

# South Bend, IN

Mayor Stephen J. Luecke



## Comprehensive Annual Financial Report

Fiscal Year ending December 31, 2010

*Prepared By:*  
Department of Administration and Finance  
Gregg D. Zientara, City Controller



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# Comprehensive Annual Finance Report

City of South Bend, Indiana

For the year ending December 31, 2010

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*Cover Photo: A view of the downtown South Bend skyline from the East Bank Village depicts the city's innovative architecture and thriving regional center for business, arts & culture, sports, and entertainment. Featured in the foreground, mounted on a concrete pedestal at the waterfall, is "The Keepers of the Fire," an abstract expressionistic sculpture that is the work of internationally acclaimed sculptor Mark di Suvero. Installed October 31, 1980, the sculpture name is the English translation of the Indian name "Potawatomi." The Potawatomi Indians were the original people populating the banks of the St. Joseph River before the Europeans settled in what is now South Bend, Indiana.*

*Photo courtesy of City of South Bend archives.*



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Comprehensive Annual Financial Report  
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CITY OFFICIALS

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





**CITY OF SOUTH BEND STEPHEN J. LUECKE, MAYOR  
OFFICE OF ADMINISTRATION & FINANCE  
GREGG D. ZIENTARA, CITY CONTROLLER**

May 17, 2011

Honorable Mayor Stephen J. Luecke,  
Members of the City of South Bend Common Council,  
Residents of the City of South Bend, and  
Interested parties:

This Comprehensive Annual Financial Report ("CAFR"), for the City of South Bend, Indiana ("City") for fiscal year ending December 31, 2010 is hereby submitted.

The City is responsible for the accuracy of the information contained herewith, and the completeness and fairness of the presentation, including all disclosures.

To the best knowledge and belief of the City, the information contained in this report is accurate in all material respects, and is reported in a manner designed to fairly present the financial position and results of operations of all funds of the City of South Bend. All notes and disclosures necessary to enable the reader to gain an understanding of the financial activities have been included in this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management Discussion & Analysis ("MD&A").

This letter of transmittal is intended to complement the MD&A and should be read in conjunction with the MD&A. The MD&A can be found in Section II of this CAFR, immediately following the independent auditors report.

The CAFR is presented in eight (8) sections as follows:

- I) introductory information,
- II) financial information,
- III) government funds,
- IV) non major enterprise funds,
- V) internal service funds,
- VI) fiduciary funds,
- VII) statistical information, and
- VIII) Federal awards compliance.

The introductory section includes this transmittal letter, City organizational chart, City officials, and Certificate of Achievement for Excellence in Financial Reporting awarded to the City of South Bend for the year ended December 31, 2009.

The financial section includes the Indiana State Board of Accounts ("SBoA") Independent Auditors' Report, basic financial statements and notes and disclosures to the financial statements, and the combining and individual fund and other financial statements and schedules.

The statistical section includes financial and community demographic facts and data, generally presented on a multi-year comparative basis, in order to provide the reader of this CAFR a broad understanding of trends with respect to City operations and information.

The Federal awards compliance section includes the results of SBoA supplemental audit of the City's federal awards and internal controls with respect to these federal awards, necessary for federal award compliance.

The City is required to undergo an annual single audit in conformity with the provisions of the United States Office of Management and Budget Circular, A-133, Audits of States, Local Governments and Non-Profit Organizations, provisions of Indiana Code section IC 5-11-1-9 and requirements of the Indiana State Board of Accounts.

Independent Auditors' report, including schedule of federal financial assistance, findings and recommendations, report on internal control structure, and compliance with applicable laws and regulations, is included in Section VIII of this CAFR.

Attachments to this letter of transmittal include the following information

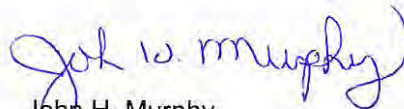
- Attachment 1 General Information
- Attachment 2 Economic Demographics, Economic Condition, Position & Outlook
- Attachment 3 Financial / Budgetary / Property Tax Controls
- Attachment 4 City Vision, Goals & Objections
- Attachment 5 Other Information
- Attachment 6 Acknowledgments

The source of the demographic facts and data contained in the attachments to this letter of transmittal are 2010 U.S. Census Bureau, Stats Indiana, ACS American Community Survey, Bureau of Labor Statistics, and the Kiplinger Letter. Sources of information are footnoted in the data presentation.

This letter of transmittal and Comprehensive Annual Financial Report for the City of South Bend is respectively submitted for the fiscal year ended December 31, 2010.



Gregg D. Zientara  
Controller, City of South Bend



John H. Murphy  
Assistant Controller, City of South Bend

- attachments:
- 1) General information
  - 2) Economic Demographics, Economic Condition, Position & Outlook
  - 3) Financial / Budgetary / Property Tax Controls
  - 4) City Vision, Mission, Goals & Objections
  - 5) Other Information
  - 6) Acknowledgments

**City of South Bend, Indiana  
2010 Comprehensive Annual Financial Report  
Letter of Transmittal  
Attachment 1**

**General Information**

The City of South Bend is the county seat of St. Joseph County, Indiana, and is the fourth largest city in the State of Indiana. St. Joseph County is located within the heartland of the manufacturing and metropolitan regions of the Upper Midwest. The City of South Bend is located in the north central region of the State of Indiana, ten (10) miles south of the Indiana / Michigan State boundary line, seventy-seven (77) miles east of the Indiana / Illinois State boundary line and eighty (80) miles west of the Indiana / Ohio State boundary line. The City is approximately ninety (90) miles east of the city of Chicago and one hundred forty (140) miles north of the city of Indianapolis.

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

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

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

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

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

All elected official current terms of office expire on December 31, 2011.

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

**City of South Bend, Indiana  
2010 Comprehensive Annual Financial Report  
Letter of Transmittal  
Attachment 2**

**Economic Demographics, Economic Condition, Position, & Outlook**

The City of South Bend and St. Joseph County, historically and at present, has experienced a strong and vibrant economic profile based on a mix of employment including agricultural, manufacturing and service, higher education, and other commercial and tourism based industries.

**Population**

The current population for St. Joseph County is reported at 266,931 inhabitants according to the 2010 U.S. Bureau of Census, thus representing a stable population position when compared to the year 2000 census population of 265,559 inhabitants as previously reported by the U.S. Bureau of Census, whereas, the current population for the City of South Bend is reported at 101,168 inhabitants, a decline in population level in comparison to the year 2000 U.S. Bureau of Census population of 107,789.

The population demographics of St. Joseph County closely resembles' the national profile, albeit with certain divergences. Versus the national profile, current demographics indicate a slightly higher female population, a slightly younger age disbursement, a demographic slightly skewed towards unmarried residents, and a less diverse race demographic with home ownership exceeding the national norm.

The following provides a current demographic profile of the residents of St. Joseph County as compared to the national profile:

		St. Joseph County	National
Gender	Male	48.5 %	49.2 %
	Female	51.5 %	50.8 %
Age	0 – 24 years of age	36.0 %	34.0 %
	25 – 44	24.8 %	26.6 %
	45 – 64	25.9 %	26.4 %
	65 +	13.3 %	13.0 %
Race	Caucasian	78.7 %	72.4 %
	African American	12.7 %	12.6 %
	Hispanic / Latino	7.3 %	16.3 %
	Asian	1.9 %	4.8 %
	Other (multiracial)	6.7 %	10.2 %
Marital status	Married	49 %	52 %
	Widowed / divorced / separated	19 %	17 %
	Single	32 %	31 %
Home ownership	Own	69 %	65 %
	Rent / other	31 %	35 %

*Data source: 2010 US Census*

## Education

Likewise, the educational component of the population demographics of St. Joseph County closely resembles the national profile, again with certain divergences.

The high school graduation rate and population with some college experience is higher than the national norm, with population including associates and bachelors degrees, below the national level. Population with post graduate degrees is slightly below the national level.

The following provides a current demographic profile of the residents of St. Joseph County as compared to the national profile:

	St. Joseph County	National
High school graduation	86.0 %	82.6 %
Some college	20.8 %	20.3 %
Associates degree	6.7 %	7.4 %
Bachelors degree	15.8 %	17.4 %
Graduate degree	9.9 %	10.1 %

*Data source: ACS American Community Survey*

The South Bend Community School Corporation is the responsible authority for the elementary and secondary school structure within the City of South Bend. The county also has additional school corporations including City of Mishawaka, Penn Harris Madison, New Prairie, John Glenn and Union North United. In addition, Roman Catholic parochial schools are a vibrant part of the primary and secondary educational structure within the City and County.

The City and County region includes eight institutions of higher education including the University of Notre Dame, Indiana University of South Bend, Saint Mary's College, Holy Cross College, Bethel College, Ivy Tech State College, Brown-Mackie College and Trine University (formally Tri-State University).

## Employment

The total resident labor force in St. Joseph County as of December 2010 was reported as 115,329 resident workers.

The employment profile for St. Joseph County is comprised of 70.7% service industries, 15.6% manufacturing and construction industries and 13.7% other industries. Education / healthcare / social services, is the single largest employment category with 36,125 workers or 31.3% of the workforce population. Retail trade employs 14,180 or 12.3% of the workforce, followed by manufacturing at 14,034 workers or 12.2%.

Employment statistics for the County's major economic sectors are as follows:

Economic Sector	Employment	% of Total
Accommodation / food service	9,797	8.5 %
Construction	3,953	3.4 %
Education / healthcare / social services	36,125	31.3 %
Finance / insurance / real estate	5,348	4.6 %
Information technology	1,887	1.6 %
Transportation / warehousing / utilities	4,239	3.7 %
Manufacturing	14,034	12.2 %
Professional / technical service	4,281	3.7 %
Retail trade	14,180	12.3 %
Wholesale trade	5,749	5.0 %
Other	15,736	13.7 %
Total	115,329	100.0 %

*Data source: STATS Indiana Q4 2010*

The ten (10) largest employers in St. Joseph County are represented in the following chart. Nine (9) of the top ten (10) employers in the county are classified in the service industry economic sector, with one (1) employer, AM General, in the manufacturing sector. Furthermore, nine (9) of the top ten employers are in the education / healthcare / government / social service economic sector. The top ten employers account for 24,049 workers or 20.9% of the resident labor workforce.

Employer	Employment
University Notre Dame	5,190
Memorial Health Systems	4,069
South Bend Community Schools	3,489
AM General	2,550
St. Joseph Regional Medical	2,534
Diocese of South Bend	1,698
Indiana University South Bend	1,489
St. Joseph County	1,141
City of South Bend	1,132
South Bend Medical Foundation	757
<b>Total</b>	<b>24,049</b>

20.9% of total employment

*Data source: Employer information*

The City of South Bend continues to place high emphasis on a growing and diversified local economy. The City has been historically active in developing ten industrial parks, offering itself as a low-cost alternative to the Chicago metropolitan area to companies engaged in light manufacturing, distribution and services. More than 240 businesses operate in South Bend's industrial parks, including companies engaged in metalworking, plastics, warehousing and distribution, and professional services.

## Unemployment

Unemployment statistics as of April, 2011, as reported by the State of Indiana Bureau of Labor Statistics, reflects an unemployment rate of 9.3% in St. Joseph County. The reported unemployment rate is above both the State of Indiana and National levels.

The unemployment rate is reduced from the unemployment rate of one year ago of 11.4%. Overall employment in the region has improved versus the level of one year ago.

Locale	Unemployment % April 2011	Unemployment % April 2010
St. Joseph County, Indiana	9.3 %	11.4 %
Berrien County, Michigan	9.7 %	13.4 %
Cass County, Michigan	8.0 %	11.6 %
Elkhart County, Indiana	10.1 %	14.1 %
LaGrange County, Indiana	8.6 %	11.6 %
LaPorte County, Indiana	9.5 %	11.9 %
Marshall County, Indiana	9.0 %	10.8 %
State of Indiana	8.1 %	9.8 %
National	9.0 %	9.5 %

*Data source: Bureau of Labor Statistics*

## Personal Income

St. Joseph County presently has an estimated 101,237 households with an average per capita personal income of \$34,712, which compares to the State of Indiana average per capita income of \$34,022 and the United States per capita income of \$39,635.

The per capita income in St. Joseph County exceeds the State of Indiana level and all surrounding counties in the region. This is due primarily to the employment sector demographics within St. Joseph County, where employment is concentrated in education, medical, social and professional employment fields where per capita income is on average higher than in other economic sectors.

Locale	\$ Per capita income
St. Joseph County, Indiana	34,712
Berrien County, Michigan	33,507
Cass County, Michigan	31,436
Elkhart County, Indiana	30,064
LaGrange County, Indiana	21,544
LaPorte County, Indiana	30,199
Marshall County, Indiana	28,335
State of Indiana	34,022
National	39,635

*Data source: STATS Indiana 2009*

## Cost of Living

The City of South Bend maintains an affordable cost of living currently ranked 10% below the national average and continues to be one of the greatest advantages of living in the community. South Bend ranks favorably when compared to similar locations within the state and region.

	Ranking
National average	100 %
South Bend	90 %
Indianapolis, IN	89 %
Fort Wayne, IN	93 %
Evansville, IN	96 %
Toledo, OH	100 %
Ann Arbor, MI	100 %
Grand Rapids, MI	97 %
Kalamazoo, MI	94 %
Louisville, KY	90 %
Chicago, IL	113 %
New York, NY	400 %

*Data source: Kiplinger Letter*

The housing costs in South Bend are below the national and regional averages. Per a report compiled by the National Realtor's Association in the fourth quarter of 2010, the median sales price for a single family home in the South Bend-Mishawaka Statistical Area was \$83,100 as compared to a median sales price of \$191,400 in Chicago and \$123,300 in Indianapolis. The national median sales price is \$173,300.

In addition, the City of South Bend was recognized in March, 2010, as the number 1 community in the United States for affordable housing, according to a report issued by NBC News.

## **Arts & Culture**

The City enjoys many cultural and tourism activities for residents and visitors. Some examples include 1st Friday's, Roof-Top Rendezvous, Friday's by the Fountain, Football Weekends, Bike the Bend, along with numerous concerts and art festivals. Special attractions within the South Bend area include:

- Belleville Softball Complex,
- Blackthorn Golf Club, city owned course rated in the top 50 municipal courses in the country,
- Broadway Theater League,
- Century Center Convention Center,
- College Football Hall of Fame,
- Copshaholm / The Oliver Mansion,
- Coveleski Regional Baseball Stadium, home of Arizona Diamondback's Single A team,
- East Race Waterway (Olympic class kayaking course) and the East Bank area,
- Farmers' Market,
- Healthworks Kids Museum,
- Morris Conservatory / Muessel-Ellison Tropical Gardens,
- Morris Performing Arts Center, rated in the top 100 venues worldwide based on ticket sales in each of the last 10 years,
- Northern Indiana Center for History,
- Potawatomi Zoo,
- Snite Museum of Art at Notre Dame,
- award-winning South Bend Civic Theater,
- South Bend Civil Rights Heritage Center,
- South Bend Regional Museum of Art,
- South Bend Symphony Orchestra with the Chamber and Pops Orchestras,
- Southold Dance Theater and Patchwork Dance Company,
- Studebaker National Museum,

## **Economic Condition**

The South Bend and St. Joseph County economy is largely a service driven economy, evidenced by the employment statistics previously reported in this document.

South Bend has successfully transitioned to a service based economy, at the present time, from a historical manufacturing based economy which flourished during the 1900's until the closing of certain primary employers including the Studebaker Automotive Company and the Bendix Aviation Corporation.

The transition to a service driven economy has occurred largely by reliance on the higher education and other service based employers as well as establishing South Bend as a regional center for medical, professional, arts & culture, and educational needs of the region.

The University of Notre Dame continues to be an important contributor to the economic profile of the City and St. Joseph County, annually contributing an estimated \$100 million into the economy through various university sponsored activities including educational, cultural, and athletic events.

In addition, the cultural and tourism venues described above inject an estimated \$25 million of economic benefit into the local economy.

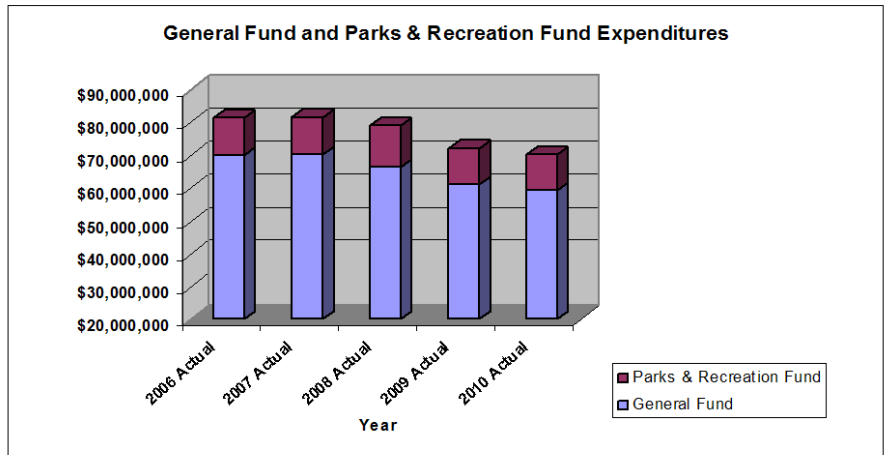
Additional miscellaneous information about the City of South Bend can be found in the statistical section within this report.



## Economic Position

The City has long maintained and continues to maintain a healthy city economic philosophy, whereby, it is incumbent upon the City to possess the necessary financial resources to provide essential services to taxpayers and stakeholders, at all times, regardless of the economic climate existing in the community.

The City is financially strong, with strong reserves that has assisted the City to weather the economic recession and the state enacted changes to the property tax system. The strong economic position enabled the City to weather the storm and to reinvest in facilities and economic development initiatives that continues to set the stage for economic growth and expansion.



Commencing in fiscal 2007, the City anticipated the negative impact of state proposed property tax reform, later to be enacted, which would negatively impact upon the property tax revenues available to the City for essential services, namely, public safety, parks & recreation, and general government. As such, the City made strategic cuts in expenditures that did not dilute essential services. The City held public hearings to better understand taxpayer and stakeholder priorities. As a result, the City increased local income taxes, in co-operation with St. Joseph County, to replace a portion of the property tax revenue projected to be lost due to the state enacted property tax reforms. The income tax increase was intended to allow achievement of taxpayer and stakeholder priorities, namely, public safety staffing at full levels, sustaining parks and recreation facility operations, and to enable continued investment in economic development initiatives.

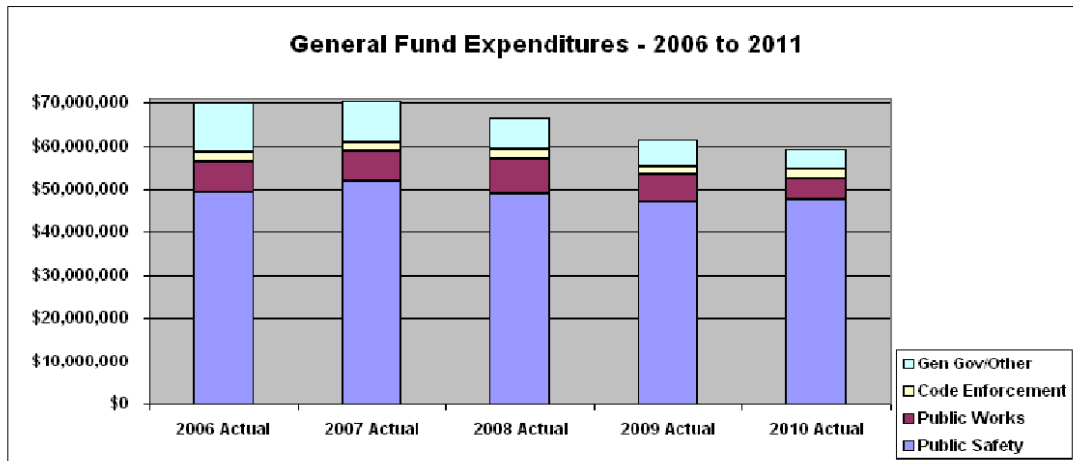
The following chart and graphic display above, identifies the expenditure reductions that were achieved by the City in the General Fund and in the Parks and Recreation General Fund in response to the state enacted property tax reform legislation which reduced property tax revenues available to fund City services.

General Fund Expenditures and Park General Fund Expenditures

Year	General Fund	Parks & Rec Fund	Total Expenditure	Change from Prior Year	% Change
2006 actual	70,125,801	11,213,771	81,339,572		
2007 actual	70,450,793	11,037,897	81,488,690	149,118	0.2%
2008 actual	66,503,546	12,424,641	78,928,187	(2,560,503)	(3.1)%
2009 actual	61,324,718	10,709,907	72,034,625	(6,893,562)	(8.7)%
2010 actual	59,241,185	11,034,333	70,275,518	(1,759,107)	(2.4)%
2010 vs 2006	(10,884,616)	(179,438)	(11,064,054)	(11,064,054)	(13.6)%
% change	(15.5)%	(1.6)%	(13.6)%		

Data source: City of South Bend cash basis accounting records

The City reduced spending in the General Fund by \$10.9 million or 15.5%, and in Parks and Recreation General Fund by \$.2 million or 1.6%, for a total decrease of \$11.1 million or 13.6% versus the baseline in fiscal 2006, a period prior to state enacted property tax reform.



At closer view of the General Fund, in the chart below, over that same period, expenditures have been reduced by \$1.6 million or 3.3% in Public Safety, by \$2.3 million or 30.9% in Public Works, by \$.1 million or 4.3% in Code Enforcement and by \$6.9 million or 60.0% in General Government.

General Fund Expenditures

Year	Public Safety	Public Works	Code Enforcement	General Government	Total Expenditure
2006 actual	49,218,274	7,279,856	2,065,877	11,561,794	70,125,801
2007 actual	51,917,024	6,917,302	2,111,768	9,504,699	70,450,793
2008 actual	48,989,091	8,143,257	2,070,656	7,300,542	66,503,546
2009 actual	47,175,713	6,262,335	1,808,268	6,078,402	61,324,718
2010 actual	47,608,301	5,027,819	1,976,119	4,628,946	59,241,185
2010 vs 2006	(1,609,973)	(2,252,037)	(89,758)	(6,932,848)	(10,884,616)
% change	(3.3)%	(30.9)%	(4.3)%	(60.0)%	(15.5)%

*Data source: City of South Bend cash basis accounting records*

The expenditure reductions have been achieved without reduction in essential City provided services, mainly through expenditure rationalization, cost based efficiency improvements in the delivery of services, and in the transfer of certain essential service costs to local option income tax funding. The expenditure control over the years exhibited by the City was predicated by the revenue reductions experienced over the period.

The following chart demonstrates the revenue reductions experienced, mainly due to lower property tax revenues due to state enacted property tax reform, partially offset by the increase in local option income taxes, enacted to offset the property tax revenue loss.

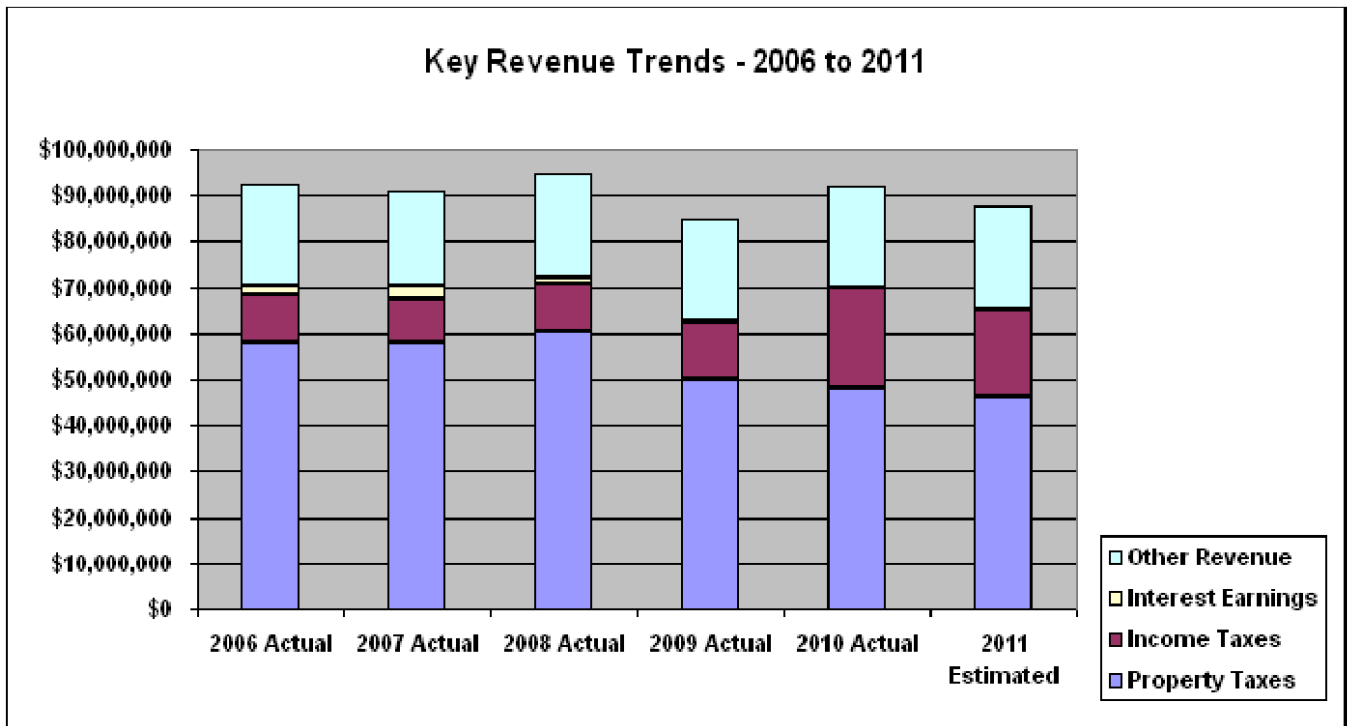
General Fund, Parks & Recreation, Cumulative Capital Development, COIT and EDIT Revenue

Year	Property Tax	Income Tax	Interest Income	Business Revenue	Total Revenue
2006 actual	58,187,068	10,423,880	1,855,705	22,129,583	92,596,236
2007 actual	57,982,291	9,519,233	2,728,635	20,737,797	90,967,956
2008 actual	60,412,443	10,190,449	1,703,209	22,311,147	94,617,248
2009 actual	50,206,425	12,146,606	191,673	22,138,219	84,682,923
2010 actual	48,171,021	21,679,239	126,702	22,173,747	92,150,709
2011 estimate	46,000,000	19,053,071	99,000	22,569,217	87,721,288
2010 vs 2006	(10,016,047)	11,255,359	(1,729,003)	34,164	(445,527)
% Change	(17.2)%	108.0%	(93.2)%	0.2%	(0.5)%
2011 vs 2006	(12,187,068)	8,629,191	(1,756,705)	439,634	(4,874,948)
% Change	(20.9)%	82.3%	(94.7)%	2.0%	5.3%

*Data source: City of South Bend cash basis accounting records*

The chart above demonstrates the property tax revenue reduction that occurred as a result of State of Indiana enacted property tax reforms, which began to take effect commencing in fiscal 2009. The loss in property tax revenue collected in 2010 was down by \$10.0 versus the baseline period in 2006, and is down \$12.2 million versus 2008, the year before the property tax reform legislation took effect.

As previously discussed, the City, in conjunction with St. Joseph County, enacted an increase in local option income tax, effective in the fourth quarter of 2009, to partially offset the loss of property tax revenues. This local option income tax increase included a new public safety local option income tax, specifically enacted to fund public safety expenditures.



The City believes that the financial information previously discussed demonstrates that the City has met the challenge of the property tax caps through hard work by staff to find efficiencies and cut costs, and through responsible action by the South Bend and County councils to replace some of the revenue lost to the caps with local income taxes; a new LOIT to provide property tax relief; a Public Safety LOIT to support police and fire department budgets; and an additional EDIT which allows us to invest in capital and economic development initiatives.

By taking these actions the City has been able to meet priorities for public safety, economic development and parks. Cash reserves have been secured in accordance with established City reserve policies for cash flow needs and to cover unforeseen extraordinary circumstances. The City has also established a new baseline for the city budget that will support positive growth and investment in the future.

In 2010, two financial rating agencies (Moody's & Fitch) increased the city bond rating, citing prudent fiscal management, sufficient cash reserves and spending reductions as well as diverse and stable revenue sources. These high quality ratings (AA+ stable and Aa3) will not only save interest costs on future bonds, but also reflect the fiscal strength of South Bend.

The Management Discussion & Analysis and accompanying financial statements, contained in section II of this CAFR, presents in full the financial activities and condition of the City of South Bend.

## **A Standard for Economic & Community Excellence**

The state of the city at the present time remains sound, but the City continues to strive for excellence.

The signs of excellence continued to emerge during 2010, at Indiana University South Bend School of Medicine; in an area designated for our dual-site, state-certified technology park; on the edge of the Notre Dame campus; adjacent to Eddy Street Commons, the region's largest mixed-use development in decades; and in South Bend's diverse Northeast Neighborhood.

This convergence of focused activity has drawn national attention to South Bend. Recently, the nation's oldest and largest municipal organization, the National League of Cities, awarded South Bend its Gold Award for Municipal Excellence for the collaborative efforts in revitalizing the Northeast Neighborhood. City government played an important role in this achievement. But what truly excited the judges and national media reporting on South Bend's effort is the transformative partnerships that made this possible. City and University, public and private, neighbors and institutions, academic and professional; when committed partners come together, excellence can be achieved,

- With exciting new infill housing in an older city neighborhood,
- With the growing medical school campus,
- With Innovation Park at Notre Dame which in fourteen months since opening has leased 60 percent of its building. It has become home to more than 30 clients. Innovation Park connects these clients with resources and potential partners, who help commercialize their ideas. There are some tremendous ideas – solar-powered cases for electronic devices, improved wind turbine technology or diagnostic tools for detecting substances like e-coli bacteria. Innovation Park is helping to create a culture of innovation and a community of innovators in South Bend,
- With planned construction of 50 new market-rate homes – creating a diverse, new neighborhood just north of an improved State Road 23 and reconfigured Five Points intersection,
- With the proposal for a new downtown campus for St. Joseph's High School, which has captured the imagination of city residents, this initiative will spark development of new housing and enliven commerce and recreation in the East Bank Village, creating connections we may not yet imagine,
- And, finally, with Eddy Street Commons, which continued to attract new tenants and residents even during the toughest economic climate. The addition of retail giant Urban Outfitters speaks to the confidence of new businesses in our market. This is only the second Urban Outfitters in the state of Indiana. More than 83 percent of the retail space is leased and 91 percent of the office space. The 266 apartments in The Foundry are now 85 percent occupied. We have a new 119-room Fairfield Inn and Suites and 25 new City homes – 100 percent of them sold. More homes are planned for construction this year. This is a sign of remarkable progress and potential.

South Bend achieved in 2010 a Gold Award for Excellence with implementation of a strategic vision for neighborhood revitalization. In 2002, the city was recognized for efforts on the city's Near West Side. These honors reflect our ongoing commitment to impacting all parts of South Bend. The time between the awards also illustrates the long-term planning required to achieve real success. The revitalization of the Northeast Neighborhood, or the Near West Side, did not happen overnight. Both resulted from years of planning and collaboration. They set a standard for excellence that others notice.

In 2010, South Bend neighborhoods caught the attention of NBC-TV's Today Show. Their real-estate expert picked South Bend as the No. 1 city in the country for value, stability and rising prices in a home. As the nation's economy revives, these signs of excellence will have an impact on South Bend's prospects for future residents. With a real-estate marketing specialist on staff, the City is reaching out to real-estate agents, neighborhoods and prospective residents like never before. Quality of life measures are also important – especially to young professionals and the “creative class” we'll need to help prime our economic engine.

When South Bend was designated as Indiana's Green Community of the Year and as northern Indiana's first Bicycle Friendly Community, it was another mark of excellence. The Bicycle Friendly Community designation by the League of American Bicyclists puts South Bend in a prestigious class of cities. Only

158 communities – the top one-half of 1 percent of the nation’s cities – have achieved this award for “remarkable commitments to bicycling.”

Bicycling has a very passionate following and represents so many positive aspects of a community — fitness, environmental awareness, family-friendliness. This last attribute was highlighted when the first Bike the Bend ride drew nearly 1,800 recreational bicyclists to our city streets and trails in 2010, as well as those of Mishawaka and St. Joseph County. Inspired by a private foundation and supported by the bicycling community, this event won a Local Government Cooperation Award from the Indiana Association of Cities and Towns. Many volunteers pulled together to help make this ride happen. The second annual Bike the Bend ride will take place in May 2011, which will draw even more residents and visitors to our community. With underwriting sponsorships from foundations and private-sector companies, the ride is on its way to becoming self-sustaining – something that will add to our celebration during the post-ride festival in South Bend’s Potawatomi Park.

Achieving excellence starts with people – especially the employees who are the face of city government to our residents. Phil St. Clair, director of the South Bend Parks and Recreation Department, was named the Outstanding Professional of the Year by the Indiana Parks & Recreation Association. Mr. St. Clair has been director since 1995, leading a staff of 130 full-time and as many as 400 part-time or seasonal employees. Under his guidance, our Parks and Recreation Department has achieved national accreditation and will continue to maintain the high standards required for being in the top 1 percent of park systems in the nation. The Indiana Parks & Recreation Association has awarded an outstanding special projects achievement to the parks department and the Community Foundation for last summer’s Arts Everywhere concert series at the Chris Wilson Pavilion. The parks department also received an essential service award for an outdoor awareness program as a result of an equestrian trail ride at Potato Creek State Park.

A second Department Head recognized for excellence in 2010 was Gary Gilot, who was named Public Works Leader of the Year by *American City & County* magazine. Mr. Gilot was selected for groundbreaking major projects, such as the collaborative venture with Notre Dame to use computer servers to heat a greenhouse at Potawatomi Park and for finding green solutions by using low-impact design in sewer construction projects. For many years, Mr. Gilot’s commitment to excellence has represented the best of creativity, innovation and ingenuity in government. One of the projects described in the award has brought international attention to South Bend.

Under the direction of Mr. Gilot, South Bend supported research at Notre Dame and Purdue University into using embedded computer sensors in a decentralized radio network. In 2005, South Bend became a real-world laboratory in a pilot study to demonstrate the economic feasibility of using this concept to address combined sewer overflows. That proof of concept led us in 2008 to deploy 10 wireless sensors underneath manhole covers citywide. These small computers enabled our crews to monitor 110 strategic points in the City sewer in real time. We’ve collaborated in this project with EmNet, an entrepreneurial company in our East Bank Village. In 2009, this real-time monitoring reduced South Bend’s dry-weather overflows of the sewer system by 66 percent. With support from the federal stimulus, crews installed nine “smart valves” with motorized controls at key locations throughout the city, making South Bend the world’s first city to monitor and control our combined sewer overflows with real-time sensors. This will enable us to use capacity in existing sewer pipes and retention basins to store excess water until rain stops. It maximizes the flow of wastewater to the interceptor sewer line leading to the wastewater treatment plant and minimizes combined sewer overflows into the St. Joseph River.

IBM, is recognized as a company with a reputation for excellence and innovation. As we moved into 2011, the City of South Bend entered into two partnerships with IBM that will expand our capacity for excellence. First, IBM is working with the City of South Bend and EmNet to create an improved dashboard, or computerized control panel, for CSOnet. The dashboard will enable crews at a glance to make sense of the massive amount of critical data provided through CSOnet. This will also help EmNet, a South Bend company, expand its opportunities for growth with similar projects in other communities. Second, IBM’s Global Location Strategies team, which conducts site selection analysis for economic development projects, is helping South Bend become a Smarter City. Using IBM analytics and benchmarking data, South Bend will identify key priorities to improve our economic competitiveness and

overall quality of life. With this assessment, the city will prioritize projects that have the most potential and optimize our services to constituents

A key and essential service provided is public safety. In 2010, the city continued the positive trend of fewer reported crimes – with many categories at 40-year lows. With additional resources now available, through the implementation of the new public safety LOIT tax, Police Chief Darryl Boykins created a street crimes unit, as well as securing full staff complement of police professionals. The additional resources now available, as well as good, old-fashioned police work have lead to the crime reductions reported. South Bend benefits from a vigilant citizenry and a highly professional police force. With public safety as the City's No. 1 commitment, South Bend Police will remain focused on maintaining a safe community for all citizens and stakeholders.

### **The year in review**

In 2010, the city experienced 42 fewer fires than the previous year – an 11 percent drop. The Fire Department also responded to more than 14,000 medical calls. More than one-fourth of those are in St. Joseph County, which city paramedics cover by contract. Like the Police Department, the Fire Department has been ramping up its personnel to full strength, benefiting from the new public safety tax implemented. With more than 200 applicants for the positions, the city selected 14 recruits who began training in November, 2010 at the Fire Academy. Among the firefighters' training experiences was using a new driving simulator – the only one of its kind in Indiana. To support personnel and to maintain the high level of competency, the city has plans to replace two firehouses in 2011, and to construct a new fire and emergency response training facility.

The City Police Department benefits from one of the finest CSI labs in the Midwest. In 2010, Police upgraded the existing AFIS system that now allows search and review palm prints in addition to finger prints – with greater speed and capability for searching multiple databases. This technology has led to changes and improvements in operating procedures.

Under Police leadership, the department has expanded interaction with young people through community-outreach initiatives. Last year, the department became a member in the national Police Athletic League (“PAL”) – a nonprofit designation that will greatly assist in private fund-raising. South Bend's PAL activities include boxing, summer tennis, swimming and other fitness-related initiatives. These mentorship efforts also provide reading, art and study components. Through this outreach, we've collaborated with Notre Dame's “Play like a Champion” initiative, which provides access to athletic events, coaching and mentoring.

Another City partnership is helping pre-school youth meet special needs before enrollment in public school. City parks and recreation department began the SNAP program – Special Needs Ability Pre-School – with South Bend Community schools last year in the hope of helping these youngsters successfully transition to the school experience. A different program sponsored by the parks department and Indiana University South Bend's Community Connection Partnership received an award from the Indiana Parks and Receptions Association for using college students as mentors in arts and culture to younger students. The parks department also created South Bend's first Park Foundation, which will seek funding and capital-development resources for the department. Already, the city is benefiting from one valuable resource – volunteers contributed more than 10,000 hours in support of park operations. Whether cleaning parks and riverbanks or staffing programs and upgrading equipment, these civic-minded residents provided the equivalent of more than \$180,000 in support. Over the summer months, the city received support from a federal Community Service Block Grant, which enabled the formation of a special cleanup crew that had a visible impact in city neighborhoods. The crew employed more than 50 local residents from April through September. They cleaned more than 20 illegal dumping sites, trimmed 40 city alleys and cleared entrances to the city four times. Over the course of their work, they collected more than 300 illegally dumped tires. Most visible was a focused effort to clear the railroad tracks between Martin's Super Market on Portage Avenue and Holy Cross School, removing brush, litter and illegally dumped tires.

In 2010, the City demolished 118 structures as part of our vacant and abandoned property initiative. Since July 2007, the city has cleared nearly 500 vacant and abandoned homes, commercial properties and other structures. Begun just before the global economic downturn, this initiative has helped to lessen the impact of this national crisis on our community. This year, City Code inspectors will update a count of vacant structures to evaluate impact and determine the next steps. Whether with illegal dumping or abandoned houses, the City faces a heavy burden from those who do not maintain their properties. Last year, the city collected more than \$100,000 in charges to irresponsible property owners.

With federal funds, the city is also assisting homeowners who are struggling in these tough economic times. The City deployed Community Development Block Grant funds to help 28 low-income households with down payments or mortgage assistance and another 74 such households with home repairs. With federal Neighborhood Stabilization Program grants, the city has supported construction of three new homes and the rehabilitation of five others. The City is providing rental assistance to residents with severe mental illnesses, operating subsidies to shelters and other assistance to 61 households through Homeless Prevention and Rapid Re-Housing. The City is investing in quality rental housing through federal funds to install 21 geo-thermal heating units at West Washington Homes and helping community facilities, like La Casa's food pantry, with rehab.

One of the more visible community development projects reached a conclusion last May with the dedication of Indiana University South Bend's Civil Rights Heritage Center. Barbara Brandy was the first of more than 400 community residents to enter the former Engman Natatorium, whose renovation was completed by South Bend Heritage Foundation with City support. Some 70 years before, Brandy had entered the public natatorium to swim, but was denied entrance because of her race. Opened in 1922 and established with tax funds, the Natatorium was used exclusively by whites until 1937, when African-Americans gained access one day per week. It wasn't until the 1950s that all people gained unrestricted access. When the pool closed in 1978, the facility fell into disuse and disrepair. Now this notorious icon of racial injustice in our community has become a repository for local stories about the fight for equality, a place of hope that we can overcome the prejudices that foment ill-will, and a place of celebration and inclusion for the entire community.

### **Economic Development & Infrastructure Development**

South Bend's downtown continues to receive special attention. At year's end, the city reached a commitment with 1<sup>st</sup> Source Bank and Host Hotels for a \$14.2-million renovation of the nine-story 1<sup>st</sup> Source Center. This will keep two critical anchors – our local bank and an upscale hotel – rooted in downtown.

Near Memorial Hospital, more than \$3 million of infrastructure improvements have occurred thanks to the City medical sector TIF. This includes a new façade for the Bartlett Street parking garage as well as the reconstruction of four streets on the campus' perimeter.

The WNIT Center for Public Media opened this year after an extensive renovation to the former WSBT Stations and relocation of the Public Broadcasting station from Elkhart.

Improvements to the island at Century Center were completed while the city continued to work for a permanent canopy to grace the riverfront Island Park.

The popularity of downtown continues to grow. More than 10,000 people came downtown for a record Art Beat crowd this year, while the Coveleski Stadium hosted major events such as the Wilco concert and the Urban Adventure games. New downtown businesses were welcomed – Lewis & Wilkin attorneys, Fanning Howey architects/ engineers, New Group Media and On-Site Health Solutions.

A host of new stores and restaurants have opened in downtown, including Sangria's Wine Bar, CJ's Pub, Main Street Coffee House and Pedro's Family Restaurant, soon to be joined by Bruno's Pizza. Another new restaurant will open in the beautiful first-floor space of American Trust Place, which received support from the City in the preservation of its exterior. Downtown retail like Marigold's, Lookin' Good Boutique and Blue Gallery provided some impetus for Downtown South Bend's successful Michigan Street Shops

Holiday Retail Program. Six “pop-up stores” joined existing businesses for the holiday season as a short-term way for them to sample the retail environment while helping existing retailers benefit from the expanded foot traffic.

Other Downtown South Bend (“DTSB”) programs are aiding downtown business growth. DTSB last year awarded six matching grants totaling \$60,000 for façade improvements, leveraging more than \$110,000 in private investment. A new grant, the Interior Improvement Program, will help businesses that choose to relocate downtown. DTSB’s Ambassador program helps beautify our downtown, and keep it clean and safe. There are scores of DTSB-sponsored activities, increasing our downtown’s vibrancy – from First Fridays and Red Table Concerts to Downtown for the Holidays or Fit & Fabulous February.

The Morris Performing Arts Center in 2010 marked the 10<sup>th</sup> anniversary of its restoration with a free community celebration. In 2010, the complex sold more than 85,000 tickets to 43 events with 70 performances – a 5 percent increase from 2009. The Morris continues to rank among the Top 100 performance venues worldwide for ticket sales.

At the College Football Hall of Fame, attendance broke the 80,000 mark for the second consecutive year. A transition agreement with the National Football Foundation provides for the Hall to operate through the end of 2011, and possibly during 2012. At the same time, Economic Development staff has been working with a private business interested in the facility. The City believes this use would be a good fit for the space and would not only encourage public use of the gridiron, but continue to draw people to downtown.

The City is also anticipating that renovation will begin in 2011 on the former Hansel Center on West Washington Street. A partnership with Notre Dame is leading to the establishment of the University’s Center for Latino Culture along our Museum Row.

Enrollment growth at Ivy Tech Community College has led to another partnership as the Redevelopment Commission acquires and relocates businesses to help expand Ivy Tech’s campus. In 2010, the city acquired four facilities along Sample Street. One, the Habitat Re-Store, opened at a new location this fall in the former Kroger store along South Main Street, demonstrating the effectiveness of a stunning building renovation. Enyart Motor Supply plans to move to the western edge of Ignition Park, while Sinco Pool moved to Dayton and Michigan streets.

Through the Business Growth Initiative partnership with The Chamber of Commerce, the Chamber conducted 418 visits to local businesses, resolving more than 100 issues faced by these companies. These contacts helped facilitate nearly \$6 million in new private investment, which was supported by nearly \$1 million in public investment.

Ongoing economic issues impacted some businesses, like A.J. Wright and Bosch. In those cases, city economic development staff and Project Future are working to match other growing businesses with the prime space offered by those closures.

With the environment improving, some South Bend businesses are growing. Schafer Gear is adding a 50,000-square-foot addition to its facility in the Blackthorn area as part of an initiative with an Italian firm that will create 12 new jobs.

GHS Corp., makers of strings for guitars and other instruments, is relocating its primary string-manufacturing operations from Battle Creek, Mich., to South Bend, creating at least 15 new full-time jobs west of the airport.

McCormick & Co. Inc. is undertaking a nearly \$6-million expansion near the airport with a 50,000 square-foot addition that will help retain 123 jobs in South Bend and add five new positions.

Green Tech is expanding to double its staff this year, going from zero to 23 employees in two years.

Steel Warehouse is investing \$3.4 million of new equipment into two west-side locations.



Hoosier Tank and Manufacturing is adding nearly \$1 million in new equipment, which enables the firm to add six new jobs and keep 52 others.

In tough times, job-retention is just as important as job creation. The city supported the retention of 23 jobs at Olive Cleveland Properties by providing a five-year tax phase-in on an 80,000-square-foot addition. More than \$32.5 million in new investment and 90 new jobs were created last year by projects supported by tax phase-ins. For all of these tax abatements, the City is receiving nearly \$7.2 million in new taxes, while temporarily forgoing \$1.8 million in new taxes, which will be phased in over several years. This is on top of more than \$5 million in annual taxes these businesses are already paying. Tax abatement doesn't mean these businesses don't pay taxes – it just means that a portion of the new taxes on new investment is phased in over several years to help support the business growth.

Sewer rates increased by 8 percent last July and will increase 9 percent annually through 2013 to fund the current phase of South Bend's compliance with the Clean Water Act. The City is at the start of a 20-year, \$400-million plan for the long-term control of combined sewer overflows ("CSO").

During the next four years, the city will invest approximately \$50 plus million to make progress on the plan. The City has limited the annual increase in sewer rates in two ways: First, by capping the payments in lieu of property taxes paid by the South Bend Sewer Utility with the savings directed to needed capital investment. Second, by using \$10 million from Economic Development Income Tax funds over four years to support the long-term control plan's economic development-related projects. In 2010, the city completed more than \$20 million in storm water management construction as part of this CSO Long-Term Control plan. The largest projects included the installation of a trunk storm sewer along Twyckenham Drive and bringing green solutions to the separation of storm and sanitary sewers near Kennedy Park.

The City is implementing a unique idea this year to improve drainage and separate combined storm and sanitary sewers in the Diamond Avenue corridor. Instead of installing expensive, buried pipe, plans will create an open channel resembling a natural creek near the start of the Riverside Trail at Angela Boulevard and Riverside Drive. Landscaped with meandering paths and a pedestal for public art, the channel will move storm water from an outfall near Portage to the river's edge, where water will cascade into the St. Joseph River beneath a Riverside Trail overlook. The open-air agitation of the storm water actually helps enhance the water quality before returning it to the river. The city is able to add this enhancement for the same cost as the conventional solution. In addition, plans include moving Riverside Drive back from the river's edge, creating more premium riverfront park space and adding a new roundabout to this intersection to improve traffic flow and pedestrian safety, and enhance off-street parking for the park on the south side of Angela.

Last year, the water utility also continued installation of more than 8,200 automated meter-reading water meters. To date, about half of the 42,000 water meters in the system have been changed to this new technology. Typically, an employee reads 350 to 400 water meters per day. With the new technology, the same employee can read 2,000 to 3,000 water meters per day. This will bring increased efficiency to our services, enabling the reduction of our meter-reader staff by attrition. The city also added a new payment option for utility customers. A new integrated voice response phone system allows customers to pay bills on the phone with a credit card, check monthly balance and perform other tasks. The system also is proactive in that it makes automated, friendly reminder customer-service phone calls to customers whose water may be shut off for past-due water bills – saving grief for all involved.

City Engineering staff managed 99 construction projects in 2010 worth \$59.3 million. The State reconstructed Miami Road from Jackson to Kern roads. The federally supported project received \$2.3 million in stimulus funds, which saved the City \$440,000 in local match on the \$4.5-million project. We have begun or soon plan intersection improvements along Western Avenue at Olive, Walnut and Chapin. The Western/Olive intersection was widened and rebuilt to provide turn lanes in all directions, while the Western/Walnut intersection, the site of frequent crashes, was begun last fall and will be completed by mid-summer. We also have modernized signals along both Western and Mishawaka avenues, using local dollars to leverage federal tax funds. At Mishawaka and Twyckenham by Adams High School, new technology is detecting vehicular presence with radar – a system that already has reduced driver delays.

It is important to note two additional construction projects that will have a major impact on the community's economy. Notre Dame completed construction in 2010 on its Stinson-Remick Hall of Engineering. This \$70-million building includes a nanotechnology research center, the University's Energy Center and an 11,800-square-foot clean room. With 24 research labs, this facility represents a tremendous resource for innovation in our community. It is home to MIND, the Midwest Institute for Nanoelectronics Discovery, one of four national research centers seeking solutions for a new generation of semiconductor chip. MIND recently entered a new phase of its work for the Semiconductor Research Corporation's Nanoelectronics Research Initiative. MIND supports three employees, 10 graduate students and five postdoctoral researchers, generating annual compensation of nearly \$800,000 that is spent in our local economy.

Also in 2010, South Bend Regional Airport completed the first phase of a \$15.5-million expansion effort. A new gate concourse opened in November, adding more passenger seating and restrooms. By the time all phases are finished, travelers will have access to a 45,000-square-foot concourse with five new gates.

In the fall of 2010, the City established a new Energy Office. Working with the Green Ribbon Commission, the Energy Office is charged with reducing carbon emissions in 2012 by 7 percent from the 1990 baseline, continuing carbon reductions annually by 2 percent for a total of 23 percent reductions by 2020 and developing a citywide campaign to reduce energy consumption by 2012.

The Energy Office hit the ground running, conducting initial building-energy audits of all 30 municipal buildings, seeking to improve efficiency and reduce costs. The anticipated annual savings will fund the Energy Office once the two-year, \$1-million federal stimulus grant expires. The city will propose an energy performance contract in which the guaranteed savings in our energy costs will fund upgrades to City facilities. The city is developing a pilot program to install anti-idling equipment on a police cruiser to test equipment that allows for four-hour use of all electrical equipment, including heaters, without idling the engine. Building on city collaboration with Notre Dame at the Potawatomi greenhouse and conservatory, the city is seeking to expand the amount of waste heat generated by high-end computers to save the City as much as \$40,000 annually.

In the summer 2011, the city plans to install a 45,000-watt hydroelectric turbine at the Century Center dam. With a connection to a City building, this could help avoid up to \$28,000 in annual energy costs. The city has already requested quotes on a study to test the feasibility of producing an additional 1.78 megawatts of renewable energy for the City. The city is also exploring ways to expand recycling, including a pilot project to develop a full-scale food/waste composting center. As part of the City's Energy Efficiency and Conservation Strategy, we will synchronize the timing of traffic signals at the 100 busiest intersections and corridors in South Bend to help motorists save gas and reduce greenhouse gas emissions.

In 2011, the city plans to begin construction on a new South Bend Animal Care & Control shelter at Kennedy Park. While cats and dogs will have a new home on the west side, over on the east side four North American river otters have a new exhibit at Potawatomi Zoo. Thanks to partnership with the Potawatomi Zoological Society, one of the largest projects in the zoo's history will open in 2012.

The City completed installation of City government's first green roof on this facility, complete with an educational kiosk about environmental stewardship.

Potawatomi Zoo, of course, symbolizes stewardship. The zoo is part of the World Wide Species Survival Plan implemented by accredited zoos in the United States. This special breeding program is key in the conservation of several species, most notably the Amur Leopard, which has fewer than 35 left in the world. In the past year, Potawatomi Zoo welcomed three Amur Leopard cubs and celebrated several other births: three Red Panda cubs, one Southern Hornbill chick, one Sichuan Takin and one White-Naped Crane. Other lovers of the river will be excited by our plans this year to connect South Bend's extensive trail system to the City of Mishawaka's Riverwalk. This will complete a trail system along the full length of the St. Joseph River through South Bend. The City plans to connect Northside Trail east to Logan Street. Both City engineers and the public agreed that the least-expensive of four options was the

best plan to move forward. Construction is expected to begin this spring with the trail completed before year's end.

Another project on pace for completion in quarter 1, 2012, is the St. Joseph County Salvation Army's Ray and Joan Kroc Corps Community Center. Construction is progressing swiftly on the 100,000-square-foot Kroc Center facility. It is having a direct economic impact of more than \$30 million in our community. But its impact has been more than just money and jobs. The Salvation Army has set a great standard for the community – at least 18 percent of the project's subcontractors and workforce is coming from woman-owned and minority-owned businesses. By committing to make sure the full diversity of our community is on the job, the Salvation Army is providing a strong, positive example of the way it has served our community and how it will continue to serve our community once the Kroc Center is opened.

At the same time, the campaign to raise the local \$10 million match is nearing completion, well in advance of the time when the Kroc Center's doors are to open. This facility will feature an indoor water park, climbing wall, recording studio and athletics facility along with centers for performing arts, fitness, family care and teens. Equally important will be the programs that will enhance the aspirations of community young people – programs like BandLINK, which teams Notre Dame band students with junior-high drummers or brass musicians. Combined with an endowment that will support the Kroc Center's operations long term, this is a \$52.5-million investment in our community, the only facility of its kind in Indiana and one of only 30 nationwide.

Just a few blocks east, construction is moving forward on some vital projects for downtown. On the East Bank of the St. Joseph River across from the Morris, foundations are going in for the first six of possibly 10 East Bank Townhomes under construction on the former Rink Riverside Printing site. Four are already sold. Prices start at \$175,000 per unit, but most buyers have added upgrades that will make this an especially attractive development for downtown. It's exciting to have this new housing going up in a year when construction of new residential dwellings is at a generational low point. These will be an environmentally responsible option for newcomers to our community as well as suburban residents seeking a vibrant, urban lifestyle. This year, the City also hopes to acquire the former Transpo public transportation site along Northside Boulevard, helping to create another riverfront housing option for private developers.

During an economic period when private-sector investment has lagged, one of the roles of the public sector is to prepare development sites and make infrastructure investments to attract private investors when the market rebounds. That's why three years of planning have set the stage for new investments in Coveleski Stadium and a redevelopment strategy for the surrounding neighborhood.

Early in 2010, the city made \$1 million in maintenance upgrades to the stadium. The upgrades included renovated restrooms, new field lights and safety improvements like new padding for the outfield wall and a new backstop net. More recently, the Common Council of the City of South Bend authorized a \$4.980 million bond issue, which will be repaid by income and sales taxes captured through our Professional Sports Development District. This will enable several critical investments to ensure the stadium meets minor-league standards. They include upgrades to the scoreboard, sound and mechanical systems, food-service areas, dugouts and locker rooms. Work was completed in early 2011 on a major overhaul of the field drainage system and installing new artificial turf on the field. That will help to avoid games lost due to rain and allow the venue to schedule more events at the stadium. The city will also make investments to help the Cove be competitive with newer minor league stadiums and to enhance the potential for surrounding economic development. Construction is underway to create a 360-degree concourse to provide more seating choices for fans and enable a new centerfield entrance. The new entrance and park will include several development sites and create a closer connection with downtown. When this work is complete by July 4, 2011, it will make Coveleski a true downtown park with a walking trail and other features. It will be available to the public for much more than 70 home games. Downtown workers and residents will use the 360-degree concourse for wellness walks or buy lunch from the concessions vendors.

Whether at the Cove or the Rink site, near Eddy Street Commons or in our south-side retail hub, the City's investment in predevelopment activity is an essential step before the private sector can do its job.

In early 2011, demolition began on the last two Studebaker buildings in the area designated for Ignition Park. When the site is cleared this year we will have completed Indiana's most comprehensive brownfield remediation effort – removing more than 2.5-million square feet in seven obsolete buildings from the area targeted for Ignition Park. In the entire Studebaker Corridor, the city will have torn down more than 4.7 million square feet of dinosaur structures, returning 140 acres to productive use. During this time, our staff has also worked to relocate businesses in those areas to other locations within the city – Ziolkowski Construction moved to the Toll Road Industrial Park and Studebaker Auto Parts to the Studebaker Business Center along Chippewa. Underground Pipe & Valve moved into a new building in the Oliver Industrial Park, where the city is completing new park entrance signage along with a commissioned sculpture as part of a memorial plaza honoring James D. Oliver. The city has acquired more than half the properties along the north side of Indiana Avenue to solidify the southern border of our technology park. In addition, the city created a planned unit development for Ignition Park; established an architectural review board, and are currently developing land-use and master plans for the 140-acre site. After much preparation, we are ready to change not only the landscape, but the mindscape – to launch new investments that will transform our economy.

This past October, Transpo opened the nation's first LEED Platinum-certified transit facility. The new "Lucky" Reznik facility replaces an existing structure on Northside Boulevard, which dates back to the 1880s and originally housed horses and carriages. The new Transpo facility sets a standard of excellence for future construction in Ignition Park – especially the curving roof and the use of LEED certification. This technologically advanced facility, with nearly 100,000 watts of photovoltaic panels on the roof – the largest solar deployment in Indiana – providing power and a geothermal wells providing supplemental heating and cooling, is the first building in Ignition Park. It sets the stage for something even greater.

Like the curving roofline in the Transpo facility, Ignition Park is the bridge between South Bend's past and future. It connects us to our history as a world-famed manufacturing center with innovative companies like Studebaker and Bendix. And it points us to our promising future – a future rooted in entrepreneurship, technology, scientific research and other innovations that are powering the new economy in South Bend. Ignition Park will be a landing zone for startup ventures that lift off from Innovation Park. It could become a focal point for educational collaborations -- whether from the University of Notre Dame or MIND, Ivy Tech Community College, or IU South Bend and Purdue University. Benefiting from access to a robust electric power grid and the redundant, reliable Metronet, Ignition Park offers outstanding resources for advanced manufacturing, prototyping or product development companies. All these cutting-edge enterprises will serve as a magnet for a creative class of entrepreneurs who will see Ignition Park as a center for great opportunity. It will attract new companies, drawn to the opportunity to connect with elite talent and support systems designed to maximize commercial success.

With Transpo, the first phase of Ignition Park is now open – the first footprint on the landscape of our dreams. However, South Bend has taken another step towards a brighter future, following extensive work by our Department of Community and Economic Development; plans were announced earlier this year to sell the first site in Ignition Park to private investors, who will build the first for-profit facility in Ignition Park. Data Realty, a private sector concern, will construct a new facility in Ignition Park. The company is an information technology data management concern and will bring high tech professional jobs to the area.

This business is a great example of the type of high-tech investment worked for at Ignition Park. The promising future envisioned is ready to launch.

The City of South Bend is financially strong, it is vibrant, and it is favorably positioned to move forward in support of economic growth, community growth, and in the delivery of essential services to all taxpayers and stakeholders in the community in sustaining and building a 21<sup>st</sup> Century that all citizens will be proud.

**City of South Bend, Indiana**  
**2010 Comprehensive Annual Financial Report**  
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**Financial / Budgetary / Property Tax Controls**

The City Management Team is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

**Single Audit**

As a recipient of federal and state financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs.

This internal control structure is subject to periodic evaluation by management of the City. As part of the City's single audit described earlier, tests are performed to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

The results of the City's single audit for the year ended December 31, 2010 disclosed no instances of significant material weaknesses in the internal control structure and no significant violations of applicable laws and regulations.

**Budgetary Controls**

In accordance with Indiana statutes, the City maintains budgetary controls integrated within the accounting system.

The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget (prepared on a cash basis) which is adopted by the City of South Bend Common Council and then reviewed and approved by the State of Indiana Department of Local Government and Finance ("DLGF").

Activities of the general fund, certain special revenue and capital projects funds, and debt service funds are included in the annual budget. The level of budgetary control, that is, the level at which expenditures cannot legally exceed the appropriated amount, is established by major budget classification within funds. The City Common Council may transfer appropriations from one major budget classification to another within a department by ordinance as long as the total appropriations for that department are not exceeded. Appropriations in excess of the original budget must be submitted to and approved by the State of Indiana Department of Local Government and Finance after these appropriations have been approved by the City Common Council.

Beginning with the 2010 budget year, the City is required to submit the annual budget to the St. Joseph County Council for a non-binding review and recommendation. The 2011 annual budget was submitted to the St. Joseph County Council and received in October 2010, a favorable non-binding recommendation of acceptance.

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

### **Property Tax Controls**

In addition to budgetary and other controls established by Indiana statute, the City must operate within specific and rigid controls governing the amount of property tax it may levy.

The property tax control program, which began in 1973, limits the amount of property tax that may be levied by each unit of government in its legally budgeted funds.

The total amount of property tax levied by the unit may increase by the six year average annual growth in Indiana personal non-farm income, as calculated by the U.S. Bureau of Economic Analysis, with a 6% maximum. In addition, if a unit determines that it cannot maintain basic governmental services for its residents within the property tax "freeze," it may appeal to the State Local Government Tax Control Board for an "excess levy" in certain specific instances. As a part of the property tax control program, the state transfers an amount generally equal to 20% of the total property tax levy (except for debt service levies as described below) to the County Auditor to be distributed to each taxing unit as a replacement for 20% of the property taxes levied. This "property tax replacement" is funded through the state sales tax. These property tax provisions have been repealed beginning in 2009.

The levy for Debt Service funds is controlled via a review and approval process by the Government Tax Control Board (with a subsequent review and approval by the Department of Local Government and Finance) for each issuance of general obligation indebtedness (or lease-purchase) entered into by a taxing unit. In addition, all indebtedness incurred after 1983 no longer receives the 20% state property tax replacement funds mentioned above.

In 2008, the State of Indiana General Assembly enacted property tax reform legislation which made significant changes in the property tax system by capping the amount of property taxes at 1% of grossed assessed value for residential homesteads, 2% for agricultural/rental properties and 3% for all other real and personal property.

This legislation is being phased in over a two year period which began in 2009. The loss of revenue to the City due to this legislation is significant. The General Fund lost an estimated \$9 million of revenue in fiscal 2009 and an estimated \$18 million in fiscal 2010. The \$18 million shortfall was filled through significant general fund budget reductions (\$6 million) and the enactment of a county wide income tax increase (\$12 million).

The City of South Bend has responded to this revenue loss with operating cost reduction through proactive management of offered services, cost improvement and efficiency related initiatives throughout city operations, and the continuance of a conservative fiscal behavior implemented under the guidance of the current City Administration and Mayor Stephen J. Luecke.

A historical presentation of the City tax rate and net assessed valuation is included in the statistical section of this CAFR report.

**City of South Bend, Indiana  
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Attachment 4**

**City Vision, Goals & Objectives**

**Current & Future Vision for the City of South Bend**

South Bend is a vibrant, caring city. Residents and government celebrate our diversity and vitality. Together, we nurture our educational, social, cultural, natural, human, and economic resources.

- Our City Government dedicates itself to civic engagement with open, effective dialogue among citizens and governing bodies.
- We enjoy a high quality of life enriched through our achievements of ethnic and racial harmony, volunteerism, philanthropy, and just and equal access to economic and social opportunities.
- We are a center of learning. Our excellent schools and world-class institutions of higher education, engaged with the community, prepare our youth to compete in the 21<sup>st</sup> century.
- We are a community that fosters entrepreneurship, and attracts and retains competitive businesses by continually investing in our work force and technology.
- We are a city of safe and unique neighborhoods with diverse housing choices. We have built an environment that embraces our historic heritage while facilitating progressive design and land use, utilizing modern infrastructure.
- We have a dynamic downtown that is a hub for housing, commerce and government, and a regional destination for culture, arts, and entertainment.
- We have an excellent transportation system that offers alternative modes of transport, provides accessibility throughout the community, values pedestrians, and is integrated locally and regionally.
- We are proud stewards of the natural environment, preserving the St. Joseph River as a valuable resource and cherishing our parks and plentiful green spaces.

**Goals and Objectives**

South Bend has **eight broad goals** that focus on the following areas: economy, safety, quality of life, trust, responsiveness, infrastructure, finance and workforce.

**1 The Community's Economy**

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

**2 The Community's Public Safety and Civility**

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

### **3 The Community's Quality of Life**

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

### **4 Trust in City Government**

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

### **5 The City's Responsiveness, Efficiency, and Effectiveness**

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

### **6 The City's Infrastructure**

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

### **7 The City's Financial Condition**

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

### **8 The City's Workforce**

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

## **Department & Unit Purpose Statements**

The City provides service to customers through thirteen (13) administrative departments. These departments have varying purpose and are designed to support the citywide vision, goals & objectives.

<b>Mayor's Office</b>	Leading the community to become a model city through formulating policy, directing operations and responding to customer concerns.
<b>Common Council</b>	Making certain that our City government is always responsive to the needs of our residents and that the betterment of South Bend is always our highest priority.
<b>City Clerk's Office</b>	Preserving all City Ordinances and Council meeting minutes for generations yet to be, and providing fair and consistent treatment of our Ordinance Violations Bureau customers.



### **Administration & Finance**

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

### **Legal Department**

Providing superior, professional and ethical legal services for our client, the City of South Bend.

### **Police Department**

Protecting the life, property and personal liberties of all individuals; improving the overall quality of life by deterring criminal activity and respecting cultural diversity; delivering fair and impartial law enforcement services to all residents.

### **Fire Department**

Providing the highest level of Fire and Emergency Medical Services possible to all of our customers, saving lives and property, and striving to become a model Fire Department for other cities in an efficient and cost-effective manner.

### **Code Enforcement**

Maintaining and improving the physical quality of life in our neighborhoods.

### **Parks & Recreation**

Offering all residents and guests of South Bend the highest quality of recreational and leisure activities, while providing well-managed parks and recreational facilities with updated programming and friendly productive service.

### **Community & Economic Development**

Creating and expanding opportunities through partnerships in neighborhood revitalization, commercial and industrial development and community enhancement.

### **Public Works**

Providing leadership in the development and delivery of engineering, fleet, transportation, sanitation, wastewater, water and other services as called upon by our customers.

### **Building Department**

Serving our customers by inspecting, informing and ensuring a safe place to work, play and live.

### **Morris Performing Arts Center & Palais Royale**

Provide a state-of-the-art facility with excellent services to customers while generating maximum economic benefit to our community.

### **Building South Bend**

“We’re Building South Bend”, has been a continuous theme of the present administration of Mayor Stephen Luecke’s for the past several years and continues as such as the City moves forward into 2012 and beyond.

- **We’re Building Neighborhoods** - Mayor Luecke and the City’s elected officials continued their strong commitment to neighborhoods. The City will make a significant investment to fund or leverage state and federal funding for housing assistance, development and home ownership programs, neighborhood public works and parks, neighborhood development for social services and organizations, and public safety initiatives. Committing these resources will help us maintain, improve and support strong neighborhood development.
- **We’re Building a Safe City** - Public safety is the foundation of all the City’s efforts to build South Bend. Through the targeted and creative use of available resources, the City is working to provide quality police, fire and ambulance services for the community. The crime rate has decreased in

several significant categories over the past year. South Bend has 2.4 police officers and 2.3 firefighters per thousand residents. These ratios are among the highest in the state and well above the national average. We believe that these extra officers are important for officer safety and community safety. The City's Fire Departments is rated one of the best in the State. The Mayor's top initiatives will focus on regional policing, providing in-car cameras for all patrol cars and placing more emphasis on training and recruitment for the Police and Fire Departments.

- ***We're Building an Attractive City*** - We are working to enhance the natural and man-made beauty of our city through effective City programs. For the ninth year in a row we were named a Tree City USA. The Building Block Grant Program helps residents spruce up their neighborhoods, and aggressive Code Enforcement will continue to address deteriorated and nuisance properties. The City has initiated a new procedure to register and monitor vacant and abandoned buildings. The City is funding major programs to renovate the former Studebaker Corridor area and other parts of the City.
- ***We're Building Opportunity*** - A key issue for any city is education and opportunity for young people. The City is committed to keeping schools open in our neighborhoods and to maximizing their use by the community. We are building partnerships that will create new strategies for enhancing our formal education system. Working together with families, student groups, school officials, neighborhoods, the faith community and civic organizations, we can support our local schools and improve the level of individual student performance.
- ***We're Building a Strong Economy*** - Local government plays a key role in economic development. By providing adequate infrastructure and offering targeted assistance, the City can stimulate private investment, creating business opportunities and jobs. The City's policies encourage new start-up businesses, strengthen existing business, attract new jobs, increase assessed value and emphasize direct investment in hard-to-develop areas. Efforts have been and will continue to focus on implementing the comprehensive plans for the areas around Coveleski Stadium and the East Bank. The City has many new economic development projects in progress including Eddy Street Commons, a \$220 million dollar mixed-use development south of Notre Dame, with two hotels, more than 20 stores and restaurants, office space and hundreds of town homes, apartments and condominiums. In addition, the City is taking the lead in creating Indiana's first dual state-certified technology park site known as Innovation Park and Ignition Park.

**City of South Bend, Indiana  
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Attachment 5**

**Other Information**

**Independent Audit**

In accordance with state statutes, the City is required to be audited annually by the Indiana State Board of Accounts, an agency of the State of Indiana.

In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133.

The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section (section II) of this report.

For each of the past twenty (20) years consecutively, including the year ending December 31, 2009, the City of South Bend has received an unqualified audit opinion from the independent auditors.

The auditors' reports related specifically to the single audit required by the Single Audit Act of 1984, is included in a separately filed report included in section VIII of this CAFR report.

**Awards**

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Bend for its comprehensive annual financial report for the fiscal year ended December 31, 2009.

This was the twentieth (20<sup>th</sup>) consecutive year that the City of South Bend has achieved this prestigious award.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of South Bend believes that the current comprehensive annual financial report, contained herewith, continues to meet the GFOA Certificate of Achievement Program requirements, and thus, the City of South Bend will submit this CAFR report to the GFOA for consideration.

**City of South Bend, Indiana**  
**2010 Comprehensive Annual Financial Report**  
**Letter of Transmittal**  
**Attachment 6**

**Acknowledgments**

The preparation of this comprehensive annual financial report, for the City of South Bend, was made possible by the dedicated service of the City's departmental fiscal officers and staff of the Department of Administration and Finance.

All contributing members of the City of South Bend receive our sincere appreciation for their contribution in the preparation of this report. In addition, we would like to thank the Field Examiners of the Indiana State Board of Accounts, led by Doug Wiese and Bruce Snyder, for their hard work and dedication in this effort.

Finally, without the leadership and support of Mayor Stephen J. Luecke, City Department Heads, and the members of the City of South Bend Common Council, preparation of this report would not have been possible.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Bend  
Indiana

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

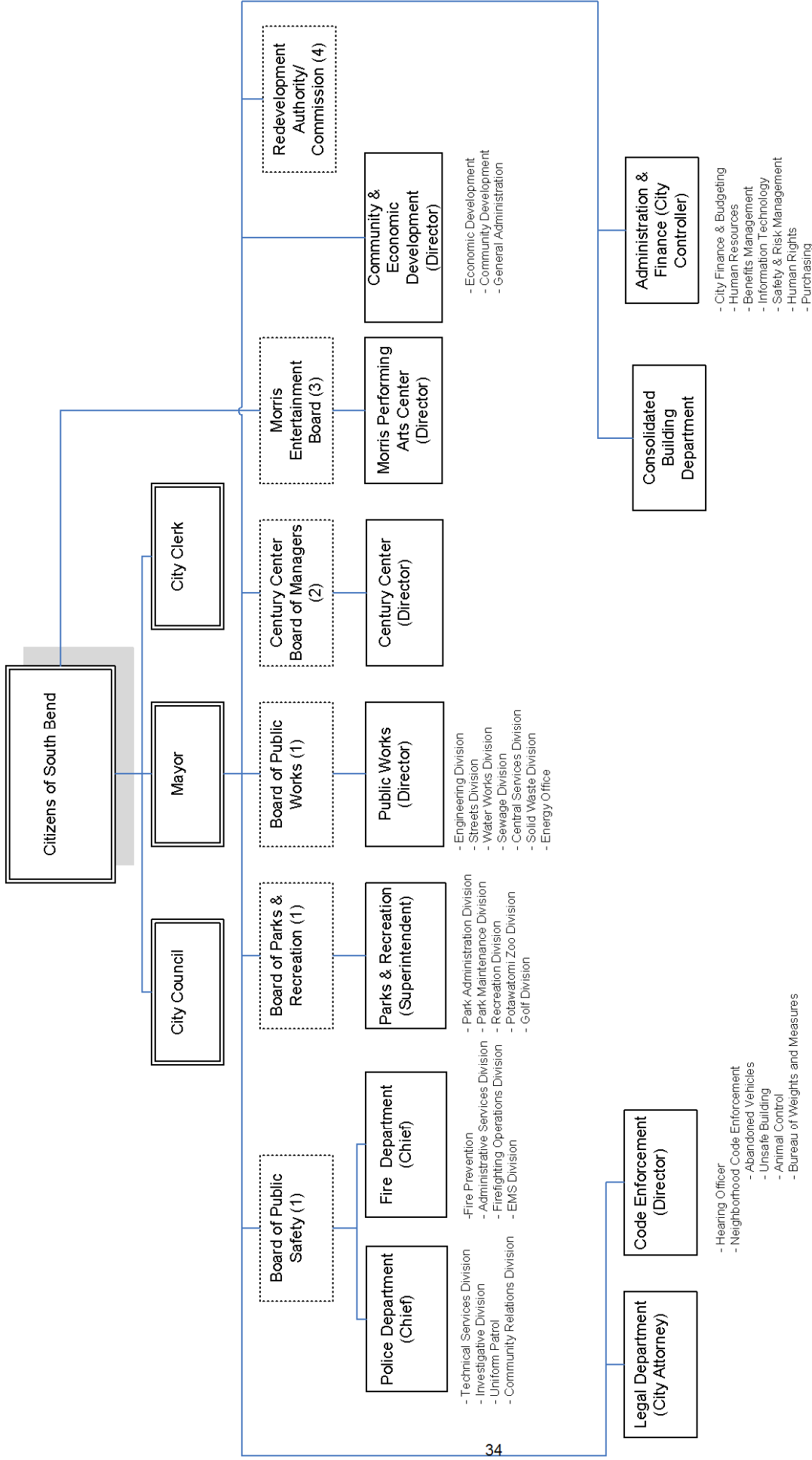
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# City of South Bend, Indiana Organizational Chart



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



## **II Financial Section**



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 respective financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



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

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

In accordance with Government Auditing Standards, we have also issued our report May 17, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

STATE BOARD OF ACCOUNTS

May 17, 2011

## Management Discussion & Analysis

The Management of the City of South Bend (“City”) provides herewith, this Management Discussion & Analysis (“MD&A”) of the financial activities and condition of the City of South Bend for the fiscal year ended December 31, 2010.

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

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

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

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

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

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

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

All elected official current terms of office expire on December 31, 2011.

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

## Management Discussion & Analysis

### Financial Highlights

\$ (whole)	Governmental Activities		Business type Activities		Government wide Activities	
	2010	2009	2010	2009	2010	2009
Total Assets	520,908,273	507,888,421	250,583,137	238,665,723	771,491,410	746,554,144
Total Liabilities	227,713,364	233,701,964	95,891,883	92,385,603	323,605,247	326,087,567
Net assets						
Capital net of debt	186,771,216	178,483,535	122,108,095	119,607,643	308,879,311	298,091,178
Restricted	8,840,610	12,825,227	13,320,967	14,075,339	22,161,577	26,900,566
Unrestricted	97,583,083	82,877,695	19,262,192	12,597,138	116,845,275	95,474,833
Total net assets	293,194,909	274,186,457	154,691,254	146,280,120	447,886,163	420,466,577
Change vs. pr. Year	19,008,452	28,144,509	8,411,134	3,734,334	27,419,586	31,878,843
Expenses	134,015,143	113,626,211	45,486,515	51,623,898	179,501,658	165,250,109
Revenues	153,672,418	142,416,712	53,248,826	54,712,240	206,921,244	197,128,952

- Government wide net assets (total assets less total liabilities) as of December 31, 2010 are \$447,886,163.
- Government wide net assets increased by \$27,419,586 or 6.5% during fiscal 2010. Governmental activity net assets increased by \$19,008,452 or 6.9% whereas business activity net assets increased by \$8,411,134 or 5.8% during fiscal 2010.
- Total assets as of December 31, 2010 of \$771,491,410 increased 24,937,266 or 3.3% as compared to total assets as of December 31, 2009.
- Total liabilities as of December 31, 2010 of \$323,605,247, declined by \$2,482,320 or 0.8% as compared to total liabilities as of December 31, 2009.
- Government wide net assets of \$308,879,311, are invested in capital assets net of debt and are therefore, not available for spending. \$116,845,275 is classified as unrestricted net assets and may be used to meet ongoing obligations to creditors. \$22,161,577 is classified as restricted for debt service and capital outlay.
- Government wide revenue achieved in fiscal 2010 amounted to \$206,921,244, an increase of \$9,792,292 or 5.0% versus government wide revenues achieved in fiscal 2009. Governmental activity revenue increased \$11,255,706 or 7.9%, whereas, Business activity revenue decreased 1,463,414 or 2.7%.
- Government wide program expenditures in 2010 amounted to \$179,501,658, an increase of \$14,251,549 or 8.6% from program expense of \$165,250,109 in 2009. Government activity expenditures increased \$20,388,932 or 17.9%, while business activity expenditures decreased 6,137,383 or 11.9%, when compared to fiscal 2009.
- Explanatory commentary concerning the changes in assets, liabilities, revenue and expenditures can be found in later sections of this MD&A.

# Management Discussion & Analysis

## Overview of the Financial Statements

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

### Government wide financial statements

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

- **Statement of net assets**

This statement reports all assets and liabilities of the City of South Bend as of December 31, 2010. The difference between total assets and total liabilities is reported as "net assets," and can generally be thought of as the net worth of the City. Increases in net assets generally indicate an improvement in financial position while decreases in net assets may indicate a deterioration of financial position.

- **Statement of activities**

This statement serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the City of South Bend for the year ended December 31, 2010. Changes in net assets are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The statement of activities displays the expense of the City's various programs net of the related revenues, as well as a separate presentation of revenue available for general purposes including property and county option income taxes, fees for services and other revenue sources.

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

### Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of South Bend can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

### Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the government wide financial statements. However, unlike government wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. Governmental funds use modified accrual accounting method. The City maintains six (6) major governmental funds (General, Parks and Recreation, Public Safety Local Option

## Management Discussion & Analysis

Income Tax, TIF Airport, County Option Income Tax, and Economic Development Income Tax) and sixty-five (65) non-major governmental funds.

### Proprietary funds

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

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains seven (7) enterprise funds. Information is presented separately in the proprietary statement of net assets and the proprietary statement of revenues, expense and changes in fund net assets for the Water Utility, Wastewater Utility and Century Center, which are considered major enterprise funds. Data from the other four (4) non-major enterprise funds (Consolidated St. Joseph County/South Bend Building Department, Parking Garage, Solid Waste and Blackthorn Golf Course) are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.
- **Internal service funds** are used to accumulate and allocate costs internally among the City's various functions and funds. The City maintains four (4) internal service funds. The City of South Bend uses internal service funds to account for its self-funded liability insurance program, self-funded employee health benefits program, police take home vehicle program and central services unit (a department that accounts for expenses related to fuel, vehicle repairs, printing and other services provided to City departments on a cost-reimbursement basis). Because these services predominantly benefit governmental rather than business type functions, they have been included within governmental activities in the government wide financial statements but are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

### Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government wide financial statement because the resources of those funds are not available to support City programs. The City maintains four (4) fiduciary funds, which consist of two (2) pension trust funds (1925 Police Pension and 1937 Firefighter's Pension), one (1) agency fund (Payroll) and one (1) private-purpose trust fund (Cemetery).

### Pension Trust Fund Operations

City employees are covered by the Public Employees Retirement Fund ("PERF") and the 1977 Police Officers' and Firefighters' Pension Fund, both of which are administered by the State of Indiana. However, certain police officers and firefighters hired before May 1, 1977, (who did not opt into the 1977 fund) continue to be members of the 1925 Police Officer's Pension Fund or the 1937 Firefighters' Pension Fund. These two funds are administered by the City. The number of police officers and firefighters in the City-managed pension trust funds will continue to decline in the future as current participant's demise.

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

## Management Discussion & Analysis

### Notes to the financial statements

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

### Other information

In addition to the basic financial statements and accompanying note & disclosures, this CAFR report presents supplementary information. The combining statements referred to earlier in connection with non-major governmental, enterprise, internal service and fiduciary funds are presented immediately after the basic financial statements within the financial statement section of the CAFR report.

### Government wide financial statements

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

### Statement of Net Assets

<b>Statement of Net Assets</b>						
	<b>Governmental Activities</b>		<b>Business type Activities</b>		<b>Government wide Activities</b>	
\$ (whole)	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Assets</b>						
Current & other	232,714,910	225,759,205	49,622,856	50,108,087	282,337,766	275,867,292
Capital assets (net)	288,193,363	282,129,216	200,960,281	188,557,636	489,153,644	470,686,852
<b>Total Assets</b>	<b>520,908,273</b>	<b>507,888,421</b>	<b>250,583,137</b>	<b>238,665,723</b>	<b>771,491,410</b>	<b>746,554,144</b>
<b>Liabilities</b>						
Current	27,713,250	25,928,130	12,047,468	13,262,487	39,760,718	39,190,617
Long term	200,000,114	207,773,834	83,844,415	79,123,116	283,844,529	286,896,950
<b>Total Liabilities</b>	<b>227,713,364</b>	<b>233,701,964</b>	<b>95,891,883</b>	<b>92,385,603</b>	<b>323,605,247</b>	<b>326,087,567</b>
<b>Net assets</b>						
Capital net of debt	186,771,216	178,483,535	122,108,095	119,607,643	308,879,311	298,091,178
Restricted	8,840,610	12,825,227	13,320,967	14,075,339	22,161,577	26,900,566
Unrestricted	97,583,083	82,877,695	19,262,192	12,597,138	116,845,275	95,474,833
<b>Total net assets</b>	<b>293,194,909</b>	<b>274,186,457</b>	<b>154,691,254</b>	<b>146,280,120</b>	<b>447,886,163</b>	<b>420,466,577</b>

## Management Discussion & Analysis

### Statement of Net Assets (continued)

As of December 31, 2010, City assets exceeded liabilities by \$447,886,163, an increase of \$27,419,586 from the net asset level as of December 31, 2009.

Governmental net assets of \$293,194,909 increased by \$19,008,452 versus the level at December 31, 2009, an increase of 6.9%. Business net assets of \$154,691,254 increased by \$8,411,134 versus the level at December 31, 2009, an increase of 5.8%.

Improvement in the net asset position of the City should be viewed as a favorable development indicative of the conservative and responsible fiscal management policy maintained and followed by City Management, especially in light of the revenue constraints due to state enacted property tax reform in 2009 and soft economic conditions experienced in fiscal 2010.

Total assets increased \$24,937,266 or 3.3% as compared to the asset level as of December 31, 2009. The increase in assets is largely attributed to an increase in capital assets net of depreciation coupled with an increase of cash and equivalents net of tax receivable reductions.

The increase in capital assets from the level as of December 31, 2009 of \$18,466,792 is the result of several major capital construction projects capitalized or in process during the period. Major projects include the Eddy Street Commons development, several street and intersection road improvement projects, several sewer rehabilitation projects, and water and wastewater utility equipment projects. Construction on these projects commenced in either 2009 or 2010, and remain as construction in progress as of December 31, 2010.

Current and other assets increased \$6,470,474 or 2.3% as compared to the level as of December 31, 2009. Cash & cash equivalents increased \$32,384,737 offset by a reduction in accounts receivable of \$27,575,575, and an increase in other assets of \$1,661,312.

The increase in cash and equivalents can be attributed to improvements in cash flow, due primarily to St. Joseph County unit resumption of tax billing, collections and tax distributions to local government units, occurring in the same fiscal year. Property tax reform legislation enacted at the state level in fiscal 2008 and 2009 inabled County units from billing, collection and distribution to local governmental units in the same fiscal period. This situation has been corrected in fiscal 2010.

Resumption of property tax billing and collection in the same fiscal period resulted in a reduction in property tax accounts receivable of \$25,996,032 at December 31, 2010 as compared to the receivable as of December 31, 2009. A further reduction in tax accounts receivable of \$1,162,720 occurred with more timely 2010 distribution of local option income taxes by the distributing county entity. Other receivables decreased \$416,823 due to a reduction in accounts and intergovernmental accounts receivables as compared to the level as of December 31, 2009. Other assets increased \$1,661,312 due to an increase in property held for resale offset by reductions in inventory, prepaid expense and deferred charges.

Total liabilities decreased \$2,482,320 or 0.8% as compared to the liability level as of December 31, 2009. The decrease in liabilities is largely attributed to a reduction in trade payables, and debt obligation payables as of year end.

Government wide net assets of \$308,879,311, are invested in capital assets net of debt and are therefore, not available for spending. \$116,845,275 is classified as unrestricted net assets and may be used to meet ongoing obligations to creditors. \$22,116,577 is classified as restricted for debt service and capital outlay.

Capital net assets of \$308,879,311, represents an increase of \$10,788,133 from the level as of December 31, 2009. Restricted net assets decreased \$4,738,989 as compared to the level as of December 31, 2009. Unrestricted net assets increased \$21,370,442 as compared the level as of December 31, 2009.

# Management Discussion & Analysis

## Statement of Changes in Net Assets

\$ (whole)	Governmental Activities		Business type Activities		Government wide Activities	
	2010	2009	2010	2009	2010	2009
<b>Revenue</b>						
Program Revenue						
Charge for services	17,187,806	17,309,159	51,212,835	50,402,468	68,400,641	67,711,627
Operating grants	29,467,573	23,272,067	-	-	29,467,573	23,272,067
Capital grants	1,472,233	780,137	1,889,165	4,038,412	3,361,398	4,818,549
General Revenue						
Taxes						
Property tax	77,315,641	73,882,128	-	-	77,315,641	73,882,128
Other tax	19,850,720	15,934,835	-	-	19,850,720	15,934,835
Unrestricted grants	4,883,081	7,597,883	-	-	4,883,081	7,597,883
Investment earnings	868,023	859,135	146,826	271,360	1,014,849	1,130,495
Other revenue	2,627,341	2,781,368	-	-	2,627,341	2,781,368
<b>Total Revenue</b>	<b>153,672,418</b>	<b>142,416,712</b>	<b>53,248,826</b>	<b>54,712,240</b>	<b>206,921,244</b>	<b>197,128,952</b>
<b>Expenses</b>						
General government	8,261,861	7,903,378	-	-	8,261,861	7,903,378
Public safety	62,106,991	60,313,422	-	-	62,106,991	60,313,422
Highways & streets	9,526,537	15,042,344	-	-	9,526,537	15,042,344
Health & welfare	-	-	-	-	-	-
Culture & recreation	16,036,194	17,981,839	-	-	16,036,194	17,981,839
Economic development	30,744,012	4,335,618	-	-	30,744,012	4,335,618
Interest on long term debt	7,339,548	8,049,610	-	-	7,339,548	8,049,610
Water utility	-	-	12,525,246	12,584,679	12,525,246	12,584,679
Wastewater utility	-	-	21,403,663	27,047,143	21,403,663	27,047,143
Civic center	-	-	2,989,586	3,488,266	2,989,586	3,488,266
Building department	-	-	930,120	1,113,867	930,120	1,113,867
Parking	-	-	1,438,288	1,471,960	1,438,288	1,471,960
Solid waste	-	-	4,204,056	4,036,001	4,204,056	4,036,001
Golf course	-	-	1,995,556	1,881,982	1,995,556	1,881,982
<b>Total Expense</b>	<b>134,015,143</b>	<b>113,626,211</b>	<b>45,486,515</b>	<b>51,623,898</b>	<b>179,501,658</b>	<b>165,250,109</b>
<b>Change in net assets</b>						
Before transfers / special	19,657,275	28,790,501	7,762,311	3,088,342	27,419,586	31,878,843
Transfers	(648,823)	(645,992)	648,823	645,992	-	-
Special items	-	-	-	-	-	-
<b>Change in net assets</b>	<b>19,008,452</b>	<b>28,144,509</b>	<b>8,411,134</b>	<b>3,734,334</b>	<b>27,419,586</b>	<b>31,878,843</b>
Beginning net assets (restated)	274,186,457	246,041,948	146,280,120	142,545,786	420,466,577	388,587,734
<b>Ending net assets</b>	<b>293,194,909</b>	<b>274,186,457</b>	<b>154,691,254</b>	<b>146,280,120</b>	<b>447,886,163</b>	<b>420,466,577</b>



## Management Discussion & Analysis

### Governmental Activities

Net assets increased \$19,008,452 during fiscal 2010 net of transfers. Revenue of \$153,672,418 increased \$11,255,706, 7.9%, with expenses of \$134,015,143, an increase of \$20,388,932, 17.9%, when compared to fiscal 2009.

The revenue increase was due to higher property tax revenue of \$3,433,513, local option income and other tax revenue of \$3,915,885, and operating, capital and unrestricted grants of \$4,172,800 received during 2010, offset by a reduction in charges for services and other revenue of \$266,492, as compared to fiscal 2009.

Property tax revenue increases developed in tax increment financing districts, offset by a reduction in civil city property tax revenue, the later the continued effect of state enacted property reform effective with fiscal 2009. Local option income tax revenue increases were the result of local option income tax increases implemented effective October 1, 2009. Operating, capital and unrestricted grant increases resulted primarily from economic development projects during the period.

Expenditure increases of \$20,388,932 were driven by economic development project initiative spending in fiscal 2010 of \$30,744,012, an increase of 26,408,394 versus fiscal 2009, and increased public safety expenditure of \$1,793,569 offset by reductions in other areas of \$7,813,031, namely, highways and streets and culture and recreation.

Interest on long term debt of \$7,339,548 decreased \$710,062 consistent with existing repayment obligations.

### Business Activities

Net assets increased \$8,411,134 during fiscal 2010 net of transfers. Revenue of \$53,248,826 decreased \$1,463,414 or 2.7%, while expenses of \$45,486,515 decreased \$6,137,383 or 11.9% when compared to fiscal 2009.

Business charge for service revenue of \$ 51,212,835 increased by \$810,367 or 1.6% versus 2009 due primarily to an increase in sewer service rates implemented effective in July 2010. Water Utility revenue experienced a slight increase of less than 1%, Century Center convention revenues increased 1.6%, while other business revenues for licenses, permits, and parking fees decreased 2.1% when compared to fiscal 2009. Capital grant revenue decreased \$2,149,247, when compared to fiscal 2009, due primarily to a reduction in capital contributions to the Century Center (convention center) for 2009 capital improvements financed by a governmental activity revenue bond that is being paid from tax increment financing funds. Investment earnings decreased \$124,534 due to lower rates of interest earned on available funds.

Expense reductions were achieved in water utility, wastewater utility, Century Center convention center, Building Department and Parking Garage operations, with increases in solid waste and Blackthorn Golf operations. The expenditure reductions experienced represent continued efforts by city and enterprise operation management to rationalize operating expenditures in light of the downward pressure on revenues. Increased expense levels in solid waste and Blackthorn Golf operations result from an increase in lease payments for operating equipment assets acquired during the period.

The most significant 2010 expense reduction developed in the wastewater utility which experienced a decrease in expenditure versus the prior year of \$5,643,480, the result of one time capital asset write-offs of \$4,346,193 in fiscal 2009. Year to year operating expense decreased \$1,297,287 as the utility internalized the sewer insurance repair program which resulted in significant expense savings, and through continued operating cost rationalization efforts.

## Management Discussion & Analysis

### Financial Analysis of Government Funds

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

#### Governmental funds

#### Condensed Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balance As of December 31, 2010

\$ (whole)	General	Park & Rec	LOIT	TIF Airport	COIT	EDIT	Other	Total
Total assets	33,141,835	4,775,469	1,143,626	39,040,971	17,493,938	9,615,251	120,189,247	225,400,337
Total liabilities	4,404,693	374,959	-	228,239	575,926	33,722	11,851,082	17,198,621
Fund Balances								
Reserved	1,824,454	61,814	-	17,548,911	4,839,828	773,191	39,006,485	64,054,683
Unreserved:								
General fund	26,912,688	-	-	-	-	-	-	26,912,688
Special revenue	-	4,338,696	1,143,626	-	-	-	26,514,076	31,996,398
Capital projects	-	-	-	21,263,621	12,078,184	8,808,338	43,087,604	85,237,947
Unreserved Total	26,912,688	4,338,696	1,143,628	21,263,621	12,078,184	8,808,338	69,601,680	144,147,033
<b>Total fund balance</b>	<b>28,737,142</b>	<b>4,400,510</b>	<b>1,143,626</b>	<b>38,812,732</b>	<b>16,918,012</b>	<b>9,581,529</b>	<b>108,608,165</b>	<b>208,201,716</b>
<b>Liability &amp; fund balance</b>	<b>33,141,835</b>	<b>4,775,469</b>	<b>1,143,626</b>	<b>39,040,971</b>	<b>17,493,938</b>	<b>9,615,251</b>	<b>120,189,247</b>	<b>225,400,337</b>
Revenues	68,423,748	11,813,859	6,083,626	12,390,097	8,357,431	9,301,538	41,971,977	158,342,276
Expenditures	69,844,321	10,640,447	-	6,677,916	3,862,916	1,462,769	58,269,645	150,758,014
In year surplus (deficit)	(1,420,573)	1,173,412	6,083,626	5,712,191	4,494,515	7,838,769	(16,297,668)	7,584,262
Other sources (uses)	5,539,260	(393,880)	(4,940,000)	(1,370,371)	(1,065,807)	(2,099,153)	8,896,992	4,567,041
<b>Change in fund balance</b>	<b>4,118,687</b>	<b>779,532</b>	<b>1,143,626</b>	<b>4,341,810</b>	<b>3,428,708</b>	<b>5,739,616</b>	<b>(7,400,676)</b>	<b>12,151,303</b>
Beginning fund balance	24,618,455	3,620,978	-	34,470,922	13,489,304	3,841,913	116,008,841	196,050,413
<b>Ending fund balance</b>	<b>28,737,142</b>	<b>4,400,510</b>	<b>1,143,626</b>	<b>38,812,732</b>	<b>16,918,012</b>	<b>9,581,629</b>	<b>108,608,165</b>	<b>208,201,716</b>

As of December 31, 2010, the City governmental funds reported a combined ending fund balance of \$208,201,716.

Reserved fund balance of \$64,054,683 is sequestered for encumbrances, debt service payments, property held for resale, inventory, non current loans receivable and advances to other funds and is therefore not available for new spending.

Unreserved fund balance of \$144,147,033 (69.2% of fund balance) is available for spending at the City's discretion. The majority of the unreserved fund balance is for capital projects (\$85,237,947) that may be designated by the Common Council, the Board of Public Works, Parks Board or the South Bend Redevelopment Commission. The balance of unreserved fund balance

## Management Discussion & Analysis

not in capital project funds was \$58,909,086, \$26,912,688 in General Fund and \$31,996,398 in Special Revenue Funds.

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

As of December 31, 2010, the General Fund balance of \$28,737,142 represents an increase of \$4,118,687 or 16.7% from the general fund balance as of December 31, 2009.

The increase in General Fund balance was due primarily to an increase in cash balance and other tax receivables at year end when compared to the balance as of December 31, 2009, offset by in year deficit spending in the General Fund. The cash increase can be attributed to improvements in cash flow, due primarily to St. Joseph County unit resumption of tax billing, collections and tax distributions to local government units, occurring in the same fiscal year. The in year deficit spending of \$1,420,573 resulted from lower property tax revenue during 2010, the continued result of "circuit breaker" property tax caps for all municipalities in Indiana, and general fund spending for programs committed prior to realization of lower revenues.

As of December 31, 2010, the General Fund unreserved balance of \$26,912,688 is 39% of 2010 General Fund Revenue of \$68,423,748, and represents a position consistent to 2009.

The General Fund unreserved fund balance has traditionally been used by the City to fund certain capital projects and emergency contingencies. In addition, the City will use the unreserved fund balance in 2011 as a cash flow bridge to the receipt of property tax revenues from the County collection authority. General Fund unreserved balance will provide sufficient cash to cover City General Fund operating obligations without incurring tax anticipation notes and resultant borrowing costs during fiscal 2011.

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

The Parks and Recreation Fund experienced an increase in fund balance of \$779,532 during fiscal 2010. The increase in Parks and Recreation Fund balance was due primarily to an increase in cash balance and other tax receivables at year end when compared to the balance as of December 31, 2009, and a surplus of revenues verses expenditures during the period. Improved cash flow, due to the county resumption of tax billing, collections and distributions in the same fiscal year was the principle reason for the increase in the cash position. Parks Board and Parks Administration continued in 2010 with prudent management of expenditures and commitments in light of current and future projected revenue streams.

As of December 31, 2010, the unreserved fund balance in the Parks and Recreation Fund was \$4,338,696, or 36.7% of 2010 revenue.

The Public Safety Local Option Income Tax Fund ("Public Safety LOIT") was created in October 2009, with the local legislative passage of an increase in local option income taxes of 0.95%, a part of which (0.25%) tax increase was established to fund public safety expenditures. The City has established the Public Safety LOIT fund as a major governmental fund, due solely to its purpose of creating a funding source to sustain public safety staffing levels, which were compromised by state implementation of property tax reform that has reduced property tax revenues, which historically are the source of public safety funding. Receipts of Public Safety LOIT tax revenues commenced in January 2010. The revenues collected in fiscal 2010 of \$6,078,454 exceeded original expectations which included a revenue expectation and transfer to the general fund to fund full staffing levels for police and fire personnel of \$4,940,000. The

## Management Discussion & Analysis

resultant unreserved fund balance of \$1,143,626 will be used in future fiscal periods to fund full staffing levels for police and fire personnel.

The Tax Increment Financing (“TIF”) Airport, County Option Income Tax (“COIT”), and Economic Option Income Tax (“EDIT”) funds are used to fund major capital and construction projects, economic development initiatives, certain subsidies and support to organizations and units that benefit city economic development and cultural venues, and certain debt service payments.

Fund balances as of December 31, 2010 improved versus the fund balances as of December 31, 2009 in all three funds, TIF Airport, COIT and EDIT.

The fund balance in the TIF Airport Fund increased \$4,341,810 during 2010 due to an increase in revenues received versus expenditures of \$5,712,181, offset by transfers out of \$1,370,371 in support of economic development initiatives in the district. Viable project investment initiatives for spending of Airport TIF funds do not necessarily follow a consistent year to year spending and investment formula. The City invests Airport TIF funds when viable opportunities occur, which may result in years of surplus or deficit spending in comparison to revenues received.

As of December 31, 2010 the TIF Airport Fund balance of \$38,812,732 includes unrestricted balance of \$21,263,821, restricted balances of \$7,087,134 reserved for encumbrances for ongoing project initiatives, \$8,772,027 property held for resale, and \$1,689,750 advances to other funds.

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

The COIT fund increased \$3,428,708 due to higher income tax receipts than originally estimated and conservative commitment of expenses to initiatives of the highest priority. The City has operationally sequestered COIT funds for use in major capital and construction funding initiatives, certain subsidies and support to organizations and units that benefit city economic development and cultural venues, and certain debt service payments.

As of December 31, 2010, the COIT Fund balance of \$16,918,012 includes unrestricted balance of \$12,078,184 and restricted balance of \$4,839,928, primarily reserved for property held for resale and advances to other funds.

The EDIT fund increased \$5,739,616 due to higher income tax receipts than originally estimated and conservative commitment of expenses to initiatives of the highest priority. The City has operationally sequestered EDIT funds for use in major economic development initiatives, certain subsidies and support to organizations and units that benefit city economic development and cultural venues, and certain debt service payments.

As of December 31, 2010, the EDIT Fund balance of \$9,581,529 includes unrestricted balance of \$8,808,338 and restricted balance of \$773,191, primarily reserved for property held for resale and encumbrances for committed project spending initiatives.

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

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

## Management Discussion & Analysis

### Governmental Fund Revenue

The following schedule presents a summary of governmental fund revenue for the year ended December 31, 2010 with comparison to the prior year.

\$ (whole)	<b>Governmental Fund Revenue</b>			
	2010 Actual	% of Total	2009 Actual	% of Total
<b>Tax Based</b>				
General property	77,315,641	48.8%	73,882,128	52.0%
County option income	14,366,154	9.1%	9,983,374	7.0%
County economic development	9,090,415	5.7%	4,145,672	2.9%
Professional sports development	597,406	0.4%	522,788	0.4%
Community revitalization district	416,149	0.3%	605,623	0.5%
<b>Total Tax</b>	<b>101,785,765</b>	<b>64.3%</b>	<b>89,139,585</b>	<b>62.8%</b>
<b>Non Tax Based</b>				
Licenses and permits	192,397	0.1%	206,594	0.1%
Intergovernmental	35,822,886	22.6%	31,650,087	22.3%
Charge for services	16,585,634	10.5%	16,678,584	11.7%
Fines and forfeitures	409,775	0.3%	423,981	0.3%
Interest income	868,023	0.5%	859,135	0.6%
Donations	300,337	0.2%	295,891	0.2%
Other	2,377,459	1.5%	2,750,900	2.0%
<b>Total Non Tax Based</b>	<b>56,556,511</b>	<b>35.7%</b>	<b>52,865,172</b>	<b>37.2%</b>
<b>Total Revenue</b>	<b>158,342,276</b>	<b>100.0%</b>	<b>142,004,757</b>	<b>100.0%</b>

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

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

The City continues to seek diversified sources of revenue that will reduce its reliance on property and income taxes. The City has supported efforts of the Indiana Association of Cities and Towns ("IACT") "Hometown Matters" to lobby the state legislature to legislatively enable alternative revenue sources that best fit the needs of the community. A viable source of revenue is from user fees and/or charges for services currently being performed.

## Management Discussion & Analysis

City performed services are priced based at levels representing the full cost of service, taking into consideration fees charged by providers of similar services. The City performs ongoing reviews of user fee costs incurred and revises service fee prices as required.

### Government Fund Expenditures

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

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2010 with comparison to the prior year.

\$ (whole)	<b>Governmental Fund Expenditures</b>			
	2010	% of	2009	% of
	Actual	Total	Actual	Total
General government	5,214,424	3.5%	5,969,141	3.9%
Public safety	60,990,129	40.5%	59,862,691	38.9%
Highways & streets	12,298,603	8.1%	11,716,810	7.6%
Economic development	17,408,376	11.5%	8,938,134	5.8%
Culture & recreation	12,841,596	8.5%	12,733,094	8.3%
Debt service	20,052,364	13.3%	17,330,358	11.2%
Capital outlay	21,952,522	14.6%	37,485,105	24.3%
Total Expenditures	150,758,014	100.0%	154,035,333	100.0%

Government fund expenditures in fiscal 2010 of \$150,758,014 decreased by \$3,277,319 or 2.1%, in comparison to government fund expenditures in fiscal 2009.

Debt service and capital outlay categories experienced increased expenditure in 2009 when compared to 2008. All other expenditure categories experienced a reduction in 2009 spending when compared to 2008.

Expenditure reductions in general government of \$754,717 or 12.6% were achieved through continued activity rationalization and cost based efficiency improvements.

Capital outlay expenditure decreased \$15,532,583, due to a reduction in economic development project spending mainly the result of project timing and the completion of the Eddy Street Commons development project in fiscal 2009.

Debt service expenditures increased \$2,722,006 versus 2009 as the City experienced higher principal payments of \$3,276,318, higher bond issuance costs of \$21,705, offset by reduced interest financing costs of \$576,017. The changes in principal and interest costs are the result of changes in cash flow debt payments of existing debt instruments.

Economic development expenditures increased \$8,470,242, the result of spending on two major economic development projects in 2010, including expenditure of \$6,500,000 on a business retention initiative in the central downtown area for a local bank and a national hotel operation, and \$2,500,000 in funding for the Ray and Joan Kroc Salvation Army Community Center in the central downtown area. The later included \$1,500,000 of pass through grants from the State of Indiana.

Public Safety expenditures increased \$1,127,438 or 1.9% as the initiative to increase the employment force of sworn police and fire personnel commenced according to City plans outlined

## Management Discussion & Analysis

in the tax increase legislation passed by the Common Council in 2009. Highways and Street expenditures increased \$581,793 or 5.0% due to an increase in paving replacement projects in fiscal 2010. Culture & Recreation expenditures increased a modest \$108,502, less than 1%.

Public Safety expenditure continues to be the primary use of government fund resources with 40.5% of expenditures used for this purpose in fiscal 2010, followed by capital project expenditures of 14.6%, debt service of 13.3%, economic development of 11.5%, culture & recreation of 8.5%, highways & streets of 8.1%, and general government of 3.5%. General government spending is comprised of the executive offices of the Mayor, Common Council, City Clerk, City Attorney, Controller and other administrative offices, and continues to reflect a reduction in dollars spent and percentage of overall government spending.

### Proprietary funds

#### Condensed Statement of Net Assets, Revenues, Expenses, and Changes in Fund Net Assets As of December 31, 2010

\$ (whole)	Water Utility	Waste Utility	Century Center	Other	Total Enterprise	Internal Service
Total assets	72,850,228	145,697,202	18,438,850	15,589,904	252,576,184	16,416,395
Total liabilities	19,978,838	72,671,440	506,230	4,728,422	97,884,930	3,203,685
Net assets						
Capital assets net of debt	44,920,532	53,896,510	16,525,701	6,765,352	122,108,095	1,244,831
Restricted for:						
Debt service	2,902,169	3,286,950	-	1,356,137	7,545,256	-
Capital outlay	1,397,174	2,993,999	1,367,030	17,508	5,775,711	-
Unrestricted	3,651,515	12,848,303	39,889	2,722,485	19,262,192	11,967,879
<b>Total net assets</b>	<b>52,871,390</b>	<b>73,025,762</b>	<b>17,932,620</b>	<b>10,861,482</b>	<b>154,691,254</b>	<b>13,212,710</b>
Operating revenues	13,513,995	25,444,404	1,551,371	8,181,759	48,691,529	15,689,242
Operating expenses	11,503,824	18,131,984	2,986,525	7,858,150	40,480,483	16,656,228
Operating income (loss)	2,010,171	7,312,420	(1,435,154)	323,609	8,211,046	(966,986)
Non operating rev (exp)	(301,532)	(2,622,806)	1,321,178	(734,740)	(2,337,900)	53,796
Income (loss) before contributions & transfers	1,708,639	4,689,614	(113,976)	(411,131)	5,873,146	(913,190)
Capital contributions	339,179	1,198,000	351,986	-	1,889,165	-
Transfers in	-	-	-	652,500	652,500	-
Transfers out	-	-	-	(3,677)	(3,677)	-
<b>Change in net assets</b>	<b>2,047,818</b>	<b>5,887,614</b>	<b>238,010</b>	<b>237,692</b>	<b>8,411,134</b>	<b>(913,190)</b>
Net assets beginning	50,823,572	67,138,148	17,694,610	10,623,790	146,280,120	14,125,900
<b>Net assets ending</b>	<b>52,871,390</b>	<b>73,025,762</b>	<b>17,932,620</b>	<b>10,861,482</b>	<b>154,691,254</b>	<b>13,212,710</b>

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

The City maintains seven (7) enterprise funds. Information is presented separately in the proprietary statement of net assets and the proprietary statement of revenues, expense and changes in fund net assets for the Water Utility, Wastewater Utility and Century Center, which are considered major enterprise funds. Data from the other four (4) non-major enterprise funds

## Management Discussion & Analysis

(Consolidated St. Joseph County/South Bend Building Department, Parking Garage, Solid Waste and Blackthorn Golf Course) are combined into a single, aggregated presentation.

The City maintains four (4) internal service funds. The City of South Bend uses internal service funds to account for its business insurance and self-funded liability insurance program, self-funded employee health benefits program, police take home vehicle program and central services unit (a department that accounts for expenses related to fuel, vehicle repairs, printing and other services provided to City departments on a cost-reimbursement basis). The internal service funds have been combined into a single, aggregated presentation.

As of December 31, 2010, City enterprise funds reported a net asset position of \$154,691,254, an increase of \$8,411,134 or 5.8% versus the level as of December 31, 2009.

The 2010 net asset position includes capital assets, net of related debt, of \$122,108,095, an increase of \$2,500,452 as compared to December 31, 2009.

Restricted net assets include \$7,545,256 reserved for debt service, a decrease of \$67,959 as compared to December 31, 2009, and \$5,775,711 reserved for capital outlay, a decrease of \$686,413 as compared to December 31, 2009.

Unrestricted net assets as of December 31, 2010 of \$19,262,192 are an increase of \$6,665,054 as compared to December 31, 2009.

Water utility net assets of \$52,871,390 experienced an increase in net assets of \$2,047,818, a 4.0% improvement versus the net asset position at December 31, 2009. Utility operating revenues achieved were \$13,513,995, a slight increase versus 2009 operating revenues of \$13,471,890. Utility operating expense in 2010 was \$11,503,824, a decrease of \$159,755 or 1.4% versus 2009. Utility income achieved in 2010 amounted to \$1,708,639, an improvement of \$101,922 or 6.3% from the utility income level of \$1,606,717 in fiscal 2009. Water utility operating income and the increase in net asset position developed consistent with recent year trends.

Wastewater utility net assets of \$73,025,762 increased \$5,887,614 or 8.8% versus the net asset position at December 31, 2009. Utility operating revenues achieved of \$25,444,404 improved \$1,131,257 or 4.7% as compared to revenues achieved in fiscal 2009. The revenue increase was driven by an 8% sewer rate increase effective in July 2010. Utility operating expense was \$18,131,984 in 2010, a decrease of \$4,816,304 as compared to operating expense in fiscal 2009. Utility income achieved in 2010 of \$4,689,614, improved significantly from the utility loss of \$1,828,890 reported in fiscal 2009.

Fiscal 2009 included one time capital asset write-offs of \$4,346,193. Year to year operating expense decreased \$470,111 as the utility internalized the sewer insurance repair program which resulted in significant expense savings, and through continued operating cost rationalization efforts.

Century Center net assets of \$17,932,620 experienced an increase in net assets of \$238,010 versus the net asset position at December 31, 2009. The improvement in net assets is the result of a reduction in the business loss versus the prior period, the combination of slightly higher revenues and reduced expenditure levels.

Other enterprise or non-major enterprise funds experienced an increase in net assets of \$237,692 to a net asset position of \$10,861,462 in comparison to the net asset level at December 31, 2009.

As of December 31, 2010, City internal funds reported a net asset position of \$13,212,710, a decrease of \$913,190 or 6.5% versus the level as of December 31, 2009. The 2010 net asset position includes capital assets, net of related debt, of \$1,244,831, a decrease of \$47,295 as compared to December 31, 2009. Unrestricted net assets as of December 31, 2010 of \$11,967,879 are a decrease of \$865,895 as compared to December 31, 2009.



## Management Discussion & Analysis

### Fiduciary funds

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

\$ (whole)	Pension Trust	Private Purpose Trust	Agency
Total assets	4,184,075	40,805	1,260,717
Total liabilities	1,999	-	1,260,717
Net assets	4,182,076	40,805	-

The net assets in the pension trust fund decreased by \$789,658 versus the level as of December 31, 2009. The net assets in the private purpose trust fund increased by \$152, versus the level as of December 31, 2009.

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

The State of Indiana reimbursement is on a year delayed basis whereas, reimbursement in fiscal 2010 from the State of Indiana included reimbursement for pension benefits paid by the City is fiscal 2009. In addition, the State reimbursement excludes healthcare benefit coverage to pension plan members, which is covered under the City of South Bend pension benefit program.

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

### General Fund Budgetary Highlights

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

The general fund budget applicable for fiscal 2010 is reported as follows:

\$ (whole)	Original	Final	Actual Budgetary Basis	Variance Pos (Neg)
Revenue	63,205,803	64,645,990	61,449,946	(3,196,044)
Expenditures	61,953,737	63,861,464	60,102,178	3,759,286
Surplus (deficit)	1,252,066	784,526	1,347,768	-

## Management Discussion & Analysis

General Fund revenue was originally budgeted at \$63,205,803 for fiscal 2010 with Common Council adoption of the 2010 general fund budget in September 2009. During 2010, the General Fund revenue budget was increased \$1,440,187 resulting in an ending revenue budget of \$64,645,990. The revenue budget increase resulted primarily from upward adjustments for Public Safety LOIT tax receipts of \$1,138,454, increased revenue from a federal energy conservation grant of \$654,372, offset by reductions of \$352,639 in other areas.

During 2010, General Fund revenue achieved amounted to \$61,449,946, a deficiency from the final budget level of \$3,196,044. Reduced property tax collections, intergovernmental revenue, other revenue, and charges for services, were offset by increases in license and permit revenue, and fines and forfeit revenue.

General Fund expenditures were originally budgeted at \$61,953,737 for fiscal 2010 with Common Council adoption of the 2010 general fund budget in September 2009. During 2010, the General Fund expenditure budget was increased \$1,907,727 resulting in an ending expenditure budget of \$63,861,464. The expenditure budget increase resulted from encumbrance roll over at year end 2009 to 2010 of \$655,480, and additional appropriations for capital expense of \$356,770, energy conservation projects from a federal grant of \$654,372, and other miscellaneous items amounting to \$241,105.

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

Additional appropriations for projects, initiatives, or unbudgeted spending requirements within the general fund, are presented to the Common Council for adoption as deemed necessary by the Mayor.

General Fund expenditures incurred on a budgetary basis, including cash expended and outstanding encumbrances as of year end December 31, 2010 amounted to \$60,102,178. The expenditures and commitments as of year end December 31, 2010 are less than the 2010 General Fund budget expenditure by \$3,759,286 or 5.9%.

# Management Discussion & Analysis

## Capital Assets and Debt Administration

### Capital assets

#### Statement of Capital Assets

\$ (whole)	Governmental Activities		Business type Activities		Government wide Activities	
	2010	2009	2010	2009	2010	2009
<b>Assets not depreciated</b>						
Land	12,435,772	12,435,772	3,020,576	3,020,576	15,436,348	15,456,348
Construction in progress	49,034,174	37,633,203	16,404,487	11,549,841	65,438,661	49,183,044
<b>Total</b>	61,469,946	50,068,975	19,425,063	14,570,417	80,895,009	64,639,392
<b>Assets depreciated</b>						
Buildings	97,928,133	97,928,133	88,941,215	88,661,571	186,869,348	186,589,704
Non building improvements	22,970,590	22,553,086	143,262,590	132,695,086	166,233,180	155,248,172
Machinery & equipment	42,320,643	38,447,171	51,262,296	48,793,172	93,582,939	87,240,343
Roads	370,055,466	366,086,462	-	-	370,055,466	366,086,462
<b>Total Cost</b>	533,274,832	525,014,852	283,466,101	270,149,829	816,740,933	795,164,681
<b>Accumulated depreciation</b>						
Buildings	31,401,511	29,041,032	42,206,773	40,290,045	73,608,284	69,331,077
Non building improvements	7,226,570	6,345,292	24,547,762	22,019,591	31,774,332	28,364,883
Machinery & equipment	31,249,330	30,090,162	35,176,348	33,852,973	66,425,678	63,943,135
Roads	236,674,004	227,478,125	-	-	236,674,004	227,478,125
<b>Total</b>	306,551,415	292,954,611	101,930,883	96,162,609	408,482,298	389,117,220
<b>Net Depreciated Assets</b>	226,723,417	232,060,241	181,535,218	173,987,220	408,258,635	406,047,461
<b>Net Assets</b>	288,193,363	282,129,216	200,960,281	188,557,637	489,153,644	470,686,853

City investment in capital assets for governmental and business type activities was \$489,153,644 (net of depreciation) at December 31, 2010.

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

Under the category of roads, the current cost amount of \$370,055,466 includes estimated costs derived primarily from the City's 2006 implementation of GASB Statement No. 34, which required the retroactive reporting of infrastructure capital assets. All other assets are recorded at historical cost.

## Management Discussion & Analysis

### Major Capital Asset Project Spending in 2010

	\$	
Buildings		
Eddy Street Commons Phase I	1,794,173	Continued project
Eddy Street Parking Garage	361,616	Continued project
Improvements		
Riverside Trail Phase II	1,650,951	New project
Memorial Hospital Streetscape Improvements	1,268,147	New project
Traffic Signal Modifications	866,559	New project
Twyckenham Storm Sewer Separation	3,481,992	Continued project
Combined Sewer Operations (CSO)	2,227,013	Continued project
Kennedy Park Sewer	2,571,972	Continued project
Diamond Street Storm Sewer	531,163	Continued project
East Bank Sewer Separation	137,928	New project
Carroll and Lucinda Water Main	377,081	New project
Bartlett Street Parking Garage Facade	653,250	New project
Coveleski Stadium Wall	319,200	New project
Wastewater Scum Removal	258,791	New project
Ewing Avenue improvements	416,853	Continued project
Western & Olive intersection	142,794	New project
M&E		
Ireland Booster Station	342,447	Continued project
Raw Sewage Pump #1 Replacement	303,000	Continued project
Sewage Pump #3 Drive Replacement	269,008	New project
Wastewater Blowers 1A and 1B Replacement	2,199,344	New project
Roads		
Portage Avenue improvements	4,212,638	Continued project
Miami Road improvements	3,545,035	Continued project
Western & Walnut Intersection	269,804	New project

### Capital Assets Analysis

Government wide capital assets, net of accumulated depreciation as of December 31, 2010 of \$489,153,644 increased by \$18,466,791 or 3.9% when compared to the level as of December 31, 2009. Construction in progress capital assets increased \$16,255,617, whereas, capitalized assets in buildings, improvements, machinery and equipment, and roads, net of depreciation, increased by \$2,211,174, when compared to December 31, 2009.

The cost of capital assets not being depreciated increased from \$64,639,392 at December 31, 2009 to \$80,895,009 at December 31, 2010, an increase of \$16,255,617, entirely due to the increase in construction in progress.

Several major capital projects continued or were commenced in fiscal 2010, as identified in the chart above, and included capital investments in buildings, improvements, machinery & equipment and roads.

Total depreciation expense for 2010 was \$19,365,078.

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

## Management Discussion & Analysis

### Debt Administration

Outstanding debt issue as of December 31, 2010 is \$235,177,311, a decrease of \$2,635,961 or 1.1%. City outstanding debt includes bond issues, notes & loans payable and capital leases.

\$ (whole)	Beginning	Additions	Retirements	Ending
Revenue bonds	182,200,000	14,325,000	12,360,000	184,165,000
Mortgage bonds	23,890,167	6,075,000	8,130,167	21,835,000
Notes & loans	24,615,666	2,451,405	3,988,503	23,078,568
Capital leases	7,107,439	507,966	1,516,662	6,098,743
<b>Total Debt</b>	<b>237,813,272</b>	<b>23,359,371</b>	<b>25,995,332</b>	<b>235,177,311</b>

New revenue bonds issued in fiscal 2010 included the 2010 Sewage Works Revenue Bond in the amount of \$9,345,000 for the purpose of funding improvements for the combined sewer overflow (“CSO”) initiative, and the Coveleski Stadium Revenue Bond in the amount of \$4,980,000 for the purpose of funding improvements to the City owned minor league baseball stadium.

The 2010 Sewage Works Bond is a twenty (20) year issue with maturity in 2030 with debt service coverage from the Sewage Works Bond Sinking fund. The bond issue will finance capital improvements addressing combined sewer overflow issues improving sewage discharge into the St. Joseph River, in compliance with Environmental Protection Agency (“EPA”) mandates.

The Coveleski Stadium Revenue Bond is a eight (8) year issue with maturity in 2019 with debt service coverage from the Professional Sports Development Tax fund. The bond issue will finance capital improvements to the City owned baseball stadium.

New mortgage bonds issued in fiscal 2010 included a refunding of South Bend Building Corporation Rental Bond originally issued in 2001 to finance the construction of the City Public Works Building housing the Street Department. The refunding issue of \$6,075,000 maintains the original maturity date in 2021, and remains payable from the City County Option Income Tax fund and from the City Sewage Works Sinking fund. The refunding was accomplished to take advantage of lower interest rates available for this debt issue.

Notes and loans issued in fiscal 2010 included continued cash draws on State Revolving Loan financial instruments originating in 2009. The additional draws amounted to \$2,129,951 for sewer projects and \$269,230 for water projects. In addition, a \$52,224 additional draw with the City of Mishawaka related to the joint Douglas Road corridor project.

Capital lease debt issues in fiscal 2010 include several capital leases for copy equipment, golf carts, and information technology equipment. The City entered into a five (5) capital lease to finance golf cart equipment for the City owned Blackthorn Golf Club in the amount of \$246,510, payable from operating revenues of the golf course. The City entered into a five (5) year capital lease to finance information technology servers and other equipment to modernize and create a server virtualization environment in the amount of \$207,521 payable from the county option income tax fund. In addition, the City entered into a number of five (5) year capital leases for state of art copy, printing and scanning equipment in various departments to modernize document handling and preparation in the amount of \$53,935 payable from a variety of City funds.

Under the Indiana Constitution and State statute, the City's general obligation bonded debt is subject to a legal limitation based upon 2% of total assessed value of real and personal property. The City had no general obligation bonded debt outstanding at December 31, 2010.

## Management Discussion & Analysis

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

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

### **Economic Factors and 2011 Budget**

#### **Economic Factors**

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

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

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

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

In 2009, the primary funds supported by property taxes (General Fund, Parks and Recreation Fund, and Cumulative Capital Development Fund) lost approximately \$8 million dollars due to the circuit breaker caps. In 2010, the city lost approximately \$13.5 million in property tax revenue due to circuit breaker caps.

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

Management of the City of South Bend will continue to manage the financial affairs from a posture of fiscal conservatism similar to the management practices engaged during fiscal 2010.

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

#### **2012 Budget**

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

The City has completed certain reengineering projects during fiscal 2010 targeted to create efficiency and cost improvements within City operations. Completed projects include payroll

## Management Discussion & Analysis

system reengineering, water utility customer service improvements and information technology server virtualization efforts.

The City continues to pursue reengineering programs targeted to create efficiency and cost improvements within City operations. These include purchasing process reengineering, back office process improvements for human resources and other customer service operations, telephony communication improvements, and state of art customer service functionality.

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

The City is committed to creating a budget for fiscal 2012 that will remain fiscally responsible to the effective delivery of required services to city citizens and stakeholders within the revenue constraints available.

### Current Economic Development Projects

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

- **Eddy Street Commons** – continued expansion of the currently existing \$220 million dollar mixed-use development completed for occupancy in 2009. The current configuration includes a 119-room hotel, 25 new City homes with 100% occupancy, more than 20 stores and restaurants, office space and 266 town homes, apartments and condominiums, which are 85% occupied. This is the region's largest single development in decades. Plans include further expansion of residential living space and the occupancy completion of commercial tenants.
- **Innovation Park & Ignition Park**– Indiana's first dual-site, state-certified technology park, which is a collaborative effort between the City, the University of Notre Dame and Project Future. In the first year of operation, Innovation Park is home to in excess of 30 client ventures with occupied building space in excess of 60% of the building footprint. Concepts under development include, but are not limited to, solar-powered cases for electronic devices, improved wind turbine technology and diagnostic tools for detecting substances like e-coli bacteria.

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

- **Animal Care and Control Facility** – a new \$1.5 million Animal Care and Control facility is planned for 2011/2012, with funding provided by tax increment financing revenue.
- **Coveleski Stadium improvements** – Construction is underway with completion in 2011 of building enhancements to the City owner minor league baseball stadium including improved lighting, outfield walls and restrooms, a new artificial playing surface, new or upgraded fan amenities, and venue entrance tie-in to the central downtown footprint as phase one of an overall strategy to develop the stadium and surrounding area in order to attract more commercial development to the downtown.
- **Kroc Center** – Completion of the \$30 million dollar world-class youth and family center to be built on the corner of Western Avenue and Chapin Streets in South Bend. The Center is being funded by a grant from the Ray and Joan Kroc Foundation as well as other private donations. This will be the only center of its kind in the State of Indiana. Groundbreaking occurred in May, 2010 and will result in the infusion of more than \$50

## Management Discussion & Analysis

million dollars in outside resources into the City. Construction is underway with dedication and facility opening scheduled for early 2012.

- **Triangle Project** – planned construction of 50 new market-rate single family residential properties in the Triangle area adjacent to the existing new Eddy Street Commons commercial development, creating a diverse new neighborhood in the City's northeast sector.
- **St. Joseph's High School** – Groundbreaking is scheduled for June 10, 2011 for a new \$35 million downtown campus for the school, on the site of the former St. Joseph Hospital, which relocated from the site in 2009. The school will relocate from a site adjacent to the Notre Dame University Campus, just outside of the City limits.
- **Bike The Bend** – Continuation of the "Bike the Bend" non-competitive event, 30 mile bicycle race occurred on May 22, 2011 in downtown South Bend. The race highlights over 55 miles of bicycle lanes established in the City since 2007.
- **East Bank Townhouses** – the development of 12 townhouse-style condominiums along the East Bank of the Saint Joseph River currently under construction.
- **Energy Efficiency and Conservation** – supported by a \$1.046 million federal stimulus grant, the City has unveiled a new energy efficiency and conservation strategy which includes the energy audit of 30 municipal buildings, synchronized timing of traffic signals at the 100 busiest intersections in the City and a feasibility study for generating hydroelectric power from the Saint Joseph River at the Century Center dam.
- **1<sup>st</sup> Source Bank Center** – in late 2010 the City reached agreement with 1<sup>st</sup> Source Bank and Host Hotels for a \$14.2 million renovation of the nine-story 1<sup>st</sup> Source Center. The agreement will keep two critical anchors, a local bank and an upscale hotel routed in the central downtown footprint.
- **Memorial Hospital** – a variety of City infrastructure and streetscape improvements totally \$3 million, in connection with hospital investment, including a new façade for the Bartlett Street parking garage and reconstruction of four streets on the hospital campus.
- **WNIT Public Television** – The WNIT Center for Public Media opened in 2010, relocating from an adjacent community, after extensive renovations to the former central downtown site of the former WSBT Stations, who relocated to another site. This project achieved critical occupant replacement of a prominent central downtown facility.
- **Ivy Tec Community College** – enrollment growth has led to joint City and College plans to affect initiatives to allow for campus expansion in the central downtown footprint.
- **Existing Business Expansions** – the City continues to work with private sector business concerns to enable expansion of their business operations in the City, adding new employment opportunities and tax base to the City. Several local private sector business concerns have announced facility expansion plans, upon success will create new employment and tax base opportunities for the City.



## Management Discussion & Analysis

### Requests for Information

This Management Discussion & Analysis as contained within the City of South Bend Comprehensive Annual Financial Report is intended to provide readers with a general overview of the financial condition of the City as of December 31, 2010. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

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Controller, City of South Bend  
Department of Administration and Finance

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City of South Bend  
May 17, 2011

CITY OF SOUTH BEND  
STATEMENT OF NET ASSETS  
December 31, 2010

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ 180,975,504	\$ 13,292,270	\$ 194,267,774
Cash with fiscal agent	16,990	-	16,990
Receivables (net of allowances for uncollectibles):			
Interest	60,588	6,078	66,666
Taxes	4,101,582	-	4,101,582
Accounts	684,944	3,346,292	4,031,236
Intergovernmental	670,276	-	670,276
Loans	10,797,543	-	10,797,543
Internal balances	1,931,885	(1,931,885)	-
Inventories	766,039	405,045	1,171,084
Prepaid expense	173,450	54,726	228,176
Deferred charges	1,768,648	4,538,272	6,306,920
Restricted assets:			
Cash and cash equivalents	10,460,757	29,859,795	40,320,552
Investments	593,976	-	593,976
Interest receivable	1,269	3,203	4,472
Accounts receivable	-	49,060	49,060
Property held for resale	19,711,459	-	19,711,459
Capital assets:			
Land and construction in progress	61,469,946	19,425,063	80,895,009
Other capital assets, net of depreciation	226,723,417	181,535,218	408,258,635
Total assets	<u>520,908,273</u>	<u>250,583,137</u>	<u>771,491,410</u>

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

Continued on next page

CITY OF SOUTH BEND  
STATEMENT OF NET ASSETS  
December 31, 2010  
(Continued)

Liabilities	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
Accounts payable	4,323,584	945,446	5,269,030
Accrued payroll payable	1,927,700	387,064	2,314,764
Unearned revenue	-	191,131	191,131
Contracts payable	485,699	-	485,699
Taxes payable	1,898	57,021	58,919
Customer deposits	1,529,234	85,503	1,614,737
Accrued interest payable	1,021,351	-	1,021,351
Estimate of unfilled claims	2,203,925	-	2,203,925
Other current payables	4,613	-	4,613
Payable from restricted assets:			
Accounts payable	-	716,621	716,621
Contracts payable	-	46,145	46,145
Customer deposits	-	1,376,185	1,376,185
Accrued interest payable	1,545,392	249,992	1,795,384
Noncurrent liabilities:			
Due within one year:			
Mortgage bonds payable	1,392,805	57,195	1,450,000
Compensated absences	1,339,686	559,458	1,899,144
Revenue bonds payable	9,075,000	5,500,000	14,575,000
Capital lease obligations	1,034,050	213,198	1,247,248
Notes and loans payable	1,828,313	1,662,509	3,490,822
Due in more than one year:			
Mortgage bonds payable (net of discounts or premiums)	20,097,730	656,029	20,753,759
Compensated absences	3,647,525	-	3,647,525
Revenue bonds payable (net of discounts or premiums)	103,136,107	67,492,124	170,628,231
Capital lease obligations	4,265,291	586,204	4,851,495
Notes and loans payable	4,494,886	15,092,860	19,587,746
Unamortized gain on sale/leaseback	-	17,198	17,198
Net other postemployment benefits obligation	3,095,203	-	3,095,203
Net pension obligation	61,263,372	-	61,263,372
Total liabilities	227,713,364	95,891,883	323,605,247
<b>Net Assets</b>			
Invested in capital assets, net of related debt	186,771,216	122,108,095	308,879,311
Restricted for:			
Debt service	8,840,610	7,545,256	16,385,866
Capital outlay	-	5,775,711	5,775,711
Unrestricted	97,583,083	19,262,192	116,845,275
Total net assets	\$ 293,194,909	\$ 154,691,254	\$ 447,886,163

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 8,261,861	\$ 6,964,269	\$ 184,080	\$ 1,036,983	\$ (76,529)	\$ -	\$ (76,529)
Public safety	62,106,991	4,916,958	12,742,735	36,250	(44,411,048)	-	(44,411,048)
Highways and streets	9,526,537	28,110	6,069,061	-	(3,429,366)	-	(3,429,366)
Economic development	30,744,012	283,420	9,523,449	399,000	(20,538,143)	-	(20,538,143)
Culture and recreation	16,036,194	4,995,049	948,248	-	(10,092,897)	-	(10,092,897)
Interest on long-term debt	7,339,548	-	-	-	(7,339,548)	-	(7,339,548)
Total governmental activities	134,015,143	17,187,806	29,467,573	1,472,233	(85,887,531)	-	(85,887,531)
Business-type activities:							
Water	12,525,246	14,194,442	-	339,179	-	2,008,375	2,008,375
Wastewater	21,403,663	26,001,156	-	1,198,000	-	5,795,493	5,795,493
Civic center	2,989,586	2,989,010	-	351,986	-	231,410	231,410
Building department	930,120	875,481	-	-	(54,639)	-	(54,639)
Parking	1,438,288	1,047,784	-	-	(390,504)	-	(390,504)
Solid waste	4,204,056	4,745,547	-	-	541,491	-	541,491
Golf course	1,995,556	1,479,415	-	-	(516,141)	-	(516,141)
Total business-type activities	45,486,515	51,212,835	-	1,889,165	-	7,615,485	7,615,485
Total primary government	\$ 179,501,658	\$ 68,400,641	\$ 29,467,573	\$ 3,361,398	(85,887,531)	7,615,485	(78,272,046)
General revenues:							
Property taxes					77,315,641	-	77,315,641
County option income tax					11,502,052	-	11,502,052
Economic development income tax					7,335,113	-	7,335,113
Professional sports development tax					597,406	-	597,406
Community revitalization enhancement district tax					416,149	-	416,149
Grants and contributions not restricted to specific programs					4,883,081	-	4,883,081
Unrestricted investment earnings					868,023	148,826	1,014,849
Other					2,627,341	-	2,627,341
Transfers					(648,823)	-	-
Total general revenues and transfers					104,895,983	795,649	105,691,632
Change in net assets					19,008,452	8,411,134	27,419,586
Net assets - beginning (restated)					274,186,457	146,280,120	420,466,577
Net assets - ending					\$ 293,194,909	\$ 154,691,254	\$ 447,886,163

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

CITY OF SOUTH BEND  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
December 31, 2010

Assets	General	Park and Recreation	Public Safety LOIT	TIF Airport	COIT	EDIT	Other Governmental Funds	Totals
Cash and cash equivalents	\$ 30,003,941	\$ 4,390,714	\$ 1,143,195	\$ 28,535,435	\$ 12,126,103	\$ 8,906,171	\$ 92,740,573	\$ 177,846,132
Cash with fiscal agent	-	-	-	-	-	-	16,990	16,990
Investments	-	-	-	-	-	-	593,976	593,976
Receivables (net of allowances for uncollectibles):								
Interest	5,031	768	431	7,692	4,539	2,823	36,032	57,316
Taxes	1,453,884	283,926	-	638,876	-	-	1,724,896	4,101,582
Accounts	75,782	38,247	-	-	10,339	-	234,928	359,296
Intergovernmental	279,106	-	-	-	-	-	391,170	670,276
Loans	-	-	-	-	133,333	-	10,664,210	10,797,543
Interfund receivables:								
Interfund services provided and used	43,732	-	-	36,067	-	-	45,710	125,509
Inventories	-	61,814	-	-	-	-	-	61,814
Advances to other funds	1,039,927	-	-	1,689,750	2,700,000	-	5,628,767	11,058,444
Property held for resale	240,432	-	-	8,772,027	1,880,748	7,062,257	8,111,995	19,711,459
<b>Total assets</b>	<b>\$ 33,141,835</b>	<b>\$ 4,775,469</b>	<b>\$ 1,143,626</b>	<b>\$ 39,040,971</b>	<b>\$ 17,493,938</b>	<b>\$ 9,615,251</b>	<b>\$ 120,189,247</b>	<b>\$ 225,400,337</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 1,315,747	\$ 135,899	\$ -	\$ 124,400	\$ 575,926	\$ 33,722	\$ 1,341,561	\$ 3,527,255
Accrued payroll payable	1,496,277	200,416	-	-	-	-	196,024	1,852,717
Contracts payable	-	-	-	49,397	-	-	436,302	485,699
Interfund payable:								
Interfund services provided and used	233,628	36,129	-	105	-	-	158,649	428,511
Taxes payable	687	1,211	-	-	-	-	-	1,898
Customer deposits	1,209,790	1,304	-	-	-	-	-	1,211,094
Performance deposits payable	146,939	-	-	54,337	-	-	116,864	318,140
Other current payables	1,625	-	-	-	-	-	2,988	4,613
Advances from other funds	-	-	-	-	-	-	9,368,694	9,368,694
<b>Total liabilities</b>	<b>4,404,683</b>	<b>374,959</b>	<b>-</b>	<b>228,239</b>	<b>575,926</b>	<b>33,722</b>	<b>11,581,082</b>	<b>17,198,621</b>
<b>Fund balances:</b>								
Reserved for:								
Encumbrances	544,095	-	-	7,087,134	159,080	66,994	6,501,329	14,358,572
Noncurrent loans receivable	-	-	-	-	100,000	-	7,709,630	7,809,630
Inventory	-	61,814	-	-	-	-	-	61,814
Property held for resale	240,432	-	-	8,772,027	1,880,748	7,062,257	8,111,995	19,711,459
Debt service	-	-	-	-	-	-	11,054,764	11,054,764
Advances to other funds	1,039,927	-	-	1,689,750	2,700,000	-	5,628,767	11,058,444
Unreserved:								
General fund, undesignated	26,912,688	-	-	-	-	-	-	26,912,688
Special revenue funds, undesignated	-	4,338,696	1,143,626	-	-	-	26,514,076	31,996,398
Capital projects funds, undesignated	-	-	-	21,263,821	12,078,184	8,808,338	43,087,604	85,237,947
<b>Total fund balances</b>	<b>28,737,142</b>	<b>4,400,510</b>	<b>1,143,626</b>	<b>38,812,732</b>	<b>16,918,012</b>	<b>9,581,529</b>	<b>108,608,165</b>	<b>208,201,716</b>
<b>Total liabilities and fund balances</b>	<b>\$ 33,141,835</b>	<b>\$ 4,775,469</b>	<b>\$ 1,143,626</b>	<b>\$ 39,040,971</b>	<b>\$ 17,493,938</b>	<b>\$ 9,615,251</b>	<b>\$ 120,189,247</b>	<b>\$ 225,400,337</b>

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

Continued on next page

CITY OF SOUTH BEND  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
December 31, 2010  
(Continued)

Totals
286,948,532
1,942,098
13,212,710
(3,647,525)
(132,627,295)
(1,937,012)
862,665
(5,287,320)
(6,323,199)
(3,095,203)
(61,263,372)
(2,566,743)
(1,225,143)
<u>\$ 293,194,909</u>

Amounts reported for governmental activities in the Statement of Net Assets are different because:  
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Prepaid expenses (\$173,450) and deferred charges (\$1,768,648) are not available to pay for current period expenditures and, therefore, are deferred in the funds.

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.

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

- Bonds payable
  - Less: Deferred charge on refunding (to be amortized as interest expense)
  - Less: Issuance discount or (premium) (to be amortized as interest expense)
- Capital leases payable
- Notes payable
- Net other postemployment benefits obligation
- Net pension obligation

Short-term liabilities that are not recognized in governmental funds until due:  
Accrued interest payable  
Compensated absences payable

Net assets of governmental activities

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

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

	General	Park and Recreation	Public Safety LOIT	TIF Airport	COIT	EDIT	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>								
<b>Taxes:</b>								
Property	\$ 40,363,468	\$ 7,865,497	\$ -	\$ 12,254,667	\$ -	\$ -	\$ 16,832,008	\$ 77,315,641
County option income	-	-	6,078,454	-	8,287,700	-	-	14,366,154
County economic development income	-	-	-	-	-	9,090,415	-	9,090,415
Professional sports development tax	-	-	-	-	-	-	597,406	597,406
Community revitalization enhancement district	-	-	-	-	-	-	416,149	416,149
Licenses and permits	192,397	-	-	-	-	-	-	192,397
Intergovernmental	17,241,154	860,777	-	-	-	-	17,720,955	35,822,886
Charges for services	9,115,352	2,995,256	-	-	-	150,000	4,325,028	16,595,634
Fines and forfeits	401,775	1,610	5,172	93,339	51,990	-	1,218	409,775
Interest	54,368	10,053	-	-	-	21,150	637,123	868,023
Donations	279,719	5,000	-	-	-	-	15,618	300,337
Sale of property	32,048	92	-	5,264	-	-	13,051	50,455
Other	743,467	75,574	-	36,827	17,741	39,973	1,413,422	2,327,004
<b>Total revenues</b>	<b>68,423,748</b>	<b>11,813,859</b>	<b>6,083,626</b>	<b>12,390,097</b>	<b>8,357,431</b>	<b>9,301,538</b>	<b>41,971,977</b>	<b>158,342,276</b>
<b>Expenditures:</b>								
<b>Current:</b>								
General government	4,824,982	-	-	-	-	-	389,442	5,214,424
Public safety	59,451,616	-	-	-	-	-	1,538,513	60,990,129
Highways and streets	4,200,030	-	-	-	-	-	8,088,578	12,288,608
Economic development	-	-	-	-	-	-	17,408,376	17,408,376
Culture and recreation	1,160,573	10,640,447	-	-	-	-	1,040,576	12,841,596
Debt service:								
Principal	150,072	-	-	1,075,000	441,357	630,000	10,256,252	12,552,681
Interest and fiscal charges	57,048	-	-	743,089	184,097	244,558	6,096,526	7,325,318
Bond issuance costs	-	-	-	-	-	-	174,365	174,365
Capital outlay:								
General government	-	-	-	-	640,644	427,616	932,733	2,000,993
Public safety	-	-	-	-	1,080,666	-	1,466,881	2,547,547
Economic development	-	-	-	4,859,827	1,247,438	160,595	9,715,160	15,983,020
Culture and recreation	-	-	-	-	268,714	-	1,152,248	1,420,962
<b>Total expenditures</b>	<b>69,844,321</b>	<b>10,640,447</b>	<b>-</b>	<b>6,677,916</b>	<b>3,862,916</b>	<b>1,462,769</b>	<b>58,269,645</b>	<b>150,758,014</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(14,205,573)</b>	<b>1,173,412</b>	<b>6,083,626</b>	<b>5,712,181</b>	<b>4,494,515</b>	<b>7,838,769</b>	<b>(16,297,668)</b>	<b>7,584,262</b>
<b>Other financing sources (uses):</b>								
Transfers in	5,498,691	-	-	572,879	-	30,847	10,212,160	16,314,577
Transfers out	-	(393,880)	(4,940,000)	(1,943,250)	(1,065,807)	(2,130,000)	(6,490,463)	(16,963,400)
Debt issuance	40,569	-	-	-	-	-	5,239,745	5,280,314
Premium on debt issuance	-	-	-	-	-	-	146,030	146,030
Issuance of refunding bonds	-	-	-	-	-	-	5,327,775	5,327,775
Payment to refunded bond escrow agent	-	-	-	-	-	-	(5,538,255)	(5,538,255)
<b>Total other financing sources and uses</b>	<b>5,539,260</b>	<b>(393,880)</b>	<b>(4,940,000)</b>	<b>(1,370,371)</b>	<b>(1,065,807)</b>	<b>(2,099,153)</b>	<b>8,896,992</b>	<b>4,567,041</b>
<b>Net change in fund balances</b>	<b>4,118,687</b>	<b>779,532</b>	<b>1,143,626</b>	<b>4,341,810</b>	<b>3,428,708</b>	<b>5,739,616</b>	<b>(7,400,676)</b>	<b>12,151,303</b>
<b>Fund balances - beginning</b>	<b>24,618,455</b>	<b>3,620,978</b>	<b>-</b>	<b>34,470,922</b>	<b>13,439,304</b>	<b>3,841,913</b>	<b>116,008,841</b>	<b>196,050,413</b>
<b>Fund balances - ending</b>	<b>\$ 28,737,142</b>	<b>\$ 4,400,510</b>	<b>\$ 1,143,626</b>	<b>\$ 38,812,732</b>	<b>\$ 16,918,012</b>	<b>\$ 9,581,529</b>	<b>\$ 108,608,165</b>	<b>\$ 208,201,716</b>

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

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

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).	\$ 12,151,303
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:	
Capital outlay	20,750,927
Depreciation expense	(14,473,360)
Loss on disposal of assets	(166,125)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(4,619,404)

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Long-term debt incurred during the current period:

Bonds	(4,980,000)
Premium on bonds	(146,030)
Refunding Bonds	(5,327,775)
Loans	(52,224)
Capital leases	(248,090)
Principal debt payments:	
Bonds	9,178,372
Loans	2,199,333
Capital leases	1,174,976
Payment to refunded bond escrow agent	5,538,255
Amortization expenses	(3,738)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Prepaid expense	12,015
Interest expense	163,873
Compensated absences	(428,915)
Change in net pension asset and net pension obligation	(801,751)

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.

(913,190)

Change in net assets of governmental activities (Statement of Activities)

\$ 19,008,452

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



CITY OF SOUTH BEND  
STATEMENT OF NET ASSETS -  
PROPRIETARY FUNDS  
December 31, 2010

Assets	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Enterprise Funds	Other	
Current assets:						
Cash and cash equivalents	\$ 2,601,902	\$ 8,382,550	\$ 383,670	\$ 1,924,148	\$ 13,292,270	\$ 13,590,129
Interest receivable	2,763	2,756	-	559	6,078	4,541
Accounts receivable (net of allowance)	859,967	1,908,225	59,007	412,736	3,239,985	325,648
Accounts receivable - other	67,711	26,304	9,342	3,000	106,357	-
Interfund receivables:						
Interfund services provided and used	14,238	42,591	-	4,333	61,162	547,021
Inventories	224,347	156,075	-	24,623	405,045	704,225
Prepaid items	15,102	16,117	23,507	-	54,726	-
Restricted assets:						
Cash and cash equivalents:						
Repair fund	-	641,685	-	-	641,685	-
Customer deposits	1,368,729	-	-	-	1,368,729	-
Revenue bond covenant accounts	2,902,162	6,348,414	-	1,378,097	10,628,673	-
Capital outlay accounts	1,397,174	14,368,466	1,437,560	17,508	17,220,708	-
Accounts receivable	-	49,060	-	-	49,060	-
Interest receivable	527	2,297	63	316	3,203	-
Total current assets	9,454,622	31,944,540	1,913,149	3,765,320	47,077,631	15,171,564
Noncurrent assets:						
Deferred charges	827,416	888,221	-	9,393	1,725,030	-
Unamortized debt issue costs	-	-	-	2,813,242	2,813,242	-
Unamortized loss on sale/leaseback	-	-	-	-	-	-
Total deferred charges	827,416	888,221	-	2,822,635	4,538,272	-
Capital assets:						
Land and construction in progress	1,484,237	15,560,688	799,649	1,580,489	19,425,063	-
Other capital assets (net of accumulated depreciation)	61,083,953	97,303,753	15,726,052	7,421,460	181,535,218	1,244,831
Total capital assets	62,568,190	12,864,441	16,525,701	9,001,949	200,960,281	1,244,831
Total noncurrent assets	63,395,606	13,752,662	16,525,701	11,824,584	205,498,553	1,244,831
Total assets	72,850,228	45,697,202	18,438,850	15,589,904	252,576,184	16,416,395

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

Continued on next page

CITY OF SOUTH BEND  
STATEMENT OF NET ASSETS -  
PROPRIETARY FUNDS  
December 31, 2010  
(Continued)

Liabilities	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds	Totals	
Current liabilities:						
Accounts payable	234,847	357,113	133,314	220,172	945,446	796,329
Interfund payables:						
Interfund services provided and used	-	67,329	31,164	105,413	203,906	1,884
Accrued payroll payable	134,092	178,926	-	74,046	387,064	74,983
Compensated absences	220,537	238,547	-	100,374	559,458	114,543
Unearned revenue	-	-	191,131	-	191,131	-
Taxes payable	56,102	-	687	232	57,021	-
Customer deposits	6,162	-	79,341	-	85,503	-
Capital leases payable	-	-	-	-	-	2,405
Estimate of unfilled claims	-	-	-	-	-	2,203,925
Current liabilities payable from restricted assets:						
Accounts payable	189,405	456,623	70,593	-	716,621	-
Interfund payables:						
Interfund services provided and used	99,391	-	-	-	99,391	-
Contracts and retainage payable	14,693	31,452	-	-	46,145	-
Customer deposits	1,376,185	-	-	-	1,376,185	-
Mortgage bonds payable	-	57,195	-	-	57,195	-
Revenue bonds payable	2,585,000	2,350,000	-	565,000	5,500,000	-
Capital leases payable	4,576	22,738	-	185,884	213,198	-
Notes and loans payable	144,925	1,517,584	-	-	1,662,509	-
Accrued interest payable	-	211,862	-	38,130	249,992	-
Total current liabilities	5,065,915	5,439,369	506,230	1,289,251	12,350,765	3,194,069
Noncurrent liabilities:						
Advances from other funds	-	-	-	1,689,750	1,689,750	-
Mortgage bonds payable (net of unamortized discount)	-	656,029	-	-	656,029	-
Revenue bonds payable (net of unamortized discounts, premiums, and deferred amount on refunding)	13,209,767	53,128,927	-	1,153,430	67,492,124	-
Capital leases payable	7,411	-	-	578,793	586,204	9,616
Notes and loans payable	1,695,745	13,397,115	-	-	15,092,860	-
Unamortized gain on sale/leaseback	-	-	-	17,198	17,198	-
Total noncurrent liabilities	14,912,923	67,182,071	-	3,439,171	85,534,165	9,616
Total liabilities	19,978,838	72,671,440	506,230	4,728,422	97,884,930	3,203,685
<b>Net Assets</b>						
Invested in capital assets, net of related debt	44,920,532	53,896,510	16,525,701	6,765,352	122,108,095	1,244,831
Restricted for debt service	2,902,169	3,286,950	-	1,356,137	7,545,256	-
Restricted for capital outlay	1,397,174	2,993,999	1,367,030	17,508	5,775,711	-
Unrestricted	3,651,515	12,848,303	39,889	2,722,485	19,262,192	11,967,879
Total net assets	\$ 52,871,390	\$ 73,025,762	\$ 17,932,620	\$ 10,861,482	\$ 154,691,254	\$ 13,212,710

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

CITY OF SOUTH BEND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -  
PROPRIETARY FUNDS

For The Year Ended December 31, 2010

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Other Enterprise Funds		
Operating revenues:						
Metered revenue:	\$ 6,524,387	\$ 14,190,170	\$ -	\$ -	\$ 20,714,567	\$ -
Residential	3,295,841	6,575,825	-	-	9,871,766	-
Commercial	339,141	3,794,368	-	-	4,073,509	-
Industrial	1,894,057	-	-	-	1,894,057	-
Fire protection revenue	891,800	-	-	-	891,800	-
Leak insurance revenue	65,047	272,590	-	-	337,637	-
Penalties	-	-	1,551,371	-	1,551,371	-
Convention fees	-	-	-	858,584	858,584	-
Licenses and permits	-	-	-	1,045,811	1,045,811	-
Parking fees	-	-	-	4,675,946	4,675,946	-
Solid waste fees	-	-	-	1,479,415	1,479,415	-
Golf course fees	-	-	-	-	-	12,419,302
Employee/employer contributions	-	-	-	-	-	3,254,231
Charges for sales and services	-	-	-	-	-	15,709
Other	463,812	671,451	-	122,003	1,257,266	-
Total operating revenues	13,513,885	25,444,404	1,651,371	8,181,759	48,691,529	15,699,242
Operating expenses:						
Source of supply and expense/collection system expense - operations and maintenance	951,085	4,866,706	-	-	5,917,791	-
Transmission and distribution/pumping expense - operations and maintenance	3,687,633	-	-	-	3,687,633	-
Treatment and disposal expense - operations and maintenance	733,428	6,633,597	-	-	7,367,025	-
Operations and maintenance	-	-	-	6,150,969	6,150,969	2,324,233
Customer accounts	1,581,118	87,953	-	-	1,669,071	-
Administration and general	2,938,953	2,886,785	2,525,793	1,033,870	9,185,401	750,711
Insurance claims and premiums	-	-	-	-	-	13,500,635
Depreciation	1,611,607	3,756,843	480,732	673,311	6,502,593	30,749
Total operating expenses	11,503,824	18,131,984	2,986,525	7,858,150	40,480,483	16,656,228
Operating income (loss)	2,010,171	7,312,420	(1,435,154)	323,809	8,211,046	(936,886)
Nonoperating revenues (expenses):						
Interest and investment revenue	39,443	92,121	6,800	8,862	146,826	51,618
Hotel/motel tax	-	-	1,313,152	-	1,313,152	-
Repair fund revenues	-	556,752	-	-	556,752	-
Management fees	688,916	(643,816)	-	-	25,100	-
Miscellaneous revenue	11,531	-	4,487	-	16,018	-
Interest expense	(946,253)	(2,311,448)	(3,061)	(145,194)	(3,405,956)	(185)
Amortization expense	(72,215)	(44,621)	-	(564,876)	(681,512)	-
Repair fund expenses	-	(271,402)	-	-	(271,402)	-
Gain (loss) on disposition of assets	(2,854)	(392)	-	(33,532)	(36,878)	2,363
Total nonoperating revenue (expenses)	(301,532)	(2,622,806)	1,321,178	(734,740)	(2,337,900)	53,796
Income (loss) before contributions and transfers	1,708,639	4,689,614	(113,976)	(411,131)	5,873,146	(913,190)
Capital contributions	339,179	1,198,000	351,986	-	1,889,165	-
Transfers in	-	-	-	652,500	652,500	-
Transfers out	-	-	-	(3,877)	(3,877)	-
Change in net assets	2,047,818	5,887,614	238,010	237,682	8,411,134	(913,190)
Total net assets - beginning	50,823,672	67,138,148	17,084,610	10,623,790	146,280,120	14,125,900
Total net assets - ending	\$ 52,871,390	\$ 73,025,762	\$ 17,322,620	\$ 10,861,482	\$ 154,691,254	\$ 13,212,710

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

CITY OF SOUTH BEND  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2010

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Enterprise Funds	Other Enterprise Funds	
Cash flows from operating activities:						
Receipts from customers and users	\$ 13,374,607	\$ 25,525,302	\$ 1,449,633	\$ 8,100,797	\$ 4,845,039	\$ 714,975
Receipts from interfund services provided	752,879	28,969	-	52,000	833,848	15,001,946
Payments to suppliers	(5,493,252)	(5,602,661)	(2,409,387)	(3,599,582)	(17,104,882)	(13,111,793)
Payments to employees	(3,852,348)	(5,556,800)	-	(2,221,912)	(11,631,060)	(2,394,092)
Payments for interfund services used	(298,813)	(4,582,779)	(124,511)	(1,098,308)	(6,084,411)	(371,545)
Net cash provided (used) by operating activities	4,483,073	9,832,031	(1,084,265)	1,232,995	14,463,834	(180,509)
Cash flows from noncapital financing activities:						
Interfund loan repaid	-	-	-	-	-	(83,016)
Hotel/motel tax	-	-	1,313,152	-	1,313,152	-
Transfer from other funds	-	-	-	652,500	652,500	-
Transfer to other funds	-	-	-	(3,677)	(3,677)	-
Net cash provided (used) by noncapital financing activities	-	-	1,313,152	648,823	1,961,975	(83,016)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(3,830,945)	(11,230,766)	(389,737)	(50,226)	(15,501,674)	(17,927)
Proceeds from capital debt issued	-	9,411,961	-	-	9,411,961	-
Mortgage bond refunding payment	-	(29,972)	-	-	(29,972)	-
Bond issue costs paid	-	(500)	-	-	(500)	-
Principal paid on capital debt	(2,610,144)	(3,456,185)	(228,125)	(831,852)	(7,126,306)	(1,345)
Interest paid on capital debt	(937,293)	(2,441,906)	(3,899)	(121,018)	(3,504,116)	(185)
Proceeds from sales of capital assets	39,279	6,486	-	13,340	59,105	202
Net cash used by capital and related financing activities	(7,339,103)	(7,740,882)	(621,761)	(989,756)	(16,691,502)	(19,255)
Cash flows from investing activities:						
Sale of investments	38,341	92,739	1,282,000	-	1,282,000	-
Interest received	-	-	7,289	8,077	146,446	49,605
Net cash provided by investing activities	38,341	92,739	1,289,289	8,077	1,428,446	49,605
Net increase (decrease) in cash and cash equivalents	(2,817,669)	2,183,888	896,415	900,139	1,162,753	(213,175)
Cash and cash equivalents, January 1						
(Including \$330,963, \$1,348,643, \$7,864,729, and \$19,018,406 for the repair fund, customer deposits, revenue bond covenants and capital outlays, respectively, reported in restricted accounts)	11,087,656	27,557,227	924,815	2,419,614	41,989,312	13,803,304
Cash and cash equivalents, December 31	\$ 8,269,987	\$ 29,741,115	\$ 1,821,230	\$ 3,319,753	\$ 43,152,065	\$ 13,590,129

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

Continued on next page

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

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water Utility	Wastewater Utility	Century Center	Enterprise Funds	Other	
					Totals	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 2,010,171	\$ 7,312,420	\$ (1,435,154)	\$ 323,609	\$ 8,211,046	\$ (966,986)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	1,611,607	3,756,943	460,732	673,311	6,502,593	80,749
Bad debt expense	66,416	87,953	-	53,883	208,252	-
Nonoperating revenues (expenses)	680,447	(358,466)	4,487	-	326,468	-
Lease proceeds used for noncapital purchases (increase) decrease in assets:						
Accounts receivable	(114,011)	(471,348)	2,566	(82,845)	(665,638)	38,198
Accounts receivable - other	(40,485)	(20,899)	(9,342)	-	(70,726)	-
Intergovernmental receivables	-	-	-	-	-	52
Interfund receivables	(3,485)	(42,591)	-	-	(46,076)	(131,884)
Inventories	173,564	204,656	-	(8,209)	370,011	(88,139)
Prepaid items	(10,447)	(12,359)	2,492	-	(20,314)	-
Increase (decrease) in liabilities:						
Customer deposits	24,078	-	(16,116)	-	7,962	-
Accounts payable	(37,120)	(337,302)	(10,698)	(23,482)	(408,602)	44,602
Contracts payable	-	(286,916)	-	-	(286,916)	-
Accrued payroll payable	22,674	(765)	-	(5,700)	16,209	2,843
Interfund loan	-	(31,546)	-	50,190	18,644	(362)
Interfund services provided and used	75,516	12,221	-	-	87,737	-
Compensated absence payable	22,906	20,030	-	5,694	48,630	13,832
Taxes payable	1,242	-	101	34	1,377	-
Deferred revenue	-	-	(83,333)	-	(83,333)	-
Estimated unfilled claims	-	-	-	-	-	826,586
Total adjustments	2,472,902	2,519,611	350,839	909,386	6,252,788	806,477
Net cash provided (used) by operating activities	\$ 4,483,073	\$ 9,832,031	\$ (1,084,285)	\$ 1,232,995	\$ 14,463,834	\$ (160,509)
Noncash investing, capital and financing activities:						
Capital assets contributed	\$ 339,179	\$ 1,198,000	\$ 351,986	\$ -	\$ 1,889,165	\$ -
Capital assets acquired by capital debt	269,230	2,129,951	-	-	2,399,181	13,366
Capital assets purchased on account	-	489,041	-	-	539,404	-
Capital asset disposals	473,740	1,908	-	354,656	830,304	13,743
Interest payments added to capital assets	-	222,349	-	-	222,349	-
Bond issue costs paid on account	-	82,156	-	-	82,156	-
Bond issue costs paid by capital debt	-	116,689	-	-	116,689	-
Transfer from other funds on account	-	-	-	-	-	15,904

On February 24, 2010, the City issued \$6,075,000 in mortgage refunding revenue bonds to refund \$6,315,000 of outstanding mortgage 2001 serial bonds. The net proceeds of \$6,221,828 (after payment of \$120,816 in issuance costs and \$166,511 in bond premium) and local contributions of \$243,671 were deposited in an irrevocable trust with an escrow agent. The accounting loss of \$78,433 has been recognized on the Statement of Net Assets as deferral of loss on refunding and will be amortized using the straight-line method and charged to interest expense over the next 11 years. A portion of both the bond issues is paid from the wastewater utility (12.3%) and from a City governmental fund (87.7%).

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

CITY OF SOUTH BEND  
STATEMENT OF FIDUCIARY NET ASSETS -  
FIDUCIARY FUNDS  
December 31, 2010

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>	<u>Agency Fund</u>
Cash and cash equivalents	\$ 4,182,544	\$ 40,792	\$ 1,260,717
Receivables:			
Interest	1,531	13	-
Total assets	<u>4,184,075</u>	<u>40,805</u>	<u>1,260,717</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	1,379	-	-
Accrued payroll and withholdings payable	620	-	1,260,717
Total liabilities	<u>1,999</u>	<u>-</u>	<u>\$ 1,260,717</u>
<u>Net Assets</u>			
Held in trust for:			
Employees' pension benefits	4,182,076	-	-
Individuals, organizations, and other governments	-	40,805	-
Total net assets	<u>\$ 4,182,076</u>	<u>\$ 40,805</u>	<u>\$ 1,260,717</u>

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

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

<u>Additions</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>
Contributions:		
On behalf	\$ 10,994,755	\$ -
Other	2,855	-
	<u>10,997,610</u>	<u>-</u>
Total contributions		
Investment income:		
Interest	13,098	152
	<u>11,010,708</u>	<u>152</u>
Total additions		
<u>Deductions</u>		
Benefits	11,777,510	-
Administrative expense	22,856	-
	<u>11,800,366</u>	<u>-</u>
Total deductions		
Changes in net assets	(789,658)	152
Net assets - beginning	4,971,734	40,653
Net assets - ending	<u>\$ 4,182,076</u>	<u>\$ 40,805</u>

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Blended Component Units

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

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

Related Organizations

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

During 2010, the Special Funds Board of Managers provided \$1,313,152 to the City's Century Center to finance operations and \$521,800 to the City's Professional Sports Development Fund, to finance capital costs of the College Football Hall of Fame.

B. Government-Wide and Fund Financial Statements

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



CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

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

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

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

The primary government reports the following major governmental funds:

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

The park and recreation fund is used to account for the operation of the City park system. Financing is provided by a specific annual property tax levy to the extent that user fees and miscellaneous revenues are insufficient to provide such financing.

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

The county option income tax (COIT) fund is used to account for the City's share of the county option income tax. Expenditures include land improvements and purchases of motor equipment.

The economic development income tax (EDIT) is to account for the City's share of the County Economic Development Tax. Expenditures include construction, acquisition and related costs for economic development projects.

The primary government reports the following major enterprise funds:

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

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

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

Additionally, the primary government reports the following fund types:

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

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

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

The agency fund accounts for assets held by the primary government as an agent for employee payroll, pension, and payroll 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.

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

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

Open-end mutual funds are reported at fair value.

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

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

2. Interfund Transactions and Balances

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are usually distributed to the primary government in June and in December. State statutes (IC 6-1.1-17-16) require the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively.

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

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

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

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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. Sick Leave – primary government employees earn sick leave at the rate of 4 to 8 days per year, depending upon employee classification and length of service. Policemen, teamsters, 40 hour per week firemen, and all other employees earn 8 sick days per year, regardless of tenure of service. Firemen working 24-hour workdays with tenure greater than 5 years earn 5 days of sick leave per year, and firemen working 24-hour workdays with tenure less than 5 years, earn 4 days of sick leave per year. Sick leave may accumulate to a maximum 90 days for policemen, 100 days for 40 hour per week firemen, 38 days for 24 per day fireman, 75 days for teamsters and 65 days for all other employees. Accumulated sick leave is paid to firemen and policemen upon termination of employment depending upon the number of sick leave hours transacted, at a rate of 50 percent of the base hourly rate of pay for firemen and at a rate of one-half the corporal rank rate of pay for policemen. Accumulated sick leave is paid to teamster employees, upon retirement, at a rate of \$25 for each accumulated sick leave day transacted. Sick leave buy-back during employment is paid to firemen and policemen annually upon request. Upon request, firemen are paid unused sick days earned in the previous year in excess of 240 days in the sick day bank at the base hourly rate of pay. Upon request, policemen are paid up to a maximum 8 unused sick days at the corporal rate of pay.
- b. Vacation Leave – primary government employees earn vacation leave at rates from 0 days to 28 days based upon hire date, years of service, and employee classification. Vacation leave does not accumulate from year to year for policemen and firemen, except in instances where special cases are approved. Teamster and all other employees carryover to the following year unused vacation time up to a maximum of 80 hours. Employees earn vacation leave during the year for use in the succeeding year. Unused vacation leave is paid to employees upon termination of employment. Firemen may sell back vacation leave, up to a maximum 3 days per year, during selected times of the year, at the employee's normal hourly rate of pay.
- c. Personal Leave – primary government policemen earn personal leave at the rate of 7 days per year, and have the opportunity to earn an additional 3 days leave with participation in regularly scheduled police practice shooting exercises. Policemen personal leave does not accumulate from year to year. Policemen unused personal leave may be rolled into sick leave. City employees under the teamster contract can use up to 8 days of their sick leave for personal leave.
- d. Compensatory Leave – primary government firemen can elect to receive compensation for overtime hours works either through wage payment or compensatory time off work up a maximum of 240 hours. All other non-exempt employees working overtime hours earn compensatory time off up to a maximum balance of 32 hours, after which they are paid overtime wage. All other exempt employees working overtime hours earn compensatory time up to a maximum balance of 160 hours.

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

8. Long-Term Obligations

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

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

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

9. Fund Equity

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.

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

General

Major governmental funds:

Special revenue fund - park and recreation, public safety local option income tax (LOIT)

Capital projects fund - county option income tax (COIT), economic development income tax (EDIT)

Nonmajor governmental funds:

Special revenue funds - motor vehicle highway, recreation nonreverting, community development, local road and street, excess welfare distribution, human rights federal

Debt service fund - college football hall of fame debt service

CITY OF SOUTH BEND  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Capital projects funds - emergency medical services, professional sports development, park nonreverting capital, cumulative capital development, cumulative capital improvement, major moves

On or before August 31, the City Controller submits to the Common Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Common Council to obtain taxpayer comments. Prior to November 1 of each year, the Common Council through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the City Controller receives approval of the Indiana Department of Local Government Finance.

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

Expenditures did not exceed appropriations for any funds or any departments within the general fund, within the park and recreation fund, or within the public safety LOIT fund, or within any other major or nonmajor governmental fund which required legally, approved budgets.

B. Deficit Fund Equity

At December 31, 2010, the following funds reported deficits in fund equity, which are violations of State statute:

	Deficit
Governmental funds:	
TIF - Douglas Road	\$ 836,331
TIF - Northeast Residential	2,365,442

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2010, the bank balances held at Wells Fargo Bank NA, US Bank National Association, and at 1<sup>st</sup> Source Bank, in the

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

amounts of \$1,804,361; \$2,862,884; and \$6,170,773; respectively, were collateralized with securities held by the pledging financial institution's trust department or agent in the depositor-City's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories. The City has not formally adopted a deposit policy for custodial credit risk.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2010, the City had the following investments:

Investment Type	Primary Government	Investment Maturities (in Years)		
	Fair Value	Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ 593,976	\$ 593,976	-	-

Investment Policies

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

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

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



CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments. At December 31, 2010, the City held investments in U.S. treasuries and securities in the amount of \$593,976. These investments were held by the counterparty's trust department or agent but not in the City's name.

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

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

B. Receivables

The following receivable accounts have timing and credit characteristics different from typical accounts receivable. As of December 31, 2010, City funds recognized the following loan receivable balances. The schedule shows the total receivable and the portion that is not due within one year. These loans were for economic development projects:

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund	Receivable	Noncurrent
Major governmental funds:		
County Option Income Tax	\$ 133,333	\$ 100,000
Nonmajor governmental funds:		
Economic Development State Grants	1,801,353	1,672,718
Urban Development Action Grant	3,015,794	2,892,582
Community Development	1,196,551	1,087,230
Industrial Revolving	4,650,512	4,502,645
Totals	<u>\$ 10,797,543</u>	<u>\$ 10,255,175</u>

C. Capital Assets

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

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,435,772	\$ -	\$ -	\$ 12,435,772
Construction in progress	37,633,203	15,659,749	4,258,778	49,034,174
Total capital assets, not being depreciated	<u>50,068,975</u>	<u>15,659,749</u>	<u>4,258,778</u>	<u>61,469,946</u>
Capital assets, being depreciated:				
Buildings	97,928,133	-	-	97,928,133
Improvements other than buildings	22,553,086	417,504	-	22,970,590
Machinery and equipment	38,447,171	4,906,342	1,032,870	42,320,643
Roads being depreciated	366,086,462	4,057,201	88,197	370,055,466
Totals	<u>525,014,852</u>	<u>9,381,047</u>	<u>1,121,067</u>	<u>533,274,832</u>
Less accumulated depreciation for:				
Buildings	29,041,032	2,360,479	-	31,401,511
Improvements other than buildings	6,345,292	881,278	-	7,226,570
Machinery and equipment	30,090,162	2,107,653	948,485	31,249,330
Roads being depreciated	227,478,125	9,204,699	8,820	236,674,004
Totals	<u>292,954,611</u>	<u>14,554,109</u>	<u>957,305</u>	<u>306,551,415</u>
Total capital assets, being depreciated, net	<u>232,060,241</u>	<u>(5,173,062)</u>	<u>163,762</u>	<u>226,723,417</u>
Total governmental activities capital assets, net	<u>\$ 282,129,216</u>	<u>\$ 10,486,687</u>	<u>\$ 4,422,540</u>	<u>\$ 288,193,363</u>

CITY OF SOUTH BEND  
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	\$ 3,020,576	\$ -	\$ -	\$ 3,020,576
Construction in progress	<u>11,549,841</u>	<u>13,069,778</u>	<u>8,215,132</u>	<u>16,404,487</u>
Total capital assets, not being depreciated	<u>14,570,417</u>	<u>13,069,778</u>	<u>8,215,132</u>	<u>19,425,063</u>
Capital assets, being depreciated:				
Buildings	88,661,571	279,644	-	88,941,215
Improvements other than buildings	132,695,086	10,568,584	1,080	143,262,590
Machinery and equipment	<u>48,793,172</u>	<u>3,824,714</u>	<u>1,355,590</u>	<u>51,262,296</u>
Totals	<u>270,149,829</u>	<u>14,672,942</u>	<u>1,356,670</u>	<u>283,466,101</u>
Less accumulated depreciation for:				
Buildings	40,290,045	1,916,728	-	42,206,773
Improvements other than buildings	22,019,591	2,528,171	-	24,547,762
Machinery and equipment	<u>33,852,973</u>	<u>2,057,694</u>	<u>734,319</u>	<u>35,176,348</u>
Totals	<u>96,162,609</u>	<u>6,502,593</u>	<u>734,319</u>	<u>101,930,883</u>
Total capital assets, being depreciated, net	<u>173,987,220</u>	<u>8,170,349</u>	<u>622,351</u>	<u>181,535,218</u>
Total business-type activities capital assets, net	<u>\$ 188,557,637</u>	<u>\$ 21,240,127</u>	<u>\$ 8,837,483</u>	<u>\$ 200,960,281</u>

The business activities' beginning balances of land, building, and improvements other than buildings include reclassifications to properly report category beginning balances.

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

Governmental activities:	
General government	\$ 179,371
Public safety	1,712,579
Highways and streets, including depreciation of general infrastructure assets	9,967,559
Culture and recreation	2,485,160
Economic development	128,691
Internal service funds*	<u>80,749</u>
Total depreciation expense - governmental activities	<u>\$ 14,554,109</u>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Business-type activities:

Water	\$ 1,611,607
Wastewater	3,756,943
Civic center	460,732
Building permits	15,820
Parking garage	216,232
Solid waste	247,876
Golf course	<u>193,383</u>

Total depreciation expense - business-type activities \$ 6,502,593

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

D. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2010	Committed	Required Future Funding
<b>Governmental activities:</b>				
Portage Avenue improvements	\$ 5,509,294	\$ 5,351,390	\$ 157,904	\$ -
Eddy Street parking garage	18,391,254	18,285,732	105,522	-
Eddy Commons phase 1	19,196,772	15,589,417	3,607,355	-
Triangle infrastructure	1,727,397	40,201	1,687,196	-
Ewing Avenue	759,870	562,822	197,048	-
Riverside Trail phase II	1,657,989	1,650,951	7,038	-
Erskine detention pond reconstruction	1,176,161	49,780	1,126,381	-
Bartlett Street parking façade renovations	690,000	653,250	36,750	-
Memorial Hospital streetscape improvements	2,110,547	1,268,147	842,401	-
Coveleski Stadium wall	345,000	319,200	25,800	-
Western and Walnut intersection improvements	1,562,743	269,804	1,292,939	-
Western and Olive intersection improvements	237,900	142,794	95,106	-
Cotter Street construction	631,709	74,118	557,590	-
Miami Road	4,440,807	3,910,009	530,798	-
Traffic signal modifications	<u>1,241,703</u>	<u>866,559</u>	<u>375,144</u>	<u>-</u>
<b>Total - governmental activities</b>	<u><u>\$ 59,679,145</u></u>	<u><u>\$ 49,034,174</u></u>	<u><u>\$ 10,644,971</u></u>	<u><u>\$ -</u></u>
<b>Business-type activities:</b>				
<b>Water Utility:</b>				
Ireland booster station	\$ 444,370	\$ 420,981	\$ 23,389	\$ -
Carroll and Lucinda main	379,531	377,081	2,450	-
Radio telemetry project	188,527	75,632	112,895	-
Other projects	310,874	237,598	73,276	-

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Project	Total Project Authorized	Expended to December 31, 2010	Committed	Required Future Funding
Business-type activities (continued):				
Wastewater Utility:				
Radio telemetry project	289,625	202,710	86,915	-
Twyckenham Drive storm sewer	5,454,340	4,522,225	932,115	-
Raw sewage pump #3 upgrade	294,000	9,000	285,000	-
North Bendix Park sewer separation	581,753	498,549	83,204	-
East Bank sewer separation	1,909,444	137,928	1,771,516	-
Primary scum and final clarifier gates	277,300	232,192	45,108	-
CSO net phase II	2,768,318	2,594,036	174,282	-
Pleasant Street sewer separation phase II	1,194,500	93,751	1,100,749	-
Diamond Avenue storm sewer	1,034,210	913,719	120,491	-
Sewage pump #3 right angle drive replacement	265,000	269,008	(4,008)	-
Kennedy Park sewer	3,239,895	2,932,380	307,515	-
Scum Removal project	280,954	258,791	22,163	-
Blowers 1A & 1B Replacement	2,206,019	2,199,344	6,675	-
Sewer Overflow Sensory Network	425,000	660	424,340	-
Raw sewage pump #1 upgrade/refurbish	318,564	304,519	14,045	-
Other projects	50,863	27,668	23,195	-
Century Center:				
Various projects	195,889	96,715	99,174	-
Totals - business-type activities	<u>\$ 22,108,976</u>	<u>\$ 16,404,487</u>	<u>\$ 5,704,489</u>	<u>\$ -</u>

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

Payable	Receivable							Internal Service	Totals
	Governmental Funds			Enterprise Funds					
	General	TIF Airport	Nonmajor	Water	Wastewater	Nonmajor			
Governmental funds:									
General	\$ -	\$ -	\$ -	\$ 5,710	\$ -	\$ 4,333	\$223,585	\$ 233,628	
Park and recreation	-	-	-	2,371	-	-	33,758	36,129	
TIF Airport	-	-	-	105	-	-	-	105	
Nonmajor	1,111	4,719	19,230	652	-	-	132,937	158,649	
Enterprise funds:									
Water	10,413	-	26,480	-	42,591	-	19,907	99,391	
Wastewater	267	-	-	4,683	-	-	62,379	67,329	
Century Center	31,164	-	-	-	-	-	-	31,164	
Nonmajor	263	31,348	-	-	-	-	73,802	105,413	
Internal service	514	-	-	717	-	-	653	1,884	
Totals	<u>\$ 43,732</u>	<u>\$ 36,067</u>	<u>\$ 45,710</u>	<u>\$ 14,238</u>	<u>\$ 42,591</u>	<u>\$ 4,333</u>	<u>\$547,021</u>	<u>\$ 733,692</u>	

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

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Advances Between Funds

The advances between funds record noncurrent portions of long-term loans from one fund to another. Advances at December 31, 2010, were as follows:

Advance from	Advance to		
	Nonmajor Governmental	Nonmajor Enterprise	Totals
General	\$ 1,039,927	\$ -	\$ 1,039,927
TIF - Airport	-	1,689,750	1,689,750
COIT	2,700,000	-	2,700,000
Nonmajor governmental	5,628,767	-	5,628,767
<b>Totals</b>	<b>\$ 9,368,694</b>	<b>\$ 1,689,750</b>	<b>\$ 11,058,444</b>

3. Interfund Transfers

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

Transfer From	Transfer To					
	General	TIF - Airport	EDIT	Nonmajor Governmental	Nonmajor Enterprise	Totals
Park and recreation	\$ -	\$ -	\$ -	\$ 393,880	\$ -	\$ 393,880
Public Safety LOIT	4,940,000	-	-	-	-	4,940,000
TIF - Airport	-	-	-	1,290,750	652,500	1,943,250
COIT	-	-	-	1,065,807	-	1,065,807
EDIT	-	-	-	2,130,000	-	2,130,000
Nonmajor governmental	558,691	569,202	30,847	5,331,723	-	6,490,463
Nonmajor enterprise	-	3,677	-	-	-	3,677
<b>Totals</b>	<b>\$5,498,691</b>	<b>\$ 572,879</b>	<b>\$ 30,847</b>	<b>\$ 10,212,160</b>	<b>\$ 652,500</b>	<b>\$ 16,967,077</b>

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

F. Leases

1. Operating Leases

The primary government has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for golf cart global positioning systems, vehicles, copiers, and office space. Rental expenditures for these leases were \$183,462. The following is a schedule by years of future minimum rental payments as of December 31, 2010:

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

<u>Year Ended December 31</u>	<u>Annual Payment</u>
2011	\$ 184,211
2012	184,211
2013	181,113
2014	<u>91,156</u>
 Total	 <u>\$ 640,691</u>

2. Capital Leases

The primary government has entered into various capital leases for various types of equipment, and two parking garages. The parking garage capital leases are being repaid from governmental funds. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2010, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2011	\$ 1,278,080	\$ 244,019
2012	938,045	220,841
2013	776,283	218,248
2014	624,611	136,038
2015	604,716	56,421
2016-2020	1,401,159	-
2021-2025	<u>1,000,000</u>	<u>-</u>
 Total minimum lease payments	 6,622,894	 875,567
 Less amount representing interest	 <u>1,323,553</u>	 <u>76,165</u>
 Present value of net minimum lease payments	 <u>\$ 5,299,341</u>	 <u>\$ 799,402</u>

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings	\$ -	\$ 4,115,612
Improvements other than buildings	1,458,939	-
Machinery and equipment	<u>3,358,590</u>	<u>873,836</u>
Totals	4,817,529	4,989,448
Accumulated depreciation	<u>1,548,147</u>	<u>1,823,147</u>
Totals	<u>\$ 3,269,382</u>	<u>\$ 3,166,301</u>

G. Long-Term Liabilities

1. Mortgage Bonds

Mortgage Bonds outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding 12/31/2010</u>
<u>Governmental Activities</u>			
2010 Public Works Service Center Refunding	3.0% to 5.0%	\$ 5,327,775	\$ 5,117,295
- maturity February 1, 2021			
- installments of \$465,000 to \$640,000 plus interest			
2003 New Fire Station/Police renovations	2% to 5%	<u>21,335,000</u>	<u>16,000,000</u>
- maturity February 1, 2023			
- installments of \$470,000 to \$840,000 plus interest			
Total - governmental activities		<u>\$ 26,662,775</u>	<u>\$ 21,117,295</u>
<u>Business-Type Activities</u>			
2010 Public Works Service Center Refunding	3.0% to 5.0%	<u>\$ 747,225</u>	<u>\$ 717,705</u>
- maturity February 1, 2021			
- installments of \$465,000 to \$640,000 plus interest			

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



CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Purpose	Balance at December 31	Unamortized Discount (Premium)	Unamortized Loss (Gain) on Refunding	Adjusted Balance
<u>Governmental Activities</u>				
2010 Public Works Service Center Refunding	\$ 5,117,295	\$ (139,392)	\$ 149,540	\$ 5,107,147
2003 New Fire Station/Police renovations	16,000,000	(383,388)	-	16,383,388
Total Governmental Activities	<u>\$ 21,117,295</u>	<u>\$ (522,780)</u>	<u>\$ 149,540</u>	<u>\$21,490,535</u>
<u>Business-Type Activities</u>				
2010 Public Works Service Center Refunding	\$ 717,705	\$ (19,461)	\$ 23,942	\$ 713,224

Mortgage debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 1,392,805	\$ 915,957	\$ 57,195	\$ 25,741
2012	1,450,960	857,984	59,040	23,727
2013	1,512,885	793,682	62,115	20,729
2014	1,575,425	730,824	64,575	17,912
2015	1,637,965	670,653	67,035	15,956
2016-2020	9,557,255	2,270,282	367,155	46,081
2021-2025	<u>3,990,000</u>	<u>304,125</u>	<u>40,590</u>	<u>812</u>
Totals	<u>\$ 21,117,295</u>	<u>\$ 6,543,507</u>	<u>\$ 717,705</u>	<u>\$ 150,958</u>

2. Revenue Bonds

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

Purpose	Interest Rates	Original Issue	Outstanding 12-31-10
<u>Governmental Activities</u>			
Tax Incremental Financing Revenue Bonds:			
2002 TJX Special Taxing District	3.0% to 4.75%	\$ 6,620,000	\$ 4,405,000
- maturity January 1, 2022			
- installments of \$295,000 to \$500,000 plus interest			
2003 Airport TIF	1.6% to 5.20%	14,420,000	11,020,000
- maturity February 1, 2025			
- installments of \$280,000 to \$530,000 plus interest			
2003 SB Downtown Central Development TIF	1.6% to 5.20%	19,795,000	18,535,000
- maturity February 1, 2025			
- installments of \$240,000 to \$935,000 plus interest			
2005 Southside TIF	6.1% to 6.75%	5,485,000	5,020,000
- maturity February 1, 2027			
- installments of \$165,000 to \$465,000 plus interest			
2005 Erskine Commons	8%	3,500,000	3,285,000
- maturity February 1, 2025			
- installments of \$110,000 to \$355,000 plus interest			

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Purpose	Interest Rates	Original Issue	Outstanding 12/31/2010
<u>Governmental Activities (continued)</u>			
Redevelopment Authority Revenue Bonds:			
1996 Central Development Area Refinancing	4% to 5.85%	3,790,000	770,000
- maturity February 1, 2012			
- installments of \$235,000 to \$265,000 plus interest			
2000 Hall of Fame Refinancing	4.45% to 6.0%	15,370,000	8,490,000
- maturity February 1, 2018			
- installments of \$445,000 to \$680,000 plus interest			
2001 Century Center Refinancing	2.9% to 5.0%	6,825,000	3,680,000
- maturity February 1, 2018			
- installments of \$200,000 to \$290,000 plus interest			
2008 Eddy Street Common Improvements	4.0% to 6.0%	36,000,000	36,000,000
- maturity February 15, 2033			
- installments of \$145,000 to \$1,420,000 plus interest			
2008 Century Center Improvements	4.0% to 5.63%	4,655,000	4,500,000
- maturity May 1, 2028			
- installments of \$155,000 to \$375,000 plus interest *			
2009 Morris Performing Arts Center Refinancing	3.0% to 4.0%	7,210,000	5,955,000
- maturity February 1, 2017			
- installments of \$400,000 to \$515,000 plus interest			
CEDIT Revenue Bonds:			
2006 CEDIT Refinancing Bonds	3.75% to 4%	7,440,000	4,870,000
- maturity February 1, 2017			
- installments of \$310,000 to \$430,000 plus interest			
Professional Sports/Convention Development Revenue Bonds:			
2010 Taxable	1.75% to 5.2%	4,980,000	4,980,000
- maturity January 5, 2019			
- installments of \$580,000 to \$670,000 plus interest			
 Total Governmental Activities		<u>\$ 136,090,000</u>	<u>\$ 111,510,000</u>

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

Business-Type Activities

1997 Water Works Improvement	4.35% to 4.75%	\$ 22,500,000	\$ 2,140,000
- maturity January 1, 2012			
- installments of \$2,040,000 to \$2,140,000 plus interest			
2002 Water Works Improvement	3.5% to 5.0%	5,975,000	4,210,000
- maturity January 1, 2023			
- installments of \$255,000 to \$460,000 plus interest			
2006 Water Works Improvement	4.25% to 4.50%	4,710,000	4,065,000
- maturity January 1, 2027			
- installments of \$170,000 to \$350,000 plus interest			
2009 Water Works Improvement	3.8% to 5.89%	5,380,000	5,380,000
- maturity January 1, 2030			
- installments of \$195,000 to \$455,000 plus interest			
2004 Sewage Works Improvement	2.5% to 4.75%	11,425,000	8,930,000
- maturity December 1, 2024			
- installments of \$450,000 to \$860,000 plus interest			
2006 Sewage Works Improvement	3.6% to 4.625%	7,630,000	7,050,000
- maturity December 1, 2026			
- installments of \$295,000 to \$630,000 plus interest			
2007A Sewage Works Improvement	4.0% to 4.5%	16,600,000	14,915,000
- maturity December 1, 2027			
- installments of \$585,000 to \$1,225,000 plus interest			

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Purpose	Interest Rates	Original Issue	Outstanding 12-31-10
<u>Business-Type Activities (continued)</u>			
2007B Sewage Works Improvement	4.0% to 4.5%	16,515,000	14,845,000
- maturity December 1, 2027			
- installments of \$580,000 to \$1,230,000 plus interest			
2010 Sewage Works Revenue	2.0% to 4.5%	9,345,000	9,345,000
- maturity December 1, 2030			
- installments of \$365,000 to \$665,000 plus interest			
1998 Blackthorn Golf Course Refinancing	3.25% to 4.8%	6,135,000	1,775,000
- maturity March 1, 2013			
- installments of \$540,000 to \$620,000 plus interest			
Total Business-Type Activities		<u>\$ 106,215,000</u>	<u>\$ 72,655,000</u>

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

During 2010, the water utility paid \$3,547,437 in debt payments or approximately 26 percent of operating revenues. The wastewater utility paid \$5,898,091 in debt payments or approximately 23 percent of operating revenues.

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

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

Purpose	Balance at December 31	Unamortized Discount (Premium)	Unamortized Loss (Gain) on Refunding	Adjusted Balance
<u>Governmental Activities</u>				
Tax Incremental Financing Revenue Bonds:				
2002 TJX Special Taxing District	\$ 4,405,000	\$ 39,041	\$ -	\$ 4,365,959
2003 Airport TIF	11,020,000	-	-	11,020,000
2003 SB Downtown Central Development TIF	18,535,000	-	38,060	18,496,940
2005 Southside TIF	5,020,000	52,492	-	4,967,508
2005 Erskine Commons	3,285,000	-	-	3,285,000
Redevelopment Authority Revenue Bonds:				
1996 Central Development Area Refinancing	770,000	1,075	-	768,925
2000 Hall of Fame Refinancing	8,490,000	25,886	(7,534)	8,471,648
2001 Century Center Refinancing	3,680,000	25,643	191,727	3,462,630
2008 Eddy Street Common Improvements	36,000,000	(1,544,508)	-	37,544,508
2008 Century Center Improvements	4,500,000	80,710	-	4,419,290
2009 Morris Performing Arts Center Refinancing	5,955,000	(65,772)	243,907	5,776,865
CEDIT Revenue Bonds:				
2006 CEDIT Refinancing Bonds	4,870,000	(28,799)	246,965	4,651,834
Professional Sports/Convention Development Revenue Bonds:				
2010 Taxable	4,980,000	-	-	4,980,000
Total Governmental Activities	<u>\$ 111,510,000</u>	<u>\$ (1,414,232)</u>	<u>\$ 713,125</u>	<u>\$ 112,211,107</u>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Purpose	Balance at December 31	Unamortized Discount (Premium)	Unamortized Loss (Gain) on Refunding	Adjusted Balance
<u>Business-Type Activities</u>				
1997 Water Works Improvement	\$ 2,140,000	\$ 453	\$ -	\$ 2,139,547
2002 Water Works Improvement	4,210,000	(24,339)	-	4,234,339
2006 Water Works Improvement	4,065,000	24,119	-	4,040,881
2009 Water Works Improvement	5,380,000	-	-	5,380,000
2004 Sewage Works Improvement	8,930,000	(138,128)	-	9,068,128
2006 Sewage Works Improvement	7,050,000	(22,530)	-	7,072,530
2007A Sewage Works Improvement	14,915,000	14,989	-	14,900,011
2007B Sewage Works Improvement	14,845,000	(70,273)	-	14,915,273
2010 Sewage Works Revenue	9,345,000	(177,985)	-	9,522,985
1998 Blackthorn Golf Course Refinancing	1,775,000	10,701	45,869	1,718,430
<b>Total Business-Type Activities</b>	<b>\$ 72,655,000</b>	<b>\$ (382,993)</b>	<b>\$ 45,869</b>	<b>\$ 72,992,124</b>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 9,075,000	\$ 5,411,061	\$ 5,500,000	\$ 3,130,717
2012	6,550,000	5,121,649	3,660,000	2,920,264
2013	7,065,000	4,844,598	3,820,000	2,781,433
2014	7,480,000	4,532,623	3,335,000	2,647,247
2015	7,800,000	4,193,295	3,475,000	2,516,916
2016-2020	30,985,000	15,759,401	19,825,000	10,300,065
2021-2025	23,040,000	8,862,179	22,555,000	5,542,114
2026-2030	12,810,000	3,943,758	10,485,000	1,098,332
2031-2035	6,705,000	615,150	-	-
<b>Totals</b>	<b>\$ 111,510,000</b>	<b>\$53,283,714</b>	<b>\$ 72,655,000</b>	<b>\$ 30,937,088</b>

3. Notes and Loans Payable

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 1,828,313	\$ 238,214	\$ 1,662,509	\$ 485,441
2012	1,075,041	170,270	1,728,297	437,352
2013	1,078,783	131,068	1,782,193	387,275
2014	1,109,480	89,395	1,831,346	335,637
2015	403,765	45,731	1,885,765	282,572
2016-2020	792,213	71,802	6,765,459	599,819
2021-2025	35,604	401	1,035,900	99,104
2025-2029	-	-	63,900	3,579
Totals	<u>\$ 6,323,199</u>	<u>\$ 746,881</u>	<u>\$16,755,369</u>	<u>\$ 2,630,779</u>

4. Bond Refunding

On February 24, 2010, the City of South Bend issued \$6,075,000 in mortgage refunding revenue bonds with an average interest rate of 3.58 percent to refund \$6,315,000 of outstanding mortgage Lease Revenue Bonds of 2001 (Public Service Center Project) with an average interest rate of 5.08 percent. The net proceeds of \$6,221,828 (after payment of \$120,816 in issuance costs and \$166,511 bond premium) and local contributions of \$243,671 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for refunding the 2001 series bonds on March 26, 2010. As a result, the 2001 bonds are defeased and the liability for those bonds has been removed from the statement of net assets. The refunding resulted in the accounting loss of \$178,433, which has been recognized on the statement of net assets as deferral of loss on refunding. This amount will be amortized using the straight line method and charged to interest expense over the next 11 years. The City, in effect, reduced its aggregate debt service payment by \$716,170 over the next 11 years and realized an economic gain (difference between the present values of the old and new debt service payments) of \$454,607. Both the refunding and the refunded bond issues are paid 87.7 percent from the COIT fund, a major governmental fund, and 12.3 percent from the wastewater utility, a major enterprise fund.

5. Early Debt Extinguishment

On August 14, 2010, the City of South Bend paid off \$2,440,000 outstanding tax incremental financing revenue bonds (2006 Erskine Commons). The bonds were due in installments of \$105,000 to \$215,000, plus interest, with a February 1, 2025 final maturity. The early debt extinguishment resulted in an accounting loss of \$75,908.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2010, 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:					
Revenue	\$ 113,975,000	\$ 4,980,000	\$ 7,445,000	\$ 111,510,000	\$ 9,075,000
Mortgage	23,061,147	5,327,775	7,271,627	21,117,295	1,392,805
Total bonds payable	137,036,147	10,307,775	14,716,627	132,627,295	10,467,805
Notes and loans payable	8,470,308	52,224	2,199,333	6,323,199	1,828,313
Capital leases	6,214,206	261,456	1,176,321	5,299,341	1,034,050
Compensated absences	4,544,464	3,762,068	3,319,321	4,987,211	1,339,686
Net other postemployment benefits obligation	3,095,203	-	-	3,095,203	-
Net pension obligation	60,461,621 *	801,751	-	61,263,372	-
Total governmental activities long-term liabilities	<u>\$ 219,821,949</u>	<u>\$ 15,185,274</u>	<u>\$ 21,411,602</u>	<u>\$ 213,595,621</u>	<u>\$ 14,669,854</u>

\* - net pension obligation beginning balance has been restated to include the 1925 Police Officers' Pension and 1937 Firefighters' Pension obligations, \$34,701,923 and \$25,139,278, respectively.

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Revenue bonds payable:					
Water Utility	\$ 18,260,000	\$ -	\$ 2,465,000	\$ 15,795,000	\$ 2,585,000
Wastewater Utility	47,650,000	9,345,000	1,910,000	55,085,000	2,350,000
Blackthorn Golf Course	2,315,000	-	540,000	1,775,000	565,000
Total revenue bonds payable	68,225,000	9,345,000	4,915,000	72,655,000	5,500,000
Mortgage bonds payable	829,020	747,225	858,540	717,705	57,195
Capital leases payable	893,233	246,510	340,341	799,402	213,198
Notes and loans payable	16,145,358	2,399,181	1,789,170	16,755,369	1,662,509
Total business-type activities long-term liabilities	<u>\$ 86,092,611</u>	<u>\$ 12,737,916</u>	<u>\$ 7,903,051</u>	<u>\$ 90,927,476</u>	<u>\$ 7,432,902</u>

Compensated absences for governmental activities typically have been liquidated from the general fund and special revenue funds. All of the December 31, 2010, business-type activities' compensated absences are due within one year.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

H. Segment Information

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

Condensed Statement of Net Assets	
Assets:	
Current assets	\$ 185,580
Deferred charges	9,393
Restricted assets	1,378,413
Capital assets	<u>2,730,481</u>
Total assets	<u>\$ 4,303,867</u>
Liabilities:	
Current liabilities	\$ 41,995
Restricted liabilities	653,090
Noncurrent liabilities	<u>3,033,269</u>
Total liabilities	<u>\$ 3,728,354</u>
Net assets:	
Invested in capital assets, net of related debt	\$ 1,012,051
Restricted	1,356,137
Unrestricted	<u>(1,792,675)</u>
Total net assets	<u>\$ 575,513</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Assets	
Operating revenues	\$ 1,479,415
Depreciation expense	193,383
Other operating expenses	<u>1,679,776</u>
Operating income	<u>(393,744)</u>
Nonoperating revenues (expenses):	
Investment earnings	3,704
Interest expense	(118,061)
Amortization	(4,336)
Transfers in	652,500
Transfers out	<u>(3,677)</u>
Change in net assets	136,386
Beginning net assets	<u>439,127</u>
Ending net assets	<u>\$ 575,513</u>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$ 54,277
Noncapital financing activities	648,823
Capital and related financing activities	(666,566)
Investing activities	<u>3,654</u>
Net increase	40,188
Beginning cash and cash equivalents	<u>1,495,866</u>
Ending cash and cash equivalents	<u><u>\$ 1,536,054</u></u>

I. Restricted Assets

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

Cash, cash equivalents, and investments	
Repair funds	\$ 641,685
Customer deposits	1,368,729
Revenue bond covenant accounts	10,628,673
Capital outlay accounts	17,220,708
Repair fund receivable	49,060
Interest receivable	<u>3,203</u>
Total restricted assets	<u><u>\$ 29,912,058</u></u>

J. Restatements and Reclassifications

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



CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The following schedule presents a summary of restated beginning balances.

Governmental Activities:

Net assets balances as reported, December 31, 2009	\$ 334,027,658
Recognize fire and police pension obligation	<u>(59,841,201)</u>
Net assets balances as restated, January 1, 2010	<u>\$ 274,186,457</u>

K. Loss on Sale/Leaseback of Leighton Parking Garage

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

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

L. Property Held for Resale

The City's Redevelopment Commission has purchased properties in blighted areas for redevelopment and subsequent resale. At December 31, 2010, the market value of these properties was not known. These properties are recognized as assets in the funds that purchased the property.

IV. Other Information

A. Risk Management

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

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

Liability Insurance

The primary government has chosen to establish a risk financing fund for risks associated with job related illnesses or injuries to employees, automobile liability, and comprehensive liability. The risk financing fund is accounted for in the Liability Insurance Premium Reserve Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$300,000 per claim for job related illnesses or injuries to employees and \$50,000 per claim for damage to and destruction of assets. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

three years. A premium is charged to each fund based on a study of paid claims and based on the number of employees and percent of the total budget. Provisions are also made for unexpected and unusual claims.

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

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

	2009	2010
Unpaid claims, beginning of fiscal year	\$ 555,645	\$ 1,227,339
Incurred claims and changes in estimates	2,591,676	3,554,559
Claim payments	1,919,982	2,677,973
Unpaid claims, end of fiscal year	\$ 1,227,339	\$ 2,103,925

Group Health Insurance

The primary government has chosen to establish a risk financing fund for risks associated with medical benefits of employees and their covered dependents. The risk financing fund is accounted for in the Self-Funded Employee Benefits Fund, an internal service fund, where assets are set aside for benefit costs. An excess policy through commercial insurance covers individual claims in excess of \$300,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. A premium is charged to each fund based on the number of employees and estimated costs exceeding the employees' contributions. Provisions are also made for unexpected and unusual claims.

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

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

	2009	2010
Unpaid claims, beginning of fiscal year	\$ 793,152	\$ 741,656
Incurred claims and changes in estimates	10,746,666	9,931,029
Claim payments	10,798,162	10,247,996
Unpaid claims, end of fiscal year	\$ 741,656	\$ 424,689

The December 31, 2010, unpaid claims include \$324,689 reported as current liabilities and expected to be paid within the current year.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
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During 2005, the City's former employee medical benefits' administrator, Healthcare Resources Group (HRG), failed to pay \$1,111,899 in health care claims for City employees. The City had paid HRG for the claims. HRG was purchased by another business that has filed bankruptcy. The City has been notified by the bankruptcy court and the City's legal department has estimated that the City may receive approximately 25% of the total claims and the City has recognized a receivable for this percent of the total claims. Asset distribution may occur late in 2011.

B. Subsequent Events

In February, 2011, the City paid off the remaining \$3,285,000 in outstanding 2005 Erskine Commons tax incremental financing revenue bonds. The bonds had a maturity date of February 1, 2025, with installments ranging from \$110,000 to \$355,000.

The City is in the planning phase to replace two fire stations and construct a new fire and emergency response training facility. The total estimated cost is approximately \$6,000,000 to be financed by a mortgage bond issue.

The City is also in the planning phase to refund and refinance two outstanding Redevelopment Authority bond issues: 2000 Hall of Fame Refinancing, \$8,490,000 outstanding at December 31, 2010, and 2001 Century Center Refinancing, \$3,680,000 outstanding at December 31, 2010.

C. Contingent Liabilities

College Football Hall of Fame Operations

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

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

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

In December, 2010, the NFF and the City entered into a Transition Agreement. The Transition Agreement will commence on January 1, 2011, and terminate on December 31, 2011, however, may be extended to December 31, 2012, by mutual consent.

The Transition Agreement includes the provision to terminate and release various claims and contentions accruing to the parties in all prior agreements. The Transition Agreement releases the City from the \$1,900,000 contingent liability to the NFF. The Transition Agreement requires the City to provide the NFF operating subsidies of \$500,000 in 2011 and in 2012. These subsidies are payable in equal monthly installments and would terminate if the NFF or City decide to terminate the Transition Agreement.

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
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D. Conduit Debt Obligation

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

As of December 31, 2010, there were several series of industrial revenue bonds outstanding. The aggregate principal amount payable is not available to the City. During 2010, the City approved no new series of industrial revenue bonds.

E. Other Postemployment Benefits (OPEB)

Plan Description

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

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

Funding Policy

The contribution requirements of plan members for the City of South Bend Retiree Healthcare Plan are established and can be amended by the City's Common Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2009, the date of the most recently completed actuarial study, the City contributed \$790,886 to the plan for current premiums. Police and Fire members receiving benefits contributed approximately 30 percent of the total premiums, through their required contribution of \$133 per month for retiree-only coverage and \$395 for retiree and spouse coverage. General employee members receiving benefits contributed approximately 100 percent of the total premiums, through their required contribution of \$481 per month for retiree-only coverage and \$1,250 for retiree and spouse coverage.

Annual OPEB Cost and Net OPEB Obligation

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Annual Required Contribution	\$ 1,884,772
Interest on net OPEB obligation	91,560
Adjustment to annual required contribution	<u>(124,911)</u>
Annual OPEB cost	1,851,421
Contributions made	<u>(790,886)</u>
Increase in net OPEB obligation	1,060,535
Net OPEB obligation – beginning of year	<u>2,034,668</u>
Net OPEB obligation – end of year	<u><u>\$ 3,095,203</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-07	\$ 1,781,915	42.4%	\$ 1,025,741
12-31-08	1,765,101	42.8%	2,034,668
12-31-09	1,851,421	42.7%	3,095,203

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$17,009,698, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$17,009,698. The covered payroll (annual payroll of active employees covered by the plan) was \$42,080,990, and the ratio of the UAAL to covered payroll was (40.4 percent).

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

Actuarial Methods and Assumption

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

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

In the December 31, 2009 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 30 years.

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2009, was as follows:

<u>Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12-31-08	\$ 1,781,915	42.4%	\$ 1,025,741
12-31-09	1,765,101	42.8%	2,034,668
12-31-10	1,851,421	42.7%	3,095,203

F. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report is available at [www.in.gov/perf/2376.htm](http://www.in.gov/perf/2376.htm) or may be obtained by contacting:

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
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Public Employees' Retirement Fund  
One North Capital, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

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

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to 6 percent of the salary of a first-class patrolman. The contribution requirements of plan members are established by state statute. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Assets. The State of Indiana is required by Statute to reimburse the City for benefits paid and has contributed \$5,800,471 during 2010 on behalf of the City. The City has recognized these on behalf payments as intergovernmental revenue and public safety expenditures in the general fund.

c. 1937 Firefighters' Pension Plan

Plan Description

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

CITY OF SOUTH BEND  
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Funding Policy

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to 6 percent of the salary of a first-class fireman. The contribution requirements of plan members are established by state statute. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the City and is reflected in the Statement of Net Assets. The State of Indiana is required by statute to reimburse the City for benefits paid and has contributed \$5,194,284 during 2010 on behalf of the City. The City has recognized these on behalf payments as intergovernmental revenue and public safety expenditures in the general fund.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 1,913,607	\$ 6,673,100	\$ 5,811,400
Interest on net pension obligation	44,980	2,082,100	1,508,400
Adjustment to annual required contribution	<u>(51,259)</u>	<u>(2,714,600)</u>	<u>(1,966,600)</u>
Annual pension cost	1,907,328	6,040,600	5,353,200
Contributions made	<u>1,488,669</u>	<u>5,810,426</u>	<u>5,200,282</u>
Increase in net pension obligation	418,659	230,174	152,918
Net pension obligation, beginning of year	<u>620,420</u>	<u>34,701,923</u>	<u>25,139,278</u>
Net pension obligation, end of year	<u>\$ 1,039,079</u>	<u>\$34,932,097</u>	<u>\$ 25,292,196</u>

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Contribution rates:			
City	6.13%	1,172%	1,125%
Plan Members	3%	6%	6%
Actuarial valuation date	07-01-10	01-01-10	01-01-10
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital



CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

<u>Actuarial Assumptions</u>	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighter' Pension</u>
Investment rate of return	7%	6%	6%
Projected future salary increases:			
Total	4%	4%	4%
Cost-of-living adjustments	1%	.4%	4%
Cost-of-living adjustments (converted)	1%	2.75%	2.75%

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

Three Year Trend Information

<u>PERF</u>			
<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06-30-08	\$ 1,410,926	101%	\$ 627,091
06-30-09	1,514,774	100%	620,420
06-30-10	1,907,328	78%	1,039,079

<u>1925 Police Officers' Pension</u>			
<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12-31-08	\$ 5,874,300	86%	\$ 35,662,230
12-31-09	5,392,200	118%	34,701,923
12-31-10	6,040,600	96%	34,932,097

<u>1937 Firefighters' Pension Plan</u>			
<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12-31-08	\$ 4,021,400	117%	\$ 25,738,745
12-31-09	4,823,000	112%	25,139,278
12-31-10	5,353,200	97%	25,292,196

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retires and beneficiaries currently receiving benefits	240	210
Terminated employees entitled to but not yet receiving benefits	-	-
Current active employees	5	8

Funded Status and Funding Progress for the Above Plans

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

Retirement Plan	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
PERF	07-01-10	\$ 27,202,254	\$39,699,253	\$ (12,496,999)	68.5%	\$ 24,385,338	(51)%
1925 Police Officers'	01-01-10	2,809,527	86,097,600	(83,288,073)	3.26%	569,000	(15,118)%
1937 Firefighters'	01-01-10	2,162,207	74,950,900	(72,788,693)	2.88%	429,500	(17,451)%

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

d. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Assets

<u>Assets</u>	1925 Police Officers' Pension	1937 Firefighters' Pension
Cash and cash equivalents	\$ 2,367,504	\$ 1,815,040
Receivables:		
Interest	851	680
Total assets	2,368,355	1,815,720

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

<u>Liabilities</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Accounts payable	1,305	74
Accrued payroll payable	<u>-</u>	<u>620</u>
Total liabilities	<u>1,305</u>	<u>694</u>
 <u>Net Assets</u>		
Held in trust for pension benefit obligations	<u>\$ 2,367,050</u>	<u>\$ 1,815,026</u>
 <u>Statements of Changes in Fiduciary Net Assets</u>		
	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
<u>Additions</u>		
Contributions:		
On behalf	\$ 5,800,471	\$ 5,194,284
Other	<u>2,525</u>	<u>330</u>
Total contributions	5,802,996	5,194,614
Investment income:		
Interest	<u>7,430</u>	<u>5,668</u>
Total additions	<u>5,810,426</u>	<u>5,200,282</u>
 <u>Deductions</u>		
Benefits and refunds paid to plan members and beneficiaries	6,238,660	5,538,850
Administrative expenses	<u>14,243</u>	<u>8,613</u>
Total deductions	<u>6,252,903</u>	<u>5,547,463</u>
Changes in net assets	(442,477)	(347,181)
Net assets - beginning	<u>2,809,527</u>	<u>2,162,207</u>
Net assets – ending	<u>\$ 2,367,050</u>	<u>\$ 1,815,026</u>

CITY OF SOUTH BEND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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 percent of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21 percent of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2010, 2009, and 2008, were \$4,344,470, \$4,024,540, and \$4,310,369, respectively, equal to the required contributions for each year.

CITY OF SOUTH BEND  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund									
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)			
07-01-08	\$ 36,054,620	\$ 36,499,821	\$ (445,201)	99%	\$ 24,337,925	(2%)			
07-01-09	32,063,532	37,732,769	(5,669,237)	85%	25,423,994	(22%)			
07-01-10	27,202,254	39,699,253	(12,496,999)	69%	24,385,338	(51%)			
1925 Police Officers' Pension Plan									
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)			
01-01-05	\$ 914,732	\$ 81,009,600	\$ (80,094,868)	1.13%	\$ 1,760,000	(4,551%)			
01-01-06	83,559	81,958,600	(81,875,041)	0.10%	1,599,000	(5,120%)			
01-01-07	1,188,997	87,910,800	(86,721,803)	1.35%	1,386,800	(6,253%)			
01-01-08	3,522,332	85,203,100	(81,680,768)	4.13%	652,500	(12,518%)			
01-01-09	2,549,705	80,233,300	(77,683,595)	3.18%	611,000	(12,714%)			
01-01-10	2,809,527	86,097,800	(83,288,273)	3.26%	569,500	(14,625%)			
1937 Firefighters' Pension Plan									
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)			
01-01-05	\$ 840,644	\$ 69,468,900	\$ (68,628,256)	1.21%	\$ 1,760,000	(3,899%)			
01-01-06	549,455	69,066,200	(68,516,745)	0.80%	1,550,400	(4,419%)			
01-01-07	1,624,421	66,072,400	(64,447,979)	2.46%	1,338,200	(4,816%)			
01-01-08	2,968,691	58,488,000	(55,520,309)	5.08%	519,400	(10,689%)			
01-01-09	2,285,165	70,369,900	(68,084,735)	3.25%	474,450	(14,350%)			
01-01-10	2,162,207	74,950,900	(72,788,693)	2.88%	429,500	(16,947%)			
Other Postemployment Benefits									
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)			
01-01-07	\$ -	\$ 16,130,343	\$ (16,130,343)	0.00%	\$ -	n/a			
01-01-08	-	16,130,343	(16,130,343)	0.00%	-	n/a			
01-01-09	-	17,009,698	(17,009,698)	0.00%	42,080,990	(40.4%)			

\* - The 2008 numbers are set to be equal to 2007. No GASB valuation was done for the fiscal year ending December 31, 2008 period.

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

1925 Police Officers' Pension Plan		
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12-31-05	\$ 6,135,100	70%
12-31-06	6,255,300	100%
12-31-07	6,722,800	71%
12-31-08	6,421,500	79%
12-31-09	5,995,700	106%
12-31-10	6,673,100	87%

1937 Firefighters' Pension Plan		
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12-31-05	\$ 5,384,500	77%
12-31-06	5,369,400	108%
12-31-07	5,104,800	132%
12-31-08	4,436,200	106%
12-31-09	5,258,600	103%
12-31-10	5,811,400	89%

CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2010

	General Fund				Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts		
	Original	Final	Original	Final	
<b>Revenues:</b>					
<b>Taxes:</b>					
Property	\$ 41,000,000	\$ 41,000,000	\$ 38,780,847	\$	(2,219,153)
Licenses and permits	337,525	150,525	188,085		37,560
Intergovernmental	10,288,456	10,862,139	10,531,791		(330,348)
Charges for services	4,114,257	3,677,257	3,610,747		(66,510)
Fines and forfeits	240,900	240,900	402,095		161,195
Other	7,224,665	8,715,169	7,936,381		(778,788)
<b>Total revenues</b>	<b>63,205,803</b>	<b>64,645,990</b>	<b>61,449,946</b>		<b>(3,196,044)</b>

<b>Expenditures:</b>					
<b>Current:</b>					
<b>General Government:</b>					
<b>Mayor:</b>					
Personal services	496,737	496,737	488,752		7,985
Supplies	28,966	28,966	21,521		7,445
Other services and charges	126,688	164,688	115,341		49,347
Other uses	84	84	84		-
<b>City Clerk:</b>					
Personal services	251,521	251,521	244,653		6,868
Supplies	7,600	7,600	4,877		2,723
Other services and charges	59,980	59,979	36,445		23,534
Other uses	142	143	142		1
<b>Common Council:</b>					
Personal services	244,256	244,256	191,524		52,732
Supplies	10,894	10,894	7,154		3,740
Other services and charges	120,935	120,935	96,655		24,280
Capital outlay	14,000	14,000	6,280		7,720
Other uses	109	109	109		-
<b>Administration/Finance:</b>					
Personal services	1,082,205	1,082,205	1,023,157		59,048
Supplies	35,000	36,870	26,959		9,911
Other services and charges	152,031	222,576	206,936		15,640
Other uses	508	508	508		-
<b>City Attorney:</b>					
Personal services	676,882	676,882	688,251		8,631
Supplies	15,100	15,100	13,621		1,479
Other services and charges	49,968	49,968	42,589		7,379
Other uses	291	291	291		-

Continued on next page

CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2010  
 (Continued)

	General Fund				Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts		
	Original	Final			
Expenditures (continued):					
Current (continued):					
General Government (continued):					
Building Maintenance:					
Personal services	146,084	146,084	141,803	4,281	
Supplies	14,250	15,290	12,817	2,473	
Other services and charges	8,820	19,151	11,013	8,138	
Capital outlay	-	53,800	52,758	1,042	
Human Rights:					
Personal services	211,411	225,411	224,326	1,085	
Supplies	3,496	3,496	3,126	370	
Other services and charges	27,687	27,687	24,785	2,902	
Other uses	36	36	36	-	
Energy Office:					
Personal services	-	86,152	23,245	62,907	
Supplies	-	800	563	237	
Other services and charges	-	740,263	449,990	290,273	
Capital outlay	-	11,048	6,669	4,379	
Neighborhood Code Enforcement:					
Personal services	810,286	810,286	755,971	54,315	
Supplies	74,487	74,547	52,408	22,139	
Other services and charges	563,279	536,734	415,922	120,812	
Capital outlay	-	118,230	115,381	2,849	
Other uses	53,480	53,480	53,480	-	
Code Hearing Officer:					
Other services and charges	40,000	51,300	46,218	5,082	
Total General Government	5,327,213	6,458,107	5,586,360	871,747	
Public Safety:					
Police Department:					
Personal services	22,235,841	22,225,841	20,922,843	1,302,998	
Supplies	1,148,286	1,240,218	1,179,945	60,273	
Other services and charges	2,764,947	2,998,711	2,769,800	228,911	
Capital outlay	-	203,046	202,903	143	
Other uses	21,679	6,679	4,437	2,242	
Communication Center:					
Personal services	1,824,776	1,824,776	1,740,734	84,042	
Supplies	4,029	4,471	4,040	431	
Other services and charges	29,077	29,077	27,953	1,124	
Other uses	73	73	73	-	

Continued on next page



CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2010  
 (Continued)

	General Fund				Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis		
	Original	Final	Final	Amounts	
Expenditures (continued):					
Current (continued):					
Public Safety (continued):					
Fire Department:					
Personal services	19,685,555	19,579,453	18,941,799	637,654	
Supplies	440,370	513,326	503,413	9,913	
Other services and charges	1,532,750	1,645,982	1,539,506	106,486	
Other uses	13,120	13,120	3,498	9,622	
Junk Vehicle:					
Personal services	47,155	47,155	43,362	3,793	
Supplies	3,633	3,633	1,335	2,298	
Other services and charges	14,199	14,199	9,402	4,797	
Animal Control:					
Personal services	351,465	360,710	348,097	12,613	
Supplies	60,867	63,247	57,393	5,854	
Other services and charges	74,269	91,519	64,422	27,097	
Capital outlay	-	11,540	11,270	270	
Other uses	3,948	3,948	3,948	-	
Total Public Safety	50,256,039	50,880,734	48,380,173	2,500,561	
Highways and Streets:					
Engineering:					
Personal services	615,466	604,111	590,469	13,642	
Supplies	16,400	35,631	29,562	6,069	
Other services and charges	2,628,549	2,635,841	2,614,947	20,894	
Capital outlay	-	16,704	16,265	439	
Other uses	6,504	6,504	6,504	-	
Street Department:					
Personal services	110,836	110,836	109,943	893	
Supplies	339,777	433,291	415,334	17,957	
Other services and charges	151,370	151,390	54,496	96,894	
Other uses	1,134,284	1,134,284	1,071,299	62,985	
Total Highways and Streets	5,003,186	5,128,592	4,908,819	219,773	
Culture and Recreation:					
Palais Royale Ballroom:					
Personal services	154,009	154,009	142,055	11,954	
Supplies	12,317	12,391	5,764	6,627	
Other services and charges	219,480	230,186	186,381	43,805	
Capital outlay	5,000	5,000	5,000	-	
Other uses	280	280	280	-	

Continued on next page

CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2010  
 (Continued)

	General Fund				Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts		
	Original	Final			
Expenditures (continued):					
Current (continued):					
Culture and Recreation (continued):					
Morris Performing Arts Center:					
Personal services	522,634	522,634	506,054		16,580
Supplies	28,275	28,550	19,842		8,708
Other services and charges	321,769	335,936	309,824		26,112
Other uses	2,458	2,458	2,458		-
Total Culture and Recreation	1,266,222	1,291,444	1,177,658		113,786
Community and Economic Development:					
Unsafe Building:					
Other services and charges	101,077	102,587	49,168		53,419
Total expenditures	61,953,737	63,861,464	60,102,178		3,759,286
Net change in fund balances	1,252,066	784,526	1,347,768		563,242
Fund balances - beginning	26,987,950	26,987,950	26,987,950		-
Fund balances - ending	\$ 26,240,016	\$ 27,772,476	\$ 28,335,718		\$ 563,242

Continued on next page

CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2010  
 (Continued)

	Park and Recreation Fund				Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	Final	
	Original	Final			
<b>Revenues:</b>					
<b>Taxes:</b>					
Property	\$ 7,100,000	\$ 7,100,000	\$ 7,591,932	\$ 491,932	
Intergovernmental	602,836	989,312	860,777	(128,535)	
Charges for services	2,951,485	2,951,485	2,980,862	29,397	
Fines and forfeits	4,000	4,000	1,610	(2,390)	
Other	96,100	126,000	130,996	4,996	
<b>Total revenues</b>	<u>10,754,401</u>	<u>11,170,777</u>	<u>11,566,177</u>	<u>395,400</u>	
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Culture and Recreation:</b>					
Personal services	6,750,222	7,191,659	6,987,083	204,576	
Supplies	1,426,541	1,482,039	1,359,871	122,168	
Other services and charges	1,964,059	2,110,081	1,960,039	150,042	
Other uses	175,925	175,925	175,925	-	
Capital outlay	378,337	620,225	424,638	195,587	
<b>Total expenditures</b>	<u>10,695,084</u>	<u>11,579,929</u>	<u>10,907,556</u>	<u>672,373</u>	
<b>Other financing sources (uses):</b>					
Transfers out	(225,500)	(225,500)	(188,303)	37,197	
<b>Net change in fund balances</b>	<u>(166,183)</u>	<u>(634,652)</u>	<u>470,318</u>	<u>1,104,970</u>	
<b>Fund balances - beginning</b>	<u>3,860,154</u>	<u>3,860,154</u>	<u>3,860,154</u>	<u>-</u>	
<b>Fund balances - ending</b>	<u>\$ 3,693,971</u>	<u>\$ 3,225,502</u>	<u>\$ 4,330,472</u>	<u>\$ 1,104,970</u>	

CITY OF SOUTH BEND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGET/GAAP RECONCILIATION  
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
 For the Year Ended December 31, 2010

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

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

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

	General	Park and Recreation	Public Safety LOIT
Net change in fund balances (budgetary basis)	\$ 1,347,768	\$ 470,318	\$ 1,143,195
Adjustments:			
To adjust revenues for accruals	12,513,062	247,682	431
To adjust expenditures for accruals	(10,603,136)	6	-
To adjust expenditures for encumbrances	<u>860,993</u>	<u>61,526</u>	<u>-</u>
Net change in fund balances (GAAP basis)	<u>\$ 4,118,687</u>	<u>\$ 779,532</u>	<u>\$ 1,143,626</u>



### **III Government Funds**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

## NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Human Rights - Federal -	To account for expenditures to prevent discrimination and to promote human rights. Financing is provided by federal grants.
East Race Waterway -	To account for donations for the promotion and development of the East Race Waterway.
Morris and Palais Marketing -	To account for marketing and promotion expenditures financed by sponsorship solicitations and donations.
Police Block Grants -	To account for federal grants which provide financing for police activities.
Economic Development Commission -	To account for administrative expenditures of the Economic Development Commission. Financing is provided by fees from businesses applying for Economic Development Revenue Bonds.
Hazmat -	To account for monies generated by the South Bend Fire Department's response to hazardous materials incidents. Funds are used to purchase, repair, or replace haz-mat equipment, or for training and supplies.
Indiana River Rescue -	To account for expenditures related to river rescue training. Financing is provided by registration fees.
COPS Block Grant II -	To account for federal grants which provide financing for police activities.
Regional Police Academy -	To account for revenues (tuition) and expenditures (seminars, travel, lectures, and career days) related to the advancement of present and future police officers.
COPS MORE Grant -	To account for a COPS MORE grant which provides financing for police activities.
Federal Drug Enforcement -	To account for expenditures for drug enforcement. Financing is provided by distributions from the authorized federal agencies' confiscated property sale.
Gift -	To account for donations, gifts, or bequeaths for purposes designated by the donor.
Urban Development Action Grant -	To account for economic development expenditures which are financed by federal grants and loan repayments.
Leaf Collection and Removal -	To account for the expenditures of a program to remove leaves from the City each fall. Financing is provided by a monthly service fee charged to all City residents.
Police K-9 Unit -	To account for donations for development and maintenance of the K-9 unit.

## NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Rainy Day - To account for unused and unencumbered funds that are transferred from a fund that has a tax levy. Revenues in this fund also include special distributions of county option income tax (COIT) and county economic development income tax (CEDIT).

Industrial Revolving - To account for the revenue and expenditures of providing special loans to qualifying local firms. Financing was originally provided by a \$5,000,000 Economic Adjustment Assistance Grant from the U.S. Department of Commerce.

### **Debt Service Funds**

College Football Hall of Fame Debt Service - To accumulate monies for the payment of Redevelopment Authority bonds issued to refinance bonds issued for construction of the College Football Hall of Fame. Financing is to be provided by an annual property tax levy.

Redevelopment Bond - Central Development - To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the central development project.

Redevelopment Bond – Airport Taxable - To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the airport taxable project.

Coveleski Bond Debt Service Reserve - To accumulate monies as a reserve for the payment of the Coveleski Stadium recovery zone economic development bonds. Financing for debt payments is to be provided by professional sports and convention development area taxes (PSCDA) and county option income tax revenues if PSCDA revenues are insufficient.

Redevelopment Bond – Palais Royale To accumulate monies as a reserve for the payment of Redevelopment Authority bonds for the Palais Royale project.

Redevelopment Authority Debt Service - To accumulate monies for the payment of Redevelopment Authority bonds issued to refinance bonds issued for construction of a parking garage facility, bonds issued for central development area land acquisition and construction of public improvements, bonds issued to purchase the Palais Royale, bonds issued to refinance bonds issued for construction of Century Center improvements, and bonds issued to refinance bonds issued for renovations to the Morris Performing Art Center.



**NONMAJOR GOVERNMENTAL FUNDS**  
(Continued)

Erskine Commons TIF Debt Service -	To account for Erskine Commons project debt retirement of the south side tax incremental financing (TIF) district. Financing was provided by transfers from the TIF south side development fund. This bond issue was extinguished early in 2010.
South Bend Building Corporation Debt Service -	To account for debt retirement of the Building Corporation's Mortgage Bonds. Funding is provided by transfers from other City funds.
TIF Erskine Village Debt Service -	To account for Erskine Village project debt retirement of the south side tax incremental financing (TIF) district. Financing is provided by transfers from the TIF south side development fund.

**Capital Projects Funds**

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

## NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Cumulative Capital Improvement -	To account for state cigarette tax distributions used for improvement projects.
Cumulative Sewer -	To account for financial resources for the construction or repairing of storm sewers or sewage disposal plants and sanitary sewers.
Morris Performing Art Center Capital -	To accumulate monies for major repairs and capital improvements to the Morris Civic Auditorium. Financing is provided by a surcharge on ticket sales for events held at the auditorium.
Tax Incremental Financing (TIF) - Downtown -	To account for expenditures for public improvements in the central business tax incremental district. Also, transfers are made to debt service funds to meet debt obligations as they mature. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) – Leighton Plaza -	To account for expenditures for public improvement projects in the Leighton Plaza tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment.
Tax Incremental Financing (TIF) – West Washington -	To account for expenditures for public improvement projects in the West Washington Economic Development Area. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment.
Redevelopment General -	To account for eligible redevelopment activities in the Studebaker Corridor financed by proceeds from land sales or leases.
Community Revitalization Enhancement District -	To account for public improvements in the Studebaker/Oliver Community Revitalization Enhancement District. Financing is provided by income tax and gross retail tax increments in the district.

**NONMAJOR GOVERNMENTAL FUNDS**  
(Continued)

Tax Incremental Financing (TIF) No. 1 – Southside Development -	To account for expenditures for improvements in the southside development tax incremental district no. 1. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) No. 2 – Southside Development -	To account for expenditures for improvements in the southside development tax incremental district no. 2. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) No. 3 – Southside Development -	To account for expenditures for improvements in the southside development tax incremental district no. 3. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Redevelopment District Allocation Area Capital -	To account for local public improvements in the Airport Economic Development District. Financing is provided by a 2003 bond issue.
Tax Incremental Financing (TIF) - Central Medical Service Area -	To account for expenditures for public improvements in the central business tax incremental district, medical service area. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Football Hall of Fame Capital -	To account for capital expenditures for the College Football Hall of Fame. Financing was provided by a transfer from the City's Professional Sports Development Fund. This fund also accounts for the advance from the General Fund which may be repaid from future operating surpluses.
Major Moves -	To account for state distributions used for road construction and other uses authorized by Indiana statute.
Tax Incremental Financing (TIF) – Northeast Development -	To account for expenditures for improvements in the northeast development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.

## NONMAJOR GOVERNMENTAL FUNDS

(Continued)

Tax Incremental Financing (TIF) – Douglas Road -	To account for expenditures for improvements in the Douglas Road development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Tax Incremental Financing (TIF) – Northeast Residential -	To account for expenditures for improvements in the Northeast Neighborhood Residential development tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed valuation of the property in the district before redevelopment.
Coveleski Bond Construction -	To account for capital improvement expenditures at the Stanley Coveleski Regional Stadium. Financing is provided by a 2010 bond issue.
Palais Royale Historic Preservation -	To account for expenditures financed by a two percent fee charged for all Palais Royale services.
Airport Urban Enterprise Zone -	To account expenditures for improvements in the Zone area, financed by property taxes on qualifying properties in the Zone.
Erskine Commons TIF Project -	To account for construction and related costs of the Erskine Commons project public improvements. Financing was provided by a 2006 bond issue.
Century Center Construction -	To account for construction and related costs of the Century Center renovations. Financing was provided by a 2008 Redevelopment Authority bond issue.
Eddy Street Commons Construction -	To account for construction and related costs of the Eddy Street Commons project public improvements. Financing was provided by a 2008 Redevelopment Authority bond issue.

CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2010

	Special Revenue					
	Motor Vehicle Highway	Recreation Nonreverting	Studebaker Oliver Revitalization Grants	Economic Development State Grants	Community Development	Police State Seizure
Cash and cash equivalents	\$ 2,012,185	\$ 652,088	\$ 1,800,032	\$ 1,575,071	\$ 502,423	\$ 107,938
Cash with fiscal agent	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	713	217	560	403	110	33
Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	3,860	5,945
Intergovernmental	292,169	-	-	-	-	-
Loans	-	-	-	1,801,353	1,196,551	-
Interfund receivable:						
Interfund services provided and used	26,480	-	-	-	18,612	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	3,550	-	2,125,452	-
Total assets	\$ 2,331,547	\$ 652,305	\$ 1,804,142	\$ 3,376,827	\$ 3,847,008	\$ 107,916

Liabilities and Fund Balances

Liabilities:						
Accounts payable	\$ 168,888	\$ 16,083	-	\$ -	\$ 222,088	\$ -
Accrued payroll payable	85,986	11,160	-	-	52,475	-
Contracts payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	132,930	57	-	-	5,608	-
Performance deposits payable	-	-	-	-	21,991	-
Other current payables	-	-	-	-	2,988	-
Advances from other funds	-	-	-	420,814	-	-
Total liabilities	387,804	27,320	-	420,814	305,150	-
Fund balances:						
Reserved for:						
Encumbrances	15,452	12,400	1,283,106	-	167,897	-
Noncurrent loans receivable	-	-	-	1,672,718	1,087,230	-
Property held for resale	-	-	3,550	-	2,125,452	-
Debt service	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	1,928,291	612,585	517,486	1,283,295	161,279	107,916
Capital projects funds	-	-	-	-	-	-
Total fund balances	1,943,743	624,985	1,804,142	2,956,013	3,541,858	107,916
Total liabilities and fund balances	\$ 2,331,547	\$ 652,305	\$ 1,804,142	\$ 3,376,827	\$ 3,847,008	\$ 107,916

Continued on next page

CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2010  
 (Continued)

	Special Revenue					
	Juvenile Positive Assistance	Law Enforcement Continuing Education	Loss Recovery	General Grant	Local Road and Street	Excess Welfare Distribution
<u>Assets</u>						
Cash and cash equivalents	\$ 9,262	\$ 943,976	\$ 4,368,809	\$ 163	\$ 2,194,756	\$ 2,265,887
Cash with fiscal agent	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	3	322	1,410	-	713	731
Taxes	-	-	-	-	-	-
Accounts	-	15,613	-	-	-	-
Intergovernmental	-	10,000	-	-	89,001	-
-oans	-	-	-	-	-	-
Interfund receivable:						
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
<u>Total assets</u>	<u>\$ 9,265</u>	<u>\$ 969,911</u>	<u>\$ 4,370,219</u>	<u>\$ 163</u>	<u>\$ 2,284,470</u>	<u>\$ 2,266,618</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ 2,697	\$ 15,268	\$ -	\$ 47,847	\$ -
Accrued payroll payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	7,515	-
Interfund payable:						
Interfund services provided and used	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
<u>Total liabilities</u>	<u>-</u>	<u>2,697</u>	<u>15,268</u>	<u>-</u>	<u>55,362</u>	<u>-</u>
Fund balances:						
Reserved for:						
Encumbrances	-	1,393	38,545	-	494,378	74,889
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	9,265	965,821	4,316,406	163	1,734,730	2,191,729
Capital projects funds	-	-	-	-	-	-
<u>Total fund balances</u>	<u>9,265</u>	<u>967,214</u>	<u>4,354,951</u>	<u>163</u>	<u>2,229,108</u>	<u>2,266,618</u>
<u>Total liabilities and fund balances</u>	<u>\$ 9,265</u>	<u>\$ 969,911</u>	<u>\$ 4,370,219</u>	<u>\$ 163</u>	<u>\$ 2,284,470</u>	<u>\$ 2,266,618</u>

Continued on next page

CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2010  
 (Continued)

	Special Revenue						Hazmat
	Human Rights Federal	East Race Waterway	Morris and Palais Marketing	Police Block Grants	Economic Development Commission		
<b>Assets</b>							
Cash and cash equivalents	\$ 472,443	\$ 32,070	\$ 19,606	\$ 436,521	\$ 25,976	\$ 2,537	
Cash with fiscal agent	-	-	-	-	-	-	
Investments	-	-	-	-	-	-	
Receivables (net of allowances for uncollectibles):							
Interest	154	10	5	144	8	1	
Taxes	-	-	-	-	-	-	
Accounts	-	-	-	-	-	-	
Intergovernmental	-	-	-	-	-	-	
Loans	-	-	-	-	-	-	
Interfund receivable:							
Interfund services provided and used	-	-	-	-	-	-	
Advances to other funds	-	-	-	-	-	-	
Property held for sale	-	-	-	-	-	-	
<b>Total assets</b>	<b>\$ 472,597</b>	<b>\$ 32,080</b>	<b>\$ 19,611</b>	<b>\$ 436,665</b>	<b>\$ 25,984</b>	<b>\$ 2,538</b>	
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	3,272	-	-	4,032	-	-	
Accrued payroll payable	3,076	-	-	-	-	-	
Contracts payable	-	-	-	-	-	-	
Interfund payable:							
Interfund services provided and used	-	-	-	-	-	-	
Performance deposits payable	-	-	-	-	-	-	
Other current payables	-	-	-	-	-	-	
Advances from other funds	-	-	-	-	-	-	
Total liabilities	6,348	-	-	4,032	-	-	
Fund balances:							
Reserved for:							
Encumbrances	-	-	-	16,786	-	-	
Noncurrent loans receivable	-	-	-	-	-	-	
Property held for resale	-	-	-	-	-	-	
Debt service	-	-	-	-	-	-	
Advances to other funds	-	-	-	-	-	-	
Unreserved, reported in:							
Special revenue funds	466,249	32,080	19,611	415,847	25,984	2,538	
Capital projects funds	-	-	-	-	-	-	
Total fund balances	466,249	32,080	19,611	432,633	25,984	2,538	
<b>Total liabilities and fund balances</b>	<b>\$ 472,597</b>	<b>\$ 32,080</b>	<b>\$ 19,611</b>	<b>\$ 436,665</b>	<b>\$ 25,984</b>	<b>\$ 2,538</b>	

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2010  
 (Continued)

	Special Revenue					
	Indiana River Rescue	COPS Block Grant II	Regional Police Academy	COPS MORE Grant	Federal Drug Enforcement	Gift
Cash and cash equivalents	\$ 66,101	\$ 1,125	\$ 79,418	\$ 125,447	\$ 257,130	\$ 35,774
Cash with fiscal agent	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	22	-	25	39	75	11
Taxes	-	-	-	-	-	-
Accounts	-	-	-	130	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 66,123</b>	<b>\$ 1,125</b>	<b>\$ 79,443</b>	<b>\$ 125,616</b>	<b>\$ 257,205</b>	<b>\$ 35,785</b>

Liabilities and Fund Balances

Liabilities:						
Accounts payable	\$ 2,195	\$ -	\$ 49	\$ 126	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	-	-	168	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<b>2,195</b>	<b>-</b>	<b>49</b>	<b>294</b>	<b>-</b>	<b>-</b>
Fund balances:						
Reserved for:						
Encumbrances	-	-	-	24,177	1,399	-
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	63,928	1,125	79,394	101,145	255,806	35,785
Capital projects funds	-	-	-	-	-	-
<b>Total fund balances</b>	<b>63,928</b>	<b>1,125</b>	<b>79,394</b>	<b>125,322</b>	<b>257,205</b>	<b>35,785</b>
<b>Total liabilities and fund balances</b>	<b>\$ 66,123</b>	<b>\$ 1,125</b>	<b>\$ 79,443</b>	<b>\$ 125,616</b>	<b>\$ 257,205</b>	<b>\$ 35,785</b>

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2010  
 (Continued)

	Special Revenue					Totals
	Urban Development Action Grant	Leaf Collection and Removal	Police K-9 Unit	Rainy Day	Industrial Revolving	
<b>Assets</b>						
Cash and cash equivalents	\$ 130,028	\$ 682,298	\$ 1,289	\$ 8,521,464	\$ 1,804,361	\$ 29,120,158
Cash with fiscal agent	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	1,215	221	1	2,750	12,171	22,067
Taxes	-	-	-	-	-	-
Accounts	-	36,317	-	-	-	61,865
Intergovernmental	-	-	-	-	-	391,170
Loans	3,015,794	-	-	-	4,650,512	10,664,210
Interfund receivable:						
Interfund services provided and used	-	-	-	-	-	45,092
Advances to other funds	-	-	-	-	420,814	420,814
Property held for sale	-	-	-	-	339,300	2,468,302
<b>Total assets</b>	<b>\$ 3,147,037</b>	<b>\$ 718,836</b>	<b>\$ 1,270</b>	<b>\$ 8,524,214</b>	<b>\$ 7,227,158</b>	<b>\$ 43,193,378</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,182	\$ 483,727
Accrued payroll payable	-	3,307	-	-	-	156,324
Contracts payable	-	-	-	-	-	7,515
Interfund payable:						
Interfund services provided and used	-	-	-	-	18,612	157,375
Performance deposits payable	-	-	-	-	-	21,991
Other current payables	-	-	-	-	-	2,988
Advances from other funds	2,700,000	-	-	-	-	3,120,314
<b>Total liabilities</b>	<b>2,700,000</b>	<b>3,307</b>	<b>-</b>	<b>-</b>	<b>19,794</b>	<b>3,950,434</b>
<b>Fund balances:</b>						
Reserved for:						
Encumbrances	-	-	-	-	-	2,130,422
Noncurrent loans receivable	447,037	-	-	-	4,502,645	7,709,330
Property held for resale	-	-	-	-	339,300	2,468,302
Debt service	-	-	-	-	-	-
Advances to other funds	-	-	-	-	420,814	420,314
Unreserved, reported in:						
Special revenue funds	-	715,529	1,270	8,524,214	1,944,605	26,514,376
Capital projects funds	-	-	-	-	-	-
<b>Total fund balances</b>	<b>447,037</b>	<b>715,529</b>	<b>1,270</b>	<b>8,524,214</b>	<b>7,207,364</b>	<b>39,243,244</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,147,037</b>	<b>\$ 718,836</b>	<b>\$ 1,270</b>	<b>\$ 8,524,214</b>	<b>\$ 7,227,158</b>	<b>\$ 43,193,378</b>

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2010  
 (Continued)

	Debt Service				
	College Football Hall of Fame Debt Service	Redevelopment Bond - Central Development	Redevelopment Bond - Airport Taxable	Coveleski Bond Debt Service Reserve	Redevelopment Bond - Palais Royale
<u>Assets</u>					
Cash and cash equivalents	\$ 415,804	\$ 822,500	\$ 1,919,606	\$ 498,000	\$ 1,095,048
Cash with fiscal agent	-	-	-	-	-
Investments	-	-	-	-	-
Receivables (net of allowances for uncollectibles):					
Interest	-	265	620	-	353
-axes	-	-	-	-	-
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Interfund receivable:					
Interfund services provided and used	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Property held for sale	-	-	-	-	-
<b>Total assets</b>	<b>\$ 415,804</b>	<b>\$ 822,765</b>	<b>\$ 1,920,226</b>	<b>\$ 498,000</b>	<b>\$ 1,095,401</b>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	-	-	-	-	-
Accrued payroll payable	-	-	-	-	-
Contracts payable	-	-	-	-	-
Interfund payable:					
Interfund services provided and used	-	265	620	-	353
Performance deposits payable	-	-	-	-	-
Other current payables	-	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>265</b>	<b>620</b>	<b>-</b>	<b>353</b>
Fund balances:					
Reserved for:					
Encumbrances	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-
Property held for resale	-	-	-	-	-
Debt service	415,804	822,500	1,919,606	498,000	1,095,048
Advances to other funds	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
<b>Total fund balances</b>	<b>415,804</b>	<b>822,500</b>	<b>1,919,606</b>	<b>498,000</b>	<b>1,095,048</b>
<b>Total liabilities and fund balances</b>	<b>\$ 415,804</b>	<b>\$ 822,765</b>	<b>\$ 1,920,226</b>	<b>\$ 498,000</b>	<b>\$ 1,095,401</b>

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2010  
 (Continued)

	Debt Service				Totals
	Redevelopment Authority Debt Service	Erskine Commons TIF Debt Service	South Bend Building Corporation Debt Service	TIF Erskine Village Debt Service	
<b>Assets</b>					
Cash and cash equivalents	\$ 4,245,830	\$ -	\$ 567,096	\$ 896,873	\$ 10,460,757
Cash with fiscal agent	-	-	-	-	-
Investments	593,976	-	-	-	593,976
Receivables (net of allowances for uncollectibles):					
Interest	-	-	-	31	1,269
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Interfund receivable:					
Interfund services provided and used	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Property held for sale	-	-	-	-	-
<b>Total assets</b>	<b>\$ 4,839,806</b>	<b>\$ -</b>	<b>\$ 567,096</b>	<b>\$ 896,904</b>	<b>\$ 11,056,002</b>

**Liabilities and Fund Balances**

<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	-
Accrued payroll payable	-	-	-	-	-
Contracts payable	-	-	-	-	-
Interfund payable:					
Interfund services provided and used	-	-	-	-	1,238
Performance deposits payable	-	-	-	-	-
Other current payables	-	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,238</b>
<b>Fund balances:</b>					
Reserved for:					
Encumbrances	-	-	-	-	-
Noncurrent loans receivable	-	-	-	-	-
Property held for resale	-	-	-	-	-
Debt service	4,839,806	-	567,096	896,904	11,054,764
Advances to other funds	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
<b>Total fund balances</b>	<b>4,839,806</b>	<b>-</b>	<b>567,096</b>	<b>896,904</b>	<b>11,054,764</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,839,806</b>	<b>\$ -</b>	<b>\$ 567,096</b>	<b>\$ 896,904</b>	<b>\$ 11,056,002</b>

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2010  
 (Continued)

	Capital Projects					
	Emergency Medical Services	Central Development Area Bond Proceeds	Professional Sports Development	Coveleski Stadium Capital	Zoo Endowment	Park Nonreverting Capital
<u>Assets</u>						
Cash and cash equivalents	\$ 5,038,447	\$ 1,330,773	\$ 1,141,391	\$ 97,323	\$ 31,878	\$ 437,291
Cash with fiscal agent	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	1,598	494	361	31	10	115
Taxes	-	-	-	-	-	-
Accounts	171,459	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	312,074	-	-	-	-
Total assets	\$ 5,211,504	\$ 1,643,341	\$ 1,141,752	\$ 97,354	\$ 31,888	\$ 437,406
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 96,638	\$ 3,066	\$ -	\$ -	\$ -	\$ 14,151
Accrued payroll payable	-	-	-	-	-	-
Contracts payable	-	123,885	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	96,638	126,951	-	-	-	14,151
Fund balances:						
Reserved for:						
Encumbrances	983,099	500,213	-	-	-	38,621
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	312,074	-	-	-	-
Debt service	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	4,131,767	704,103	1,141,752	97,354	31,888	384,634
Capital projects funds	5,114,866	1,516,390	1,141,752	97,354	31,888	423,255
Total fund balances	\$ 5,211,504	\$ 1,643,341	\$ 1,141,752	\$ 97,354	\$ 31,888	\$ 437,406

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2010  
 (Continued)

	Capital Projects					
	Cumulative Capital Development	Cumulative Capital Improvement	Cumulative Sewer	Morris Performing Arts Center Capital	TIF Downtown	TIF Leighton Plaza
<u>Assets</u>						
Cash and cash equivalents	\$ 692,891	\$ 160,178	\$ 80,224	\$ 5,15,832	\$ 5,004,735	\$ 132,623
Cash with fiscal agent	-	-	-	-	-	16,990
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	198	36	-	156	1,133	43
Taxes	22,064	-	-	-	21	-
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund services provided and used	-	-	-	-	618	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	-	-	-	-	4,941,929	-
<b>Total assets</b>	<b>\$ 715,153</b>	<b>\$ 160,214</b>	<b>\$ 80,224</b>	<b>\$ 5,15,832</b>	<b>\$ 9,948,436</b>	<b>\$ 149,656</b>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	3,357	-	-	2,900	113,404	-
Accrued payroll payable	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	-	-	-	36	-
Performance deposits payable	-	-	-	-	89,854	5,019
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	3,357	-	-	2,900	203,294	5,019
Fund balances:						
Reserved for:						
Encumbrances	44,275	-	-	28,100	307,236	-
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	-	-	-	-	4,941,929	-
Debt service	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	667,521	160,214	80,224	484,832	4,495,977	144,637
Capital projects funds	711,796	160,214	80,224	512,832	9,745,142	144,637
Total fund balances	\$ 715,153	\$ 160,214	\$ 80,224	\$ 5,15,832	\$ 9,948,436	\$ 149,656
Total liabilities and fund balances						

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2010  
 (Continued)

	Capital Projects					
	TIF - West Washington	Redevelopment General	Community Revitalization Enhancement District	TIF No. 1 - Southside Development	TIF No. 2 - Southside Development	TIF No. 3 - Southside Development
<u>Assets</u>						
Cash and cash equivalents	\$ 1,155,962	\$ 39,455	\$ 561,411	\$ 4,167,405	\$ 4,024,569	\$ 4,569,340
Cash with fiscal agent	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	215	13	174	989	842	1,216
Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund services provided and used	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for sale	284,690	-	105,000	-	-	-
Total assets	\$ 1,440,867	\$ 39,468	\$ 666,585	\$ 4,168,394	\$ 4,025,411	\$ 4,570,556

Liabilities and Fund Balances

<u>Liabilities:</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ 17,779	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-	-
Contracts payable	-	-	-	2,620	-	-
Interfund payable:						
Interfund services provided and used	-	-	-	-	-	-
Performance deposits payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	-	-	-	20,399	-	-
Fund balances:						
Reserved for:						
Encumbrances	42	15,071	-	1,620,261	-	-
Noncurrent loans receivable	-	-	-	-	-	-
Property held for resale	284,690	-	105,000	-	-	-
Debt service	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Unreserved, reported in:						
Social revenue funds	1,156,135	24,397	561,585	2,527,734	4,025,411	4,570,556
Capital projects funds	1,440,867	39,468	666,585	4,147,995	4,025,411	4,570,556
Total fund balances	\$ 1,440,867	\$ 39,468	\$ 666,585	\$ 4,168,394	\$ 4,025,411	\$ 4,570,556
Total liabilities and fund balances						

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2010  
 (Continued)

	Capital Projects				
	Redevelopment District Allocation Area Capital	TIF-Central Medical Service Area	Football Hall of Fame Capital	Major Moves	TIF-Northeast Development
<u>Assets</u>					
Cash and cash equivalents	-	-	-	-	222,769
Cash with fiscal agent	-	-	-	-	-
Investments	-	-	-	-	-
Receivables (net of allowances for uncollectibles):					
Interest	-	1,193	362	3,082	49
Taxes	-	1,654,441	-	-	16,644
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Interfund receivable:					
Interfund services provided and used	-	-	-	-	-
Advances to other funds	-	-	-	5,207,953	-
Property held for sale	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 5,533,829</b>	<b>\$ 1,040,167</b>	<b>\$ 14,762,160</b>	<b>\$ 239,462</b>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	-	98,034	240	246,354	-
Accrued payroll payable	-	-	-	-	-
Contracts payable	-	101,245	-	201,037	-
Interfund payable:					
Interfund services provided and used	-	-	-	-	-
Performance deposits payable	-	-	-	-	-
Other current payables	-	-	-	-	-
Advances from other funds	-	-	1,039,927	-	-
Total liabilities	-	199,279	1,040,167	447,391	-
Fund balances:					
Reserved for:					
Encumbrances	-	689,726	-	144,253	-
Noncurrent loans receivable	-	-	-	-	-
Property held for resale	-	-	-	-	-
Debt service	-	-	-	-	-
Advances to other funds	-	-	-	5,207,953	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	4,644,824	-	8,962,563	239,462
Total fund balances	-	5,334,550	-	14,314,769	239,462
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 5,533,829</b>	<b>\$ 1,040,167</b>	<b>\$ 14,762,160</b>	<b>\$ 239,462</b>

Continued on next page

CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2010  
 (Continued)

	Capital Projects					
	TIF Douglas Road	TIF - Northeast Residential	Coveleski Bond Construction	Palais Royale Historic Preservation	Airport Urban Enterprise Zone	
<u>Assets</u>						
Cash and cash equivalents	\$ 156,796	\$ 1,817,307	\$ 4,459,590	\$ 35,854	\$ 196,722	
Cash with fiscal agent	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	11	319	-	12	44	
Taxes	31,747	-	-	1,583	-	
Accounts	-	-	-	-	-	
Intergovernmental	-	-	-	-	-	
Loans	-	-	-	-	-	
Interfund receivable:						
Interfund services provided and used	-	-	-	-	-	
Advances to other funds	-	-	-	-	-	
Property held for sale	-	-	-	-	-	
Total assets	\$ 188,554	\$ 1,817,626	\$ 4,459,590	\$ 37,449	\$ 196,766	
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	-	-	46,000	-	58,322	
Accrued payroll payable	-	-	-	-	-	
Contracts payable	-	-	-	-	-	
Interfund payable:						
Interfund services provided and used	-	-	-	-	-	
Performance deposits payable	-	-	-	-	-	
Other current payables	-	-	-	-	-	
Advances from other funds	1,024,885	4,183,068	-	-	-	
Total liabilities	1,024,885	4,183,068	46,000	-	58,322	
Fund balances:						
Reserved for:						
Encumbrances	-	-	-	-	10	
Noncurrent loans receivable	-	-	-	-	-	
Property held for resale	-	-	-	-	-	
Debt service	-	-	-	-	-	
Advances to other funds	-	-	-	-	-	
Unreserved, reported in:						
Special revenue funds	-	-	-	-	-	
Capital projects funds	(836,331)	(2,365,442)	4,413,590	37,449	138,434	
Total fund balances	(836,331)	(2,365,442)	4,413,590	37,449	138,444	
Total liabilities and fund balances	\$ 188,554	\$ 1,817,626	\$ 4,459,590	\$ 37,449	\$ 196,766	

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CITY OF SOUTH BEND  
 COMBINING BALANCE SHEET -  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2010  
 (Continued)

	Capital Projects				Total Nonmajor Governmental Funds
	Erskine Commons TIF Project	Century Center Construction	Eddy Street Commons Construction	Totals	
<u>Assets</u>					
Cash and cash equivalents	\$ -	\$ -	\$ 2,619,831	\$ 53,159,658	\$ 92,740,573
Cash with fiscal agent	-	-	-	16,990	16,990
Investments	-	-	-	-	593,976
Receivables (net of allowances for uncollectibles):					
Interest	-	-	-	12,696	36,032
Taxes	-	-	-	1,724,896	1,724,896
Accounts	-	-	-	173,063	234,928
Intergovernmental	-	-	-	-	391,170
Loans	-	-	-	-	10,864,210
Interfund receivable:					
Interfund services provided and used	-	-	-	618	45,710
Advances to other funds	-	-	-	5,207,953	5,628,767
Property held for sale	-	-	-	5,643,693	8,111,995
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 92</b>	<b>\$ 2,619,831</b>	<b>\$ 65,939,567</b>	<b>\$ 120,189,247</b>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities:</u>					
Accounts payable	\$ -	\$ -	\$ 157,589	\$ 857,834	\$ 1,341,561
Accrued payroll payable	-	-	-	-	156,024
Contracts payable	-	-	-	428,787	436,302
Interfund payable:					
Interfund services provided and used	-	-	-	36	158,649
Performance deposits payable	-	-	-	94,873	116,864
Other current payables	-	-	-	-	2,988
Advances from other funds	-	-	-	6,247,880	9,368,694
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>157,589</b>	<b>7,629,410</b>	<b>11,581,082</b>
<u>Fund balances:</u>					
Reserved for:					
Encumbrances	-	-	-	4,370,907	6,501,329
Noncurrent loans receivable	-	-	-	-	7,709,630
Property held for resale	-	-	-	5,643,693	8,111,995
Debt service	-	-	-	-	11,054,764
Advances to other funds	-	-	-	5,207,953	5,628,767
Unreserved, reported in:					
Special revenue funds	-	-	-	-	26,514,076
Capital projects funds	-	92	2,462,242	43,087,604	43,087,604
<b>Total fund balances</b>	<b>-</b>	<b>92</b>	<b>2,462,242</b>	<b>58,310,157</b>	<b>108,608,165</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 92</b>	<b>\$ 2,619,831</b>	<b>\$ 65,939,567</b>	<b>\$ 120,189,247</b>

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2009

	Special Revenue					
	Motor Vehicle Highway	Recreation Nonreverting	Studebaker Oliver Revitalization Grants	Economic Development State Grants	Community Development	Police State Seizure
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	5,002,200	-	481,767	3,000,000	6,041,682	-
Charges for services	-	982,181	-	-	199,062	-
Fines and forfeits	-	-	-	-	-	-
Interest	11,105	2,939	6,491	112,108	5,412	384
Donations	10,902	-	-	-	-	-
Sale of property	69,654	5,080	195,614	-	182,889	36,304
Other	-	-	-	-	-	-
Total revenues	5,093,861	990,200	683,872	3,112,108	6,429,045	36,688
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	35,230
Highways and streets	6,502,525	-	-	-	-	-
Economic development	-	-	218,458	2,758,830	8,025,016	-
Culture and recreation	-	1,027,688	-	-	-	-
Debt service:						
Principal	831	-	495,000	128,566	-	-
Interest and fiscal charges	165	-	49,064	37,098	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total expenditures	6,503,521	1,027,688	762,522	2,924,494	8,025,016	35,230
Excess (deficiency) of revenues over (under) expenditures	(1,409,660)	(37,488)	(78,650)	187,614	(1,595,971)	1,458
Other financing sources (uses):						
Transfers in	230,000	-	-	-	1,100,000	-
Transfers out	-	-	-	-	(89,538)	-
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources and uses	230,000	-	-	-	1,010,462	-
Net change in fund balances	(1,179,660)	(37,488)	(78,650)	187,614	(585,509)	1,458
Fund balances - beginning	3,123,403	662,473	1,882,792	2,768,399	4,127,367	106,458
Fund balances - ending	\$ 1,943,743	\$ 624,985	\$ 1,804,142	\$ 2,956,013	\$ 3,541,858	\$ 107,916

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2009  
 (Continued)

	Special Revenue						Excess Welfare Distribution
	Juvenile Positive Assistance	Law Enforcement Continuing Education	Loss Recovery	General Grant	Local Road and Street		
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Professional sports development	-	-	-	-	-	-	
Community revitalization enhancement district	-	-	-	-	-	-	
Intergovernmental	-	384,661	-	-	1,066,861	-	
Charges for services	-	212,562	-	-	-	-	
Fines and forfeits	1,218	-	-	-	-	-	
Interest	32	3,278	16,380	14	8,771	17,745	
Donations	-	2,936	-	-	-	-	
Sale of property	-	-	-	-	-	-	
Other	-	63,783	34	-	-	-	
<b>Total revenues</b>	<b>1,250</b>	<b>687,220</b>	<b>16,414</b>	<b>14</b>	<b>1,075,632</b>	<b>17,745</b>	
Expenditures:							
Current:							
General government	-	-	120,973	-	-	-	
Public safety	-	471,292	-	5,250	-	674,000	
Highways and streets	-	-	-	-	1,586,048	-	
Economic development	-	-	-	-	-	-	
Culture and recreation	-	-	-	-	-	-	
Debt service:	-	-	-	-	-	-	
Principal	-	-	-	-	-	-	
Interest and fiscal charges	-	-	-	-	-	-	
Bond issuance costs	-	-	-	-	-	-	
Capital outlay:	-	-	-	-	-	-	
General government	-	-	-	-	-	-	
Public safety	-	-	-	-	-	-	
Economic development	-	-	-	-	-	-	
Culture and recreation	-	-	-	-	-	-	
<b>Total expenditures</b>	<b>-</b>	<b>471,292</b>	<b>120,973</b>	<b>5,250</b>	<b>1,586,048</b>	<b>674,000</b>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,250</b>	<b>195,928</b>	<b>(104,559)</b>	<b>(5,236)</b>	<b>(520,416)</b>	<b>(656,255)</b>	
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	
Transfers out	-	-	-	-	-	-	
Debt issuance	-	-	-	-	-	-	
Premium on debt issuance	-	-	-	-	-	-	
Issuance of refunding bonds	-	-	-	-	-	-	
Payment to refunded bond escrow agent	-	-	-	-	-	-	
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>1,250</b>	<b>195,928</b>	<b>(104,559)</b>	<b>(5,236)</b>	<b>(520,416)</b>	<b>(656,255)</b>	
Fund balances - beginning	8,015	771,286	4,459,510	5,399	2,749,524	2,922,873	
<b>Fund balances - ending</b>	<b>9,265</b>	<b>967,214</b>	<b>4,354,951</b>	<b>163</b>	<b>2,229,108</b>	<b>2,266,618</b>	

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2009  
 (Continued)

	Special Revenue					
	Human Rights Federal	East Race Waterway	Morris and Palais Marketing	Police Block Grants	Economic Development Commission	Hazmat
<b>Revenues:</b>						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	184,080	-	-	-	-	-
Charges for services	-	-	-	-	-	250
Fees and forfeits	-	-	-	-	-	-
Interest	1,851	120	48	2,039	96	22
Donations	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Other	12,928	-	14,361	-	-	-
<b>Total revenues</b>	<b>198,659</b>	<b>120</b>	<b>14,409</b>	<b>2,039</b>	<b>96</b>	<b>272</b>
<b>Expenditures:</b>						
Current:						
General government	155,360	-	-	-	-	-
Public safety	-	-	-	161,529	-	5,876
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	204	12,684	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total expenditures</b>	<b>155,360</b>	<b>204</b>	<b>12,684</b>	<b>161,529</b>	<b>-</b>	<b>5,876</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>43,299</b>	<b>(84)</b>	<b>1,725</b>	<b>(159,490)</b>	<b>96</b>	<b>(5,604)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>43,299</b>	<b>(84)</b>	<b>1,725</b>	<b>(159,490)</b>	<b>96</b>	<b>(5,604)</b>
<b>Fund balances - beginning</b>	<b>422,950</b>	<b>32,164</b>	<b>17,886</b>	<b>592,123</b>	<b>25,888</b>	<b>8,142</b>
<b>Fund balances - ending</b>	<b>\$ 466,249</b>	<b>\$ 32,080</b>	<b>\$ 19,611</b>	<b>\$ 432,633</b>	<b>\$ 25,984</b>	<b>\$ 2,538</b>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2009  
 (Continued)

	Special Revenue					
	Indiana River/Rescue	COPS Block Grant II	Regional Police Academy	COPS MORE Grant	Federal Drug Enforcement	Gift
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	32,400	-	25,370	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	290	-	293	456	978	114
Donations	-	-	-	1,100	-	9,450
Sale of property	-	-	-	-	-	-
Other	-	-	-	32,742	45,854	-
<b>Total revenues</b>	<b>32,690</b>	<b>-</b>	<b>25,663</b>	<b>34,298</b>	<b>46,832</b>	<b>9,564</b>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	35,220	-	13,488	46,317	90,311	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total expenditures</b>	<b>35,220</b>	<b>-</b>	<b>13,488</b>	<b>46,317</b>	<b>90,311</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,530)</b>	<b>-</b>	<b>12,175</b>	<b>(12,019)</b>	<b>(43,479)</b>	<b>9,564</b>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(2,530)</b>	<b>-</b>	<b>12,175</b>	<b>(12,019)</b>	<b>(43,479)</b>	<b>9,564</b>
Fund balances - beginning	66,458	1,125	67,219	137,341	300,684	26,221
<b>Fund balances - ending</b>	<b>63,928</b>	<b>1,125</b>	<b>79,394</b>	<b>125,322</b>	<b>257,205</b>	<b>35,785</b>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2009  
 (Continued)

	Special Revenue					Totals
	Urban Development Action Grant	Leaf Collection and Removal	Police K-9 Unit	Rainy Day	Industrial Revolving	
<b>Revenues:</b>						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	16,161,251
Charges for services	-	426,978	-	-	-	1,878,803
Fines and forfeits	-	-	-	-	-	1,218
Interest	14,569	2,534	5	31,107	198,643	437,624
Donations	-	-	150	-	-	13,636
Sale of property	-	-	-	-	-	10,902
Other	35,989	-	-	-	46,355	74,157
<b>Total revenues</b>	<b>50,568</b>	<b>429,512</b>	<b>155</b>	<b>31,107</b>	<b>244,998</b>	<b>19,245,031</b>
<b>Expenditures:</b>						
Current:						
General government	-	113,109	-	-	-	389,442
Public safety	-	-	-	-	-	1,538,513
Highways and streets	-	-	-	-	-	8,098,573
Economic development	6,300,000	-	-	-	106,072	17,408,376
Culture and recreation	-	-	-	-	-	1,040,576
Debt service:						
Principal	-	-	-	-	-	624,387
Interest and fiscal charges	-	-	-	-	-	86,327
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total expenditures</b>	<b>6,300,000</b>	<b>113,109</b>	<b>-</b>	<b>-</b>	<b>106,072</b>	<b>29,186,204</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(6,249,432)</b>	<b>316,403</b>	<b>155</b>	<b>31,107</b>	<b>138,926</b>	<b>(9,941,173)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	1,330,000
Transfers out	-	(230,000)	-	-	-	(319,538)
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>(230,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,010,462</b>
<b>Net change in fund balances</b>	<b>(6,249,432)</b>	<b>86,403</b>	<b>155</b>	<b>31,107</b>	<b>138,926</b>	<b>(8,930,711)</b>
<b>Fund balances - beginning</b>	<b>6,696,469</b>	<b>629,126</b>	<b>1,115</b>	<b>8,493,107</b>	<b>7,068,438</b>	<b>48,173,955</b>
<b>Fund balances - ending</b>	<b>447,037</b>	<b>715,529</b>	<b>1,270</b>	<b>8,524,214</b>	<b>7,207,364</b>	<b>39,243,244</b>

Continued on next page

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2009  
 (Continued)

	Debt Service				
	College Football Hall of Fame Debt Service	Redevelopment Bond - Central Development	Redevelopment Bond - Airport Taxable	Coveleski Bond Debt Service Reserve	Redevelopment Bond - Palais Royale
Revenues:					
Taxes:					
Property	\$ 325,733	\$ -	\$ -	\$ -	\$ -
Professional sports development	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-
Intergovernmental	87,471	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interest	21	3,075	7,193	-	4,109
Donations	-	-	-	-	-
Sale of property	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	413,225	3,075	7,193	-	4,109
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	900,000	-	-	-	-
Interest and fiscal charges	507,370	-	-	-	-
Bond issuance costs	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total expenditures	1,407,370	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(994,145)	3,075	7,193	-	4,109
Other financing sources (uses):					
Transfers in	-	217	-	498,000	-
Transfers out	-	(3,292)	(7,193)	-	(4,109)
Debt issuance	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources and uses	-	(3,075)	(7,193)	498,000	(4,109)
Net change in fund balances	(994,145)	-	-	498,000	-
Fund balances - beginning	1,409,949	822,500	1,919,606	-	1,095,048
Fund balances - ending	415,804	822,500	1,919,606	498,000	1,095,048

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2009  
 (Continued)

	Debt Service				Totals
	Redevelopment Authority Debt Service	Erskine Commons TIF Debt Service	South Bend Building Corporation Debt Service	TIF Erskine Village Debt Service	
Revenues:					
Taxes:					
Property	-	-	-	-	325,733
Professional sports development	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-
Intergovernmental	-	-	-	-	87,471
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interest	3,916	72	235	109	18,730
Donations	-	-	-	-	-
Sale of property	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>3,916</u>	<u>72</u>	<u>235</u>	<u>109</u>	<u>431,934</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	1,840,000	2,440,000	1,733,372	185,000	7,078,372
Interest and fiscal charges	2,622,897	9,301	1,051,064	326,788	4,517,420
Bond issuance costs	-	-	105,955	-	105,955
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total expenditures	<u>4,462,897</u>	<u>2,449,301</u>	<u>2,890,391</u>	<u>491,788</u>	<u>11,701,747</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,458,981)</u>	<u>(2,449,229)</u>	<u>(2,890,156)</u>	<u>(491,679)</u>	<u>(11,269,813)</u>
Other financing sources (uses):					
Transfers in	2,569,378	2,347,084	2,562,135	496,659	8,473,473
Transfers out	(3,964)	(1,382)	-	-	(19,940)
Debt issuance	-	-	-	-	-
Premium on debt issuance	-	-	146,030	-	146,030
Issuance of refunding bonds	-	-	5,327,775	-	5,327,775
Payment to refunded bond escrow agent	-	-	(5,538,255)	-	(5,538,255)
Total other financing sources and uses	<u>2,565,414</u>	<u>2,345,702</u>	<u>2,497,885</u>	<u>496,659</u>	<u>8,389,083</u>
Net change in fund balances	<u>(1,893,567)</u>	<u>(103,527)</u>	<u>(392,471)</u>	<u>4,980</u>	<u>(2,880,730)</u>
Fund balances - beginning	<u>6,733,373</u>	<u>103,527</u>	<u>959,567</u>	<u>891,924</u>	<u>13,935,494</u>
Fund balances - ending	<u>\$ 4,839,806</u>	<u>\$ -</u>	<u>\$ 567,096</u>	<u>\$ 896,904</u>	<u>\$ 11,054,764</u>

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2009  
 (Continued)

	Capital Projects						
	Emergency Medical Services	Central Development Area Bond Proceeds	Professional Sports Development	Coveleski Stadium Capital	Zoo Endowment	Park Nonreverting Capital	
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional sports development	-	-	597,406	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-	-
Intergovernmental	36,250	-	521,800	-	-	-	-
Charges for services	2,229,764	-	-	-	-	-	-
Fires and forfeits	-	-	-	-	-	-	-
Interest	18,018	8,511	3,839	373	115	1,339	1,339
Donations	-	-	-	-	1,982	-	-
Sale of property	2,139	-	-	-	-	-	-
Other	328,825	-	-	-	-	-	12,303
Total revenues	2,614,986	8,511	1,123,045	373	2,097	13,642	
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	126,125	-	-	-	-	-	-
Interest and fiscal charges	12,083	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	1,466,881	-	-	-	-	-	-
Economic development	-	2,139,978	-	-	-	-	-
Culture and recreation	-	-	638,574	9,790	-	-	206,473
Total expenditures	1,605,089	2,139,978	638,574	9,790	-	-	206,473
Excess (deficiency) of revenues over (under) expenditures	1,009,907	(2,131,467)	484,471	(9,417)	2,097	(192,831)	
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	188,302
Transfers out	(500,000)	-	(200,000)	-	-	-	-
Debt issuance	-	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Total other financing sources and uses	(500,000)	-	(200,000)	-	-	-	188,302
Net change in fund balances	509,907	(2,131,467)	284,471	(9,417)	2,097	(4,529)	
Fund balances - beginning	4,604,959	3,647,857	857,281	106,771	29,791	427,784	
Fund balances - ending	\$ 5,114,866	\$ 1,516,390	\$ 1,141,752	\$ 97,354	\$ 31,888	\$ 423,255	

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2009  
 (Continued)

	Capital Projects					
	Cumulative Capital Development	Cumulative Capital Improvement	Cumulative Sewer	Performing Arts Center Capital	TIF Downtown	TIF Leighton Plaza
Revenues:						
Taxes:						
Property	\$ 607,188	\$ -	\$ -	\$ -	\$ 4,091,731	\$ -
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	49,580	465,603	-	116,837	399,000	-
Charges for services	-	-	-	-	52,270	32,088
Fines and forfeits	-	-	-	-	-	-
Interest	3,287	36	-	1,495	15,625	497
Donations	-	-	-	-	-	-
Sale of property	-	-	-	-	10	-
Other	125,242	50,000	-	-	364	114,773
Total revenues	785,297	515,639	-	118,332	4,559,000	147,358
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	625,880	-	-	-	485,000	-
Interest and fiscal charges	44,993	-	-	-	881,196	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	932,733	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	2,155,247	144,762
Culture and recreation	-	-	-	45,066	-	-
Total expenditures	1,603,606	-	-	45,066	3,521,443	144,762
Excess (deficiency) of revenues over (under) expenditures	(818,309)	515,639	-	73,266	1,037,557	2,596
Other financing sources (uses):						
Transfers in	-	-	-	-	7,184	-
Transfers out	-	(592,378)	-	-	(947,000)	-
Debt issuance	207,521	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources and uses	207,521	(592,378)	-	-	(939,816)	-
Net change in fund balances	(610,788)	(76,739)	-	73,266	97,741	2,596
Fund balances - beginning	1,322,584	236,953	80,224	439,666	9,647,401	142,041
Fund balances - ending	\$ 711,796	\$ 160,214	\$ 80,224	\$ 512,932	\$ 9,745,142	\$ 144,637

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CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2009  
 (Continued)

	Capital Projects					
	TIF - West Washington	Redevelopment General	Community Revitalization Enhancement District	TIF No. 1 - Southside Development	TIF No. 2 - Southside Development	TIF No. 3 - Southside Development
<b>Revenues:</b>						
<b>Taxes:</b>						
Property	\$ 624,102	\$ -	\$ -	\$ 2,311,868	\$ 3,355,937	\$ 1,209,107
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	416,149	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	2,099	207	3,158	9,669	10,726	12,846
Donations	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>626,201</b>	<b>207</b>	<b>419,307</b>	<b>2,321,537</b>	<b>3,366,663</b>	<b>1,221,953</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	847,000	-	110,000	-
Interest and fiscal charges	-	-	165,417	-	267,200	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	8,030	36,141	-	511,151	14,530	-
Culture and recreation	-	-	-	-	-	-
<b>Total expenditures</b>	<b>8,030</b>	<b>36,141</b>	<b>1,012,417</b>	<b>511,151</b>	<b>391,730</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>618,171</b>	<b>(35,934)</b>	<b>(593,110)</b>	<b>1,810,386</b>	<b>2,974,933</b>	<b>1,221,953</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	9,237	-
Transfers out	-	-	-	-	(2,347,084)	(496,659)
Debt issuance	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,337,847)</b>	<b>(496,659)</b>
<b>Net change in fund balances</b>	<b>618,171</b>	<b>(35,934)</b>	<b>(593,110)</b>	<b>1,810,386</b>	<b>637,086</b>	<b>725,294</b>
<b>Fund balances - beginning</b>	<b>822,696</b>	<b>75,402</b>	<b>1,259,695</b>	<b>2,337,609</b>	<b>3,388,325</b>	<b>3,845,262</b>
<b>Fund balances - ending</b>	<b>\$ 1,440,867</b>	<b>\$ 39,468</b>	<b>\$ 666,585</b>	<b>\$ 4,147,995</b>	<b>\$ 4,025,411</b>	<b>\$ 4,570,556</b>

Continued on next page

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2009  
 (Continued)

	Capital Projects				
	Redevelopment District Allocation Area Capital	TIF-Central Medical Service Area	Football Hall of Fame Capital	Major Moves	TIF - Northeast Development
Revenues:					
Taxes:					
Property	-	1,854,514	-	-	199,040
Professional sports development	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interest	1,106	16,516	4,122	62,620	386
Donations	-	-	-	-	-
Sale of property	-	-	-	-	-
Other	-	-	-	40,318	-
Total revenues	<u>1,106</u>	<u>1,871,030</u>	<u>4,122</u>	<u>102,938</u>	<u>199,426</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Economic development	404,576	2,398,869	-	-	7,744
Culture and recreation	-	-	204,122	-	-
Total expenditures	<u>404,576</u>	<u>2,398,869</u>	<u>204,122</u>	<u>-</u>	<u>7,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(403,470)</u>	<u>(527,839)</u>	<u>(200,000)</u>	<u>102,938</u>	<u>191,682</u>
Other financing sources (uses):					
Transfers in	-	-	200,000	-	-
Transfers out	(562,009)	-	-	-	-
Debt issuance	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources and uses	<u>(562,009)</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(965,479)</u>	<u>(527,839)</u>	<u>-</u>	<u>102,938</u>	<u>191,682</u>
Fund balances - beginning	<u>965,479</u>	<u>5,862,389</u>	<u>-</u>	<u>14,211,831</u>	<u>47,780</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 5,334,550</u>	<u>\$ -</u>	<u>\$ 14,314,769</u>	<u>\$ 239,462</u>

Continued on next page

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2009  
 (Continued)

	Capital Projects					
	TIF Douglas Road	TIF - Northeast Residential	Coveleski Bond Construction	Palais Royale Historic Preservation	Airport Urban Enterprise Zone	
Revenues:						
Taxes:						
Property	\$ 291,368	\$ 1,815,829	\$ -	\$ -	\$ -	\$ 145,572
Professional sports development	-	-	-	-	-	-
Community revitalization enhancement district	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	15,264	-	-
Fines and forfeits	-	-	-	-	-	-
Interest	766	1,797	-	129	-	785
Donations	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	292,154	1,817,626	-	15,393	-	146,357
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	359,478	-	-	-	-	-
Interest and fiscal charges	43,169	-	-	-	-	-
Bond issuance costs	-	-	68,410	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	67,274	842,061	-	-	-	349,990
Culture and recreation	-	-	-	7,258	-	-
Total expenditures	469,921	842,061	68,410	7,258	-	349,990
Excess (deficiency) of revenues over (under) expenditures	(177,767)	975,565	(68,410)	8,135	-	(203,633)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(498,000)	-	-	-
Debt issuance	52,224	-	4,980,000	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources and uses	52,224	-	4,482,000	-	-	-
Net change in fund balances	(125,543)	975,565	4,413,590	8,135	-	(203,633)
Fund balances - beginning	(710,788)	(3,341,007)	-	29,314	-	342,077
Fund balances - ending	\$ (836,331)	\$ (2,365,442)	\$ 4,413,590	\$ 37,449	\$ -	\$ 138,444

Continued on next page

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2009  
 (Continued)

	Capital Projects			Totals	Total Nonmajor Governmental Funds
	Erskine Commons TIF Project	Century Center Construction	Eddy Street Commons Construction		
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ 16,506,276	\$ 16,832,009
Professional sports development	-	-	-	597,406	597,406
Community revitalization enhancement district	-	-	-	416,149	416,149
Intergovernmental	-	-	-	1,472,233	1,720,955
Charges for services	-	-	-	2,446,223	4,325,026
Fines and forfeits	-	-	-	-	1,218
Interest	6	896	-	180,769	637,123
Donations	-	-	-	1,982	15,618
Sale of property	-	-	-	2,149	13,051
Other	-	-	-	671,825	1,413,422
<b>Total revenues</b>	<b>6</b>	<b>-</b>	<b>896</b>	<b>22,295,012</b>	<b>41,971,977</b>
Expenditures:					
Current:					
General government	-	-	-	-	389,442
Public safety	-	-	-	-	1,538,513
Highways and streets	-	-	-	-	8,098,573
Economic development	-	-	-	-	17,408,376
Culture and recreation	-	-	-	-	1,040,576
Debt service:					
Principal	-	-	-	2,553,483	10,256,252
Interest and fiscal charges	-	-	78,721	1,492,779	6,096,526
Bond issuance costs	-	-	-	68,410	174,365
Capital outlay:					
General government	-	-	-	932,733	932,733
Public safety	-	-	-	1,466,881	1,466,881
Economic development	401	-	634,406	9,715,160	9,715,160
Culture and recreation	-	40,965	-	1,152,248	1,152,248
<b>Total expenditures</b>	<b>401</b>	<b>40,965</b>	<b>713,127</b>	<b>17,381,694</b>	<b>58,269,645</b>
Excess (deficiency) of revenues over (under) expenditures	(385)	(40,965)	(712,431)	4,913,318	(16,297,668)
Other financing sources (uses):					
Transfers in	-	473	3,491	408,687	10,212,160
Transfers out	(7,855)	-	-	(6,150,985)	(6,490,463)
Debt issuance	-	-	-	5,239,745	5,239,745
Premium on debt issuance	-	-	-	-	146,030
Issuance of refunding bonds	-	-	-	-	5,327,775
Payment to refunded bond escrow agent	-	-	-	-	(5,538,255)
<b>Total other financing sources and uses</b>	<b>(7,855)</b>	<b>473</b>	<b>3,491</b>	<b>(502,553)</b>	<b>8,896,992</b>
Net change in fund balances	(8,250)	(40,492)	(708,940)	4,410,765	(7,400,676)
Fund balances - beginning	8,250	40,584	3,171,182	53,899,392	116,008,841
Fund balances - ending	-	\$ 92	\$ 2,462,242	\$ 58,310,157	\$ 108,608,165

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUNDS  
 PUBLIC SAFETY LOCAL OPTION INCOME TAX  
 For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
County option income tax	\$ 4,940,000	\$ 6,078,454	\$ 6,078,454	\$ -
Other	-	3,000	4,741	1,741
Total revenues	4,940,000	6,081,454	6,083,195	1,741
Other financing sources (uses):				
Transfers out	(4,940,000)	(6,078,454)	(4,940,000)	1,138,454
Net change in fund balances	-	3,000	1,143,195	1,140,195
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 3,000	\$ 1,143,195	\$ 1,140,195

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - COUNTY OPTION INCOME TAX  
 For The Year Ended December 31, 2010

	Budgeted Amounts	Actual	Variance
	Original	Budgetary Basis	With Final Budget Positive (Negative)
	Final	Amounts	Amounts
<b>Revenues:</b>			
<b>Taxes:</b>			
County option income	\$ 5,700,000	\$ 7,648,824	\$ (855,516)
Other	<u>102,292</u>	<u>179,243</u>	<u>76,951</u>
<b>Total revenues</b>	<u>5,802,292</u>	<u>7,828,067</u>	<u>(778,565)</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government:			
Other services and charges	2,421,189	2,266,931	216,291
Capital outlay	<u>-</u>	<u>2,976,655</u>	<u>199,756</u>
<b>Total expenditures</b>	<u>2,421,189</u>	<u>5,243,586</u>	<u>416,047</u>
<b>Other financing sources (uses):</b>			
Interfund Loan Transfer	<u>-</u>	<u>(2,700,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	3,381,103	(115,519)	(362,518)
<b>Fund balances - beginning</b>	<u>11,506,616</u>	<u>11,506,616</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 14,887,719</u>	<u>\$ 11,391,097</u>	<u>\$ (362,518)</u>
<b>Budget/GAAP Reconciliation</b>			
Net change in fund balance, budget basis		\$ (115,519)	
To adjust revenues for accruals		529,364	
To adjust expenditures for accruals		2,279,857	
To adjust expenditures for encumbrances		<u>735,006</u>	
<b>Net change in fund balance, GAAP basis</b>		<u>\$ 3,428,708</u>	



CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - ECONOMIC DEVELOPMENT INCOME TAX  
 For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
County economic development income tax	\$ 7,200,000	\$ 9,090,415	\$ 9,090,415	\$ -
Other	175,000	228,001	208,926	(19,075)
<b>Total revenues</b>	<u>7,375,000</u>	<u>9,318,416</u>	<u>9,299,341</u>	<u>(19,075)</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
Supplies	-	1,460	888	572
Other services and charges	530,000	666,258	533,347	132,911
Capital outlay	-	519,484	510,436	9,048
<b>Debt Service:</b>				
Principal	1,871,725	1,871,725	1,660,000	211,725
Interest and fiscal agent fees	251,659	246,265	245,558	707
<b>Total expenditures</b>	<u>2,653,384</u>	<u>3,305,192</u>	<u>2,960,229</u>	<u>354,963</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	30,847	30,847	-
Transfers out	(1,100,000)	(1,100,000)	(1,100,000)	-
<b>Total other financing sources uses</b>	<u>(1,100,000)</u>	<u>(1,069,153)</u>	<u>(1,069,153)</u>	<u>-</u>
Net change in fund balances	3,621,616	4,944,071	5,279,959	335,888
Fund balances - beginning	3,525,558	3,525,558	3,525,558	-
Fund balances - ending	<u>\$ 7,147,174</u>	<u>\$ 8,469,629</u>	<u>\$ 8,805,517</u>	<u>\$ 335,888</u>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ 5,279,959	
To adjust revenues for accruals			2,197	
To adjust expenditures for accruals			356,804	
To adjust expenditures for encumbrances			100,656	
Net change in fund balance, GAAP basis			<u>\$ 5,739,616</u>	

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

	Budgeted Amounts	Actual	Variance
	Original	Budgetary Basis	With Final Budget Positive (Negative)
	Final	Amounts	Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 4,870,994	\$ 4,897,562	\$ (17,633)
Charges for services	177,673	204,810	(9,130)
Other	<u>1,000</u>	<u>65,175</u>	<u>46,175</u>
<b>Total revenues</b>	<u>5,049,667</u>	<u>5,167,547</u>	<u>19,412</u>
<b>Expenditures:</b>			
Current:			
Highways and Streets:			
Personal services	2,791,171	2,647,841	138,330
Supplies	1,918,180	2,761,773	76,010
Other services and charges	424,074	348,491	75,749
Capital outlay	-	595,334	91,966
Other uses	<u>97,028</u>	<u>97,028</u>	<u>-</u>
<b>Total expenditures</b>	<u>5,230,453</u>	<u>6,450,467</u>	<u>382,055</u>
Other financing sources (uses):			
Transfers In	<u>230,000</u>	<u>230,000</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>49,214</u>	<u>(1,052,920)</u>	<u>401,467</u>
<b>Fund balances - beginning</b>	<u>2,882,227</u>	<u>2,882,227</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 2,931,441</u>	<u>\$ 1,829,307</u>	<u>\$ 401,467</u>
<b>Budget/GAAP Reconciliation:</b>			
Net change in fund balance, budget basis		\$ (1,052,920)	
To adjust revenues for accruals		(73,686)	
To adjust expenditures for accruals		(237,394)	
To adjust expenditures for encumbrances		<u>184,340</u>	
<b>Net change in fund balance, GAAP basis</b>		<u>\$ (1,179,660)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - RECREATION NONREVERTING  
 For The Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	With Final
			Basis	Budget
			Amounts	Positive
				(Negative)
<b>Revenues:</b>				
Charges for services	\$ 1,618,894	\$ 1,618,894	\$ 988,119	\$ (630,775)
Other	22,000	21,000	7,979	(13,021)
<b>Total revenues</b>	<b>1,640,894</b>	<b>1,639,894</b>	<b>996,098</b>	<b>(643,796)</b>
<b>Expenditures:</b>				
Current:				
Culture and Recreation:				
Personal services	906,529	906,529	552,146	354,383
Supplies	300,624	310,935	213,252	97,683
Other services and charges	337,489	348,655	178,393	170,262
Other uses	24,487	24,487	24,487	-
Capital outlay	-	154,754	83,579	71,175
<b>Total expenditures</b>	<b>1,569,129</b>	<b>1,745,360</b>	<b>1,051,857</b>	<b>693,503</b>
<b>Net change in fund balances</b>	<b>71,765</b>	<b>(105,466)</b>	<b>(55,759)</b>	<b>49,707</b>
<b>Fund balances - beginning</b>	<b>679,363</b>	<b>679,363</b>	<b>679,363</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ 751,128</b>	<b>\$ 573,897</b>	<b>\$ 623,604</b>	<b>\$ 49,707</b>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ (55,759)	
To adjust revenues for accruals			(5,898)	
To adjust expenditures for accruals			(4,314)	
To adjust expenditures for encumbrances			28,483	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ (37,488)</b>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - COMMUNITY DEVELOPMENT  
 For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts		Variance With Final Budget Positive (Negative)
	Original	Final	Original	Final	
<b>Revenues:</b>					
Intergovernmental	\$ 707,325	\$ 13,026,778	\$ 6,238,479	\$ (6,788,299)	
Other	55,258	55,553	271,310	215,757	
<b>Total revenues</b>	<u>762,583</u>	<u>13,082,331</u>	<u>6,509,789</u>	<u>(6,572,542)</u>	
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Economic Development:</b>					
Personal services	1,592,437	1,614,295	1,555,259	59,036	
Supplies	32,515	35,103	17,649	17,454	
Other services and charges	192,507	12,683,340	6,459,106	6,224,234	
Other uses	32,048	32,050	32,048	2	
Capital outlay	-	819,182	809,748	9,434	
<b>Total expenditures</b>	<u>1,849,507</u>	<u>15,183,970</u>	<u>8,873,810</u>	<u>6,310,160</u>	
<b>Other financing sources (uses):</b>					
Transfers in	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,010,462</u>	<u>(89,538)</u>	
Net change in fund balances	13,076	(1,001,639)	(1,353,559)	(351,920)	
<b>Fund balances - beginning</b>	<u>1,470,646</u>	<u>1,470,646</u>	<u>1,470,646</u>	<u>-</u>	
<b>Fund balances - ending</b>	<u>\$ 1,483,722</u>	<u>\$ 469,007</u>	<u>\$ 117,087</u>	<u>\$ (351,920)</u>	
<b>Budget/GAAP Reconciliation</b>					
Net change in fund balance, budget basis			\$ (1,353,559)		
To adjust revenues for accruals			(80,744)		
To adjust expenditures for accruals			460,789		
To adjust expenditures for encumbrances			388,005		
<b>Net change in fund balance, GAAP basis</b>			<u>\$ (585,509)</u>		

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

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 1,075,335	\$ 1,132,293	\$ 1,064,149	\$ (68,144)
Other	35,000	10,000	8,710	(1,290)
<b>Total revenues</b>	<b>1,110,335</b>	<b>1,142,293</b>	<b>1,072,859</b>	<b>(69,434)</b>
<b>Expenditures:</b>				
Current:				
Highways and Streets:				
Other services and charges	-	75,000	-	75,000
Capital outlay	-	2,781,637	2,119,724	661,913
<b>Total expenditures</b>	<b>-</b>	<b>2,856,637</b>	<b>2,119,724</b>	<b>736,913</b>
<b>Net change in fund balances</b>	<b>1,110,335</b>	<b>(1,714,344)</b>	<b>(1,046,865)</b>	<b>667,479</b>
<b>Fund balances - beginning</b>	<b>2,691,883</b>	<b>2,691,883</b>	<b>2,691,883</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ 3,802,218</b>	<b>\$ 977,539</b>	<b>\$ 1,645,018</b>	<b>\$ 667,479</b>
<b>Budget/GAAP Reconciliation:</b>				
Net change in fund balance, budget basis			\$ (1,046,865)	
To adjust revenues for accruals			2,773	
To adjust expenditures for accruals			(26,064)	
To adjust expenditures for encumbrances			549,740	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ (520,416)</b>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - EXCESS WELFARE DISTRIBUTION  
 For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ -	\$ 25,000	\$ 17,808	\$ (7,192)
Expenditures:				
Current:				
Public Safety:				
Capital outlay	-	900,000	748,889	151,111
Net change in fund balances	-	(875,000)	(731,081)	143,919
Fund balances - beginning	2,922,079	2,922,079	2,922,079	-
Fund balances - ending	<u>\$ 2,922,079</u>	<u>\$ 2,047,079</u>	<u>\$ 2,190,998</u>	<u>\$ 143,919</u>
<u>Budget/GAAP Reconciliation:</u>				
Net change in fund balance, budget basis			\$ (731,081)	
To adjust revenues for accruals			(63)	
To adjust expenditures for encumbrances			74,889	
Net change in fund balance, GAAP basis			<u>\$ (656,255)</u>	

CITY OF SOUTH BEND  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - HUMAN RIGHTS FEDERAL  
For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 131,000	\$ 131,000	\$ 184,080	\$ 53,080
Other	23,200	26,200	14,534	(11,666)
<b>Total revenues</b>	<b>154,200</b>	<b>157,200</b>	<b>198,614</b>	<b>41,414</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Personal services	87,226	87,869	86,493	1,376
Supplies	2,800	2,800	2,403	397
Other services and charges	66,800	69,157	62,241	6,916
Capital outlay	2,000	2,000	862	1,138
Other uses	2,212	2,212	2,212	-
<b>Total expenditures</b>	<b>161,038</b>	<b>164,038</b>	<b>154,211</b>	<b>9,827</b>
<b>Net change in fund balances</b>	<b>(6,838)</b>	<b>(6,838)</b>	<b>44,403</b>	<b>51,241</b>
<b>Fund balances - beginning</b>	<b>427,572</b>	<b>427,572</b>	<b>427,572</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ 420,734</b>	<b>\$ 420,734</b>	<b>\$ 471,975</b>	<b>\$ 51,241</b>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ 44,403	
To adjust revenues for accruals			45	
To adjust expenditures for accruals			(1,650)	
To adjust expenditures for encumbrances			501	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ 43,299</b>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - PROFESSIONAL SPORTS DEVELOPMENT  
 For The Year Ended December 31, 2010

	Budgeted Amounts	Actual	Variance
	Original	Budgetary Basis	With Final Budget Positive (Negative)
	Final	Amounts	
<b>Revenues:</b>			
Taxes:			
Professional sports development	\$ 521,800	\$ 521,800	\$ -
Intergovernmental	385,000	640,760	20,760
Other	<u>7,400</u>	<u>3,689</u>	<u>(331)</u>
Total revenues	<u>914,200</u>	<u>1,166,229</u>	<u>20,429</u>
<b>Expenditures:</b>			
Culture and Recreation:			
Other services and charges	-	16,774	18,226
Other uses	<u>-</u>	<u>821,800</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>838,574</u>	<u>18,226</u>
Net change in fund balances	914,200	289,000	38,655
Fund balances - beginning	<u>813,737</u>	<u>813,737</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,727,937</u>	<u>\$ 1,102,737</u>	<u>\$ 38,655</u>
<b>Budget/GAAP Reconciliation:</b>			
Net change in fund balance, budget basis		\$ 327,655	
To adjust revenues for accruals		<u>(43,184)</u>	
Net change in fund balance, GAAP basis		<u>\$ 284,471</u>	



CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 DEBT SERVICE FUNDS - COLLEGE FOOTBALL HALL OF FAME DEBT SERVICE  
 For The Year Ended December 31, 2010

	Budgeted Amounts	Actual	Variance
	Original	Budgetary Basis	With Final Budget Positive (Negative)
	Final	Amounts	Amounts
<b>Revenues:</b>			
Taxes:			
Property	\$ 1,600,000	\$ 1,488,453	\$ (111,547)
Intergovernmental	<u>62,384</u>	<u>87,471</u>	<u>4,285</u>
Total revenues	<u>1,662,384</u>	<u>1,575,924</u>	<u>(107,262)</u>
<b>Expenditures:</b>			
Debt Service:			
Principal	1,405,500	1,405,500	-
Interest and fiscal agent fees	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total expenditures	<u>1,408,000</u>	<u>1,405,500</u>	<u>2,500</u>
Net change in fund balances	254,384	170,424	(104,762)
Fund balances - beginning	<u>247,229</u>	<u>247,229</u>	<u>-</u>
Fund balances - ending	<u>\$ 501,613</u>	<u>\$ 417,653</u>	<u>\$ (104,762)</u>
<b>Budget/GAAP Reconciliation</b>			
Net change in fund balance, budget basis		\$ 170,424	
To adjust revenues for accruals		(1,162,699)	
To adjust expenditures for accruals		<u>(1,870)</u>	
Net change in fund balance, GAAP basis		<u>\$ (994,145)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - EMERGENCY MEDICAL SERVICES  
 For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,921,800	\$ 2,408,050	\$ 2,570,146	\$ 162,096
Other	46,000	340,484	349,002	8,518
Total revenues	1,967,800	2,748,534	2,919,148	170,614
Expenditures:				
Public Safety:				
Supplies	-	411,308	323,357	87,951
Other services and charges	488,778	392,557	262,075	130,482
Capital outlay	-	2,230,183	2,067,827	162,356
Total expenditures	488,778	3,034,048	2,653,259	380,789
Other financing sources (uses):				
Transfers out	(500,000)	(500,000)	(500,000)	-
Net change in fund balances	979,022	(785,514)	(234,111)	551,403
Fund balances - beginning	4,321,397	4,321,397	4,321,397	-
Fund balances - ending	\$ 5,300,419	\$ 3,535,883	\$ 4,087,286	\$ 551,403
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ (234,111)	
To adjust revenues for accruals			(304,152)	
To adjust expenditures for accruals			(1,024)	
To adjust expenditures for encumbrances			1,049,194	
Net change in fund balance, GAAP basis			\$ 509,907	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - PARK NONREVERTING CAPITAL  
 For The Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	With Final
			Amounts	Budget
				Positive
				(Negative)
Revenues:				
Charges for services	\$ 2,500	\$ 2,500	\$ 3,073	\$ 573
Other	3,500	1,500	3,824	2,324
Total revenues	6,000	4,000	6,897	2,897
Expenditures:				
Culture and Recreation:				
Supplies	-	50,550	49,062	1,488
Other services and charges	-	55,600	44,513	11,087
Capital outlay	-	201,616	152,685	48,931
Total expenditures	-	307,766	246,260	61,506
Other financing sources (uses):				
Transfers In	210,000	210,000	188,303	(21,697)
Net change in fund balances	216,000	(93,766)	(51,060)	42,706
Fund balances - beginning	435,581	435,581	435,581	-
Fund balances - ending	\$ 651,581	\$ 341,815	\$ 384,521	\$ 42,706
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ (51,060)	
To adjust revenues for accruals			6,745	
To adjust expenditures for accruals			(12,986)	
To adjust expenditures for encumbrances			52,772	
Net change in fund balance, GAAP basis			\$ (4,529)	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL DEVELOPMENT  
 For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property	\$ 757,000	\$ 757,000	\$ 587,063	\$ (169,937)
Intergovernmental	69,200	49,413	49,580	167
Other	102,453	97,453	128,509	31,056
<b>Total revenues</b>	<u>928,653</u>	<u>903,866</u>	<u>765,152</u>	<u>(138,714)</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
Supplies	5,000	15,000	6,227	8,773
Other services and charges	980,159	1,080,159	1,029,060	51,099
Capital outlay	<u>200,000</u>	<u>650,987</u>	<u>407,121</u>	<u>243,876</u>
<b>Total expenditures</b>	<u>1,185,159</u>	<u>1,746,156</u>	<u>1,442,408</u>	<u>303,748</u>
<b>Net change in fund balances</b>	<u>(256,506)</u>	<u>(842,290)</u>	<u>(677,256)</u>	<u>165,034</u>
<b>Fund balances - beginning</b>	<u>1,322,514</u>	<u>1,322,514</u>	<u>1,322,514</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 1,066,008</u>	<u>\$ 480,224</u>	<u>\$ 645,258</u>	<u>\$ 165,034</u>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budget basis			\$ (677,256)	
To adjust revenues for accruals			20,145	
To adjust expenditures for accruals			(1,309)	
To adjust expenditures for encumbrances			47,632	
<b>Net change in fund balance, GAAP basis</b>			<u>\$ (610,788)</u>	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - FUND 407  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL IMPROVEMENT  
 For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 485,223	\$ 455,579	\$ 465,603	\$ 10,024
Other	50,000	50,100	50,045	(55)
Total revenues	535,223	505,679	515,648	9,969
Expenditures				
General Government:				
Other services and charges	594,000	594,000	592,378	1,622
Net change in fund balances	(58,777)	(88,321)	(76,730)	11,591
Fund balances - beginning	236,908	236,908	236,908	-
Fund balances - ending	\$ 178,131	\$ 148,587	\$ 160,178	\$ 11,591
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budget basis			\$ (76,730)	
To adjust revenues for accruals			(9)	
Net change in fund balance, GAAP basis			\$ (76,739)	

CITY OF SOUTH BEND  
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - MAJOR MOVES  
 For The Year Ended December 31, 2010

	Budgeted Amounts	Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final	
Revenues:			
Other	\$ 170,000	\$ 40,000	\$ 36,180
			\$ (3,820)
Expenditures:			
General Government:			
Capital outlay	-	2,532,719	1,554,114
			978,605
Other financing sources (uses):			
Transfers In	-	-	41,442
Net change in fund balances	170,000	(2,492,719)	(1,476,492)
Fund balances - beginning	10,435,973	10,435,973	10,435,973
Fund balances - ending	<u>\$ 10,605,973</u>	<u>\$ 7,943,254</u>	<u>\$ 8,959,481</u>
			<u>\$ 1,016,227</u>
<u>Budget/GAAP Reconciliation</u>			
Net change in fund balance, budget basis			\$ (1,476,492)
To adjust revenues for accruals			25,316
To adjust expenditures for accruals			962,470
To adjust expenditures for encumbrances			591,644
Net change in fund balance, GAAP basis			<u>\$ 102,938</u>



## **IV Non Major Enterprise Funds**

### **NONMAJOR ENTERPRISE FUNDS**

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



CITY OF SOUTH BEND  
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS  
 December 31, 2010

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 36,654	\$ 593,388	\$ 1,136,149	\$ 157,957	\$ 1,924,148
Interest receivable	12	180	367	-	559
Accounts receivable (net of allowance)	1,959	1,104	409,673	-	412,736
Accounts receivable - other	-	-	-	3,000	3,000
Interfund receivables:					
Interfund services provided and used	-	-	4,333	-	4,333
Inventories	-	-	-	24,623	24,623
<b>Restricted assets:</b>					
Cash, cash equivalents and investments:					
Revenue bond covenant accounts	-	-	-	1,378,097	1,378,097
Capital outlay accounts	-	-	17,508	-	17,508
Interest receivable	-	-	-	316	316
<b>Total current assets</b>	<u>38,625</u>	<u>594,672</u>	<u>1,568,030</u>	<u>1,563,993</u>	<u>3,765,320</u>
<b>Noncurrent assets:</b>					
<b>Deferred charges:</b>					
Unamortized debt issue costs	-	-	-	9,393	9,393
Unamortized loss on sale/leaseback	-	2,813,242	-	-	2,813,242
<b>Total deferred charges</b>	<u>-</u>	<u>2,813,242</u>	<u>-</u>	<u>9,393</u>	<u>2,822,635</u>
<b>Capital assets:</b>					
Land and construction in progress	-	1,132,020	-	448,469	1,580,489
Other capital assets (net of accumulated depreciation)	31,777	4,085,409	1,022,262	2,282,012	7,421,460
<b>Total capital assets</b>	<u>31,777</u>	<u>5,217,429</u>	<u>1,022,262</u>	<u>2,730,481</u>	<u>9,001,949</u>
<b>Total noncurrent assets</b>	<u>31,777</u>	<u>8,030,671</u>	<u>1,022,262</u>	<u>2,739,874</u>	<u>11,824,584</u>
<b>Total assets</b>	<u>70,402</u>	<u>8,625,343</u>	<u>2,590,292</u>	<u>4,303,867</u>	<u>15,589,904</u>

Continued on next page

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS  
 December 31, 2010  
 (Continued)

Liabilities	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
Current liabilities:					
Accounts payable	326	114,206	95,225	10,415	220,172
Interfund payables:					
Interfund services provided and used	1,786	-	72,279	31,348	105,413
Accrued payroll payable	23,993	-	50,053	-	74,046
Compensated absences payable	42,019	-	58,355	-	100,374
Taxes payable	-	-	-	232	232
Current liabilities payable from restricted assets:					
Revenue bonds payable	-	-	-	565,000	565,000
Capital leases payable	-	-	141,309	44,575	185,884
Accrued interest payable	-	-	6,461	31,669	38,130
Total current liabilities	<u>68,124</u>	<u>114,206</u>	<u>423,682</u>	<u>683,239</u>	<u>1,289,251</u>
Noncurrent liabilities:					
Advances from other funds	-	-	-	1,689,750	1,689,750
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	-	-	-	1,153,430	1,153,430
Capital leases payable	-	-	376,858	201,935	578,793
Unamortized gain on sale/leaseback	-	17,198	-	-	17,198
Total noncurrent liabilities	<u>-</u>	<u>17,198</u>	<u>376,858</u>	<u>3,045,115</u>	<u>3,439,171</u>
Total liabilities	<u>68,124</u>	<u>131,404</u>	<u>800,540</u>	<u>3,728,354</u>	<u>4,728,422</u>
<u>Net Assets</u>					
Invested in capital assets, net of related debt	31,777	5,217,429	504,095	1,012,051	6,765,352
Restricted for debt service	-	-	-	1,356,137	1,356,137
Reserved for capital asset outlays	-	-	17,508	-	17,508
Unrestricted	<u>(28,499)</u>	<u>3,276,510</u>	<u>1,268,149</u>	<u>(1,792,675)</u>	<u>2,722,485</u>
Total net assets	<u>\$ 2,278</u>	<u>\$ 8,493,939</u>	<u>\$ 1,789,752</u>	<u>\$ 575,513</u>	<u>\$ 10,861,482</u>

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -  
 NONMAJOR ENTERPRISE FUNDS  
 For the Year Ended December 31, 2010

	<u>Consolidated Building</u>	<u>Parking Garage</u>	<u>Solid Waste</u>	<u>Blackthorn Golf Course</u>	<u>Totals</u>
Operating revenues:					
Licenses and permits	\$ 858,584	\$ -	\$ -	\$ -	\$ 858,584
Parking fees	-	1,045,811	-	-	1,045,811
Solid waste fees	-	-	4,675,946	-	4,675,946
Golf course fees	-	-	-	1,479,415	1,479,415
Other	10,503	1,973	109,527	-	122,003
Total operating revenues	<u>869,087</u>	<u>1,047,784</u>	<u>4,785,473</u>	<u>1,479,415</u>	<u>8,181,759</u>
Operating expenses:					
Operating and maintenance	892,457	-	3,733,017	1,525,495	6,150,969
Administrative and general expense:	21,843	661,716	196,030	154,281	1,033,870
Depreciation	15,820	216,232	247,876	193,383	673,311
Total operating expenses	<u>930,120</u>	<u>877,948</u>	<u>4,176,923</u>	<u>1,873,159</u>	<u>7,858,150</u>
Operating income (loss)	<u>(61,033)</u>	<u>169,836</u>	<u>608,550</u>	<u>(393,744)</u>	<u>323,609</u>
Nonoperating revenues (expenses):					
Interest and investment revenue	116	1,387	3,455	3,704	8,662
Interest expense	-	-	(27,133)	(118,061)	(145,194)
Amortization expense	-	(560,340)	-	(4,336)	(564,676)
Gain (loss) on disposition of assets	6,394	-	(39,926)	-	(33,532)
Total nonoperating revenue (expenses)	<u>6,510</u>	<u>(558,953)</u>	<u>(63,604)</u>	<u>(118,693)</u>	<u>(734,740)</u>
Income (loss) before contributions and transfers	<u>(54,523)</u>	<u>(389,117)</u>	<u>544,946</u>	<u>(512,437)</u>	<u>(411,131)</u>
Transfers in	-	-	-	652,500	652,500
Transfers out	-	-	-	(3,677)	(3,677)
Change in net assets	<u>(54,523)</u>	<u>(389,117)</u>	<u>544,946</u>	<u>136,386</u>	<u>237,692</u>
Total net assets - beginning	<u>56,801</u>	<u>8,883,056</u>	<u>1,244,806</u>	<u>439,127</u>	<u>10,623,790</u>
Total net assets - ending	<u>\$ 2,278</u>	<u>\$ 8,493,939</u>	<u>\$ 1,789,752</u>	<u>\$ 575,513</u>	<u>\$ 10,861,482</u>

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS  
 For the Year Ended December 31, 2010

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
Cash flows from operating activities:					
Receipts from customers and users	\$ 867,128	\$ 1,047,674	\$ 4,706,580	\$ 1,479,415	\$ 8,100,797
Receipts from interfund services provided	-	-	52,000	-	52,000
Payments to suppliers	(44,283)	(583,289)	(1,573,185)	(1,398,825)	(3,599,582)
Payments to employees	(819,606)	-	(1,402,306)	-	(2,221,912)
Payments for interfund services used	(60,435)	(40,294)	(971,266)	(26,313)	(1,098,308)
Net cash provided (used) by operating activities	(57,196)	424,081	811,823	54,277	1,232,995
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	-	652,500	652,500
Transfers to other funds	-	-	-	(3,677)	(3,677)
Net cash provided by noncapital financing activities	-	-	-	648,823	648,823
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(8,036)	-	(13,231)	(28,959)	(50,226)
Principal paid on capital debt	-	-	(291,852)	(540,000)	(831,852)
Interest paid on capital debt	-	-	(23,411)	(97,607)	(121,018)
Proceeds from sales of capital assets	6,394	-	6,946	-	13,340
Net cash used by capital and related financing activities	(1,642)	-	(321,548)	(666,566)	(989,756)
Cash flows from investing activities:					
Interest received	128	1,207	3,088	3,654	8,077
Net increase (decrease) in cash and cash equivalents	(58,710)	425,298	489,363	40,188	900,139
Cash and cash equivalents, January 1 (Including \$1,363,178 and \$1,597 for the revenue bond covenants and capital outlays, respectively, reported in restricted accounts)	95,364	168,090	660,294	1,495,866	2,419,614
Cash and cash equivalents, December 31 (Including \$1,378,097 and \$17,508 for the revenue bond covenants and capital outlays, respectively, reported in restricted accounts)	\$ 36,654	\$ 593,388	\$ 1,153,657	\$ 1,536,054	\$ 3,319,753

Continued on next page

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS  
 For the Year Ended December 31, 2010  
 (Continued)

	Consolidated Building	Parking Garage	Solid Waste	Blackthorn Golf Course	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (61,033)	\$ 169,836	\$ 608,550	\$ (393,744)	\$ 323,609
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	15,820	216,232	247,876	193,383	673,311
Bad debt expense	-	-	53,883	-	53,883
Lease proceeds used for non capital purchases	-	-	-	246,510	246,510
(Increase) decrease in assets:					
Accounts receivable	(1,959)	(110)	(80,776)	-	(82,845)
Inventories	-	-	-	(8,209)	(8,209)
Increase (decrease) in liabilities:					
Accounts payable	53	38,133	(47,319)	(14,349)	(23,482)
Interfund payable	(1,099)	-	20,637	30,652	50,190
Accrued payroll payable	(7,046)	-	1,346	-	(5,700)
Compensated absence payable	(1,932)	-	7,626	-	5,694
Taxes payable	-	-	-	34	34
Total adjustments	3,837	254,255	203,273	448,021	909,386
Net cash provided (used) by operating activities	\$ (57,196)	\$ 424,091	\$ 811,823	\$ 54,277	\$ 1,232,995
Noncash investing, capital and financing activities:					
Capital asset disposals	\$ 34,200	\$ -	\$ 320,456	\$ -	\$ 354,656



## **V Internal Service Funds**

### **INTERNAL SERVICE FUNDS**

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

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS  
 December 31, 2010

	Liability Insurance Premium Reserve	Self- Funded Employee Benefits	Central Services	Police Take Home Vehicle	Totals
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 3,675,069	\$ 9,150,486	\$ 503,123	\$ 261,451	\$ 13,590,129
Interest receivable	1,201	3,072	184	84	4,541
Accounts receivable	-	279,283	46,365	-	325,648
Interfund receivables:					
Interfund services provided and used	-	-	547,021	-	547,021
Inventories	-	-	704,225	-	704,225
Total current assets	<u>3,676,270</u>	<u>9,432,841</u>	<u>1,800,918</u>	<u>261,535</u>	<u>15,171,564</u>
Capital assets:					
Other capital assets (net of accumulated depreciation)	-	-	1,244,831	-	1,244,831
Total assets	<u>3,676,270</u>	<u>9,432,841</u>	<u>3,045,749</u>	<u>261,535</u>	<u>16,416,395</u>
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	62,654	612,703	120,972	-	796,329
Interfund payables:					
Interfund services provided and used	309	-	1,575	-	1,884
Accrued payroll payable	5,025	-	69,958	-	74,983
Compensated absences	4,969	622	108,952	-	114,543
Capital leases payable	-	-	2,405	-	2,405
Estimate of unfilled claims	2,103,925	100,000	-	-	2,203,925
Total current liabilities	<u>2,176,882</u>	<u>713,325</u>	<u>303,862</u>	<u>-</u>	<u>3,194,069</u>
Noncurrent liabilities:					
Capital leases payable	-	-	9,616	-	9,616
Total liabilities	<u>2,176,882</u>	<u>713,325</u>	<u>313,478</u>	<u>-</u>	<u>3,203,685</u>
<u>Net Assets</u>					
Invested in capital assets, net of related debt	-	-	1,244,831	-	1,244,831
Unrestricted	1,499,388	8,719,516	1,487,440	261,535	11,967,879
Total net assets	<u>\$ 1,499,388</u>	<u>\$ 8,719,516</u>	<u>\$ 2,732,271</u>	<u>\$ 261,535</u>	<u>\$ 13,212,710</u>



CITY OF SOUTH BEND  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -  
 INTERNAL SERVICE FUNDS  
 For the Year Ended December 31, 2010

	Liability Insurance Premium Reserve	Self- Funded Employee Benefits	Central Services	Police Take Home Vehicle	Totals
<b>Operating revenues:</b>					
Employee/employer contributions	\$ 2,563,593	\$ 9,794,542	\$ -	\$ 61,167	\$ 12,419,302
Charges for sales and services	-	-	3,254,231	-	3,254,231
Other	15,689	20	-	-	15,709
<b>Total operating revenues</b>	<b>2,579,282</b>	<b>9,794,562</b>	<b>3,254,231</b>	<b>61,167</b>	<b>15,689,242</b>
<b>Operating expenses:</b>					
Operation and maintenance	-	-	2,324,233	-	2,324,233
Administration	281,516	270,094	199,101	-	750,711
Insurance claims and premiums	3,554,559	9,931,029	-	14,947	13,500,535
Depreciation	-	-	80,749	-	80,749
<b>Total operating expenses</b>	<b>3,836,075</b>	<b>10,201,123</b>	<b>2,604,083</b>	<b>14,947</b>	<b>16,656,228</b>
<b>Operating income (loss)</b>	<b>(1,256,793)</b>	<b>(406,561)</b>	<b>650,148</b>	<b>46,220</b>	<b>(966,986)</b>
<b>Nonoperating revenues:</b>					
Interest and investment revenue	13,258	36,249	1,156	955	51,618
Interest expense	-	-	(185)	-	(185)
Gain on disposition of assets	-	-	2,363	-	2,363
<b>Total nonoperating revenue (expenses)</b>	<b>13,258</b>	<b>36,249</b>	<b>3,334</b>	<b>955</b>	<b>53,796</b>
<b>Change in net assets</b>	<b>(1,243,535)</b>	<b>(370,312)</b>	<b>653,482</b>	<b>47,175</b>	<b>(913,190)</b>
<b>Total net assets - beginning</b>	<b>2,742,923</b>	<b>9,089,828</b>	<b>2,078,789</b>	<b>214,360</b>	<b>14,125,900</b>
<b>Total net assets - ending</b>	<b>\$ 1,499,388</b>	<b>\$ 8,719,516</b>	<b>\$ 2,732,271</b>	<b>\$ 261,535</b>	<b>\$ 13,212,710</b>

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS  
 For the Year Ended December 31, 2010

	Liability Insurance Premium Reserve	Self-Funded Employee Benefits	Central Services	Police Take Home Vehicle	Totals
Cash flows from operating activities:					
Receipts from customers and users	\$ 15,689	\$ 571,639	\$ 66,480	\$ 61,167	\$ 714,975
Receipts from interfund services provided	2,563,593	9,224,469	3,213,884	-	15,001,946
Payments to suppliers	(2,684,811)	(10,048,465)	(378,517)	-	(13,111,793)
Payments to employees	(225,775)	(13,223)	(2,155,094)	-	(2,394,092)
Payments for interfund services used	(36,426)	(177,841)	(142,331)	(14,947)	(371,545)
Net cash provided (used) by operating activities	(367,730)	(443,421)	604,422	46,220	(160,509)
Cash flows from noncapital financing activities:					
Interfund loan repaid	305,815	-	(83,016)	(305,815)	(83,016)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	-	(17,927)	-	(17,927)
Principal paid on capital debt	-	-	(1,345)	-	(1,345)
Interest paid on capital debt	-	-	(185)	-	(185)
Proceeds from sales of capital assets	-	-	202	-	202
Net cash used by capital and related financing activities	-	-	(19,255)	-	(19,255)
Cash flows from investing activities:					
Interest received	12,954	34,808	972	871	49,605
Net increase (decrease) in cash and cash equivalents	(48,961)	(408,613)	503,123	(258,724)	(213,175)
Cash and cash equivalents, January 1	3,724,030	9,559,099	-	520,175	13,803,304
Cash and cash equivalents, December 31	<u>\$ 3,675,069</u>	<u>\$ 9,150,486</u>	<u>\$ 503,123</u>	<u>\$ 261,451</u>	<u>\$ 13,590,129</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	<u>\$ (1,256,793)</u>	<u>\$ (406,561)</u>	<u>\$ 650,148</u>	<u>\$ 46,220</u>	<u>\$ (966,986)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	-	80,749	-	80,749
(Increase) decrease in assets:					
Accounts receivable	-	1,546	36,652	-	38,198
Intergovernmental receivables	-	-	52	-	52
Interfund receivables	-	-	(131,884)	-	(131,884)
Inventories	-	-	(68,139)	-	(68,139)
Increase (decrease) in liabilities:					
Accounts payable	15,682	11,992	16,928	-	44,602
Interfund payables	(300)	-	(62)	-	(362)
Accrued payroll payable	(1,964)	(398)	5,205	-	2,843
Compensated absences payable	(941)	-	14,773	-	13,832
Estimated unfilled claims	876,586	(50,000)	-	-	826,586
Total adjustments	889,063	(36,860)	(45,726)	-	806,477
Net cash provided (used) by operating activities	<u>\$ (367,730)</u>	<u>\$ (443,421)</u>	<u>\$ 604,422</u>	<u>\$ 46,220</u>	<u>\$ (160,509)</u>
Noncash investing, capital and financing activities:					
Capital assets acquired by capital debt	\$ -	\$ -	\$ 13,366	\$ -	\$ 13,366
Capital asset disposals	-	-	13,743	-	13,743
Capital asset transfers from other City departments	-	-	15,904	-	15,904



## **VI Fiduciary Funds**

## FIDUCIARY FUNDS

### **Pension Trust Funds**

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

### **Agency Fund**

- Payroll - To account for the payroll of City employees and pension benefits of the Police and Firefighters' Pension Funds. Gross payroll and pension benefits are treated as expenditures in other City funds and transferred into this fund, which serves as a clearing account.

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS - PENSION TRUST FUNDS  
 December 31, 2010

	1925 Police Pension	1937 Firefighters' Pension	Total Pension Trust Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 2,367,504	\$ 1,815,040	\$ 4,182,544
Receivables:			
Interest	851	680	1,531
Total assets	2,368,355	1,815,720	4,184,075
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	1,305	74	1,379
Accrued payroll payable	-	620	620
Total liabilities	1,305	694	1,999
<u>Net Assets</u>			
Held in trust for:			
Employees' pension benefits	\$ 2,367,050	\$ 1,815,026	\$ 4,182,076

CITY OF SOUTH BEND  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -  
 PENSION TRUST FUNDS

For the Year Ended December 31, 2010

	1925 Police Pension	1937 Firefighters' Pension	Total Pension Trust Funds
<u>Additions</u>			
Contributions:			
On behalf	\$ 5,800,471	\$ 5,194,284	\$ 10,994,755
Other	<u>2,525</u>	<u>330</u>	<u>2,855</u>
Total contributions	<u>5,802,996</u>	<u>5,194,614</u>	<u>10,997,610</u>
Net investment income:			
Interest	<u>7,430</u>	<u>5,668</u>	<u>13,098</u>
Total additions	<u>5,810,426</u>	<u>5,200,282</u>	<u>11,010,708</u>
<u>Deductions</u>			
Benefits	6,238,660	5,538,850	11,777,510
Administrative expense	<u>14,243</u>	<u>8,613</u>	<u>22,856</u>
Total deductions	<u>6,252,903</u>	<u>5,547,463</u>	<u>11,800,366</u>
Changes in net assets	<u>(442,477)</u>	<u>(347,181)</u>	<u>(789,658)</u>
Net assets - beginning	<u>2,809,527</u>	<u>2,162,207</u>	<u>4,971,734</u>
Net assets - ending	<u>\$ 2,367,050</u>	<u>\$ 1,815,026</u>	<u>\$ 4,182,076</u>

CITY OF SOUTH BEND  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -  
AGENCY FUND  
For the Year Ended December 31, 2010

	Payroll
<b>Assets:</b>	
Cash and cash equivalents, January 1	\$ 1,198,030
Additions	90,104,204
Deductions	<u>(90,041,517)</u>
<b>Total assets, December 31</b>	<b>\$ 1,260,717</b>
<b>Liabilities</b>	
Accrued payroll and withholdings payable, January 1	\$ 1,198,030
Additions	90,104,204
Deductions	<u>(90,041,517)</u>
<b>Total liabilities, December 31</b>	<b>\$ 1,260,717</b>



## VII Statistical Section



## **FINANCIAL TRENDS**

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

**City of South Bend, Indiana**  
**Net Assets by Component**  
**Last Ten Fiscal Years (\$'s whole)**

	2002 (1)	2003	2004	2005	2006 (2)	2007	2008	2009	2010
<b>Governmental activities</b>									
Invested in capital assets, net of related debt	31,654,852	31,254,629	7,383,902	35,777,247	208,509,577	200,634,954	178,178,047	178,483,535	186,771,216
Restricted	7,167,928	6,381,082	1,966,388	6,138,257	5,225,642	5,370,627	11,077,687	12,825,227	8,840,610
Unrestricted	16,463,922	31,095,490	59,250,281	26,957,659	24,900,036	47,150,229	56,786,214	82,877,695	97,583,083
<b>Total governmental activities net assets</b>	<b>55,286,402</b>	<b>68,731,201</b>	<b>68,600,571</b>	<b>68,873,163</b>	<b>238,635,255</b>	<b>253,155,810</b>	<b>246,041,948</b>	<b>274,186,457</b>	<b>293,194,909</b>
<b>Business-type activities</b>									
Invested in capital assets, net of related debt	49,514,614	102,466,792	93,370,899	94,833,960	97,670,533	112,194,451	124,705,327	119,607,643	122,108,095
Restricted	44,235,716	14,456,725	13,254,447	17,942,700	22,535,858	8,273,257	8,630,542	14,075,339	13,320,967
Unrestricted	37,874,655	12,837,127	19,015,375	8,751,584	7,168,852	15,793,782	9,209,917	12,597,138	19,262,192
<b>Total business-type activities net assets</b>	<b>131,624,985</b>	<b>129,760,644</b>	<b>125,640,721</b>	<b>121,528,244</b>	<b>127,375,243</b>	<b>136,261,490</b>	<b>142,545,786</b>	<b>146,280,120</b>	<b>154,691,254</b>
<b>Primary government</b>									
Invested in capital assets, net of related debt	81,169,466	133,721,421	100,754,801	130,611,207	306,180,110	312,829,405	302,883,374	298,091,178	308,879,311
Restricted	51,403,344	20,837,807	15,220,835	24,080,957	27,761,500	13,643,884	19,708,229	26,900,566	22,161,577
Unrestricted	54,338,577	43,932,617	78,265,656	35,709,243	32,068,888	62,944,011	65,996,131	95,474,833	116,845,275
<b>Total primary government net assets</b>	<b>186,911,387</b>	<b>198,491,845</b>	<b>194,241,292</b>	<b>190,401,407</b>	<b>366,010,498</b>	<b>389,417,300</b>	<b>388,587,734</b>	<b>420,466,577</b>	<b>447,886,163</b>

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

(1) The City implemented GASB 34 during 2002. Information on net assets by component is not available prior to 2002.

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

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

**City of South Bend, Indiana**  
**Changes in Net Assets**  
**Last Ten Fiscal Years (\$'s whole)**

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

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

City of South Bend, Indiana  
Changes in Net Assets

Last Ten Fiscal Years (\$'s whole) (continued)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities:</b>										
Charges for services:										
General government	5,200,416	10,979,276	6,054,637	148,150	6,883,104	6,553,121	6,647,223	6,855,830	6,964,269	
Public safety	3,595,877	2,070,815	2,075,522	2,239,368	5,132,285	4,228,405	5,035,433	5,051,827	4,916,958	
Highways and streets	159,853	0	0	135,313	44,250	0	0	5,152	28,110	
Economic development	883,576	192,135	168,523	516,570	562,807	604,873	636,722	332,454	283,420	
Culture and recreation	3,788,266	1,327,538	1,044,512	3,784,176	4,940,629	5,057,277	5,300,818	5,063,896	4,995,049	
Operating grants and contributions	14,826,421	14,813,675	10,718,149	12,916,362	12,452,463	15,628,287	11,356,682	12,199,444	29,467,573	
Capital grants and contributions	3,842,673	1,790,912	10,326,795	9,447,723	13,793,363	960,502	1,176,783	780,137	1,472,233	
<b>Total governmental activities program revenues</b>	<b>32,297,082</b>	<b>31,174,351</b>	<b>30,388,138</b>	<b>29,187,662</b>	<b>43,808,901</b>	<b>33,032,264</b>	<b>30,153,661</b>	<b>30,288,740</b>	<b>48,127,612</b>	
<b>Business-type activities:</b>										
Charges for services:										
Water	12,953,580	13,021,168	12,513,333	12,130,549	14,757,819	15,336,891	14,926,833	14,151,289	14,194,442	
Wastewater	12,665,696	13,076,885	14,773,651	14,830,607	18,725,903	21,349,401	23,567,973	25,012,163	26,001,156	
Civic Center	1,848,097	1,704,787	1,837,763	1,604,352	3,113,264	3,371,553	3,370,802	2,873,966	2,869,010	
Building Department	979,781	1,020,325	983,102	1,125,312	1,039,405	1,078,258	1,169,788	977,050	875,481	
Parking	731,007	1,211,222	768,503	763,581	799,350	861,307	1,003,889	1,070,519	1,047,784	
Solid Waste	4,029,171	3,987,183	3,964,487	3,764,229	4,177,897	4,187,821	4,343,120	4,759,530	4,745,547	
Golf Course	1,541,311	1,630,975	1,689,984	1,546,244	1,565,649	1,512,150	1,493,519	1,557,951	1,479,415	
Operating grants and contributions	1,020,628	1,130,575	1,165,243	1,282,780	0	0	0	0	0	
Capital grants and contributions	850,967	72,390	118,953	1,479,581	1,413,861	1,253,332	1,209,380	4,038,412	1,889,165	
<b>Total business-type activities program revenues</b>	<b>36,620,238</b>	<b>36,855,510</b>	<b>37,815,019</b>	<b>38,527,235</b>	<b>45,593,148</b>	<b>48,950,713</b>	<b>51,085,304</b>	<b>54,440,880</b>	<b>53,102,000</b>	
<b>Total primary government program revenues</b>	<b>68,917,320</b>	<b>68,029,861</b>	<b>68,203,157</b>	<b>67,714,897</b>	<b>89,402,049</b>	<b>81,982,977</b>	<b>81,238,965</b>	<b>84,729,620</b>	<b>101,229,612</b>	
<b>Net (Expense)/Revenue</b>										
Governmental activities	(64,150,009)	(68,994,796)	(80,894,268)	(104,603,413)	(91,562,482)	(91,899,759)	(104,886,202)	(73,824,622)	(85,887,531)	
Business-type activities	751,730	(669,168)	(2,846,054)	(4,720,962)	4,985,143	5,683,863	2,305,176	2,816,982	7,615,465	
<b>Total primary government net expense</b>	<b>(63,398,279)</b>	<b>(69,663,964)</b>	<b>(83,740,322)</b>	<b>(109,324,375)</b>	<b>(86,577,339)</b>	<b>(86,215,896)</b>	<b>(102,581,026)</b>	<b>(71,007,640)</b>	<b>(78,272,066)</b>	

City of South Bend, Indiana  
Changes in Net Assets

Last Ten Fiscal Years (\$'s whole) (continued)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Taxes										
Property taxes	58,552,988	67,965,063	62,279,784	72,743,697	68,256,602	77,120,683	76,109,499	73,882,128	\$77,315,641	
County Option Income Tax	7,750,067	7,374,318	7,001,198	5,695,618	6,410,405	8,072,623	5,813,846	10,270,179	11,502,052	
Economic Development Income Tax	3,077,665	3,512,369	3,448,688	3,464,152	4,013,475	4,681,134	3,788,754	4,536,245	7,335,113	
Professional Sports Development Tax	316,173	341,093	378,099	385,553	336,281	435,791	453,268	522,788	597,406	
Community Revitalization District Tax	0	0	655,269	965,052	1,000,000	1,000,000	955,315	605,623	416,149	
Unrestricted grants and contributions	4,989,809	5,286,477	5,133,838	5,160,298	5,063,541	4,032,300	5,664,011	7,597,883	4,883,081	
Unrestricted Investment earnings	1,559,320	1,124,825	1,660,720	3,543,469	4,762,484	6,247,113	4,961,410	859,135	868,023	
Other	785,900	903,574	598,600	10,790,170	3,520,138	5,016,902	2,007,821	2,781,368	2,627,341	
Loss on Sale of Redevelopment Properties	(1,083,637)	0	0	0	0	0	0	0	0	
Net Pension Obligation	(5,324,182)	0	0	0	0	0	0	0	0	
Transfers	(60,033)	12,533	14,873	33,589	44,200	3,735	34,970	(645,992)	(648,823)	
<b>Total governmental activities</b>	<b>70,564,070</b>	<b>86,520,252</b>	<b>81,171,069</b>	<b>102,781,598</b>	<b>93,407,126</b>	<b>106,610,281</b>	<b>99,788,894</b>	<b>100,409,357</b>	<b>104,895,983</b>	
<b>Business-type activities:</b>										
Unrestricted Investment earnings	462,674	266,610	362,676	745,966	906,056	1,301,348	1,514,287	271,360	146,826	
Other	0	0	0	1,990,515	0	0	0	0	0	
Transfers	60,033	(12,533)	(14,873)	(33,589)	(44,200)	(3,735)	(34,970)	645,992	648,823	
<b>Total business-type activities</b>	<b>522,707</b>	<b>254,077</b>	<b>347,803</b>	<b>2,702,892</b>	<b>861,856</b>	<b>1,297,613</b>	<b>1,479,317</b>	<b>917,352</b>	<b>795,649</b>	
<b>Total primary government</b>	<b>71,086,777</b>	<b>86,774,329</b>	<b>81,518,872</b>	<b>105,484,490</b>	<b>94,268,982</b>	<b>107,907,894</b>	<b>101,268,211</b>	<b>101,326,709</b>	<b>105,691,632</b>	
<b>Special Item (Governmental activities):</b>										
Well field contamination settlement	0	0	0	0	0	0	4,462,214	0	0	
<b>Change in Net Assets</b>										
Governmental activities	6,414,061	17,525,456	276,801	(1,821,815)	1,844,644	14,710,522	(635,094)	26,584,735	19,008,452	
Business-type activities	1,274,437	(415,091)	(2,498,251)	(2,018,070)	5,846,999	6,981,476	3,784,493	3,734,334	8,411,134	
<b>Total primary government</b>	<b>7,688,498</b>	<b>17,110,365</b>	<b>(2,221,450)</b>	<b>(3,839,865)</b>	<b>7,691,643</b>	<b>21,691,998</b>	<b>3,149,399</b>	<b>30,319,069</b>	<b>\$27,419,586</b>	
Excludes prior period adjustments										

**Source : City of South Bend Comprehensive Annual Financial Reports**

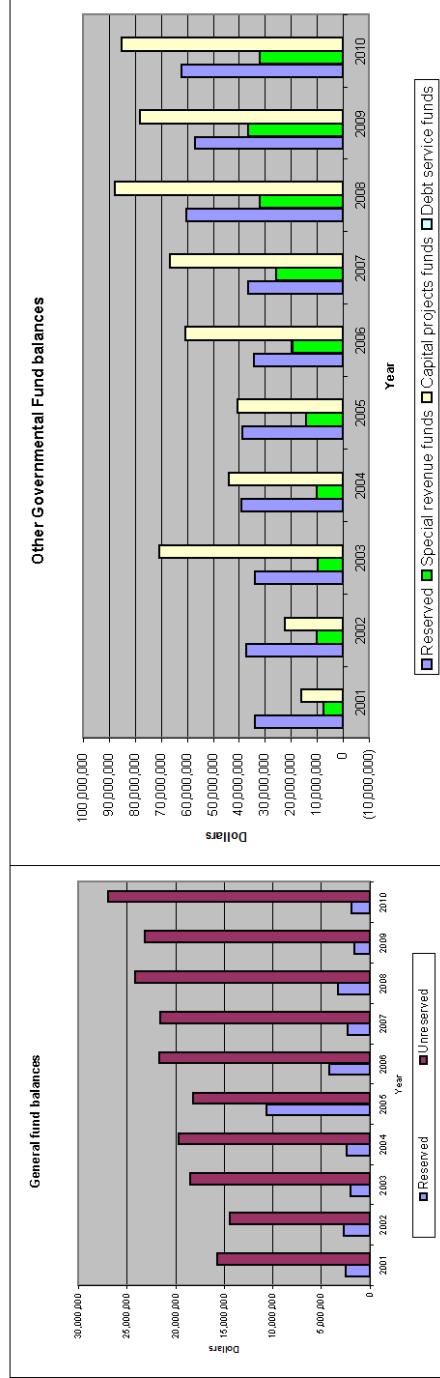
The City implemented GASB Statement No. 34 during 2002. Information on Changes in Net Assets is not available prior to 2002.

**City of South Bend, Indiana**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years (\$'s whole)**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General fund</b>										
Reserved	2,415,282	2,695,612	2,002,641	2,365,669	10,581,739	4,162,853	2,213,970	3,245,271	1,516,159	1,824,454
Unreserved	15,672,609	14,359,310	18,503,386	19,656,024	18,162,455	21,688,442	21,546,783	24,171,313	23,102,296	26,912,688
<b>Total - General Fund</b>	<b>18,087,891</b>	<b>17,054,922</b>	<b>20,506,027</b>	<b>22,021,693</b>	<b>28,744,194</b>	<b>25,851,295</b>	<b>23,760,753</b>	<b>27,416,584</b>	<b>24,618,455</b>	<b>28,737,142</b>
<b>Other Governmental Funds</b>										
Reserved	33,676,079	37,163,342	33,911,725	39,224,425	38,498,351	34,251,520	36,374,517	60,213,915	56,819,802	62,230,229
Unreserved, reported in:										
Special revenue funds	7,389,639	9,981,610	9,881,359	10,159,432	14,134,371	19,348,846	25,703,180	32,054,329	36,398,024	31,996,398
Capital projects funds	16,111,900	22,299,698	70,656,781	43,815,737	40,624,644	60,447,079	66,593,906	87,571,056	78,214,132	85,237,947
Debt service funds	0	0	0	0	0	(7,828)	0	0	0	0
<b>Total - Other Governmental Funds</b>	<b>57,177,618</b>	<b>69,444,650</b>	<b>114,449,865</b>	<b>93,199,594</b>	<b>93,257,366</b>	<b>114,039,617</b>	<b>128,671,603</b>	<b>179,839,300</b>	<b>171,431,958</b>	<b>179,464,574</b>
<b>Grand Total - Governmental Funds</b>	<b>75,265,509</b>	<b>86,499,572</b>	<b>134,955,892</b>	<b>115,221,287</b>	<b>122,001,560</b>	<b>139,890,912</b>	<b>152,432,356</b>	<b>207,255,884</b>	<b>196,050,413</b>	<b>208,201,716</b>

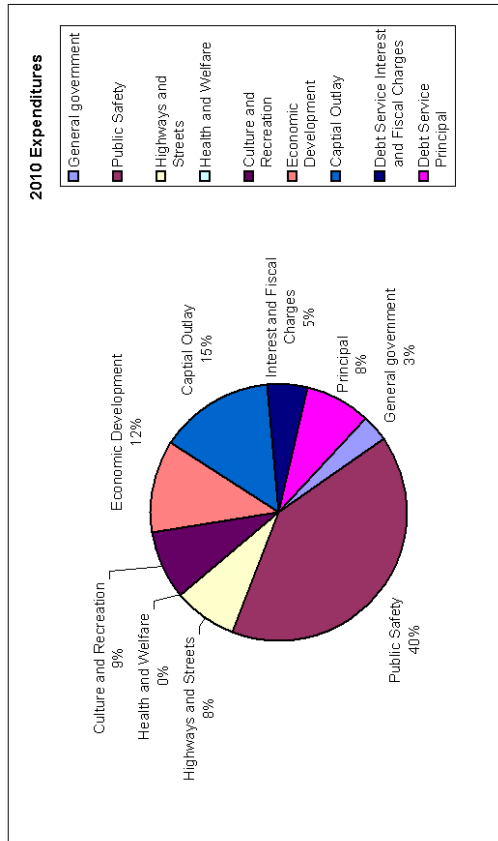
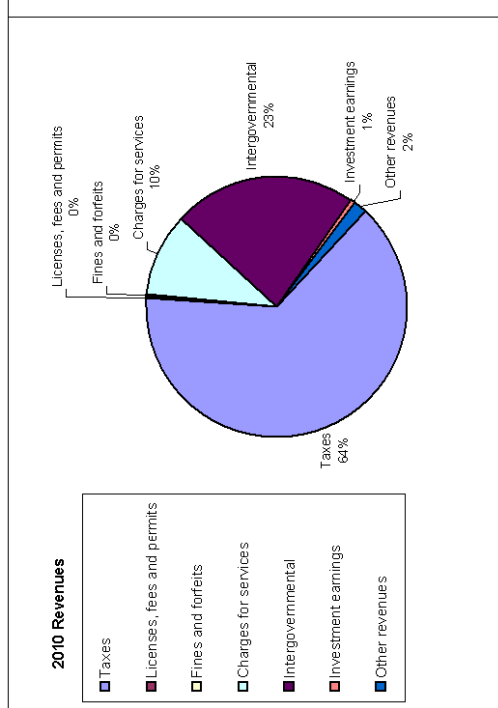
Source: City of South Bend Comprehensive Annual Financial Reports

**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.**



**City of South Bend, Indiana**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years (\$'s whole)**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Taxes	68,572,472	73,697,617	80,533,464	75,289,946	78,650,044	84,049,414	88,695,023	96,930,953	89,139,585	101,785,765
Licenses, fees and permits	245,894	236,267	212,261	223,006	246,780	186,470	173,604	177,329	206,594	192,397
Fines and forfeits	126,515	203,837	264,704	302,376	245,680	444,861	437,732	412,707	423,981	409,775
Charges for services	12,716,474	13,187,884	14,030,134	15,187,711	15,293,779	16,931,744	15,832,139	17,030,160	16,678,584	16,585,634
Intergovernmental	11,987,614	20,859,845	19,873,378	17,968,454	18,665,828	31,275,541	21,400,166	18,196,118	20,577,464	35,822,886
Investment earnings	2,569,725	1,559,320	1,124,825	1,668,050	3,543,469	4,762,484	6,248,605	4,962,768	859,135	868,023
Other revenues	3,711,786	3,287,910	2,977,325	2,732,127	10,791,555	3,414,731	5,039,373	2,007,821	3,046,791	2,677,796
<b>Total revenues</b>	<b>99,930,480</b>	<b>113,032,680</b>	<b>119,016,091</b>	<b>113,371,670</b>	<b>127,437,135</b>	<b>141,065,245</b>	<b>137,826,642</b>	<b>139,717,856</b>	<b>130,932,134</b>	<b>158,342,276</b>
<b>Expenditures</b>										
General government	6,938,489	7,530,213	5,798,497	6,814,675	7,828,275	11,244,734	9,611,354	6,902,426	5,969,141	5,214,424
Public Safety	38,687,286	38,896,338	45,498,413	44,371,673	49,010,645	51,050,640	53,203,005	50,413,055	48,790,068	60,990,129
Highways and Streets	14,064,377	12,366,777	7,499,367	12,638,026	9,874,281	13,583,761	13,257,781	13,369,611	11,716,810	12,298,603
Health and Welfare	65,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	0	0
Culture and Recreation	12,864,397	12,352,525	12,855,102	14,347,497	14,226,463	13,849,622	13,469,798	14,542,481	12,733,094	12,841,596
Economic Development	8,269,097	9,755,980	14,518,827	13,208,131	7,531,650	9,752,254	7,710,242	9,726,718	8,938,134	17,408,376
Capital Outlay	14,937,077	24,217,175	23,264,716	30,722,396	29,299,053	16,391,192	17,293,302	26,695,208	37,485,105	21,952,522
Debt Service										
Interest and Fiscal Charges	4,075,031	3,938,296	4,417,477	5,287,658	5,793,386	6,144,611	5,718,572	7,258,201	8,053,995	7,499,683
Principal	3,841,439	4,883,106	10,197,689	5,597,717	7,074,887	7,435,722	7,870,166	9,040,095	9,276,363	12,552,681
<b>Total expenditures</b>	<b>103,742,193</b>	<b>114,015,410</b>	<b>124,125,088</b>	<b>133,062,773</b>	<b>130,713,640</b>	<b>129,527,536</b>	<b>128,209,220</b>	<b>138,022,795</b>	<b>142,962,710</b>	<b>150,758,014</b>



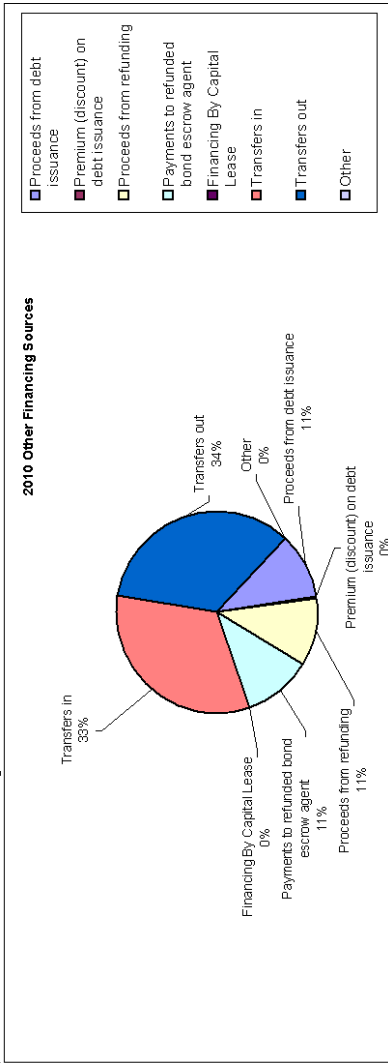
**City of South Bend, Indiana**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years (\$'s whole) (continued)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Excess of revenues over (under) expenditures</b>	-3,811,713	-982,730	-5,108,997	-19,691,103	-3,276,505	11,537,709	9,617,422	1,695,061	-12,030,576	7,584,262
<b>Other Financing Sources (Uses)</b>										
Proceeds from debt issuance	8,579,363	12,016,706	55,953,290	613,767	10,023,189	14,050,557	2,920,287	45,622,808	1,771,318	5,280,314
Premium (discount) on debt issuance	0	0	0	0	0	0	0	1,626,186	80,950	146,030
Proceeds from refunding	6,123,340	0	598,086	0	0	0	0	0	7,210,000	5,327,775
Payments to refunded bond escrow agent	-6,123,340	0	-1,793,917	0	0	-8,371,711	0	0	-7,591,171	-5,538,255
Financing By Capital Lease	1,040,000	755,000	795,325	0	0	0	0	0	0	0
Transfers in	8,263,022	6,864,298	8,201,665	6,571,247	8,332,742	8,928,540	7,872,575	10,574,625	8,687,172	16,314,577
Transfers out	-9,209,695	-7,724,331	-10,189,132	-6,556,374	-8,299,153	-8,884,340	-7,868,840	-10,539,655	-9,333,164	-16,963,400
Other	0	455,120	0	0	0	0	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>8,672,690</b>	<b>12,366,793</b>	<b>53,565,317</b>	<b>628,640</b>	<b>10,056,778</b>	<b>5,723,046</b>	<b>2,924,022</b>	<b>47,283,964</b>	<b>825,105</b>	<b>4,567,041</b>
<b>Special Item:</b>										
Well field contamination settlement	0	0	0	0	0	0	0	4,462,214	0	0
<b>Net change in fund balances</b>	<b>4,860,977</b>	<b>11,384,063</b>	<b>48,456,320</b>	<b>-19,062,463</b>	<b>6,780,273</b>	<b>17,260,755</b>	<b>12,541,444</b>	<b>53,441,239</b>	<b>-11,205,471</b>	<b>12,151,303</b>
<b>Debt service as a percentage of noncapital expenditures (1)</b>	<b>8.9%</b>	<b>8.6%</b>	<b>13.5%</b>	<b>9.8%</b>	<b>11.1%</b>	<b>10.8%</b>	<b>11.4%</b>	<b>12.1%</b>	<b>17.4%</b>	<b>15.6%</b>

(1) For 1998-2001, debt service payments divided by total expenditures, net of capital expenditures.  
 For 2002-2009, debt service payments divided by total expenditures, net of capital asset additions recorded on government-wide statements.

Excludes prior period adjustments

**Source: City of South Bend Comprehensive Annual Financial Reports**





## **REVENUE CAPACITY**

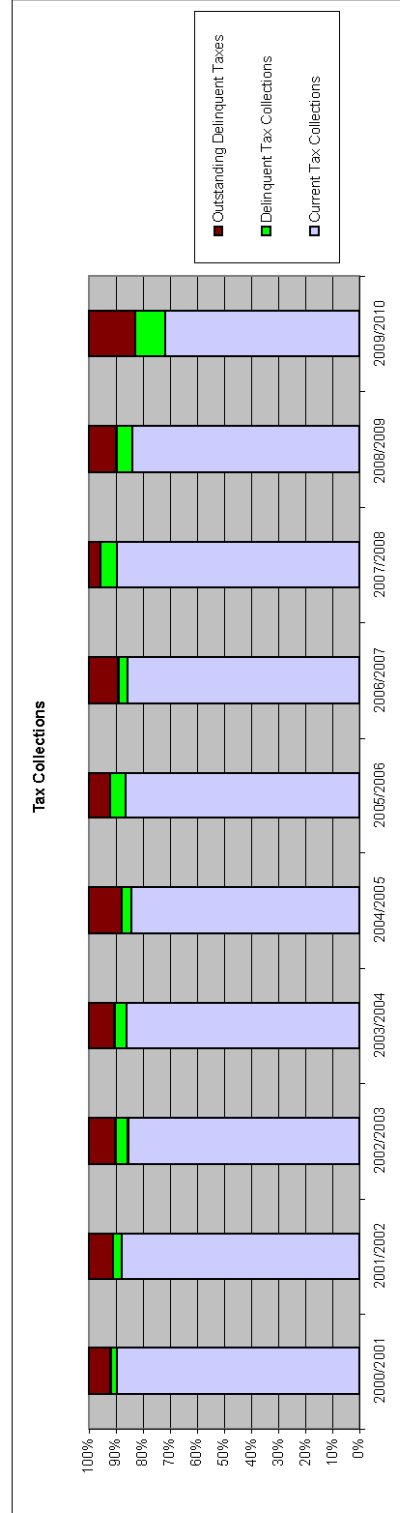
These schedules contain information to help the reader assess the factors affecting the City of South Bend's ability to generate and maintain revenue.

**CITY OF SOUTH BEND, INDIANA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS (\$'s whole)**

Tax Year/ Collection Year	Per DLGF Current Tax Levy	Estimated Circuit Breaker Levy Reduction	Adjusted Current Tax Levy (County Abstract)	Current Tax		Delinquent Tax Collections	Total Tax		Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Adjusted Tax Levy
				Collections as a Percent of Adjusted Tax Levy	Collections		Collections as a Percent of Adjusted Tax Levy	Total Tax Collections		
2000/2001	53,823,245	0	53,823,245	50,904,463	94.58%	1,332,888	52,237,351	97.05%	4,582,962	8.51%
2001/2002	52,762,157	0	52,762,157	49,330,749	93.50%	1,789,947	51,120,696	96.89%	5,083,451	9.63%
2002/2003	58,326,066	0	58,326,066	53,726,528	92.11%	2,928,994	56,655,522	97.14%	6,203,521	10.64%
2003/2004	59,875,358	0	59,875,358	56,031,449	93.58%	2,914,419	58,945,868	98.45%	6,189,942	10.34%
2004/2005	60,833,109	0	60,833,109	56,114,865	92.24%	2,335,278	58,450,143	96.08%	8,093,237	13.30%
2005/2006	62,058,519	0	62,058,519	58,849,337	94.83%	3,847,872	62,697,209	101.03%	5,495,442	8.86%
2006/2007	62,723,113	0	62,723,113	57,979,187	92.44%	2,289,138	60,268,325	96.09%	7,411,505	11.82%
2007/2008	65,534,282	0	65,534,282	59,589,537	90.93%	4,113,095	63,702,632	97.21%	2,831,650	4.32%
2008/2009	64,546,050	7,863,846	56,682,204	47,497,697	83.80%	3,355,161	50,852,858	89.72%	5,810,503	10.25%
2009/2010	66,929,179	14,346,110	52,583,069	41,814,042	79.52%	6,380,000	48,194,042	91.65%	10,026,236	19.07%

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

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



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

Tax Year/ Collection Year	City Direct Rates										Overlapping Rates				
	General Fund	Parks/ Recreation	Firefighters' Pension	Police Pension	Cumulative Capital Development	Total Direct	St. Joseph County	Schools Districts	Township	Library	Other (2)	Total Overlapping	Grand Total (4)		
2000/2001	6.1877	1.0442	0.1948	0.1746	0.1500	7.7513	3.1402	6.3673	0.1123	0.7366	0.7561	11.1125	18.8638		
2001/2002 (1)	2.1304	0.3591	0.0669	0.0600	0.0287	2.6451	0.9473	2.1725	0.0382	0.2496	0.2501	3.6577	6.3028		
2002/2003	1.5668	0.2647	0.0493	0.0442	0.0356	1.9606	0.7366	1.4792	0.1122	0.1686	0.2240	2.7206	4.6612		
2003/2004	1.6871	0.2859	0.0532	0.0477	0.0376	2.1115	0.7632	1.6201	0.0923	0.1830	0.2209	2.8815	4.9930		
2004/2005	1.6845	0.2902	0.0540	0.0485	0.0376	2.1148	0.7831	1.5969	0.0276	0.1854	0.1828	2.7758	4.8906		
2005/2006	1.7386	0.2981	0.0554	0.0498	0.0376	2.1795	0.9899	1.6033	0.0269	0.2027	0.1501	2.9729	5.1524		
2006/2007	1.6838	0.2858	0.0531	0.0477	0.0342	2.1046	0.8711	1.5419	0.0285	0.1957	0.1737	2.8109	4.9155		
2007/2008	1.7924	0.2979	0.0579	0.0572	0.0342	2.2396	0.7576	1.5417	0.0482	0.2216	0.1944	2.7635	5.0031		
2008/2009	1.9777	0.3656	0.0117	0.0189	0.0342	2.4081	0.5693	1.0297	0.0537	0.2257	0.1733	2.0517	4.4598		
2009/2010 (3)	2.2536	0.4401	0.0000	0.0000	0.0342	2.7279	0.5866	1.0728	0.0406	0.2657	0.1835	2.1492	4.8771		

**Source: St. Joseph County Auditor's Office**

(1) The 2001 pay 2002 tax rates were converted by State of Indiana tax legislation from 33% to 100% of assessed valuation. This conversion had no effect on tax dollars collected. Assessed values increased and tax rates decreased.

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

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

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

CITY OF SOUTH BEND, INDIANA  
 DETAIL OF NET ASSESSED VALUATION  
 (Assessment For the Year 2009 Payable in 2010)

	South Bend Centre Twp	South Bend Clay Twp	South Bend German Twp	South Bend Penn Twp	South Bend Warren Twp	South Bend Portage Twp	Totals	Percent
Value of land	\$120,214,700	\$16,204,000	\$54,253,000	\$16,810,300	\$788,400	\$371,644,600	\$579,915,000	
Value of improvements	657,017,800	138,081,200	432,658,900	91,163,100	17,706,300	2,451,954,700	3,788,582,000	
<b>Total value of real estate</b>	<b>777,232,500</b>	<b>154,285,200</b>	<b>486,911,900</b>	<b>107,973,400</b>	<b>18,494,700</b>	<b>2,823,599,300</b>	<b>4,368,497,000</b>	
Less: Mortgage, veterans, blind, age 65 & other exemptions	(238,373,833)	(36,902,668)	(84,190,588)	(25,737,683)	0	(958,074,669)	(1,343,279,441)	
Tax-exempt property	(42,987,550)	(6,929,420)	(15,835,280)	(9,774,900)	0	(251,088,254)	(326,615,404)	
Investment Deduction	0	0	0	0	0	(1,031,508)	(1,031,508)	
Tax increment financing	(181,980,452)	(8,731,630)	(228,341,936)	0	(13,982,380)	(257,144,808)	(690,181,206)	
Tax abatements	(21,848,820)	(76,875)	(28,825,110)	(4,304,990)	(4,512,320)	(36,003,290)	(95,571,405)	
<b>Net value of real estate</b>	<b>292,041,845</b>	<b>101,644,607</b>	<b>129,718,986</b>	<b>68,155,827</b>	<b>0</b>	<b>1,320,256,771</b>	<b>1,911,818,036</b>	<b>77.92%</b>
Gross personal property assessments	29,879,300	7,005,780	153,570,510	2,305,220	6,018,100	406,172,540	604,951,450	
Less: Tax abatements	(336,470)	0	(9,081,020)	0	0	(11,879,170)	(21,296,660)	
Tax-exempt property	(1,676,470)	(193,950)	(2,677,930)	(824,640)	0	(117,859,643)	(123,232,633)	
Investment deduction	(2,490)	(12,790)	(33,910)	(24,530)	0	(179,160)	(252,880)	
Tax increment financing	0	0	0	0	0	(16,915,490)	(16,915,490)	
<b>Net value of personal property</b>	<b>27,863,870</b>	<b>6,799,040</b>	<b>141,777,650</b>	<b>1,456,050</b>	<b>6,018,100</b>	<b>259,339,077</b>	<b>443,253,787</b>	<b>18.07%</b>
<b>Net value of utilities</b>	<b>7,057,790</b>	<b>3,339,950</b>	<b>14,126,990</b>	<b>869,360</b>	<b>173,430</b>	<b>72,866,230</b>	<b>98,433,750</b>	<b>4.01%</b>
<b>Total net assessed valuation</b>	<b>326,963,505</b>	<b>111,783,597</b>	<b>285,623,626</b>	<b>70,481,237</b>	<b>6,191,530</b>	<b>1,652,462,078</b>	<b>2,453,505,573</b>	<b>100.00%</b>
<b>Percentage of Total</b>	<b>13.33%</b>	<b>4.56%</b>	<b>11.64%</b>	<b>2.87%</b>	<b>0.25%</b>	<b>67.35%</b>	<b>100.00%</b>	

**Summary**

	Real Property	Personal Property/ Utilities	Total	Percent
Total value	4,368,497,000	703,385,200	5,071,882,200	100.00%
Deductions & exemptions	(1,344,310,949)	(252,880)	(1,344,563,829)	-26.51%
Tax exempt property	(326,615,404)	(123,232,633)	(449,848,037)	-8.87%
Tax increment financing	(690,181,206)	(16,915,490)	(707,096,696)	-13.94%
Tax abatements	(95,571,405)	(21,296,660)	(116,868,065)	-2.30%
<b>Total net assessed valuation</b>	<b>1,911,818,036</b>	<b>541,687,537</b>	<b>2,453,505,573</b>	<b>48.37%</b>
<b>Percent</b>	<b>77.92%</b>	<b>22.08%</b>	<b>100.00%</b>	

Source: St. Joseph County Auditor's Office

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

<b>Tax Year/ Collection Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Utilities Property</b>	<b>Total Value</b>	<b>Less: Non-Taxed Property (1)</b>	<b>Total Net Taxable Value</b>	<b>Total City Tax Rate</b>	<b>% Taxable</b>
<b>2000/2001</b>	647,889,690	270,484,158	26,148,300	944,522,148	295,246,339	649,275,809	7.7513	68.74%
<b>2001/2002 (2)</b>	1,970,940,960	809,870,700	85,998,130	2,866,809,790	907,974,963	1,958,834,827	2.6451	68.33%
<b>2002/2003</b>	3,849,091,300	816,672,723	74,065,200	4,739,829,223	1,771,726,609	2,968,102,614	1.9606	62.62%
<b>2003/2004</b>	3,731,377,160	659,263,940	103,129,310	4,493,770,410	1,685,920,064	2,807,850,346	2.1115	62.48%
<b>2004/2005</b>	3,764,507,180	689,419,365	105,604,270	4,559,530,815	1,740,625,997	2,818,904,818	2.1148	61.82%
<b>2005/2006</b>	3,789,447,190	655,066,401	98,165,420	4,542,679,011	1,707,413,121	2,835,265,890	2.1795	62.41%
<b>2006/2007</b>	4,374,431,415	544,460,152	90,443,780	5,009,335,347	1,986,978,200	3,022,357,147	2.1046	60.33%
<b>2007/2008</b>	4,420,513,240	527,383,785	92,736,090	5,040,633,115	2,064,552,317	2,976,080,798	2.2396	59.04%
<b>2008/2009</b>	4,698,989,240	592,538,950	95,891,770	5,387,419,960	2,718,532,541	2,668,887,419	2.4081	49.54%
<b>2009/2010</b>	4,368,497,000	604,951,450	98,433,750	5,071,882,200	2,618,376,627	2,453,505,573	2.7279	48.37%

(1) Includes mortgage exemptions, tax-exempt property, tax increment financing, tax abatements, enterprise zones.

(2) The 2001 pay 2002 and subsequent tax rates were converted by current state legislation from 33% to 100% of assessed valuation. This conversion had no effect on total dollars collected. Assessed values increased and tax rates decreased.

Source: St. Joseph County Auditor's Office

**CITY OF SOUTH BEND, INDIANA**  
**NET ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN YEARS (\$'s whole)**

Tax Year/ Collection Year	Real Property		Personal Property		Utilities		Total	
	Net Assessed Value	Estimated Value	Net Assessed Value	Estimated Value	Net Assessed Value	Estimated Value	Net Assessed Value	Estimated Value
2000/2001	421,717,995	1,265,153,985	201,409,514	604,228,542	26,148,300	78,444,900	649,275,809	1,947,827,427
2001/2002 (1)	1,272,814,731	1,272,814,731	600,021,966	600,021,966	85,998,130	85,998,130	1,958,834,827	1,958,834,827
2002/2003	2,320,892,057	2,320,892,057	573,145,357	573,145,357	74,065,200	74,065,200	2,968,102,614	2,968,102,614
2003/2004	2,215,693,906	2,215,693,906	489,027,130	489,027,130	103,129,310	103,129,310	2,807,850,346	2,807,850,346
2004/2005	2,179,070,901	2,179,070,901	534,229,647	534,229,647	105,604,270	105,604,270	2,818,904,818	2,818,904,818
2005/2006	2,200,118,689	2,200,118,689	536,981,781	536,981,781	98,165,420	98,165,420	2,835,265,890	2,835,265,890
2006/2007	2,520,098,365	2,520,098,365	411,815,002	411,815,002	90,443,780	90,443,780	3,022,357,147	3,022,357,147
2007/2008	2,493,481,003	2,493,481,003	389,863,705	389,863,705	92,736,090	92,736,090	2,976,080,798	2,976,080,798
2008/2009	2,137,129,242	2,137,129,242	435,866,407	435,866,407	95,891,770	95,891,770	2,668,887,419	2,668,887,419
2009/2010	1,911,818,036	1,911,818,036	443,253,787	443,253,787	98,433,750	98,433,750	2,453,505,573	2,453,505,573

**Source: St. Joseph County Auditor's office.**

(1) The 2001 pay 2002 tax rates were converted by state legislation from 33% to 100% of assessed valuation. This conversion had no impact on total dollars. Assessed values increased and tax rates decreased.

City of South Bend, Indiana  
Property Tax Collections - Cash Basis  
2003-2010 (\$'s whole)

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

**Source - City Accounting System**

- (1) Fund 414 closed out during 2008 into Fund 324.
- (2) Delays in sending out property tax bills until December 19, 2008 (with an on-time due date of February 20, 2009) resulted in interfund borrowing in the General Fund (101), Parks and Recreation Fund (201) and the College Football Hall of Fame Debt Service Fund (313) at year end. The remainder of property tax revenue was received during the first half of 2009 with final settlement with the St. Joseph County Auditor in July, 2009
- (3) Includes collections of 2008 taxes as noted above. Tax Increment Financing (TIF) 2009 property tax collections were received from the County Auditor on January 21, 2010.
- (4) Property tax levy for Police and Fire pension plans eliminated. Funding provided by the State of Indiana.





**City of South Bend, Indiana**  
**Ten Largest Taxpayers - Personal Property**  
**December 31, 2010 (\$'s whole)**

Taxpayer	Type of Business	Net Assessed		Net		Rank	Percent of Total	Rank	Percent of Total
		Value	Value	Value	Value				
American Electric Power	Electric Utility	\$111,616,770	\$111,616,770	20.61%	20.61%	1	20.61%	1	1.45%
Honeywell	Airplane & Auto Parts	43,553,580	43,553,580	8.04%	8.04%	2	8.04%	1	3.27%
Indiana Bell	Telephone Utility	34,275,700	34,275,700	6.33%	6.33%	3	6.33%	2	1.52%
Federal Mogul Powertrain Systems	Automotive Supplier	22,691,030	22,691,030	4.19%	4.19%	4	4.19%	8	0.77%
Comcast	Cable Television	21,286,680	21,286,680	3.93%	3.93%	5	3.93%	-	-
United Parcel Service	Parcel Delivery	12,085,550	12,085,550	2.23%	2.23%	6	2.23%	-	-
New Energy Corporation	Ethanol Production	10,685,990	10,685,990	1.97%	1.97%	7	1.97%	9	0.73%
Robert Bosch Corporation	Automotive Supplier	10,680,020	10,680,020	1.97%	1.97%	8	1.97%	-	0.00%
South Bend Tribune Company	Newspaper Publishing	8,378,600	8,378,600	1.55%	1.55%	9	1.55%	10	0.71%
Meijer	Retail Store	8,359,880	8,359,880	1.54%	1.54%	10	1.54%	-	-
Holy Cross Health System Corp	Medical							4	1.15%
Edward Rose of Indiana	Apartments & Real Estate							5	1.33%
Northern Indiana Public Service Company	Gas Utility							6	1.15%
Ameritech	Communications							7	0.93%
<b>Total Net Assessed Value - Ten Largest Taxpayers</b>		<b>\$283,613,800</b>	<b>\$283,613,800</b>	<b>52.36%</b>	<b>52.36%</b>			<b>84,543,160</b>	<b>13.02%</b>
<b>Total Net Assessed Value (Personal and Utilities)</b>		<b>\$541,687,537</b>	<b>\$541,687,537</b>	<b>100.00%</b>	<b>100.00%</b>			<b>\$649,275,809</b>	<b>100.00%</b>

**Source: St. Joseph County Auditor's office**

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

**ECONOMIC DEVELOPMENT INCOME TAX (EDIT) REVENUE**

<u>Distribution Year</u>	<u>EDIT Tax Rate</u>	<u>Total Est County EDIT Collections</u>	<u>Rate of Growth</u>	<u>South Bend EDIT Distribution</u>	<u>Rate of Growth</u>	<u>South Bend as a Percent of Total</u>	<u>Actual City Collections During Year</u>
2001	0.20%	9,240,470	6.00%	3,430,327	10.46%	37.12%	3,417,763
2002	0.20%	14,687,146 (1)	58.94%	5,462,867 (1)	59.25%	37.19%	5,462,867
2003	0.20%	9,378,695	-36.14%	3,689,202	-32.47%	39.34%	3,689,202
2004	0.20%	9,106,517	-2.90%	3,448,688	-6.52%	37.87%	3,448,688
2005	0.20%	8,984,150	-1.34%	3,464,152	0.45%	38.56%	3,464,152
2006	0.20%	10,610,460	18.10%	4,013,475	15.86%	37.83%	4,013,475
2007	0.20%	10,558,004	-0.49%	3,702,467	-7.75%	35.07%	3,702,467
2008	0.20%	11,136,493	5.48%	3,997,997	7.98%	35.90%	3,997,997
2009	0.20%	11,938,605	7.20%	4,612,694	15.38%	38.64%	3,843,912
2010	0.40% (2)	<u>22,789,919</u>	90.89%	<u>8,321,633</u>	80.41%	36.51%	<u>9,090,415</u>
<b>Total - 10 years</b>		<b>\$127,147,883</b>		<b>\$47,248,975</b>		<b>37.16%</b>	<b>\$47,236,411</b>

(1) This years estimate includes a "catch-up" amount as a result of prior years conservative estimates. This increase is one time amount. Future years distributions will be closer to 2001 amounts.

(2) The Tax Rate for the year and subsequent years was increased by City of South Bend Common Council and the Saint Joseph County Common Council

**Source - State of Department of Local Government Finance CREDIT Distribution Reports  
Actual City Collections During Year per City Accounting System**

**CITY OF SOUTH BEND, INDIANA  
LOCAL OPTION INCOME TAX REVENUE  
LAST TEN YEARS (continued)**

**COUNTY OPTION INCOME TAX (COIT) REVENUE**

<u>Distribution Year</u>	<u>COIT Tax Rate (1)</u>	<u>Total County COIT Distributions</u>	<u>South Bend COIT Distribution</u>	<u>Rate of Growth</u>	<u>South Bend as a Percent of Total</u>	<u>Actual City Collections During Year</u>
2001	0.60%	14,268,358	4,556,922	94.74%	31.94%	4,491,922
2002	0.60%	28,930,003	9,458,584	102.76%	32.69%	9,531,190
2003	0.60%	19,386,147	6,576,985	-32.99%	33.93%	8,015,302
2004	0.60%	21,977,497	7,089,689	13.37%	32.26%	7,001,198
2005	0.60%	16,628,131	5,490,218	-24.34%	33.02%	5,695,618
2006	0.60%	21,276,623	6,950,396	27.96%	32.67%	6,410,405
2007	0.60%	16,993,346	5,160,903	-20.13%	30.37%	5,816,766
2008	0.60%	20,689,958	6,382,478	21.75%	30.85%	6,192,452
2009	0.60%	26,973,887	8,952,424	30.37%	33.19%	8,302,694
2010	0.60%	<u>25,147,806</u>	<u>7,855,776</u>	<u>-6.77%</u>	<u>31.24%</u>	<u>7,648,824</u>
<b>Total - 10 years</b>		<b>\$219,598,565</b>	<b>\$70,852,862</b>		<b>32.26%</b>	<b>\$71,469,527</b>

(1) This tax was first enacted as of July 1, 1997 at the rate of 0.2% of City residents' adjusted gross income. The COIT rate increased 0.1% each year until it reached 0.6% as of July 1, 2001. The above collections/distribution amounts are net of the additional homestead credits that accompanied the passage of this income tax.

**Source - State of Indiana Department of Local Government Finance COIT Distribution Reports  
Actual City Collections During Year per City Accounting System**

**CITY OF SOUTH BEND, INDIANA  
LOCAL OPTION INCOME TAX REVENUE  
LAST TEN YEARS (continued)**

**PUBLIC SAFETY LOCAL OPTION INCOME TAX REVENUE**

<u>Distribution Year</u>	<u>PS LOIT Tax Rate</u>	<u>Total County LOIT Distributions</u>	<u>Rate of Growth</u>	<u>South Bend LOIT Distribution</u>	<u>Rate of Growth</u>	<u>South Bend as a Percent of Total</u>	<u>Actual City Collections During Year</u>
2010 (1)	0.25%	13,846,267	100.00%	6,078,454	100.00%	43.90%	6,078,454
<b>Total - 1 year</b>		<b>\$13,846,267</b>		<b>\$6,078,454</b>		<b>43.90%</b>	<b>\$6,078,454</b>

(1) This tax was effective in October 2009 at the rate of 0.25% of City residents' adjusted gross income. The measure is being used to support the Public Safety operations consisting of the Police Department and the Fire Department, to keep the staffing levels at their full complement.

**Source - State of Indiana Department of Local Government Finance LOIT Public Safety Distribution Reports  
Actual City Collections During Year per City Accounting System**

CITY OF SOUTH BEND, INDIANA  
TOTAL COUNTY OPTION INCOME TAX DISTRIBUTIONS BY TAXING UNIT  
2001-2010 (\$'s whole)

Unit of Government	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total County Certified Distribution	22,452,248	37,769,988	28,136,084	26,536,784	26,484,316	31,044,322	30,859,812	32,574,042	34,801,729	33,231,041
Less: Homestead Credit (1)	(8,183,890)	(8,839,985)	(8,749,937)	(4,559,287)	(9,856,185)	(9,767,699)	(13,866,466)	(11,884,084)	(7,827,842)	(8,083,235)
<b>Total Distributive Shares</b>	<b>14,268,358</b>	<b>28,930,003</b>	<b>19,386,147</b>	<b>21,977,497</b>	<b>16,628,131</b>	<b>21,276,623</b>	<b>16,993,346</b>	<b>20,689,958</b>	<b>26,973,887</b>	<b>25,147,806</b>
<b>Distributive Shares/Total County Distribution</b>	<b>63.55%</b>	<b>76.60%</b>	<b>68.90%</b>	<b>82.82%</b>	<b>62.78%</b>	<b>68.54%</b>	<b>55.07%</b>	<b>63.52%</b>	<b>77.51%</b>	<b>75.68%</b>
<b>Amount</b>										
St. Joseph County	5,910,247	11,721,648	7,245,150	8,578,046	6,427,640	8,440,988	7,376,623	8,825,206	10,358,300	9,819,576
Townships	550,072	1,039,887	783,227	1,002,449	759,050	834,727	648,364	820,241	1,180,913	1,168,352
City of South Bend - Civil City	4,498,381	9,100,110	6,342,861	6,849,450	5,306,680	6,733,129	5,077,450	6,266,381	8,748,506	7,677,730
City of South Bend - Redevelopment	58,541	338,474	234,124	240,239	183,538	217,267	83,453	116,097	203,918	178,046
Other Cities & Towns	1,753,467	3,644,267	2,536,818	2,658,984	2,028,358	2,616,698	1,982,192	2,367,929	3,592,330	3,462,786
Libraries	999,502	2,051,510	1,555,407	1,609,459	1,319,023	1,706,495	1,285,029	1,646,819	2,007,809	2,042,942
Special Districts	498,148	1,014,107	688,560	948,870	603,842	727,319	540,235	647,285	882,111	798,374
<b>Total</b>	<b>14,268,358</b>	<b>28,930,003</b>	<b>19,386,147</b>	<b>21,977,497</b>	<b>16,628,131</b>	<b>21,276,623</b>	<b>16,993,346</b>	<b>20,689,958</b>	<b>26,973,887</b>	<b>25,147,806</b>
<b>Percentage of Distribution</b>										
St. Joseph County	41.42%	40.52%	37.37%	39.03%	38.66%	39.67%	43.41%	42.65%	38.40%	39.05%
Townships	3.86%	3.59%	4.04%	4.56%	4.56%	3.92%	3.82%	3.96%	4.38%	4.65%
City of South Bend - Civil City	31.53%	31.46%	32.72%	31.17%	31.91%	31.65%	29.88%	30.29%	32.43%	30.53%
City of South Bend - Redevelopment	0.41%	1.24%	1.21%	1.09%	1.10%	1.02%	0.49%	0.56%	0.76%	0.71%
Other Cities & Towns	12.29%	12.60%	13.09%	12.10%	12.20%	12.30%	11.66%	11.44%	13.32%	13.77%
Libraries	7.01%	7.09%	8.02%	7.73%	7.93%	8.02%	7.56%	7.96%	7.44%	8.12%
Special Districts	3.49%	3.51%	3.55%	4.32%	3.63%	3.42%	3.18%	3.13%	3.27%	3.17%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

(1) A portion of the county option income tax is used for property tax relief through homestead credits for residential property owners.

Source - State of Indiana Department of Local Government Finance COIT Distribution Reports

**CITY OF SOUTH BEND, INDIANA  
TEN LARGEST WATER CUSTOMERS  
DECEMBER 31, 2010 (\$'s whole)**

<u>Name</u>	<u>2010 Revenue</u>	<u>Percentage of Total Water</u>		<u>Usage CCF*</u>
		<u>Operating Revenue</u>	<u>Revenue</u>	
Memorial Health Systems	\$ 107,753	0.80%		106,872
Allied Signal Aerospace Company	97,634	0.72%		100,984
South Bend Community Schools	149,678	1.11%		72,911
Irish Hills Apartments	72,157	0.53%		57,793
Park Jefferson LLC	37,186	0.28%		47,300
Castle Point Realty LLC	40,888	0.30%		42,860
Amarak Uniform Services, Inc.	31,940	0.24%		39,816
BOC Gases	27,232	0.20%		33,100
Countryside Association	23,823	0.18%		28,238
Steel Warehouse Co LLC	<u>26,461</u>	0.20%		25,874
<b>Total of Ten Largest Water Customers</b>	<b>\$ <u>614,750</u></b>	<b>4.55%</b>		
<b>Total for Operating Revenue for Water Works</b>	<b>\$ <u>13,513,995</u></b>	<b>100.00%</b>		

\* Hundreds of Cubic Feet

**CITY OF SOUTH BEND, INDIANA  
TEN LARGEST SEWAGE WORKS CUSTOMERS  
DECEMBER 31, 2010 (\$'s whole)**

Name	2010 Revenue	Percentage of	
		Total Water Operating Revenue	Usage CCF*
I/N TEK Plant	\$ 1,372,722	5.39%	747,722
University of Notre Dame	829,773	3.26%	509,443
New Energy Company of Indiana	707,323	2.78%	366,616
Memorial Health System	288,164	1.13%	106,872
Allied Signal Aerospace Co	275,989	1.08%	96,059
Sister of the Holy Cross	146,008	0.57%	71,821
South Bend Community School Corp.	394,744	1.55%	71,683
Town of New Carlisle	107,799	0.42%	50,211
Aramark Uniform Services, Inc.	90,549	0.36%	39,828
Unifrax Corporation	35,818	0.14%	17,386
<b>Total of Ten Largest Sewer Customers</b>	<b>\$ 4,248,890</b>	<b>16.70%</b>	
<b>Total Operating Revenue for Wastewater</b>	<b>\$ 25,444,404</b>	<b>100.00%</b>	

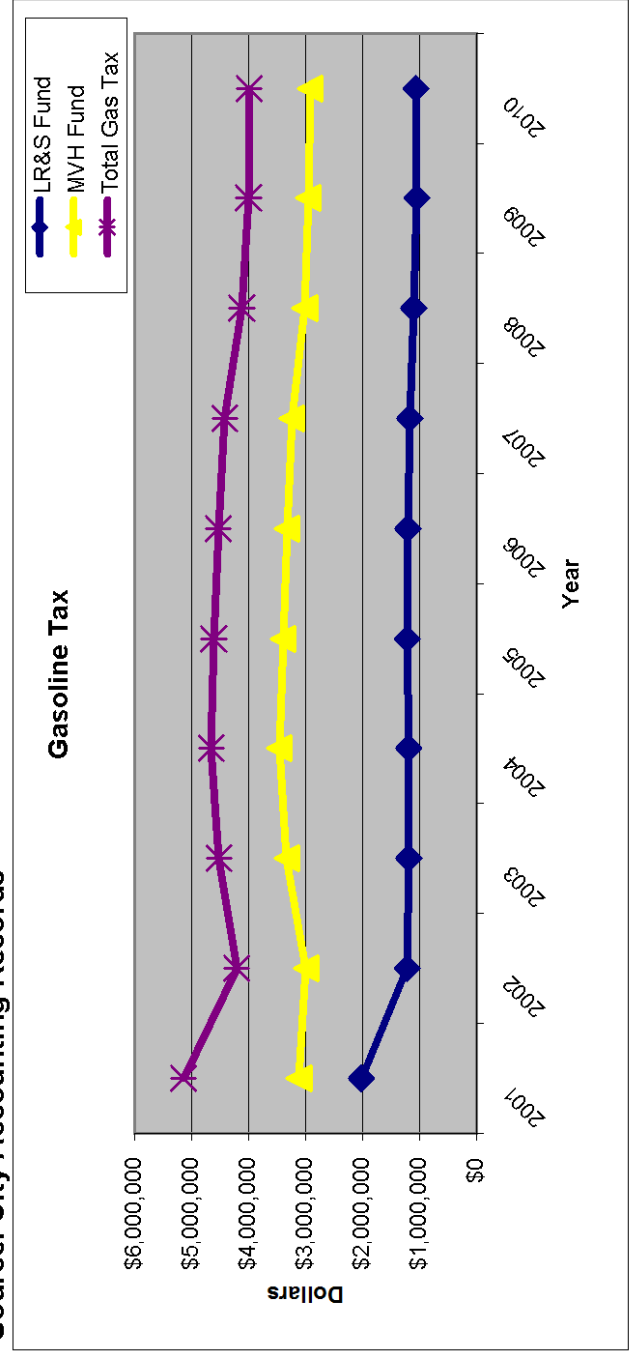
\* Hundreds of Cubic Feet

**City of South Bend, Indiana**  
**Gasoline Tax Collections - Cash Basis**  
**Last Ten Fiscal Years (\$'s whole)**

Year	LR&S Fund	MVH Fund	Total Gas Tax	% Change
2001	2,023,141.61	3,116,993.62	5,140,135.23	-14.19%
2002	1,213,105.72	2,996,406.58	4,209,512.30	-18.11%
2003	1,186,193.43	3,334,297.66	4,520,491.09	7.39%
2004	1,192,573.83	3,461,562.94	4,654,136.77	2.96%
2005	1,212,413.47	3,397,432.68	4,609,846.15	-0.95%
2006	1,201,538.02	3,327,313.56	4,528,851.58	-1.76%
2007	1,171,731.65	3,243,817.60	4,415,549.25	-2.50%
2008	1,104,259.89	3,016,198.49	4,120,458.38	-6.68%
2009	1,045,476.64	2,954,085.66	3,999,562.30	-2.93%
2010	1,064,148.90	2,922,164.74	3,986,313.64	-0.33%

Distributions of gas tax revenue are made monthly by the Indiana Department of Revenue to the Local Road and Street (LR&S) and Motor Vehicle Highway (MVH) funds for use in construction and maintenance of streets and highways. Distributions are based on a complex formula developed by the state which takes into account population, road and street mileage and other factors. Gas tax revenue has been declining in recent years.

**Source: City Accounting Records**





**City of South Bend, Indiana**  
**Wheel and Excise Surtax Collections - Cash Basis**  
**Last Ten Fiscal Years (\$'s whole)**

<b>Year</b>	<b>LR&amp;S Fund</b>	<b>MVH Fund</b>	<b>Total Wheel Tax</b>	<b>% Change</b>
<b>2004</b>	\$1,953,078.55	\$0.00	\$1,953,078.55	100.00%
<b>2005</b>	1,914,529.56	0.00	1,914,529.56	-1.97%
<b>2006</b>	1,849,924.31	0.00	1,849,924.31	-3.37%
<b>2007</b>	1,966,003.49	0.00	1,966,003.49	6.27%
<b>2008</b>	0.00	2,040,750.95	2,040,750.95	3.80%
<b>2009</b>	0.00	1,893,982.22	1,893,982.22	-7.19%
<b>2010</b>	0.00	1,975,396.93	1,975,396.93	4.30%

Effective January 1 2004, St. Joseph County enacted a wheel tax and annual license excise surtax as allowed by State law to provide additional funding for road maintenance and repair. State law allows an annual wheel tax of \$5-40 per vehicle and an annual license excise surtax of 2-10%. St. Joseph County has enacted a \$25 County Excise surtax. The tax applies to all passenger cars, trucks less than 11,000 pounds, buses, tractors and motorcycles registered in the County. (Other rates apply to recreational vehicles, semitrailers and trucks exceeding 11,000 pounds.) The tax is collected by the Indiana Bureau of Motor Vehicles, remitted to the County and distributed monthly to the local units based on population and road miles.

During 2004-2007, the City of South Bend deposited the wheel tax and excise surtax in its Local Road and Street (LR&S) fund. During 2008 and thereafter, the City will deposit the taxes in its Motor Vehicle Highway (MVH) fund, as required by the Indiana State Board of Accounts.

**Source: City Accounting Records**

**City of South Bend, Indiana**  
**Hotel/Motel Tax Revenue - Cash Basis**  
**Last Ten Fiscal Years (\$'s whole)**

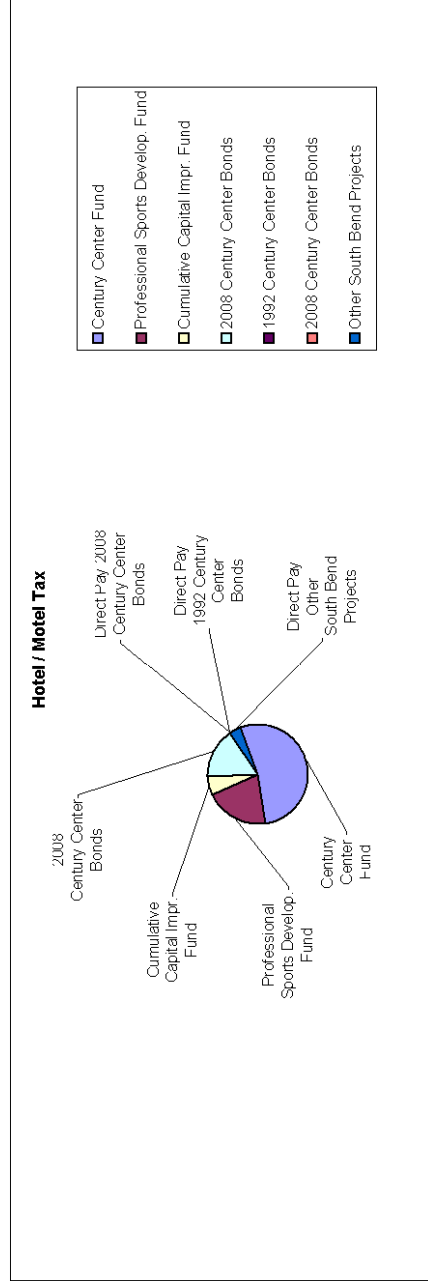
Year	Paid to City of South Bend				Direct Payments				Total Hotel/Motel Tax	% Change
	Century Center Fund	Professional Sports Develop. Fund	Cumulative Capital Impr. Fund	Subtotal: Paid to City of South Bend	2008 Century Center Bonds	1992 Century Center Bonds	2008 Century Center Bonds	Other South Bend Projects		
2001	1,269,694	462,376	150,000	0	1,882,070	350,694	0	48,601	2,281,365	1.65%
2002	1,020,628	433,185	150,000	0	1,603,813	400,550	0	39,087	2,043,450	-10.43%
2003	1,130,575	460,991	150,000	0	1,741,566	366,622	0	42,933	2,151,121	5.27%
2004	1,164,493	461,423	150,000	0	1,775,916	365,892	0	46,466	2,188,274	1.73%
2005	1,235,849	465,177	150,000	0	1,851,026	360,087	0	46,931	2,258,044	3.19%
2006	1,247,928	473,258	150,000	0	1,871,186	357,135	0	364,150	2,592,471	14.81%
2007	1,361,263	507,585	150,000	0	2,018,848	354,916	0	136,330	2,510,094	-3.18%
2008	1,497,390	589,620	150,000	0	2,237,010	356,918	0	694,135	3,288,063	30.99%
2009	1,347,651	530,137	150,000	0	2,027,788	0	198,500	265,258	2,491,546	-24.22%
2010	1,313,152	521,800	150,000	399,000	2,383,952	0	0	97,000	2,480,952	-0.43%

The hotel/motel tax was enacted in 1973 and the current tax rate is 6%. The tax is accounted for in a fund of the Saint Joseph County government and is administered by the 11 member Saint Joseph County Board of Managers for Hotel/Motel Tax. Appointments to the Board of Managers are made by the mayors of South Bend and Mishawaka and the Saint Joseph County Commissioners.

Proceeds from the hotel/motel tax fund are budgeted and distributed annually to important economic development and tourism projects in the County. South Bend receives distributions for the operations, maintenance and debt service of Century Center (convention center), Professional Sports Development Fund (used primarily for operations of the College Football Hall of Fame), the Cumulative Capital Development Fund (used for repayment of 1994 Century Center Bonds), repayment of a 1992 Century Center bond directly from the fund, repayment of a 2008 Century Center Bond and other capital projects.

The hotel/motel tax fund also supports other activities not included in the City of South Bend's financial statements such as the South Bend/Mishawaka Convention and Visitors Bureau. The total distribution of hotel/motel tax during 2010 to all organizations was \$ 3,263,316. The cash balance in the County Hotel/Motel Tax Fund was \$1,012,989 at December 31, 2010.

Source: City Accounting Records and Saint Joseph County Auditor's Office



**City of South Bend, Indiana**  
**Professional Sports Development (PSDA) Tax - Cash Basis**  
**Last Ten Fiscal Years (\$'s whole)**

Year	Total PSDA Tax	% Change
2001	325,115	-4.66%
2002	339,059	4.29%
2003	337,571	-0.44%
2004	370,013	9.61%
2005	384,906	4.02%
2006	370,556	-3.73%
2007	387,813	4.66%
2008	396,873	2.34%
2009	617,304	55.54%
2010	640,760	3.80%

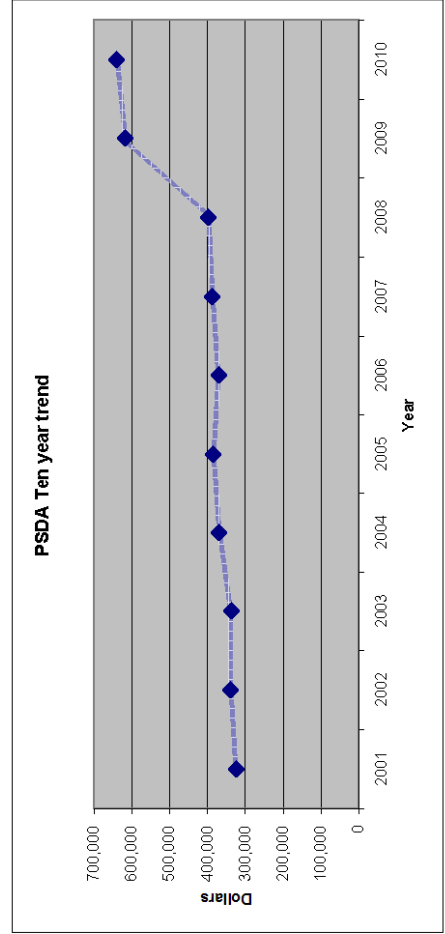
The Professional Sports Development Area (PSDA) tax is a combination of state income tax withholding, local income tax withholding and sales tax withholding from businesses and employees in South Bend's designated PSDA area, which includes the College Football Hall of Fame, Century Center, Coveleski Stadium, Morris Performing Arts Center, Palais Royale Ballroom and Studebaker National Museum. South Bend's PSDA area was formed on November 3, 1997 and expires on December 31, 2027. PSDA capture of state sales and income taxes ends in 2018.

The PSDA taxes are collected by the Indiana Department of Revenue and are remitted on a monthly basis to Saint Joseph County which issues a check to the City of South Bend. There are currently four professional sports development areas in the State--South Bend, Indianapolis/Marion County, Evansville and Ft. Wayne.

PSDA tax revenue increased in 2009 primarily due to the increase in the State of Indiana sales tax rate from 6% to 7% and the increase in local option income taxes from .8% to 1.75% as a consequence of property tax reform.

In prior years, PSDA tax revenue has been used to fund the College Football Hall of Fame Capital Fund and the Century Center Capital Account. Beginning in 2011, PSDA tax revenue will continue to fund the Century Center Capital Account and has also been pledged to pay debt service on 2010 Coveleski Stadium Taxable Revenue bonds in the amount of \$4,980,000 issued on December 23, 2010. The bond proceeds will be used to make certain capital improvements to the City-owned facility. The operations of the minor league baseball team (South Bend Silverhawks) in the stadium accounts for the majority of PSDA tax revenue earned each year.

**Source: City Accounting Records**



## **DEBT CAPACITY**

These schedules present information to help the reader to assess the affordability of the City of South Bend's current level of outstanding debt and the ability of the City of South Bend to issue additional debt in the future.

**CITY OF SOUTH BEND, INDIANA  
COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2010 (\$'s whole)**

<u><b>Civil City</b></u>	
Net Assessed Valuation (2009 pay 2010) of Taxable Property in South Bend	\$2,453,505,573
Debt limit: 2% of one third thereof	16,356,704
Less Bonds subject to limitation:	
County Economic Development Income Tax Refunding Revenue Bonds, Series 2006 A	(2,545,000)
County Economic Development Income Tax Refunding Revenue Bonds, Series 2006 B	(2,325,000)
South Bend Redevelopment District Taxable Revenue Bonds, Series 2010	(4,980,000)
Issuance Margin	<u>\$6,506,704</u>
<b>Amount of debt subject to limit/debt limit</b>	<b><u>60.22%</u></b>

<u><b>Redevelopment District</b></u>	
Net Assessed Valuation (2009 pay 2010) of Taxable Property in South Bend	\$2,453,505,573
Debt limit: 2% of one third thereof	16,356,704
Less Bonds subject to limitation:	
Special Taxing District Bonds of 2002	(4,715,000)
Issuance Margin	<u>\$11,641,704</u>
<b>Amount of debt subject to limit/debt limit</b>	<b><u>28.83%</u></b>

A 2% debt limit is established by the Constitution of the State of Indiana. This limit is established for general obligation bonds, Economic Development Income Tax revenue bonds, tax revenue notes and other types of indebtedness. This limitation does not include revenue bonds payable from governmental funds (excluding EDIT bonds) shown in the general long term debt account group. Indiana law allows the creation of separate municipal corporations to provide vital governmental functions. Each of these municipal corporations (including the Redevelopment Authority and Redevelopment Commission) has its own 2% debt limit, even if they have the same or similar boundaries.

City of South Bend, Indiana  
 Legal Debt Margin Information  
 Last Ten Fiscal Years (\$'s whole)

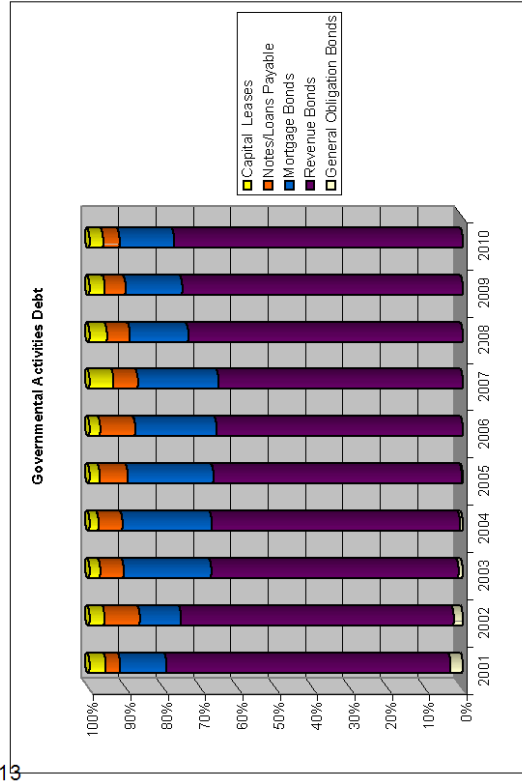
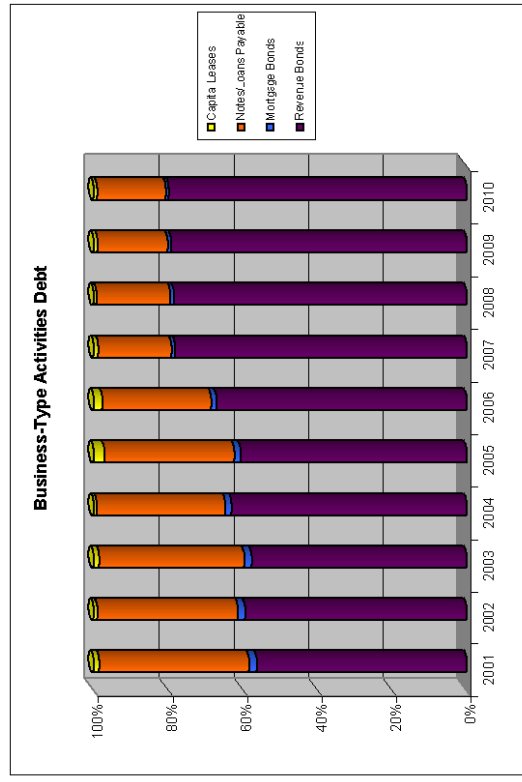
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Civil City</b>										
Debt Limit (1)	\$38,956,549	\$13,058,899	\$19,787,351	\$18,719,002	\$18,792,699	\$18,901,773	\$20,149,048	\$19,840,538	\$17,792,583	\$16,356,704
Total Net Debt Applicable To Limit	10,330,000	9,882,500	9,412,500	8,937,500	8,395,000	7,367,825	6,685,000	6,105,000	5,500,000	9,850,000
Legal Debt Margin	28,626,549	3,176,399	10,374,851	9,781,502	10,397,699	11,533,948	13,464,048	13,735,538	12,292,583	6,506,704
<b>Percentage of Debt Limit</b>	<b>26.52%</b>	<b>75.68%</b>	<b>47.57%</b>	<b>47.75%</b>	<b>44.67%</b>	<b>38.98%</b>	<b>33.18%</b>	<b>30.77%</b>	<b>30.91%</b>	<b>60.22%</b>
<b>Redevelopment District</b>										
Debt Limit (1)	\$38,956,549	\$13,058,899	\$19,787,351	\$18,719,002	\$18,792,699	\$18,901,773	\$20,149,048	\$19,840,538	\$17,792,583	\$16,356,704
Total Net Debt Applicable To Limit	2,355,000	1,810,000	7,855,000	6,998,000	6,115,000	5,850,000	5,580,000	5,300,000	5,010,000	4,715,000
Legal Debt Margin	36,601,549	11,248,899	11,932,351	11,721,002	12,677,699	13,051,773	14,569,048	14,540,538	12,782,583	11,641,704
<b>Percentage of Debt Limit</b>	<b>6.05%</b>	<b>13.86%</b>	<b>39.70%</b>	<b>37.38%</b>	<b>32.54%</b>	<b>30.95%</b>	<b>27.69%</b>	<b>26.71%</b>	<b>28.16%</b>	<b>28.83%</b>

(1) A 2% of net assessed value debt limit has been established by the Constitution of the State of Indiana for certain type of debt including general obligation bonds.  
 Economic Development Income Tax bonds and tax revenue notes. This limitation does not apply to revenue bonds payable from governmental or proprietary funds.

**City of South Bend, Indiana**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years (\$'s whole)**

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Estimated Population	Debt Per Capita	South Bend Estimated Personal Income	South Bend Debt Percent of Income
	General Obligation Bonds	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable					
2001	2,620,000	60,565,000	9,903,603	3,040,000	3,471,901	31,380,000	1,137,000	22,411,957	814,025	107,789	1,256	3,013,672,651	4.49%
2002	2,085,000	63,175,000	9,565,497	8,172,424	3,455,652	34,675,000	1,137,000	21,999,758	578,455	106,568	1,359	3,080,485,222	4.70%
2003	1,525,000	85,070,000	30,112,808	8,131,984	3,659,322	31,625,000	1,099,005	21,338,647	794,885	105,540	1,737	3,143,825,520	5.83%
2004	935,000	82,135,000	29,525,289	7,948,868	2,971,007	39,815,000	1,058,415	21,730,271	520,389	105,206	1,774	3,297,156,040	5.66%
2005	320,000	84,225,000	28,994,057	9,539,771	3,454,627	35,990,000	1,015,980	20,659,864	1,710,033	105,743	1,758	3,418,459,704	5.44%
2006	0	82,445,000	27,337,124	11,788,552	3,533,187	44,345,000	972,315	19,258,433	1,523,594	104,457	1,830	3,450,632,538	5.54%
2007	0	78,570,000	25,957,839	7,900,658	7,695,487	73,145,000	926,805	18,380,491	1,127,394	104,069	2,053	3,511,183,991	6.09%
2008	0	115,240,000	24,534,464	9,543,790	7,388,443	67,535,000	878,835	17,031,649	628,427	104,905	2,314	3,709,126,085	6.55%
2009	0	113,975,000	23,061,148	8,470,308	6,214,206	69,225,000	829,020	16,145,358	893,233	106,192	2,239	3,679,658,992	6.46%
2010	0	111,510,000	21,117,295	6,323,199	5,299,341	72,655,000	717,705	16,755,369	799,402	101,168	2,325	3,505,572,368	6.71%
<b>Percent of Total Debt</b>	<b>0.00%</b>	<b>47.42%</b>	<b>8.98%</b>	<b>2.69%</b>	<b>2.25%</b>	<b>30.89%</b>	<b>0.31%</b>	<b>7.12%</b>	<b>0.34%</b>	<b>100.00%</b>			

Sources: City of South Bend Comprehensive Annual Financial Reports  
 Population statistics obtained from the U.S. Census Bureau.  
 City of South Bend estimated personal income is computed as estimated City population x 2009 South Bend Metro Area Per-Capita Income (see Demographic Statistics)



**CITY OF SOUTH BEND, INDIANA  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
DECEMBER 31, 2010 (\$'s whole)**

	<b>Gross Debt</b>	<b>Percentage Applicable to South Bend</b>	<b>Amount Applicable to South Bend</b>	<b>Debt Per Capita</b>	<b>Ratio of Debt/ Net Assessed Value</b>	<b>Ratio of Debt/ Personal Income</b>
<b><u>Direct Debt:</u></b>						
<b>City of South Bend</b>						
General Obligation Bonds	\$0	100.00%	\$0			
Revenue Bonds - Governmental Activities	111,510,000	100.00%	111,510,000			
Revenue Bonds - Business-Type Activities	72,655,000	100.00%	72,655,000			
Mortgage Bonds - Governmental Activities	21,117,295	100.00%	21,117,295			
Mortgage Bonds - Business-Type Activities	717,705	100.00%	717,705			
Notes Payable - Governmental Activities	6,323,199	100.00%	6,323,199			
Notes Payable - Business-Type Activities	16,755,369	100.00%	16,755,369			
Capital Leases - Governmental Activities	5,299,341	100.00%	5,299,341			
Capital Leases - Business-Type Activities	799,402	100.00%	799,402			
<b>Total Direct Debt and Lease Obligation Debt</b>			<b>235,177,311</b>	<b>\$2,325</b>	<b>9.6%</b>	<b>6.7%</b>

**Overlapping Debt (3)(4)**

South Bend Community School Corporation	258,200,000	52.35%	135,167,700			
St. Joseph County Public Library	12,605,000	49.21%	6,202,921			
South Bend Regional Airport Authority	595,000	29.14%	173,383			
St. Joseph County	61,420,000	29.14%	17,897,788			
Penn-Harris-Madison School Corporation	57,445,000	2.93%	1,683,139			
Mishawaka-Penn-Harris Public Library	6,350,000	2.30%	146,050			

**Total Overlapping and Underlying Direct Debt and Lease Obligations**

			<b>161,270,980</b>	<b>1,594</b>	<b>6.6%</b>	<b>4.6%</b>
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**Total Direct Debt and Lease Obligation Debt and Overlapping and**

**Underlying Direct Debt and Lease Obligations**

			<b>\$396,448,291</b>	<b>\$3,919</b>	<b>16.2%</b>	<b>11.3%</b>
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**Ratio Factors**

Net Assessed Valuation (2009 payable 2010)	2,453,505,573
Population - 2010 US Census Bureau	101,168 (1)
South Bend Metropolitan Area Per Capita Income	34,651 (2)
Estimated South Bend Total Personal Income (1 x 2)	3,505,572,368

(1) Population statistics obtained from the U.S. Census Bureau (<http://factfinder.census.gov/servlet>).

(2) South Bend-Mishawaka, IN Metropolitan area Profile ([www.stats.indiana.edu](http://www.stats.indiana.edu)).

(3) Overlapping debt information and schedule preparation by Crowe Horwath LLP, Indianapolis, Indiana.

(4) Overlapping debt percentages are based the net assessed value of South Bend properties in proportion to the total net assessed value.



**CITY OF SOUTH BEND, INDIANA**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT**  
**TO TOTAL GOVERNMENTAL FUND EXPENDITURES**  
**LAST TEN YEARS (\$'s whole)**

Fiscal Year	Total Debt		Total Governmental Fund Expenditures		Ratio of Debt Service To Governmental Fund Expenditures
	Principal	Interest	Service	Governmental Fund Expenditures	
2001	515,000	145,830	660,830	103,742,193	0.64%
2002	535,000	121,778	656,778	114,015,410	0.58%
2003	560,000	96,260	656,260	124,125,088	0.53%
2004	590,000	66,260	656,260	133,062,773	0.49%
2005	615,000	39,445	654,445	130,713,640	0.50%
2006	320,000	8,160	328,160	129,527,536	0.25%
2007	0	0	0	128,209,220	0.00%
2008	0	0	0	138,022,795	0.00%
2009	0	0	0	142,962,710	0.00%
2010	0	0	0	150,758,014	0.00%

The City of South Bend has no General Obligation Bonds outstanding. The 1977 Studebaker Corridor bonds were paid off during 2006.

Source - City of South Bend Comprehensive Annual Financial Reports

**CITY OF SOUTH BEND, INDIANA**  
**RATIO OF NET GENERAL BONDED DEBT TO NET ASSESSED VALUATION AND NET BONDED DEBT PER CAPITA**  
**LAST TEN YEARS (\$'s whole)**

Tax Year/ Collection Year	Population (1)	Net Assessed Value	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Percent of Net Bonded Debt		Net Bonded Debt Per Capita
						To Net Assessed Value	Value	
2000/2001	107,789	649,275,809	2,620,000	265,000	2,355,000	0.36%		21.85
2001/2002	106,558	1,948,862,000 (2)	2,085,000	275,000	1,810,000	0.09%		16.99
2002/2003	105,540	2,968,102,614	1,525,000	290,000	1,235,000	0.04%		11.70
2003/2004	105,206	2,807,850,346	935,000	305,000	630,000	0.02%		5.99
2004/2005	105,743	2,818,940,818	320,000	320,000	0	0.00%		0.00
2005/2006	104,457	2,835,265,890	0	0	0	0.00%		0.00
2006/2007	104,069	3,022,157,147	0	0	0	0.00%		0.00
2007/2008	104,905	2,976,080,798	0	0	0	0.00%		0.00
2008/2009	106,192	2,668,887,419	0	0	0	0.00%		0.00
2009/2010	101,168	2,453,505,573	0	0	0	0.00%		0.00

(1) Population statistics obtained from the U.S. Census Bureau (<http://factfinder.census.gov/servlet>).

(2) The 2001 pay 2002 tax rates were converted by state legislation from 33% to 100% of net assessed valuation. This conversion had no effect on total dollars. Assessed values increased and tax rates decreased.

**CITY OF SOUTH BEND, INDIANA**  
**SCHEDULE OF REVENUE BOND COVERAGE**  
**WATER UTILITY BONDS**  
**LAST TEN YEARS (\$'s whole)**

Year	Gross Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage
				Principal	Interest	Total	
2001	9,987,425	6,421,198	3,566,227	1,675,000	1,031,523	2,706,523	132%
2002	11,756,071	6,317,766	5,438,305	1,755,000	956,443	2,711,443	201%
2003	11,745,196	6,637,856	5,107,340	1,845,000	878,570	2,723,570	188%
2004	11,323,882	7,256,695	4,067,187	1,935,000	795,540	2,730,540	149%
2005	11,926,479	7,770,464	4,156,015	2,040,000	708,030	2,748,030	151%
2006	13,166,166	7,369,035	5,797,131	2,485,622	1,042,309	3,527,931	164%
2007	13,748,213	8,296,075	5,452,138	2,764,265	1,015,524	3,779,789	144%
2008	13,343,210	8,528,933	4,814,277	2,908,014	888,199	3,796,213	127%
2009	13,471,890	8,838,405	4,633,485	2,481,871	754,108	3,235,979	143%
2010	13,513,995	8,560,390	4,953,605	2,605,840	937,293	3,543,133	140%

(1) Operating expenses exclude depreciation and payment in lieu of taxes.

Operating revenue used to make debt service payments is obtained primarily through monthly user charges to water customers.

**Source - City of South Bend Comprehensive Annual Financial Report and Annual Report (CTAR-2).  
2010 Debt service requirements provided by Crowe Horwath LLP.**

**CITY OF SOUTH BEND, INDIANA  
SCHEDULE OF REVENUE BOND COVERAGE  
WASTEWATER UTILITY BONDS  
LAST TEN YEARS (\$'s whole)**

Year	Gross Operating Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Debt Coverage
				Principal	Interest	Total	
2001	12,388,161	7,801,488	4,586,673	0 (2)	682,782	682,782	672%
2002	12,096,411	7,618,883	4,477,528	655,000	238,963	893,963	501%
2003	12,415,376	8,175,595	4,239,781	680,000	185,175	865,175	490%
2004	14,124,695	9,337,324	4,787,371	705,000	266,586	971,586	493%
2005	14,639,963	11,200,692	3,439,271	1,180,000	577,943	1,757,943	196%
2006	18,058,615	9,650,301	8,408,314	2,481,626	1,273,423	3,755,049	224%
2007	20,685,490	10,389,691	10,295,799	2,863,218	1,364,272	4,227,490	244%
2008 (3)	22,941,734	14,079,734	8,862,000	3,701,524	2,647,324	6,348,848	140%
2009	24,313,147	17,504,825	6,808,322	3,130,000	2,557,940	5,687,940	120%
2010	25,444,404	12,193,373	13,251,031	3,385,205	2,314,275	5,699,480	232%

(1) Operating expenses exclude depreciation and payment in lieu of taxes.

(2) The Sewage Works Revenue Bonds were refunded during 2001.

(3) Two large Sewage Works revenue bonds were issued during 2007 with principal and interests payments beginning in 2008. These bonds are part of the City of South Bend's long term combined sewer overflow (CSO) control plan.

Operating revenue used to make debt service payments is obtained primarily through monthly user charges to sewer customers.

**Source - City of South Bend Comprehensive Annual Financial Report and Annual Report (CTAR-2)  
2010 debt service requirements provided by Crowe Horwath LLP.**

**City of South Bend, Indiana**  
**SOUTH BEND MUNICIPAL SEWAGE WORKS**

**Annual Wastewater Flow Data**

	2005	2006	2007	2008	2009	2010
Capacity (MGD)	48	48	48	48	48	48
Average Daily Flow	32.80	31.67	32.45	37.80	38.42	30.861
Peak Flow	50.7	50.7	60.3	75.0	68.8	62
Annual Flow (MG)	11,972	11,559	11,845	13,835	14,024	11,264

**Number of Customers - South Bend Municipal Sewage Works**

Total Number Of Customers	Year
39,185	2005
39,124	2006
37,018	2007
38,282	2008
36,664	2009
38,455	2010

**Source - City of South Bend Environmental Services Department**

**SOUTH BEND MUNICIPAL SEWAGE WORKS**  
 South Bend, Indiana (\$'s whole)

**Statement of City-Owned Utility Debt**

South Bend Municipal Sewage Works		
Sewage Works Revenue Bonds of 1998	\$	12,245,000
State Revolving Fund (SRF) Loan		
Public Works Building Corporation		
Sewage Works Portion of Bonds		776,745
Sewage Works Revenue Bonds of 2004		8,925,000
Sewage Works Revenue Bonds of 2006		7,050,000
Sewage Works Revenue Bonds of 2007		14,915,000
Sewage Works Revenue Bonds of 2007 B		14,845,000
Sewage Works Revenue Bonds of 2009		3,166,795
Sewage Works Revenue Bonds of 2010		9,345,000
Total Sewage Utility Debt	\$	71,268,540
South Bend Municipal Waterworks		
Waterworks Revenue Bonds of 1997	\$	4,180,000
Waterworks Revenue Bonds of 2000		
State Revolving Fund (SRF) Loan		1,607,160
Waterworks Revenue Bonds of 2002		4,465,000
Waterworks Revenue Bonds of 2006		4,235,000
Waterworks Revenue Bonds of 2009, Series A		429,000
State Revolving Fund (SRF) Loan		
Indiana Bond Bank		
Waterworks Revenue Bonds of 2009, Series B		5,380,000
Total Water Utility Debt	\$	20,296,160
Total Utility Debt	\$	91,564,700

**Source: City of South Bend Finance Administration and Crowe Horwath**

**SOUTH BEND MUNICIPAL SEWAGE WORKS**

South Bend, Indiana (\$'s whole)

**Estimated Debt Service Coverage Calculation**

Operating Revenues	\$ 25,444,404
Less: Operation and Maintenance Expenses (Net of Depreciation and PILOT)	(12,193,373)
Net Revenues Available for Debt Service	13,251,031
Estimated Combined Annual Debt Service	6,671,146
Coverage - \$	\$ 6,579,885
Coverage - %	<u>199%</u>

**SOUTH BEND MUNICIPAL WATER UTILITY**  
 South Bend, Indiana (\$'s whole)

**Estimated Debt Service Coverage Calculation**

Operating Revenues	\$ 13,513,995
Less: Operation and Maintenance Expenses (Net of Depreciation and PILOT)	(8,560,390) <u>        </u>
Net Revenues Available for Debt Service	4,953,605
Estimated Combined Maximum Annual Debt Service	3,553,190 <u>        </u>
Coverage - \$	\$ 1,400,415 <u>        </u>
Coverage - %	<u>        </u> <u>        </u> 139%



**CITY OF SOUTH BEND BUILDING CORPORATION**

**Projected City of South Bend COIT Revenues (\$'s whole)  
 .6% COIT Tax Rate  
 Levy is used to Distribute COIT**

Year of Collection	St. Joseph County		Projected		Projected COIT Amount Available For Debt Service (1)
	Projected Distribution (1)	Ratio (1)	COIT Ratio (1)	COIT	
2010	\$ 25,147,806	31.24%	31.24%	\$ 7,855,776	
2011	\$ 25,147,806	31.24%	31.24%	\$ 7,855,776	
2012	\$ 25,147,806	31.24%	31.24%	\$ 7,855,776	
2013	\$ 25,147,806	31.24%	31.24%	\$ 7,855,776	
2014	\$ 25,147,806	31.24%	31.24%	\$ 7,855,776	
2015	\$ 25,147,806	31.24%	31.24%	\$ 7,855,776	
2016	\$ 25,147,806	31.24%	31.24%	\$ 7,855,776	
2017	\$ 25,147,806	31.24%	31.24%	\$ 7,855,776	
2018	\$ 25,147,806	31.24%	31.24%	\$ 7,855,776	
2019	\$ 25,147,806	31.24%	31.24%	\$ 7,855,776	
2020	\$ 25,147,806	31.24%	31.24%	\$ 7,855,776	
2021	\$ 25,147,806	31.24%	31.24%	\$ 7,855,776	
2022	\$ 25,147,806	31.24%	31.24%	\$ 7,855,776	
Total				\$ 102,125,088	

(1) Kept constant based on 2010.

**CITY OF SOUTH BEND BUILDING CORPORATION**

**Statement of Estimated Cash Flow and Debt Service Coverage (\$'s whole)**

Year	Projected City of South Bend COIT Revenues	COIT Lease Revenue Bonds of 2010 Debt Service	First Mortgage Revenue Bonds, Series 2003 Debt Service	Estimated Excess Funds	Estimated Coverage
2010	7,855,776	675,000	1,716,015	5,464,761	3.29
2011	7,855,776	676,000	1,720,260	5,459,516	3.28
2012	7,855,776	679,000	1,718,210	5,458,566	3.28
2013	7,855,776	674,000	1,714,172	5,467,604	3.29
2014	7,855,776	676,000	1,720,253	5,459,523	3.28
2015	7,855,776	680,000	1,718,103	5,457,673	3.28
2016	7,855,776	673,000	1,719,005	5,463,771	3.28
2017	7,855,776	675,000	1,719,250	5,461,526	3.28
2018	7,855,776	675,000	1,713,750	5,467,026	3.29
2019	7,855,776	673,000	1,715,125	5,467,651	3.29
2020	7,855,776	678,000	1,718,000	5,459,776	3.28
2021	7,855,776	-	1,717,000	6,138,776	4.58
2022	7,855,776	-	1,717,375	6,138,401	4.57
Total	\$ 102,125,088	\$ 7,434,000	\$ 22,326,518	\$ 72,364,570	3.43

**CITY OF SOUTH BEND, INDIANA**  
 Erskine Village Project (\$'s whole)

**Estimated Tax Increment Revenues**

Tax Year / Collection Year	Estimated Tax Increment	09/10 Net Tax Rate (1)	Estimated Tax Increment Revenue
2010/2011	63,690,100	3.7246	2,372,201
2011/2012	63,690,100	3.7246	2,372,201
2012/2013	63,690,100	3.7246	2,372,201
2013/204	63,690,100	3.7246	2,372,201
2014/2015	63,690,100	3.7246	2,372,201
2015/2016	63,690,100	3.7246	2,372,201
2016/2017	63,690,100	3.7246	2,372,201
2017/2018	63,690,100	3.7246	2,372,201
2018/2019	63,690,100	3.7246	2,372,201
2019/2020	63,690,100	3.7246	2,372,201
2020/2021	63,690,100	3.7246	2,372,201
2021/2022	63,690,100	3.7246	2,372,201
2022/2023	63,690,100	3.7246	2,372,201
2023/2024	63,690,100	3.7246	2,372,201
2024/2025	63,690,100	3.7246	2,372,201
2025/2026	63,690,100	3.7246	2,372,201

(1) Circuit Breaker rate of \$3.00 and exempt rate of .7246

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

These schedules present various demographic and economic indicators to help the reader understand the environment within the City of South Bend that affects the City's financial activities.

CITY OF SOUTH BEND, INDIANA  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS

Year	City of South Bend			South Bend Metropolitan Area			South Bend Metro Area			City of South Bend		
	Population (1)	Percent Increase/ (Decrease)	Area Median Family Income (4)	Percent Increase/ (Decrease)	Total Personal Income (3) (Millions)	Percent Increase/ (Decrease)	Metro Area Per Capita Income (3)	Percent Increase/ (Decrease)	South Bend Median Age (4)	South Bend Public School Enrollment (2)	Percent Increase/ (Decrease)	
2001	107,789	0.0%	40,816	17.6%	7,426	5.3%	27,959	5.4%	32.7	21,362	0.2%	
2002	106,558	-1.1%	40,816	0.0%	7,671	3.3%	28,909	3.4%	32.7	21,059	-1.4%	
2003	105,540	-1.0%	37,140	-9.0%	7,887	2.8%	29,788	3.0%	32.7	21,981	4.4%	
2004	105,206	-0.3%	39,940	7.5%	8,295	5.2%	31,340	5.2%	32.7	22,140	0.7%	
2005	105,743	0.5%	37,971	-4.9%	8,565	3.3%	32,328	3.2%	34.5	22,100	-0.2%	
2006	104,457	-1.2%	39,046	2.8%	8,958	4.6%	33,034	2.2%	34.6	21,926	-0.8%	
2007	104,069	-0.4%	44,400	13.7%	8,978	0.2%	33,739	2.1%	34.6	21,715	-1.0%	
2008	104,905	0.8%	40,684	-8.4%	9,396	4.7%	35,357	4.8%	34.6	21,595	-0.6%	
2009	106,192	1.2%	43,403	6.7%	9,466	0.7%	34,651	-2.0%	32.3	21,261	-1.5%	
2010	101,168	-4.7%	0	0	0	0	0	0	33.4	20,771	-2.3%	

**Sources:**

- (1) U.S. Census Bureau 2010 Census information
- (2) South Bend Community School Corporation Administration office for enrollment on October 1, 2010
- (3) South Bend-Mishawaka, IN\_MI Metropolitan Area Profile (<http://www.stats.indiana.edu>). Labor and employment statistics for December of 2009.
- (4) U.S. Census Bureau (<http://factfinder.census.gov>). No 2010 information available at this time.

**CITY OF SOUTH BEND, INDIANA  
 DEMOGRAPHIC STATISTICS (CONTINUED)  
 LAST TEN YEARS**

Year	December South Bend Metropolitan Area Labor Force (3)		December South Bend Metropolitan Area		Percent Increase/ (Decrease)		Percent Increase/ (Decrease)		December South Bend Metropolitan Unemployment Rate (3)	
2001	132,779		7,331		-0.7%		89.8%		5.5%	
2002	133,240		6,496		0.3%		-11.4%		4.9%	
2003	131,283		6,288		-1.5%		-3.2%		4.8%	
2004	132,981		6,669		1.3%		6.1%		5.0%	
2005	134,033		6,956		0.8%		4.3%		5.2%	
2006	134,651		6,501		0.5%		-6.5%		4.8%	
2007	132,693		6,291		-1.5%		-3.2%		4.7%	
2008	133,433		12,476		0.6%		98.3%		9.4%	
2009	123,792		13,474		-7.2%		8.0%		10.9%	
2010	123,362		12,658		-0.3%		-6.1%		10.3%	

**CITY OF SOUTH BEND, INDIANA**  
**COMPARISON OF GROWTH RATES IN PERSONAL INCOME FOR ST. JOSEPH COUNTY,**  
**THE STATE OF INDIANA AND U.S. PERSONAL INCOME**  
**LAST TEN YEARS**

<u>Calendar Year</u>	<u>Amount in Millions</u>		<u>Amount in Billions</u>		<u>Annual Percentage of Increase</u>				
	<u>St. Joseph Co. Personal Income</u>	<u>Indiana Personal Income</u>	<u>U.S. Personal Income</u>	<u>St. Joseph Co. Personal Income</u>	<u>Indiana Personal Income</u>	<u>U.S. Personal Income</u>			
2001	7,426	167,881	8,717	5.35%	1.57%	3.50%			
2002	7,671	172,474	8,873	3.30%	2.74%	1.79%			
2003	7,887	178,675	9,150	2.82%	3.60%	3.12%			
2004	8,295	186,210	9,711	5.17%	4.22%	6.13%			
2005	8,565	193,348	10,284	3.25%	3.83%	5.90%			
2006	8,958	203,502	10,968	4.59%	5.25%	6.65%			
2007	8,978	204,877	11,074	0.22%	0.68%	0.97%			
2008	9,396	210,447	11,634	4.66%	2.72%	5.06%			
2009	9,466	220,670	12,225	0.74%	4.86%	5.08%			
2010	9,289	218,527	12,168	-1.87%	-0.97%	-0.47%			
Average Annual Growth - Most Recent 5 Years							1.67%	2.51%	3.46%
Average Annual Growth - Most Recent 10 Years							2.82%	2.85%	3.77%

Obtained from STATS Indiana, a website sponsored by the Indiana Business Research Center at Indiana University's Kelley School of Business. Website address: [www.stats.indiana.edu](http://www.stats.indiana.edu). Accessed May 17, 2011. Information is updated through 2009.

**City of South Bend, Indiana**  
**Principal Employers - Current and Nine Years Ago**  
**December 31, 2010**

Employer	Type of Business	2010			2001		
		Number of Employees	Percent of Total Labor	Rank	Number of Employees	Percent of Total Labor	Rank
University of Notre Dame	College/University	5,190	4.12%	1	4,100	3.03%	1
Memorial Health System	Health Care	4,069	3.23%	2	3,300	2.44%	3
South Bend Community School Corporation	Public Schools	3,489	2.77%	3	3,100	2.29%	4
AM General	Manufacturing/Assembly	2,550	2.03%	4	1,001	0.74%	10
St. Joseph Regional Medical Center	Health Care	2,534	2.01%	5	3,358	2.48%	2
The Diocese of Fort Wayne/South Bend	Parochial Schools	1,698	1.35%	5	n/a	n/a	n/a
Indiana University at South Bend	College/University	1,489	1.18%	6	1,481	0.00%	6
St. Joseph County	Government	1,141	0.91%	7	1,631	1.20%	5
City of South Bend	Government	1,132	0.90%	8	1,300	0.96%	9
South Bend Medical Foundation	Health Care	757	0.60%	9	n/a	n/a	n/a
Honeywell	Manufacturing/Assembly	700	0.56%	10	1,430	1.06%	8
Martins Super Markets	Grocery / Retail				1,443	1.07%	7
South Bend Metropolitan Area Labor Force (1)		125,853			135,360		

Source - City of South Bend Department of Administration and Finance  
2001 CAFR, and telephone calls to individuals employers.

(Information for Dioceses of Fort Wayne/South Bend and South Bend Medical Foundation not available for 2001)

(1) South Bend-Mishawaka, IN Metropolitan Area Profile (<http://www.stats.indiana.edu>)



## **OPERATING AND OTHER INFORMATION**

These schedules contain information about the City of South Bend's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. Included in this section is other non-required information that the City has determined is relevant and useful to the reader of the financial statements.

**City of South Bend, Indiana**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/program</u>	<u>Fiscal Year</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police										
Physical arrests	4,873	4,990	5,003	5,041	5,056	5,932	4,589	4,091	3,785	3,077
Parking violations	760	623	655	688	722	515	1,820	1,672	1,479	979
Traffic violations	13,317	13,936	13,873	14,052	13,411	16,583	1,626	5,901	11,746	14,163
Fire										
Emergency responses	20,224	20,112	19,429	19,031	20,438	21,815	21,942	23,282	25,563	24,876
Fires extinguished	422	485	541	407	564	601	543	520	627	494
Inspections	8,906	10,332	5,375	4,820	5,584	4,875	4,302	4,467	4,205	4,233
Refuse collection										
Refuse collected (tons per day) (1)	243	266	284	266	238	269	267	137	70	120
Other public works										
Street resurfacing (miles)	22.10	28.00	27.50	30.20	29.30	15.00	16.50	14.70	14.50	20.30
Potholes repaired (tonnage)	653.83	389.10	341.87	560.41	372.06	239.88	923.00	898.00	629.22	380.00
Parks and recreation										
Athletic field permits issued	N/A	N/A	700	700	750	700	1,000	738	700	381
Fitness Center Admissions	871	16,773	33,361	35,426	37,247	61,452	63,088	70,193	74,438	60,118
Water										
New billable housing starts	401	407	439	427	445	471	321	299	194	179
Water mains breaks	76	72	90	78	80	54	105	72	87	76
Average daily consumption (thousands of gallons)	20,939	22,678	20,269	19,461	20,071	17,704	19,042	18,280	16,100	15,955
Wastewater										
Average daily sewage treatment (thousands of gallons)	44,100	44,100	38,200	31,800	31,800	32,800	35,970	37,800	41,200	30,861

**Sources: Various city departments**

N/A - information not available

(1) 2007 and prior years were in cubic yards

**City of South Bend, Indiana**  
**Capital Asset and Infrastructure Statistics by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	2	2	2	2	2	2	2	2	2	2
Patrol units	24	24	24	25	25	25	25	25	25	25
Fire										
Stations	11	11	11	11	11	11	11	11	11	11
Rescue units	31	31	31	31	31	31	32	32	33	33
Refuse collection										
Collection trucks	25	24	24	21	23	22	22	22	21	23
Other public works										
Streets (miles)	494	496	496	498	498	500	500	500	532	532
Streetlights	915	931	950	963	966	1,060	1,170	1,242	2,500	2,500
Traffic signals	161	161	162	163	164	167	160	160	162	162
Parks and recreation										
Acreage	1,278	1,278	1,292	1,292	1,292	1,292	1,292	1,292	1,292	1,292
Playgrounds	47	47	47	47	47	47	47	47	47	47
Baseball/softball diamonds	26	26	26	26	26	26	27	27	27	27
Soccer/football fields	17	17	17	17	17	17	17	17	17	17
Swimming pools	2	2	2	2	2	2	2	2	2	2
Community center	5	5	5	5	5	5	5	5	5	5
Water										
Water mains (miles)	520	527	529	538	547	553	558	560	560	580
Fire hydrants	*4,354	4,481	4,669	4,819	4,914	5,013	4,000	5,081	5,317	5,345
Storage capacity (thousands of gallons)	15,800	15,800	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300
Wastewater										
Sanitary sewers ( miles)	540	540	540	540	540	540	540	540	534	534
Storm sewers (miles)	200	200	200	200	200	200	200	200	200	127
Treatment capacity (thousands of gallons)	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000

\* No longer includes Clay hydrants

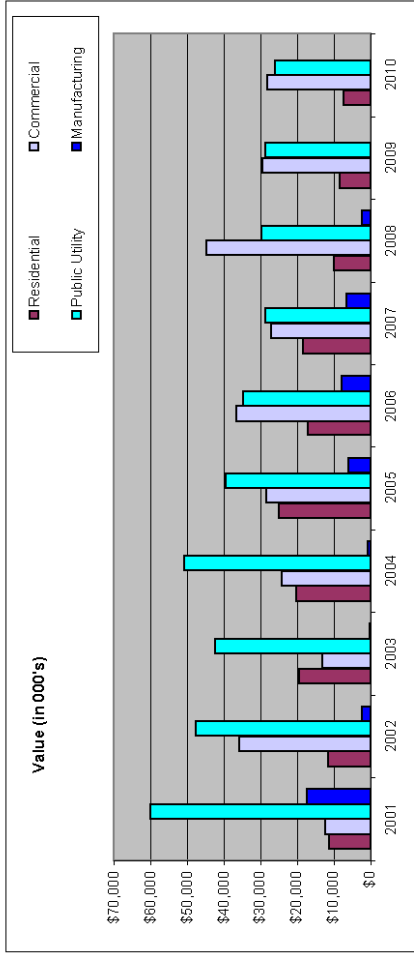
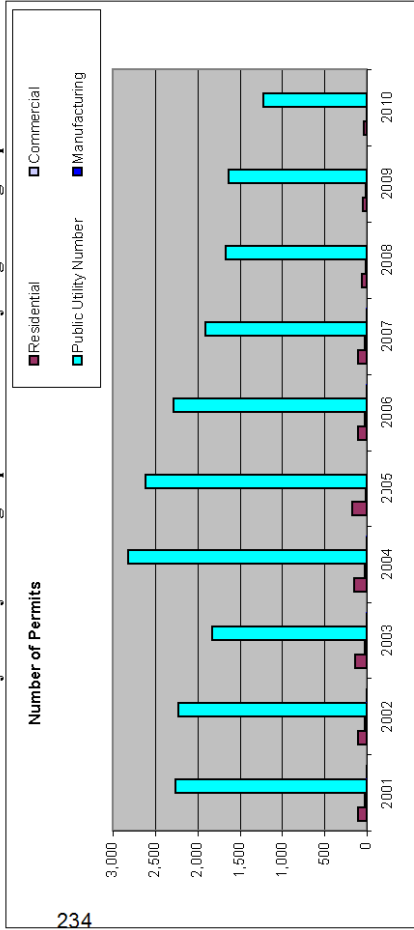
**Sources: Various city departments**

N/A - information not available

**CITY OF SOUTH BEND, INDIANA**  
**NEW CONSTRUCTION - NUMBER OF PERMITS AND PROPERTY VALUES**  
 Last Ten Fiscal Years  
 (Dollar Amounts in 000's)

Year	Residential		Commercial		Public		Manufacturing		Public Utility and Commercial		Total Value Increase/ (Decrease)
	Number of Permits	Value (in 000's)	Number of Permits	Value (in 000's)	Utility Number of Permits	Value (in 000's)	Number of Permits	Value (in 000's)	Manufacturing Total Value (in 000's)	Public Utility and Commercial Total Value (in 000's)	
2001	101	11,316	28	12,307	2,253	60,035	5	17,362	89,704	6.3%	
2002	107	11,707	24	35,810	2,222	47,710	2	2,475	85,995	-4.1%	
2003	140	19,573	28	13,280	1,822	42,435	2	375	56,090	-34.8%	
2004	147	20,203	20	24,340	2,823	50,910	3	847	76,097	35.7%	
2005	166	25,123	17	28,578	2,611	39,435	1	6,000	74,013	-2.7%	
2006	102	17,241	21	36,749	2,282	34,836	2	7,927	79,512	7.4%	
2007	103	18,314	28	27,082	1,907	28,720	5	6,612	62,414	-21.5%	
2008	55	10,032	15	44,678	1,662	29,685	1	2,416	76,779	23.0%	
2009	48	8,467	10	29,451	1,627	28,785	0	0	58,236	-24.2%	
2010	35	7,450	5	28,283	1,221	25,998	0	0	54,281	-6.8%	

Source - Consolidated City/County Building Department and City Engineering Department.



City of South Bend, Indiana  
Full-Time Equivalent City Government Employees by Department  
Last Ten Fiscal Years

Department	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b><u>General Government</u></b>										
Mayor's Office	9.00	10.00	10.00	10.00	10.00	10.00	10.00	9.00	8.00	7.00
City Clerk's Office	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Common Council (elected officials, part-time)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Administration and Finance	27.00	28.00	28.00	29.00	31.00	32.00	31.00	29.00	26.00	26.00
City Attorney's Office	13.00	13.00	14.00	15.00	15.00	15.00	15.00	15.00	9.00	9.00
Code Enforcement	26.00	27.00	27.00	28.00	28.00	28.00	27.00	27.00	27.00	23.00
Engineering	32.00	21.00	21.00	20.00	19.00	19.00	18.50	18.50	16.00	19.00
<b><u>Public Safety</u></b>										
Police Department	315.33	317.00	316.00	315.00	317.00	317.00	320.00	317.00	279.00	293.00
Communication Center	28.00	28.00	29.00	31.00	31.00	31.00	30.00	30.00	37.00	38.00
Fire Department	257.00	257.00	257.00	257.00	255.00	255.00	254.00	254.00	246.00	255.00
Building Maintenance	5.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	4.00	3.00
<b><u>Culture and Recreation</u></b>										
Parks and Recreation	132.00	132.00	126.00	124.00	123.00	122.00	122.00	121.00	111.00	113.00
Convention and Events Management (1)	44.00	48.33	49.00	50.00	50.00	49.00	16.00	15.00	13.00	13.00
<b><u>Economic Development</u></b>										
Community and Economic Development	44.50	45.00	44.00	42.00	42.00	42.00	35.00	33.00	26.00	26.00
<b><u>Highways and Streets</u></b>										
Street Department	82.00	81.00	77.00	71.00	71.00	66.00	54.00	54.00	51.00	52.00
Traffic & Lighting	0.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00	6.00	0.00
<b><u>Enterprise Funds</u></b>										
Water Works	97.00	95.00	87.00	87.00	86.00	86.00	86.00	80.00	82.00	75.00
Wastewater	60.00	59.00	55.00	55.00	51.00	53.00	54.50	56.50	48.00	51.00
Sewer	30.00	30.00	30.00	30.00	30.00	29.00	28.00	28.00	33.00	35.00
Solid Waste	45.00	42.00	35.00	31.00	31.00	31.00	26.00	26.00	26.00	26.00
Building Department	20.00	20.00	20.00	22.00	22.00	22.00	22.00	22.00	15.00	13.00
<b><u>Internal Service Fund</u></b>										
Central Services	53.00	53.00	53.00	50.00	50.00	49.00	49.00	46.00	39.00	41.00
<b>Total Positions</b>	<b>1,333.83</b>	<b>1,338.33</b>	<b>1,309.00</b>	<b>1,298.00</b>	<b>1,294.00</b>	<b>1,288.00</b>	<b>1,230.00</b>	<b>1,213.00</b>	<b>1,116.00</b>	<b>1,132.00</b>

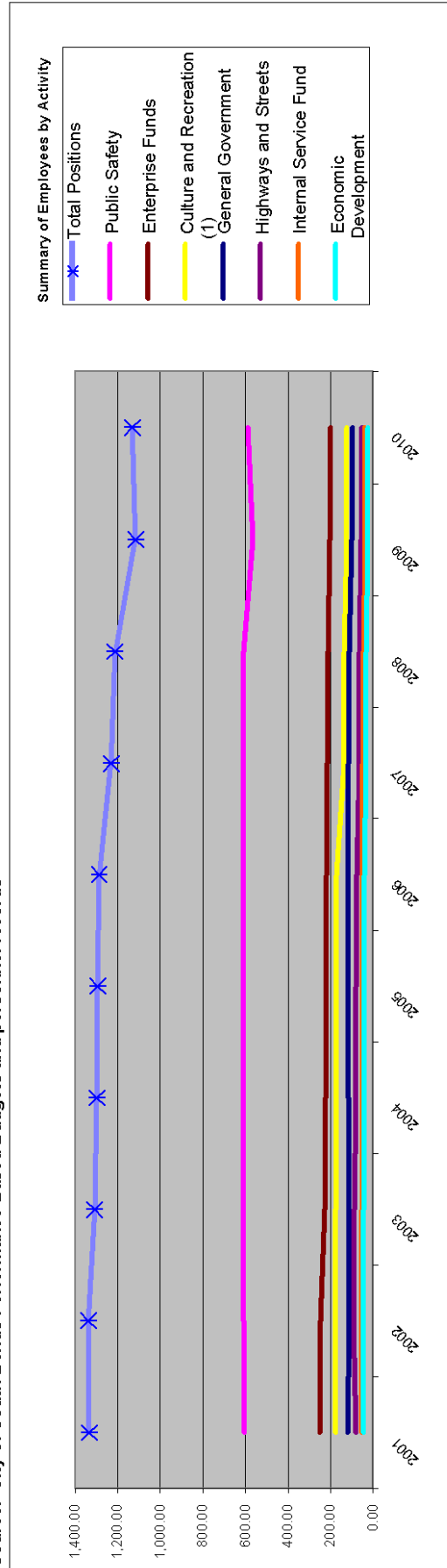
**City of South Bend, Indiana**  
**Full-Time Equivalent City Government Employees by Department**  
**Last Ten Fiscal Years**

Department	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Summary by Activity</b>										
General Government	121.00	113.00	114.00	116.00	117.00	118.00	115.50	112.50	100.00	98.00
Public Safety	605.33	608.00	608.00	609.00	610.00	610.00	611.00	608.00	566.00	589.00
Culture and Recreation (1)	176.00	180.33	175.00	174.00	173.00	171.00	138.00	136.00	124.00	126.00
Economic Development	44.50	45.00	44.00	42.00	42.00	42.00	35.00	33.00	26.00	26.00
Highways and Streets	82.00	93.00	88.00	82.00	82.00	77.00	65.00	65.00	57.00	52.00
Enterprise Funds	252.00	246.00	227.00	225.00	220.00	221.00	216.50	212.50	204.00	200.00
Internal Service Fund	53.00	53.00	53.00	50.00	50.00	49.00	49.00	46.00	39.00	41.00
<b>Total Positions</b>	<b>1,333.83</b>	<b>1,338.33</b>	<b>1,309.00</b>	<b>1,298.00</b>	<b>1,294.00</b>	<b>1,288.00</b>	<b>1,230.00</b>	<b>1,213.00</b>	<b>1,116.00</b>	<b>1,132.00</b>

Excludes seasonal, part-time and temporary positions

(1) Includes reduction of 34 positions in the City's convention facility (Century Center) during 2007. Century Center is being managed by a private company under an agreement with the City of South Bend.

Source: City of South Bends Performance Based Budgets and personnel records



**CITY OF SOUTH BEND, INDIANA  
INSURANCE COVERAGE  
2010**

<u>Type of Coverage</u>	<u>Limits of Liability</u>	<u>Estimated Annual Premium</u>
<b>LIABILITY</b>		
Comprehensive General Liability	Statutory	Self-Insured
Police Professional Liability	Statutory	Self-Insured
Ambulance Malpractice Liability	Statutory	Self-Insured
Premises Liability (Clay Utilities, Century Center, Parking Garages)	Statutory	Self-Insured
CGL - Stadium	Statutory	Self-Insured
Liquor Liability	4/26/10 - 11 \$1,000,000	\$1,664 Premium
<b>CRIME</b>		
Public Employee Dishonesty	12/31/10 - 11 \$1,000,000	\$8,320 Premium
<b>PROPERTY</b>		
All risk blanket building & contents	1/15/10 - 11	\$287,120 Premium
Business Income	\$300,000,000	Included in above
Machinery Breakdown	\$10,000,000	Included in above
Fine Arts	100,000,000	Included in above
Valuable Papers & Records	\$5,000,000	Included in above
Inland Marine Property Coverage: Contractors Equipment	1/15/09 - 10 \$5,000,000	\$15,350 Premium
Flood Insurance - Pump station & contents	1/15/10 - 11 \$500,000	\$4,508 Premium
<b>OTHER</b>		
Workers Compensation	1/15/10 - 11	Self-Insured
Third Party Fee	Statutory	\$60,000 Fee
Excess Over Self-insured \$300,000 Retention Each Accident	Statutory	\$106,945 Premium/Fee

**Source: City of South Bend Finance Department  
Gibson Insurance Company**





**City of South Bend, Indiana  
Miscellaneous Statistics  
December 31, 2010**

**South Bend Regional Airport**

Year	Passenger Volume
2001	739,407
2002	812,080
2003	802,191
2004	780,033
2005	693,675
2006	729,619
2007	779,356
2008	704,418
2009	625,077
2010	626,597

The South Bend Regional Airport had 33,495 take-offs and landings during 2010. Approximately 28 commercial airline flights per day fly to 10 hub airports.

Commercial airlines with operations at South Bend Regional Airport (market share):

	2009	2010
Allegiant Air	19.94%	20.61%
Continental Connection	6.80%	4.58%
Delta Connection	24.99%	49.40%
Northwest/KLM Airlines	24.37%	now Delta
United Express	23.90%	25.41%
Total	100.00%	100.00%

	2009	2010
Bus Passengers	47,116	Unavailable
Train Passengers (South Shore)	285,435	256,886

**Transpo**

South Bend Public Transportation Corporation	2009	2010
Route Miles	259.8	282.0
Ridership	2,470,120	2,105,135
Miles of Service	1,826,827	1,601,736

**Convention Facilities**

Century Center	75,000 square feet of exhibit space
	2,590 available seating
	750 seat theater
Morris Performing Arts Center	2,500 available seating
Motels	31 motels/hotels
	7 Bed and Breakfasts
	Over 4,300 available rooms
Major motels and meeting rooms:	
Marriott	facilities to seat 700
Ramada Plaza	facilities to seat 200

**Other Transportation**

- 43 Trucking Lines, 33 Terminals
  - 2 Interstate Bus Lines
  - 4 Major Rail Systems (freight and passenger)
- Health Care**
- The City of South Bend has excellent health care access at costs below the national average and the lowest in the midwest region. The City has one major hospital:

Memorial Health Systems 532 beds

**Other**

- Incorporated in 1865
- County Seat of St. Joseph County
- South Bend officially began under the name South Bend but the name was changed by the Post Office in 1830 to avoid confusion with other communities that used that name. The name South Bend was used because the City is located at the southernmost point of the St. Joseph River.
- Average High Temperature:
  - January 31 degrees Fahrenheit
  - July 83 degrees Fahrenheit

**Colleges and Universities**

Universities and Colleges	Enrollment 2009	2010
The University of Notre Dame	11,816	11,992
Indiana University at South Bend	8,300	8,590
Bethel College	2,163	2,152
St. Mary's College	1,664	1,555
Holy Cross College	444	427
Trine University - South Bend	75	76
Brown Mackie College - South Bend	1,100	1,008

**Technical Colleges**

Technical Colleges	Enrollment 2009	2010
IVY Tech Community College	5,601	5,617

**Communications**

**Access to:**

- 4 Major Television Networks (WNDU, WSJV, WSBT, WBND)
- 1 Public Broadcasting Television Station (WNIT)
- 2 Local Television Stations (WHME, WMWB)
- 1 Major Newspaper (The South Bend Tribune)
- 25 Radio Stations

**Famous Residents**

South Bend has been the home to the many distinguished individuals including the following persons:

- Ryan Newman, racecar driver
- John Fogerty, singer
- Michael Warren, actor
- Chad Everett, actor
- Sidney Pollack, actor/director
- Knute Rockne, football coach
- John Wooden, basketball coach
- Joe Kernan, former South Bend Mayor and Indiana Governor



## **VIII Compliance Section**

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

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

Internal Control Over Financial Reporting

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

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

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

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

Compliance

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

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

STATE BOARD OF ACCOUNTS

May 17, 2011



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

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

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

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

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

STATE BOARD OF ACCOUNTS

May 17, 2011

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<b>U.S. DEPARTMENT OF COMMERCE</b>			
Direct Grant			
Public Works and Economic Development Cluster Economic Adjustment Assistance	11.307	06-19-01251	\$ 2,075,057
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Direct Grant			
CDBG-Entitlement and (HUD Administered) Small Cities Cluster Community Development Block Grants/Entitlement Grants	14.218	B-09-MC-180-011 CD10-8189	2,489,213 15,000
ARRA - Community Development Block Grants/Entitlement Grants	14.218	B-08-MN-180-011	1,710,576
Total for program			4,214,792
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDGB-R)	14.253	B-09-MY-18-0011	619,162
Total for Cluster			4,833,954
Emergency Shelter Grants Program	14.231	S-09-MC-180-011 S-10-MC-180-011	12,907 109,055
Total for program			121,962
Shelter Plus Care	14.238	IN36-C400-001 IN0009C5H000801 IN00010C5H000801	49,056 120,752 36,022
Total for program			205,833
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	B00-BD-180-030	397,045
Community Development Block Grants-Section 108 Loan Guarantees Section 108 # 8 Loan	14.248		827,164
Economic Development Initiative-Special Projects, Neighborhood Initiative and Miscellaneous Grants	14.251	B-06-SP-IN-0350	128,556
ARRA - Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257	S0-09-MY-18-0011	292,586
Fair Housing Assistance Program-State and Local	14.401	FF205K105014	60,616
Total for federal grantor agency			6,867,720

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



CITY OF SOUTH BEND  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Year Ended December 31, 2010  
 (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 JUSTICE</u>			
Direct Grant: Community Capacity Development Office	16.595	2008-W5Q-0238 2008-W5Q-0071	63,946 14,330
Total for program			<u>78,276</u>
Public Safety Partnership and Community Policing Grants ARRA - Public Safety Partnership and Community Policing Grants	16.710 16.710	08CKWX0390 09RKWX0352	194,150 817,765
Total for program			<u>1,011,915</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	07DJBX0340 08DJBX0134 09DJBX0926	55,541 42,502 169,183
Total for program			<u>267,206</u>
ARRA-Recovery Act Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-1280	<u>157,497</u>
Pass-through Indiana Criminal Justice Institute: Project Safe Neighborhood	16.609	07GPN002	<u>34,183</u>
Total for federal grantor agency			<u>1,549,056</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Direct Grant WIA Pilots, Demonstrations, and Research Projects	17.261	EA-20279-10-60-A-18	<u>30,556</u>
<u>U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u>			
Direct Grant: Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	EECCN100092	<u>78,595</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant: Brownfields Assessment and Cleanup Cooperative Agreements ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	66.818 66.818	BF-965-645-01 2B-00E97101-0	12,768 353,208
Total for program			<u>365,977</u>
Pass-Through Indiana Department of Environmental Management ARRA - National Clean Diesel Emissions Reduction Program	66.039	EDS #A305-10-58	<u>23,610</u>

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

CITY OF SOUTH BEND  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Year Ended December 31, 2010  
 (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
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY (continued)</u></b>			
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	WW09547102	821,574
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	WW09547102	1,198,000
Total for program			<u>2,019,574</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW09087102	128,638
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW09087102	110,521
Total for program			<u>239,159</u>
Total for federal grantor agency			<u>2,648,320</u>
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>			
Direct Grant: ARRA - Office of Science Financial Assistance Program	81.049	DE-FG02-08CH11514	740,567
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-SC0002273	84,976
Total for federal grantor agency			<u>825,543</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES</u></b>			
Direct Grant CSBG Cluster ARRA - Community Services Block Grant	93.710	ARRA71003	224,885
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
Direct Grant Assistance to Firefighters Grant	97.044	EMW-2008-FR-00399	353,996
Pass-Through Indiana Department of Homeland Security State Homeland Security Program (SHSP)	97.073	C44P9741A	108,475
Total for federal grantor agency			<u>462,471</u>
Total federal awards expended			<u>\$ 14,762,206</u>

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

CITY OF SOUTH BEND  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Subrecipients

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
CDBG – Entitlement and (HUD Administered) Small Cities Cluster	14.218	\$ 2,983,720
ARRA – Community Development Block Grant ARRA Entitlement Grants (CDGB-R)	14.253	619,163
Emergency Shelter Grants Program	14.231	121,962
Shelter Plus Care	14.238	205,833
ARRA – Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257	287,992
Community Capacity Development Office	16.595	78,278
WIA Pilots, Demonstrations, and Research Projects	17.261	30,556
ARRA – Office of Science Financial Assistance Program	81.049	740,567

CITY OF SOUTH BEND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
 Material weaknesses identified? no  
 Significant deficiencies identified? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:  
 Material weaknesses identified? no  
 Significant deficiencies identified? none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Public Works and Economic Development Cluster
	CDBG – Entitlement and (HUD Administered) Small Cities Cluster
16.710	ARRA – Public Safety Partnership and Community Policing Grants
66.458	ARRA – Capitalization Grants for Clean Water State Revolving Funds
81.049	ARRA – Office of Science Financial Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: \$442,866

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF SOUTH BEND  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



Photo courtesy of City of South Bend Archives

**No. 1 City for Value, Stability and Rising Prices in a Home**

NBC-TV's "Today Show", 2010

**Morris Performing Arts Center: Top 100 Venues worldwide**

Pollstar Magazine, 2010

**National League of Cities Gold Award for Municipal Excellence**

Northeast Neighborhood Revitalization

**Local Government Cooperation Award—  
Bike the Bend event**

Indiana Association of Cities and Towns

**All-America City Award 2011**

National Civic League, 2011

# South Bend has impact!

**Blackthorn Golf Club: 39th Best Municipal Course in U.S.**

Golf Week Magazine, 2008-09

**Bicycle Friendly community (bronze designation)**

League of American Bicyclist, 2010

**Tree City USA Community**

Department of Natural Resources, 2010

**Potawatomi Zoo: 20 Best Zoos for Kids**

[www.child.com](http://www.child.com)



Photo courtesy of Matt Cashore



**[www.SouthbendIN.gov](http://www.SouthbendIN.gov)**



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