the policy in effect during fiscal 2011.

City Administration will work with the Common Council to update the cash reserve policy during 2012.



2.8 Investment Policy

Effective: January 1, 2011

-
- Purpose:** This policy defines the cash investment policy of the City of South Bend.
- Scope:** This statement applies to all governmental units, enterprise operations, and operations of the City of South Bend. This policy shall be in accordance with the terms and limitations of I.C. 5-13-9, Deposit and Investment Powers, as amended from time to time.
- Responsibility:** This policy is the responsibility of the Board of Finance of the City of South Bend. Changes or revisions to this policy are affected only with the consent and approval of the Board of Finance.
- Effective Date:** This policy is effective upon approval and execution of the Board of Finance. The Board of Finance will review this policy on an annual basis coincident with the Annual Meeting of the Board of Finance, held after the 1st Monday in January and before January 31st.
-

1.0 Policy Statement

The City of South Bend, Indiana shall make all investments, in both Deposit and Investment Accounts, in accordance with the terms and limitations of IC 5-13-9, Deposit and Investment Powers, as amended from time to time.

2.0 Deposit and Investment Options

Eligible deposit accounts mean any of the following:

1. Any account subject to withdrawal by negotiable orders of withdrawal, unlimited as to amount or number, and without penalty, including NOW accounts
2. Passbook savings accounts
3. Certificates of Deposit
4. Money market deposit accounts
5. Any interest-bearing account that is authorized and offered by a financial institution in the course of its respective business

3.0 Eligible Investment Products:

Each investment officer may invest or reinvest any funds that are held by the officer and available for investment in any of the following (IC 5-13-9):

3.1 Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by any of the following:

1. The United States Treasury
2. A federal agency
3. A federal instrumentality
4. A federal government sponsored enterprise

3.2 Discount notes issued by any of the following:

1. A federal agency
2. A federal instrumentality
3. A federal government sponsored enterprise

3.3 An investment officer shall annually obtain the approval of the Common Council before making investments in the following:

1. Money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended. The portfolio of this type must be limited to the following:

- A. Direct obligations of the United States
- B. Obligations issued by any of the following:
 - a. A federal agency
 - b. A federal instrumentality
 - c. A federal government sponsored enterprise
- C. Repurchase agreements fully collateralized by obligations described in both A and B above.

2. The money market mutual fund must be rated as one of the following:

- A. AAAm, or its equivalent, by Standard and Poor's Corporation
- B. Aaa, or its equivalent, by Moody's Investors Service, Inc.

3.4 The investment is considered to have a stated final maturity of one day, and shall be made through depositories designated by the state board of finance as depositories for state deposits under IC 5-13-9.5.

4.0 Terms of Repurchase Agreements

Each investment officer may enter into, with any funds that are held by the officer and available for investment, repurchase agreements with depositories designated by the State Board of Finance as depositories under IC 5-13-9.5; and involving the political subdivision's purchase and guaranteed resale of any interest-bearing obligations;

- A. issued; or
- B. fully insured or guaranteed by the United States, a United States Government Agency, an instrumentality of the United States, or a federal government sponsored enterprise.

The depository shall determine daily that the amount of money in this type of agreement must be fully collateralized by interest-bearing obligations as determined by their current market value. The collateral is not subject to the two-year maturity limitation.

Repurchase agreements may be entered into for a fixed term or arranged on an open or continuing basis as a continuing contract that:

1. operates like a series of overnight repurchase agreements (may be referred to as overnight sweep products),
2. is renewed each day with the repurchase rate and the amount of funds invested determined daily; and
3. for this purpose is considered to have a final maturity of one day.

5.0 Investment in Other Securities

Each investing officer may invest or reinvest in obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Redevelopment or the African Development Bank (IC 5-13-9.3.3)

6.0 Inter-local Cooperation Agreement

IC 36-1-7-1 authorizes and permits local units of government to enter into inter-local cooperation agreements, and thus to exercise a power jointly pursuant to a written agreement authorized by ordinance or resolution. MBIA provides through Invest Indiana, such an inter-local agreement. The investments of the joint structure are limited to all investments authorized by IC 5-13.

Approved By: Controller

Approved By: Mayor



2.11 Stale Dated Check Policy

Effective: January 1, 2011

Purpose: This policy defines the practice and protocol for handling stale dated checks issued by the City of South Bend.

Scope: This statement applies to all governmental units, enterprise operations, and operations of the City of South Bend.

Responsibility: This policy is the responsibility of the Controller of the City of South Bend. Changes or revisions to this policy are affected only with the consent and approval of the Controller.

Effective Date: This policy is effective January 1, 2011.

1.0 Policy Statement

The City of South Bend has defined that payroll checks and account payable disbursement checks drawn on city accounts will have a two (2) year active life from the date of issuance as noted on the check. Un-cashed checks, beyond two (2) year active life period, are no longer valid and shall be classified as a stale dated check.

2.0 Responsibility

Administration of the stale dated check policy is delegated by the Controller, to be the responsibility of the Director City Finance.

The Director City Finance will identify the payroll and payable disbursement checks that are classified as stale dated checks, prepare such list and submit to the Controller for approval. Upon approval of the Controller, the stale dated check list will be presented to the City of South Bend Board of Finance, at the first annual Board of Finance Meeting during each calendar year, for Board of Finance vote on the stale dated check disposition recommendations as presented by the Controller.

3.0 Board of Finance Filing Requirements

3.1 The Controller shall file with the Board of Finance, documents as defined in paragraphs 3.1.1 and 3.1.2 and the Controller's recommendation, at least 72 hours prior to the first annual Board of Finance Meeting called for each calendar year:

3.1.1 Payroll Stale Dated Checks: Proposed list of all stale dated checks recommended to be written off, identifying the check number, employee name, date of check, amount of check, fund name, fund number, and any other information deemed necessary by the Controller.

- 3.1.2 Account Payable Stale Dated Checks: Proposed list of all stale dated checks recommended to be written off, identifying the check number, vendor name, date of check, amount of check, fund name, fund number, and any other information deemed necessary by the Controller.

4.0 Board of Finance Requirements

The Board of Finance shall be required to review all information filed by the Controller as referenced above and hear presentation and recommendation from the Controller or designee at the first annual Board of Finance meeting.

The Board will motion, second, and vote on the recommendation as presented by the Controller with, majority in favor and supporting the recommendation of the Controller, the recommendation will be passed, and the Controller provided with the authority to execute the recommendation as approved.

A copy of all guidelines shall be filed of record with the Office of the City Clerk and with the City Controller in the Department of Administration and Finance.

5.0 Other Matters

Additional guidelines may be promulgated by the Board of Finance when deemed necessary.

City of South Bend, Indiana
Interest Earnings Summary - 2002 through 2011
 December 31, 2011
 Prepared - January 16, 2012

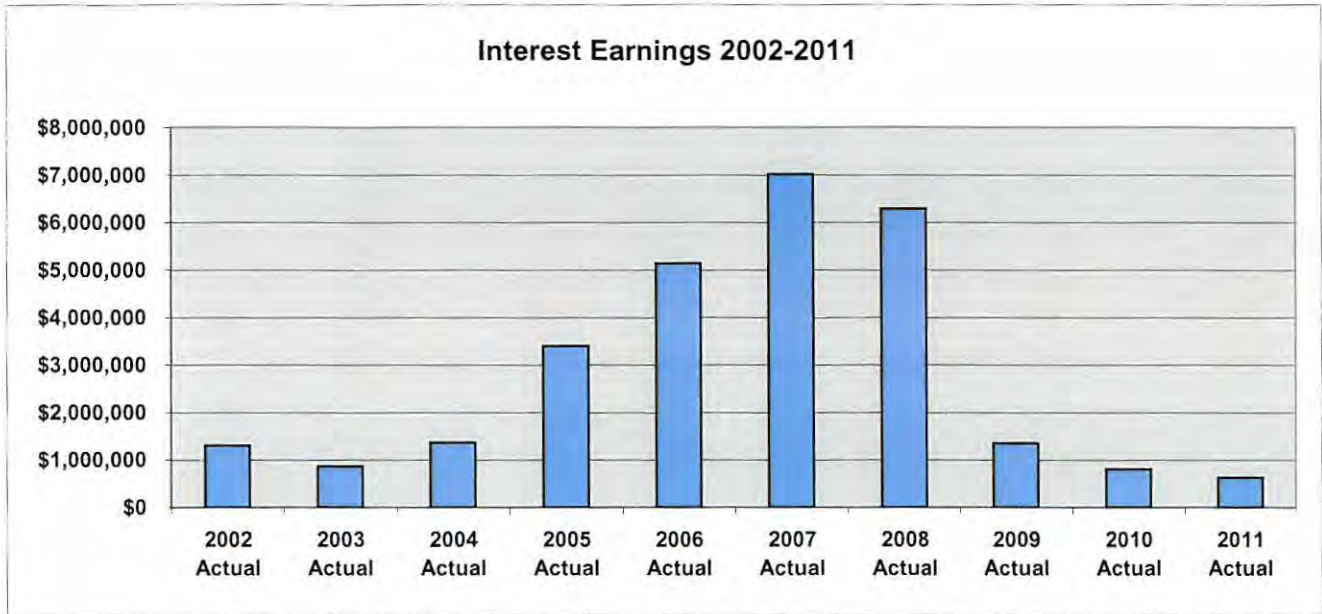
Fund Number	Fund Name	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual
101	General Fund	\$405,523	\$217,817	\$210,697	\$792,662	\$1,525,832	\$2,456,361	\$1,576,707	\$129,872	\$45,027	\$54,948
102	Rainy Day Fund	0	0	26,967	74,033	105,664	102,063	159,362	26,065	28,532	24,477
103	Excess Levy	0	0	0	13,820	10,148	0	742	285	395	261
201	Parks & Recreation	1,336	715	4,110	15,942	0	4,937	12,910	591	9,423	8,467
202	Motor Vehicle Highway	2,735	86	2,035	3,834	4,576	14	40,014	21,066	11,099	5,314
203	Recreation - Non Reverting	3,641	4,074	6,525	14,684	11,183	22,181	20,904	6,223	1,863	0
209	Studebaker/Oliver Grants	0	0	0	0	25,516	44,983	63,975	16,413	6,401	4,486
210	Econ Dev State Grants	4,745	0	0	2,457	33,945	262,672	136,850	103,213	89,744	12,614
211	CED Administration	0	0	0	0	0	0	0	0	0	1,625
212	Community & Economic Development	3,443	2,521	3,095	6,452	61,934	105,380	59,659	11,241	5,760	3,147
216	State Seized Drug Money	0	0	0	0	0	0	0	0	351	336
217	Gift, Donation, Bequest	0	0	0	0	0	0	0	0	102	112
218	SBPD Curfew Violations	0	0	0	0	0	0	0	0	29	28
220	Law Enforcement Cont. Education	0	0	0	0	3,698	6,601	9,941	5,930	3,174	0
222	Central Services	0	0	0	0	0	0	0	0	972	1,917
226	Liability Insurance	9,717	12,936	27,596	57,359	87,864	97,529	95,123	21,770	12,954	11,068
227	Loss Recovery Fund	0	0	0	0	0	0	0	22,187	16,057	12,545
249	Public Safety LOIT Fund	0	0	0	0	0	0	0	0	4,741	2,308
250	General Grant	0	0	0	0	0	0	1,160	319	15	0
251	Local Roads & Streets	16,344	6,649	19,300	52,910	52,077	43,249	83,884	23,395	8,710	6,031
252	Excess Welfare Distribution	0	0	0	0	0	0	0	0	17,808	6,545
258	Human Rights - Federal Grant	414	2,486	5,303	11,447	10,991	10,149	9,328	2,746	1,606	1,404
271	Eastrace Waterway	910	576	619	1,428	1,045	1,338	1,194	284	118	78
272	Special Events	910	576	72	284	210	0	0	0	0	0
273	Morris/Palais Marketing Fund	0	0	0	0	0	0	90	86	47	60
278	Police Take Home Liability	0	0	0	0	0	0	0	0	871	833
280	Police Block Grants	9,303	5,143	4,011	4,806	1,255	0	0	282	2,031	3,433
281	Economic Revenue Bond	0	0	0	0	0	0	0	0	88	76
288	EMS/Fire Dept. Capital	2,326	5,310	8,346	23,079	37,833	32,047	47,134	24,891	17,438	15,121
289	Hazmat	0	0	0	0	0	0	0	0	21	8
291	Indiana River Rescue	0	0	0	0	0	0	0	0	269	195
294	Regional Police Academy	0	0	1,074	2,678	1,560	1,352	1,351	481	285	231
295	COPS More Grant	0	0	0	0	0	0	0	0	418	323
299	Federal Drug Enforcement	0	0	0	0	2,638	8,187	14,177	2,856	981	724
305	SBCDA Bond Proceeds 2003	16,390	12,560	210,112	334,547	278,555	191,225	188,939	34,171	8,832	2,657
310	Studebaker Bond	0	0	0	3,685	0	0	0	0	0	0
312	Redevelopment Bond Wayne Street	11,615	8,247	8,473	2,700	0	0	0	0	0	0
313	Hall of Fame Debt Service	0	0	0	10,388	0	0	0	0	0	0
314	Redev Bond 1990	12,668	9,359	11,151	27,488	37,797	37,256	30,589	7,136	3,027	2,373
315	Redev Bond - Airport - Taxable	14,134	10,282	0	7,759	35,113	60,099	61,564	16,949	7,090	5,538
316	Redev Bond - Airport - Exempl	6,745	4,848	377	0	0	0	0	0	0	0
317	Coveleski Bond Debt Service Reserve	0	0	0	0	0	0	0	0	0	1,277
319	Blackthorn Debt Service	15,467	12,533	14,873	33,589	44,200	43,567	36,470	8,742	3,627	2,827
320	Edit Bond - Plaza Garage-Exempt	9,971	6,934	8,462	17,392	20,739	0	0	0	0	0
321	Edit Bond - Plaza Garage-Taxable	9,664	6,721	8,202	16,857	20,102	0	0	0	0	0
324	TIF Revenue - Airport	30,708	33,136	68,642	305,809	606,063	611,747	719,473	143,202	90,268	60,381
328	Redev Bond - Palais Royale	5,380	0	0	4,428	20,031	36,324	35,225	9,768	4,053	3,159
377	Professional Sports Development	7,531	4,225	5,540	15,702	21,241	23,706	17,892	4,878	3,669	3,415
401	Coveleski Stadium Capital	5,451	5,028	6,506	9,974	4,704	9,015	7,462	1,594	370	262

City of South Bend, Indiana
Interest Earnings Summary - 2002 through 2011
 December 31, 2011
 Prepared - January 16, 2012

Fund Number	Fund Name	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual
403	Zoo Endowment	0	0	0	0	335	880	897	250	113	97
404	COIT	114,650	119,802	146,338	198,693	226,073	147,718	143,485	49,035	50,033	37,973
405	Park Nonreverting Capital	1,817	1,456	3,941	7,977	5,000	13,465	8,332	2,502	1,319	1,020
406	Cumulative Capital Development	16,436	12,971	18,158	49,285	70,351	65,648	37,124	7,373	3,267	1,769
407	Cumulative Capital Improvement	226	1,714	453	505	0	0	0	57	45	36
408	EDIT	33,039	26,721	20,597	21,945	33,450	53,971	32,231	9,600	18,952	22,135
410	UDAG	2,198	2,102	1,599	3,897	155,290	156,013	144,853	30,480	14,170	2,659
412	Major Moves Construction	0	0	0	0	63,519	744,851	463,752	113,908	36,180	77,860
414	TIF District - Sample/Ewing	4,983	4,582	5,292	5,833	8,191	12,163	5,876	0	0	0
416	Morris PAC Capital	581	677	1,475	4,402	7,318	10,049	8,811	2,385	1,434	1,503
420	TIF District - SBCDA General	32,618	14,221	27,672	94,991	131,554	109,284	126,073	13,569	15,002	9,217
422	TIF District - W. Washington	438	501	970	9,884	12,070	13,574	13,029	1,117	1,959	3,141
424	TIF SBCDA-Building Operations	0	0	0	0	1,514	0	0	0	0	0
425	TIF - Leighton Plaza	0	0	0	275	2,387	1,117	3,976	1,037	488	334
426	TIF - Cent. Med Serv Area	0	0	3,856	27,339	37,495	31,719	52,519	14,711	15,948	10,028
427	Redevelopment - TJX	0	6,587	0	0	0	0	0	0	0	0
428	Red Dist Capital - AEDA2003	0	0	126,419	194,558	177,528	48,069	10,213	2,725	1,202	0
429	Northeast Development Area TIF	0	0	0	0	0	0	233	376	345	1,040
430	Southside TIF Area #1	0	0	0	0	0	0	0	1,786	8,816	10,154
431	Southside TIF #2 - Eskine Commons	0	0	0	0	0	0	0	1,647	10,074	4,029
432	Southside TIF #3 - Eskine Village	0	0	0	0	0	0	0	2,238	11,905	13,192
433	Redevelopment Admin General	2,134	1,532	1,557	3,679	5,367	3,581	2,822	669	214	107
434	CREED	0	0	0	22,425	70,155	82,537	67,563	8,287	3,214	1,507
435	Douglas Road TIF	0	0	0	0	0	0	0	0	756	246
436	Notheast Residential TIF	0	0	0	0	0	0	0	0	1,478	2,266
438	Coveleski Bond Construction	0	0	0	0	0	0	0	0	0	5,268
450	Palais Royale Historic Preservation	0	0	0	0	0	0	136	271	124	118
454	Airport Urban Enterprise Zone	0	0	0	0	0	0	0	0	741	473
600	Building Department	2,166	1,590	1,662	3,159	1,557	791	1,440	674	129	113
601	Parking Garages	0	0	0	0	0	99	0	0	1,207	2,112
610	Solid Waste Operations	0	3,420	9,917	13,562	6,024	2,313	1,347	0	2,854	3,363
611	Solid Waste Capital	4,720	6,900	5,654	2,527	0	0	0	0	234	210
620	Water Works Operations	0	0	4,199	16,705	0	24,504	66,840	19,115	6,735	4,545
621	WW SRLF Eq Repl Cost	0	1,492	1,030	0	0	0	0	0	0	0
622	Water Works Capital	6,028	19,015	12,121	4,728	0	18,885	13,230	4,240	1,977	1,909
623	WW 1997 Bond Capital	42,322	58,644	14,492	0	104,552	103,801	1,401	0	10,555	1,764
624	Water Works Customer Deposit	23,275	14,037	18,675	42,571	56,031	55,497	47,733	11,514	4,960	3,971
625	WW 1993 Sinking Fund	41,628	9,710	0	55,524	65,651	57,907	50,215	4,094	5,260	4,581
626	Water Works Bond Reserve	0	0	0	0	0	0	0	0	162	606
628	WW SRLF Rev Bd Reserve	28,516	0	0	0	0	0	0	0	0	0
629	WW Resv O&M Fund	28,712	17,524	22,441	51,489	70,518	71,887	60,947	15,165	8,691	7,206
640	Sewer Repair Insurance	851	1,187	1,004	1,529	145	5,967	6,164	2,314	1,710	2,179
641	Sewage Works Operations	0	0	8,743	41,178	68,139	221,041	282,825	68,581	24,711	19,879
642	Sewage Works Capital	41,628	9,710	0	55,524	80,013	75,937	5,673	2,687	1,577	13,101
643	Sewage Works Resv - O&M	50,135	33,892	43,577	93,871	124,089	140,000	118,399	27,752	10,034	8,429
644	Sewer Water Leak Ins. Fund	0	0	0	0	1,604	1,161	464	0	0	0
645	2004-2006 Sewer Bonds	0	0	39,942	232,890	235,216	97,408	1,868	0	97	12
646	Sewage Rev Bond Reserve	20,593	12,058	14,714	0	0	0	0	0	0	0
647	2007 Sewer Bond	0	0	0	0	0	202,306	278,351	36,998	3,595	1,352
649	Sewage Works Bond Sinking	50,268	14,642	11,027	22,438	44,831	29,886	129	0	6,167	6,987

City of South Bend, Indiana
Interest Earnings Summary - 2002 through 2011
 December 31, 2011
 Prepared - January 16, 2012

Fund Number	Fund Name	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual
650	Clay Sewage Works Operations	16,055	11,787	14,070	31,648	43,527	44,421	38,408	8,481	2	2
651	2007B Sewer Bond	0	0	0	0	0	0	469,876	142,314	30,308	2,989
653	Sewage Works Debt Service Reserve	0	0	0	0	0	0	0	0	14,267	4,901
655	Project Relief	0	0	0	0	0	0	0	0	2,312	2,111
656	Sewage SRLF Rev BD Resv	37,669	22,055	26,915	0	0	0	0	0	0	0
657	Sewg SRLF EP Repl Cost Resv	39,391	29,869	38,028	83,441	11,580	0	0	0	0	0
658	2010 Sewer Bond	0	0	0	0	0	0	0	0	0	18,528
659	2011 Sewer Bond	0	0	0	0	0	0	0	0	0	8,738
670	Century Center	4,013	2,359	551	279	916	972	8,736	21,304	7,288	1,839
677	Hall of Fame Capital	0	0	0	0	0	22,317	24,403	6,277	4,024	2,910
701	Fire Pension	16,161	13,522	17,393	36,175	28,062	11,298	33,589	6,346	5,532	4,330
702	Police Pension	16,544	12,567	15,595	26,822	23,695	3,949	44,011	8,639	7,340	5,510
709	K-9 Unit	0	0	0	0	0	0	0	0	4	5
711	Self-Funded Employee Benefits	8,999	0	14,667	61,414	91,183	110,237	169,758	50,616	34,807	27,732
730	City Cemetary Trust	545	360	465	1,106	828	1,690	1,474	357	150	199
	Total Interest	\$1,296,410	\$861,968	\$1,357,297	\$3,392,461	\$5,132,272	\$7,010,895	\$6,281,325	\$1,348,127	\$802,734	\$628,889



Interest Earnings

2002 Actual	\$1,296,410
2003 Actual	861,968
2004 Actual	1,357,297
2005 Actual	3,392,461
2006 Actual	5,132,272
2007 Actual	7,010,895
2008 Actual	6,281,325
2009 Actual	1,348,127
2010 Actual	802,734
2011 Actual	<u>628,889</u>
Total 2002-2011	\$28,112,378

The City of South Bend earns interest on checking account balances, certificates of deposit, repayment of loans on economic development projects and short-term investments. In May 11, 2011, the City opened a new investment account with 1st Source Bank in the amount of \$150,000,000. Investment earnings are reported net of fees. Investment earnings are recorded in the general ledger on a cash basis when realized and do not reflect changes in asset value and accrued interest until the investment is sold or matures.



2.3 Cash Reserve Policy

Effective: January 1, 2010

Purpose: This policy defines the cash reserve policy of the City of South Bend.

Scope: This statement applies to all governmental units, enterprise operations, and operations of the City of South Bend.

Responsibility: This policy is the responsibility of the Controller of the City of South Bend. Changes or revisions to this policy are affected only with the consent and approval of the Controller.

Effective Date: This policy is effective January 1, 2010.

1.0 Policy Statement

The City of South Bend will establish cash spending reserves in certain funds, as defined by the Mayor and the Controller, to hold cash reserves to serve as fiscal protection against the risk of revenue shortfalls, emergencies, unstable property tax collection, and other economic risks that may impact the City's ability to meet financial obligations and commitments.

Such cash reserves, may also serve as a mechanism to maintain credit agency and bond ratings to ensure creditworthiness and borrowing capacities, in the event they are required, at the lowest cost.

- 1.1 The Mayor and the Controller, jointly, will have authority to define the cash reserve guidelines in effect for the City of South Bend.
- 1.2 Cash reserve guidelines, are targets, established for the intentions as stated in paragraph 1.0 of this policy, and may not be adhered to at all times due to unforeseen circumstances.
- 1.3 The city will review the cash reserve policy from time to time to determine if economic conditions and circumstances warrant consideration of revision to the in effect cash reserve procedures.



2.3.1 Cash Reserve Procedure

Effective: January 1, 2010

Purpose: This procedure defines the cash reserve practices for the City of South Bend.

Scope: This statement applies to all governmental units, enterprise operations, and operations of the City of South Bend.

Responsibility: This policy is the responsibility of the Controller of the City of South Bend. Changes or revisions to this policy are affected only with the consent and approval of the Controller.

Effective Date: This policy is effective January 1, 2010.

1.0 Procedure Statement

The City of South Bend has established the following cash reserve guidelines:

Fund	Fund Name	Cash Reserve Practice
101	General Fund	20% of annual operating expenditures
201	Parks & Recreation General	15% of annual operating expenditures
202	Motor Vehicle Highway	10% of annual operating expenditures
203	Parks & Recreation Non Reverting	15% of annual operating expenditures
251	Local Roads & Streets	10% of annual operating expenditures
288	EMS / Fire Capital	15% of annual operating expenditures
377	Professional Sports Development	10% of expenditures
401	Coveleski Stadium Capital	10% of expenditures
404	County Option Income Tax	20% of annual estimated revenue
405	Parks Non Reverting Capital	10% of expenditures
406	Cumulative Capital Development	10% of annual operating expenditures
407	Cumulative Capital Improvement	10% of annual operating expenditures
408	Economic Development Income Tax	10% of annual estimated revenue
416	Morris Performing Arts Center	5% of expenditures
600	Building Department	10% of expenditures
610/611	Solid Waste	5% of expenditures
620	Water Utility	2 months of operating expenditures
641	Sewage Works	2 months of operating expenditures